

MINUTES

1. Call to Order

Mayor Evans called the Work Session of the Flagstaff City Council held February 25, 2020, to order at 4:55 p.m.

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

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

2. Roll Call

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

PRESENT:

ABSENT:

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

Others present: City Manager Greg Clifton; City Attorney Sterling Solomon.

3. Public Participation

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

Casey Jenkins representing Up with the People addressed Mayor and Council regarding their program. They are still looking for house families with a need of 15 more host families.

Sarah Darr also addressed Mayor and Council as an alumnus of Up with the People about the program and spoke about her experience. She encouraged people to sign up as a host family.

Written comment cards in opposition to HB2461 were submitted by the following individuals:

- Galilea Flores-Lopez
- Avalon Wendel
- Jessica Mendoza
- Jacey Gaither

4. **Review of Draft Agenda for the March 3, 2020 City Council Meeting**

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

Councilmember Odegaard asked for additional information on the potential ballot discussion as to whether a sales tax could be identified for one business industry, like motels and hotels rather than just BBB. He would like to see if adding sales tax to one specific industry was possible.

5. **Economic Development Toolkit**: City of Flagstaff business attraction, retention and expansion information, and presentations by Buxton Company on analytics and healthcare and the Arizona Commerce Authority on Opportunity Zones.

Business Retention and Expansion Manager John Saltonstall, Community Investment Director Dave McIntire, Cheyenne Robinson, Account Executive, and Robert Matson, Director of Account Management, from the Buxton Company provided a PowerPoint presentation that covered the following:

CURRENT ENGAGEMENT: RETAIL & HEALTHCARE
 PRIMARY OBJECTIVES
 STRENGTHENING PARTNERSHIPS
 SUPPORTING BUSINESS EXPANSION
 INFORMING BUSINESS DECISIONS
 BUXTON REPORTS
 KEY FINDINGS WITH THREE MAIN GAPS
 OBJECTIVE OF ANALYSIS
 HEALTHCARE LEAKAGE
 GAP ANALYSIS
 KEY FINDINGS

Councilmember Whelan asked who hired Buxton and how they fit in. Mr. Saltonstall stated that the City has partnered with the Buxton Company since 2010 and they came today to explain the gaps in healthcare based on a request from City staff. He stated that the partnership in 2010 started because of a request from City staff to see how people in the community were spending their money in the retail arena, but the analysis was much more than that and covered strategically how Flagstaff residents define themselves.

Councilmember Whelan asked if members of the Business Incubator can reach out to Buxton for their services. Mr. McIntire stated that clients of the Incubator have used Buxton for gap analysis in the past and NACET/Moonshot has been educated on what is available. Councilmember Whelan asked how small businesses can access this resource. Mr. Saltonstall stated that the business could call him directly. Economic Vitality Director Heidi Hansen added information regarding the tool kit as well.

Councilmember Odegaard asked if the work Buxton does for the City helped attract REI and businesses like them. Mr. Saltonstall stated that the Buxton report did help in the attraction.

Mayor Evans clarified that Buxton is one of the items in the Economic Development Toolkit and is just one of the components of the suite of services. Mr. Saltonstall stated that the Economic Toolkit has many components and that the Buxton Company is an exciting tool within it. He stated that Economic Vitality will be in front of Council again in March 2020 and will discuss this further.

Mayor Evans clarified further that the reason NAH met with Buxton was to discuss the expansion of NAH and to identify the services the Flagstaff community needs. Mr. Matson stated that they discussed the potential gaps that Buxton identified in the medical care field.

Councilmember Whelan asked if the voter initiative to raise the minimum wage was a lens that Buxton looks through when talking to potential and current business. Mr. Matson stated that Buxton provides very local insights that indicates whether residents that are living and working in that particular community can utilize their services.

Councilmember Whelan also asked about the retention and success of the local businesses and if there is any information that Buxton can provide to them to help them through these times of change. Ms. Robinson stated that current businesses can arrange a time to meet with Mr. Saltonstall who can extract information from the Buxton Company software and pull information to assist them. She gave an example of a current business who used the information from the Buxton report to focus their marketing materials.

