CITY COUNCIL REGULAR MEETING AGENDA

REGULAR COUNCIL MEETING
TUESDAY
DECEMBER 2, 2025

COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
3:00 P.M.

All City Council Meetings are live streamed on the city's YouTube page (https://www.youtube.com/@FlagstaffCityGovernment)

PUBLIC COMMENT

Verbal public comments not related to items appearing on the posted agenda may be provided during the "Open Call to the Public" at the beginning and end of the meeting and may only be provided in person.

Verbal public comments related to items appearing on the posted agenda may be given in person or online and will be taken at the time the item is discussed.

To provide online verbal comment on an item that appears on the posted agenda, use the link below.

ONLINE VERBAL PUBLIC COMMENT

Written comments may be submitted to publiccomment@flagstaffaz.gov. All comments submitted via email will be considered written comments and will be documented in the record as such.

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1. CALL TO ORDER

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.

MAYOR DAGGETT
VICE MAYOR SWEET
COUNCILMEMBER ASLAN
COUNCILMEMBER GARCIA
COUNCILMEMBER HOUSE
COUNCILMEMBER MATTHEWS
COUNCILMEMBER SPENCE

3. PLEDGE OF ALLEGIANCE, MISSION STATEMENT, AND 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. OPEN CALL TO THE PUBLIC

Open Call to the Public 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. Open Call to the Public appears on the agenda twice, at the beginning and at the end. The total time allotted for the first Open Call to the Public is 30 minutes; any additional comments will be held until the second Open Call to the Public.

If you wish to address the Council in person 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 Open Call to the Public and Public Comment. 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.

5. COUNCIL LIAISON REPORTS

6. APPOINTMENTS

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 the City Council may vote to go into executive session, which will not be open to the public, for the purpose of discussing or considering employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee, or employee of any public body...., pursuant to A.R.S. §38-431.03(A)(1).

A. **Consideration of Appointments**: Building and Fire Code Board of Appeals

STAFF RECOMMENDED ACTION:

1. Councilmember House to make one appointment.
2. Councilmember Matthews to make one appointment.
3. Councilmember Garcia to make one appointment.
4. Councilmember Spence to make one appointment.

B. **Consideration of Appointments**: Library Board

STAFF RECOMMENDED ACTION:

1. Councilmember Aslan to make one appointment.
2. Councilmember Spence to make one appointment.
3. Councilmember Garcia to make one appointment.

C. **Consideration of Appointments**: Personnel Board

STAFF RECOMMENDED ACTION:

1. Councilmember House to make one appointment.
2. Councilmember Garcia to make one appointment.

7. 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.

STAFF RECOMMENDED ACTION:

1. Open the Public Hearing
2. Staff Presentation
3. Council Questions
4. Public Comment
5. Close Public Hearing
6. Council Deliberation and Action

The City Council has the option to:

1. Forward the application to the State with a recommendation for approval;
2. Forward the application to the State with a recommendation for denial based on the testimony received at the public hearing and/or other factors.

A. **Consideration and Action on Liquor License Application:** Jeffrey Craig Miller "Embassy Suites Flagstaff" 706 S. Milton Rd., Series 06 (Bar), Owner Transfer

STAFF RECOMMENDED ACTION:

1. Forward the application to the State with a recommendation for approval;
2. Forward the application to the State with a recommendation for denial based on the testimony received at the public hearing and/or other factors.

8. 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.

STAFF RECOMMENDED ACTION:

Approve the Consent Agenda as posted.

A. **Consideration and Ratification of Letter to Federal Delegation on SNAP benefits**

STAFF RECOMMENDED ACTION:

Retroactively approve the letter to the Federal Delegation

B. **Consideration and Approval of Contract:** Approve contract for proprietary sole source purchase of T-Floc B-41 coagulant from Thatcher Company of Arizona in an amount not to exceed $250,000 annually.

STAFF RECOMMENDED ACTION:

1. Approve the proprietary sole source purchase of T-Floc B-41 coagulant for water treatment from Thatcher Company of Arizona, Inc. in an amount not to exceed $250,000 annually.
2. Authorize the City Manager to execute all necessary documents.

C. **Consideration and Approval of Contract:** Loan Documents for The Lantern by Flagstaff Shelter Services

STAFF RECOMMENDED ACTION:

Approve a forgivable loan in the amount of $1,100,000 to Flagstaff Shelter Services for The Lantern: a Hotel to Housing Project, a transitional housing/adaptive reuse project, and approving the related loan documents, including the Funding Agreement, Promissory Note, Deed of Trust, and Restrictive Covenants.

D. **Consideration and Approval of Contract:** City-Wide Towing Services with JETT LLC

STAFF RECOMMENDED ACTION:

1. Approve the award of Contract No. 2026-20 for City-Wide Towing Services to JETT LLC for an initial three-year term with two optional one-year renewals.
2. Authorize the City Manager to execute the necessary documents.

E. **Consideration and Approval of Cooperative Purchase Contract:** With Advanced Network Management, Inc. for the purchase of Cisco security software licenses.

STAFF RECOMMENDED ACTION:

1. Approve a Cooperative Purchase Contract with Advanced Network Management, Inc. for the purchase of Cisco security software licenses in an amount not to exceed $321,317.35 (plus applicable taxes and fees) over a five (5)-year term; and
2. Authorize the City Manager to execute the necessary documents.

9. ROUTINE ITEMS

A. **Consideration and Adoption of Ordinance No. 2025-25:** An ordinance of the City Council of the City of Flagstaff amending the Flagstaff City Code, Title 11, General Plans and Subdivision, Chapter:11-20: Subdivision and Land Split Regulations, Division 11-20.40: Subdivision Procedures and Requirements, providing for repeal of conflicting ordinances, severability, and establishing an effective date.

STAFF RECOMMENDED ACTION:

1. Read Ordinance No. 2025-25 by title only for the final time
2. City Clerk reads Ordinance No. 2025-25 by title only (if approved above)
3. Adopt Ordinance No. 2025-25

B. **Consideration and Adoption of Resolution No. 2025-61 and Ordinance No. 2025-26**: 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-25-00027 - Middle Housing" 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.

STAFF RECOMMENDED ACTION:

1. Adopt Resolution No. 2025-61
2. Read Ordinance No. 2025-26 by title only for the final time
3. City Clerk reads Ordinance No. 2025-26 by title only (if approved above)
4. Adopt Ordinance No. 2025-26

C. **Consideration and Adoption of Ordinance No. 2025-23:** An ordinance of the City Council of the City of Flagstaff, authorizing the acquisition and disposition of real property from the Flagstaff Unified School District, in order to facilitate affordable housing development, providing for delegation of authority, providing for severability, authority for clerical corrections, and establishing an effective date.

STAFF RECOMMENDED ACTION:

1. Read Ordinance No. 2025-23 by title only for the final time
2. City Clerk reads Ordinance No. 2025-23 by title only (if approved above)
3. Adopt Ordinance No. 2025-23

D. **Consideration and Acceptance of Highest Bid:** for solicitation No. 2026-40 for Sale of Real Property at 116 E. Butler Avenue.

Consideration and Adoption of Ordinance No. 2025-28: An ordinance of the City Council of the City of Flagstaff, authorizing the disposition of real property located at 116 E. Butler Ave; providing for delegation of authority, providing for severability, authority for clerical corrections, and establishing an effective date.

Consideration and Approval of Purchase Agreement: with 122 E Butler LLC, an Arizona limited liability.

STAFF RECOMMENDED ACTION:

1. Read Ordinance No. 2025-28 by title only for the final time
2. City Clerk reads Ordinance No. 2025-28 by title only (if approved above)
3. Adopt Ordinance No. 2025-28
4. Approve the Purchase Agreement with 122 E Butler LLC, an Arizona limited liability

10. REGULAR AGENDA

A. **Consideration and Adoption of Ordinance No. 2025-30**: 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, to establish Airport Rates And Fees, and by amending Title 8 Public Ways And Property, Chapter 8-06 Airport Rules And Regulations to add definitions of secured areas of the Airport; providing for penalties, repeal of conflicting Ordinances, severability, providing for clerical corrections, and establishing an effective date.

STAFF RECOMMENDED ACTION:

At the December 2, 2025 Council Meeting:
1. Read Ordinance No. 2025-30 by title only for the first time
2. City Clerk reads Ordinance No. 2025-30 by title only (if approved above)

At the December 16, 2025 Council Meeting:
3. Read Ordinance No. 2025-30 by title only for the final time
4. City Clerk reads Ordinance No. 2025-30 by title only (if approved above)
5. Adopt Ordinance No. 2025-30

The Airport Commission and City staff are recommending adoption of the proposed rate and fee changes.

B. **Consideration and Adoption of Resolution No. 2025-62**: A resolution of the Flagstaff City Council, authorizing the grant application for an Arizona State Parks Recreational Trails Program -- Safety and Environmental Education grant for the design, development, and installation of kiosk and interpretive signs for the McMillan Mesa Natural Area.

Consideration and Approval of Grant Agreement: with Arizona State Parks Board for the design, development, and installation of kiosk and interpretive signs for the McMillan Mesa Natural Area.

STAFF RECOMMENDED ACTION:

1. Read Resolution No. 2025-62 by title only
2. City Clerk reads Resolution No. 2025-62 by title only (if approved above)
3. Adopt Resolution No. 2025-62
4. Approve the grant agreement between the Arizona State Parks Board and the City of Flagstaff for the Safety and Environmental Education grant program, for grant funds in the amount of $9,998.00 with a city match of $1,164.00, for the design, development, and installation of kiosk and interpretive signs for the McMillan Mesa Natural Area.

C. **Consideration and Adoption of Ordinance No. 2025-29**: an ordinance of the City Council of the City of Flagstaff, authorizing the acquisition of real property from FSL Holdings Properties LLC in order to provide parking; providing for delegation of authority; providing for severability; authority for clerical corrections, and establishing an effective date.

STAFF RECOMMENDED ACTION:

At the December 2nd, 2025 Council Meeting:
1. Read Ordinance No. 2025-29 by title only for the first time
2. City Clerk reads Ordinance No. 2025-29 by title only (if approved above)

At the December 16th, 2025 Council Meeting:
3. Read Ordinance No. 2025-29 by title only for the final time
4. City Clerk reads Ordinance No. 2025-29 by title only (if approved above)

5. Adopt Ordinance No. 2025-29

11. DISCUSSION ITEMS

A. Engage, Empower, and Elevate Program Annual Update

STAFF RECOMMENDED ACTION:

This is an informational update only.

12. FUTURE AGENDA ITEM REQUESTS

After discussion and upon agreement by three members of the Council, an item will be moved to a regularly-scheduled Council meeting.

A. **Future Agenda Item Request (F.A.I.R.):** A request by Councilmember House to place on a future agenda a discussion to consider exploring a resolution to become a recovery ready community.

STAFF RECOMMENDED ACTION:

Council Direction

13. OPEN CALL TO THE PUBLIC

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

15. ADJOURNMENT

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. in accordance with the statement filed by the City Council with the City Clerk.

Dated this _____ day of _____, 2025.

_____
Stacy Saltzburg, MMC, City Clerk

THE CITY OF FLAGSTAFF ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE TO PERSONS WITH DISABILITIES. With 48-hour advance notice, reasonable accommodations will be made upon request for persons with disabilities or non-English speaking residents. Please call the City Clerk (928) 213-2076 or email at stacy.saltzburg@flagstaffaz.gov to request an accommodation to participate in this public meeting.

NOTICE TO PARENTS AND LEGAL GUARDIANS: Parents and legal guardians have the right to consent before the City of Flagstaff makes a video or voice recording of a minor child, pursuant to A.R.S. § 1-602(A)(9). The Flagstaff City Council meetings are live-streamed and recorded and may be viewed on the City of Flagstaff's website. If you permit your child to attend/participate in a televised Council meeting, a recording will be made. You may exercise your right not to consent by not allowing your child to attend/participate in the meeting.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Georganna Staskey, Deputy City Clerk

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:
Consideration of Appointments: Building and Fire Code Board of Appeals

STAFF RECOMMENDED ACTION:

1. Councilmember House to make one appointment.
2. Councilmember Matthews to make one appointment.
3. Councilmember Garcia to make one appointment.
4. Councilmember Spence to make one appointment.

Executive Summary:
The Building and Fire Code Board of Appeals consists of seven citizens who meet when necessary. The Board holds hearings on appeals related to applications and interpretation of City building and fire codes. The Board of Appeals has no authority to interpret the administrative provisions of the code, nor is the Board empowered to waive requirements of the code.

The City of Flagstaff is committed to increasing diversity in every board and commission, please consider how the applicant stated they may contribute to this commitment.

There are four (4) applications on file for consideration by the Council as follows:

- Mark Haughwout (current Commissioner)
- Mark Shiery (new applicant)
- Patrick Staskey (new applicant)
- Scott Franz (new applicant)

In an effort to reduce exposure to personal information, the applicant roster and applications will be submitted to the City Council separately.

COUNCIL APPOINTMENT ASSIGNMENT: Councilmembers House, Matthews, Garcia, Spence.

Financial Impact:
These are voluntary positions and there is no budgetary impact to the City of Flagstaff.

Policy Impact:
None

Previous Council Decision or Community Discussion:
None

Options and Alternatives to Recommended Action:

1. Appoint four Board members: By appointing members at this time, the Building and Fire Code Board of Appeals allows the group to meet and provide recommendations to the City Council.
2. Postpone the action to allow for further discussion or expand the list of candidates.

Connection to PBB Priorities and Objectives:
Inclusive and Engaged Community - Foster community pride and civic engagement; advance social equity and social justice in Flagstaff; facilitate and foster diversity and inclusivity; and enhance community outreach and engagement opportunities.

Connection to Regional Plan:
None

Connection to Carbon Neutrality Plan:
None

Connection to 10-Year Housing Plan:
None

Attachments: Bldg & FIre Code BOA - Authority

CHAPTER 2-02
BUILDING AND FIRE CODE BOARD OF APPEALS

SECTIONS:

2-02-001-0001 GENERAL
2-02-001-0002 MEMBERSHIP OF BOARD
2-02-001-0003 OFFICERS
2-02-001-0004 SECRETARY
2-02-001-0005 LEGAL COUNSEL
2-02-001-0006 MEETINGS/HEARINGS
2-02-001-0007 RULES AND PROCEDURES
2-02-001-0008 STAY OF APPEAL
2-02-001-0009 BOARD DECISION

2-02-001-0001 GENERAL

A. In order to hear and decide appeals of orders, decisions or determinations made by the building official relative to the application and interpretation of this code, there shall be and is hereby created a board of appeals. The Board of Appeals shall be appointed by the City Council and shall hold office at its pleasure.

B. Authority.

1. An application for an appeal shall be based on a claim that the true intent of the applicable code or the rules legally adopted thereunder have been incorrectly interpreted; the provisions of the applicable code do not fully apply or an equally good or better form of construction is proposed. The Board has no authority relative to interpretation of the administrative provisions of the applicable code nor shall the board be empowered to waive its requirements.

C. Application.

1. The application for appeal shall be filed on a form obtained from the code official within ten (10) days after the notice was served, and shall be accompanied by a non-refundable fee as established in the City's fee schedule. (Ord. 2011-31, 01/03/2012)

2-02-001-0002 MEMBERSHIP OF BOARD

A. The Board of Appeals shall consist of seven (7) individuals, serving three (3) year staggered terms, appointed by the Council who are qualified by experience and training to pass upon matters pertaining to building construction and pertinent matters of the Fire Code, Chapter 5-02.

B. The Building Official and Fire Marshal shall be ex officio members of said Board but shall have no vote on any matter before the Board.

C. A quorum shall consist of four (4) voting members of the Board.

D. Citizen members of the Board may be removed by the Mayor and Council for inefficiency, neglect of duty or malfeasance in office or in accordance with the Board and Commission Members' Rules and Operations Manual adopted by resolution of the City Council. (Ord. 2011-31, 01/03/2012; Ord. 2014-28, Amended, 11/18/2014; Ord. 2016-30, Amended, 07/05/2016)

2-02-001-0003 OFFICERS

The Board shall annually select one of its voting members to serve as Chairperson and one voting member to serve as Vice-Chair. (Ord. 2011-31, 01/03/2012)

2-02-001-0004 SECRETARY

The Community Development Director shall designate a qualified clerk to serve as secretary of the Board. The secretary shall file a detailed record of all proceedings in the office of the City Clerk. (Ord. 2011-31, 01/03/2012)

2-02-001-0005 LEGAL COUNSEL

The City Attorney's Office shall make available legal counsel to the Board to provide members with general legal advice concerning matters before them for consideration. (Ord. 2011-31, 01/03/2012)

2-02-001-0006 MEETINGS/HEARINGS

All hearings before the board shall be open to the public. The appellant, the appellant's representative, the code official(s) and any person whose interest are affected shall be given an opportunity to be heard.

A. The Board shall meet upon notice from the Chairperson or Vice-Chairperson within twenty (20) days of the filing of an appeal.

B. A member shall not hear an appeal in which that member has a personal, professional or financial interest.

C. Hearing Procedures:

1. The Board shall adopt and make available to the public through the ex-officio building official procedures under which a hearing will be conducted. The procedures shall not require strict compliance with strict rules of evidence, but shall mandate that only relevant information be received. (Ord. 2011-31, 01/03/2012)

2-02-001-0007 RULES AND PROCEDURES

Official business shall be conducted pursuant to the Board of Appeals' adopted hearing procedures and the Board and Commission Members' Rules and Operations Manual adopted by Resolution No. 2014-37 of the City Council and in accordance with meeting procedures, if any, adopted by the Commission insofar as they are not in conflict with the Board and Commission Members' Rules and Operations Manual. In the event of any such conflict, the provisions of the Board and Commission Members' Rules and Operations Manual shall prevail. (Ord. 2011-31, 01/03/2012; Ord. 2014-28, Amended, 11/18/2014)

2-02-001-0008 STAY OF APPEAL

During the pendency of the request to the Board, the decision appealed will be stayed unless the fire marshal or building officer determines that a stay would create or allow the continuance of a substantial hazard threatening the lives or property of persons other than the appellant. (Ord. 2011-31, 01/03/2012)

2-02-001-0009 BOARD DECISION

A. The Board shall affirm, modify or reverse the decision of the code official by affirmative votes of the majority present, but not less than three, shall be required.

B. The decision of the Board shall be by written decision issued no later than 30 (thirty) days following the last hearing. Certified copies shall be furnished by the appellant and to the code official. (Ord. 2011-31, 01/03/2012)

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Georganna Staskey, Deputy City Clerk

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:
Consideration of Appointments: Library Board

STAFF RECOMMENDED ACTION:

1. Councilmember Aslan to make one appointment.
2. Councilmember Spence to make one appointment.
3. Councilmember Garcia to make one appointment.

Executive Summary:
The Flagstaff City-Coconino County Public Library Board consists of two County residents, four City residents, and one each non-voting member, or designee, of the City Council and the Board of Supervisors. The Library Board serves as a citizen's advisory board to the Library Director. There are currently three City resident seats available due to a term expiration and a resignation. It is important to fill vacancies on boards and commissions quickly so as to allow them to continue meeting on a regular basis.

There are four (4) applications on file for consideration by the Council as follows:

- David Portree (new applicant)
- Shawn Barker (new applicant)
- Francisco Garcia (current commissioner)
- Catherine Moore (current commissioner)

In an effort to reduce exposure to personal information the applicant roster and application will be submitted to the City Council separately.

COUNCIL APPOINTMENT ASSIGNMENT: Councilmembers Aslan, Spence, Garcia.

Financial Impact:
These are voluntary positions and there is no budgetary impact to the City of Flagstaff.

Policy Impact:
Not applicable.

Connection to PBB, Carbon Neutrality Plan, 10-Year Housing Plan & Regional Plan:
There is no Council goal that specifically addresses appointments to Boards and Commissions; however, boards and commissions do provide input and recommendations based on City Council goals that may pertain to the board or commission work plan.

Has There Been Previous Council Decision on This:
None

Options and Alternatives:

1. Appoint two Board Members: By appointing three members at this time, the Library Board will have appointed all of the City seats available, allowing the group to meet and provide recommendations to the City Council.
2. Postpone the action to allow for further discussion or expand the list of candidates.

Community Involvement:
The City's boards, commissions, and committees were created to foster public participation and input and to encourage Flagstaff citizens to take an active role in city government.

Expanded Options and Alternatives:
INFORM: The vacancies are posted on the City's website and individual recruitment and mention of the opening by Commission members and City staff has occurred, informing others of this vacancy through word of mouth and social media.

Attachments: Library Board Authority

Official Records of Coconino County 3545683
Candace Owens - Recorder 11/23/2009 03:20 PM Pgs: 5
CITY OF FLAGSTAFF AM $11.00

A2009-1118.1

After recording, return to:
City Clerk
City of Flagstaff
211 W. Aspen Avenue
Flagstaff, AZ 86001

INTERGOVERNMENTAL AGREEMENT

Coconino County
and
City of Flagstaff

Flagstaff City – Coconino County Public Library Board

This Intergovernmental Agreement (IGA) is entered into this 18th day of Nov., 2009 (the "Effective Date"), by and between the City of Flagstaff ("Flagstaff"), an Arizona municipal corporation with offices at 211 West Aspen Avenue, Flagstaff, Arizona 86001, and Coconino County (the "County"), a body politic and corporate as provided in Sections 11-105 and 11-201 of the Arizona Revised Statutes, with offices at 219 East Cherry Street, Flagstaff, Arizona 86001. The City and the County may also be referred to as "Party" or "Parties" in this Agreement.

RECITALS

A. The Parties belong to the Coconino County Free Library District and sponsor or operate one or more public libraries ("Library") funded by and under the auspices of the District;

B. The Parties wish to set forth their agreement regarding the formation, membership and duties of a Flagstaff City – Coconino County Public Library Board (the Library Board");

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement the Operating Parties agree as follows:

1. Formation of the Library Board.

There is hereby established the Flagstaff City – Coconino County Public Library Board to consider and deliberate upon matters of concern to the City Council of the City of Flagstaff, the Board of Supervisors of the County, and the citizens of the City and the County that affect the operation and efficiency of the Library in order to provide an optimum level of library services using available resources. The Library Board shall act in an advisory capacity to, and make recommendations to, the Library Director, the City Manager, the City Council and the Board of Supervisors.

2. Membership.

The Board shall be composed of one (1) City Council Member, four (4) City residents, three (3)

Board members appointed by the Board of Supervisors of the County, one (1) appointee being a member of the County Board of Supervisors and two (2) being County residents. The City Council Member and the Supervisor shall be ex officio, non voting members.

3. Terms of Board Members; Vacancies.

3.1 Of the City residents first appointed to the Board, one shall be designated to serve for a term of one (1) year, one shall be designated to serve for a term of two (2) years, and two shall be designated to serve a term of three (3) years from the date of their appointment. Thereafter, City residents shall be appointed for a term of office of three (3) years.

3.2 Of the two County residents first appointed to the Board, one shall be designated to serve for a term of one (1) year, and the other shall be designated to serve for a term of two (2) years. Thereafter, County residents shall be appointed for a term of office of three (3) years.

3.3 The City Council and the Board of Supervisors shall promptly fill vacancies for the unexpired term of any member of the Board of appointments for which each governing body is responsible.

4. Organization of the Board

4.1 Within sixty (60) days after the effective date of this Agreement, and at the first meeting of the Board, the members of the Board shall elect a chairperson and a Vice-Chairperson. Elections for those officers shall be held thereafter annually on or about that anniversary date. No member shall serve more than three (3) successive terms as Chairperson.

4.2 The Library Director may be an ex-officio, non voting member of the Board.

5. Meetings.

5.1 The Board shall hold not less than ten (10) regular meetings annually which shall at all times be open to the public. The time and place of the meetings shall be posted in accordance with any currently applicable State statutes, including but not limited to the Arizona Open Meeting Law, regulating public meetings and proceedings.

5.2 A quorum shall be one more than half the voting membership of the Board.

5.3 If any Board member has two (2) consecutive unexcused absences, the remaining Board members may vote to terminate the appointment of the unexcused member. The Chairperson shall determine prior to any meeting if a member's absence is excusable.

6. Effective Date and Term

6.1 This Agreement shall be effective with respect to the City and the County at the time of its adoption by their governing bodies.

6.2 This Agreement shall continue in force and effect until midnight on June 30, 2020, unless sooner terminated as indicated in this Agreement; provided, however, that this Agreement shall be automatically renewed for an additional term of two (2) year unless notice of intent not to renew is given by either Party no less than sixty (60) days prior to the end of its initial term.

6.3 Notwithstanding anything to the contrary contained in this Agreement, it may be terminated by either Party, with respect to such Party, upon six (6) months' prior written notice of its intent to do so, without penalty or further obligation, in accordance with the provisions of Arizona Revised Statutes § 38-511.F, in the event of the occurrence of any of the circumstances described in A.R. S. § 38-511.A.

7. Indemnification

Each party (as "Indemnitor") agrees to indemnify, defend and hold harmless the other party (as "Indemnitee") for, from and against any and all claims, losses, liability, costs or expenses, including reasonable attorney fees, (hereinafter collectively referred to as "Claims") arising out of noncompliance with State or Federal law or arising out of bodily injury of any person, including death, or property damage, but only to the extent that such Claims which result in vicarious or derivative liability to the Indemnitee are caused by the act, omission, negligence, misconduct or other fault of the Indemnitor, its officers, officials, agents, employees or volunteers.

7.1 Notwithstanding any other provision of this Agreement to the contrary, any agreement by one party to hold harmless or indemnify the other party shall be limited to, and be payable only from, the indemnifying party's available insurance or self-insurance coverage for liability assumed by contract available as a part of its general liability insurance program.

8. Notices

Unless otherwise specified in this Agreement, any notice or other communication required or permitted to be given under this Agreement shall be in writing and sent to the address given below for the party to be notified, or to such other address notice of which is given in accordance with this Section:

If to Flagstaff:

Deputy City Manager
City of Flagstaff
211 West Aspen Avenue
Flagstaff, Arizona 86001

If to the County:

Deputy County Manager
Coconino County
219 East Cherry Street
Flagstaff, Arizona 86001

9. Authority to Contract

Each of the Operating Parties represents and warrants that it has full power and authority to enter into and perform its obligations under this Agreement, in accordance with A.R.S. Sec. 11-952.

10. Prior Agreements, Integration, Modification

10.1 The parties acknowledge and agree that they have not relied upon any statements, representations, agreements or warranties, except as expressed in this Agreement, and that this constitutes the parties' entire agreement with respect to the matters addressed in the Agreement. All prior or contemporaneous agreements and understandings, oral or written, with respect to such matters are superseded and merged in this Agreement.

10.2 This Agreement may be modified or amended only by written agreement signed by or for all parties, and any such modification or amendment will become effective on the date specified in the amendment.

11. Severability

In the event that a court of competent jurisdiction shall hold any part or provision of this Agreement void or of no effect, the remaining provisions of this Agreement shall remain in full force and effect, to the extent that the enforcement of such remaining terms shall continue to reflect substantially the intent of the parties to this Agreement.

12. Waiver

No failure to enforce any condition or covenant of this Agreement shall imply or constitute a waiver of the right to insist upon performance of such condition or covenant, or of any other provision of this Agreement, nor shall any waiver by any party of any breach of any one or more conditions or covenants of this Agreement constitute a waiver of any succeeding or other breach of this Agreement.

13. Headings

The headings used in this Agreement are for convenience only and are not intended to alter or affect the meaning of any provision of this Agreement.

14. Governing Law

This Agreement shall be governed, interpreted and enforced in accordance with the laws of the State of Arizona.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

City of Flagstaff

By: Sara Presler, Mayor

Coconino County

By: Matthew G. Ryan, Chairman
Board of Supervisors

Attest:

Laura Matthews for
City Clerk

Approved as to form and as to authority granted by law:

Jana H. Kyllgren for
City Attorney

Attest:

Wendy Ecklund
Clerk of the Board

Approved as to form and as to authority granted by law:

Jean E. Wilcox
Deputy County Attorney

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Georganna Staskey, Deputy City Clerk

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:
Consideration of Appointments: Personnel Board

STAFF RECOMMENDED ACTION:

1. Councilmember House to make one appointment.
2. Councilmember Garcia to make one appointment.

Executive Summary:
The Personnel Board consists of seven citizens, and is responsible for determining that the City has followed proper procedures in matters concerning the dismissal, demotion, or suspension without pay of ten (10) working days or more.

The City of Flagstaff is committed to increasing diversity in every board and commission, please consider how the applicant stated they may contribute to this commitment.

There are two (2) applications on file for consideration by the Council as follows:

- Allison Eckert (current Commissioner)
- Wil Hernandez (current applicant)

In an effort to reduce exposure to personal information, the applicant roster and applications will be submitted to the City Council separately.

COUNCIL APPOINTMENT ASSIGNMENT: Councilmember House, Councilmember Garcia

Financial Impact:
These are voluntary positions and there is no budgetary impact to the City of Flagstaff.

Policy Impact:
None

Previous Council Decision or Community Discussion:
None

Options and Alternatives to Recommended Action:

1. Appoint two Board Member: By appointing members at this time, the Personnel Board will have enough membership to allow the group to meet and provide recommendations to the City Council.
2. Postpone the action to allow for further discussion or expand the list of candidates.

Connection to PBB Priorities and Objectives:
Inclusive and Engaged Community - Foster community pride and civic engagement; advance social equity and social justice in Flagstaff; facilitate and foster diversity and inclusivity; and enhance community outreach and engagement opportunities.

Connection to Regional Plan:
None

Connection to Carbon Neutrality Plan:
None

Connection to 10-Year Housing Plan:
None

Attachments: Authority Papers

1. Temporary employees may work for an entire fiscal year at fewer than twenty (20) hours per week; or may work twenty (20) hours or more per week for up to nineteen (19) weeks in a fiscal year and then may work the remainder of the year at fewer than twenty (20) hours per week. Under this schedule temporary employees are not required to contribute to the Arizona State Retirement System.

2. Temporary employees working twenty (20) or more hours per week in excess of nineteen (19) weeks in a fiscal year are required to contribute to the Arizona State Retirement System through the end of that fiscal year.

3. The look-back methodology is utilized to determine if a temporary employee becomes eligible for medical insurance.

4. Temporary employees may be dismissed at any time, without cause, without notice, and without a statement of reasons. Temporary employees do not have access to the Personnel Board; However, temporary employees shall have the right to file formal grievances under the Grievance Procedure (Article 1-90).

(Ord. No. 2018-36, Amended, 11/06/18); (Ord. No. 2022-23, Amended 10/20/2022)

1-10-040. PERSONNEL BOARD

A. The Personnel Board is appointed by the City Council. The Personnel Board is responsible for determining that the City has followed proper procedures in matters concerning the dismissal, demotion, or suspension without pay of ten (10) working days or more.

B. Membership and Responsibility of the Personnel Board

1. The City Council shall appoint seven (7) individuals to serve on the Personnel Board and the terms shall be for five years.

2. Any member who misses two consecutive hearings may cease to be a member of the Board, contingent upon Council action.

3. No member of the Personnel Board shall hold any other paid municipal position.

4. The Human Resources Director shall be an ex officio member of the Board and shall be allowed to take part in all actions of the Board, except for making motions and voting.

5. A majority of the Board shall constitute a quorum for the transaction of business.

6. The Personnel Board shall determine the order of business for the conduct of its meetings.

7. The Board shall meet on call by the Chair or Secretary or a majority of the members of the Board.

8. The Board shall hear appeals submitted by any tenured employee in the classified service in relation to dismissal, demotion, or suspension.

9. The provisions of this Section shall not apply to reductions in pay via reclassifications or other matters described in Article 1-90 (Grievance Procedure).

C. Request for Hearing

1. Any tenured employee in the classified service who has been dismissed, demoted, or suspended, and any classified employee who has been disciplined under Sections 1-40-090, 1-40-110, or 1-40-120, shall be entitled to a written statement of the reasons for such action.

2. The employee shall have up to seven (7) calendar days from receipt of reasons to answer the charges and request a hearing before the Personnel Board. The response must be in writing and state why the employee believes the discipline is improper and the relief requested and must be submitted to the Human Resources Director.

3. Upon the filing of an appeal, the Human Resources Director shall set a date and place, with concurrence of the Board Chair, for a hearing on the appeal, not less than ten (10) calendar days nor more than thirty (30) calendar days from the date of filing. The Human Resources Director shall notify all interested parties of the date, time, and place of hearing.

D. Form of Hearing

1. The employee shall appear personally, unless physically unable to do so, before the Personnel Board at the time and place of the hearing. Hearings shall be conducted by rules set by the Personnel Board and approved by the City Council. All such rules shall be reviewed by the City Attorney and forwarded to the Council with comments.

2. The employee has the right to be represented by any willing person of his/her choice; however, the City is not liable for any cost or expense incurred for such representation. The employee must notify the Human Resources Director as to whom, if anyone, will be representing him/her at the hearing at least two (2) working days prior to the commencement of the hearing.

3. When a case is brought before the Personnel Board, the Department Head or a City representative, shall prepare and present the City's case to the Personnel Board.

E. Witnesses and Exhibits

1. The Board, shall have the power to examine witnesses under oath when conducting a hearing.

2. The Chair or Acting Chair of the Personnel Board shall have the power to administer oaths to witnesses.

3. A list of witnesses must be submitted to the Human Resources Director prior to the hearing. Once both parties have provided their witness lists, copies will be exchanged between the employee and the supervisor.

4. All documents/exhibits that will be presented as evidence during the hearing will be submitted to the Human Resources Director prior to the hearing. Once these documents/exhibits have been submitted they will be provided to both parties.

F. Closing Decision

1. Upon conclusion of the hearing the findings and recommendations of the Personnel Board shall be forwarded to the City Manager or designee for action. The City Manager or designee shall accept in whole or in part, or deny, said findings and recommendations. The decision of the City Manager or designee shall be final. No additional evidence, testimony, or comments will be considered by the City Manager or designee once the hearing has been officially closed. When the hearing is closed, only the evidence, testimony, and comments made prior to the official closing will be considered.

