

MINUTES

1. CALL TO ORDER

Mayor Daggett called the meeting of the Flagstaff City Council held February 6, 2024, to order at 3:00 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 regular meeting, the City Council may vote to go into executive session, which will not be open to the public, for discussion and consultation 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 DAGGETT
VICE MAYOR ASLAN (arrived at 3:03 p.m.)
COUNCILMEMBER HARRIS
COUNCILMEMBER HOUSE
COUNCILMEMBER MATTHEWS
COUNCILMEMBER MCCARTHY
COUNCILMEMBER SWEET

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

3. PLEDGE OF ALLEGIANCE, MISSION STATEMENT, AND LAND ACKNOWLEDGEMENT

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

MISSION STATEMENT

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

LAND ACKNOWLEDGEMENT

The Flagstaff City Council humbly acknowledges the ancestral homelands of this area's Indigenous nations and original stewards. These lands, still inhabited by Native descendants, border mountains sacred to Indigenous peoples. We honor them, their legacies, their traditions, and their continued contributions. We celebrate their past, present, and future generations who will forever know this place as home.

4. APPROVAL OF MINUTES FROM PREVIOUS MEETINGS

- A. **Consideration and Approval of Minutes:** City Council Regular Meeting of April 16, 2019, Work Session of May 14, 2019, Special Work Session of October 22, 2019, Combined Work Session/Special Meeting of November 8, 2022, Regular Meeting of November 15, 2022, Special Meeting of November 28, 2022, Work Session of November 29, 2022, Regular Meeting of December 6, 2022, Regular Meeting of December 20, 2022, Regular Meeting of June 6, 2023, Work Session of June 13, 2023, Retreat of June 23, 2023, Work Session of June 27, 2023, and Special Meeting of August 8, 2023.

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Miranda Sweet to approve the minutes of the City Council Regular Meeting of April 16, 2019, Work Session of May 14, 2019, Special Work Session of October 22, 2019, Combined Work Session/Special Meeting of November 8, 2022, Regular Meeting of November 15, 2022, Special Meeting of November 28, 2022, Work Session of November 29, 2022, Regular Meeting of December 6, 2022, Regular Meeting of December 20, 2022, Regular Meeting of June 6, 2023, Work Session of June 13, 2023, Retreat of June 23, 2023, Work Session of June 27, 2023, and Special Meeting of August 8, 2023.

Vote: 7 - 0 - Unanimously

5. PUBLIC PARTICIPATION

Public Participation enables the public to address the Council about an item that is not on the prepared agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed. Public Participation appears on the agenda twice, at the beginning and at the end. If you wish to address the Council at today'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.

Community Development Director Dan Folke recognized Planning Director Michelle McNulty for completing the Certified Public Manager program. He also recognized Senior Planner Ben Mejia, who had completed all the certification and testing requirements for his AICP designation.

Dennis Givens addressed Council and spoke about the May Hick's house and how it should be saved for historical purposes.

Housing Planning Manager Jennifer Mikelson addressed Council to report that Housing had published a notice of funding availability for the rental incentive bond program. It was the first bond-funded project to be launched, and they were very excited to be at that point. She noted that applications were due Monday, February 19, 2024, at 4:00 p.m.

Andrew Baker and Bryan Bates submitted written comments encouraging the city to do whatever they could to stop the transport of raw uranium ore through Coconino County.

6. PROCLAMATIONS AND RECOGNITIONS

- A. **Proclamation:** Love of Reading Month

Mayor Daggett read and presented the proclamation.

- B. **Proclamation:** Black History Month

Councilmember House read and presented the proclamation.

7. COUNCIL LIAISON REPORTS

Vice Mayor Aslan reported that the Sustainability Commission reviewed and approved the FY 2023--24 Neighborhood Sustainability Grants. The commission hosted a presentation by Duffy Westheimer, Executive Director of the Townsite Community Land Trust, who discussed the importance of sustainability through affordable, owner-occupied historic homes. At their next meeting, last year's grant recipients would present their project outcomes. The public was welcome to attend, and refreshments would be provided.

Vice Mayor Aslan also reported on the Tourism Commission and highlighted several events planned to promote tourism in Flagstaff in February. The Visitor Center would be hosting the annual Chocolate Walk on February 10, 2024, with 33 downtown businesses participating. Arizona Beer Week would also be celebrated by Discover Flagstaff and local breweries, attracting visitors from across the state. Lastly, the iHeart Pluto Festival would be held at Lowell Observatory on February 17, 2024.

