

MINUTES

1. Call to Order

Mayor Daggett called the Work Session of the Flagstaff City Council held February 13, 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 work session, 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 SWEET
COUNCILMEMBER ASLAN
COUNCILMEMBER GARCIA
COUNCILMEMBER HOUSE
COUNCILMEMBER MATTHEWS
COUNCILMEMBER SPENCE

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 Sweet read the Mission Statement of the City of Flagstaff, and Councilmember Matthews 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. 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.

Beautification, Arts, and Sciences Program Manager Jana Weldon addressed Council about an upcoming streetscape beautification project on Aspen Ave near Pay-N-Take.

Malene Comes addressed Council about homelessness and her concern of the slowness of progress in Flagstaff. She spoke about police training regarding homelessness and mental health and the need to address bias.

Deondre Onsaе addressed Council as part of Homeless Voices of Flagstaff. She advocated for Homeless Voices of Flagstaff to be included in discussions about funding for homeless services.

Dennis Givens addressed Council in support of small businesses and to encourage citizens to support small and local businesses. He also suggested that the city should provide the Police Department with jiu jitsu training.

Jill Stephenson addressed Council with concerns about climate change. She recommended that the city divest from fossil fuels and refrain from investing in companies that deal in fossil fuels.

Sarai Antonucci-Allan addressed Council about homelessness and the challenges those who are unhoused face.

5. Review of Draft Agenda for the February 20, 2024 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 McCarthy noted that he had questions related to residential in PF Zone. He sent his questions to staff and looked forward to hearing those answers as part of the presentation.

6. February Work Anniversaries

Senior Deputy City Attorney Shannon Anderson provided a PowerPoint presentation that covered the following:

FEBRUARY WORK ANNIVERSARIES
FIRST YEAR ANNIVERSARIES
FIVE YEAR ANNIVERSARIES
TEN YEAR ANNIVERSARIES
TWENTY YEAR ANNIVERSARIES
TWENTY-FIVE YEAR ANNIVERSARIES
FORTY YEAR ANNIVERSARIES

7. City Manager Report

Mr. Clifton briefly reviewed his report and invited Water Resources Manager Erin Young, Deputy IT Director Paul Santana, and Parks, Recreation, Open Spaces, and Events Director Rebecca Sayers to

briefly review their respective monthly reports.

8. Report of Recent Social Science Findings on Forest and Fire Management from the Greater Flagstaff, Arizona Area from the Ecological Restoration Institute and NAU School of Forestry

Wildland Forest Health Supervisor Neil Chapman introduced Melanie Colavito, Catrin Edgeley, and Niki vonHedemann with NAU who provided a PowerPoint presentation that covered the following:

RECENT SOCIAL SCIENCE ON FOREST AND FIRE MANAGEMENT FROM THE
GREATER FLAGSTAFF, ARIZONA AREA
HISTORICALLY
TODAY
2010 SCHULTZ FIRE FULL COST ACCOUNTING
STUDY APPROACH
TOTAL COSTS FOR THE 2010 SCHULTZ FIRE
SCHULTZ FIRE INDIRECT COSTS: 2010-2019
TREATMENT COSTS VS. WILDFIRE COSTS
LONG TERM EFFECTS OF SCHULTZ FIRE ON WELL-BEING
2019 MUSEUM FIRE AND POST-FIRE FLOODING
LONGITUDINAL MIXED-MODE SURVEYS
FIRE RESPONSE AND COMMUNICATION: 2019
2022 COMMUNICATION ABOUT FLOOD EVENTS
TRUST IN INFORMATION SOURCES OVER TIME
HOUSEHOLD FLOOD IMPACTS: 2022
FLOOD INSURANCE: 2022

Mayor Daggett asked if deductibles were part of the 15.6%, or if it was just the damage that insurance did not cover. Ms. Colavito indicated that it did not include deductibles.