G. Disposition of Records

1. All records pertaining to the hearing will be maintained by the Human Resources Division and will not become part of the employee's personnel record. All documents provided to the City Manager or designee and/or Board shall be returned to the Human Resources Division at the completion of the process.

(Ord. No. 2007-39, Amended, 08/07/07)

1-10-050. POSITION CLASSIFICATION PLAN

A. The Human Resources Director shall be responsible for the classification of all positions based on the scope and level of the duties and responsibilities of the positions, to the end that all positions in the same class shall be sufficiently alike

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Georganna Staskey, Deputy City Clerk

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Action on Liquor License Application: Jeffrey Craig Miller "Embassy Suites Flagstaff" 706 S. Milton Rd., Series 06 (Bar), Owner Transfer

STAFF RECOMMENDED ACTION:

1. Forward the application to the State with a recommendation for approval;
2. Forward the application to the State with a recommendation for denial based on the testimony received at the public hearing and/or other factors.

Executive Summary:

The liquor license process begins at the State level and applications are then forwarded to the respective municipality for posting of the property and holding a public hearing, after which the Council recommendation is forwarded back to the State. A Series 06 license allows a bar retailer to sell and serve spirituous liquors, primarily by individual portions, to be consumed on the premises and in the original container for consumption on or off the premises. Series 06 (bar- all spirituous liquor) licenses are obtained through the person and/or location transfer of an existing license from another owner or business. Embassy Suites Flagstaff is an existing business in Flagstaff and they are requesting an owner transfer. They purchased the license from Christopher Joseph Shields with Embassy Suites in August 2025. If approved, it will one of 20 active series 06 licenses in Flagstaff.

To view surrounding liquor licenses, please refer to the online interactive Liquor License Map.

Because the application is for an owner transfer, consideration may be given to the personal qualifications of the applicant. The application was properly posted on November 4, 2025 and the Police Department and Planning and Development Services divisions have reviewed the application and provided their respective reports.

Financial Impact:

There is no budgetary impact to the City of Flagstaff as this is a recommendation to the State.

Policy Impact:

None

Previous Council Decision or Community Discussion:

None

Options and Alternatives to Recommended Action:

1. Forward the application to the State with a recommendation for approval;
2. Forward the application to the State with a recommendation for denial based on the testimony received

at the public hearing and/or other factors.

Connection to PBB Priorities and Objectives:
Liquor licenses are a regulatory action and there is no Council goal that applies.

Connection to Regional Plan:
None

Connection to Carbon Neutrality Plan:
None

Connection to 10-Year Housing Plan:
None

Attachments:
Letter to Applicant
Hearing Procedures
Series 06 Description
PD Memo
Code Memo
Map

CITY OF
FLAGSTAFF

Office of the City Clerk

11/19/2025

Jeffrey Craig Miller
P.O Box 2502
Chandler, AZ 85244
liquorlicense@azlic.com

Dear Mr. Miller,

Your application for a Series 006 (Bar) Liquor License for Embassy Suites at 706 S. Milton Rd. Flagstaff, AZ was posted on November 4, 2025, 2025. The City Council will consider the application at a public hearing during their scheduled Regular City Council Meeting on **December 2, 2025, which is scheduled to begin at 3:00 p.m.**

It is important that you or your representative attend this Council Meeting via video conference (Microsoft Teams Meeting) or in person and be prepared to answer any questions the City Council may have. Failure to be available for questions could result in a recommendation for denial of your application. We suggest you contact your legal counsel or the Department of Liquor Licenses and Control at 602-542-5141 to determine the criteria for your license. To help you understand how the public hearing process will be conducted, we are enclosing a copy of the City's liquor license application hearing procedures. Please note, should you wish to address Council about your application you are allotted 10 minutes to do so after the staff presentation. *You are not required to speak but we want to make you aware of the opportunity*. Please inform our office if you plan on doing so as we will incorporate any materials or attachments for City Council to review.

The twenty-day posting period for your liquor license application is set to expire on November 24, 2025, and the application may be removed from the premises at that time.

If you have any questions, please email me at georganna.staskey@flagstaffaz.gov.

Sincerely,

Georganna Staskey
Deputy City Clerk

Enclosures

City of Flagstaff

Liquor License Application
Hearing Procedures

1. When the matter is reached at the Council meeting, the presiding officer will open the public hearing on the item.

2. The presiding officer will then ask whether City staff have information to present to the Council regarding the application. Staff should come forward at this point and present information to the Council in a presentation not exceeding ten (10) minutes. Council may question City staff regarding the testimony or other evidence provided by City staff.

3. The presiding officer will request that the Applicant come forward to address the Council regarding the application. The applicant can give a presentation not exceeding ten (10) minutes. Council may question the Applicant regarding the testimony or other evidence provided by the Applicant.

4. Other parties, if any, may then testify, limited to three (3) minutes per person. Council may question these parties regarding the testimony they present to the Council.

5. The Applicant may make a concise closing statement to the Council, limited to five (5) minutes. During this statement, Council may ask additional questions of the Applicant.

6. City staff may make a concise closing statement to the Council, limited to five (5) minutes. During this statement, Council may ask additional questions of City Staff.

7. The presiding officer will then close the public hearing.

8. The Council will then, by motion, vote to forward the application to the State with a recommendation of approval, disapproval, or shall vote to forward with no recommendation.

R19-1-702. Determining Whether to Grant a License for a Certain Location

A. To determine whether public convenience requires and the best interest of the community will be substantially served by issuing or transferring a license at a particular unlicensed location, local governing authorities and the Board may consider the following criteria:

1. Petitions and testimony from individuals who favor or oppose issuance of a license and who reside in, own, or lease property within one mile of the proposed premises;

2. Number and types of licenses within one mile of the proposed premises;

3. Evidence that all necessary licenses and permits for which the applicant is eligible at the time of application have been obtained from the state and all other governing bodies;

4. Residential and commercial population of the community and its likelihood of increasing, decreasing, or remaining static;

5. Residential and commercial population density within one mile of the proposed premises;

6. Evidence concerning the nature of the proposed business, its potential market, and its likely customers;

7. Effect on vehicular traffic within one mile of the proposed premises;

8. Compatibility of the proposed business with other activity within one mile of the proposed premises;

9. Effect or impact on the activities of businesses or the residential neighborhood that might be affected by granting a license at the proposed premises;

10. History for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant received a detailed report of the violations and criminal activity at least 20 days before the hearing by the Board;

11. Comparison of the hours of operation at the proposed premises to the hours of operation of existing businesses within one mile of the proposed premises; and

12. Proximity of the proposed premises to licensed childcare facilities as defined by A.R.S. § 36-881.

B. This Section is authorized by A.R.S. § 4-201(I).

License Types: Series 06 Bar (all spirituous liquor)

Transferable (From person to person and/or location to location within the same county only)
On & off-sale retail privileges
Note: Terms in **BOLD CAPITALS** are defined in the glossary.

PURPOSE:
Allows a bar retailer to sell and serve spirituous liquors, primarily by individual portions, to be consumed on the premises and in the original container for consumption on or off the premises.

ADDITIONAL RIGHTS AND RESPONSIBILITIES:
A retailer with off-sale privileges may deliver spirituous liquor off of the licensed premises in connection with a retail sale. Payment must be made no later than the time of **DELIVERY**. The retailer must complete a Department approved "Record of Delivery" form for each spirituous liquor retail delivery.

On any original applications, new managers and/or the person responsible for the day-to-day operations must attend a basic and management training class.

A licensee acting as a **RETAIL AGENT**, authorized to purchase and accept delivery of spirituous liquor by other licensees, must receive a certificate of registration from the Department.

A **PREGNANCY WARNING SIGN** for pregnant women consuming spirituous liquor must be posted within twenty (20) feet of the cash register or behind the bar.

A log must be kept by the licensee of all persons employed at the premises including each employee's name, date and place of birth, address and responsibilities.

Off-sale ("To Go") package sales of spirituous liquor can be made on the bar premises as long as the area of off-sale operation does not utilize a separate entrance and exit from the ones provided for the bar.

A hotel or motel with a Series 06 license may sell spirituous liquor in sealed containers in individual portions to its registered guests at any time by means of a minibar located in the guest rooms of registered guests. The registered guest must be at least twenty-one (21) years of age. Access to the minibar is by a key or magnetic card device and not furnished to a guest between the hours of 2:00 a.m. and 6:00 a.m. Monday through Saturday and 2:00 a.m. and 10:00 a.m. on Sundays.

Bar, beer and wine bar, and restaurant licensees must pay an annual **SURCHARGE** of $20.00. The money collected from these licensees will be used by the Department for an auditor to review compliance by restaurants with the restaurant licensing provisions of ARS 4-205.02.

FLAGSTAFF POLICE DEPARTMENT
911 SAWMILL RD • FLAGSTAFF, ARIZONA 86001• (928) 779-3646
ADMIN FAX (928)213-3372
TDD 1-800-842-4681

Police Chief
Sean P. Connolly

MEMORANDUM

Memo #25-065

TO: **Georganna Staskey**

FROM: **Det J. Wotasik #612**

DATE: **November 3rd 2025**

RE: **New Application – Series 006 (Bar) Liquor License Application– Embassy Suites**

On November 3rd, 2025, I initiated an investigation into a new application for a Series 006 (Bar) liquor license filed by Jeffrey Craig Miller (Agent), Keyur Naik (Controlling Person), and Danielle Cecilia Vega (Manager). This is for a new application, and the application number is 365413. It is for Embassy Suites, located at 706 S Milton Rd, Flagstaff, AZ 86001.

I conducted a query through local systems on the above names and business. I discovered no derogatory records. I conducted a search for current or historical liquor violations on the above names and business as well and discovered no concerning violations.

I found evidence that the applicant has taken the mandatory liquor license training. This business is not located within 300 feet of a school.

Planning and Development Services Memorandum

To: Georganna Staskey, Deputy City Clerk

From: Reggie Eccleston, Code Compliance Manager

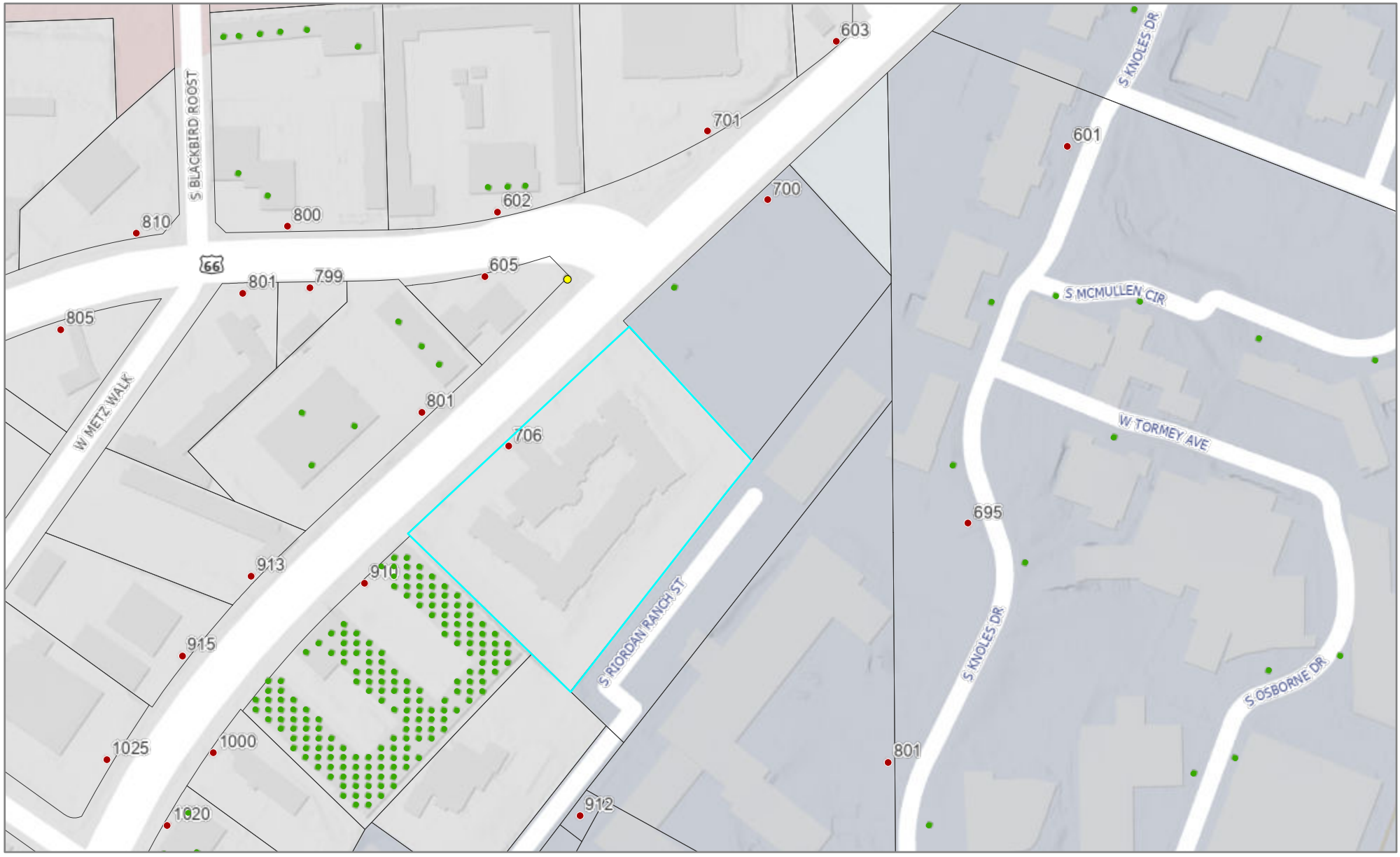
CC: Michelle McNulty, Planning Director

Date: November 20, 2025

Re: Application for Liquor License #365409
706 S Milton Rd., Flagstaff, Arizona 86001
Assessor's Parcel Number 103-04-002B
Jeffrey Craig Miller on behalf of Embassy Suites

This application is a request for a new Series 6 Bar liquor license by Jeffrey Craig Miller on behalf of Embassy Suites. This business is located within the Highway Commercial district. This district does allow for this use.

There are no active Zoning Code violations associated with the applicant or the property at this time.



706 S. Milton Rd

0 0.02 0.04 0.09 0.14 0.18

mi

City of Flagstaff maps and data are updated on a regular basis from data obtained from various sources. The City of Flagstaff endeavors to provide accurate information, but accuracy is not guaranteed. You are strongly encouraged to obtain any information you need for a business or legal transaction from a surveyor, engineer, title company, or other licensed professional as appropriate. Information is provided subject to the express condition that you knowingly waive any and all claims for damages against the City of Flagstaff relating to use of this information.

11/19/2025 2:28 PM

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Sarah Langley, Public Affairs Director

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:
Consideration and Ratification of Letter to Federal Delegation on SNAP benefits

STAFF RECOMMENDED ACTION:

Retroactively approve the letter to the Federal Delegation

Executive Summary:
City staff received a request from Mayor Daggett to send a letter to the City's federal representatives highlighting food insecurity in our community. On Nov. 5, City staff sent a letter to the City's federal representatives that emphasized the increased demand food kitchens and other providers in our community are seeing due to the rising cost of living, the ongoing federal government shutdown, and the anticipated disruption of SNAP benefits in November. Due to the urgent nature of the request, the letter was sent on Nov. 5, 2025 and was placed on a future Council meeting agenda for retroactive approval by the Council.

Financial Impact:
None

Policy Impact:
None

Previous Council Decision or Community Discussion:
None

Options and Alternatives to Recommended Action:
N/A

Background and History:
N/A

Connection to PBB Priorities and Objectives:
This letter supports the Key Community Priorities of Livable Community and Safe & Healthy Community.

Connection to Regional Plan:
N/A

Connection to Carbon Neutrality Plan:
N/A

Connection to 10-Year Housing Plan:

N/A

Connection to Division Specific Plan:
N/A

Attachments: Letter to Delegation on SNAP benefits

CITY OF
FLAGSTAFF

FLAGSTAFF CITY COUNCIL
211 West Aspen Avenue, Flagstaff, Arizona 86001
Main Line: 928-213-2000
Website: https://www.flagstaff.az.gov

November 5, 2025

Senator Mark Kelly
United States Senate
Hart Senate Office Building
Washington, DC 20510

Senator Ruben Gallego
United States Senate
Hart Senate Office Building
Washington, DC 20510

Representative Eli Crane
United States House of Representatives
307 Cannon House Office Building
Washington, DC 20515

Dear Honorable Representatives,

As proposed federal cuts to the Supplemental Nutrition Assistance Program (SNAP) move forward, Flagstaff community organizations are reporting sharp increases in food insecurity and requests for emergency assistance. This update provides an overview of the current local impacts and the urgent needs facing our region.

Flagstaff faces distinct economic challenges that make SNAP support especially vital. Our cost of living is among the highest in northern Arizona, driven by housing and food prices that far exceed average wages. Many residents work in seasonal, service, and tourism-related industries, where income can fluctuate significantly. For these working families, SNAP fills a critical gap—ensuring consistent access to nutritious food for children, seniors, and other vulnerable community members.

These challenges are compounded by the ongoing federal government shutdown, during which federal employees are facing uncertainty about whether they will receive back pay. This has added to financial strain for many households, further increasing demand on local food assistance programs.

Local food providers are already feeling the strain. The Flagstaff Family Food Center reports that food lines have lengthened substantially, with a 30% increase in demand in a single week following delays in federal assistance payments during the government shutdown. In October alone, the center distributed over 51,500 meals, far surpassing average numbers even during historically slower periods.

Survey data underscore the depth of this reliance:

- 53% of clients reside in Flagstaff, with others traveling from across northeastern Arizona.
- 32% of respondents visit food distribution sites weekly, and another 18% rely on these services one to two times per month.
- 67% of clients report that half or more of their total food supply comes from these local programs.

To meet this surge in need, the Flagstaff Family Food Center is calling on the community to contribute non-perishable foods such as canned goods, rice, peanut butter, baby formula, and holiday items like stuffing, as well as grocery gift cards to support families during the upcoming season.

Our community is doing its best to respond, but local resources cannot replace the stabilizing power of federal nutrition assistance. We urge your continued attention to the consequences of SNAP reductions on rural and high-cost areas like Flagstaff and your support for policies that protect access to essential food programs.

Sincerely,

Becky Daggett

Becky Daggett,
Mayor, City of Flagstaff, on behalf of the Flagstaff City Council

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Brian Huntzinger, Water Production Manager

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Approval of Contract: Approve contract for proprietary sole source purchase of T-Floc B-41 coagulant from Thatcher Company of Arizona in an amount not to exceed $250,000 annually.

STAFF RECOMMENDED ACTION:

1. Approve the proprietary sole source purchase of T-Floc B-41 coagulant for water treatment from Thatcher Company of Arizona, Inc. in an amount not to exceed $250,000 annually.
2. Authorize the City Manager to execute all necessary documents.

Executive Summary:

Chemicals represent a large investment or cost in the effective operation of the city's water treatment plants. Chemical coagulants are used to remove naturally occurring impurities in raw surface water from Upper Lake Mary in the production of potable drinking water. These chemicals are critical to the treatment of water in order to comply with water quality regulations and ensure the public's safety and health. In 2016, the Lake Mary Water Treatment Plant conducted a study to determine the best surface water treatment strategy with various coagulants from multiple vendors and T-Floc B-41 was selected and has been in use ever since. The use of the proprietary coagulant T-Floc B-41 from Thatcher has allowed the maximization of surface water production when it is available.

Financial Impact:

This chemical purchase is budgeted annually in the Water Services Fund in account 202-08-301-1011-0-4362, with a total FY26 budget of $433,200 for all water treatment chemicals.

Policy Impact:

None

Previous Council Decision or Community Discussion:

Yes, Council approved previous purchasing contracts of T-Floc B-41 with Thatcher Company of Arizona, Inc. on November 15, 2016; September 18th, 2018; and October 6th, 2020.

Options and Alternatives to Recommended Action:

1. Approve the proprietary sole source purchase of T-Floc B-41 from Thatcher Company of Arizona, Inc.; or
2. Do not approve the proprietary sole source purchase and require the Lake Mary Water Treatment Plant to re-evaluate the treatment process and chemicals used.

Background and History:

Chemicals represent a large investment or cost in the effective operation of water treatment plants. The Water Production Section uses the following chemicals for the associated purposes:

1. Chlorine dioxide is used for disinfection and oxidation of raw/untreated surface water while minimizing

disinfection by-product formation.
2. Chlorine is used for disinfection of both treated surface water and groundwater and for maintaining residual disinfection levels in the distribution system.
3. Coagulants such as aluminum sulfate (used alongside cationic polymer) or T-Floc B-41 (proprietary aluminum chlorohydrate) are used for removal of suspended impurities in raw surface water.
4. Sodium hydroxide (caustic soda) is used to raise the pH of treated surface water to be slightly alkaline rather than acidic to protect distribution pipes.

The treatment chemical coagulant T-Floc B-41 is used in place of aluminum sulfate and cationic polymer. Over the last decade, the use of poly-aluminum chlorohydrates such as T-Floc B-41 has been found to work more effectively in low alkalinity and often cooler waters as is found in Upper Lake Mary (ULM) and require less pH adjustment (caustic soda use) for both raw and treated surface water.

In 2016, Thatcher Company of Arizona was one of four companies selected to submit chemical coagulants to treat raw surface water from ULM in addition to the traditionally used aluminum sulfate and cationic polymer. Thatcher's T-Floc B-41 was selected as the best performing chemical coagulant with the best/lowest overall treatment strategy cost. Since 2016, the use of Thatchers T-Floc B-41 has been an approved proprietary/sole source procurement by the City of Flagstaff Purchasing Section. In 2023, T-Floc B-41 was again compared to another proprietary coagulant and was shown to have superior water treatment characteristics at lower dosages or with less chemical usage. The use of T-Floc B-41 as a coagulant along with chlorine dioxide as a raw water oxidant has allowed the water production section to make great use of abundant surface water in ULM, when available, such as in 2020 and 2023. Surface water production has significantly less electrical cost compared to groundwater pumping, which is the Water Production Section's largest expense. Maximizing surface water production, when available, also preserves our aquifers for years when it is unavailable.

Connection to PBB Priorities and Objectives:

- Safe & Healthy Community: Foster a safe, secure and healthy community.
- Sustainable, Innovative Infrastructure: Deliver outstanding services to residents through a healthy, well-maintained infrastructure system.

Connection to Regional Plan:

- Goal WR.1: Maintain a sustainable water budget incorporating regional hydrology, ecosystem needs, and social and economic well-being.
- Goal WR.2: Manage a coordinated system of water, wastewater, and reclaimed water utility service facilities and resources at the City level and identify funding to pay for new resources.
    - Policy WR2.1: Develop and adopt an integrated water master plan that addresses water resources, water production and its distribution, wastewater collection and its treatment, and reclaimed water treatment and its distribution.
    - Policy WR2.2: Maintain and develop facilities to provide reliable, safe and cost effective water, wastewater, and reclaimed water services.
- Goal WR.3: Satisfy current and future human water demands and the needs of the natural environment through sustainable and renewable water resources and strategic conservation measures.
- Goal WR.6: Protect, preserve, and improve the quality of surface water, groundwater, and reclaimed water in the region.

Connection to Carbon Neutrality Plan:
Community Resilience, CR-2: Strengthen existing community systems to create resilience to both short-term shocks and long-term change.

Connection to 10-Year Housing Plan:
Create 5: Explore regulatory efficiency and cost-saving practices.

Connection to Division Specific Plan:

Objective 6: Ensure adequate water resources and plan for climate change.
Objective 7: Maintain excellent water quality.
Objective 8: Improve compliance with environmental standards and protections

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Attachments: Thatcher Proprietary/Sole Source
Contract
Exhibit A

THATCHER COMPANY OF ARIZONA, INC.
6321 South Rainbow Road, Buckeye, AZ 85326
Phone (623) 691-6499
Fax (623) 691-6502

CHEM

October 20, 2025

FLAGSTAFF CITY, CITY of
Brian Huntzinger
Water Production Manager
Flagstaff, AZ 86005

Dear Mr. Huntzinger:

This is a formal document verifying that the Thatcher Company product/formulation T-Floc B-41 is a proprietary coagulant that has been developed by Thatcher Company researchers. Thatcher Company, Inc., is the sole producer and distributor of T-Floc B-41.

Thank you for your business.

Cordially,

Michael Mitchell
President

COMMODITIES PURCHASE CONTRACT
Contract No. 2026-99

This Contract is made and entered into this _____ day of _____, 20___ by and between the City of Flagstaff, a political subdivision of the State of Arizona ("City") and **Thatcher Company of Arizona,** ("Contractor"). City and Contractor may be referred to herein individually as a Party or collectively as the Parties.

WHEREAS, the City seeks a Contractor willing to sell it the commodity or commodities identified in the Price Schedule attached hereto as ***Exhibit A*** (the "Commodities"); and

WHEREAS, Contractor is willing to sell the City the Commodities for the prices identified in the Price Schedule.

NOW THEREFORE, in consideration for the mutual promises herein, the Parties agree as follows:

1. General Description: **T-Floc B41 Coagulant**

2. Term and Renewal.

   2.1 Contract Term: The term is for a period of **three (3) years** unless terminated pursuant to the provisions of the Contract. The Contract will be effective as of the date signed by both parties.

   2.2 Renewal: The Contract may be renewed or extended for up to **two additional one-year terms** by mutual written consent of the Parties. The City Manager or his/her designee (the Purchasing Director) shall have authority to approve renewal on behalf of the City.

   2.3 Unilateral Extension: The Contract may be unilaterally extended for ninety (90) days. The City Manager or his/her designee (the Purchasing Director) shall have the authorize to approve the extension on behalf of the City. Contractor will be provided written notice of the Unilateral Extension prior to expiration of the Contract.

3. Commodities & Purchase Price.

   3.1 Price: During the term of this Contract, Contractor shall, in the quantities set forth in any purchase order that the City may submit to the Contractor under this Contract, sell to the City the Commodities at the prices stated in the Price Schedule. Unless otherwise stated in the Price Schedule, the City shall pay all taxes applicable to any purchase it makes under this Contract.

4. Invoicing and Payment after Delivery.

   4.1 Payment: Unless otherwise stated in the Price Schedule, payment for the Commodities is due within thirty (30) days of the date of the Contractor's delivery of Commodities conforming to the Contract and receipt of the Contractor's invoice, whichever is later.

   4.2 Invoice: Contractor should invoice the City by an itemized list of charges. The City's Purchase Order Number and/or the Contract Number should be referenced on each invoice.

5. Commodities.

   5.1 Quality: Contractor warrants that all Commodities supplied under the Contract will be new and free from defects in material or workmanship. The Commodities will conform to any statements made on the containers or labels or advertisements for the Commodities and will

be safe and appropriate for use as normally used. The City's inspection, testing, acceptance, or use of Commodities shall not serve to waive these quality requirements. This warranty shall survive termination or expiration of the Contract.

5.2 Manufacturer's Warranties: Contractor shall deliver all Manufacturer's Warranties to the City upon the City's acceptance of the Commodities.

5.3 Delivery:

5.1.1 Contractor shall deliver the Commodities FOB destination to the City's receiving address as set forth in the relevant purchase order under the Contract. All transportation and handling charges shall be paid by the Contractor, unless the Parties agree otherwise in a writing signed by the Parties. Risk of loss of the Commodities will pass to the City upon Contractor's delivery of Commodities conforming to the Contract pursuant to a purchase order from the City under this Contract.

5.1.2 Contractor shall take all reasonable measures to ensure that any Commodities purchased under this Contract shall be delivered within thirty (30) days of the City's issuance of the relevant purchase order unless the Parties agree otherwise in writing. Contractor will not be liable for delays in performance or for non-performance due to unforeseen circumstances or causes beyond the Contractor's reasonable control.

5.4 Default in One Installment to Constitute Total Breach: Contractor may not substitute nonconforming Commodities. Delivery of nonconforming Commodities, or a default of any nature, shall constitute a breach of the Contract as a whole.

6. Termination & Cancellation Clauses.

6.1 Non-Appropriation. The City may terminate all or a portion of the Contract due to budget constraints and non-appropriation of funds for the following fiscal year, without penalty or liability to Contractor.

6.2 For Convenience: The City may terminate the Contract for any reason by giving the Contractor written notice of such termination no less than sixty (60) days prior to the date of termination. If the Contract is so terminated, the City's only payment obligation under the Contract shall be for those commodities ordered prior to the effective date of the termination.

6.3 For Cause: The City may cancel the Contract for cause when the Contractor fails to perform its obligations by giving the Contractor written notice of such cancellation at least thirty (30) days prior to the date of proposed cancellation. In any written notice of cancellation for cause, the City will advise the Contractor in writing of the reasons why the City is considering cancelling the Contract and may provide the Contractor with an opportunity to avoid cancellation for cause by curing any deficiencies identified in the notice of cancellation for cause prior to the date of proposed cancellation. The Parties may endeavor to agree to reasonable modifications in the Contract to accommodate the causes of the cancellation for cause and avoid the cancellation, to the extent permitted by law, and at the discretion of each Party individually.

6.4 Gratuities: The City may cancel the Contract at any time, without penalty or further liability to Contractor, if City determines that Contractor has given or offered to give any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with award or performance of the Contract.

6.5 Conflict of Interest: Pursuant to A.R.S. § 38-511, if the City identifies a conflict of interest in the award or performance of the Contract, the City may cancel the Contract within three (3) years after its execution, without penalty or further liability to Contractor.

7. Governing Law and Venue, Attorneys' Fees, Public Records, and Inspection.

7.1 Governing Law and Venue: The Contract shall be governed by and construed in accordance with the Laws of the State of Arizona. In the event of litigation, exclusive venue arising under this Contract is Coconino County, Arizona.

7.2 Attorneys' Fees: If any action at law or in equity is necessary to enforce the terms of the Contract, the prevailing party shall be entitled to recover its reasonable attorneys' fees, costs, professional fees, and expenses.

7.3 Public Records: The Contract and any related materials are a matter of public record and subject to disclosure pursuant to Arizona Public Records Law. A.R.S. § 39-121 et seq. If Contractor has clearly marked its proprietary information as "confidential," the City will endeavor to notify Contractor prior to release of such information.

7.4 Inspection: The City shall have the right to inspect and audit all Contractor books and records related to the Contract for up to five (5) years after completion of the Contract.

8. Cooperative Use: If Contractor agreed during the procurement process, Contractor will enter into cooperative purchase arrangements, as sanctioned by state and federal law, to allow Contractor to sell the Commodities identified on the Price Schedule to any member of a cooperative group under the same pricing, terms, and conditions of the Contract awarded to the Contractor.

9. Compliance with Laws: Contractor shall comply with all applicable federal, state, and local laws, regulations, standards, codes, and ordinances, including acquiring the requisite insurance, licenses, permits, and approvals, required to perform the Contract, and provide copies to City upon request.

10. Indemnity: Contractor shall be fully liable for the actions of its agents, employees, partners, and assigns and shall fully indemnify, defend, and hold harmless the City, and their officers, agents, and employees from third party suits, actions, damages, and costs of every name and description, including attorneys' fees to the extent arising from or relating to personal injury and damage to real or personal property, caused in whole or in part by the negligence or willful misconduct of Contractor, its agents, employees, partners, or assigns. This indemnification shall survive termination or expiration of the Contract.

11. Assignment/Subcontracting: Contractor shall not assign, sell, transfer, subcontract or sublet rights, or delegate responsibilities under this Contract, in whole or in part, without the prior written approval of the City.

12. Amendments: The terms of this Contract shall not be waived, altered, modified, supplemented, or amended in any manner whatsoever without written approval of both parties through a formal written amendment. A "change order" is not a sufficient mechanism for amending the Contract.

13. Nondiscrimination: Contractor shall not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, disability, genetic information, veteran's status, pregnancy, and/or familial status and represents and warrants that it complies with all applicable federal, state, and local laws, ordinances and executive orders regarding employment.

14. Immigration Laws: Pursuant to A.R.S. § 41-4401, Contractor hereby warrants that it and each of its

subcontractors shall comply with all state and federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A). A breach of state and/or federal immigration laws and regulations shall constitute a material breach of the Contract. Neither Contractor nor any subcontractor shall be deemed to have materially breached the Contract if Contractor or subcontractor establishes that it has complied with the employment verification provisions prescribed by sections 274A and 274B of the Federal Immigration and Nationality Act and the e-verify requirements prescribed by A.R.S. § 23-214(A).

15. No Boycott of Israel: Pursuant to A.R.S. §§ 35-393 and 35-393.01, if Contractor has over ten (10) employees and the Contract is worth at least one-hundred thousand dollars ($100,000), Contractor hereby certifies that it is not currently engaged in, and agrees, for the duration of the Contract, will not engage in a boycott of Israel.

16. Forced Labor of Ethnic Uyghurs: Contractor hereby certifies that it does not use the forced labor of ethnic Uyghurs in the People's Republic of China as defined in A.R.S. § 35-394, et seq.

17. Notice: Any formal notice required under the Contract shall be in writing and sent by certified mail and email as follows:

To the City:
Brian Huntzinger
Water Services
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
bhuntzinger@flagstaffaz.gov

To Contractor:
Jeff Zidek
1905 Fortune Rd.
Salt Lake City, UT 84104
Jeff.Zidek@tchem.com
801-541-9469

With a copy to:
Teddy Callan
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
Teddy.Callan@flagstaffaz.gov

18. Authority: Each Party warrants that it has authority to enter into the Contract and perform its obligations hereunder, and that it has taken all actions necessary to enter into the Contract.

THATCHER COMPANY OF ARIZONA:	CITY OF FLAGSTAFF
By:_____	By:_____
Title:_____	Title:_____
Date:_____	Date:_____
ATTEST:	APPROVED AS TO FORM:
_____	_____
City Clerk	City Attorney's Office

Notice to Proceed issued:_____, 20___

Last Updated September 19, 2024

Exhibit A

THATCHER COMPANY

1905 Fortune Road, Salt Lake City, UT 84104

Phone (801) 972-4587
Fax (801) 972-4606

October 17, 2025

FLAGSTAFF CITY, CITY of
Brian Huntzinger
Water Production Manager
Flagstaff, AZ 86005

Dear Brian,

Please find below your future price schedule for T-Floc B41 from Thatcher Company. If you have any questions, feel free to contact me any time at the number listed below. Thank you for your business.