Councilmember House reported that the Commission on Diversity Awareness was actively partnering with Sinclair Detrick-Jewels to support a Northern Arizona University event. The commission's recent discussions included updates on the equitable restrooms policy, colored crosswalk initiatives, FUSD bus routes, and participation in Black History Month events. The commission continued its collaboration with the public library and ongoing efforts to promote equity and celebrate diversity in Flagstaff. Special thanks were extended for drafting this year's Black History Month Proclamation and helping present the Pan-African flag, now adopted in recognition of the month.

Councilmember House also reported that the Housing Commission had begun early discussions on launching the bond-funded Homebuyer Assistance Program expansion. Ideas explored included interest rate buy-downs, counting accessory dwelling unit rental income for eligibility, including all home types in the program, and partnering with employers on housing support. The commission was brainstorming how to apply funds effectively to increase access to homeownership.

Councilmember McCarthy reported that he attended the grand opening of JoJo's Place, the employee recognition event, and the Bicycle and Pedestrian Advisory Committee meetings where they discussed new engineering standards being considered, Butler Avenue speed limits, curbs and candlesticks on Butler, and grant money to do a complete streets upgrade of Butler Avenue.

Mayor Daggett reported that the Commission on Inclusion and Adaptive Living had formed a working group who were meeting every week to work on accessibility and sidewalk issues. She reminded everyone that they would be helping their neighbors if they cleared their sidewalks after the snow as well as not parking their vehicles on the sidewalk.

8. LIQUOR LICENSE PUBLIC HEARINGS

Applications under Liquor License Public Hearings may be considered under one public hearing and may be acted upon by one motion unless otherwise requested by Council.

- A. **Consideration and Action on Liquor License Application:** Andrea Dahlman Lewkowitz, "ATL Wings," 1300 S. Milton Road, #107A, Series 12 (restaurant), New License.

Mayor Daggett opened the public hearing.

Police Sergeant Nick Almendarez introduced the application and noted no concerns.

There being no public comment, Mayor Daggett closed the public hearing.

Moved by Councilmember Khara House, **seconded by** Councilmember Miranda Sweet to forward the application to the State with a recommendation for approval.

Vote: 7 - 0 - Unanimously

9. CONSENT AGENDA

All matters under Consent Agenda are considered by the City Council to be routine. Unless a member of City Council expresses a desire at the meeting to remove an item from the Consent Agenda for discussion, the Consent Agenda will be enacted by one motion approving the recommendations listed on the agenda. Unless otherwise indicated, expenditures approved by Council are budgeted items

Moved by Councilmember Jim McCarthy, seconded by Councilmember Miranda Sweet to approve the Consent Agenda as presented.

Vote: 7 - 0 - Unanimously

- A. **Consideration and Approval of Contract:** Contract with EnviroSystems Management, Inc., in the amount of \$204,816.25, for the Observatory Mesa Invasive Weed Treatment and Restoration Project.
1. Approve the Contract with EnviroSystems Management, Inc. in the amount of \$204,816.25, for labor and supplies to treat 447.5 acres of invasive plants and to restore and seed 31.5 acres with native seed; and
 2. Authorize the City Manager to execute all necessary documents.
- B. **Consideration and Approval of Agreement:** Joint Funding Agreement between the U.S. Department of Interior, U.S. Geological Survey and the City of Flagstaff for Monitoring the C Aquifer of the Middle and Lower Little Colorado River Basins.
- Approve the Agreement with the U.S. Geological Survey to contribute \$71,080 over three (3) years.
- C. **Consideration and Approval of Contract:** Professional Services Contract with Ardurra Group, Inc. for on-call professional engineering services to provide Water and Sewer Modeling and Development Impact Analysis (WSIA).
1. Approve the Professional Services Contract with Ardurra Group, Inc. for WSIA on-call professional engineering services for three (3) years in the total amount of \$279,000.
 2. Authorize the City Manager to execute the necessary documents.
- D. **Consideration and Approval of Contract:** Cooperative Purchase Contract with ExerPlay, Inc. for the Ponderosa Trails Park playground replacement in the amount of \$138,821.35.
1. Approve the Cooperative Purchase Contract in the amount of \$138,821.35 with ExerPlay, Inc. replacing the aged playground with a new playground as a turnkey project through the 1GPA Cooperative Purchasing Agreement #23-07P-04; and
 2. Authorize the City Manager to execute the necessary documents.
- E. **Consideration and Approval of Contract Amendment:** First Amendment to the Contract with Emergency Management Partners, LLC for the Airport Emergency Plan Update and Support for the Development of the Airport's Triennial Full-Scale Exercise.
1. Approve the First Amendment to the Contract with Emergency Management Partners, LLC for the Airport Emergency Plan Update and Support for the Development of the Airport's Triennial Full-Scale Exercise in the amount of \$207,577 (\$98,750 Airport Emergency Plan / \$108,827 Triennial Full-Scale Exercise) (100% grant-funded by the Airport CARES Operational Grant); and
 2. Authorize the City Manager to execute the necessary documents.

