

MINUTES

1. **Call to Order**

Mayor Evans called the Joint City/Greater Flagstaff Chamber of Commerce held December 9, 2019, to order at 6:01 p.m.

2. **Pledge of Allegiance and Mission Statement**

The Council and audience recited the pledge of allegiance and Vice Mayor Shimoni read the Mission Statement of the City of Flagstaff.

MISSION STATEMENT

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

3. **ROLL CALL**

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

PRESENT:

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

ABSENT:

PRESENT:

PRESIDENT/CEO JULIE PASTRICK
CHAIRWOMAN BRENDA HAZLETT
MEMBER GUILLERMO CORTES
MEMBER ROBBY FINDLAY
MEMBER RON GETTO
MEMBER FLO SPYROW

ABSENT:

VICE CHAIRMAN MARK LOVE

4. **Public Participation:**

Public Participation enables the public to address the Council about an items that the agenda. Public Participation appears on the agenda twice, at the beginning and at the end of the work session. You may speak at one or the other, but not both. Anyone wishing to comment on an item that is on the agenda is asked to fill out a speaker card and submit it to the recording clerk. When the item comes up on the agenda, your name will be called. You may address the Council up to three times throughout the meeting, including comments made during Public Participation. Please limit your remarks to three minutes per item to allow everyone an opportunity to speak.

None

5. **Healthcare Industry**

Ms. Pastrick introduced Chamber Board Member and President and CEO of Northern Arizona Flo Spyrow who provided a PowerPoint presentation that covered the following:

OVERVIEW

INTRODUCTION: FLO SPYROW

NORTHERN ARIZONA HEALTHCARE

THE NEW ERA

NAH SYSTEM

CARE CLOSE TO HOME

HALLIE MUELLER

NICOLE ZYGADLO

OUR DIRECTION

OUR NORTH STAR

VALUES

OUR JOURNEY IS OUR MISSION

HEALTHCARE FOR TODAY AND THE FUTURE

 AMBULATORY CAMPUS

 FLEXIBILITY FOR FUTURE GROWTH AND CONTRACTION

 WELLNESS

OUR IMPACT

COMMUNITY IMPACT

WORKFORCE

IMPORTANT WORK AHEAD

COMPETITION IS ON THE RISE

FUTURE NEEDS ARE CLEAR

FMC VISION

AMAZING CARE AT AN AFFORDABLE COST

AREAS OF FOCUS

DESIGNING NORTHERN ARIZONA'S' HEALTHCARE EXPERIENCE OF THE FUTURE

OUR PARTNERSHIP

BUILDING A ROBUST COMMUNITY...TOGETHER

WE COMMIT TO YOU

YOUR PARTNERSHIP IS CRITICAL

Vice Mayor Shimoni asked how technology is being used for hard to reach populations.

Ms. Spyrow stated that there are telehealth monitors situated throughout the reservations and rural areas. The biggest challenge is lack of broadband access and limited vendors who know the equipment. They are looking at different grant opportunities to expand broadband and enhance the services.

Vice Mayor Shimoni asked about outreach for accessibility and cost of services. Ms. Spyrow noted that there are a number of technologies where people can assess elective procedures based on their insurance. They are developing an ambulatory platform will help with increased affordability. They are working to provide more opportunities that reduce the cost of healthcare for patients now and in the future.

Councilmember Aslan noted the growth being experienced in the Verde Valley. Ms. Spyrow agreed and stated that they are watching things closely and looking at ways to expand.

Councilmember Salas asked about attracting physicians to the area. Ms. Spyrow stated that as they recruit physicians and executives, they want to offer good education systems, quality retail, economic opportunity, and quality community.

Mayor Evans asked about residency programs. Ms. Spyrow indicated that physicians tend to stay where they are trained so residency programs are important. There is a residency program for internal medicine in Cottonwood and they try to retain at least 25% of residents. North Country Healthcare has recently been approved for a residency program which will allow training at Flagstaff Medical Center. They also have surgical residents in the trauma program and they are looking to expand into other specialty areas for residency. An area of need in Flagstaff is mental health and there is movement to establish clinical opportunities to support the growing need.

Ms. Spyrow spoke briefly about upcoming expansion opportunities and a new healthcare campus.

Council expressed gratitude to Ms. Spyrow for her presentation and for the work of North Country Healthcare.

6. Transportation, Infrastructure, Technology and Economic Indicators

Ms. Patrick introduced Board Member Robby Findlay, Co-owner of Findlay Automotive. Mr. Findlay stated that Findlay Automotive strives to be the best place to work, buy a car, service a car, and serve the community. Since the recession, they have consistently sold over 100 Toyotas a month in addition to used cars. The car business has flattened and is currently trending downward. There are many things that are contributing to this but he is mostly concerned with what is happening locally. Generally, they are doing well in other cities and states but in Flagstaff they we are seeing downward trends in sales, they are down in employee count, and up in payroll. They would like to see the community be more business friendly and they want to be there to help. The sales tax rate is a component; they can compete on the sales price but sales tax is high and has no ability to negotiate. Minimum wage is another contributing factor along with the cost of housing.

Councilmember Aslan left the meeting at 6:56 p.m.

Mayor Evans acknowledged the challenge with minimum wage but explained that as a voter approved initiative the Council's hands are tied with no ability to make adjustments. Many of the sales tax components are also voter driven to pay for various bond projects. There are things that can be done better but it is also a nexus with community desire for things that cost money.

Councilmember McCarthy indicated that he often hears about how difficult it is to build in Flagstaff. There are terrain challenges with hills and rocky terrains, and they have heard about how long it takes to get through the process. There is no solution to the slope of land and the rock and they are working to refine the internal process.