Sincerely,

Jeff Zidek
Account Manager
Email: jeffzt@tchem.com
Phone: (801) 972-4587
Fax: (801) 972-4606

Product Description	Product Code	Packaging	Min. Qty.	Price	Trailer washout fee
T-Floc B41	2485000	Bulk	46,000 lbs	$0.756/lb	$350/delivery

Notes Listed Here
Terms: Net 30 days from date of shipment.
Freight Terms: FOB Flagstaff, AZ

Pricing is effective October 17, 2025 – October 16, 2026

However, with justification; CHANGE OF PRICE AND TERMS: Except as specified herein Seller may adjust the price, or revise the transportation terms, terms of payment, or minimum requirement per shipment at any time providing Seller gives Buyer not less than thirty days prior written notice before the date the change takes effect. Buyer's failure to object to the change in writing received by Seller prior to the effective date of the change shall be considered acceptance of such adjustment. If Buyer shall give Seller written notice of objection to any such price adjustment prior to the effective date thereof, Seller may elect to continue to supply Buyer at the last prevailing contract price, or if Seller is unwilling to do so, then Seller shall be released from its obligation to make and Buyer from its obligation to take shipments until such time as the parties shall agree upon a contract price or until the last prevailing contract price is reestablished by Seller.

Please confirm your prices when placing your order.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Jennifer Mikelson, Housing Planning Manager

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Approval of Contract: Loan Documents for The Lantern by Flagstaff Shelter Services

STAFF RECOMMENDED ACTION:

Approve a forgivable loan in the amount of $1,100,000 to Flagstaff Shelter Services for The Lantern: a Hotel to Housing Project, a transitional housing/adaptive reuse project, and approving the related loan documents, including the Funding Agreement, Promissory Note, Deed of Trust, and Restrictive Covenants.

Executive Summary:

Staff is requesting Council's approval of a forgivable loan to Flagstaff Shelter Services, a non-profit organization that responded to an open call for applications for funding, in an amount of $1,100,000 for their transitional housing project (The Lantern), which is a 100% affordable adaptive reuse project.

- Unit count: 103
- Income Level Served: up to 30% of the Area Median Income (AMI)
- Loan Amount: $1,100,000 ($10,679.61 per affordable unit)
- 0% interest and no payments required during the 30-year loan term
- Loan forgiven at 30 years of compliance

Financial Impact:

Project Name: The Lantern: A Hotel to Housing Project
Cost: $1,100,000 ($10,679.61 per affordable unit)
Account Number Budgeted: 411-13-105-0353-4-4290
FY Budgeted Amount: $2,934,664
Grant Funded: n/a
Funding Source: Housing Bond (Prop 442) -- Adaptive Reuse Bond Program

Policy Impact:

None

Previous Council Decision or Community Discussion:

Council Approved the Adaptive Reuse Bond Program by Resolution 2025-44 on September 2, 2025

Options and Alternatives to Recommended Action:

1. Approve the loan documents as recommended.
2. Amend the loan documents per Council direction
3. Reject staff recommendation

Background and History:

Housing Bond

Proposition 442 identified four affordable housing spending categories, including "repurposing existing available buildings into rental units."

Adaptive Reuse Bond Program

Approved by City Council on September 2, 2025 (Resolution 2025-44), the Adaptive Reuse Bond Program is intended to provide funding to developers of eligible projects adaptively reusing Flagstaff's existing building stock for the creation of affordable housing, serving households averaging 80% AMI, with a maximum household income of 100% AMI.

Application Process

The Program offers a simple and non-competitive application process, with funds awarded to applicants on a pass/fail basis. Housing published the online application for funding on September 9, 2025. The first application received was from Flagstaff Shelter Services on September 10, 2025. Staff determined their project passed all Program requirements and was eligible for an award.

Project Details

Flagstaff Shelter Services purchased an old hotel located at 2440 E. Lucky Lane in April 2023 using funding from the Arizona Department of Housing. After various delays and unexpected rehabilitation costs, the project is set to receive a certificate of occupancy in early November 2025. While operating as Transitional Bridge Housing, rent will not be charged at The Lantern. Once the property is transitioned to Permanent Supportive Housing, rent will be calculated at 30% of household income for the duration of the 30-year loan term.

Loan Documents

Attached loan documents include a funding agreement between the City of Flagstaff and Flagstaff Shelter Services, Inc., a promissory note, a declaration of restrictive covenants, and a deed of trust. All loan documents were prepared by the City's external legal counsel and reviewed by the awardee. The City Attorney is in the process of reviewing the documents and final documents will be attached prior to City Council approval.

Connection to PBB Priorities and Objectives:

Livable Community: Actively support attainable & affordable housing through City projects & opportunities with developers.

Connection to Regional Plan:

Goal LU.9. Focus reinvestment, partnerships, regulations, and incentives on developing or redeveloping urban areas.

Goal NH.3. Make available a variety of housing types at different price points, to provide housing opportunity for all economic sectors.

Policy NH.3.1. Provide a variety of housing types throughout the City and region, including purchase and rental options, to expand the choices available to meet the financial and lifestyle needs of our diverse population.

Policy NH.3.3. Increase the availability of affordable housing for very low-income persons, through innovative and effective funding mechanisms.

Policy NH.3.5. Encourage and incentivize affordable housing.

Policy CC.2.10. Educate the community and developers on the benefits of adaptive reuse and create policies to incentivize the reuse of historic buildings to maintain their integrity.

Connection to Carbon Neutrality Plan:

HA-1: Create housing options for households at all income levels and family sizes occupied by local residents
HA-2: Connect people to equitable housing solutions.
HA-4: Protect people from housing discrimination and remove housing barriers.

Connection to 10-Year Housing Plan:

Goal: Create housing options for households at all income levels and family sizes occupied by local residents.
Create 1: Incentivize the creation of affordable units through various programs and mechanisms.
Preserve 1: Encourage the adaptive reuse of buildings.
Goal: Protect people from housing discrimination and remove housing barriers.
Protect 2: Ensure affordable housing is a part of every Flagstaff neighborhood and work to address disparate impact as part of any development or redevelopment.

Attachments:
Res2025-44 Adaptive Reuse Bond Program
ARBP Declaration
Note
Funding Agreement
Deed of Trust

RESOLUTION NO. 2025-44

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL, ADOPTING THE ADAPTIVE REUSE BOND PROGRAM

RECITALS:

WHEREAS, affordable housing in Flagstaff has been a documented need for more than 50 years and has reached crisis levels in recent years with data showing housing costs pushed higher by limited supply and external demand exceeding the buying and renting power of the local workforce; and

WHEREAS, in response to a citizen's petition, in December 2020, Flagstaff City Council adopted Resolution 2020-66 declaring a Housing Emergency for the City of Flagstaff, prioritizing affordable housing within City operations to create safe, decent and affordable housing opportunities for all community members; and

WHEREAS, on February 15, 2022, Council adopted Resolution 2022-03, approving the City of Flagstaff's 10-Year Housing Plan, which identifies a strategy to "Present 2022 Bond Measure to Council and Community for consideration for additional funding to be leveraged with local, state, and federal dollars" to fund the creation of affordable housing programs; and

WHEREAS, City Council placed Proposition 442 on the ballot for the November 2022 election with one of the funding categories being "Repurpose Existing Buildings into Rental Units"; and

WHEREAS, voters of Flagstaff approved Proposition 442 in the November 8, 2022 General Election; and

WHEREAS, on November 7, 2023, Council adopted Resolution 2023-51, establishing the City of Flagstaff Rental Incentive Bond Program with an allocation of approximately $5 million in general obligation bond funds; and

WHEREAS, the City desires to further the Proposition 442 purposes by adopting an "Adaptive Reuse Bond Program" policy; and

WHEREAS, for-profit and non-profit entities seeking to acquire, repurpose, and rehabilitate existing buildings for the purpose of affordable rental housing may be eligible to apply for funding under this policy.

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1: That the Adaptive Reuse Bond Program, a copy of which is attached as Exhibit A to this Resolution, is hereby adopted.

SECTION 2: Council directs staff to develop an application for the award of approximately $3 million

dollars in funding as set forth in the Adaptive Reuse Bond Program.

SECTION 3: That City staff is hereby authorized to take such other and further measures and actions as are necessary and appropriate to carry out the terms, provisions, and intents of this Resolution.

This resolution shall be immediately effective upon adoption.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 2nd day of September, 2025.

Becky Daggett
MAYOR

ATTEST:

Stacy Saltzburg
CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

Exhibits:
Adaptive Reuse Bond Program



City of Flagstaff Adaptive Reuse Bond Program

City of Flagstaff - Housing Office

Contact:
Jennifer Mikelson, Housing Planning Manager
jmikelson@flagstaffaz.gov
(928) 213-2744

CITY OF
FLAGSTAFF

Program Description

The language below is from the City of Flagstaff Voter Information Pamphlet (2022) and explains the intent behind the bond funding for this activity.

"This funding...will allow the City of Flagstaff to partner with private developers, non-profits included, to repurpose existing and available buildings and spaces into rental opportunities for the residents of Flagstaff."

This Program will offer approximately $3,000,000 in general obligation bond funds through an open call for applications. Funding will be provided as forgivable 30-year loans to assist non-profit or for-profit developers in repurposing and rehabilitating existing buildings into affordable rental units. The goal is to create seventy-five (75) new affordable rental units through the adaptive reuse of the City of Flagstaff's ("City") existing building stock.

Funding Availability

The City will make approximately $3,000,000 in program funds available through an open call for applications. Applications for funding will be considered on a first-come, first-served basis and will continue to be received until all program funds have been allocated. Applications will be evaluated on a pass/fail basis.

Applicability

For the purposes of the Program, 'Adaptive Reuse' is defined as repurposing and/or rehabilitating any existing building for the creation of affordable residential units and is defined more specifically in the Flagstaff Zoning Code. Please ensure the proposed project is permitted by right and does not require zoning approvals. Refer to Section 10-40.30 of the Flagstaff Zoning Code for permitted residential uses in all zoning districts, and Section 10-30.20 for Affordable Housing Incentives for Adaptive Reuse Projects.

Project Requirements & Award Determination

To be eligible to apply for funding, projects must meet **all** requirements across three (3) categories: Project Details, Cost Per Affordable Unit, and Leveraged Funding. Applications that contain all necessary materials and are deemed complete by the City will be reviewed on a first-come, first-served basis. At a minimum, complete applications must pass **all** of the requirements below to be eligible for an award of funding. If the project fails to meet any of the criteria below, it will not be eligible for funding. City staff will endeavor to review applications and notify applicants of their eligibility for an award of funding within thirty (30) calendar days of the application submission date.

1. Project Details (Pass/Fail): Describe how the project meets all criteria listed below.
   - ❑ **Property Eligibility**: Property must be located within City limits and show proof of ownership, a contingent purchase contract, lease agreement providing the applicant

with the right to operate the proposed residential use onsite for the minimum affordability period, or a letter of intent to purchase or lease the property. Applicant must also provide documentation that the proposed residential use is permitted within the underlying zoning district, per the City Zoning Code.

- ❑ **Eligible Uses**: Program funds may be used for costs relating to the acquisition and rehabilitation of new affordable rental housing in existing buildings, including purchase, renovation, and rehabilitation.
- ❑ **Ineligible Uses**: Program funds may not be used for any costs related to the construction of new freestanding buildings, renovation of market-rate units, renovation of existing residential units, complete demolition of buildings, or the improvement of undeveloped land.
- ❑ **Affordability Period**: The minimum required affordability period is thirty (30) years from the Certificate of Occupancy and shall be sustained regardless of any transfer of ownership, such transfer subject to the terms and conditions of the City loan documents.
- ❑ **Area Median Income Limit (AMI)**: The project must provide affordable units at an average of 80% AMI or less, with a maximum household income of 100% AMI.
- ❑ **Affordable Rent Methodology**: Unless other funding sources require otherwise, the City's Affordable Rent & Income Limits shall be used.

2. Cost Per Affordable Unit (Pass/Fail): Applications requesting $40,000 or less per affordable unit will be eligible for funding. Funding will be awarded on a per-unit basis to meet the 75-unit goal: $3,000,000 / 75 = $40,000. Applications requesting more than $40,000 per unit are ineligible. While funding will only be awarded to support the creation of affordable rental units, this program does not prohibit market rate units within the same project.

3. Leveraged Funding (Pass/Fail): Additional funding sources beyond City Program funds are required and will be evaluated for project viability, sustainability, and other metrics. All funding sources must be provided, including current and signed letters of commitment from pending funders or loan documents from closed funders.

Loan Terms

- Funding will be a loan between eligible applicants and the City. Loan documents will be provided by the City. Loan documents with each applicant will be subject to approval by City Council. The Program funds will be dispersed at either the close of escrow or after the primary loan closes.

- The loan will be secured against the property with a promissory note and recorded deed of trust and will be subordinate to first mortgage financing, with further subordination considered on a case-by-case basis and in the City's sole discretion.
- No interest or principal payments are required during the 30-year term if affordable units continue to meet the terms identified in the loan documents.
- A 30-year compliance period will commence at the issuance of the certificate of occupancy. After the required 30-year term, the loan may be forgiven depending on the borrower's performance in accordance with the loan documents
- Units must be available for lease within twenty-four (24) months of the applicant receiving notification of an award of Program funds.
- A default under the loan documents will result in the City's ability to deem the loan in default and immediate repayment of all Program funds, such determination in the City's sole discretion.

When Recorded Return to:

CITY OF FLAGSTAFF
211 W. Aspen Avenue
Flagstaff, Arizona 86001
Attn: Legal Department

DECLARATION OF RESTRICTIVE COVENANTS

This Declaration of Restrictive Covenants (the "Declaration") made this ___ day of _____, 2025 by FLAGSTAFF SHELTER SERVICES, INC., an Arizona nonprofit corporation (hereinafter referred to as "Project Owner"), is in favor of the CITY OF FLAGSTAFF, Arizona, a municipal corporation of the State of Arizona (hereinafter referred to as the "City"). Project Owner and the City are sometimes collectively referred to as the "Parties" and singularly referred to as "Party."

RECITALS

WHEREAS, the Project Owner is the owner of the property legally described in Exhibit A, attached hereto and incorporated here ("Property"); and

WHEREAS, the Project Owner hereby agrees and covenants that the Project Owner's Property shall be subject to the provisions, covenants, and restrictions contained herein; and

WHEREAS, this Declaration is made for the express benefit of the City, and it shall remain in full force and effect until released by the City; and

WHEREAS, the City is making a loan in the original principal amount of One Million One Hundred Thousand Dollars ($1,100,000.00) of funds from the Adaptive Reuse Bond Program (the "Program") to Project Owner ("Loan") in connection with the construction of the Project, as more particularly described below; and

WHEREAS, the Project Owner is developing a project that will, among other things, increase the supply of rental housing units in the community, to be known as The Lantern (hereinafter referred to as the "Project"), which consists of the one hundred three (103) units located at 2440 East Lucky Lane, Flagstaff, Arizona 86004; and

WHEREAS, the City's allocation of funds for the Project is subject to that certain Funding Agreement ("Loan Agreement"), Promissory Note ("Note"), and Deed of Trust entered into on or about this date between the City and the Project Owner (collectively the "Loan Documents"); and

WHEREAS, Project Owner desires to make a binding commitment to assure that the Project is maintained and operated in accordance with the provisions of the Loan Documents and this Declaration; and

WHEREAS, Project Owner, as a condition for receiving the Loan funds, is required to record in the Public Records of Coconino County, Arizona, this Covenant obligating the Project Owner, its successors, and assigns to maintain and operate the Project in accordance with the Loan Documents; and

WHEREAS, the Project Owner hereby declares that this Covenant shall be and is a covenant running with the Project Owner's Property and, unless released by the City, is binding on the Project Owner's Property for the entire Affordability Period, and is not merely a personal covenant of the Project Owner; and

NOW THEREFORE, Project Owner voluntarily covenants and agrees that the Project shall be subject to the following restrictions that are intended and shall be deemed to be covenants running with the Project Owner's Property and binding upon Project Owner, and its heirs, transferees, successors and assigns as follows:

TERMS:

Section 1. Recitals: The recitals and findings set forth in the preamble of this Covenant are hereby adopted by reference thereto and incorporated herein as if fully set forth in this Section.

Section 2. Use of Property: The Units in the Project shall be rented to households whose annual income does not exceed eighty percent (80%) of the area median income for Flagstaff, Arizona, adjusted for family size, as determined annually by the U.S. Department of Housing and Urban Development, and in compliance with any extended low-income housing (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) or similar agreement entered into by Project Owner in connection with the Project.

Section 3. Term of Declaration: This Declaration is a covenant running with the land and shall remain in full force and effect and shall be binding upon the Project Owner, its successors, transferees, and assigns from the Effective Date until the expiration of the Affordability Period. The Affordability Period of this Project will be thirty (30) years commencing on the date the Project receives its certificate of occupancy (the "Affordability Period"). Upon the expiration of the Affordability Period, this Declaration shall immediately lapse and be of no further force and effect without the necessity of any other written document or instrument. Notwithstanding the foregoing, upon the expiration of the Affordability Period, upon request of the Project Owner, the City shall record an instrument evidencing the expiration of and other termination of this Declaration in the Official Records of Coconino County, Arizona.

Section 4. Prohibited Conveyances: Except as provided in the Loan Agreement, the Project Owner covenants and agrees not to encumber or convey its interest in the Project, interest in the Property, or any portion thereof, without City's prior written consent in accordance with the terms of the Loan Agreement.

Section 5. Repayment Upon Default: The Project Owner covenants and agrees that in the event (i) of a default as described in the Loan Documents, subject to the terms and any notice and cure rights as provided therein, (ii) of the sale or conveyance of any interest in the Project and/or the Project Owner's interest in the Property without City's prior written consent as required by the Loan Documents (except as otherwise provided in the Loan Documents), or (iii) that the Project

Owner ceases to exist as an organization, the Project Owner shall subject to the subordination in the Note and Deed of Trust, immediately make payment to the City in an amount equal to the full amount of Loan funds disbursed and outstanding, with interest thereon as provided in the Note, all Program Income (as defined in 2 CFR Part 200.307(e)(2)) derived from or in connection with the Project, if applicable, the Project Owner's interest in the Property and/or the Loans, and all unpaid fees, charges and other obligations of the Project Owner due under any of the Loan Documents.

Section 6. Inspection and Enforcement: It is understood and agreed that any official inspector of the City shall have the right any time during normal working hours to enter and investigate the use of the Property to determine whether the conditions of this Declaration are in compliance, subject to the rights of residential tenants under their leases.

Section 7. Amendment and Modification: This Declaration may be modified, amended, or released in whole or in part by a written instrument executed on behalf of the City and the Project Owner, or their respective successors-in-interest. Should this instrument be modified, amended or released, an written instrument executed by the City and Project Owner will be recorded in the Official Records of Coconino County, Arizona, effectuating and acknowledging such modification, amendment, or release.

Section 8. Definitions: All capitalized terms not defined herein shall have the meanings provided in the Loan Agreement.

Section 9. Severability: Invalidation of one or more of the provisions of this Declaration by judgment of court shall not affect any of the other provisions of the Declaration, which shall remain in full force and effect.

Section 10. Recordation: This Declaration shall be recorded in the Official Records of Coconino County, Arizona, at the sole cost and expense of the Project Owner.

Section 11. Covenant Running with the Land: Any and all requirements of the laws of the State of Arizona that must be satisfied in order for the provisions of this Covenant to constitute a restriction and covenant running with the Project Owner's interest in the Property shall be satisfied in full, and any requirements or privileges of estate are intended to be satisfied, or in the alternate, an equitable servitude has been created to insure that these restrictions run with the Project Owner's interest in the Property. For the term of this Covenant, each and every contract, deed, or other instrument hereafter executed conveying the Project Owner's interest in the Property or portion thereof shall expressly provide that such conveyance is subject to this Covenant, provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed, or other instrument hereafter executed conveying the Project Owner's interest in the Property or portion thereof provides that such conveyance is subject to this Covenant.

Section 12. Governing Law and Venue: This Declaration shall be construed and enforced pursuant to the laws of the State of Arizona, excluding all principles of choice of laws, conflict of laws and comity. Any action pursuant to a dispute under this Declaration must be brought in Coconino County and no other venue. All meetings to resolve said dispute, including voluntary arbitration, mediation, or other alternative dispute resolution mechanism, will

take place in this venue. The Parties both waive any defense that venue in Coconino County is not convenient.

Section 13. RESERVED.

Section 14. Costs, Including Attorneys' Fees: If any legal services by an attorney are required to enforce the requirements of this Declaration or any of the Loan Documents, the prevailing party will be reimbursed by the other party for all costs and expenses of such action, including reasonable attorneys' fees, and if in legal action costs and expense of such action, including reasonable attorneys' fees as may be fixed by the court.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Project Owner has caused this Declaration to be executed by its duly authorized officers and the corporate seal to be affixed hereto on the day and year first above-written.

PROJECT OWNER:

FLAGSTAFF SHELTER SERVICES, INC.
AN ARIZONA NONPROFIT
COROPRATION

BY:_____

ITS:_____

AKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____)

This Declaration was signed and acknowledged before me this _____ day of _____, 2025, by _____, as _____ of Flagstaff Shelter Services, Inc., on behalf of the company(ies) and pursuant to authority given to him by said company(ies). He is personally known to me or has produced _____ as identification.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

Print Name:_____

My Commission Expires: _____

CITY:

CITY OF FLAGSTAFF, ARIZONA, A MUNICIPAL CORPORATION OF THE STATE OF ARIZONA

ATTESTED:

_____
Print Name: _____
Title: _____

By: _____
Print Name:_____
Title: _____

ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____)

This Declaration was signed and acknowledged before me this _____ day of _____, 2025, by _____, as _____ of the City of Flagstaff on behalf of the City. She/He is personally known to me or has produced _____ as identification.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

Print Name:_____

My Commission Expires: _____

Exhibit A
Legal Description Of The Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF COCONINO, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

PROMISSORY NOTE

PROJECT: THE LANTERN

Date: December___, 2025

Amount: $1,100,000.00

Loan Period: 30 years

FOR VALUE RECEIVED, FLAGSTAFF SHELTER SERVICES, INC., an Arizona nonprofit corporation ("Borrower,") promises to pay to the order of the City of Flagstaff, Arizona, a municipal corporation of the State of Arizona, ("Lender") the original principal amount of One Million One Hundred Thousand and 00/100 Dollars ($1,100,000.00) (the "Loan").

LOAN PAYMENT: Borrower shall pay the outstanding principal of the indebtedness evidenced by this Promissory Note ("Note"), and all other charges and indebtedness provided herein, at the times and in the manner provided in this Note. The interest rate on the loan shall be zero percent (0%) simple interest; provided, however, interest at the rate of ten percent (10%) on the unpaid balance of the Note shall accrue annually commencing upon the Event of Default and continuing thereafter until such date as the Default is cured as detailed below. If any amounts due and owing under this Note is reduced to judgment, such judgment shall bear interest at the highest rate permissible under applicable law.

The date the Loan will mature is **[_____, 2055]** (hereinafter referred to as the "Maturity Date"), at which time the full outstanding principal balance of the Loan will be immediately due and payable. No interest and no payments are required during the thirty (30) years of the term of the Loan if the Borrower has not otherwise defaulted on the Loan and if the affordable units in the Development continuously meet affordability and maintenance requirements as determined by the Lender in its sole discretion.

This Note and the principal amount of the indebtedness evidenced by this Note may be forgiven in the sole and absolute discretion of the Lender if the Borrower is in compliance with the requirements of that certain Funding Agreement (referred to herein as the "Loan Agreement") and that certain Declaration of Restrictive Covenants in favor of the Lender in connection with the Development (the "Declaration"). For purposes hereof, "Development" shall mean The Lantern development, which including one hundred three (103) affordable units and all other improvements now or hereafter to be constructed by Borrower on the land described on **Exhibit "A"** hereto. Notwithstanding the foregoing, interest accruing as a result of an Event of Default or Default, shall not be forgiven and will be due and payable upon demand of the Lender.

SECURITY: This Note is secured by and is entitled to the benefits of the security interest granted in the Loan Agreement and the rights, benefits and interests granted in the Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, executed or to be executed by the Borrower for the benefit of the Lender (the "Deed of Trust") and encumbering the property more particularly described in the Deed of Trust. Payment and performance of the obligations set forth in the Loan Documents shall be non-recourse to Borrower and Borrower's general and limited partners.

DEFAULT & ACCELERATION: Lender shall have the optional right to declare the total unpaid balance of the Note to be due and forthwith, payable in advance of the Maturity Date of any sum due or installment, as fixed herein, upon the occurrence of any Event of Default.

Any of the following events, subject constitute a default (an "Event of Default" or "Default") and the Lender may at its option exercise any of its remedies at law or equity including without limitation causing Borrower's immediate repayment of the Loan, notwithstanding the Borrower bringing the Loan into compliance or curing the Default:

(a) Failure to Comply with the Loan Agreement, the Declaration, or this Note. If Borrower fails to bring the Development into compliance with any term or provision of the Loan Agreement, the Declaration, or this Note, after written notice and reasonable opportunity to cure period of time not to exceed thirty (30) days, or longer period of time agreed upon by Lender in writing in its sole discretion, then such non-compliance constitutes an Event of Default.

(b) Bankruptcy. If there is filed by or against the Borrower a petition in bankruptcy or a petition for the appointment of a receiver or trustee of the property of the Borrower, and any such petition not filed by the Borrower is not dismissed within ninety (90) days of the date of filing; or if the Borrower files a petition for reorganization under any of the provisions of the United States Bankruptcy Code or of any similar law, state, federal, or foreign, and any such petition is not dismissed within ninety (90) days of the date of filing, or if either of them makes a general assignment for the benefit of creditors or makes any insolvency assignment or is adjudicated insolvent by any court of competent jurisdiction, any of which, in the reasonable judgment of the Lender, will cause material interference with the timely completion of the Improvements; or

(c) Payment. The Borrower fails to make any payment of principal or interest required under the Note when due; or

(d) Breach of Covenants, Warranties and Representations. If any warranty or representation made by the Borrower or pursuant to the terms of the Loan Documents shall be false or misleading in any material respect, or if the Borrower shall fail to keep, observe or perform any of the terms, covenants, representations or warranties contained in the Loan Documents (provided, that with respect to nonmonetary Events of Default, the Lender shall give written notice to the Borrower, who shall have thirty (30) days after the date of the written notice to cure, which time may be reasonably extended by the Lender, provided that if Borrower cannot reasonably cure within thirty (30) days, Borrower shall be entitled to such additional period of time as is the Lender deems appropriate in its sole discretion for Borrower to cure such nonperformance, and that with respect to monetary Events of Default, the Borrower shall have a five (5) day grace period), or is unable or unwilling to meet its obligations thereunder; or

(d) Failure to Comply with Requirements of Adaptive Reuse Bond Program ("ARBP"). If at any time the Borrower or Development is not in compliance with requirements associated with the ARBP established by City of Flagstaff Resolution No. 2025-24 , after written notice and reasonable opportunity to cure period of time not to exceed thirty (30) days, or longer period of time agreed upon by Lender in writing in its sole discretion, then such non-compliance constitutes an Event of Default and the ARBP Funds will be immediately due and payable to the Lender.

ESTOPPEL/WAIVER: Failure of Lender to declare a Default shall not constitute a waiver of such default. Furthermore, any Lender waiver of any Default shall not be construed to waive any subsequent or Default or estop Lender from seeking enforcement of this Note.

PREPAYMENT: Borrower reserves the right to prepay at any time all or part of the principal amount of this Note without the payment of penalties or premiums. All payments of this Note, prior to default, shall be first applied to reduce the principal amount of this Note and second to the payment of interest, if any. Upon Borrower's payment in full of the entire indebtedness under this Note, Lender shall promptly release the Declaration and the Deed of Trust and record a satisfaction of the Deed of Trust and a release of covenant, as well as any other documents required to be recorded to evidence the foregoing releases, in the public records of Coconino County, Arizona.

COSTS & ATTORNEYS' FEES: If any legal services by an attorney are required to enforce the requirements of this Note or any of the Loan Documents, the prevailing party will be reimbursed by the other party for all costs and expenses of such action, including reasonable attorneys' fees, and if in legal action costs and expense of such action, including reasonable attorneys' fees as may be fixed by the court.

PARTIES: The words "Borrower" and "Lender" in this Note shall be construed to include the respective heirs, personal representatives, successors, and assigns of the Borrower and the Lender.

SUBORDINATION: The rights of the Lender to payment of the indebtedness evidenced by this Note and other Loan Documents shall be subordinate to the Arizona Department of Housing State Fiscal Recovery Funds loan of three million six-hundred fifty-one thousand three-hundred and one dollars ($3,651,301.00), recorded on_____. 20___, instrument no. XXX in the official records of the Coconino County Recorder and used for the acquisition of the Property. Lender agrees to notify the Arizona Department of Housing ("Department") of a default under this Note and to a ninety (90) day standstill after notification of the default for the purpose of Lender and Department coordination of efforts to preserve the Property in accordance with the remedies outlined in each parties funding/loan documents.

CONSTRUCTION AND VENUE: Each party covenants and agrees that any and all legal actions arising out of or connected with this Note shall be instituted in the Superior Court for Coconino County, Arizona, or in the United States District Court for the District of Arizona, as the exclusive forums and venues for any such action, subject to any right of either party to removal from state court to federal court, which is hereby reserved, and each party further covenants and agrees that it will not institute any action in any other forum or venue and hereby consents to immediate dismissal or transfer of any such action instituted in any other forum or venue. This Note is entered into within, and with reference to the internal laws of, the State of Arizona, and shall be governed, construed and applied in accordance with the internal laws (excluding conflicts of law) of the State of Arizona.

LOAN AGREEMENT: This Promissory Note is subject to the terms and conditions of the Loan Agreement of even date between the parties hereto, and the terms and conditions of such Loan Agreement are incorporated by reference herein to the same extent, force, and effect as if they were fully set forth herein. The terms of the Loan Agreement and this Promissory Note should be construed in such manner as not to render any term meaningless or void. However, in the event of a conflict between the terms of this Promissory Note and the Loan Agreement, the Loan Agreement shall govern.

AMENDMENTS. No amendment, modification, change, waiver, release, or discharge hereof and hereunder shall be effective unless evidenced by an instrument in writing and signed by the party against whom enforcement is sought.

NOTICE. All notices mut be provided as set forth in the Loan Agreement.

TIME OF ESSENCE. Time is of the essence in the performance of each and every obligation of the Borrower hereunder.

ASSIGNMENT, CONVEYANCE, TRANSFER OF THIS NOTE. The obligations of the Borrower under this Note may not be assigned or transferred in whole or in part without the prior written approval of the Lender and then only upon such terms and conditions as the Lender may approve in its reasonable discretion. Any attempted assignment or transfer of this Note without such prior written approval will be automatically null and void.

IN WITNESS WHEREOF, this Note has been duly executed by Borrower as of the day and year first written above.

BORROWER

FLAGSTAFF SHELTER SERVICES, INC., an Arizona nonprofit corporation

BY: _____

ITS: _____

ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____)

The Promissory Note was signed and acknowledged before me this _____ day of _____, 2025, by _____, as _____ of Flagstaff Shelter Services, Inc., on behalf of the company(ies) and pursuant to authority given to him by said company(ies). He is personally known to me or has produced _____ as identification.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

Print Name:_____
My Commission Expires: _____

PROMISSORY NOTE
THE LANTERN

Exhibit "A"

Legal Description

When recorded, return to:
City Clerk
211 W. Aspen Avenue
Flagstaff, Arizona 86001

FUNDING AGREEMENT

THE LANTERN

2440 East Lucky Lane, Flagstaff, Arizona 86004

THIS FUNDING AGREEMENT (this "Agreement"), dated as of _____, 2025, is made and entered into by and between FLAGSTAFF SHELTER SERVICES, INC., an Arizona nonprofit corporation, (the "Borrower") and CITY OF FLAGSTAFF, ARIZONA, a municipal corporation of the State of Arizona (the "City").

R E C I T A L S

A. Proposition 442 was approved by the voters November 8, 2022, which had as one of its funding categories, "Repurpose Existing Buildings into Rental Units".

B. City Resolution 2023-51 established the City of Flagstaff Rental Incentive Bond Program allocating approximately five million dollars ($5,000,000) in General Obligation Bond Funds for such purpose.

C. The Adaptive Reuse Bond Program ("ARBP" or "Program") was approved by the City Council on September 2, 2025, as evidenced by City Resolution 2025-44, its purpose to provide loans to eligible for profit and nonprofit developers of rental housing to create new rental housing from existing buildings within the City, specifically to repurpose and rehabilitate existing buildings into new affordable rental units to house and serve residents at or below eighty percent (80%) area median income ("AMI") with a maximum household income of one hundred percent (100%) AMI.

D. The ARBP will be funded with three million dollars ($3,000,000) of the $5,000,000 Rental Incentive Bond Program funds described in Recital B. For the purposes of the Program, 'Adaptive Reuse' is defined as repurposing and/or rehabilitating any existing building for the creation of new affordable residential units and is defined more specifically in the Flagstaff Zoning Code.

E. The City made available the Program funds through an open call for applications and through its evaluation process identified Borrower to receive an award of funds from the ARBP ("ARBP Funds"), which will be in the form of a loan to Borrower.

F. Borrower has a fee simple interest in certain real property located in Flagstaff, Arizona, more particularly described in **Exhibit "A"** attached hereto and made a part hereof (the "Land").

G. The City subject to the Borrower's agreement to and compliance with the terms and conditions of the ARBP award and the ARBP Funds documents, which include this Agreement, the Promissory Note, Deed of Trust (With Assignment of Rents and Security Agreement and Fixture Filing) ("Deed of Trust"), Declaration of Restrictive Covenants, and such other documents as the City in its sole discretion shall determine necessary, agrees to provide to Borrower a loan under in the original principal amount of One Million One Hundred Thousand and 00/100 Dollars ($1,100,000.00) of ARBP Funds (the "Loan") for the construction of one hundred three (103) units (the "Improvements"), which will include one hundred three (103) affordable units serving households up to eighty percent (80%) AMI, and be known as The Lantern. The Land and the Improvements are referred to collectively hereafter as the "Development."