- F. Consideration and Approval of Contract:** Cooperative Purchase Contract with Sands Motor Company, Inc. in the amount of \$44,631.48, plus other fees and taxes, for the purchase of one (1) 2024 Chevrolet Silverado work truck for the Facilities Section.
1. Approve the Cooperative Purchase Contract with Sands Motor Company, Inc. in the amount of \$44,631.48, plus other fees and taxes, for the purchase one (1) 2024 Chevrolet Silverado Work Truck for the Facilities Section; and
 2. Authorize the City Manager to execute the necessary document.
- G. Consideration and Approval of BNSF Railway Preliminary Engineering Agreement:** Downtown Mile Safety and Connectivity Project, Rio de Flag Flood Control Project, and Lone Tree Overpass Project Document Review.
1. Approve the Preliminary Engineering Agreement (Agreement) with BNSF Railway (BNSF) in the amount of \$415,011.51; and
 2. Authorize the City Manager to execute the necessary documents.
- H. Consideration and Approval of Contract:** First Amendment to the Contract with Corporate Technology Solutions, Inc. for the Verkada Security Camera Software in the amount of \$75,395.68.
1. Approve the First Amendment to the Contract with Corporate Technology Solutions, Inc. for the Verkada Security Camera Software adding \$30,045.52, \$21,233.52, and \$24,116.64 to the contract for the libraries (\$75,395.68 total, covering Flagstaff downtown, Flagstaff east side, and Tuba City libraries respectively); and
 2. Authorize the City Manager to execute the necessary documents.
- I. Consideration and Approval of Contract Ratification:** Cooperative Purchase Contract with PFVT Motors, Inc. LLC (DBA Peoria Ford) in the amount of \$255,962.97, in addition to other fees and taxes for the purchase of four fully electric Ford Lightning F150s (3 for FPD and 1 for Engineering).
1. Ratify the Cooperative Purchase Contract with PFVT Motors, LLC (DBA Peoria Ford) in the amount of \$255,962.97, in addition to other fees and taxes for the purchase of four fully electric Ford Lightning F150s (3 for FPD and 1 for Engineering); and
 2. Authorize the City Manager to execute the necessary documents.
- J. Consideration and Approval of Grant Agreements:** Grant agreements between the City of Flagstaff and specific community partners utilizing funding from the Arizona Department of Housing Homeless Shelter and Services Funds in the amount of \$756,000.00.
1. Approve grant agreements with the following organizations, utilizing funding from the Arizona Department of Housing Homeless Shelter and Services Funds:
 - o \$61,802.28 to Community Assistance Teams of Flagstaff for the Homeless Mobile Outreach Program
 - o \$100,000.00 to Catholic Charities Community Services, Inc. for the PATH Outreach and Emergency Shelter Programs
 - o \$330,337.05 to Flagstaff Shelter Services, Inc. for the Emergency Shelter Program
 - o \$30,963.06 to Homeless Youth Connection for the Empowering Youth for the Future Program
 - o \$170,971.48 to Housing Solutions of Northern Arizona for the Homeless Transitional Housing Program
 - o \$61,926.13 to Northland Family Help Center for the Emergency Youth Shelter Program
 2. Authorize the City Manager to execute the necessary documents for all agreements.

10. ROUTINE ITEMS

- A. **Consideration and Adoption of Ordinance No. 2024-02:** An ordinance of the City Council of the City of Flagstaff, amending the Flagstaff City Code, Title 3 Business Regulations, Chapter 3-10 User Fees, Section 3-10-001-0004 Police Department to revise existing fees and add a new fee for Body Camera Video Review and Redaction; providing for penalties, repeal of conflicting ordinances, severability, providing for clerical corrections, and establishing an effective date

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Khara House to read Ordinance No. 2024-02 by title only for the final time.