FLOOD MITIGATION ON PRIVATE PROPERTY: 2022
POST-FIRE FLOODING EXPERIENCES -- SUMMARY
PERCEPTIONS OF FOREST AND FIRE MANAGEMENT
UNDERSTANDING THE MUSEUM FIRE: 2019
MOST RESIDENTS SEE FOREST MANAGEMENT POSITIVELY: 2022
MOST RESIDENTS ARE SUPPORTIVE OF MULTIPLE TYPES OF FOREST
MANAGEMENT: 2022
PARTNERSHIPS FOR FOREST MANAGEMENT
FUTURE FOREST MANAGEMENT
SMOKE ADAPTATION SURVEYS: PARKS (2021) AND HIGHLANDS FD (2022)
APPROACH
ACCEPTABILITY OF FIRE IGNITION SOURCE
SMOKE TOLERANCE
TRUSTWORTHINESS OF SMOKE INFORMATION SOURCES
INTEREST IN ADAPTATION RESOURCES (PARKS)
SMOKE SURVEY/INTERVIEW TAKEAWAYS
SUMMARY AND RECOMMENDATIONS
RECENT SOCIAL SCIENCE IN THE SOUTHWEST
RECOMMENDATIONS

Councilmember Matthews stated that Senator Rogers called for a meeting with several agencies to talk about control burns because of the many complaints about them. It was an informative meeting, and they were able to share suggestions. She felt that it was important to share as much science and method behind the decisions for control burns. She referenced an article that had mentioned the impact of the California wildfires and how they set back all the work California had done for carbon neutrality.

Ms. vonHedemann shared that there was research coming out on air quality and impacts from control burns. She noted that there were opportunities to install additional sensors to understand the impacts in other areas. She also emphasized the importance of taking a proactive approach rather than just

being reactive. A healthy, restored pine forest sequesters significant amounts of carbon dioxide from the atmosphere and helped regulate local climate. It was important to proactively maintain the forests to avoid catastrophic fire and the setbacks experienced by California.

Councilmember Harris asked about equity and demographic considerations within the study. Ms. Colavito shared that they collected a lot of demographic information and if there was a desire to drill down further on those elements, they could do that. Ms. Edgeley offered that the trends in post-fire flood insurance data suggested that minority groups were less likely to purchase insurance or perceive it as necessary. That pointed to the need for more bilingual and targeted communication to address financial barriers and awareness gaps. While there was limited control over insurance policies at the local level, there could be opportunities to explore incentive programs similar to the discounts available in Firewise communities. She noted that Flagstaff could serve as a valuable testing ground for innovative approaches.

Vice Mayor Aslan stated that the cost of preventing a catastrophic fire is about a quarter of the cost for recovery of a fire. Forest management and proper mitigation efforts would prevent more than one catastrophic fire. Ms. Colavito noted that there was a study coming out soon that looked at the costs and roughly every dollar invested in management and prevention provided seven dollars in return.

Councilmember House stated that there was strong overlap between historically marginalized communities and federally mapped flood zones, which had led to disproportionately high flood insurance costs for those groups. Residents were forced to choose between unaffordable private insurance or expensive national flood insurance options. It was crucial to explore grant programs or cost-sharing solutions, especially since many community members expressed that they simply could not afford the required insurance. The compounded impact of rising wildfire and flood risks was making the insurance problem worse and there was an urgent need for practical, equitable solutions, and better resource dissemination.

Ms. vonHedemann shared that the Schultz Fire study found that annual insurance costs doubled over a 10-year period, making coverage increasingly unaffordable for average residents. Many people also lacked a clear understanding of the differences between federal and private flood insurance, which becomes problematic in the urgent, high-stress aftermath of a fire. The study also revealed that most people were underinsured, with insurance payouts covering only about 50% of damages, an issue that disproportionately affected minority communities. There was a clear need for more research on who holds what type of insurance and how that impacted recovery and equity.