H. The Borrower and the City have negotiated the terms and conditions of, and wish to enter into, this Agreement in order to set forth the terms and conditions of the disbursement of the Loan and specific terms and conditions concerning the ARBP Funds as indicated herein.

I. Except as otherwise specified herein, capitalized terms used herein, including the Recitals, shall have the meanings set forth in Paragraph 2 of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. INCORPORATION OF RECITALS. The above Recitals are true and correct and are incorporated into and made a part hereof.

2. DEFINITIONS. As used in this Agreement the terms listed below shall have the following meanings unless otherwise required by the context:

ADOH Restriction: The Declaration recorded on ____, 2025 in the official records of the Coconino County Recorder in consideration for funds used to acquire the land underlying the Development.

Completion Date: On or before November 10, 2025. The Completion Date shall mean such date when the City of Flagstaff has issued a Certificate of Occupancy for the Lantern project.

Construction Contract: The general construction contract between the Borrower and the General Contractor for the installation and construction of the Improvements.

Contractor or General Contractor: Straightline Builders, Inc. an Arizona corporation.

Declaration: that certain Declaration of Restrictive Covenants by the Borrower in favor of the City in connection with the Loan.

Developer: Flagstaff Shelter Services, Inc.

Events of Default: As defined in Section 10 of this Agreement.

Final Plans: The plans and specifications for the construction or rehabilitation of the Improvements and all amendments and modifications must be reviewed and approved by the City prior to the disbursement of the Loan.

Loan Documents: The Note, this Agreement, Deed of Trust, the Declaration and all other documents evidencing or securing the Loan.

Note: That certain Promissory Note dated as of the date hereof, in the principal amount of One Million One Hundred Thousand and 00/100 Dollars ($1,100,000.00) by the Borrower to the City, evidencing the Loan pursuant to the Loan Documents, as may be amended, modified or supplemented from time to time.

Bylaws: The Bylaws of the Borrower dated as of _____, 202_.

State: Shall mean the state of Arizona.

3. THE LOAN.

The City will make the Loan to the Borrower subject to the terms and conditions set forth herein, and the Borrower agrees to the Loan and expressly agrees to comply with and perform all of the terms and conditions of the Loan Documents.

(a) Disbursement and Use of ARBP Funds. The City will disburse the proceeds of the Loan to Borrower within ten (10) days after execution of this Agreement, after the recordation of the Deed of Trust and Declaration. Funds shall be used as outlined in the Borrower's application for "gap financing" to complete construction of an affordable housing project that meets the requirements of the ARBP as established in City of Flagstaff Resolution No. 2025-44.

(b) Term. The term of the Loan shall be thirty (30) years from the disbursement of the ARBP Funds.

(c) Security. The Loan shall be evidenced by the Note and the other Loan Documents as herein provided.

(d) Interest and Payments. No interest and no payments are required during the Term of the Loan if the Borrower has not otherwise defaulted on the Loan and if the affordable units in the Development continuously meet affordability and maintenance requirements as determined by the City in its sole discretion.

(e) Loan Forgiveness. Upon Borrower's strict compliance with the Loan Documents throughout the entire Term, the City may, in its sole discretion, forgive the balance

of the Loan consistent with the ARBP Award and as more specifically described in the Promissory Note. The minimum required affordability period is thirty (30) years from the Certificate of Occupancy and shall be sustained regardless of any transfer of ownership, such transfer subject to the terms and conditions of the Loan Documents.

4. CONSTRUCTION OF IMPROVEMENTS.

(a) Commencement and Completion. The Borrower shall cause construction of the Improvements to be prosecuted with reasonable diligence and dispatch so that the Improvements are completed substantially in accordance with the Final Plans on or before the Completion Date, free and clear of all liens or claims for materials, labor, services, or other items furnished in the construction of the Improvements, and in full compliance with all building, zoning and other applicable local, state and federal ordinances and regulations. The Completion Date shall be extended for Unavoidable Delays (as defined below). Completion of the Improvements shall be evidenced by issuance of a certificate of occupancy or completion on all of the Improvements by the governmental authorities having jurisdiction over the Development. "Unavoidable Delays" is defined as delays due to strikes, pandemics, blackouts, acts of God, restrictions of any governmental authority, failure or inability to secure materials or labor by reason of priority or similar regulation or order of any governmental authority, enemy action, civil disturbance, fire, inclement weather, or any other act beyond the reasonable control of the Borrower, (excluding, however, the inability or failure of the Borrower to obtain any financing which may be necessary to carry out its obligations under this Agreement), provided, however, within fifteen (15) days after the termination of the occurrence which caused any such delay, the Borrower shall have given written notice to the City of the cause of the delay and the period of time during which it existed, and the period of Unavoidable Delay shall be such period of time during which the particular delay existed or such longer period of time as the City, in its reasonable discretion, may determine.

(b) Right of City to Inspect. The City and any other agent or representative of the City shall have the right to enter the Development during normal business hours for the purpose of inspecting the construction and the Improvements upon forty-eight (48) hours prior written notice to the Borrower. The Borrower shall cause the General Contractor and all subcontractors and suppliers to cooperate with the City and such agents and representatives in the exercise of their rights and performance of their duties hereunder. This provision shall not impose on the City any obligation to inspect or to correct any defects discovered or to notify any person with respect thereto.

(c) Unit Availability for Occupancy. Units must be available for occupancy within twenty-four (24) months of the Borrower receiving notification of an award of Program Funds.

5. CONDITIONS TO THE EXECUTION OF THIS AGREEMENT BY CITY. The conditions listed below are conditions precedent to City's execution hereof and shall be complied with in form and substance satisfactory to City and its counsel prior to City's execution hereof:

(a) [Reserved.]

(b) Survey. The Borrower shall deliver to City a current survey of the Development, certified to the City.

(c) Contracts. The Borrower shall deliver to the City an executed copy of the Construction Contract.

(d) Note. The Note shall be duly authorized, executed and delivered by the Borrower to the City.

(e) Deed of Trust. The Deed of Trust shall be duly authorized and delivered by the Trustor to the City.

(f) Declaration. The Declaration shall be duly authorized, executed and delivered by the Borrower to the City.

(g) Organizational Documents. To the extent applicable, the Borrower shall deliver to the City the following documents:

i. The Certificate of Incorporation of the Borrower, or, if the Borrower is a limited partnership, the Certificate of Limited Partnership of the Borrower and all amendments thereto, or, if the Borrower is a limited liability company, the Articles of Organization of the Borrower and all amendments thereto, and the Certificate of Incorporation of any corporate general partners or managing members, as applicable, of the Borrower certified by the appropriate official of the state of their incorporation, together with a certificate of such official to the effect that each such entity is in good standing therein;

ii. A good standing certificate of the Borrower from the Arizona Corporation Commission;

iii. Articles of Incorporation and Bylaws of the Borrower, if a corporation, certified by the Secretary of such corporation; or Limited Partnership Agreement of the Borrower, if a limited partnership; or Articles of Organization and Operating Agreement of the Borrower, if a limited liability company;

iv. Incumbency certificates identifying the officers and directors of the Borrower or its General Partner or its Managing Member, as applicable, certified by the Secretary of such entity;

v. Certified resolutions of the Board of Directors of the Borrower or the corporate general partners or managers of Borrower, as applicable, authorizing the execution and delivery of the Loan Documents, and all other documents necessary or desirable for the consummation of the transactions contemplated by this Agreement; and

vi. Certified resolutions of the Borrower or its General Partner or its Managing Member, as applicable, authorizing the execution and delivery of the Loan Documents, and all other documents necessary or desirable for the consummation of the transactions contemplated by this Agreement.

(h) Insurance. The insurance requirements are attached hereto as **Exhibit "B"** and incorporated herein by reference and include the requirements of this paragraph. Borrower shall deliver evidence satisfactory to the City of the existence of public liability, builder's risk, permanent hazard/all risks, flood (if applicable) and worker's compensation insurance and any other reasonable insurance coverage. Borrower agrees that it shall immediately notify the City upon receiving notice of cancellation, modification or non-renewal of any policy. Borrower agrees that the City shall have the right to take any action necessary to continue said insurance in full force and effect including, but not limited to, paying premiums. Any funds advanced to continue said policies in full force and effect shall be considered as advances hereunder and shall bear interest from the date of disbursement at the default rate set forth under the Loan Documents.

(i) Other Documents. The Borrower shall deliver to the City such other documents and information as the City may reasonably require.

(j) Representations and Warranties. The representations and warranties of the Borrower as set forth in this Agreement and the Loan Documents shall be true and correct in all material respects at the time made.

6. EXPENSES. The Borrower shall pay all reasonable, third-party fees and charges actually incurred in the procuring and making of the Loan, if applicable, and all other reasonable, third-party expenses actually incurred by the City during the term of the Loan, including without limitation the title company's fees and premiums, charges for examination of title to the Development, expenses of surveys, legal fees and costs, and recording expenses. The Borrower shall also pay any and all insurance premiums, taxes, assessments, water rates, sewer rates and other charges, liens and encumbrances upon the Development, any other expenses shown as part of the total development cost, and any other amounts necessary for the payment of the cost of the Improvements.

7. SPECIAL PROVISIONS APPLICABLE TO LOANS UNDER THE ARBP AWARD. The Borrower expressly agrees to the following terms and conditions:

(a) Set Asides and Rent Level Requirements. The Borrower shall comply with the set asides, rent restrictions, demographic commitment and other requirements set forth in the Loan Documents.

(b) Compliance with the ARBP NOFA. Without limitation, and notwithstanding anything to the contrary herein, the ARBP Funds shall only be used for costs relating to the pre-development and construction of the affordable rental housing units in the Development. The ARBP Funds shall not be used for fees or costs related to the construction of new freestanding buildings, market-rate units in the project, complete demolition of buildings, renovation of existing residential units, or the improvement of undeveloped land If Borrower fails to comply with the

terms of ARBP Award and Loan Documents, the Loan will be deemed in default and it shall be required to immediately repay to the City the ARBP Funds.

(c) No Discrimination. The Borrower shall not discriminate on the basis of race, religion, color, sex, familial status, national origin or disability in the lease, use or occupancy of the Development. Age discrimination and discrimination against minor dependents, except when units are specifically being held for the elderly is also not permitted. Notwithstanding the foregoing, Borrower and City may mutually agree to amend this Funding Agreement to allow for a facility that serves community needs of a specific group or category of persons requiring services so long as such operations are consistent with applicable laws and Arizona Department of Housing grant conditions.

(d) Prepayment Penalty. The Loan shall not be subject to any prepayment penalty.

(e) Sale, Transfer, or Refinancing of the Development. Any attempted sale, transfer, conveyance, of the Development, unless approved in writing by the City, is strictly prohibited and all principal and interest, as well as all other obligations due or accrued under the Loan Documents, shall be due immediately.

(f) Uniform Administrative Requirements. Borrower shall comply with the applicable portions of the Uniform Administrative Requirements, Cost Principals and audit requirements found in 2 CFR 200. Borrower shall retain all records pertaining to this Agreement, regardless of the form of the record (e.g. paper, film, recording, electronic), including but not limited to financial records, supporting documents, statistical records, and any other documents (hereinafter referred to as "Records") for a period of five (5) fiscal years after all reporting requirements are satisfied and final payments have been received, or if an audit has been initiated and audit findings through ligation or otherwise.

(g) Relocation of Tenants. If federal funding is being used for the Development or required by ADOH, the Borrower shall comply with the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. s. 4601-4655) and implementing regulations.

(h) Lead-Based Paint. The Development is subject to the requirements of 24 C.F.R. Part 35.

(i) Debarment and Suspension. Borrower hereby certifies that neither it nor any of its partners, members or principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in receiving ARBP Program funds.

(j) Flood Insurance. In accordance with the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), ARBP Program funds may not be used with respect to the acquisition, new construction or rehabilitation of a Development located in an area identified by the Federal Emergency Management Agency ("FEMA") as having special flood hazards unless the community in which the Development is located is participating in the national flood insurance program; therefore, the Borrower hereby certifies that the Development is either not located in an area identified by FEMA as having special flood hazards or, if the Development is located in an

area identified by FEMA as having special flood hazards, that the community in which the Development is located is participating in the national flood insurance program.

(k) Property Standards for Construction. The Development must meet the following requirements including, but not limited to, (i) the accessibility requirements of 24 CFR part 8, which implements section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), (ii) Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable, and (iii) the energy efficiency standards established pursuant to section 109 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12709).

(l) VAWA Requirements. The Borrower agrees to comply with the Violence Against Women Act (VAWA) requirements set forth in 24 CFR part 5, subpart L, including notice obligations and obligations under the emergency transfer plan.

(m) Citations. In the event that any of the citations listed herein are changed, modified, amended or corrected, Borrower agrees to comply with any and all applicable, similar statutes, rules or regulations.

(n) Cooperation. The Borrower shall cooperate fully, as and to the extent requested by the City, in connection with any audit or report required under the Act and the rules promulgated thereunder and with any other audit or reporting requirements under federal, state, or local law. Such cooperation shall include the retention and provision of records and information reasonably relevant to any such report or audit and making employees and agents available to provide additional information and explanation of any material provided under this Agreement.

(o) Reports. The Borrower shall provide the City with annual reports and a close-out report. These reports shall include the current status and progress by the Borrower in completing the Improvements and the expenditure of funds under this Agreement, in addition to any other information requested by the City. Quarterly reports are due to the City no later than thirty (30) days after the end of each calendar quarter of the year and shall be sent each quarter until submission of the administrative close-out report.

(p) Required certifications. Each report must include a certification, signed by an official who is authorized to legally bind the Borrower.

8. WARRANTIES AND REPRESENTATIONS OF THE BORROWER. The Borrower represents and warrants as of the date hereof, as follows:

(a) Organization Status. If a partnership, the Borrower is duly organized, is in good standing as a limited partnership under the laws of the State and the state of its organization, if different; further, each general partner of the Borrower if a corporation or a limited liability company, is duly organized and in good standing under the laws of the State and the state of incorporation or organization, if different. If a corporation, the Borrower is duly organized, is in good standing as a corporation under the laws of the State and the state of its organization, if different. If a limited liability company, the Borrower is duly organized, is in good standing as a limited liability company under the laws of the State and the state of its organization, if different.

(b) Construction and Compliance with Laws. There is no violation of any applicable zoning, building or any other local, state or federal laws, ordinances and regulations existing with respect to the anticipated use and construction of the Development; the Borrower shall obtain all licenses, permits and approvals required by all local, state and federal agencies regulating such construction and use; and the Borrower is in compliance with all laws, regulations, ordinances and orders of all governmental authorities having jurisdiction over the Development.

(c) Suspension/Debarment . Borrower certifies, for itself and all its contractors and subcontractors, that as of the date of its execution of this Agreement, neither Borrower nor any of its contractors, subcontractors or suppliers are under suspension or debarment by the State of Arizona, the federal government or any governmental entity, instrumentality or authority and, if Borrower cannot so certify, then it agrees to submit with this Agreement a written explanation of why such certification cannot be made.

(d) Authority to Enter into Loan Documents. The Borrower has full power and authority to enter into the Loan Documents and consummate the transactions contemplated hereby, and the facts and matters expressed in the opinions of its legal counsel are true and correct.

(e) Validity of Loan Documents. The Loan Documents have been approved by those people who have proper authority, and are in all respects legal, valid and binding according to their terms.

(f) Priority of Lien on Personalty. Except as previously disclosed in writing to the City or in the Title Insurance Policy, no chattel mortgage, bill of sale, security agreement, financing statement or other title retention agreement has been or will be executed with respect to any personal property, chattel or fixture used in conjunction with the construction, operation, or maintenance of the Improvements as described.

(g) Conflicting Transactions of the Borrower. The consummation of the transaction hereby contemplated and the performance of the obligations of the Borrower under and by virtue of the Loan Documents will not result in any breach of, or constitute a default under, any lease, bank loan or credit agreement, or other instrument to which the Borrower is a party or by which it may be bound or affected.

(h) Pending Litigation. Except for actions, suits or proceedings which have been specifically disclosed to and approved by the City in writing, there are no actions, suits or proceedings before or by any court or governmental authority, pending, threatened or affecting the Borrower or the Development which, if determined adversely to the Borrower or the Development, would have a materially adverse effect on the financial condition, properties, businesses or operations of the Borrower or the Development, or which may prevent or interfere with or adversely affect the Borrower entering into the Loan Documents, or the Borrower's ability to perform its obligations under the Loan Documents, or involving the validity of the Loan Documents, and, to the Borrower's knowledge, Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any governmental authority.

(i) Advertising. Subject to applicable laws, rules and regulations, during the period of the construction of the Improvements, the City shall have the right to install and maintain on the Development one or more signs identifying the City, or to be identified on such signs installed by others, as one of the institutions financing the Development. A sign or signs will be provided by the City and erected at the Borrower's expense. In connection with any leasing of the Development, or any portion thereof, which has been approved by the City, the Borrower will not use any promotional advertising or other material using the City's name without first obtaining City's prior written approval thereof, which approval shall not be unreasonably withheld.

(j) Hazardous Waste. The Borrower is in compliance in all material respects with all provisions of the Federal Water Pollution Control Act, Comprehensive Environmental Response, Compensation and Liability ("Superfund") Act of 1980 and other similar federal, state and local statutory schemes imposing liability on the Borrower relating to the generation, storage, impoundment, disposal, discharge, treatment, release, seepage, emission, transportation or destruction of any sewage, garbage, effluent, asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs), toxic, hazardous or radioactive materials, petroleum products, pesticides, smoke, dust, or any other form of pollution as such laws are in effect as of the date of this Agreement and with any rules, regulations and orders issued by any federal, state or local governmental body, agency or authority thereunder and with any orders or judgments of any courts of competent jurisdiction with respect thereto, and no assessment, notice of (primary or secondary) liability or notice of financial responsibility, or the amount thereof, or to impose civil penalties has been received by the Borrower. The Borrower has paid any environmental excise taxes, imposed upon it with respect to the Development pursuant to Sections 4611, 4661 or 4681 of the Internal Revenue Code of 1986, as from time to time amended.

(k) Representations and Warranties in Loan Documents. All of the representations and warranties of Borrower contained in the other Loan Documents are true and correct in all material respects and are incorporated herein by reference as if set out in full.

(l) Other Financing. The Borrower has not received any other financing for the construction of the Improvements other than the Loan, and the State Housing Trust Fund and Homeless Shelter and Services Fund Loan from the Arizona Department of Housing.

(m) Labor and Materials. All labor and materials contracted for in connection with the construction of the Improvements shall be used and employed solely on the Land in said construction and only in substantial accordance with the Final Plans.

(n) Contractor and Other Contractors. The Construction Contract and all other contracts with architects, engineers and other professionals, which have been or will be executed, are in full force and effect and are the legal, valid and binding obligations of the General Contractor and each other contractor, as applicable, enforceable in accordance with the respective terms thereof; the General Contractor is a duly licensed general contractor under the laws of the State of Arizona; and each other professional is a duly licensed professional under the laws of the State of Arizona.

(o) Payments of Taxes. The Borrower and each of the guarantors, if any, has filed or caused to be filed, or will file or cause to be filed, all federal, state and local tax returns that are required to be filed and has paid or caused to be paid all taxes as shown on such returns or on any assessment received by it, to the extent that such taxes have become due.

(p) O.S.H.A. and Environmental Matters. The Borrower has duly complied with, and its properties are in full compliance in all material respects with, the provisions of the Federal Occupational Safety and Health Act, the Environmental Protection Act, and the Resource Conservation and Recovery Act ("RCRA") and all rules and regulations thereunder and all similar state and local laws, rules and regulations, including but not limited to any and all of the foregoing relating in any manner to underground tanks and other storage facilities or equipment and the removal and disposal of asbestos; there have been no outstanding citations, notices or orders of noncompliance issued to Borrower relating to its businesses or properties under any such laws, rules or regulations.

(q) ADA Compliance. That to the best of its knowledge, and to the extent applicable, the Development complies and shall comply with the Americans With Disabilities Act of 1990, as implemented by 28 C.F.R. Part 35, as amended (the "ADA"); and to the extent any renovation or changes are required to be made to the Development, so as to have the Development comply with and meet all the requirements of the ADA, the Borrower shall, at its expense, promptly and immediately undertake said renovations or improvements. Furthermore, the Borrower indemnifies the City from and against all claims, damages, fines, penalties, losses, expenses (including costs and reasonable attorneys' fees), liabilities and obligations arising out of or relating to any breach by the Borrower of this representation or the fact that the Development is not in compliance with the ADA.

9. ADDITIONAL AND CONTINUING COVENANTS OF THE BORROWER.

The Borrower covenants and agrees with the City as follows:

(a) Compliance with Laws. The Borrower will comply promptly with all federal, state and local laws, ordinances and regulations relating to the construction, use, and leasing of the Development, and will obtain and keep in good standing all necessary licenses, permits and approvals required or desirable for construction and use of the Improvements.

(b) Brokerage Commissions. The Borrower will not knowingly engage in any activity or enter into any relationship which will give rise to any loan or brokerage commission with regard to the Loan, and the Borrower will indemnify the City from the claims of brokers arising by reason of the execution hereof or the consummation of the transactions contemplated hereby.

(c) The Borrower to Maintain Bookkeeping System. The Borrower shall maintain a bookkeeping system for the Development in form and content sufficient for the City to conduct reviews, inspections, certifications and reports required by this Agreement. The City shall have full (but confidential) access during normal business hours and after written notice to the Borrower, to the books, records and contracts pertaining to the Development, the Borrower and the General Contractor to determine the accuracy, correctness and reasonableness of the sum advanced

hereunder. Borrower shall retain all records pertaining to this Agreement, regardless of the form of the record (e.g. paper, film, recording, electronic), including but not limited to financial records, supporting documents, statistical records, and any other documents (hereinafter referred to as "Records") for a period of five (5) fiscal years after all reporting requirements are satisfied and final disbursements have been received, or if an audit has been initiated and audit findings through ligation or otherwise.

(d) Collection of Insurance Proceeds. The Borrower will cooperate with the City in obtaining for the City the benefits of any insurance or other proceeds lawfully or equitably payable to it in connection with the transaction contemplated hereby and the collection of any indebtedness or obligation of the Borrower to the City incurred hereunder (including the payment by the Borrower of the expense of an independent appraisal on behalf of the City in case of a fire or other casualty affecting the Development).

(e) Consolidation, Merger, Entity Status. The Borrower shall not consolidate with or merge into any other partnership, corporation or limited liability company, or permit another partnership, corporation or limited liability company to merge into it, or voluntarily or involuntarily fail to maintain its current status.

(f) Further Assurances and Preservation of Security. The Borrower will do all acts and execute all documents for the better and more effective carrying out of the intent and purposes of this Agreement, as the City shall reasonably require from time to time, and will do such other acts necessary or desirable to preserve and protect the collateral at any time securing or intending to secure the Note, as the City may require.

(g) Utilization of Loan Proceeds. The Borrower will utilize the proceeds of the Loan solely for eligible uses under the Laws and Regulations.

(h) No Assignment. The Borrower shall not assign this Agreement or any interest therein, and any such assignment shall be void and of no effect.

(i) Rights Inferior. The City shall not be liable to materialmen, contractors, subcontractors, sub-subcontractors, laborers, suppliers or others for goods or services delivered by them in or upon the Land or employed in the construction of the Improvements, or for any debts or claims accruing to any of said parties against the Borrower or against the Development , and it is distinctly understood and agreed that there is no contractual relationship, either express or implied, between the City and any materialmen, contractors, sub-contractors, sub-subcontractors, craftsmen, laborers or any person supplying any work, labor or material.

(j) Borrower's Rights Assigned. The Borrower hereby assigns to the City, effective however, only after an Event of Default and the expiration of applicable cure periods, all rights of the Borrower under its contract with the General Contractor and under its contracts with any other professionals, and the City shall have the option after an Event of Default, and the expiration of applicable cure periods, in its sole discretion and in addition to any other rights and remedies the City may have, to exercise its rights under this assignment. Nothing herein shall be construed, however, to require the City to exercise any rights under this paragraph.

10. DEFAULT. Upon the occurrence of any of the following events and subject to the expiration of any applicable cure periods (an "Event of Default") all obligations on the part of the City shall, if the City elects, terminate, and the City may at its option exercise any of its remedies at law or equity including without limitation causing Borrower's immediate repayment of the Loan. All prior commitments to forgive any portion or all of the Loan shall be terminated and not reinstated notwithstanding the Borrower bringing the Loan into compliance or curing the Default.

(a) Bankruptcy. If there is filed by or against the Borrower a petition in bankruptcy or a petition for the appointment of a receiver or trustee of the property of the Borrower, and any such petition not filed by the Borrower is not dismissed within ninety (90) days of the date of filing; or if the Borrower files a petition for reorganization under any of the provisions of the United States Bankruptcy Code or of any similar law, state, federal, or foreign, and any such petition is not dismissed within ninety (90) days of the date of filing, or if either of them makes a general assignment for the benefit of creditors or makes any insolvency assignment or is adjudicated insolvent by any court of competent jurisdiction, any of which events, in the reasonable judgment of the City, will cause material interference with the timely completion of the Improvements; or

(b) Payment. The Borrower fails to make any payment of principal or interest required under the Note when due; or

(c) Breach of Covenants, Warranties and Representations. If any warranty or representation made by the Borrower or pursuant to the terms of the Loan Documents shall be false or misleading in any material respect, or if the Borrower shall fail to keep, observe or perform any of the terms, covenants, representations or warranties contained in the Loan Documents (provided, that with respect to nonmonetary Events of Default, the City shall give written notice to the Borrower, who shall have thirty (30) days after the date of the written notice to cure, which time may be reasonably extended by the City, provided that if Borrower cannot reasonably cure within thirty (30) days, Borrower shall be entitled to such additional period of time as is the City deems appropriate in its sole discretion for Borrower to cure such nonperformance, and that with respect to monetary Events of Default, the Borrower shall have a five (5) day grace period), or is unable or unwilling to meet its obligations thereunder; or

(d) Failure to Comply with Requirements of ARBP Fund Recipients. If at any time the Borrower or Development is not in compliance with requirements associated with the ARBP Funds, such funds will be immediately due and payable to the City.

11. REMEDIES OF THE CITY. Upon the occurrence and during the continuance of an Event of Default, then the City may, at its option, upon written notice to the Borrower:

(a) Cancel this Agreement.

(b) Commence legal or equitable action to enforce performance of this Agreement.

(c) Accelerate the payment of the Note and the Loan and commence legal and equitable action to collect all such amounts due the City.

(e) Exercise any other rights or remedies the City may have under the Loan Documents referred to in this Agreement or executed in connection with the Loan or which may be available under applicable law.

No right, power or remedy of the City as provided in this Agreement is intended to be exclusive of any other right, power, or remedy of the City, but each and every such right, power and remedy shall be cumulative and concurrent and in addition to any other right, power or remedy available to the City now or hereafter existing at law or in equity and may be pursued separately, successively or concurrently at the sole discretion of the City. The failure of the City to exercise any such right, power or remedy shall in no event be construed as a waiver or release thereof.

12. GENERAL TERMS. The following shall be applicable throughout the period of this Agreement or thereafter as provided herein:

(a) Rights of Third Parties. All conditions of the City hereunder are imposed solely and exclusively for the benefit of the City and its successors and assigns, and no other person shall have standing to require satisfaction of such conditions or be entitled to assume that the City will make the Loan in the absence of strict compliance with any or all thereof, and no other person shall, under any circumstances, be deemed to be a beneficiary of this Agreement or the Loan Documents, any provisions of which may be freely waived in whole or in part by the City at any time if, in its sole discretion, it deems it desirable to do so. In particular, the City makes no representations and assumes no duties or obligations as to third parties concerning the quality of the construction by the Borrower of the Improvements or the absence therefrom of defects.

(b) The Borrower Not City's Agent. Nothing in this Agreement, the Note, or any other Loan Document shall be construed to make the Borrower the City's agent for any purpose whatsoever, or the Borrower and the City partners, or joint or co-venturers, and the relationship of the parties shall, at all times, be that of debtor and creditor.

(c) The City Not Liable for Damage or Loss. All inspections and other services rendered by or on behalf of the City shall be rendered solely for the protection and benefit of the City. Neither the Borrower nor other third persons shall be entitled to claim any loss or damage against the City or against its agents or employees for failure to properly discharge their duties.

(d) The City Not Obligated to Insure Proper Disbursement of Funds to Third Parties. Nothing contained in this Agreement, or the Loan Documents, shall impose upon the City any obligation to oversee the proper use or application of any disbursements and advances of funds made pursuant to the Loan.

(e) Indemnification from Third Party Claims. The Borrower shall indemnify and hold harmless the City, its directors, officers, members, officials, employees and agents (collectively, the "Indemnified Parties"), from any actual, third party liability, claims or losses, including reasonable attorneys' fees and costs, resulting from the disbursement of the proceeds of the Loan

to the Borrower or its designee or from the condition of the Development, whether related to the quality of construction or otherwise, and whether arising during or after the term of the Loan excluding misconduct, bad faith or negligence of any of the Indemnified Parties. This provision shall survive the repayment or termination of the Loan and shall continue in full force and effect so long as the possibility of such liability, claims, or losses exists.

(f) Rights of Subcontractor, Laborers and Materialmen. In no event shall this Agreement be construed to make the City, the Title Company or any agent of the City liable to the General Contractor or any subcontractor, laborers, materialmen, craftsmen, or others for labor, materials, or services delivered to the Development or goods specially fabricated for incorporation therein, or for debts or claims accruing or arising to such persons or parties against the Borrower or the General Contractor. It is distinctly understood and agreed that, other than as specifically provided herein, there is no relationship of any type whatsoever, contractual or otherwise, either express or implied, between the City and the General Contractor, nor is there any such relationship between the City and any materialman, subcontractor, craftsman, laborer or any other person or entity supplying any labor, materials or services to the Development or specially fabricating goods to be incorporated therein. Except as otherwise specifically provided herein, no such persons or entities are intended to be third party beneficiaries of this Agreement or any document or instrument related to the Loan or to have any claim or claims in or to any undisbursed or retained proceeds of the Loan.

(g) Headings. The headings of the sections, paragraphs and subdivisions of this Agreement are for the convenience of reference only, and shall not limit or otherwise affect any of the terms hereof.

(h) Invalid Provisions to Affect No Others/Severability. If performance of any provision hereof or any transaction related hereto is limited by law, then the obligation to be performed shall be reduced accordingly; and if any clause or provision herein contained operates or would prospectively operate to invalidate this Agreement in part, then the invalid part of said clause or provision only shall be held for naught, as though not contained herein, and the remainder of this Agreement shall remain operative and in full force and effect.

(i) Application of Interest to Reduce Principal Sums Due. In the event that any charge, interest or late charge is above the maximum rate provided by law, then any excess amount over the lawful rate shall be applied by the City to reduce the principal sum of the Loan or any other amounts due the City hereunder.

(j) Governing Law. The laws of the State of Arizona shall govern the interpretation and enforcement of this Agreement.

(k) Number and Gender. Whenever the singular or plural number, masculine or feminine or neuter gender is used herein, it shall equally include the others and shall apply jointly and severally.

(l) Prior Agreement. To the extent necessary, this Agreement shall be deemed to be an amendment to any prior loan agreement between the Borrower and the City, and in the event of

a conflict between the terms of this Agreement and of any such prior agreement, the terms of this Agreement shall govern.

(m) Waiver. If the City shall waive any provisions of the Loan Documents, or shall fail to enforce any of the conditions or provisions of this Agreement, such waiver shall not be deemed to be a continuing waiver and shall never be construed as such; and the City shall thereafter have the right to insist upon the enforcement of such conditions or provisions. Furthermore, no provision of this Agreement shall be amended, waived, modified, discharged or terminated, except by instrument in writing signed by the parties hereto.

(n) Notices. All notices and other communications to be made or permitted to be made hereunder shall be in writing and shall be delivered to the addresses shown below or to such other addresses that the parties may provide to one another in accordance herewith. Such notices and other communications shall be given by any of the following means: (a) personal service; or (b) national express air courier, provided such courier maintains written verification of actual delivery. Any notice or other communication given by the means described in subsection (a) or (b) above shall be deemed effective upon the date of receipt or the date of refusal to accept delivery by the party to whom such notice or other communication has been sent.

The City:	City of Flagstaff 211 W. Aspen Avenue Flagstaff, AZ 86001 Attn: City of Flagstaff Housing Director
with a copy to: 211 W. Aspen Avenue	City of Flagstaff Flagstaff, AZ 86001 Attn: City Attorney
Borrower:	Flagstaff Shelter Services, Inc. 4185 E. Huntington Drive Flagstaff, AZ 86004 Attention: Ross Schaefer
with a copy to:	_____ _____ _____ Attention:

Any party may change said address by giving the other parties hereto Notice of such change of address in accordance with the foregoing provisions.

(o) Successors and Assigns. This Agreement shall inure to the benefit of and be binding on the parties hereto and their heirs, legal representatives, successors and assigns; but nothing herein shall authorize the assignment hereof by the Borrower.

(p) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall constitute collectively but one and the same instrument.

(q) Right of Cancellation. All parties hereto acknowledge that this Agreement is subject to cancellation by the City pursuant to the provisions of §38-511, Arizona Revised Statutes.

(r) Discretion of the City. Wherever pursuant to this Agreement (a) the City exercises any right given to it to approve or disapprove, (b) any arrangement or term is to be satisfactory to the City, or (c) any other decision or determination is to be made by the City, the decision of the City to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by the City, shall be in the reasonable discretion of the City and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

(s) Waiver of Jury Trial. BY EXECUTING THIS AGREEMENT, THE BORROWER AND THE CITY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THEIR RESPECTIVE RIGHTS OR THE RIGHTS OF THEIR RESPECTIVE ASSIGNS OR SUCCESSORS TO A TRIAL BY JURY, IF ANY, IN ANY ACTION, PROCEEDING OR SUIT, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE, AND WHETHER ASSERTED BY WAY OF COMPLAINT, ANSWER, CROSSCLAIM, COUNTERCLAIM, AFFIRMATIVE DEFENSE OR OTHERWISE, BASED ON, ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT, THE PROMISSORY NOTE, DEED OF TRUST, AND DECLARTION OF RESTRICTIVE COVENANTS.