Vote: 7 - 0 - Unanimously

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AMENDING THE FLAGSTAFF CITY CODE, TITLE 3 BUSINESS REGULATIONS, CHAPTER 3-10 USER FEES, SECTION 3-10-001-0004 POLICE DEPARTMENT TO REVISE EXISTING FEES AND ADD A NEW FEE FOR BODY CAMERA VIDEO REVIEW AND REDACTION; PROVIDING FOR PENALTIES, REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, PROVIDING FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Khara House to adopt Ordinance No. 2024-02.

Vote: 7 - 0 - Unanimously

- B. **Consideration and Approval of Change in Commission Member Terms:** Change the Sustainability Commission Term Month and Current Commissioner Term Months

Sustainability Coordinator Tia Hatton provided a PowerPoint presentation that covered the following:

SUSTAINABILITY COMMISSION REQUEST TO CHANGE TERM MONTH
SUSTAINABILITY COMMISSION TERMS
TODAY'S PRESENTATION
SUSTAINABILITY COMMISSION CURRENT TERM
CHALLENGES WITH OCTOBER TERM MONTH
SUSTAINABILITY COMMISSION TERM RECOMMENDATIONS

Councilmember McCarthy asked if the terms ended at the beginning or end of the month. Deputy City Clerk Stacy Fobar stated that they ended at the first of the month.

Councilmember Harris asked when the terms would end for the current members of the commission. Ms. Fobar explained that commissioners were able to remain in their positions until a new commissioner was appointed.

Moved by Councilmember Jim McCarthy, **seconded by** Vice Mayor Austin Aslan to change the Sustainability Commission member start and end term month from October to February and adjust the terms of the currently seated Sustainability Commissioners to end in February of the following year.

Vote: 7 - 0 - Unanimously

11. PUBLIC HEARING ITEMS

- A. **Consideration and Adoption of Resolution No. 2024-05 and Ordinance No. 2024-03:** A resolution of the City Council of the City of Flagstaff, Coconino County, Arizona, declaring as a public record that certain document filed with the City Clerk entitled "PZ-23-00136 - Residential Uses in the Public Facility (PF) Zone" and an ordinance of the City Council of the City of Flagstaff, Coconino County, Arizona, amending the Flagstaff City Code, Title 10, Flagstaff Zoning Code, to allow residential uses (single-family, duplex, and multi-family dwellings) as a permitted use in the Public Facility (PF) zone.

Mayor Daggett opened the public hearing.

Zoning Code Manager Tiffany Antol provided a PowerPoint presentation that covered the following:

ZONING CODE AMENDMENT TABLE 10-40.30.060.B RESIDENTIAL USES IN THE PUBLIC FACILITY (PF) ZONE
PZ-23-00136
CITY'S PROPOSED ZONING CODE TEXT AMENDMENT
OVERVIEW OF PROPOSED AMENDMENT
CITY OWNED PUBLIC FACILITY ZONED PARCELS
STAFF RECOMMENDATION
FINDINGS FOR ZONING CODE TEXT AMENDMENT
FINDING #1
FINDING #2
FINDING #3
RECOMMENDATION

Councilmember Matthews asked if the amendment would help the city achieve what the citizens voted for with the housing proposition last election. Ms. Antol indicated that she believed that the amendment was one step forward in expanding opportunities for housing in Flagstaff.

Councilmember House referenced Create 4.3 in the 10-Year Housing Plan and the potential to add affordable housing as an allowed use within public facility zones. She asked about state-level limitations, specifically, whether the city was precluded from requiring affordable housing by law. She asked how far the city could go in codifying such a requirement and what mechanisms could be used to enable and prioritize affordable housing within this zoning framework.

Ms. Antol explained that affordable housing was not a listed land use in PF zoning. While the city could consider adding it, defining "affordable housing" in code was challenging due to its varying interpretations and the changing nature of housing markets. For example, while city-incentivized housing often targeted households at 80% of the Area Median Income (AMI), past projects have ranged from 60% to 125% AMI. What was affordable varied by income, so locking in a rigid definition could limit flexibility for future needs. The recommendation was to preserve flexibility rather than codify a specific affordability threshold, allowing the city to adapt to market shifts and project proposals. She also noted that rezoning city-owned land for affordable housing had been done before but it was a time-intensive process due to procedural requirements like neighborhood meetings, Planning and Zoning Commission reviews, and public hearings. To reinforce the city's intent without binding future Councils, a separate resolution, similar to one already adopted for city-owned buildings, could be created to guide use of PF zoned land for affordable housing and would express policy direction without codifying inflexible standards.