Ms. Pastrick stated that most of what they are hearing is about the permitting process and they would like to see an attempt to develop a fast track permitting process so the carrying costs of the developer can be reduced.

Ms. Pastrick introduced Board Member and Owner of Starlite Bowling Alley Ron Getto. Mr. Getto stated that after the second election to increase the minimum wage he decided to immediately go to the \$15 per hour. This has come with clear repercussions; his labor costs have gone up by about \$50,000 per year and as a result, hours had to be reduced, so while employees are being paid more they are working less hours. They have also had to make adjustments to the overall customer experience; they are not open for lunch two days a week and the bar is not staffed until 3:00 p.m., and at some point they will have to raise prices and pass the cost on the customer. The community made the decision to raise the minimum wage and they will ultimately need to bear some of the costs of that decision. He stated that there are many local governments who have offered tax credits to small businesses who are doing the right thing.

Council expressed their concerns with the minimum wage as well, including the assessment from the State of Arizona to cover the difference between the state and local minimum wage for services provided by the state. They also indicated that there is more than wages that impact the cost of living and running a small business such as the cost of housing and healthcare. All of these things together are what makes it difficult to live and work. They also discussed the minimum wage impact study and how they hope it will provide insight into the matter.

Ms. Pastrick introduced Board Member and Key Engineering Partner of Shepard Wesnitzer Inc. (SWI), Guillermo Cortes. Mr. Cortes reported on a couple of recent projects. He indicated that there are 27 employees with SWI with 13 being located in Flagstaff. He is also involved with Kick Stand Café so he understands the impacts of the minimum wage and having to raise prices. He explained that transportation and infrastructure can be very costly for industry coming into town; people want to come into areas with established infrastructure. He acknowledged Propositions 419 and 420 and the important projects they are supporting. When developers come to Flagstaff and ask to rezone a parcel it is the unknown of the offsite infrastructure that they will be required to provide that can bring the cost up. What it takes to go through a site rezone or a direct rezone is challenging and they take time. One of the bigger issues is the amount of engineering studies that have to be performed; they are costly and take time to complete. Being open to partnerships and how the city can partner on infrastructure projects can help a development move forward and be successful.

Ms. Spyrow added that with the new healthcare facility, they are being told it could be two years before a shovel can go into the ground. This is difficult and in addition to the time it will take they are faced with having to build roads and bring in infrastructure; this means millions have to be put into the facility that would not otherwise be required in other cities.

Mr. Cortes stated that Community Development Director Dan Folke has been holding meetings with developers to discuss concerns, brainstorm possible solutions, and get a general understanding of how to try and address the concerns. Increasing communication is very much appreciated and shows a willingness to hear and consider the concerns.

There was brief discussion about the Flagstaff Local movement and the various things the city is doing to increase economic development and bring people to the community.

Three takeaways from the meeting were the following:

1. Strengthening workforce development and talent pipeline with regard to healthcare and automotive services. This should include middle and high school students.

2. Explore ways to incentivize programs, activities, and tax credits that can be extended to local businesses.
3. Strengthen the commitment to infrastructure and transportation and seize the opportunities for public/private partnerships when new development comes in.

Mayor Evans indicated that a work session is forthcoming to have a presentation on the results of the minimum wage study and it would be nice to include a conversation about doing a tax credit for small businesses and what that might look like. Mr. Clifton stated that it is quite relevant to the conversation and they can start the discussion with the consultant in January.

Mayor Evans also requested a work session to discuss transportation and infrastructure as well as to discuss the permitting process. Mr. Folke stated that a work session presentation on impact fees is coming to Council on January 7, 2020 to discuss the renewal of the police and fire impact fees as well as other possible impact fees for roads, parks, and other infrastructure.

7. Informational Items To/From Flagstaff Chamber, Mayor, Council and City Manager

Councilmember Salas stated that she would like to look into opportunities for a transition program, there are state and federal dollars to utilize and it would be helpful to understand how the programs work. She thanked the Chamber for their participation in the meeting.

Councilmember Odegaard thanked the Chamber for their participation and appreciation for the conversations.

Mr. Cortes thanked the Council for hosting them and the opportunity for discussion.

Councilmember McCarthy thanked everyone for participating and noted the good relationships that are built through communication.

Mr. Findlay noted that when talking about tax rebates for small businesses the automotive sector needs something to take away the competitive disadvantage they have with other municipalities.

Vice Mayor Shimoni thanked the Chamber for attending and for the work they do in the community. He encouraged everyone to sign up and participate in the Flagstaff Local movement.

Ms. Spyrow thanked the Council for the candid and honest conversations to discuss challenges and opportunities.

Councilmember Whelan expressed appreciation for the conversations and willingness to work together. She indicated a desire to meet more frequently with the Chamber to continue conversations.

Mr. Getto thanked the Council for hosting and listening to their viewpoints. He is excited about the future of the bowling alley and supporting the community.

Ms. Patrick thanked everyone for their time and participation and openness to conversations about how to make Flagstaff the best it can be.

Mayor Evans thanked everyone for their participation and stated that she is looking forward to future conversations.

8. Public Participation

Economic Development Director Heidi Hansen offered congratulations to Business Attraction Manager Gail Jackson on her new position of leading ECONA as the Interim CEO.

9. Adjournment

The Joint Meeting of the Flagstaff City Council and Greater Flagstaff Chamber of Commerce held December 9, 2019, adjourned at 8:46 p.m.

MAYOR

ATTEST:

CITY CLERK