The Borrower acknowledges that the above paragraph has been expressly bargained for by the City as part of the transaction with the Borrower and that, but for the Borrower's agreement thereto, the City would not have extended the Loan evidenced by this Agreement for the terms and at the interest rates provided.

(t) Attorneys' Fees and Costs. If any legal services by an attorney or attorneys are required to enforce the requirements of this Agreement or any of the Loan Documents, the prevailing party will be reimbursed by the other party for all costs and expenses of such legal services, including but not limited to reasonable attorneys' fees, and if in legal action costs and expense of such action, including but not limited to reasonable attorneys' fees as may be fixed by the court.

[COUNTERPART SIGNATURE PAGES TO FOLLOW]

COUNTERPART SIGNATURE PAGE TO
FUNDING AGREEMENT

(THE LANTERN)

IN WITNESS WHEREOF, the City and the Borrower have caused this Agreement to be executed on the date first set forth above.

CITY OF FLAGSTAFF, ARIZONA, a municipal corporation of the State of Arizona

By:_____
Name:_____
Title:_____

COUNTERPART SIGNATURE PAGE TO
FUNDING AGREEMENT

Project Name: THE LANTERN

IN WITNESS WHEREOF, the City and the Borrower have caused this Agreement to be executed on the date first set forth above.

BORROWER

FLAGSTAFF SHELTER SERVICES, INC.,
an Arizona nonprofit corporation

BY: _____

ITS: _____

EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "B"

INSURANCE REQUIREMENTS

When Recorded Return to:

CITY OF FLAGSTAFF
211 W. Aspen Avenue
Flagstaff, Arizona 86001
Attn: Legal Department

DEED OF TRUST
(With Assignment of Rents, Security Agreement and Fixture Filing)

THIS DEED OF TRUST (With Assignment of Rents, Security Agreement and Fixture Filing) (as it may be amended and modified from time to time, the "**Deed of Trust**") is made as of December ___, 2025, by and among (a) FLAGSTAFF SHELTER SERVICES, INC., an Arizona nonprofit corporation, whose mailing address is 4185 E. Huntington Drive, Flagstaff, Arizona 86004 ("**Trustor**"); (b) Pioneer Title Agency, Inc., an Arizona corporation, with an address of 821 W. Riordan Road, Flagstaff, AZ 86001 ("**Trustee**"); and (c) CITY OF FLAGSTAFF, ARIZONA, a municipal corporation of the State of Arizona, whose address is 211 W. Aspen Avenue, Flagstaff, Arizona 86001 ("**Beneficiary**").

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, Trustor's interest in that certain real property developed for an affordable housing known as the Lantern and located at 2440 E. Lucky Lane in the City of Flagstaff, County of Coconino, State of Arizona, more particularly described in **Exhibit A** attached hereto and incorporated herein by this reference (the "**Premises**");

TOGETHER WITH Trustor's interest in any and all buildings and other improvements now or hereafter erected on the Premises including, without limitation, fixtures, attachments, appliances, equipment, machinery, and other personal property attached to such buildings and other improvements (collectively, the "**Improvements**"), all of which shall be deemed and construed to be a part of the Premises;

TOGETHER WITH all rents, issues, profits, damages, royalties, income and other benefits now or hereafter derived from the Premises and the Improvements (collectively, the "**Rents**"), subject to the terms and provisions of Article 2 of this Deed of Trust with respect to all Leases (as defined below), and further subject to the right, power and authority hereinafter given to Trustor to collect and apply such Rents;

TOGETHER WITH all interests, estates or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Premises or the Improvements;

TOGETHER WITH Trustor's interest in all easements, rights-of-way and other rights now owned or hereafter acquired by Trustor used in connection with the Premises or the Improvements or as a means of access thereto (including, without limitation, all rights pursuant to any trackage agreement and all rights to the nonexclusive use of common drive entries, and all tenements, hereditaments and appurtenances thereof and thereto) and all water and water rights and shares of stock evidencing the same;

TOGETHER WITH all right, title and interest of Trustor in and to all leases or subleases covering the Premises or the Improvements or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder including, without limitation, all rights of Trustor against guarantors thereof, all cash or security deposits, advance rentals, and deposits or payments of similar nature (collectively, the "**Leases**");

TOGETHER WITH all right, title and interest now owned or hereafter acquired by Trustor in and to any greater estate in the Premises or the Improvements;

TOGETHER WITH all right, title and interest of Trustor in (i) the property and interests in property described on **Exhibit B** attached hereto and incorporated herein by reference, (ii) all other personal property now or hereafter owned by Trustor that is now or hereafter located on or used in connection with the Premises or the Improvements, (iii) all other rights and interests of Trustor now or hereafter held in personal property that is now or hereafter located on or used in connection with the Premises or the Improvements, (iv) all personal property and rights and interests in personal property of similar type or kind hereafter acquired by Trustor in connection with the Premises or the Improvements, and (v) all proceeds thereof (such personal property and proceeds referred to herein collectively as the "**Personal Property**");

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Premises, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Premises;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, both in law and in equity (including, without limitation, claims or demands with respect to the proceeds of insurance in effect with respect thereto) that Trustor now has or may hereafter acquire in the Premises, the Improvements, the Personal Property, or any other part of the Trust Estate (as defined below), and any and all awards made for the taking by eminent domain, or by any proceeding of purchase in lieu thereof, of the whole or any part of the Trust Estate (including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages);

TOGETHER WITH all proceeds of the foregoing.

The entire estate, property, right, title and interest hereby conveyed to Trustee (including, but not limited to, the Premises, Improvements, Rents, Leases, and Personal Property) may hereafter be collectively referred to as the "**Trust Estate**."

FOR THE PURPOSE OF SECURING the following obligations (collectively, the "**Obligations**"):

A. payment of that certain Loan in the amount of One Million One Hundred Thousand and 00/100 Dollars ($1,100,000.00) (the "**Loan**"), evidenced by that certain Funding Agreement, dated the date

hereof, by and between the Beneficiary and the Trustor, as it may be amended, modified, extended and renewed from time to time (the "**Loan Agreement**"), and that certain Promissory Note, dated the date hereof, by the Trustor to the order of the Beneficiary, as it may be amended, modified, extended and renewed from time to time (the "**Note**");

B. performance of every obligation of Trustor contained in the Loan Agreement and the Note;

C. payment of all sums advanced by Beneficiary to protect the Trust Estate;

D. payment of all other sums, with interest thereon, that may hereafter be loaned to Trustor, or its successors or assigns, by Beneficiary or its successors or assigns, and as evidenced by the Note;

E. performance of every obligation of Trustor to Beneficiary contained in the Loan Documents (as defined below);

F. performance of every obligation of Trustor to Beneficiary contained in any agreement, document, or instrument now or hereafter executed by Trustor which, recites that the obligations thereunder are secured by this Deed of Trust; and

G. for the benefit of Beneficiary, compliance with and performance of each and every provision of any declaration of covenants, conditions and restrictions, any maintenance, easement and party wall agreement, or any other agreement, document, or instrument by which the Trust Estate is bound or may be affected.

This Deed of Trust, the Loan Agreement, the Note, and any other deeds of trust, mortgages, agreements, guaranties or other instruments given to evidence or further secure the payment and performance of any or all of the Obligations, as the same may be amended, modified, extended, or renewed from time to time, may hereinafter be collectively referred to as the "**Loan Documents**".

TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

ARTICLE 1. COVENANTS AND AGREEMENTS OF TRUSTOR

1.1 Payment and Performance of Secured Obligations.

Trustor shall pay when due and/or perform each of the Obligations.

1.2 Maintenance, Repair, Alterations.

Trustor shall keep the Trust Estate in reasonably good condition and repair. Trustor shall not remove, demolish, or substantially alter any of the Improvements in any material way, except with the prior written consent of Beneficiary or as contemplated in the Loan Agreement. Trustor shall complete promptly and in a good and workmanlike manner any Improvement that may be now or hereafter constructed on the Premises and promptly restore in like manner any Improvements that may be damaged or destroyed from any cause whatsoever and pay when due all claims for labor performed and materials furnished therefor. Trustor shall comply with all Requirements (as defined below) and shall not suffer to occur or exist any violation of any Requirement. Trustor shall not commit or permit any waste or deterioration of the Trust Estate, and, to the extent allowed by applicable law, shall keep and maintain

abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair. Trustor shall perform its obligations under each Lease and otherwise enforce the terms thereof. "**Requirement**" and "**Requirements**" mean, respectively, each and all obligations and requirements now or hereafter in effect by which Trustor or the Trust Estate are bound or which are otherwise applicable to the Trust Estate, to construction of any Improvements on the Trust Estate, or to operation, occupancy or use of the Trust Estate (including, without limitation (i) such obligations and requirements imposed by common law or any law, statute, ordinance, regulation, or rule (federal, state, or local), and (ii) such obligations and requirements of, in or in respect of (A) any consent, authorization, license, permit, or approval relating to the Trust Estate, (B) any condition, covenant, restriction, easement, or right-of-way reservation applicable to the Trust Estate, (C) any Lien or Encumbrance, (D) any other agreement, document or instrument, in connection with the Trust Estate, to which Trustor is a party or by which Trustor or the Trust Estate is bound or affected, and (E) any order, writ, judgment, injunction, decree, determination, or award of any arbitrator, other private adjudicator, court, government, or governmental authority (federal, state or local) to which Trustor is a party or by which Trustor or the Trust Estate is bound or affected.

1.3 Required Insurance.

Trustor shall at all times provide, maintain and keep in force or cause to be provided, maintained and kept in force with respect to the Trust Estate, at no expense to Trustee or Beneficiary, policies of insurance in forms and amounts and issued by companies reasonably satisfactory to Beneficiary, covering such casualties, risks, perils, liabilities and other hazards as are required by the Loan Agreement.

1.4 Delivery of Policies, Payment of Premiums.

(a) At the option of Beneficiary, all policies of insurance shall either have attached thereto a lender's loss payable endorsement for the benefit of Beneficiary in form reasonably satisfactory to Beneficiary or shall name Beneficiary as an additional insured. Trustor shall furnish Beneficiary with certificates of insurance for each required policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the period of coverage. At least thirty (30) days prior to the expiration of each required policy, Trustor shall deliver to Beneficiary proof of the payment of premiums and the renewal or replacement of such policy continuing insurance in form as required by this Deed of Trust. For each insurance policy required by the insurance provisions of this Deed of Trust, the Trustor must provide to the Beneficiary, within five (5) business days of receipt, any notice received by Trustor notifying Trustor that a policy is suspended, voided or canceled for any reason.

(b) In the event Trustor fails to obtain, maintain, or deliver to Beneficiary the policies of insurance with respect to the Trust Estate required by this Deed of Trust, Beneficiary may at its election, but without any obligation so to do, procure, at reasonable market rates, such insurance or single-interest insurance for such risks covering Beneficiary's interest, and Trustor will pay all premiums thereon promptly to Beneficiary (as directed in writing by Beneficiary) upon demand, and until such payment is made by Trustor, the amount of all such premiums shall bear interest at the Agreed Rate. On and during the occurrence and during the continuation of an Event of Default and upon written request by Beneficiary, Trustor shall deposit with Beneficiary (as directed in writing by Beneficiary) in monthly installments, an amount equal to one-twelfth (1/12) of the estimated aggregate annual insurance premiums on all policies of insurance required by this Deed of Trust (funds deposited for this purpose are referred to as "**Insurance Impounds**"). In such event, Trustor further agrees to cause all bills, statements, or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Beneficiary in accordance with the

notice requirements set forth in the Loan Agreement. Upon receipt of such bills, statements, or other documents evidencing that a premium for a required policy is then payable, and provided there are sufficient Insurance Impounds, Beneficiary (as agreed among them) shall timely pay such amounts as may be due thereunder out of the Insurance Impounds. If at any time and for any reason the Insurance Impounds are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Trustor in writing of the same and Trustor shall promptly deposit an amount equal to such deficiency with Beneficiary (as directed in writing by Beneficiary). Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of Insurance Impounds or to be obligated to pay any amounts in excess of the amount of the Insurance Impounds, nor shall anything contained herein modify the obligation of Trustor set forth in Section 1.3 hereof to obtain and maintain insurance. Beneficiary shall not commingle Insurance Impounds with their own funds, and Trustor shall not be entitled to interest thereon. Beneficiary may reserve for future payments of premiums such portion of Insurance Impounds as Beneficiary in its commercially reasonable discretion deems proper. If Trustor fails to deposit with Beneficiary (as directed in writing by Beneficiary) sums sufficient to pay fully such premiums at least thirty (30) days before delinquency thereof, Beneficiary may at its election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary upon demand with interest from the date advanced at the Agreed Rate, or at the option of Beneficiary may, without making any advance whatever, apply any Insurance Impounds to payment of the Obligations, notwithstanding that such Obligations may not yet be due. Upon and during the occurrence of an Event of Default, Beneficiary may, at any time, at their option, apply any Insurance Impounds or Imposition Impounds under this Section 1.4 or Section 1.8 hereof, any funds paid as Rents, and any other funds of Trustor held by Beneficiary to payment of the Obligations, notwithstanding that such Obligations may not yet be due.

1.5 Casualties; Insurance Proceeds.

Insurance proceeds from casualty and condemnation shall be used to restore and rebuild the Property so long as Trustor is not in default under the Loan Documents.

1.6 Assignment of Policies Upon Foreclosure.

In the event of foreclosure of this Deed of Trust, as a mortgage, a sale under the power of sale, or any other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the Obligations, all right, title and interest of Trustor in and to all policies of insurance required by Section 1.3 hereof shall inure to the benefit of and pass to the successor in interest to Trustor or the purchaser or grantee of the Trust Estate, to the extent such policies are assignable pursuant to the terms thereof.

1.7 Indemnification; Subrogation; Waiver of Offset.

(a) If Beneficiary is made a party to any litigation concerning any of the Loan Documents, then Trustor shall indemnify, defend and hold Beneficiary harmless for, from and against all liability by reason of said litigation, including actual, reasonable out-of-pocket attorneys' fees and expenses incurred by Beneficiary as a result of any such litigation, whether or not any such litigation is prosecuted to judgment. Beneficiary may employ an attorney to protect their respective rights hereunder, and in the event of such employment following any breach of Trustor, Trustor shall pay Beneficiary actual, reasonable out-of-pocket attorneys' fees and expenses incurred by it, whether or not an action is actually commenced

against Trustor by reason of its breach. Notwithstanding the foregoing, Trustor shall have no responsibility to indemnify Beneficiary for claims resulting from the Beneficiary's gross negligence or intentional misconduct. Trustor shall be entitled to notice of and opportunity to defend and settle any third party claim which may result in an indemnification obligation hereunder.

(b) Trustor waives any and all right to claim or recover against Beneficiary and its successors and assigns, its council members, officials, directors, officers, employees, agents and representatives, for loss or damage to Trustor, the Trust Estate, Trustor's property or the property of others under Trustor's control from any cause insured against or required to be insured against by this Deed of Trust.

(c) All sums payable by Trustor pursuant to this Deed of Trust shall be due and payable without notice (except for such notice as may be expressly required hereunder or under the other Loan Documents), demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof; (ii) any restriction or prevention of or interference by any Person (as defined below) with any use of the Trust Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Premises or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (v) any claim that Trustor has or might have against Beneficiary; (vi) any default or failure on the part of Beneficiary to perform or comply with any of the terms of the Loan Documents, or any other agreement with Trustor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Trustor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Trustor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Trustor. "**Person**" means any natural person, any unincorporated association, any corporation, any partnership, any joint venture, any trust, any other legal entity, or any governmental authority (federal, state, local or foreign).

1.8 Impositions.

(a) Trustor shall pay, or cause to be paid, prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever (including, without limitation, non-governmental levies or assessments such as maintenance charges, levies, or charges resulting from covenants, conditions and restrictions affecting the Trust Estate) that are assessed or imposed upon the Trust Estate or become due and payable and that create, may create, or appear to create a lien upon the Trust Estate (the above are sometimes referred to herein individually as an "**Imposition**" and collectively as "**Impositions**"), provided, however, that if by applicable law any Imposition is payable, or may at the option of the taxpayer be paid, in installments, Trustor may pay the same or cause it to be paid, together with any accrued interest on the unpaid balance of such Imposition, in installments as the same become due and before any fine, penalty, interest, or cost may be added thereto for the nonpayment of any such installment and interest.

(b) If at any time after the date hereof there shall be assessed or imposed a fee, tax, or assessment on Beneficiary measured by or based in whole or in part upon this Deed of Trust or the outstanding amount of the Obligations, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in Section 1.8(a) hereof and Trustor shall pay and discharge the same as herein provided with respect to the payment of Impositions. If Trustor fails to pay such Impositions prior to delinquency, Beneficiary may, at its option, declare the Obligations immediately due and payable. If Trustor is prohibited by applicable law from paying such Impositions, Beneficiary may, at its option, declare all of the Obligations due and payable on a date which is not less than six (6) months from the date such prohibition is imposed on Trustor.

(c) Subject to the provisions of Section 1.8(d) hereof and upon advance written request by Beneficiary, Trustor shall deliver to Beneficiary within thirty (30) days after the date upon which any Imposition is due and payable by Trustor official receipts of the appropriate taxing authority, or other proof reasonably satisfactory to Beneficiary, evidencing the payment thereof.

(d) Trustor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate proceedings, but such right shall not be deemed or construed in any way as relieving, modifying or extending Trustor's covenant to pay any such Imposition at the time and in the manner provided in this Section 1.8, unless Trustor has given prior written notice to Beneficiary of Trustor's intent to so contest or object to an Imposition, and unless, in Beneficiary's commercially reasonable discretion, (i) Trustor shall demonstrate to Beneficiary's commercially reasonable satisfaction that the proceedings to be initiated by Trustor shall operate to prevent the sale of the Trust Estate or any part thereof or interest therein to satisfy such Imposition prior to final determination of such proceedings, (ii) Trustor shall furnish a good and sufficient bond or surety reasonably satisfactory to Beneficiary, or (iii) Trustor shall demonstrate to Beneficiary's commercially reasonable satisfaction that Trustor has provided a good and sufficient undertaking as may be required or permitted by applicable law to accomplish a stay of any such sale.

(e) Upon and during the occurrence and during the continuation of an Event of Default and upon advance written request by Beneficiary, Trustor shall pay to Beneficiary (as directed in writing by Beneficiary) an initial cash deposit in an amount adequate to pay all Impositions for the ensuing tax fiscal year and shall thereafter continue to deposit with Beneficiary (as directed in writing by Beneficiary), in monthly installments, an amount equal to one-twelfth (1/12) of the sum of the annual Impositions reasonably estimated by Beneficiary, for the purpose of paying the installment of Impositions next due (funds deposited for this purpose are referred to as "Impositions Impounds"). In such event, Trustor further agrees to cause all bills, statements, or other documents relating to Impositions to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements, of other documents, and providing there are sufficient Impositions Impounds, Beneficiary (as agreed among them) shall timely pay such amounts as may be due thereunder out of the Impositions Impounds. If at any time and for any reason the Impositions Impounds are or will be insufficient to pay such amounts as may then or will subsequently be due, Beneficiary may notify Trustor in writing of the same and upon such notice Trustor shall deposit immediately an amount equal to such deficiency with Beneficiary (as directed in writing by Beneficiary). Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of Impositions Impounds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section 1.8(e). Beneficiary shall not commingle Impositions Impounds with its own funds and shall not be obligated to pay any interest on any Impositions Impounds. Beneficiary may reserve for future

payment of Impositions such portion of Impositions Impounds as Beneficiary may in its commercially reasonable discretion deem proper. If Trustor fails to deposit with Beneficiary sums sufficient to fully pay such Impositions at least thirty (30) days before delinquency thereof, Beneficiary may at their election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary upon demand together with interest thereon at the Agreed Rate from the date of such advance, or at the option of Beneficiary, it may, without making any advance whatever, apply any Impositions Impounds held by it towards payment of the Obligations, notwithstanding that such Obligations may not yet be due.

(f) Trustor shall not initiate or suffer to occur or exist the joint assessment of any real and personal property included in the Trust Estate or any other procedure whereby the lien of real property taxes and the lien of personal property taxes shall be assessed, levied, or charged to the Trust Estate as a single lien.

1.9 Utilities.

Trustor shall pay when due all charges that are incurred by Trustor for the benefit of the Trust Estate or that may become a charge or lien against the Trust Estate for gas, electric, water, sewer, or other services furnished to the Trust Estate.

1.10 Actions Affecting Trust Estate.

Trustor shall appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee hereunder; and Trustor shall pay all actual, reasonable out-of-pocket costs and expenses (including, without limitation, costs of evidence of title, litigation, and reasonable attorneys' fees) in any such action or proceeding in which Beneficiary or Trustee may appear.

1.11 Actions by Trustee or Beneficiary.

If Trustor fails to make any payment or to do any act as and in the manner provided in any of the Loan Documents, Beneficiary and Trustee, in their commercially reasonable discretion, without obligation to do so, without releasing Trustor from any obligation hereunder, and with only such prior written notice to or demand upon Trustor as may be reasonable under the then existing circumstances, (in no event required to exceed ten (10) days' prior written notice), may make or do the same in such manner and to such extent as they may deem reasonably necessary or appropriate. In connection therewith (without limiting their general powers, whether conferred herein, in another Loan Document or by applicable law), Beneficiary and Trustee shall have and are hereby given the right, but not the obligation, (a) to enter upon and take possession of the Trust Estate; (b) to make additions, alterations, repairs and improvements to the Trust Estate that they may consider reasonably necessary or appropriate to keep the Trust Estate in good condition and repair; (c) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiary or Trustee; (d) to pay, purchase, contest or compromise any Lien or Encumbrance (as defined below) or alleged Lien or Encumbrance whether superior or junior to this Deed of Trust; and (e) in exercising such powers, to pay necessary expenses (including, without limitation, reasonable expenses of employment of counsel or other necessary or desirable consultants.) Trustor shall, promptly upon written demand therefor by Beneficiary or Trustee or any of

them, pay to Beneficiary or Trustee (as directed in writing by Beneficiary) an amount equal to all actual, reasonable out-of-pocket costs and expenses incurred by them in connection with the exercise of the foregoing rights (including, without limitation, costs of evidence of title, court costs, appraisals, surveys and receiver's, trustee's and attorneys' fees) together with interest thereon from the date of such expenditures at the Agreed Rate.

1.12 Transfer of Trust Estate by Trustor.

In order to induce Beneficiary to make the Loan, Trustor agrees that, in the event of any Transfer (as hereinafter defined), without the prior written consent of Beneficiary, Beneficiary shall have the right, at its option, upon written notice, to declare all sums secured hereby immediately due and payable. Consent to one Transfer shall not be deemed to be a waiver of the right to require consent to future or successive Transfers. Beneficiary may grant or deny such consent in its commercially reasonable discretion and, if consent should be given, any such Transfer shall be subject to this Deed of Trust, and such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein. Such assumption shall not, however, release Trustor or any maker or guarantor (if any) of any of the Loan Documents from any liability thereunder without the prior written consent of Beneficiary. As used herein, and except for any transfers permitted under this Deed of Trust or the Loan Agreement, "**Transfer**" shall mean:

(i) any sale, transfer, conveyance, hypothecation, encumbrance, lease or vesting of the Trust Estate or any part thereof or interest therein to or in any Person, whether voluntary, involuntary, by operation of applicable law, or otherwise, except in connection with the Permitted Encumbrances (as such term is defined in **Exhibit C** attached hereto and in incorporated herein by reference);

(ii) any sale, transfer, assignment, conveyance, hypothecation, encumbrance or vesting of any membership interest in Trustor, whether voluntary, involuntary, by operation of law, or otherwise, except in connection with the Permitted Encumbrances and except as otherwise permitted under this Deed of Trust or the Loan Agreement;

(iii) any sale, transfer, assignment, conveyance, hypothecation, encumbrance or vesting of any shares of stock or membership interest in Trustor or any partner in Trustor to or in any Person or any consolidation or merger of Trustor or any partner in Trustor into or with any Person (if Trustor or any partner in Trustor is a corporation or limited liability company) whether voluntary, involuntary, by operation of applicable law, or otherwise, except in connection with the Permitted Encumbrances; or

(iv) the execution of any agreements to do any of the foregoing, except in connection with the Permitted Encumbrances.

Except as expressly permitted herein, the Trustor may not transfer, assign, convey, encumber, or lease the Property or any portion of the Property, or any equity interest in the Trustor without the prior written consent of the Beneficiary, except for Permitted Encumbrances and in connection therewith.

Nothing in this Deed of Trust shall prohibit the Trustor entering into dwelling leases with eligible tenants without the consent of the Beneficiary.

1.13 Intentionally Deleted.

1.14 Additional Security.

No other security now existing, or hereafter taken, to secure the Obligations secured hereby shall be impaired or affected by the execution of this Deed of Trust. All security for the Obligations taken from time to time shall be considered and held as cumulative. Any taking of additional security, execution of partial releases of the security, or any extension of the time of payment of, or modification of other terms of any of the Obligations shall not diminish the force, effect or lien of this Deed of Trust and shall not affect or impair the liability of any maker, guarantor, surety or endorser for the payment or performance of any of the Obligations. In the event Beneficiary at any time holds additional security for any of the Obligations, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before, concurrently with, or after a sale or realization is made hereunder.

1.15 Appointment of Successor Trustee.

Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary, mailed to Trustor and recorded in the county in which the Trust Estate is located and by otherwise complying with the provisions of applicable law, substitute a successor or successors to any Trustee named herein or acting hereunder, and such successor(s) shall, without conveyance from the predecessor Trustee, succeed to all title, estate, rights, powers and duties of such predecessor.

1.16 Inspections.

Beneficiary, its agents, representatives, officers, and employees, are authorized to enter, upon at least seventy-two (72) hours' prior written notice, the Trust Estate for the purpose of inspecting the same and for the purpose of performing any of the acts Beneficiary is authorized to perform hereunder or under the terms of any of the Loan Documents. With respect to rental units occupied by tenants, the Beneficiary will give the Trustor not less than seventy-two (72) hours' prior written notice of such inspections, and the Trustor shall provide the tenants of the dwelling units such prior written notice as is required by the Arizona Residential Landlord Tenant Act (A.R.S. § 33-1301 *et seq*.). Trustor acknowledges and agrees that Beneficiary shall be liable for any loss or damage caused by its entry onto the Trust Estate, or any part thereof.

1.17 Ownership and Liens and Encumbrances.

Trustor is, and as to any portion of the Trust Estate acquired hereafter will upon such acquisition be, and shall remain the fee owner of the Trust Estate free and clear of any Liens and Encumbrances, subject only to the Permitted Encumbrances. Trustor shall not grant, shall not suffer to exist, and shall pay and promptly discharge, post to bond, escrow, or properly contest any Liens and Encumbrances, at Trustor's cost and expense. Trustor shall promptly notify Beneficiary in writing of any Lien or Encumbrance or claim thereof. Trustor shall have the right to contest in good faith the validity of any involuntary Lien or Encumbrance. If Trustor shall fail to remove and discharge or escrow for any Lien or Encumbrance or claim thereof, then, in addition to any other right or remedy of Beneficiary pursuant to applicable law or under the Loan Documents, Beneficiary may, after only such written notice to Trustor as may be reasonable under the then existing circumstances, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such Lien or Encumbrance by depositing in a court a bond for the amount claimed or otherwise giving security for such claim, or by procuring such discharge in such manner as is or may be prescribed by applicable law. Trustor shall

promptly upon demand therefor by Beneficiary, pay to Beneficiary (as directed in writing by Beneficiary) an amount equal to all costs and expenses incurred by Beneficiary in connection with the exercise of the foregoing right to discharge any Lien or Encumbrance or claim thereof, together with interest thereon from the date of each such expenditure at the Agreed Rate. Such costs and expenses shall be secured by this Deed of Trust. "**Lien or Encumbrance**" and "**Liens and Encumbrances**" mean, respectively, each and all of the following in respect to the Trust Estate: leases, other rights to occupy or use, mortgages, deeds of trust, pledges, security agreements, assignments, assignments as security, conditional sales, title retention arrangements or agreements, conditions, covenants, and restrictions, and other charges, liens, encumbrances, or adverse interests, whether voluntarily or involuntarily created and regardless of whether prior or subordinate to any estate, right, title or interest granted to Trustee or Beneficiary in this Deed of Trust, excluding from the foregoing the Permitted Encumbrances.

1.18 Trustee's Powers.

At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and without affecting the personal liability of any person for payment of the Obligations or the effect of this Deed of Trust upon the remainder of said Trust Estate, Trustee may (a) reconvey any part of said Trust Estate, (b) consent in writing to the making of any map or plat thereof, (c) join in granting any easement thereon, or (d) join in any extension agreement or any agreement subordinating the lien or charge hereof.

1.19 Powers.

Beneficiary may, from time to time (a) release any person liable for the payment of the Obligations, (b) extend the timing of the Obligations, (c) grant other indulgences with regard to the Obligations, (d) release or reconvey, or cause to be released or reconveyed, at any time at Beneficiary's option any parcel, portion or all of the Trust Estate from the lien of the Obligations and this Deed of Trust, (e) take or release any other or additional security or any guaranty for the Obligations and this Deed of Trust, or (f) make compositions or other arrangements with debtors in relation thereto.

1.20 Intentionally Omitted.

1.21 Trade Names.

At the request of Beneficiary from time to time, Trustor shall execute a certificate in form reasonably satisfactory to Beneficiary listing the trade names or fictitious business names under which Trustor intends to operate the Trust Estate or any business located thereon and representing and warranting that Trustor does business under no other trade names or fictitious business names with respect to the Trust Estate. Trustor shall promptly notify Beneficiary in writing of any change in said trade names or fictitious business names, and will, upon written request of Beneficiary, execute any additional financing statements and other certificates necessary to reflect the change in trade names or fictitious business names.

ARTICLE 2. ASSIGNMENT OF RENTS

2.1 Assignment of Rents.

Trustor hereby absolutely and irrevocably assigns and transfers to Beneficiary, equally and ratably, all the Rents of the Trust Estate and hereby gives to and confers upon Beneficiary, acting collectively, the right, power and authority, to, upon Beneficiary's notice to Trustor, collect the Rents. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at their option at any time and from time to time, acting collectively, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Trustor or Beneficiary, for all Rents and apply the same to the payment of the Obligations. Trustor hereby authorizes and directs the lessees, tenants and occupants to make all payments under the Leases directly to Beneficiary upon and as directed in written demand by Beneficiary without further consent of Trustor; provided, however, that Trustor shall have the right to collect such Rents (but not more than one (1) month in advance unless the written approval of Beneficiary is first obtained), and to retain and enjoy same, so long as an Event of Default shall not have occurred hereunder or under any of the Loan Documents. The assignment of the Rents of the Trust Estate in this Article 2 is intended to be an absolute assignment from Trustor to Beneficiary and not merely the passing of a security interest.

2.2 Collection Upon an Event of Default.

Upon and during the occurrence of an Event of Default, Beneficiary may, upon advance written notice to Trustor, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Obligations, enter upon and take possession of the Trust Estate, or any part thereof, and, with or without such entry or taking possession, in their own name sue for or otherwise collect the Rents (including, without limitation, those past due and unpaid) and apply the same, less actual, reasonable out-of-pocket costs and expenses of operation and collection (including, without limitation, attorneys' fees) toward payment of the Obligations. The collection of such Rents, or the entering upon and taking possession of the Trust Estate, or the application of the Rents as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default. Trustor also hereby authorizes Beneficiary upon such entry, at their option, acting collectively, to take over and assume the management, operation and maintenance of the Trust Estate and to perform all acts they in their sole discretion (as agreed among them) deem necessary and proper and to expend such sums out of Rents as may be needed in connection therewith, in the same manner and to the same extent as Trustor theretofore could do (including without limitation, the right to enter into new leases, to cancel, surrender, alter or amend the terms of and/or renew existing Leases and/or to make concessions to tenants). Trustor hereby releases all claims of any kind or nature against Beneficiary arising out of such management, operation and maintenance, excepting the liability of Beneficiary to account as hereinafter set forth.

2.3 Application of Rents.

Upon such entry, Beneficiary shall, as agreed among them, after payment of all property charges and expenses (including, without limitation, reasonable compensation to such managing agent as they may select and employ) and after the accumulation of a reserve to meet requisite amounts, credit the net amount of the Rents received by them to the Obligations. Beneficiary shall be accountable for more monies than it actually receives from the Trust Estate; nor shall Beneficiary be liable for failure to collect Rents. Beneficiary shall make reasonable efforts to collect Rents, reserving, however, within their own absolute and sole discretion, as agreed among them, the right to determine the method of collection and the

extent to which enforcement of collection of Rents shall be prosecuted and their judgment shall be deemed conclusive and reasonable.

2.4 Mortgagee in Possession.

It is not the intention of the parties hereto that an entry by Beneficiary upon the Premises under the terms of this instrument shall make Beneficiary a party in possession in contemplation of applicable law, except at the option of Beneficiary as agreed among them.

2.5 Indemnity.

Trustor hereby agrees to indemnify and hold harmless Beneficiary for, from and against any and all losses, liabilities, obligations, claims, demands, damages, penalties, judgments, actual, reasonable out-of-pocket costs and expenses, including actual, reasonable out-of-pocket legal fees and expenses, howsoever and by whomsoever asserted, arising out of or in any way connected with this assignment of Rents; and all such losses, liabilities, obligations, claims, demands, damages, penalties, judgments, actual, reasonable out-of-pocket costs and expenses shall be deemed added to the indebtedness secured hereby and shall be secured by any and all other instruments securing said indebtedness.

2.6 No Obligation to Perform.

Nothing contained herein shall operate or be construed to obligate Beneficiary to perform any obligations of Trustor under any Lease (including, without limitation, any obligation arising out of any covenant of quiet enjoyment therein contained in the event the lessee under any such Lease shall have been joined as a party defendant in any action to foreclose and the estate of such lessee shall have been thereby terminated). Prior to actual entry into and taking possession of the Premises by Beneficiary, this assignment of Rents shall not operate to place upon Beneficiary any responsibility for the operation, control, care, management or repair of the Trust Estate or any portion thereof, and the execution of this Assignment of Rents by Trustor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Trust Estate is and shall be that of Trustor, prior to such actual entry and taking of possession by Beneficiary.