Councilmember Sweet asked about a possible policy or intent statement so the process was not slowed down. It would explain why the city was prioritizing the way it was and that they would like affordable housing in it for future Councils and the public to know why it was included. Ms. Antol stated that she could coordinate with Housing to draft a resolution.

Michele James, Executive Director of Friends of Flagstaff's Future, addressed Council and stated that they were generally supportive of the proposed zoning code amendment that would allow residential uses in the PF zone, especially as a tool to enable affordable housing development. She offered the following:

1. Simply allowing residential use does not guarantee affordable housing will be built. How would the city ensure that was actually achieved?
2. Concerned about the risk of 100% market-rate housing or vacation rentals on city-owned PF parcels, which could undercut the goal of increasing affordability.
3. She questioned whether a future Council could approve only market-rate projects on PF-zoned land and if that was consistent with current Council intent.
4. She urged staff to clearly outline any intended or unintended consequences of the amendment, especially those that could impact affordability.

This was a consequential policy change, and the city did have the authority through procurement and RFP processes to require 100% affordable housing on its own PF-zoned parcels. She recommended a separate policy document expressing the intent.

Charlie Silver addressed Council and stated that park land was zoned PF as well and he did not want to see encroachment onto park land which was a rare and limited commodity in Flagstaff.

Ms. Antol stated that she was confident that a draft resolution could address the prioritization of affordable housing and alleviate many of the concerns raised. She was committed to working toward greater clarity. She also addressed concerns about parks within the PF zone and noted that while many parks were PF zoned, some were in residential zones, and rezoning had not historically made them more vulnerable to redevelopment. She emphasized that parks already developed with infrastructure were unlikely to be repurposed for housing due to the high cost and value of those community assets. She also stated that staff had consulted with the Parks and Recreation Commission, who responded with strong support. She offered that additional language could be included in the resolution to reaffirm the city's commitment to protecting park lands while enabling affordable housing development where appropriate.

Housing Director Sarah Darr cautioned against requiring 100% affordable housing on PF zoned land, arguing that doing so could limit the city's ability to meet broader housing needs, including moderate-income and workforce households. She emphasized the need for flexibility, especially to support employer-assisted housing and secure financing options. While there was strong support for affordable housing, she explained that not all housing needs fall under traditional affordability definitions, and the amendment could help implement Council goals without requiring full rezonings.

Councilmember House asked about park land being included within the PF zoning. Ms. Antol stated that parks were just one of many uses allowed in the PF zone, which also included things like airports, water tanks, and congregate care facilities. She acknowledged that past proposals to use park land for housing had left some community members wary but emphasized that the current zoning amendment was not aimed at redeveloping parks. She explained the difference between the PF zone, which allowed larger-scale development, and the Public Open Space zone, which was meant to limit development and preserve open space. The current amendment would not affect those protected open space areas. She indicated that they encouraged public-private partnerships that could add new parks alongside housing, especially when funding was tight. Housing and parks, like schools and churches, were generally considered compatible uses in residential zones, if designed thoughtfully to serve the community.

Councilmember McCarthy acknowledged the concern about the potential impact on park land. He suggested an amendment that would clarify that current parks would not be used for residential under the proposed amendment. He felt that it was important to include that in the code rather than trust a future Council to know the history of the situation.

Vice Mayor Aslan agreed and offered support for a resolution that stated the intentions of the Council so future Councils could be aware of.

There being no further comment, Mayor Daggett closed the public hearing.

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Miranda Sweet to read Resolution No. 2024-05 by title only.

Vote: 7 - 0 - Unanimously

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL DECLARING AS A PUBLIC RECORD THAT CERTAIN DOCUMENT FILED WITH THE CITY CLERK AND ENTITLED "PZ-23-00136 -- RESIDENTIAL USES IN THE PUBLIC FACILITY (PF) ZONE"

Moved by Councilmember Miranda Sweet, **seconded by** Councilmember Khara House to read Ordinance No. 2024-03 by title only for the first time.