Ms. Colavito added that in the 2022 Museum Fire research, improved flood risk modeling from JE Fuller provided more precise, parcel-level data compared to the broader risk zones used in 2019. The refined modeling revealed that even within the same neighborhood or street, some properties faced significant flood risk while others did not.

This underscored the challenge of accurately communicating risk and targeting insurance recommendations without causing unnecessary alarm. The localized and non-contiguous nature of post-fire flooding made it difficult but essential to deliver clear, tailored information to residents about who truly needed insurance coverage.

Councilmember Sweet expressed a need to do better education on prescribed burns, why they were needed, and the benefits that they provided. Helping the public understand it better might lead to more compassion and understanding during those burning times.

Ms. vonHedemann shared that a key challenge in addressing wildfire smoke impacts was that feedback often came from a vocal minority, typically individuals with pre-existing health conditions or disabilities, who were more severely affected. Moving forward, it was important to proactively engage and build relationships with those underrepresented groups. This would include better communication around the uncertainty of smoke events, even when the threat was not guaranteed, and framing messages with empathy and education. Tailoring communication to reflect the serious health implications for vulnerable populations, rather than focusing solely on disrupted outdoor plans, could help ensure inclusivity and improve preparedness.

At this time Mayor Daggett rearranged the agenda to take Item 10 following the break.

A break was held from 5:03 p.m. through 5:15 p.m.

9. Introduction to Water, Wastewater, and Reclaimed Water Rate Design

Carol Malesky with Stantec provided a PowerPoint presentation that covered the following:

WATER, RECLAIMED WATER, AND WASTEWATER COST-OF-SERVICE STUDY --
INTRODUCTION TO RATE DESIGN
AGENDA
SCOPE OVERVIEW
WHAT IS RATE DESIGN?
RATE DESIGN: OVERVIEW
THE RATE STUDY PROCESS
RATE DESIGN FOCUS
TRADITIONAL WATER RATE DESIGNS
TRADITIONAL WASTEWATER RATE DESIGNS

Councilmember Matthews asked if the current water rate structure was similar to the uniform rate by class. Ms. Malesky stated that it was a combination of uniform rate by class and inclining block/tier. Uniform for residential and inclining for the others.

Councilmember Matthews asked how the quality of someone's waste was determined. Water Services Director Shannon Jones stated that samples were collected at the site.

WHAT ARE OUR CURRENT RATE STRUCTURES?
CITY OF FLAGSTAFF WATER AND SEWER RATES

Councilmember Matthews asked if single family residential had been broken down on average by family size. Ms. Maleski stated that they could estimate what that might be given statistics on gallons used per capita but they were not able to track that information.

Councilmember Matthews asked what the largest percentage tier used. Ms. Maleky indicated that the biggest percentage of users were in Tier 1.

RECLAIMED WATER RATES
SEWER RATES

Councilmember McCarthy noted that the current method for estimating wastewater usage relied on measuring clean water consumption during the winter months, based on the assumption that most water used during that time ends up as sewage through toilets and sinks. The approach worked well for full-time residents whose winter water usage reflected their actual wastewater production. However, it created a discrepancy for seasonal residents who were not present in the winter. For example, someone who lived elsewhere during the colder months and only used their property in the summer could avoid sewer charges entirely despite using the sewage system heavily in the summer. This resulted in an unfair distribution of costs. He also mentioned that there was a past decision to set lower water rates for golf courses, even though the Water Commission and consultants had recommended a higher rate than \$1.81.

Ms. Malesky offered that for secondary homes it was assumed that their winter water usage was 500 gallons per month, so they were charged a minimum fee for the months they were not there.

Mayor Daggett asked what other communities had done with golf course rates. Ms. Malesky stated that past work with communities that had golf courses, water rate studies focused on analyzing usage patterns and trends. When there was no specific contract in place, usage by golf courses was typically considered "off-peak," as they often draw water during non-peak times, such as to fill ponds. This made rate setting more complex. In current analyses, both peak usage patterns across customer classes and the existing code for reclaimed water rates were being reviewed. According to city code, off-peak Tier 1 customers were to be charged 87% of the commercial reclaimed water rate, which was

a guideline that should be taken into account when setting rates.