Senior Vice President of Research Shawn Neidorf from the Arizona Commerce Authority gave a presentation to Mayor and Council on Opportunity Zones.

WHAT IS AN OPPORTUNITY ZONE?
OPPORTUNITY ZONE CRITERIA
WHAT IS A CENSUS TRACT?
ARIZONA'S OPPORTUNITY ZONES
NEARBY OPPORTUNITY ZONES
FLAGSTAFF AREA'S OPPORTUNITY ZONE
DEVELOPMENT OPPORTUNITIES ACROSS ARIZONA
SELECTING ARIZONA'S OPPORTUNITY ZONES
HOW OPPORTUNITY ZONES WORK
FEDERAL TAX BENEFITS
STATE TAX BENEFITS
OPPORTUNITY FUND OVERVIEW
OPPORTUNITY ZONE INVESTMENTS
OPPORTUNITY ZONE BUSINESS STOCK
OPPORTUNITY ZONE BUSINESS PARTNERSHIP INTEREST
BUSINESS PROPERTY
1031 VS. OPPORTUNITY FUND
OPPORTUNITY ZONE AND FUND CONTEXT
OPPORTUNITY ZONE STATUTE: SHORT BUT COMPLEX
SUBSTANTIAL TREASURY GUIDANCE (1)
SUBSTANTIAL TREASURY GUIDANCE (2)
SUBSTANTIAL TREASURY GUIDANCE (3)
OPEN FOR OPPORTUNITY (ONLINE TOOL)
WHAT CAN CITIES DO TO LEVERAGE OPPORTUNITY ZONES

Councilmember Whelan addressed having infrastructure in place and stated that she is concerned about this giving up local power since they could develop as they see fit. Ms. Neidorf stated that the statute does not change the local powers of zoning and that it works equally to any other private developer. Councilmember Whelan expressed concern about this incentive bringing outside investors into the community rather than local investors. Ms. Neidorf stated that it does not have to be outside investors and it is better to find local investors first.

Councilmember Salas stated that this discussion stemmed from her FAIR request after a presentation at the League of Cities and Towns focused on enhancing public-private partnerships to maximize the benefits of opportunity zones to bring private investment.

Councilmember Salas asked what sorts of businesses or centers can be brought into the Opportunity Zone. Ms. Neidorf stated that there are some prohibitions, such as golf courses and liquor stores, but anything that is not prohibited can be attracted. Councilmember Salas asked about an athletic facility. Ms. Neidorf stated that the facility would need to gain in value to really benefit from the tax credit.

Councilmember Odegaard asked if a landholder who is partially in and out of the opportunity zone would benefit from the tax credits. Ms. Neidorft stated that it is possible.

Councilmember Whelan asked if there could be a case of eminent domain in an opportunity zone. Ms. Neidorft stated that nothing in the statute changed anything in eminent domain and that she has heard of some communities speak of buying land in the areas, but that they are doing it for another purpose.

Vice Mayor Shimoni commented that opportunity zones sound like a way to jump start business and there are pros and cons to that. He added that the rules are the rules and that this allows for more incentive for businesses to start. Ms. Neidorft stated that this is a way to attract long-term investment and is just another tool in the economic development toolkit. When a project is appropriate, the benefit could be brought up then.

Mr. McIntire stated that staff will advertise the opportunity zone for the 32-acre highway property by the airport and speaking with current property owners with developments in that zone about this tool.

Council expressed appreciation for the presentation and discussion.

A break was held from 6:12 p.m. through 6:25 p.m.

6. Linda Vista Culvert Upsizing

Project Manager Ed Schenk presented to Council on staff's proposed funding options and to move the timing of the project forward.

PURPOSE
LINDA VISTA CULVERT UPSIZING
PRV REPLACEMENT
2019 WINTER CLEANOUT
MUSEUM FIRE 2019 PARCELS AFFECTED POTENTIAL FLOODING
POTENTIAL FLOWS GRAPH
SUMMARY

Councilmember Odegaard asked if the size of the culvert would change based on when the project is done. Mr. Schenk stated that the size would be the same.