Vote: 7 - 0 - Unanimously

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AMENDING THE FLAGSTAFF CITY CODE, TITLE 10, FLAGSTAFF ZONING CODE, BY ADOPTING BY REFERENCE THAT CERTAIN DOCUMENT ENTITLED "PZ-23-00136 -- RESIDENTIAL USES IN THE PUBLIC FACILITY (PF) ZONE"; PROVIDING FOR PENALTIES, REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AND ESTABLISHING AN EFFECTIVE DATE

12. **REGULAR AGENDA**

- A. Consideration and Adoption of Resolution No. 2024-06:** A resolution approving Binding Waivers of Enforcement for 3 parcels of land located in the City of Flagstaff.

City Attorney Sterling Solomon provided a PowerPoint presentation that covered the following:

PROP 207 CLAIMS
BACKGROUND
ORDINANCE 2020-28
PROP 207 CLAIMS
OVERVIEW OF PROP 207
BINDING WAIVER OF ENFORCEMENT

Charlie Silver addressed Council and raised concerns about a Proposition 207 waiver related to an R1-zoned residential parcel near Swiss Manor. He questioned why the waiver was being considered, what existing property rights might be reduced, and whether any rezoning was planned that would impact the property. He also requested clarification on whether property use, value, or development potential was being affected.

Mr. Solomon responded that all prior waivers of that type had been approved, but declined to discuss specifics in the public meeting and suggested that Council could discuss in Executive Session if desired.

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Khara House to read Resolution No. 2024-06 by title only.

Vote: 7 - 0 - Unanimously

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL, APPROVING BINDING WAIVERS OF ENFORCEMENT FOR THREE PARCELS OF LAND WITHIN THE CORPORATE LIMITS OF THE CITY OF FLAGSTAFF

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Miranda Sweet to adopt Resolution No. 2024-06.

Vote: 7 - 0 - Unanimously

- B. Consideration and Adoption of Resolution No. 2024-07:** A resolution approving an Intergovernmental Agreement between Coconino County and the City of Flagstaff for the Landfill Road Construction Project.

Public Works Director Scott Overton addressed Council and stated that the IGA with Coconino County was to rebuild the landfill road. The IGA had been in discussions since 2019, and they had been able to reach an agreement with the county to pay a proportionate share. Coconino County would pay \$2.4 million, and the city would pay \$2.6 million.

Moved by Councilmember Khara House, **seconded by** Councilmember Miranda Sweet to read Resolution No. 2024-07 by title only.

Vote: 7 - 0 - Unanimously

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL, APPROVING AN INTERGOVERNMENTAL

AGREEMENT BETWEEN COCONINO COUNTY AND THE CITY OF FLAGSTAFF FOR THE LANDFILL ROAD CONSTRUCTION PROJECT

Moved by Councilmember Jim McCarthy, **seconded by** Councilmember Khara House to adopt Resolution No. 2024-07.

Vote: 7 - 0 - Unanimously

- C. **Consideration and Approval of Contract:** Construction Manager at Risk (CMAR) Service Agreement - GMP1 with Rummel Construction, Inc. for the Landfill Road Improvement Project.

Moved by Councilmember Miranda Sweet, **seconded by** Councilmember Jim McCarthy to approve the CMAR Construction Services Agreement - GMP 1 with Rummel Construction, Inc. for a Guaranteed Maximum Price (GMP1) in the amount of \$4,887,944.86 and a contract duration period of 171-calendar days, an Owner's Contingency of \$172,020.37, which is 4.25% of the GMP1, and authorize the City Manager to execute the necessary documents.

Vote: 7 - 0 - Unanimously

- D. **Consideration and Adoption of Ordinance No. 2024-04:** An ordinance of the City Council of the City of Flagstaff, authorizing the exchange of real property of substantially equal value with a property owner, ZH Holdings Butler, LLC; providing for delegation of authority, severability, repeal of conflicting ordinances, and establishing an effective date

Consideration and Approval of Purchase Agreement with ZH Holdings Butler, LLC

Real Estate Manager Bryce Doty provided a PowerPoint presentation that covered the following:

ZH HOLDINGS PROPERTY EXCHANGE
VICINITY MAP
BACKGROUND
AREA OF CITY PARCELS TO EXCHANGE
AREAS CITY WILL RECEIVE
CONTEXT

Moved by Councilmember Jim McCarthy, **seconded by** Vice Mayor Austin Aslan to read Resolution No. 2024-04 by title only for the first time.