WATER FUND DIRECTION FROM OCTOBER 23, 2023
 MONTHLY FIXED CHARGE
 RECLAIMED WATER FUND DIRECTION FROM OCTOBER 23, 2023
 RECLAIMED WATER RATES
 WASTEWATER FUND DIRECTION FROM OCTOBER 23, 2023
 SEWER RATES
 BILL PROJECTIONS FOR CURRENT RATE STRUCTURE -- RESIDENTIAL
 BILL PROJECTIONS FOR CURRENT RATE STRUCTURE -- COMMERCIAL
 HOW HAVE THESE RATE STRUCTURES AFFECTED CUSTOMER USAGE TRENDS?
 WATER USE TRENDS

Councilmember Harris noted that because the community was doing a great job conserving water, water rates may continue to rise over time. While conservation reduced usage, the fixed costs of maintaining the water system remain, so less usage could lead to higher rates to cover those costs. It becomes a tradeoff of conservation and setting rates. Water Services Manager Erin Young stated that because water use has decreased, the cost of maintaining the system was spread over less usage, leading to higher rates per unit. However, conservation had also helped avoid or delay major infrastructure projects, such as Red Gap Ranch. Studies have shown that the money saved by delaying the expensive projects often outweighed the increased cost per unit, meaning conservation had ultimately saved the community money.

Councilmember Harris asked if costs continued to go up for other things and other infrastructure even though there were savings from delaying bigger projects like Red Gap Ranch. Water Services Director Shannon Jones explained that there were multiple costs that had to be covered regardless of how much water was used. There were fixed costs along with variable costs. Fixed costs such as infrastructure, buildings, and salaries stay the same regardless of how much water is used. Variable costs such as chemicals and electricity go down when water use goes down. So yes, even if less water is used, total costs could still rise due to increases in fixed costs. However, reduced water use does lead to savings in variable costs.

WATER SYSTEM CUSTOMERS
 MONTHLY WATER USE CHARACTERISTICS
 RESIDENTIAL WATER BILLS PER 1,000 GALLONS
 RECLAIMED WATER CUSTOMERS
 WASTEWATER SYSTEM CUSTOMERS

Vice Mayor Aslan noted that Flagstaff has conserved water and yes, rates will go up, but it was not a causal relationship. He cautioned to not overly complicate things and create controversy where it did not exist, they had to be careful about what they claim and what causal relationships they choose to draw.

Councilmember Matthews offered that the clarity around the breakdown of costs, specifically between replacement of aging infrastructure and capacity projects, had been very helpful. She suggested developing a fact sheet for Council to better understand and respond to questions from the public.

Councilmember Harris stated that it was important to tell the entire story to the public so they understood the tensions between water conservation and fixed and variable costs and how that can impact water rates. Mr. Clifton offered that the messaging around conservation measures was that with increasing population and decreasing water, there had not been an increased use of water in the aggregate since implementing conservation measures over three decades ago.

ASSUMED WASTEWATER STRENGTHS BY CUSTOMER CLASS
 WHAT ARE OUR OBJECTIVES?
 PRICING OBJECTIVES
 PRICING OBJECTIVES -- REVENUE
 PRICING OBJECTIVES -- LEGAL
 PRICING OBJECTIVES -- EQUITY

Councilmember Harris asked if the process included efforts to get those who were on fixed incomes or in low efficiency homes to the appropriate efficiency level, so their bills were lower. Ms. Malesky explained that within the context of rate setting, equity referred more to proportionality where customers paid in proportion to their usage, rather than focusing on efficiency or affordability. Issues related to income level or the ability to address leaks and inefficiencies were better addressed through customer assistance programs, not rate structures.