ARTICLE 3. SECURITY AGREEMENT

3.1 Creation of Security Interest.

Trustor hereby grants to Beneficiary a security interest in and to all of the Personal Property.

3.2 Representations, Warranties and Covenants of Trustor.

Trustor hereby represents, warrants and covenants (which representations, warranties and covenants shall survive creation of any indebtedness of Trustor to Beneficiary and any extension of credit thereunder) as follows:

(a) The Personal Property is not used or bought for personal, family or household purposes.

(b) The tangible portion of the Personal Property will be kept on or at the Premises or Improvements and Trustor shall not, without the prior written consent of Beneficiary, remove the Personal Property or any portion thereof therefrom except such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Trustor with similar items of equal or greater value.

(c) At the request of Beneficiary, Trustor will permit Beneficiary to prepare and file one or more financing statements and fixture filings pursuant to the Uniform Commercial Code of Arizona as in effect in the State of Arizona, Arizona Revised Statutes ("**A.R.S.**") Sections 47-1101 through 47-11107, as amended from time to time ("**Uniform Commercial Code of Arizona**"), in form satisfactory to Beneficiary and will pay the cost of recording and filing the same in all public offices wherever recording or filing is deemed by Beneficiary to be necessary or desirable.

(d) Trustor does not do business under any trade name except as previously disclosed in writing to Beneficiary. Trustor will immediately notify Beneficiary in writing of any change in its responsible individual or the adoption or change of any trade name or fictitious business name, and will upon request of Beneficiary execute any additional financing statements or other certificates necessary to reflect the adoption or change in trade name or fictitious business name.

(e) Trustor shall promptly notify Beneficiary of any claim against the Personal Property adverse to the interest of Beneficiary therein.

3.3 Use of Personal Property by Trustor.

Until the occurrence of an Event of Default hereunder or under any Loan Document, Trustor may have possession of the Personal Property and use it in any lawful manner not inconsistent with this Deed of Trust and not inconsistent with any policy of insurance thereon.

3.4 Remedies Upon an Event of Default.

(a) In addition to the remedies provided in Section 4.2 hereof, upon and during the occurrence of an Event of Default hereunder, Beneficiary may, at its option, do any one or more of the following:

(i) Either personally, or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Trustor and all others claiming under Trustor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Trustor with respect to the Personal Property or any part thereof. In the event Beneficiary demands, or attempts to take possession of the Personal Property in the exercise of any rights under this Deed of Trust, Trustor agrees to promptly turn over and deliver possession thereof to Beneficiary.

(ii) Without notice to or demand upon Trustor, make such payments and do such acts as Beneficiary may deem necessary to protect their security interest in the Personal Property (including, without limitation, paying, purchasing, contesting or compromising any Lien or Encumbrance, whether superior or inferior to such security interest) and in exercising any such powers or authority to pay all

expenses (including, without limitation, litigation costs and reasonable attorneys' fees) incurred in connection therewith;

(iii) Require Trustor from time to time to assemble the Personal Property, or any portion thereof, at the Premises. Beneficiary and its agents and representatives, shall have the right to enter upon any or all of Trustor's premises and property to exercise Beneficiary's rights hereunder;

(iv) Realize upon the Personal Property or any part thereof as herein provided or in any manner permitted by applicable law and exercise any and all of the other rights and remedies conferred upon Beneficiary by this Deed of Trust or any other Loan Document, or by applicable law, either concurrently or in such order as Beneficiary may determine;

(v) Sell or cause to be sold in such order as Beneficiary may determine, as a whole or in such parcels as Beneficiary may determine, the Personal Property and the remainder of the Trust Estate;

(vi) Sell, lease or otherwise dispose of the Personal Property at public sale, upon terms and in such manner as Beneficiary may determine. Beneficiary may be a purchaser at any sale; and

(vii) Exercise any remedies of a secured party under the Uniform Commercial Code of Arizona or any other applicable law.

(b) Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary shall give Trustor at least five (5) business days' prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof to be made. Such notice may be mailed to Trustor at the address set forth in Section 5.5 hereof.

(c) The proceeds of any sale under Section 3.4(a)(vi) hereof shall be applied as follows:

(i) To the repayment of the reasonable costs and expenses of taking, holding, and preparing for the sale and selling the Personal Property (including, without limitation, costs of litigation and reasonable attorneys' fees) and the discharge of all Impositions, Liens and Encumbrances, and claims thereof, if any, on the Personal Property prior to the security interest granted herein (except any Impositions or Liens and Encumbrances subject to which such sale shall have been made);

(ii) To the payment of the Obligations hereof; and

(iii) The surplus, if any, shall be paid to the Trustor or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

Beneficiary shall have the right to enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent Beneficiary from pursuing any further remedy that it may have. Any repossession or retaking or sale of the Personal Property pursuant to the terms hereof shall not operate to release Trustor until full payment of any deficiency has been made in cash.

3.5 Security Agreement.

This Deed of Trust constitutes and shall be deemed to be a "security agreement" for all purposes of the Uniform Commercial Code of Arizona and Beneficiary shall be entitled to all the rights and remedies of a "secured party" under such Uniform Commercial Code of Arizona. This Deed of Trust shall be recorded and filed in the real property records accordingly.

ARTICLE 4. REMEDIES UPON DEFAULT

4.1 Events of Default.

The existence or occurrence of any one or more of the following events shall constitute an event of default (individually, an "**Event of Default**"):

(a) The Trustor's failure to meet the requirements of the Loan Agreement.

(b) The Trustor's failure to make any payment of principal or interest required under the Note (after the expiration of any applicable notice and cure period set forth in the Loan Documents) when due after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Trustor by the Beneficiary, and such failure continues for a period of ten (10) business days after written notice having been given.

(c) The Trustor's failure, after the expiration of any applicable notice and cure period, to comply with or perform any covenant or obligation set forth in the Loan Agreement or any other Loan Document.

(d) The breach of any representation or warranty set forth in the Loan Agreement or any other Loan Document, or the existence of any material misrepresentation of fact by the Trustor in any document submitted to the Beneficiary in support of the Loan or in connection with any of the Loan Documents.

(e) The Trustor's failure to cure promptly any violation of any law or regulation resulting from or related to the Premises or work on the Improvements or any portion of the Improvements; the Trustor's failure to comply promptly with any provision of any notice of any requirement or any law or regulation having any effect on or relation to the Premises or the Project issued by or filed in any department of any governmental authority having jurisdiction over the Trustor, the Premises or the Improvements; or the Trustor's failure to furnish to the Beneficiary, immediately and without demand, a true copy of any notice or other document received by or available to the Trustor disclosing any such requirement or violation of any such law or regulation, or otherwise bearing upon the compliance of the Premises or the Improvements with any applicable law or regulation. In this regard, "**promptly**" means within thirty (30) days, the commencement of the action to cure or comply within the same thirty (30) days and the reasonably diligent prosecution to completion.

(f) The occurrence of a default, event of default or acceleration of any obligations after expiration of any applicable notice and cure period under the Loan Documents.

4.2 Acceleration Upon Default; Additional Remedies.

Upon and during the occurrence of an Event of Default, Beneficiary may, at its option and upon ten (10) days' advance written notice and opportunity to cure, declare the Obligations, immediately due and payable without any presentment, demand, protest or notice of any kind. Beneficiary may, upon notice to Trustor, in addition to the exercise of any or all of the remedies specified in Section 3.4 hereof:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate, or any part thereof, in their own name or in the name of Trustor, and do any acts that they deem necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, or any part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Trust Estate, sue for or otherwise collect the Rents, or any part thereof, including, without limitation, those past due and unpaid, and apply the same, less costs and expense of operation and collection (including, without limitation, attorneys' fees) upon the Obligations. The entering upon and taking possession of the Trust Estate, the collection of such Rents and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of all or any portion of the Trust Estate or the collection, receipt and application of Rents, Trustee and Beneficiary shall be entitled to exercise every right provided for in this Deed of Trust, in any of the other Loan Documents or by applicable law upon and during occurrence of any Event of Default, including, without limitation, the right to exercise the power of sale;

(b) Commence an action to foreclose the lien of this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Exercise the power of sale herein contained and deliver to Trustee a written statement of breach, notice of default and election to cause Trustor's interest in the Trust Estate to be sold; or

(d) Exercise all other rights and remedies provided herein or in any other Loan Document, or by law, including, without limitation, the rights and remedies provided in A.R.S. § 33-702.B.

4.3 Exercise of Power of Sale.

If Beneficiary elects to exercise the power of sale herein contained, Beneficiary shall promptly notify Trustee and shall deposit with Trustee this Deed of Trust and the Note, including, but not limited to, the Loan Agreement and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(a) Upon receipt of such statement and notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Trustee's Sale as then required by applicable law. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by applicable law and after recordation of such Notice of Trustee's Sale and Notice of Trustee's Sale having been given as required by applicable law, sell the Trust Estate at the time and place of sale fixed by it in said Notice of Trustee's Sale, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers

thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all costs, fees and expenses of Trustee and of this Trust, including, without limitation, Trustee's fees and reasonable attorneys' fees, and costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale in the following priority, to payment of: (i) first, all sums expended under the terms of the Deed of Trust, or under the terms of other Loan Documents in connection with the exercise of the foregoing rights and remedies, not then repaid, with accrued interest at the Agreed Rate; (ii) second, to the payment of the Obligations; (iii) all other sums, then secured hereby; and (iv) the remainder, if any, to the person or persons legally entitled thereto or as provided in A.R.S. § 33-812 or any similar or successor statute.

(c) Subject to A.R.S. § 33-810.B, Trustee may postpone sale of all or any portion of the Trust Estate by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

4.4 Personal Property.

It is the express understanding and intent of the parties that as to any personal property interests subject to Chapter 9 of the Uniform Commercial Code of Arizona, Beneficiary, upon an Event of Default, may proceed under such Uniform Commercial Code of Arizona or may proceed as to both real and personal property interests in accordance with the provisions of this Deed of Trust and its rights and remedies in respect to real property, as specifically permitted under A.R.S. § 47-9604, and treat both real and personal property interests as one parcel or package of security.

4.5 Appointment of Receiver.

Upon and during the occurrence of an Event of Default, Beneficiary, as a matter of right and without regard to the then value of the Trust Estate or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the later of the date of confirmation of sale of the Trust Estate or the date of expiration of any redemption period, unless such receivership is sooner terminated.

4.6 Remedies Not Exclusive.

Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any and all of the Obligations and to exercise all rights and powers under the Loan Documents, and under the applicable law now or hereafter in effect, notwithstanding some or all of the

Obligations may now or hereafter be otherwise secured or guaranteed. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by applicable law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing under the applicable law. Every power or remedy given by any of the Loan Documents or by applicable law to Trustee or Beneficiary or to which any of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and, to the extent permitted by applicable law and subject to the provisions of Section 5.18 hereof, any of them may pursue inconsistent remedies.

4.7 Request for Notice.

Trustor hereby requests a copy of any notice of default and that any notice of sale hereunder be mailed to it at the address set forth in Section 5.5 hereof.

ARTICLE 5. MISCELLANEOUS

5.1 Change, Discharge, Termination or Waiver.

No provision of this Deed of Trust may be changed, discharged, terminated, or waived except in a writing signed by the party against whom enforcement of the change, discharge, termination, or waiver is sought. No failure on the part of Beneficiary to exercise and no delay by Beneficiary in exercising any right or remedy under the Loan Documents or under the applicable law shall operate as a waiver thereof.

5.2 Trustor Waiver of Rights.

Trustor waives, to the extent permitted by applicable law, (a) the benefit of all applicable laws now existing or that may hereafter be enacted providing for any appraisement before sale of any portion of the Trust Estate, and (b) all rights of redemption, valuation, appraisement, stay of execution, notice of election to mature or declare due the Obligations and marshaling in the event of foreclosure of the liens hereby created and (c) all rights and remedies that Trustor may have or be able to assert by reason of the laws of the State of Arizona pertaining to the rights and remedies of sureties including, without limitation, A.R.S. §§ 12-1641 through 12-1646, and Arizona Rules of Civil Procedure 17(f).

5.3 Statement of Trustor.

Trustor shall, within ten (10) days after written notice thereof from Beneficiary, deliver to Beneficiary, a written statement stating to the best of its knowledge the unpaid principal of and interest on the Loan and any other amounts secured by this Deed of Trust, and stating whether any offset or defense exists against such principal and interest or such other amounts.

5.4 Reconveyance by Trustee.

Upon written request of Beneficiary stating that all Obligations have been satisfied in full, and upon surrender of this Deed of Trust and any promissory note or contract evidencing the Loan including, but not limited to, the Note, the Loan Agreement, to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to Trustor, or to the person or persons

legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

5.5 Notices.

All notices, requests and demands to be made hereunder to the parties hereto shall be in writing and shall be delivered by overnight courier service or sent by certified mail, return receipt requested, postage prepaid, through the United States Postal Service, or personally delivered to the addressees shown below or such other addressees which the parties may provide to one another in accordance herewith. Such notices, requests and demands, if sent by mail, shall be deemed given two (2) days after deposit in the United States mail, and if delivered by overnight courier service or personally delivered, shall be deemed given when delivered.

To Beneficiary:	City of Flagstaff 211 W. Aspen Avenue Flagstaff, Arizona 86001 Attn: Housing Director
With a copy to:	City of Flagstaff 211 W. Aspen Avenue Flagstaff, Arizona 86001 Attn: Legal Department
To Trustor:	Flagstaff Shelter Services, Inc. 4185 E. Huntington Drive Flagstaff, Arizona 85004 Attn: Ross Schaefer
With a copy to:	_____ _____ _____ _____

5.6 Acceptance of Trustee.

Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by applicable law.

5.7 Captions and References.

The headings at the beginning of each section of this Deed of Trust are solely for convenience and are not part of this Deed of Trust. Unless otherwise indicated, each reference in this Deed of Trust to a section or an exhibit is a reference to the respective section herein or exhibit hereto.

5.8 Invalidity of Certain Provisions.

If any provision of this Deed of Trust is unenforceable, the enforceability of the other provisions shall not be affected and they shall remain in full force and effect. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any of the Trust Estate, the unsecured or partially secured portion of the indebtedness shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the indebtedness which is not secured or fully secured by the lien of this Deed of Trust.

5.9 Subrogation.

To the extent that proceeds of sums secured hereby are used to pay any outstanding lien, charge or prior encumbrance against the Trust Estate, such sums have been or will be deemed advanced by Beneficiary at Trustor's request, and Beneficiary shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released.

5.10 Attorneys' Fees.

If any or all of the Obligations are not paid when due or if an Event of Default occurs, Trustor agrees to pay all actual, reasonable out-of-pocket costs of enforcement and collection and preparation therefor (including, without limitation, reasonable attorneys' fees) whether or not any action or proceeding is brought (including, without limitation, all such costs incurred in connection with any bankruptcy, receivership, or other court proceedings, whether at the trial or appellate level), together with interest thereon from the date of demand at the Agreed Rate.

5.11 Governing Law.

This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Arizona, without giving effect to conflict of laws principles.

5.12 Joint and Several Obligations.

If this Deed of Trust is signed by more than one party as Trustor, all obligations of Trustor herein shall be the joint and several obligations of each party executing this Deed of Trust as Trustor.

5.13 Number and Gender.

In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter gender and vice versa, if the context so requires.

5.14 Loan Statement Fees.

Trustor shall pay the amount demanded by Beneficiary or their authorized loan servicing agents for any statement regarding the Obligations, provided, however, that such amount may not exceed the maximum amount allowed by applicable law at the time request for the statement is made.

5.15 Counterparts.

This document may be executed and acknowledged in counterparts, all of which executed and acknowledged counterparts shall together constitute a single document. Signature and acknowledgment pages may be detached from the counterparts and attached to a single copy of this document to form one physical document, which may be recorded.

5.16 Status of Title.

Trustor represents and warrants that it is the lawful owner of the Trust Estate and Premises and Improvements free and clear of all Liens and Encumbrances, subject only to the Permitted Encumbrances, and that Trustor has full right, power and authority to convey and mortgage the same and to execute this Deed of Trust.

5.18 Integration.

The Loan Agreement and other Loan Documents relating to the Loan contain the complete understanding and agreement of Trustor and Beneficiary and supersede all prior representations, warranties, agreements, arrangements, understandings, and negotiations with respect to the subject matter thereof. In the event of any conflict between this Deed of Trust and the Loan Agreement this Deed of Trust shall be deemed to be controlling.

5.19 Binding Effect.

The Loan Documents will be binding upon, and inure to the benefit of, Trustor, Trustee, Beneficiary, and their respective successors and assigns. Trustor may not delegate its obligations under the Loan Documents.

5.20 Time of the Essence.

Time is of the essence with regard to each provision of the Loan Documents as to which time is a factor.

5.21 Survival.

The representations, warranties, and covenants of Trustor contained in the Loan Documents shall survive the execution and delivery of the Loan Documents and the making of the Loan.

5.22 Limitation of Liability.

The liability of Trustor hereunder shall be limited to the extent provided in the documents evidencing the Loan.

5.23 Non-Recourse.

Neither Trustor nor any member of Trustor shall have any personal liability for the performance of Trustor's obligations hereunder, including any amounts payable hereunder, it being understood that Beneficiary's sole recourse shall be to the Trust Estate.

5.24 Subordination

The rights of the Beneficiary to payment of the indebtedness secured by this Deed of Trust and evidenced by the Note and other Loan Documents shall be subordinate to the Arizona Department of Housing State Fiscal Recovery Funds loan of $3,651,301 used for the acquisition of the Property. Beneficiary agrees to notify the Arizona Department of Housing ("Department") of a default under this Deed of Trust and to a ninety (90) day standstill after notification of the default for the purpose of Beneficiary and Department coordination of efforts to preserve the Property in accordance with the remedies outlined in each parties funding/loan documents.

5.26 Regulatory Agreement

Trustor hereby covenants and agrees that the Improvements shall be constructed and continue to be in substantial accordance with the United States Housing Act of 1937, as amended, and related Federal regulations.

[signature page follows]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

FLAGSTAFF SHELTER SERVICES, INC,.
AN ARIZONA NONPROFIT CORPORATION

BY:_____

ITS: _____

ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____)

This Deed of Trust was signed and acknowledged before me this _____ day of _____, 2025, by _____, as _____ of Flagstaff Shelter Services, Inc., on behalf of the company(ies) and pursuant to authority given to him by said company(ies). He is personally known to me or has produced _____ as identification.

In witness whereof I hereunto set my hand and official seal.

_____
NOTARY PUBLIC

Print Name:_____

My Commission Expires: _____

EXHIBIT A

Property Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF COCONINO, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

[INSERT LEGAL DESCRIPTION]

EXHIBIT B

All of the following described estate, property and interest of Trustor now or hereafter acquired, together with all cash and noncash proceeds thereof, and all modifications, extensions, renewals and replacements thereof, in, on, at, or related to an affordable housing apartment complex known as The Lantern located at 2440 East Lucky Lane, Flagstaff, Arizona 86004:

A. Premises

All of the Trustor's interest in that certain real property located in the City of Flagstaff, County of Coconino, State of Arizona, and more particularly described on Exhibit A attached to this Deed of Trust, all interests, estates or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Premises; all easements, rights-of-way and other rights now owned or hereafter acquired used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto, and all water rights and shares of stock evidencing the same; all minerals and mineral rights on, under or related to the Property; all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Premises and any and all sidewalks, alleys and strips and gores or land adjacent to or used in connection with the Premises;

B. Improvements

Trustor's interest in any and all buildings and improvements now or hereafter located on the Premises, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other personal property attached to such buildings and improvements;

C. Personal Property

All right, title and interest of Trustor in and to all tangible personal property now owned or hereafter acquired by Trustor and now or at any time hereafter located on or at the Premises or used solely in connection therewith, including, but not limited to: all building materials stored on or at the Premises, goods, machinery, tools, equipment (including fire sprinklers and alarm systems, air conditioning, heating and refrigerating equipment, medical equipment, equipment for electronic monitoring, entertainment, recreation, window or structural cleaning, maintenance, exclusion of vermin or insects, removal of dust, refuse or garbage and all `other equipment of every kind), lobby and all other indoor and outdoor furniture (including tables, chairs, planters, desks, sofas, shelves, lockers and cabinets), wall beds, wall safes, furnishings, appliances (including dishwashers, garbage disposal units, refrigerators, fans, heaters, stoves, water heaters and incinerators), inventory, rugs, carpets and other floor coverings, draperies and drapery rods and brackets, awnings, window shades, venetian blinds, curtains, lamps, chandeliers and other lighting fixtures and maintenance and other supplies;

D. Intangibles

All of Trustor's interest in all existing and future accounts, contract rights, general intangibles, files, books of account, agreements, permits, licenses, plans and specifications, drawings, warranties, guarantees and certificates necessary or desirable in connection with the acquisition, ownership, leasing, construction, operation, servicing or management of the Premises, whether now existing or entered into or obtained after the date hereof, the nonexclusive use of all existing and future names under or by which the Premises or any portion thereof may at any time be operated or known, all rights to carry on business under any such names or any variant thereof, and all existing and future telephone numbers and listings, advertising and marketing materials, trademarks and goodwill in any way relating to the Premises or any portion thereof; and

E. Claims and Awards

All the estate, interest, right, title, other claims or demands, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire in the Premises, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Premises, including, without limitation, any awards from a change of grade of streets and awards for severance damages;

F. Rents

All rents, issues, profits, damages, royalties, income and other benefits now or hereafter derived from the Premises and the Improvements; and

G. Leases

All right, title and interest of Trustor in and to all leases or subleases covering the Premises or the Improvements or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder including, without limitation, all rights of Trustor against guarantors thereof, all cash or security deposits, advance rentals, and deposits or payments of similar nature.

EXHIBIT C

PERMITTED ENCUMBRANCES

[1. Such liens and encumbrances as are set forth in the _____ Policy # _____.]

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Teddy Callan, Procurement Specialist

Co-Submitter: Emily Markel

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:
Consideration and Approval of Contract: City-Wide Towing Services with JETT LLC

STAFF RECOMMENDED ACTION:

1. Approve the award of Contract No. 2026-20 for City-Wide Towing Services to JETT LLC for an initial three-year term with two optional one-year renewals.
2. Authorize the City Manager to execute the necessary documents.

Executive Summary:
The City of Flagstaff has needs for Towing Services and Vehicle Storage to support City-wide operations. These services will be utilized by departments including the Airport, Fleet Services, the Office of Parking Manager (ParkFlag), and the Police Department. The selected Contractor will be responsible for providing comprehensive towing, relocation, and vehicle storage services.

The Purchasing staff issued a Request for Proposal (RFP) No. 2026-20 to procure the necessary towing services from a qualified contractor to meet the needs of all departments. JETT, LLC was the successful proposer.

Financial Impact:
Towing within the right of way is usually paid by the owner of the vehicle. If the Airport needs a vehicle relocated on property or city equipment and vehicles needs to be towed, the appropriate department pays for the towing services.

Cost: Varies year to year depending on need
Account Number Budgeted: Various accounts in Police, Fire, Fleet and Airport
FY Budgeted Amount: $25,335
Grant Funded: N/A
Funding Source: General Fund and Airport

Policy Impact:
Provide essential support to the operations of Flagstaff Police, ParkFlag, Pulliam Airport, and City Fleet services for quick clearance of hazardous situations on public roadways, and for the relocation/removal of illegally parked and abandoned vehicles.

Previous Council Decision or Community Discussion:
N/A

Options and Alternatives to Recommended Action:

1. Approve contract award of City-Wide Towing Services to JETT LLC (Recommended Action)
2. Reject the Proposal and Reissue the Request for Proposals.

Background and History:
Purchasing staff issued a Request for Proposals (RFP) No. 2026-20 for City-Wide Towing Services on Monday, July 7th 2025, with a closing date of Monday, August 11th, 2025. The solicitation utilized the City's online platform (PlanetBids) and was advertised in the Arizona Daily Sun on July 19th, 2025, and July 26th, 2025. One proposal was received, submitted by JETT LLC and was reviewed by Purchasing staff to confirm responsiveness and responsibility. An evaluation committee of five city staff members representing the various departments requiring the need evaluated the proposal based on the criteria set forth in the RFP. JETT LLC scored high and was determined to be very qualified to provide the needed towing and storage services.

The scoring for Jett's proposal is as follows:

JETT LLC - 469.5 / 500 points

Connection to PBB Priorities and Objectives:
N/A

Connection to Regional Plan:
N/A

Connection to Carbon Neutrality Plan:
N/A

Connection to 10-Year Housing Plan:
N/A

Connection to Division Specific Plan:
N/A

Attachments: Contract

GENERAL SERVICES PURCHASE CONTRACT
Contract No. 2026-20

This Contract is made and entered into this _____ day of _____, 20___ by and between the City of Flagstaff, a political subdivision of the State of Arizona ("City") and **JETT LLC, an Arizona Limited Liability Company** ("Contractor").

WHEREAS, in July 2025 the City issued a Solicitation No. 2025-195 seeking requests for proposals to provide City-Wide Towing Services; and

WHEREAS, Contractor was selected to provide such services;

NOW THEREFORE, in consideration for the mutual promises herein, the Parties agree as follows:

1. Scope of Work: Contractor shall provide the services generally described as:

   City-Wide Towing Services

   and as more specifically described in the Quote attached hereto as *Exhibit A* (the "Services").

2. Term and Renewal: The Contract is for two (2) years and will be effective as of the date signed by both parties. The Contract may be renewed or extended for up to three (3) additional one (1) year terms by mutual written consent of the parties. The City Manager or his/her designee (the Purchasing Director) shall have authority to approve renewal on behalf of the City.

3. Unilateral Extension: The Contract may be unilaterally extended for one (1) 90-day period. The City Manager or his/her designee (the Purchasing Director) shall have the authority to approve the extension on behalf of the City. Contractor will be provided written notice of the Unilateral Extension prior to expiration of the Contract.

4. Compensation: Contractor will be paid for satisfactory performance of the Contract in accordance with the Fee Schedule, attached hereto as *Exhibit B*; including fees and taxes.. Any price adjustment must be approved by mutual written consent of the parties through a formal amendment.

5. Standard Terms and Conditions. This Contract is subject to and incorporates the City's Standard Terms and Conditions attached hereto as *Exhibit C*.

6. Insurance: Contractor shall maintain the insurance during the term of the Contract as set forth in *Exhibit D.*

7. Notice: Any formal notice required under the Contract shall be in writing and sent by certified mail and email as follows:

To the City:	To Contractor:
Nathan Naliborski	Dallas Johnson
City of Flagstaff	5600 N. Dodge Ave.
211 W. Aspen Ave.	Flagstaff, AZ 86004

Flagstaff, AZ 86001
nnaliborski@flagstaffaz.gov

Jettllc2008@gmail.com
928-714-0354

With a copy to:
Teddy Callan
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
Teddy.callan@flagstaffaz.gov

8. Authority: Each Party warrants that it has authority to enter into the Contract and perform its obligations hereunder, and that it has taken all actions necessary to enter into the Contract.

JETT LLC:	CITY OF FLAGSTAFF
By:_____	By:_____
Title:_____	Title:_____
Date:_____	Date:_____
ATTEST:	APPROVED AS TO FORM:
_____	_____
City Clerk	City Attorney's Office

Notice to Proceed issued:_____, 20___

Last Updated by CAO September 25, 2024

Exhibit A

SCOPE OF WORK

1. INTRODUCTION:
The City of Flagstaff invites Proposals for Towing Services and Vehicle Storage to support City-wide operations. These services will be utilized by departments including the Airport, Fleet Services, the Office of Parking Manager (ParkFlag), and the Police Department. The selected Contractor will be responsible for providing comprehensive towing, relocation, and vehicle storage services as further outlined in this Scope of Work.

2. BACKGROUND:
City departments require general towing services to assist with incidents such as vehicle collisions, abandoned vehicles, vehicles obstructing public access, illegally parked vehicles, and vehicles subject to impoundment or relocation. Services may be initiated by any of the participating departments.

2.1. Estimated Use:
Estimated monthly tow requests range between 150 to 200, based on historical data. This estimate is informational only and not guaranteed.

2.2. Reporting:
The Contractor shall provide a monthly report detailing all tows, storage charges, and impound services.

2.3. City Vehicle Towing:
The Contractor shall also tow City-owned vehicles and equipment, including light-duty vehicles and specialized heavy equipment such as fire trucks, refuse trucks, snowplows, and low-clearance street sweepers. Heavy-duty recovery must follow industry standards, and equipment must be delivered in pre-tow condition, unless pre-authorized.

2.4. 24/7 Availability:
Towing services shall be available 24/7 throughout the City limits and shall be initiated only by authorized City personnel.

2.5. Relocation Tows (Level 8):
As requested by departments such as the Airport, the Contractor shall relocate vehicles on City property (e.g., to clear blocked construction areas or access routes).

The Police Department requires towing services twenty-four (24) hours a day, seven (7) days a week throughout the City of Flagstaff City Limits. All work performed under this Contract will be pursuant to a specific request for service by a member of the Flagstaff Police Department. The City will pay the contract towing and storage fees for any abandoned or impounded vehicle seized by the Police Department in error. Officers and/or other Police Department employees may communicate with a tow company to assist a stranded motorist however those tows are at the vehicle owner's request and not subject to the terms of the Police Department towing contract.

1. CONTRACTOR SERVICES:

1.1. Contractor shall comply with all lawful written instructions received from the

insurance company representing the owner of any property towed under this Contract. Acceptable evidence of representation is any statement from the insurance company, on company letterhead, which names and purports to represent the owner. A copy of this written evidence of representation shall be retained at the Contractor's place of business for one (1) year from the date of receipt.

1.2. Contractor shall comply with all lawful instructions from the citizen, or the citizen's authorized agent, relating to the disposition of property that has been involved in a vehicular accident.

1.3. Contractor shall provide towing services twenty-four (24) hours a day and every calendar day of the year.

1.4. In the accident tow category, if the citizen does not request a specific towing service, the Contractor for that zone will be called by the Police Department. When a Contractor is called pursuant to this Contract, the Contractor is prohibited from reaching any agreement with the citizen relating to the tow service covered by this Contract that is not expressly permitted by this Contract. The charges to the citizen resulting from responses to calls made pursuant to this Contract shall be in strict accordance with the contract rates established herein.

1.5. Contractor must respond to all requests for the tow of abandoned or impounded property and cannot refuse to tow certain property.

1.6. Contractor shall comply with all laws of the State of Arizona pertaining to the handling and disposal of abandoned impounded vehicles, including the submission of all required electronically filed reports to MVD.

1.7. Contractor may recover from the registered owner of any abandoned vehicle any fee chargeable under state law that is paid for by Contractor and is directly related to Contractor's cost of applying for abandoned vehicle title.

1.8. Contractor shall not perform any services beyond the original tow and storage of property without the express consent of the citizen, or citizen's authorized agent, before the services are performed.

1.9. Contractor shall tow vehicles or property to the location designated by the City employee assuming responsibility for the disposition of the vehicle or property.

1.10. Contractor shall adhere to industry best practices and manufacturer recommendations for towing and storing electric vehicles (EVs).

1.11. Contractor’s personnel handling EVs must be trained in safe transport, deactivation, and emergency response procedures.

2. SOLICITATION OF BUSINESS PROHIBITED:

2.1. In connection with any property towed pursuant to this Contract, Contractor shall not solicit business for, or contact the property owner, or his authorized

agent, on behalf of, any body shop, repair facility, insurance company, insurance adjuster, towing company, wrecking yard, health care provider, lawyer, or other person or business of any description, during the tow process.

2.2. For purposes of this section, the term "tow process" shall mean the period of time beginning when the Contractor receives a call for service under this

Contract and ending when the property's owner or his authorized agent have removed the property from the Contractor's premises.

2.3. Contractor shall not enter into an agreement or single transaction with any business or person whereby Contractor is compensated in any way, either in money or other consideration of any description, whether by tow fee, contingency or other arrangement, in exchange for the provision of information relating to the property, or its owner, towed pursuant to this Contract.

2.4. Contractor shall not permit any person, other than a member of law enforcement or an employee or agent of any government acting in his or her official capacity, access to property towed pursuant to this Contract unless that access is required in direct and specific furtherance of a responsibility imposed upon Contractor under this Contract.

2.5. Notwithstanding any other provision of this Contract, the City may terminate this Contract for a single violation of this section.

3. STORAGE:

3.1 Contractor shall not move property from the designated storage location at the towing yard of record for a period of fourteen (14) days, unless the property is claimed by the owner or an authorized agent of the owner, or the owner or an authorized agent of the owner directs that the property be moved to another designated location. If, after fourteen (14) days, instructions have not been received from the property owner or authorized agent, Contractor may move the property to an alternative storage lot that also meets the physical requirements of the contract in the city limits of Flagstaff. The Contractor shall notify the vehicle owner via certified mail, email, or phone within 48 hours of relocation.

3.2 Contractor shall not charge an additional towing fee in connection with the transfer of property to an alternative storage lot at the Contractor's discretion. Contractor shall not charge a fee to remove property from a storage lot and shall make the property accessible to the owner or agent for purposes of removal from a storage lot, when the property is claimed by the owner or the owner's authorized agent.

3.3 Contractor shall staff towing property storage facilities for the purpose of contract property release or appraisal from 8:00 a.m. to 8:00 p.m., seven (7) days a week, except for the days on which the following holidays are observed: Juneteenth, New Year's Day, Martin Luther King Jr. Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Veterans' Day, Thanksgiving Day, and Christmas Day.

3.4 Contractor shall release all owner property to the customer or his agent within thirty (30)

minutes of request if the owner or the owner's agent is present at the towed storage property facility between 8:00 a.m. and 5:00 p.m. on any calendar day except the holidays named in this section.

3.5 Contractor shall maintain at all times a sign posted at the public entrance of each storage facility used for contract tows, clearly listing the City of Flagstaff contract tow and daily storage rates for property stored at this facility. Lettering shall be a minimum of 1.5 inches in height in a color clearly contrasting with the background.