Vote: 7 - 0 - Unanimously

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AUTHORIZING THE EXCHANGE OF REAL PROPERTY OF SUBSTANTIALLY EQUAL VALUE WITH A PROPERTY OWNER, ZH HOLDINGS BUTLER, LLC; PROVIDING FOR DELEGATION OF AUTHORITY, SEVERABILITY, REPEAL OF CONFLICTING ORDINANCES, AND ESTABLISHING AN EFFECTIVE DATE

- E. **Consideration and Adoption of Resolution No. 2024-01:** A resolution of the Mayor and City Council of the City Of Flagstaff, Arizona, Recognizing the Watershed Alliance For The Rio De Flag (WARF)

Water Services Stormwater Manager Ed Schenk addressed Council and introduced Kathy Flaccus, President of the Friends of the Rio de Flag who provided a PowerPoint presentation that covered the following:

RIO DE FLAG WATERSHED PLANNING
WATERSMART GRANT
WATERSHED ALLIANCE FOR THE RIO DE FLAG (WARF)
WHO IS THE WATERSHED ALLIANCE
SKETCH MAP OF THE RIO DE FLAG WATERSHED
RIO DE FLAG AS AN ASSET TO FLAGSTAFF
WATERSHED PLANNING PROCESS

EXPLORE THE WATERSHED: SPEAKER SERIES (PUBLIC MEETINGS)
 BIGGEST THREATS TO ECOSYSTEMS
 MAIN TOPIC OF INTEREST
 116 SITE SPECIFIC PROJECTS
 TOP PRIORITIES FOR THE RIO DE FLAG WATERSHED PLAN
 PROJECTS PRIORITIZED BY WARF PARTNERS
 FIRES AND FLOODS
 WARF REQUEST

Mayor Daggett praised Friends of the Rio and stated that they were a good example of residents caring about the area. She noted that elevating interest and knowledge of the Rio was beyond what the city could have done.

Councilmember Sweet asked how people could get involved. Ms. Flaccus explained that the best way was to go through the Sustainability Division's Stream Stewards volunteer program. She referred people to their website www.friendsoftheriodeflag.com for information about upcoming activities.

Vice Mayor Aslan expressed his appreciation for the citizen engagement, leadership, and hard work surrounding the Rio de Flag. He indicated that he was looking forward to Sinclair Wash becoming a perennial amenity.

Councilmember McCarthy offered that riparian areas were the lifeblood of an ecosystem. The concentration of wildlife was much stronger in riparian areas. It was hard to maintain those spaces in an urban area and he thanked Friends of the Rio for their work to protect and preserve it.

Moved by Councilmember Miranda Sweet, seconded by Councilmember Jim McCarthy to read Resolution No. 2024-01 by title only.

Vote: 7 - 0 - Unanimously

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL, RECOGNIZING THE WATERSHED ALLIANCE FOR THE RIO DE FLAG (WARF)

Moved by Vice Mayor Austin Aslan, seconded by Councilmember Khara House to adopt Resolution No. 2024-01.

Vote: 7 - 0 - Unanimously

A break was held from 5:07 p.m. through 5:18 p.m.

13. DISCUSSION ITEMS

A. **Water, Wastewater, and Reclaimed Water Rates and Cost-of-Service Study - Presentation 3 of 3 on Capacity Fees & Introduction to Rate Designs**

Water Services Director Shannon Jones introduced Water Resources Manager Erin Young, along with Andrew Burnham and Carole Malesky with Stantec who provided a PowerPoint presentation that covered the following:

WATER, RECLAIMED WATER, AND WASTEWATER COST-OF-SERVICE STUDY -- DIRECTION ON CAPACITY FEES
 AGENDA
 SCOPE OVERVIEW
 PATH TO UPDATED RATES AND FEES
 HOW WE FUND OUR WATER NEEDS
 DEVELOPERS AND CONTRACTORS EVENT SUMMARY
 REQUESTED COUNCIL DIRECTION
 COUNCIL DIRECTION -- METHODOLOGY
 CAPACITY FEES METHODOLOGIES

COMBINED METHOD RECOMMENDED BY WATER COMMISSION

Councilmember Matthews asked if the combined option included future projects. Mr. Jones indicated that it did not consider future water supply or wastewater projects. Ms. Malesky clarified that while the slide did not include a future water supply or wastewater treatment project, the methods could include those values.

A majority of Council supported the Combined Method.