Councilmember Matthews shared that the city provided free shower heads, faucet aerators, and they would do an analysis of a home to identify ways to improve efficiency. There were programs that provided equipment to low-income residents and rebates to encourage the installation of more efficient toilets and other equipment.

PRICING OBJECTIVES -- CUSTOMER IMPACT

Councilmember House asked about the effectiveness of the tiered rate structure in encouraging water use adjustments among residents. Households with more occupants were likely to fall into higher rate tiers regardless of their efforts to conserve, which limited their ability to achieve affordability. She expressed concerns about whether there was a real incentive or opportunity for such residents to reduce their water bills.

Ms. Malesky offered that the current tiered rate structure rewarded low water users, such as smaller households, by offering the lowest rate for usage up to 3,500 gallons. Expanding that first tier to 4,000 gallons could allow more households to benefit from the lower rate and further incentivize conservation. Regardless of tier boundaries, customers could still lower their bills by reducing usage, since the structure charges per unit of water used, maintaining an incentive to conserve.

Councilmember House asked how there could be more equitable distribution of the rates and impact, particularly if multiple generations were living in one household due to the cost of housing. Ms. Malesky recognized that challenge with every rate structure. She explained that there was a water budget-based structure model where the first-rate tier was an assumption of efficient water use per person per household and the customer had to report how many people were in the household so they could get that minimum allowance in the first tier. There were challenges with that type of model because it relied on self-reporting and household numbers could change frequently.

Councilmember McCarthy acknowledged the concern and the challenges but offered that there was another side that included the highest water users where it made sense for them to be at a higher usage rate.

PRICING OBJECTIVES -- ADMINISTRATION PRICING OBJECTIVES -- DISCUSSING PRIORITIES

Councilmember Harris reiterated that equity must be part of every conversation, including rate setting, because the community was diverse and impacted in different ways. Council had to consider how rate changes would affect all residents and it had the biggest impact on residents struggling with affordability. The city should explore creative solutions, such as partnering with nonprofits that had already received city funding, to provide support for residents in need. Ultimately it was about being proactive and responsive to the real concerns community members were expressing.

Councilmember Matthews acknowledged the competing priorities between addressing infrastructure needs and maintaining housing affordability. She was concerned that cost impacts like stormwater rate changes and capacity fees may not have been fully considered in the context of the cost of new housing. She requested a breakdown of what the proposed rate increases would specifically fund and questioned whether the city could realistically complete all the infrastructure projects within the next ten years.

Vice Mayor Aslan stated that he did not want to see costs deferred. Many of the issues they were dealing with were due to a litany of past Councils not rising to the challenge of meeting the goal and dealing with the discomfort that comes from the public. He expressed support for volumetric pricing

and incentivizing conservation. He was also concerned about equity. Ms. Malesky offered that they could build customer assistance programs into the study.

Councilmember Matthews expressed agreement with revenue stability in terms of projections and figuring out what projects could be done. She also expressed agreement for conservation and demand management but was concerned the city did not have the staff to address all the projects. She offered affordability as an added choice.

Councilmember Sweet noted revenue stability as a top priority and was struggling between affordability and conservation and she suggested combining the two. She felt that it was important to keep things as simple as possible, and she was not interested in complex formulas. Lastly, she expressed support for including customer assistance programs in the rate study.

Councilmember House stated that complexity and customer understanding was number one for her, followed by revenue stability, affordability and conservation, and equity.

Councilmember McCarthy expressed that covering costs was his top priority. He felt that the structure should generally remain the same as it was and increase the costs proportionately as needed. He stated that he was open minded about lowering the base charges so there would be a proportionate higher cost on gallons per usage. The tradeoff was stability of income to the service. Water conservation and affordability were also important to him.