3.6 Contractor will not charge an open lot fee for releasing property during the business hours stated in this section. If a vehicle owner requests a release outside of these hours, the Contractor may charge a reasonable after-hours release fee, which must be clearly posted at the facility entrance and disclosed prior to the release.

3.7 Contractor shall store Electric Vehicles (EVs) in an isolated area at least 50 feet away from structures and other vehicles when possible.

4. SAFEKEEPING OF PROPERTY:

4.1. Contractor shall be responsible for the safekeeping of all property that comes into its possession pursuant to this Contract.

4.2. Contractor shall ensure that the interior areas of vehicles are protected from rain and other elements by closing all operable windows. In the event the window(s) are inoperable, or the Contractor is unable to operate them for whatever reason, Contractor shall seal the window(s) with plastic or another non-porous, weather-resistant material and maintain the seal while the property is in the Contractor's possession. If feasible, this protection should be applied at the tow scene to prevent damage during transport. The cost for this service is to be included in the cost per tow for all levels of tow.

4.3. Contractor shall be responsible for any intentional or unintentional loss or damage caused to property as a result of Contractor's own actions, including, but not limited to, any damage caused as a result of moving the property to a storage lot, from a storage lot, or within a storage lot.

4.4. Contractor shall not remove property or other personal effects from inside of a towed or impounded vehicle without the express permission of the vehicle or property owner, the owner's authorized agent, or the Flagstaff Police Department. Contractor shall document the removal to include the following:

- Vehicle license plate or stock number;
- Date of removal;
- Contractor's agent who was responsible for removal;
- Recipient of property;
- Description of the property that was removed, including contents of any wallet, bag, or other receptable;
- Photographs of the property removed;
- Where property was delivered or stored.

Violation of this provision shall constitute a material breach of the Contract and shall be grounds for immediate termination of this Contract.

4.5. Contractor is responsible for the supervision of all persons who are granted or permitted access to the property to ensure that this provision (Section 4.4) is not violated. This provision shall apply regardless of whether Contractor's management was aware of the unauthorized removal, and regardless of the purpose for the unauthorized removal.

4.6. Contractor shall not disable or further disable, property towed or impounded without the express written permission of the vehicle or property owner. Violation of this provision shall constitute a material breach of this Contract and shall be grounds for immediate termination of this Contract.

4.7. Contractor shall be responsible for the intentional or unintentional acts of its employees or subcontractors for any intentional or unintentional act that reduces the value or lessens the cosmetic appearance of property towed or impounded without the express written permission of the property's owner, or the owner's authorized agent. Violation of this provision shall constitute a material breach of this Contract and shall be grounds for immediate termination of this Contract.

4.8. Contractor shall adhere to industry best practices and manufacturer recommendations for towing and storing electric vehicles (EVs).

4.9. Contractor shall have a fire suppression plan in place that meets applicable fire codes, wherein no water-based extinguishers shall be used for EV battery fires.

4.10. Contractor shall adhere to The Arizona Department of Environmental Quality (ADEQ) regulations on lithium-ion battery disposal.

4.11. Evidence Vehicle Storage Requirements
When handling vehicles impounded as evidence by the Police Department, Parking Management Services, or any other City department, the following requirements shall apply:

4.11.1 Secure Facility
Evidence vehicles shall be stored in a locked, restricted-access area separate from general storage. The area must be monitored by 24/7 surveillance.

4.11.2 The Contractor must maintain a detailed and auditable log for each evidence vehicle including:

- Date/time of intake
- Vehicle condition upon arrival
- List of all personnel who accessed the vehicle
- Release authorization and date

4.11.3 Non-Tampering Guarantee
Vehicles must remain untouched and undisturbed unless authorized by law enforcement. No contents may be removed or disturbed without written approval.

4.11.4 Special Handling for Criminal Investigations

Vehicles designated for forensic or criminal investigation shall, upon request, be stored indoors or in a covered facility to preserve evidence.

4.11.5 Access Restrictions

Only personnel authorized by the appropriate City department (e.g., Police) may enter the evidence storage area or access vehicles stored there.

4.11.6 Long-Term Storage Needs

The Contractor must accommodate long-term storage when required by ongoing investigations, court proceedings, or department directives.

5. CONTRACTOR PERSONNEL:

5.1. Contractor shall provide professional, polite, and sufficiently qualified personnel to service the City of Flagstaff. All personnel interfacing with the public must complete customer service and conflict resolution training.

5.2. Contractor's drivers shall be properly licensed and shall operate the tow trucks in a safe and prudent manner. Drivers shall refrain from using profane or vulgar language in a public area while performing work under this Contract.

5.3. Contractor shall provide a supervisor to the scene of a tow at the City's request when required.

5.4. Contractor shall ensure that at least one (1) person assigned to each storage facility responsible for interfacing with the public be proficient in English in order to communicate with all City personnel, the citizen, or the citizen's authorized agent.

6. RESPONSES TO SERVICE REQUESTS:

6.1. Contractor shall be responsible for dispatching its own trucks upon receiving a request for towing service.

6.2. Contractor shall respond to the City's call for service by arriving at the location requested within twenty (20) minutes from the time of the call, except that the response time for medium and heavy-duty trucks shall be thirty (30) minutes from the time of the call UNLESS OTHERWISE AUTHORIZED.

6.3. Contractor shall supply the City with a single twenty-four (24) hour telephone number to request all dispatches.

6.4. Contractor must notify the City immediately when Contractor knows, or becomes aware that, the twenty (20) minute response time will not be met.

6.5. Contractor shall clean up any accident scenes of all debris and return the area to its condition prior to the accident as requested by the City representative

and in compliance with all applicable federal, state, and local laws.

7. IMPOUND PROPERTY AND RELEASE:

7.1. Authority for Release.

7.1.1 Contractor shall not release any property impounded as evidence by the Flagstaff Police Department without the prior written authorization of the Police Department.

7.1.2 For tows pursuant to A.R.S. § 28-3511, Contractor shall release the vehicle to any person who has the Flagstaff Police Department Authorization for Release of Impounded Vehicle and current, government-issued photo identification that matches the name on the Authorization for Release of Impounded Vehicle. All Authorization for Release forms are to be retained by the Contractor until thirty (30) days after the expiration of the contract term.

7.1.3 Contractor shall not release a vehicle towed pursuant to either A.R.S. § 28-3511 without the express, written authorization of the Flagstaff Police Department. Contractor must pay the $150 administrative fee to the City, in addition to any other amount that may be payable as contract damages, if the Contractor releases to a citizen a vehicle towed pursuant to A.R.S. § 28-3511 without first obtaining Flagstaff Police Department Authorization for Release form.

7.1.4 For tows pursuant to Flagstaff City Code Section 9-01-001-0003(I) (related to immobilizing and impounding vehicles due to violation of parking regulations) the Contractor shall release the vehicle to the registered owner when the Flagstaff Municipal Court or the Flagstaff Office of the Parking Manager has faxed a Vehicle Release Authorization to the Contractor. The Contractor shall not release a vehicle towed without the express, written authorization of the City of Flagstaff Municipal Court or the Flagstaff Office of the Parking Manager.

7.2 Contractor is required to collect the impoundment fee, as amended, at the time of vehicle release whenever a vehicle is towed pursuant to City of Flagstaff regulations, as amended. The fee is to be paid to the City with a written accounting. The written accounting must include the stock/storage report number, Vehicle Identification Number, impound fee, fee collection date, amount collected, and payment type (e.g., cash, check, credit card).

7.3 Contractor shall make payments to the City once each week for fees collected during the preceding week. The fee is to be paid by the person claiming the towed vehicle and not by the Contractor.

7.4 Contractor shall pay to the City the impoundment fee in the amount of $100.00 for each vehicle for which the fee applies and for which the fee was not collected from a third party. The Contractor does not pay the fee for unclaimed vehicles when the

8. SERVICE RECORDS:

8.1 Contractor shall maintain records and/or computer files separate from all other

records and/or computer files the Contractor may keep, of all property towed under this contract, showing, as applicable, the following:

A. Location where the property was picked up (Address).

B. Type of tow performed, e.g., A.R.S. § 28-3511, abandoned, city property, evidence, stolen vehicle, seizure, accident, boot and tow, or other reason.

C. Location to which the property was taken.

D. Date and time of the tow.

E. Police Department Incident Number.

F. Make, model, and year of property

G. License plate number and State issued.

H. Vehicle identification number or serial number.

I. Signature and serial number of Police Department employee authorizing service.

J. Name and signature of individual or authorized agent to whom the property was released, or pursuant to whose instructions the property was disposed of.

K. Total charges to date.

8.2 If a vehicle was impounded under an incorrect Vehicle Identification Number (VIN), either through an audit performed by the Arizona Department of Public Safety, an inspection performed by the Arizona Department of Motor Vehicles, or otherwise, Contractor shall immediately notify the Flagstaff Police Department Code Enforcement Unit by facsimile or electronic transmission of the correct VIN ascertained through the audit, inspection or otherwise.

9. FAILURE TO RESPOND:

9.1 The officer in charge of the scene, or other responsible City employee if the tow does not involve an on-scene officer, may declare Contractor nonresponsive and call any other tow service with which the City has a contract, or any other tow service if no contract tower is available, if:

A. Contractor has not arrived at the requested location within twenty (20) minutes after the required response time.

B. Contractor notifies the City that the required response time will not be met.

9.2 In the event that a substitute tow service is called pursuant to this section,

the citizen will be charged the contract rate for the zone in which the tow was initiated. Contractor shall pay the substitute tow company, citizen, or City, as applicable, the difference between the Contractor's tow and storage fees and those of the substitute tow company within ten (10) days after invoice.

10. REPORTING:

10.1 TOW TICKETS AND STORAGE REPORT AVAILABILITY:

Contractor shall make available to the City, for viewing in electronic format, each tow ticket and/or vehicle storage report signed by a City employee within twelve (12) hours after the tow has been completed. The City reserves the right to audit these records quarterly.

10.2 RELEASED VEHICLES REPORT:

For all vehicles released, the Contractor shall submit a daily electronic report to the Police Department Code Enforcement Unit with the following:

A. Contractor Stock Number
B. Vehicle Year, Make and Model or Property Year, Make and Model (as available)
C. Vehicle Identification Number (VIN) or Serial Number (as available)
D. Precinct number
E. Impound Date
F. Release Date
G. Person property was released to
H. Amount paid for tow
I. Amount paid for storage, including number of days in storage
J. Amount paid for all other charges, identified by individual charge.

For purposes of this subsection, a day shall run from midnight to 11:59 p.m. and the report shall be due no later than 5:00p.m. on the following business day. All reports will be emailed to the Department Contact Person.

Contractor shall provide an electronic report of all vehicles required to be inspected pursuant to
A.R.S. § 28-4834 and A.R.S. § 28-4838 in order to apply for an abandoned title application and submittal of the MVD Abandoned Vehicle Report. Contractor will submit the reports to the Department Contact Person later than 6:00a.m. each weekday. Flagstaff Police Department personnel will perform the inspections and provide the completed MVD Abandoned Vehicle Report to the Contractor.

A. Exhibit B - Fee Schedule

Item	Line Items	Unit (TOW)	Unit Price
A	Level 1 Tow- Less than 10,000lbs. No special circumstances,	Price per tow	100
B	Level 2 Tow- Less than 10,000lbs. Including special circumstances	Price per tow	130
C	Level 3 Tow- 10,000 to 25,999 lbs. No special circumstances	Price per tow	175
D	Level 4 Tow- 10,000 to 25,999 lbs. Including special circumstances	Price per tow	250
E	Level 5 Tow- 26,000 lbs or more. No special circumstances.	Price per tow	400
F	Level 6 Tow- 26,000 lbs or more. Including special circumstances.	Price per ~~tow~~ hour	400
G	Level 7 Tow- Abandoned Vehicles	Price per tow	75
H	Level 8 Tow- Relocation of vehicle on City Property	Price per tow	75
I	Storage Rate for Non 30- day tows.	Price per day	55
J	After Hours Gate Charge	Price per each occurrence	100
K	Hourly Standby Charge	Price per hour	100
L	Hourly Supervisor Charge	Price per hour	95
M	Refrigeration Unit Town	Price per hour	175
N	Outside City Limit	Price per mile	6
O	Dry Run	Fee per each occurrence	0

EXHIBIT C

STANDARD TERMS AND CONDITIONS

(Last Updated January 19, 2023)

*The term “Contractor” may substitute for the term “vendors,” “consultants,” or “firms,” depending on the purpose of the underlying Contract.

IN GENERAL

1. **PARTIES:** The City of Flagstaff (“City”) and the contractor identified in the Contract (“Contractor”) may be referred to individually as “Party” or collectively as “Parties”.

2. **NOTICE TO PROCEED:** Contractor shall not commence performance until after the City has issued a Notice to Proceed.

3. **LICENSES AND PERMITS:** Contractor its expense shall maintain current federal, state, and local licenses, permits and approvals required for performance of the Contract and provide copies to City upon request.

4. **COMPLIANCE WITH LAWS:** Contractor shall comply with all applicable federal, state and local laws, regulations, standards, codes and ordinances in performance of the Contract.

5. **NON-EXCLUSIVE:** Unless expressly provided otherwise in the Contract, the Contract is non-exclusive and the City reserves the right to contract with others for materials or services.

6. **SAMPLES:** Any sample submitted to the City by the Contractor and relied upon by City as representative of quality and conformity, shall constitute an express warranty that all materials and/or service to be provided to City shall be of the same quality and conformity.

MATERIALS

7. **PURCHASE ORDERS:** The City will issue a purchase order for the materials covered by the Contract, and such order will reference the Contract number.

8. **QUALITY:** Contractor warrants that all materials supplied under the Contract will be new and free from defects in material or workmanship. The materials will conform to any statements made on the containers or labels or advertisements for the materials and will be safe and appropriate for use as normally used. The City’s inspection, testing, acceptance or use of materials shall not serve to waive these quality requirements. This warranty shall survive termination or expiration of the Contract.

9. **ACCEPTANCE:** All materials and services provided by Contract are subject to final inspection and acceptance by the City. Materials and services failing to conform to the Contract specifications may be rejected in whole or part. If rejected, Contractor is responsible for all costs associated arising from rejection.

10. **MANUFACTURER’S WARRANTIES:** Contractor shall deliver all Manufacturer’s Warranties to the City upon the City’s acceptance of the materials.

11. **PACKING AND SHIPPING:** Contractor shall be responsible for industry standard packing which conforms to requirements of carrier's tariff and ICC regulations. Containers shall be clearly marked as to lot number, destination, address and purchase order number. All shipments shall be F.O.B. Destination, City of Flagstaff, 211 West Aspen Avenue, Flagstaff, Arizona 86001, unless otherwise specified by the City. C.O.D. shipments will not be accepted.

12. **TITLE AND RISK OF LOSS:** The title and risk of loss of material shall not pass to the City until the City actually receives the material at the point of delivery and the City has completed inspection and has accepted the material, unless the City has expressly provided otherwise in the Contract.

13. **NO REPLACEMENT OF DEFECTIVE TENDER:** Every tender of materials shall fully comply with all provisions of the Contract. If a tender is made which does not fully conform, this shall constitute a breach and Contractor shall not have the right to substitute a conforming tender without prior written approval from the City.

14. **DEFAULT IN ONE INSTALLMENT TO CONSTITUTE TOTAL BREACH:** Contractor may not substitute nonconforming materials and/or services. Delivery of nonconforming materials and/or services, or a default of any nature, shall constitute a breach of the Contract as a whole.

15. **SHIPMENT UNDER RESERVATION PROHIBITED:** Contractor is not authorized to ship materials under reservation and no tender of a bill of lading shall operate as a tender of the materials.

16. **LIENS:** All materials and other deliverables supplied to the City shall be free of all liens, other than the security interest held by Contractor, until payment in full is made by the City. Upon request of the City, Contractor shall provide a formal release of all liens.

17. **CHANGES IN ORDERS:** The City reserves the right at any time to make changes in any one or more of the following: (a) methods of shipment or packing; (b) place of delivery; and (c) quantities. If any change causes an increase or decrease in the cost of or the time required for performance, an equitable adjustment may be made in the price or delivery schedule, or both. Any claim for adjustment shall be evidenced in writing and approved by the City Purchasing Director prior to the institution of the change.

PAYMENT

18. **INVOICES:** A separate invoice shall be issued for each shipment and each job completed. Invoices shall include the Contract and/or Purchase Order number and dates when goods had been shipped or work performed. Invoices shall be sent within thirty (30) days following performance. Payment will only be made for satisfactory materials and/or services received and accepted by City.

19. **LATE INVOICES:** The City may deduct up to 10% of the payment price for late invoices. The City operates on a fiscal year budget, from July 1 through the following June 30. Except in unusual circumstances, which are not due to the fault of Contractor, the City will not honor any invoices or claims submitted after August 15 for materials or services supplied in the prior fiscal year.

20. TAXES: Contractor shall be responsible for payment of all taxes including federal, state, and local taxes related to or arising out of Contractor's performance of the Contract. Such taxes include but are not limited to federal and state income tax, social security tax, unemployment insurance taxes, transaction privilege taxes, use taxes, and any other taxes or business license fees as required.

Exception: The City will pay any taxes which are specifically identified as a line-item dollar amount in the Contractor's bid, proposal, or quote, and which were considered and approved by the City as part of the Contract award process. In this event, taxes shall be identified as a separate line item in Contractor's invoices.

21. FEDERAL EXCISE TAXES: The City is exempt from paying certain Federal Excise Taxes and will furnish an exemption certificate upon request.

22. FUEL CHARGES: Contractor at its own expense is liable for all fuel costs related to performance. No fuel surcharges will be accepted or paid by the City.

23. DISCOUNTS: If the Contract provides for payment discounts, payment discounts will be computed from the later date of the following: (a) when correct invoice is received by the City; or (b) when acceptable materials and/or materials were received by the City.

24. AMOUNTS DUE TO THE CITY: Contractor must be current and remain current in all obligations due to the City during performance. Payments to Contractor may be offset by any delinquent amounts due to the City or fees and charges owed to the City under the Contract.

25. OFAC: No payments may be made to any person in violation of Office of Foreign Assets Control regulations. 31 C.F.R. Part 501.

SERVICES

26. INDEPENDENT CONTRACTOR: Contractor shall be an independent contractor for purposes of all laws, including but not limited to the Fair Labor Standards Act, Federal Insurance Contribution Act, Social Security Act, Federal Unemployment Tax Act, Internal Revenue Code, Immigration and Naturalization Act; Arizona revenue and taxation, workers' compensation, and unemployment insurance laws.

27. CONTROL: Contractor shall be responsible for the control of the work.

28. WORK SITE: Contractor shall inspect the work site and notify the City in writing of any deficiencies or needs prior to commencing work.

29. SAFEGUARDING PROPERTY: Contractor shall responsible for any damage to real property of the City or adjacent property in performance of the work and safeguard the worksite.

30. QUALITY: All work shall be of good quality and free of defects, performed in a diligent and professional manner.

31. ACCEPTANCE: If the City rejects Contractor's work due to noncompliance with the Contract, the City, after notifying Contractor in writing, may require Contractor to correct the

deficiencies at Contractor's expense, or cancel the work order and pay Contractor only for work properly performed.

32. WARRANTY: Contractor warrants all work for a period of one year following final acceptance by the City. Upon receipt of written notice from the City, Contractor at its own expense shall promptly correct work rejected as defective or as failing to conform to the Contract, whether observed before or after acceptance, and whether or not fabricated, installed or completed by Contractor, and shall bear all costs of correction. If Contractor does not correct deficiencies within a reasonable time specified in the written notice from the City, the City may perform the work and Contractor shall be liable for the costs. This one year warranty is in addition to and does not limit Contractor's other obligations herein. This warranty shall survive termination or expiration of the Contract.

INSPECTION, RECORDS, ADMINISTRATION

33. RECORDS: The City shall have the right to inspect and audit all Contractor books and records related to the Contract for up to five years after completion of the Contract.

34. RIGHT TO INSPECT BUSINESS: The City shall have the right to inspect the place of business of the Contractor or its subcontractor during regular business hours at reasonable times, to the extent necessary to confirm Contract performance.

35. PUBLIC RECORDS: The Contract and any related materials are a matter of public record and subject to disclosure pursuant to Arizona Public Records Law. A.R.S. § 39-121 et seq. If Contractor has clearly marked its proprietary information as "confidential", the City will endeavor to notify Contractor prior to release of such information.

36. CONTRACT ADMINISTRATION: Contractor will be required to participate in the City's contract administration process. Contractor will be closely monitored for Contract compliance and will be required to promptly correct any deficiencies.

INDEMNIFICATION

37. GENERAL INDEMNIFICATION: Contractor shall indemnify and hold the City, and its officers, agents, employees, and subcontractors, harmless from and against any third-party claims, actions, liabilities, costs, including reasonable attorneys' fees and other costs of defense, arising out of the acts, errors, or omissions of Contractor, its officers, agents, employees, and subcontractors, in performing or failing to perform the responsibilities identified in the Contract. In the event any such action or claim is brought against the City, Contractor shall, if the City so elects, and upon tender by the City: (a) defend the same at Contractor's sole cost and expense; and/or (b) promptly satisfy any judgment adverse to the City; or (c) reimburse the City for any loss, cost, damage, or expense, including attorneys' fees, suffered or incurred by the City. The City shall notify Contractor, within a reasonable time, of any claim, threat of claim, or legal action as it relates to the responsibilities identified in the Contract. This indemnification shall survive termination or expiration of the Contract.

38. INTELLECTUAL PROPERTY INDEMNIFICATION: Contractor shall indemnify and hold the City, and its officers, agents, employees, and subcontractors, harmless from and against any third-party claims, actions, liabilities, costs, including reasonable attorneys' fees and other costs of defense arising out of the alleged infringement of any patent, trademark or copyright or other proprietary rights of any third-parties arising out of Contract performance

or use by the City of materials furnished or work performed under the Contract. In the event any such action or claim is brought against the City, Contractor shall, if the City so elects and upon tender by the City: (a) defend the same at Contractor's sole cost and expense; and/or (b) promptly satisfy any judgment adverse to the City; or (c) reimburse the City for any loss, cost, damage, or expense, including attorneys' fees, suffered or incurred by the City. The City shall notify Contractor, within a reasonable time, of any claim, threat of claim, or legal action as it relates to the responsibilities identified in the Contract. This indemnification shall survive termination or expiration of the Contract.

39. NETWORK SECURITY AND PRIVACY LIABILITY: Contractor shall indemnify and hold the City, and its officers, agents, employees, and subcontractors, harmless from an against any third-party claims, actions, liabilities, costs, including reasonable attorneys' fees and other costs of defense arising out of all acts, errors, omissions, negligence, infringement of intellectual property (except patent and trade secret); network security and privacy risks, including but not limited to unauthorized access, failure of security, breach of privacy perils, wrongful disclosure, collection, or other negligence in the handling of confidential information, privacy perils, and including coverage for related regulatory defense and penalties; data breach expenses, including but not limited to, consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services in the performance of services for the City. In the event any such action or claim is brought against the City, Contractor shall, if the City so elects and upon tender by the City: (a) defend the same at Contractor's sole cost and expense; and/or (b) promptly satisfy any judgment adverse to the City; or (c) reimburse the City for any loss, cost, damage, or expense, including attorneys' fees, suffered or incurred by the City. The City shall notify Contractor, within a reasonable time, of any claim, threat of claim, or legal action as it relates to the responsibilities identified in the Contract. This indemnification shall survive termination or expiration of the Contract.

CONTRACT CHANGES

40. PRICE INCREASES: Except as expressly provided for in the Contract, no price increases will be approved.

41. COMPLETE AGREEMENT: The Contract is intended to be the complete and final agreement of the Parties.

42. AMENDMENTS: The Contract may be amended by written agreement of the Parties.

43. SEVERABILITY: If any term or provision of the Contract is found by a court of competent jurisdiction to be illegal or unenforceable, then such term or provision is deemed deleted and the remainder of the Contract shall remain in full force and effect.

44. NO WAIVER: Both Parties have the right insist upon strict performance of the Contract, and the prior failure of a Party to insist upon strict performance, or a delay in any exercise of any right or remedy, or acceptance of materials or services, shall not be deemed a waiver of any right to insist upon strict performance.

45. ASSIGNMENT: Contractor was selected for its special knowledge, skills, and expertise, and shall not assign the services/materials required in the Contract, in whole or in part, without the City's prior written consent, which may be withheld for any reason. Any

assignment without such consent shall be null and void. No assignment shall relieve Contractor (Assignor) from any of its obligations and liabilities under the Contract with respect to the City. The Purchasing Director shall have authority to consent to an assignment on behalf of the City.

46. BINDING EFFECT: The Contract shall be binding upon and inure to the benefit of the Parties and their successors and assigns.

EMPLOYEES AND SUBCONTRACTORS

47. SUBCONTRACTING: Contractor was selected for its special knowledge, skills, and expertise, and shall not assign the services/materials required in the Contract, in whole or in part, without the City's prior written consent, which may be withheld for any reason. The City reserves the right to withhold consent if the subcontractor is deemed irresponsible and/or subcontracting may negatively affect performance. All subcontracts shall comply with the underlying Contract. Contractor is responsible for Contract performance whether or not subcontractors are used.

48. NONDISCRIMINATION: Contractor shall not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, disability, genetic information, veteran's status, pregnancy, familial status and represents and warrants that it complies with all applicable federal, state and local laws and executive orders regarding employment. In addition, any Contractor whose business is located within City of Flagstaff limits shall comply with the City Code, Chapter 14-02, *Civil Rights*, which also prohibits discrimination based on sexual orientation, or gender identity or expression.

49. DRUG FREE WORKPLACE: The City has adopted a Drug Free Workplace policy for itself and those doing business with the City to ensure the safety and health of all persons working on City contracts and projects. Contractor's personnel shall abstain from use or possession of illegal drugs while engaged in performance of the Contract.

50. IMMIGRATION LAWS: Pursuant to A.R.S. § 41-4401, Contractor hereby warrants to the City that Contractor and each of its subcontractors shall comply with all state and federal immigration laws and regulations that relate to its employees and A.R.S. § 23-214(A). A breach of state and federal immigration laws and regulations shall constitute a material breach of the Contract and shall subject Contractor to penalties up to and including termination of the Contract. The City may, at its sole discretion, conduct random verification of the employment records of the employees of the Contractor and any subcontractors to ensure compliance with all state and federal immigration laws and regulations. Neither Contractor nor any subcontractor shall be deemed to have materially breached the Contract if Contractor or subcontractor establishes that it has complied with the employment verification provisions prescribed by sections 274A and 274B of the Federal Immigration and Nationality Act and the E-verify requirements prescribed by A.R.S. § 23-214(A).

DEFAULT AND TERMINATION

51. TERMINATION FOR DEFAULT: Prior to terminating the Contract for a material breach, the non-defaulting Party shall give the defaulting Party written notice and reasonable opportunity to cure the default, not to exceed thirty (30) days unless a longer period of time is granted by the non-defaulting Party in writing. In the event the breach is not timely cured,

or in the event of a series of repeated breaches the non-defaulting Party may elect to terminate Contract by written notice to Contractor, which shall be effective upon receipt. In the event of default, the Parties may execute all remedies available at law in addition to the Contract remedies provided for herein.

52. CITY REMEDIES: In the event of Contractor's default, the City may obtain required materials and/or services from a substitute contractor, and Contractor shall be liable to the City to pay for the costs of such substitute service. The City may deduct or offset the cost of substitute service from any balance due to Contractor, and/or seek recovery of the costs of substitute service against any performance security, and/or collect any liquidated damages provided for in the Contract. Remedies herein are not exclusive.

53. CONTRACTOR REMEDIES: In the event of the City's default, Contractor may pursue all remedies available at law, except as provided for herein.

54. TERMINATION FOR NONAPPROPRIATION OF FUNDS: The City may terminate all or a portion of the Contract due to budget constraints and non-appropriation of funds for the following fiscal year, without penalty or liability to Contractor.

55. TERMINATION FOR CONVENIENCE: Unless expressly provided for otherwise in the Contract, the Contract may be terminated in whole or part by the City for convenience upon thirty (30) days written notice, without further penalty or liability to Contractor. If the Contract is terminated, City shall be liable only for payment for satisfactory materials and/or services received and accepted by the City before the effective date of termination.

56. TERMINATION DUE TO INSOLVENCY: If Contractor becomes a debtor in a bankruptcy proceeding, or a reorganization, dissolution or liquidation proceeding, or if a trustee or receiver is appointed over all or a substantial portion of the property of Contractor under federal bankruptcy law or any state insolvency law, Contractor shall immediately provide the City with a written notice thereof. The City may terminate the Contract, and Contractor is deemed in default, at any time if the Contractor becomes insolvent, or is a party to any voluntary bankruptcy or receivership proceeding, makes an assignment for a creditor, or there is any similar action that affects Contractor's ability to perform under the Contract.

57. PAYMENT UPON TERMINATION: Upon termination of the Contract, the City will pay Contractor for satisfactory performance up until the effective date of termination. The City shall make final payment within thirty (30) days from receipt of the Contractor's final invoice.

58. CANCELLATION FOR GRATUITIES: The City may cancel the Contract at any time, without penalty or further liability to Contractor, if City determines that Contractor has given or offered to give any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with award or performance of the Contract.

59. CANCELLATION FOR CONFLICT OF INTEREST: Pursuant to A.R.S. § 38-511, if the City identifies a conflict of interest in the award or performance of the Contract, the City may cancel the Contract within three years after its execution, without penalty or further liability to Contractor.

MISCELLANEOUS

60. COOPERATIVE PURCHASE CONTRACTS: Presuming that Contractor agreed to such during the procurement process, Contractor will enter into cooperative purchase arrangements, as sanctioned by state and federal law, to allow Contractor to sell materials and services to any member of a cooperative group under the same pricing, terms and conditions of the contract awarded to the Contractor by the public procurement unit, following a competitive procurement process.

61. ADVERTISING: Contractor shall not advertise or publish information concerning its Contract with the City without the prior written consent of the City.

62. NOTICES: All notices given pursuant to the Contract shall be delivered at the addresses as specified in the Contract or updated by Notice to the other Party. Notices may be: (a) personally delivered, with receipt effective upon personal delivery; (b) sent via certified mail, postage prepaid, with receipt deemed effective four days after being sent; or (c) sent by overnight courier, with receipt deemed effective two days after being sent. Notice may be sent by email as a secondary form of notice.

63. THIRD PARTY BENEFICIARIES: The Contract is intended for the exclusive benefit of the parties. Nothing herein is intended to create any rights or responsibilities to third parties.

64. GOVERNING LAW: The Contract shall be construed in accordance with the laws of Arizona.

65. FORUM: In the event of litigation relating to the Contract, any action at law or in equity shall be filed in Coconino County, Arizona.

66. ATTORNEYS' FEES: If any action at law or in equity is necessary to enforce the terms of the Contract, the prevailing party shall be entitled to recover its reasonable attorneys' fees, costs, professional fees and expenses.

67. FORCE MAJUERE:

a. There may be events that occur during the term of the Contract that are beyond the control of both the City and Contractor, including events of war, floods, labor, disputes, earthquakes, epidemics, pandemics, adverse weather conditions not reasonably anticipated, forest fires, and other acts of God ("Events"). These Events may result in a temporary delay of contractual deliverables, or the permanent inability to provide the contractual deliverables that are the subject of the Contract.

b. There shall be no claims arising from a temporary delay of contractual deliverables, or the permanent inability to provide the contractual deliverables caused by the Events and the City shall not pay additional costs incurred by Contractor as a result of such Events.

c. The Parties shall act in good faith to extend the Contract completion date without any penalty to Contractor and that the extension will be in an amount of time equal to any temporary delay. This provision of the Contract supersedes all other terms regarding temporary delay, permanent shut down, or increased costs.

68. NO BOYCOTT OF ISRAEL: Pursuant to A.R.S. §§ 35-393 and 35-393.01, if a Party has over ten (10) employees and the Contract is worth at least one-hundred thousand dollars and no cents ($100,000), the Party shall certify that it is not currently engaged in, and agrees, for the duration of the Contract, will not engage in a boycott of Israel.

69. CHANGES TO CONTRACT: The Contract shall not be modified within the first year after Contract award where: (a) an amendment may result in a competitive advantage that was not made available to other proposers/bidders; or (b) requests for changes may delay commencement of performance.

70. FORCED LABOR OF ETHNIC UYGHURS: If Contractor engages in for-profit activity and has ten (10) or more employees, pursuant to A.R.S. §35-394, the Contractor certifies that it does not currently, and agrees for the duration of the contract that it will not, use: 1) the forced labor of ethnic Uyghurs in the People's Republic of China; 2) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China; and 3) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If the Contractor becomes aware during the term of the contract that the company is not in compliance with the written certification, the Contractor shall notify the City within five (5) business days after becoming aware of the noncompliance. If the Contractor does not provide the City with a written certification that the Contractor has remedied the noncompliance within 180 days after notifying the City of the noncompliance, this Contract terminates, except that if the contract termination date occurs before the end of the remedy period the Contract terminations on the Contract termination date.

EXHIBIT D

STANDARD INSURANCE REQUIREMENTS

(Last Updated January 19, 2023)

*The term "Contractor" may substitute for the term "vendors," "consultants," or "firms," depending on the purpose of the underlying Contract.

1. IN GENERAL: Contractor shall maintain insurance against claims for injury to persons or damage to property, arising from performance of or in connection with the Contract by Contractor, its agents, representatives, employees, and/or subcontractors.

2. REQUIREMENT TO PROCURE AND MAINTAIN: Each insurance policy required by the Contract shall be in effect at, or before, commencement of work under the Contract and shall remain in effect until all of Contractor's obligations under the Contract have been met, including any warranty periods. Contractor's failure to maintain the insurance policies as required by the Contract, or to provide timely evidence of renewal, will be considered a material breach of the Contract.