COUNCIL DIRECTION -- LEVEL OF SERVICE LEVEL OF SERVICE DISCUSSION ACTUAL USE RECOMMENDED BY WATER COMMISSION

Mayor Daggett asked how they charged what was actually being used while contemplating that for some projects that may hit closer to the design standards in terms of usage. Ms. Young stated that both methods were industry standards, however using design standards was more common. The decision was made in the last rate study to use actuals and that had carried into the current rate study as a comparison.

Mayor Daggett asked about a project that came in with a usage closer to the design standards, but the city was charging actual use; she asked if there was a mechanism to account for the higher water usage. Ms. Young noted that the city still had to build the capacity projects, and they collected less from capacity fees and put the remainder of the project costs on the rates. The larger water users would pay the higher rate so essentially, they were paying for the differential between the design standards and actual use.

Mr. Jones added that capacity fees were one-time charges paid at the time of development, based on anticipated infrastructure usage. Once paid, there was no mechanism to retroactively increase the fee if actual usage exceeded projections. While ongoing water usage generated revenue to cover operating costs, it did not contribute to infrastructure reimbursement. The infrastructure installed was based on design standards tied to projected use, and the capacity fee helped recoup past and planned investments but was finalized at the time of initial development.

Councilmember McCarthy explained that if the city was building the infrastructure to design standards but only charged actual use, then the infrastructure that the city built would not be covered by the capacity fees and would have to be subsidized in some other way. He offered his support for actual use rather than capacity fees.

Mayor Daggett shared her concern about not having enough money to install what was needed and that it was evenly distributed.

COUNCIL DIRECTION -- FUTURE WATER SUPPLY PROJECTS WATER CAPACITY FEE OPTIONS USING THE COMBINED METHODOLOGY LEVEL OF SERVICE ESTIMATED IMPACTS ON REVENUE REQUIREMENTS

Council discussed the need to increase revenue for future infrastructure projects, with an emphasis on starting early to minimize long-term financial impact. There was a comparison of financial projections under different capacity fee scenarios, showing that while the rate revenue needed remained similar in the near term, it began to drop off later if higher capacity fees were adopted now.

Council asked for clarification on what a 15% figure meant. It was explained that it represented the required annual increase in rate revenue to meet all financial obligations, not a direct impact from the proposed capacity fee changes. Capacity fees were collected separately from customer water rates but increasing them now reduced pressure on rate revenue in future years due to compounding effects.

There was also concern about the time it took to complete large projects and questions about why bonding was not being used more instead of relying so heavily on rate and capacity fee increases. Staff explained that bonding was part of the financial strategy and was included in their models, but it

still required rate revenue to service the debt, so it was not an independent solution. They also noted that all financial tools, including grants, bonds, fees, and rates, were considered in long-term planning.

Following discussion, Councilmembers provided their preferred method between actual use or design standards and water capacity fee options. A majority of Council supported actual use rather than design standards and a majority of Council supported Water Capacity Fee Option 1.

**COUNCIL DIRECTION -- NEW WASTEWATER TREATMENT FACILITY
WASTEWATER CAPACITY FEE OPTIONS USING THE COMBINED METHODOLOGY
LEVEL OF SERVICE ESTIMATED IMPACTS ON REVENUE REQUIREMENTS**

A majority of Council supported Option 1B to collect capacity fees toward the cost of a new wastewater treatment facility.

COUNCIL DIRECTION -- FLOW ONLY OR FLOW AND LOADINGS

A majority of Council supported Option 1D for Actual Flow + Loadings.

Council requested that the Introduction to Rate Design presentation be held to the February 13, 2024 meeting.

14. PUBLIC PARTICIPATION

None

15. INFORMATIONAL ITEMS TO/FROM MAYOR, COUNCIL, AND STAFF, AND FUTURE AGENDA ITEM REQUESTS

None

16. ADJOURNMENT

The Regular Meeting of the Flagstaff City Council held February 6, 2024, adjourned at 6:58 p.m.

MAYOR

ATTEST:

CITY CLERK

CERTIFICATION

I, STACY SALTZBURG, do hereby certify that I am the City Clerk of the City of Flagstaff, County of Coconino, State of Arizona, and that the above Minutes are a true and correct summary of the Meeting of the Council of the City of Flagstaff held on February 6, 2024. I further certify that the Meeting was duly called and held and that a quorum was present.

DATED this 20th day of May, 2025

CITY CLERK