Councilmember Whelan asked if the modeling was done before remediation. Mr. Schenk stated that it was. She also asked about the work at the end of Paradise for remediation. She stated that this work needs to be done but it pains her that \$187,000 is going to Bill Williams Mountain. Mr. Schenk stated that if the City forgoes the federal funding, that the money would not go to the Bill Williams Mountain but to the County and there is a benefit to not accepting the funds. He also expanded on other funding and grant processes.

Vice Mayor Shimoni asked what the difference in cost would be with the five days. Capital Improvements Engineer Brett Petersen stated that quantifying the additional five days that the street would not be closed would be valuable and that there is significant benefit to the community to combine these projects.

City Manager Clifton stated that the emphasis for doing this project is not just the convenience of combining the projects, but to eliminate the inconvenience to the neighborhood of having two major projects rather than one in a small time period.

Councilmember Whelan asked about the thoughts regarding the Phoenix bridge and the Rio de Flag monies and the cost savings of shifting money around. Mr. Petersen stated that the Rio de Flag is fully funded and that the flow will no longer be going under Phoenix Avenue in the future. There is \$1.6million in the budget for the Phoenix Avenue box culvert replacement that now may not need to be expanded. The thought was to use the emergency funds now and then if there is an emergency, use the savings from the Phoenix Avenue box culvert.

Councilmember Whelan asked for staff to tabulate the savings from projects that the Rio de Flag project will address, and for staff to use that saving to service underfunded areas. Water Services Director Brad Hill explained the modified capital program that will come to Council soon that adds more projects. Councilmember Whelan stated that her support is to put that money into underserved populations.

Council expressed support to move forward with staff's recommended action.

7. **Discussion:** Policy to allow all employees to live outside city limits except by those who are specified by City Charter

Councilmember Whelan stated that Council made a decision to allow certain groups to move outside the City and why all other employment groups are not able to live outside the City. She stated that she wanted to give more choices to the staff.

Councilmember Aslan asked if there will be data provided on who is not allowed to live outside of City limits because of their job duties or titles and how many employees are affected.

Human Resources Director Jeanie Gallagher clarified that the evaluation would not include employees required to live in city limits due to the Charter.

Councilmember Whelan asked when the policy was put in place. Ms. Gallagher stated that the policy was updated in 2018 to address state statute regarding public safety officers. Councilmember Whelan asked when the original policy was implemented. Deputy City Manager Shannon Anderson stated that the handbook was adopted in 1980 and that the policy was first written in 2011. Ms. Gallagher shared the one-hour policy.

City Manager Clifton added that there is not a residency requirement for snowplow operators and that there is a one-hour response time. He added that there is a restriction on city vehicles.

There was requisite Council support to advance the topic to a future agenda for discussion and possible direction.

8. **Public Participation**

None

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

Councilmember Salas stated that she will be traveling with Tourism Director Trace Ward to attend a Sister City International Conference in Texas.

Councilmember McCarthy shared that he gave a presentation at the library last week about some Grand Canyon issues. He will also attend the upcoming BNSF meeting.

Councilmember Whelan stated she is concerned about getting the temperature on Council about certain bills. She feels that Council is missing discussion. She also asked who is watching the permits on who is drilling around Red Gap Ranch. She announced that there is a public hearing on the APS rate case on June 6, 2020 at the County Supervisors building and requested elected or staff attend.

Vice Mayor Shimoni reported that he met with Fire Department leadership and he would now like to remove his FAIR request for a discussion regarding levels of fire service and how they respond to calls for service. He also reported that he attended a speech from a Holocaust survivor. He will also be taking a tour of the juvenile court and is holding a town hall.

Mayor Evans met with Chairman John Huey of the Yavapai-Apache Nation and shared the invitation she received to attend a memorial ceremony. She attended a roundtable at the National League of Cities regarding principles of home rule and she shared the handouts with Council. She will be coming

back with a proclamation on the topic. She also shared that she met with Councilmember Whelan regarding the City's recruitment of higher education institutions for economic growth. She added that Mesa did this and the City was going to invite that individual to Flagstaff for a conversation.

10. Adjournment

The Work Session of the Flagstaff City Council held February 25, 2020, adjourned at 7:13 p.m.

MAYOR

ATTEST:

CITY CLERK