Councilmember Harris stated that revenue stability was number one followed by conservation, and administrative burden. She indicated that she was not looking for the city to take on any other projects, there were a lot of non-profits that were provided city funds and assistance programs fell within their area. Additional conversations were needed with these entities to collaborate on supporting and assisting residents.

Mayor Daggett stated that she wanted a review of out-of-city water customers and the specific circumstances behind their arrangements. She emphasized that revenue stability should be the top priority, followed by conservation, then affordability, administrative burden, and customer understanding. Clear communication about why bills were increasing and what the community gained from those increases was essential.

Ms. Malesky stated that they would use the information and come back to Council with slight changes to the rate structure to meet their preferred objectives.

RATE DESIGN FOCUS -- RECAP

Ms. Young asked if Council wanted to reconsider the reclaimed water pricing, currently set at 35% of the potable rate.

Mayor Daggett clarified that she was not looking to change the structure but wanted to compare reclaimed water revenue to other sources and understand user types to avoid setting rates so high that users revert to potable water.

Councilmember McCarthy raised the question of how much reclaimed water should cost, referencing Scottsdale's model where users like golf courses funded the infrastructure, though it was expensive.

Councilmember Matthews questioned what a percentage increase in reclaimed water rates would actually achieve.

Mayor Daggett added that reclaimed water rates were not about funding new capital projects, but ensuring rates were set appropriately for all water types.

COMMUNITY OUTREACH UPDATE
TABLING EVENTS FOR WATER AWARENESS MONTH
ADDITIONAL WEBSITE CONTENT
OUTREACH MATERIALS DEVELOPMENT

NEXT STEPS

Council thanked Ms. Malesky and staff for all their work getting to that point in the process.

10. Public Participation

Sarai Antonucci-Allan addressed Council and shared the challenges he had experienced with his housing and interactions with the Police Department.

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

Councilmember Matthews stated that she appreciated that Council had opportunities to meet with their state legislators. The city had realized funding from their senators and anytime Council could meet and interact with them was important. She encouraged everyone to set an example in how they approach the elections and not to engage in the negative rhetoric and personal attacks.

Councilmember Harris extended an invitation for the Council to attend the Black Student Union Black Renaissance. She would be presenting the W.E.B. Du Bois Emerging Scholars Fellowship Award, established by President Jose Luis Cruz Rivera and Dr. Rema Brusi. The award aimed to support undergraduate students through mentored research, internships, and creative activities, with a focus on increasing diversity and engagement.

Councilmember McCarthy reported that Senator Rogers had reached out to him for a meeting, and they had a good conversation about some of the things that were important to the city.

Councilmember Sweet encouraged everyone to attend the upcoming Athena Awards. She also shared that she would be attending the I Heart Pluto festival at the Orpheum theatre.

Councilmember House shared that she attended NAU's Stronger Together event, it was a collaboration between the Indigenous Ambassadors Program and the Black Student Union, which featured Reverend John Mendes, former pastor of the church once led by Dr. Martin Luther King Jr. It was a meaningful and impactful event. She also shared that the Coconino Center for the Arts was inviting youth performers to submit entries for its third annual Battle of the Bands. She shared that she was appointed to the Arizona Commission on African American Affairs and noted the importance of representing northern Arizona. Lastly, she raised a concern regarding a recent change by the U.S. Postal Service affecting multi-family housing communities near the university. The properties were being classified as dormitories, meaning mail would no longer be delivered directly to residents. The change presented challenges, especially for non-student housing communities that lack trained staff to manage mail delivery and where residents may not have access or resources to rent private P.O. boxes. She expressed interest in further exploring how the city might acknowledge the concern and support affected residents.

Mayor Daggett reminded the public that Senator Kelly would be holding a Senate field hearing at City Hall that week. She also shared that she would be participating in the I Heart Pluto festival events.

12. Adjournment

The Work Session of the Flagstaff City Council held February 13, 2024, adjourned at 8:05 p.m.

MAYOR

ATTEST:

CITY CLERK