3. MINIMUM SCOPE AND LIMITS OF INSURANCE: The following insurance requirements are minimum requirements for the Contract and in no way limit the indemnity covenants contained in the Contract. The City does not represent or warrant that the minimum limits set forth in the Contract are sufficient to protect Contractor from liabilities that might arise out of the Contract, and Contractor is free to purchase such additional insurance as Contractor may determine is necessary.

Where applicable, as related to the Scope of Work, Contractor shall provide coverage at least as broad and with limits not less than those stated below.

a. Commercial General Liability - Occurrence Form

General Aggregate	$2,000,000
Products/Completed Operations	$1,000,000
Each Occurrence	$1,000,000

b. Umbrella Coverage $2,000,000

c. Automobile Liability

Any Automobile or Owned, Hired, and Non-owned Vehicles Combined Single Limit Per Accident for Bodily Injury & Property Damage	$1,000,000

d. Workers' Compensation and Employer's Liability

Workers' Compensation	Statutory
Employer's Liability: Each Accident	$1,000,000
Disease - Each Employee	$1,000,000
Disease - Policy Limit	$1,000,000

e. Professional Liability $2,000,000

f. Network Security and Privacy Liability

Per claim	$2,000,000
Annual Aggregate	$2,000,000

4. **NETWORK SECURITY AND PRIVACY LIABILITY:** Contractor shall maintain the requisite insurance requirements covering all acts, errors, omissions, negligence, infringement of intellectual property (except patent and trade secret); network security and privacy risks, including but not limited to unauthorized access, failure of security, breach of privacy perils, wrongful disclosure, collection, or other negligence in the handling of confidential information, privacy perils, and including coverage for related regulatory defense and penalties; data breach expenses, including but not limited to, consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services in the performance of services for the City. The insurance policy shall include coverage for third-party claims. The insurance policy shall contain an affirmative coverage grant for contingent bodily injury and property damage emanating from the failure of the technology services or an error or omission in the content/information provided.

5. **SELF-INSURED RETENTION:** Any self-insured retentions must be declared to and approved by the City. If not approved, the City may require that Contractor reduce or eliminate such self-insured retentions with respect to the City, its officers, agents, employees, and/or subcontractors. Contractor shall be solely responsible for any self-insured retention amounts. The City at its option may require Contractor to secure payment of such self-insured retention by a surety bond or irrevocable and unconditional letter of credit.

6. **OTHER INSURANCE REQUIREMENTS:** The insurance policies shall contain, or be endorsed to contain, the following provisions:

   a. Additional Insured: In Commercial General Liability and Automobile Liability Coverages, the City of Flagstaff, its officers, officials, agents, employees, and/or subcontractors shall be named and endorsed as additional insureds with respect to liability arising out of the Contract and activities performed by or on behalf of Contractor, including products and completed operations of Contractor, and automobiles owned, leased, hired, or borrowed by Contractor.

   b. Broad Form: Contractor's insurance policy shall contain broad form contractual liability coverage.

   c. Primary Insurance: Contractor's insurance coverage shall be primary insurance with respect to the City, its officers, officials, agents, employees, and/or subcontractors. Any insurance or self-insurance maintained by the City, its officers, officials, agents, employees, and/or subcontractors shall be in excess of the coverage of Contractor's insurance and shall not contribute to it.

   d. Each Insured: Contractor's insurance policies shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability.

   e. Not Limited: Coverage provided by Contractor shall not be limited to the liability assumed under the indemnification provisions of the Contract.

f. Waiver of Subrogation: The insurance policies shall contain a waiver of subrogation against the City, its officers, officials, agents, employees, and/or subcontractors for losses arising from work performed by Contractor for the City.

7. NOTICE OF CANCELLATION: Each insurance policy required by the insurance provisions of the Contract shall provide the required coverage and shall not be suspended, voided, cancelled, and/or reduced in coverage or in limits unless prior written notice has been given to the City. Notices required by this section shall be sent directly to the Procurement Agent and shall reference the Contract Number.

8. ACCEPTABILITY OF INSURERS: Contractor shall place insurance hereunder with insurers duly licensed or approved unlicensed companies in the State of Arizona and with a "Best's" rating of not less than A-: VII. The City does not represent or warrant that the above required minimum insurer rating is sufficient to protect Contractor from potential insurer insolvency.

9. CERTIFICATES OF INSURANCE: Contractor shall furnish the City with certificates of insurance (ACORD form) as required by the Contract. The certificates for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. Any policy endorsements that restrict or limit coverage shall be clearly noted on the certificate of insurance. The City Contract number shall be noted on the certificates of insurance. If requested by the City, all certificates of insurance and endorsements must be received and approved by the City before the Contractor commences work.

10. POLICIES: The City reserves the right to require, and receive within ten (10) days, complete, certified copies of all insurance policies and endorsements required by the Contract. The City shall not be obligated, however, to review any insurance policies or to advise Contractor of any deficiencies in such policies and endorsements. The City's receipt of Contractor's policies or endorsements shall not relieve Contractor from, or be deemed a waiver of, the City's right to insist on strict fulfillment of Contractor's obligations under the Contract.

11. MODIFICATIONS: Any modification or variation from the insurance requirements in the Contract must have the prior approval of the City's Attorney's Office in consultation with the City's Risk Manager, whose decision shall be final. Such action will not require a formal Contract amendment but may be made by their handwritten revision and notation to the foregoing insurance requirements.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Matt Kakert, IT Operations Manager

Co-Submitter: Paul Santana

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Approval of Cooperative Purchase Contract: With Advanced Network Management, Inc. for the purchase of Cisco security software licenses.

STAFF RECOMMENDED ACTION:

1. Approve a Cooperative Purchase Contract with Advanced Network Management, Inc. for the purchase of Cisco security software licenses in an amount not to exceed $321,317.35 (plus applicable taxes and fees) over a five (5)-year term; and
2. Authorize the City Manager to execute the necessary documents.

Executive Summary:

The recommended award of the Cooperative Purchase Contract will allow for continued use of the Cisco security software licensing systems, and provide more functionality than the City's existing licensing structure at a lower annual price; this includes Cisco Secure Access (Internet and Prive Access), Cisco AnyConnect, Cisco Umbrella, Cisco Firepower Threat Defense, and Cisco ISE. The Cooperative Purchase Contract is based on the State of Arizona Cooperative Purchase Contract No. CTR059864-14 with Advanced Network Management, Inc.

Financial Impact:

The total cost for the five (5)- year term is not to exceed $321,317.35 (plus applicable taxes and fees), in the form of an annual cost of $64,263.47 (plus applicable taxes and fees). The charges are funded by the General Fund, Information Technology division on account number 001-01-014-0049-1-4229.

Policy Impact:

None.

Previous Council Decision or Community Discussion:

None.

Options and Alternatives to Recommended Action:

Options and alternatives should this proposal not be approved would be the purchase of an alternative remote access and secure DNS platform. Loss of these software suites would result in staff losing essential remote access capabilities, greatly hindering staff in completing their necessary job functions.

Background and History:

City of Flagstaff IT team uses these products to enable secure remote access for our general employees, FFD, and FFD staff. We are renewing our efforts and making strides to be even more secure, easy to use, and offer broader functionality through this new agreement.

Advanced Network Management, Inc. has been awarded Cooperative Purchase Contract No. CTR059864-14 by the State of Arizona to authorize participating agencies, such as the City, to purchase the Cisco enterprise security software licenses. The City Procurement Section reviewed the State of Arizona cooperative purchase contract for validity and fairness and determined that it was appropriate to use to make the purchase requested by the IT Division.

Connection to PBB Priorities and Objectives:
Provide Exceptional Service: Provide employees and elected officials tools, training, and support. High Performing Governance: Encourage public trust through improved transparency, accessibility, and use of the City's public participation policy. Sustainable, Innovative Infrastructure: Deliver outstanding services to residents through a healthy, well maintained infrastructure system.

Connection to Regional Plan:
None.

Connection to Carbon Neutrality Plan:
None.

Connection to 10-Year Housing Plan:
None.

Attachments: Advanced Network, Inc. Cooperative Contract

COOPERATIVE PURCHASE CONTRACT
Contract No. 2026-110

This Cooperative Purchase Contract is made and entered into this _____ day of _____, 20_____by and between the City of Flagstaff, Arizona, a political subdivision of the State of Arizona ("City") and Advanced Network Management, Inc. dba ANM, a New Mexico corporation ("Contractor").

RECITALS:

A. Contractor is a fully authorized vendor of **NETWORK AND TELEPHONE EQUIPMENT SERVICES**;

B. The State of Arizona, Department of Administration conducted a competitive and open procurement process through Solicitation No. BPM003793 that resulted in Contract No. CTR059864 with Contractor ("Agency Contract"); and

C. The City has authority to enter into a cooperative purchase contract with Contractor utilizing the Agency Contract.

AGREEMENT:

NOW THEREFORE, in consideration for the mutual promises contained herein, the Parties agree as follows:

1. Materials and or Services Purchased: Contractor shall provide to the City the materials and/or services, as specified in the Quote attached as *Exhibit A*, and in accordance with the Agency Contract. A general description of materials and/or services being purchased is:

CISCO SECURITY EA RENEWAL

2. Specific Requirements of City: Contractor shall comply with all specific purchase and delivery requirements and/or options of City, as specified in the Quote attached as *Exhibit A* and incorporated by reference.

3. Terms and Conditions of Agency Contract Apply:

   3.1 All provisions of the Agency Contract documents attached as *Exhibit B*, including any amendments, are incorporated in, and shall apply to this Contract as though fully set forth herein. Contractor is responsible for promptly notifying City in writing of any changes to the Agency Contract related to price for materials and/or services.

   3.2 All provisions of the ANM Terms and Conditions attached with *Exhibit A*, are incorporated in, and shall apply to this Contract as though fully set forth herein.

4. Payment:

   4.1 Payment to Contractor for the materials and/or services not to exceed **three hundred fifty-one thousand four hundred seventy-six dollars and twenty cents ($351,476.20)**; made in accordance with the price list and terms set forth in the Agency Contract.

   4.2 Any adjustment to the Payment amount must be approved by mutual written consent of the parties through a formal amendment. The City Manager or his/her designee may approve

an amendment if the amendment price increase is less than $100,000; otherwise, City Council approval is required.

5. Term and Renewal: This Cooperative Purchase Contract shall commence upon execution by the Parties and shall continue for a period of sixty (60) months.

6. Notice: Any formal notice required under the Contract shall be in writing and sent by certified mail and email as follows:

To the City:
Matt Kakert
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
Matt.kakert@flagstaffaz.gov

To Contractor:
Jerod Adkins
Advanced Network Management, Inc.
4601 Columbine Ave
Albuquerque, NM 87113
Jerod.Adkins@anm.com

With a copy to:
Teddy Callan
City of Flagstaff
211 W. Aspen Ave.
Flagstaff, AZ 86001
Teddy.Callan@flagstaffaz.gov

8. Authority: Each Party warrants that it has authority to enter into the Contract and perform its obligations hereunder, and that it has taken all actions necessary to enter into the Contract.

ADVANCED NETWORK MANAGEMENT, INC.:

By:_____

Title:_____

CITY OF FLAGSTAFF

By:_____

Title:_____

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney's Office

Notice to Proceed issued:_____, 20___

EXHIBIT A
QUOTE
(attached)

1. Advanced Network Management, Inc. Quote #: QT-000103892 (dated November 17, 2025)

EXHIBIT A - QUOTE 11/17/25

Advanced Network Management, Inc

Scottsdale, Arizona

Jerod Adkins

jerod.adkins@anm.com

Quote #: QT-000103892

City of Flagstaff
211 West Aspen Avenue
Flagstaff, AZ 86001
Contract Number: AZ CTR059864
Matt Kakert
1928-213-2822
mkakert@flagstaffaz.gov

2025-11 - CoF - Cisco Security EA Renewal

November 17, 2025

Part Number	Description	Start Date	End Date	Term(M)	Qty	List Price	Extended LP	Discount%	Price	Extended Price
EA3-M	**Cisco EA 3.0 BUNDLE**	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3-SEC-SFW	Security EA 3.0 Cisco Secure Firewall	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3S-SFW-FPR2110T	Security EA 3.0 FPR2110 Threat Defense Threat, Malware,URL	11/16/2025	11/15/2030	60	6	$ 445.58	$ 160,407.00	52.00%	$ 12,832.56	$ 76,995.36
E3S-SFW-FPR1010T	Security EA 3.0 FPR1010 Threat Defense Threat, Malware,URL	11/16/2025	11/15/2030	60	2	$ 57.08	$ 6,849.00	52.00%	$ 1,643.76	$ 3,287.52
SVS-E3S-SFW-B	Cisco Support Standard for Cisco Secure Firewall	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3-SEC-SECACCESS-A	Cisco EA 3.0 Secure Access Advantage	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3S-SA-SIA-ADV	Security EA 3.0 Cisco Secure Internet Access Advantage	11/16/2025	11/15/2030	60	700	$ 8.46	$ 355,355.00	63.00%	$ 187.83	$ 131,481.00
E3S-SA-SPA-ADV	Security EA 3.0 Cisco Secure Private Access Advantage	11/16/2025	11/15/2030	60	200	$ 11.13	$ 133,520.00	63.00%	$ 247.01	$ 49,402.00
E3-SECA-A-SVS2	Cisco Services Portfolio: Cisco Secure Access Advantage T2	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3-CX-EAMSC	SVCS Portfolio EA Management Service Cisco	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3-CX-SECA-A-T2SWE	SVCS Portfolio T2 Secure Access ADV SWSS E SW Support CD	11/16/2025	11/15/2030	60	1	$ 1,222.19	$ 73,331.40	38.00%	$ 45,465.47	$ 45,465.47
E3-SEC-ADDONS	Security EA 3.0 Security Add-On Products	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3S-AC-APEX	Security EA 3.0 Secure Client Premier	11/16/2025	11/15/2030	60	100	$ 0.48	$ 2,890.00	53.00%	$ 13.58	$ 1,358.00
SVS-E3S-ADDONS-B	Cisco Support Standard for Security Add-Ons	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3-SEC-UMBDNSA	Security EA 3.0 Umbrella DNS Advantage	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3S-UMB-DNSA	Security EA 3.0 Umbrella DNS Advantage	11/16/2025	11/15/2030	60	700	$ 3.96	$ 166,495.00	100.00%	$ -	$ -
E3-UMBDNSA-SVS1	Cisco Services Portfolio: Umbrella DNS Advantage T1	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3-CX-EAMSC	SVCS Portfolio EA Management Service Cisco	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3-CX-UMBA-T1SSA	SVCS Portfolio T1 Umbrella DNS ADV SW Solution Support - CD	11/16/2025	11/15/2030	60	1	$ 277.49	$ 16,649.40	100.00%	$ -	$ -
E3-SEC-ISE	Security EA 3.0 Identity Service Engine	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -
E3S-ISE-ADV	Security EA 3.0 ISE Advantage Subscription	11/16/2025	11/15/2030	60	600	$ 0.89	$ 32,160.00	64.00%	$ 19.30	$ 11,580.00
E3S-ISE-PRM	Security EA 3.0 ISE Premier Subscription	11/16/2025	11/15/2030	60	50	$ 1.49	$ 4,482.50	61.00%	$ 34.96	$ 1,748.00
SVS-E3S-ISE-B	Cisco Support Standard for ISE	11/16/2025	11/15/2030	60	1	$ -	$ -	-	$ -	$ -

Subscription Term of 60.0 Months - Billing Frequency = Annual Billing

Annual	**$**	**64,263.47**
Total Contract	$	321,317.35

Sub-Total	**$**	**321,317.35**
Estimated Taxes	**$**	**30,158.85**
Shipping Costs	**$**	**-**
Grand Total	**$**	**351,476.20**

ANM will honor the prices in this quote for 30 days subject to increases, if any, imposed during that period by third party suppliers. Original Equipment Manufacturer (OEM) products, software and services are non-cancelable and non-returnable, unless approved by the OEM.

This quote is governed by the terms and conditions of the following contract: AZ CTR059864 and City of Flagstaff Cooperative Purchase Contract No. 2026-110.
All software and/or hardware is subject to manufacturer terms and conditions.
Subscription fees are non-refundable and payment obligations are non-cancelable and non-negotiable, except in the event of insufficient appropriations made available by federal and/or state legislature, or as otherwise prohibited by court order or law.

Prices shown may **NOT** include all applicable taxes and shipping charges.
All prices subject to change without notice. Supply subject to availability.
Taxes and Shipping costs are estimates and Customer agrees to pay the actual tax and shipping costs due as listed on the applicable invoice. Customer agrees to supplement their PO issued to ANM if necessary to authorize payment of actual invoiced taxes and shipping cost. NTTC required for non-taxable sales.
Amounts shown for Consumption-based products and services are estimates only, and Customer agrees to pay for invoiced amounts based on actual consumption.
Customer agrees to supplement their PO issued to ANM as necessary to authorize payment of actual consumption-based costs.
Expedited shipping is subject to an additional charge.
Quote is subject to the attached ANM Terms and Conditions. All software and/or hardware is subject to manufacturere terms and conditions.
Credit card payments will be subject to a 3% surcharge, which is not greater than our total cost of accepting credit cards and is not applied to debit card payments.
Purchase Orders should be issued to:
Advanced Network Management, Address: 1355 N Scottsdale Road, Suite 380 Scottsdale, AZ 85257
AZ Tax ID #20480621
Federal Tax ID # **85-0427142 | |** DUNS # **83-909-5247**
Credit: Net 30 Days (all credit terms subject to prior ANM credit approval)

Customer Signature Date

Customer Name (Printed) Title

Terms and Conditions

These Terms and Conditions ("Agreement") apply to hardware and software (collectively, "Products") and services ("Services") that you ("Customer") purchase from Advanced Network Management, Inc. or its affiliates (collectively, "ANM"). Products that are manufactured by third-party vendors ("Manufacturers") and associated Services provided by such Manufacturers may be subject to additional terms which are available at https://anm.com/eulas-and-product-warranties/ ("Manufacturer's Terms") and incorporated into this Agreement by reference. Customer accepts this Agreement unless it has a separate signed agreement in which case that separate agreement will take precedence with the exception of the Manufacturer's Terms.

1. ORDERS. Customer may purchase Products and/or Services from ANM by signing an ANM-provided quote ("Quote"), issuing a purchase order in response to a Quote, or as otherwise agreed by ANM in writing including, without limitation, in a Statement of Work (collectively, "Orders").

2. TERM. . If Products or Services are provided on a subscription basis, ANM shall provide them from the initial date and for the period listed in the Order ("Initial Term"). Products or Services subject to a term that exceeds 12-months (e.g. 3-year subscription) ("Multi-Year Subscriptions") are non-cancelable and non-refundable unless Customer is a government entity subject to non-appropriation of funds. ANM reserves discretion to divide the payment for a Multi-Year Subscription into several payments as a convenience for Customer. Following the Initial Term, the Products or Services will automatically renew for a term equivalent in length to the then-expiring term ("Renewal Term") unless notice is provided to ANM at least 30 days prior to the end of the current term. Any Customer that is a government entity subject to non-appropriation of funds may terminate Products or Services that are subject to a Renewal Term by providing ANM notice at any time prior to the start of the

3. PRICE. Prices provided on a Quote are subject to change without notice. Applicable taxes will be added to all prices unless a proper tax exemption certificate is provided to ANM at the time an Order is placed.

4. PAYMENT. Payment is due 30 days from invoice date unless ANM expressly agrees otherwise in writing. A service charge of 1.5% per month may be added to all past due balances until collected. Customer agrees to pay to ANM all costs and expenses incurred by ANM with respect to recovering any undisputed amount owed to it under this Agreement including, but not limited to, reasonable attorneys' fees and costs.

5. SHIPPING. ANM has sole discretion in selecting a carrier for orders. If Customer requests expedited shipping, then it agrees that ANM is authorized to upgrade the shipping and may bill Customer for all additional shipping charges. Risk of loss or damage to Products will pass upon ANM's surrender of the Products to the transportation provider (F.O.B. Shipping Point). ANM is not liable for any delays in delivery or for partial or early deliveries. Transportation charges will be in accordance with ANM's shipping policy at the time of shipment. Claims for Product damage or loss in transit on shipments made by a common carrier must be made by the Customer to the common carrier and in accordance with the terms of the common carrier. For deliveries made by ANM personnel, claims for shortages or damages to Products must be made to ANM within five (5) days of the delivery date. If Customer fails to notify ANM within the five (5) day period, the Products will be deemed accepted.

6. PRODUCT RETURNS; Products are non-returnable and the prices and fees associated therewith will be non-refundable except as permitted in this Section. Customer may return erroneously shipped Products or Products that the Manufacturer authorizes for return through its Return Merchandise Authorization process ("RMA"). Products damaged after shipment may not be returned. Customer is responsible for complying with all Manufacturer return requirements and Customer agrees that any return may be subject to an ANM restocking fee plus shipping costs which it authorizes ANM to offset against any amounts to be credited to Customer's ANM account. If Customer has not yet paid for the Product(s), ANM may invoice Customer for the restocking fee.

7. SECURITY INTEREST. Customer agrees that ANM shall have a purchase money security interest in all Products supplied to Customer by ANM under this Agreement until all payments due ANM for said Products are paid in full. ANM shall have the right to file in any state or local jurisdiction such financing statements as ANM deems necessary to perfect its purchase money security interest hereunder. Upon request by ANM, Customer hereby agrees to execute all documents necessary to secure ANM's purchase money security interest. Customer also agrees that this Agreement may be filed by ANM in any state or local jurisdiction as a financing statement (or as other evidence of ANM's purchase money security interest).

8. WARRANTIES. . Customer represents and warrants that: (a) employees and agents placing orders on its behalf are duly authorized to commit Customer; (b) it will comply with the applicable Manufacturer's Terms; and (c) it will comply with applicable laws and regulations (including those pertaining to export control) related to its receipt and use of the Products and Services. Product warranties and warranties for Services performed by the Manufacturer (if any) are provided by the Manufacturer. To the extent authorized, ANM shall pass through to Customer any transferable warranties and indemnifications with respect to Products and Services performed by Manufacturers, which shall be Customer's sole and exclusive remedy relating to such Products and Services. With respect to Services performed by ANM, such Services shall be performed in a diligent, professional and workmanlike manner conforming to the requirements of the applicable Order. WITH THE EXCEPTION OF THE

9. INDEMNIFICATION. Unless prohibited by law, Customer will indemnify, hold harmless, and defend ANM and its affiliates, its officers, directors, employees, successors, and assigns from and against any and all damages, costs, and expenses (including reasonable attorneys' fees, expenses, and costs) incurred in connection with any third party claims, demands, suits, or proceedings relating to this Agreement.

10. LIMITATION OF LIABILITY. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW AND REGARDLESS OF WHETHER ANY REMEDY FAILS OF ITS ESSENTIAL PURPOSE AND REGARDLESS OF WHAT CAUSE OF ACTION (INCLUDING NEGLIGENCE) OR CLAIM FOR RELIEF IS ASSERTED: (A) IN NO EVENT WILL EITHER PARTY OR ITS OFFICERS, DIRECTORS, EMPLOYEES, SUCCESSORS, ASSIGNS, OR AFFILIATES BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR OTHER SPECIAL DAMAGES; (B) THE ONLY LIABILITY ANM WILL HAVE WITH RESPECT TO PRODUCTS PROVIDED UNDER THIS AGREEMENT AND SERVICES PERFORMED BY MANUFACTURERS WILL BE THE PRODUCT RETURN RIGHTS DESCRIBED HEREIN; AND (C) THE MAXIMUM LIABILITY OF ANM WITH

11. DISPUTES. The enforcement and interpretation of, and all claims or disputes arising out of or related to this Agreement shall be governed by the procedural and substantive laws of the State of New Mexico, including its statute of limitations, without regard to conflict of laws principles that would cause the application of another jurisdiction's laws to apply. If a dispute arises out of or relates to this Agreement, or the performance or breach thereof, the parties agree first to try in good faith to settle the dispute by negotiation before proceeding to litigation.

12. NOTICES. Any notice, demand, or request required or permitted to be given under this Agreement must be in writing and sent to the parties at the addresses set forth below via hand delivery, overnight courier, or certified or registered U.S. mail. Notices are effective upon receipt. Customer notices shall be sent to the most recent billing address on file with ANM. ANM notices shall be sent to: Advanced Network Management, Inc., ATTN: In-House Counsel, 304 Inverness Way S, Suite 400, Englewood, CO 80112.

13. SEVERABILITY. Any provision in this Agreement that is held by a court of competent jurisdiction to be unenforceable shall be modified by said court and interpreted to best accomplish the original provision to the fullest extent permitted by law. The remaining provisions of this Agreement shall remain in effect.

14. ENTIRE AGREEMENT. This Agreement, together with any Order, constitutes the entire agreement, and supersedes any and all prior agreements between the parties with regard to the subject matter hereof. Issuance of a purchase order responsive to a Quote shall constitute an agreement to this Agreement. Any boilerplate terms included on any such purchase order are expressly rejected and are not part of this Agreement unless prohibited by law.

EXHIBIT B.1-B.3
AGENCY CONTRACT
(attached)

1. State of Arizona Contract # CTR059864 Agency Contract
2. State of Arizona Contract # CTR059864 Amendment 14 - Extension
3. State of Arizona Contract # CTR059864 Pricing

Cover Sheet

Contract No.: CTR059864

Supplier Name: Advanced Network Management

Solicitation No.: BPM003793

Statewide Procurement Manager:

Michael Hillebrand
Statewide Procurement Manager
State Procurement Office
Arizona Department of Administration
100 North 15th Avenue, Suite 402
Phoenix, AZ 85007
Michael.Hillebrand@azdoa.gov
Office: 602-542-4229

Contents:

- Executed Offer and Acceptance Form
- Scope, Pricing and Terms and Conditions
- Conformance Statements

	Attachment 1: Offer and Acceptance Form **Solicitation No. BPM003793** **Network and Telephone Equipment and Services**	Arizona Department of Administration State Procurement Office 100 N 15th Avenue Phoenix, AZ 85007

SUBMISSION OF OFFER: Undersigned hereby offers and agrees to provide TITLE in compliance with the Solicitatio indicated above and our Offer indicated by the latest dated version below:

Initial Offer:	12/7/21			
	Date	Signature		
Revised Offers:				
	Date	Signature	Date	Signature
	Date	Signature	Date	Signature
Best and Final Offer:	3/4/22			
	Date	Signature		

Advanced Network Management Inc., dba ANM	
Offeror company name	Signature of person authorized to sign Offer
1365 N Scottsdale Road Suite #350	Lee Loen – Chief Revenue Officer
Address	Printed name and title
Scottsdale, AZ 85257	Ryan Kober – Director of Sales
City | State | ZIP	Contact name and title
85-0427142	Ryan.kober@anm.com 480.824.8481
Federal tax identifier (EIN or SSN)	Contact Email Address Contact phone number

CERTIFICATION: By signature in the above, Offeror certifies that it:

1. will not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, [Arizona] State Executive Order 2009-9 or A.R.S. § 41-1461 through 1465;
2. has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause will result in rejection of the Offer. Signing the Offer with a false statement will void the Offer, any resulting contract, and may be subject to legal penalties under law;
3. complies with A.R.S. § 41-3532 when offering electronics or information technology products, services, or maintenance; and
4. is not debarred from, or otherwise prohibited from participating in any contract awarded by federal, state, or local government.

ACCEPTANCE OF OFFER: State hereby accepts the initial Offer, Revised Offer, or Best and Final Offer identified by the latest date and number at the top of this form (the Accepted Offer). Offeror is now bound (as Contractor) to carry out the Work under the attached Contract, of which the Accepted Offer forms a part. Contractor is cautioned not to commence any billable work or to provide any material or perform any service under the Contract until Contractor receives the applicable Order or written notice to proceed from the Procurement Officer.

State's Contract Number is: CTR059864 **Contract Effective Date:** 4/19/2022

Michael Hillebrand	4/9/2022	Michael Hillebrand	Statewide Procurement Manager
Procurement Officer Signature	Award Date	Procurement Officer Name	Title

Table of Contents

Notice Page

Table of Contents

Solicitation Summary	3
Scope of Work	5
Pricing Document	13
Special Terms and Conditions	19
Uniform Terms and Conditions	66

Solicitation Summary

1. What the State is Soliciting

The Arizona Department of Administration, State Procurement Office (the State), as authorized under A.R.S. § 41-2501 is seeking to establish one or more "statewide" contracts to provide network and telephony equipment and related services.

The State anticipates awarding contract(s) with the intent to secure service coverage statewide. Whether or not it actually enters into any contracts, how many contracts it enters into, and how the work is awarded between those contracts are all at the State's discretion. Furthermore, the State will use any awarded contracts on an as-needed basis, with no guarantee as to its actual spending under them.

The State reserves the right to accept any item or combination of items specified in the solicitation, unless the Offeror expressly restricts an item or combination of items in its Proposal, and conditions its response on receiving all items for which it provided a proposal. In the event of such restriction, the State will evaluate if an award on such basis will result with the best value and in the best interest for the State. The State may otherwise determine at its sole discretion that such restriction is non-responsive and deem the Offeror ineligible for further evaluation.

2. What's in the Solicitation

2.1. At the time of publication, the following documents are included in the Solicitation:

- 2.1.1. Attachment: BPM003793 Solicitation Requirements
  - 2.1.1.1. Notice / Cover Page
  - 2.1.1.2. Table of Contents
  - 2.1.1.3. Scope of Work
  - 2.1.1.4. Special Terms and Conditions
  - 2.1.1.5. Uniform Terms and Conditions
- 2.1.2. Attachment: BPM003793 Solicitation Instructions
  - 2.1.2.1. Special Instructions to Offerors
  - 2.1.2.2. Uniform Instructions to Offerors
- 2.1.3. Solicitation Attachments:

2.1.3.1. Attachment 1 – BPM003793 Offer and Acceptance Form

2.1.3.2. Attachment 2 – BPM003793 Boycott of Israel Disclosure

2.1.3.3. Attachment 3 – BPM003793 Confidential Information

2.1.3.4. Attachment 4 – BPM003793 Conformance Statements and Supplements

2.1.3.5. Attachment 5 – BPM003793 Key Personnel

2.1.3.6. Attachment 6 – BPM003793 Letter of Insurability

2.1.3.7. Attachment 7 – BPM003793 Organizational Profile

2.1.3.8. Attachment 8 – BPM003793 Proposed Contractors

2.1.3.9. Attachment 9 – BPM003793 Offeror Questionnaire

2.1.3.10. Attachment 10 – BPM003793 Experience References

2.1.3.11. Attachment 12 – BPM003793 Manufacturer Authorization Letters

2.2. The State may issue a Solicitation Amendment at any time after solicitation publication, and before the proposal due date. It is the responsibility of the supplier/offeror to routinely check the APP website for any Solicitation Amendments and revised documents.

Scope of Work

1. Purpose and Background

The State of Arizona, its Agencies, Boards and Commissions (State), as well as Participating Members of the State Purchasing Cooperative (Cooperative), have an ongoing requirement for various network and telephony products and related services as described herein. The purpose of this solicitation is to conduct a competitive process, in accordance with Arizona Revised Statutes (ARS) 41-2501 et seq., to create a contract(s) from which the State and its Cooperative Members may acquire these products and services.

The objective is to contract with a variety of network equipment, telephony equipment, and network security related equipment vendors to provide a full range of equipment, maintenance, training and services. Currently, the State of Arizona has seven (7) statewide Network Equipment and Services contracts which provide a variety of Data, Voice, and Multimedia Network-based, Network-embedded Products and Services to include all converged and traditional-separate voice, data, and video network products and services. Equipment is primarily designed, and defined by applicable industry standards, for transporting/receiving data (data, voice, and multimedia) between connection points, destinations or endpoints, rather than product-specific technology requirements, allowing for some flexibility to accommodate open-standards-based products, new technologies, and next generation networks.

2. Scope of Work

The Scope for Data, Voice, and Multimedia Network-based, Network-embedded Products and Services under this Contract includes all converged and traditional-separate voice, data, and video network products and services primarily designed, and defined by applicable industry standards, for transporting/receiving data (data, voice, and multimedia) between connection points, destinations or endpoints.

2.1 This Scope **does allow** for Data, Voice, and Multimedia Network based Network-embedded Products and Services including:

2.1.1 All labor, materials, transportation, equipment and other activities for, and reasonably incidental to: installation, integration, implementation, engineering analysis, design and configuration, of the manufacturer's product or service.

2.1.2 Software and/or hardware maintenance and support of the manufacturer's product or service; and

2.1.3 Ancillary services in conjunction with the implementation, or installation of a manufacturer's product.

2.1.4 Networking products and services, such as routers, gateways, switches, modems, CSU/DSU, access devices, concentrators, network-embedded security solutions, caching and content management devices;

2.1.4.1 Network firewalls, filtering software and security solutions

2.1.4.2 Network Management Products such as management, monitoring, testing, analyzing, and traffic simulating equipment;

2.1.5 Wireless Products for applications such as:

2.1.5.1 IEEE802.11X (Wireless Local Area Network - WLAN);

2.1.5.2 IEEE 802.15 (Wireless Personal Area Network – WPAN);

2.1.5.3 IEEE 802.16 (Wireless Metropolitan Area Network – WMAN); and,

2.1.5.4 Fixed Wireless Equipment and related services, such as, access points, transfer points, and controllers

2.1.6 Telephony to include:

2.1.6.1 Telephony products and services, such as IP Telephony systems, PBX and key systems, voice mail and unified messaging systems, teleconferencing, call management systems including Automatic Call Distribution (ACD), Interactive Voice Response (IVR), Computer Telephony Integration (CTI), call account, and the associated end-user telephone devices (other than two-way radios)

2.1.6.2 Telephony management, monitoring, testing, analyzing, and traffic-simulating equipment

2.1.7 Cloud Services integration specifically used in conjunction with the hardware equipment and software purchased and utilized within the scope of this contract.

2.1.8 Managed Services specifically used in conjunction with the hardware equipment and software purchased and utilized within the scope of this contract.

2.1.9 Services used in conjunction with the design, analysis, configuration, implementation, installation, training, maintenance, and support of Data, Voice, and Multimedia Network-based, Network- embedded products and services.

2.1.10 State Agencies, boards and commissions must receive approval from ASET-EIC prior to any purchases under Items 2.1.5 and 2.1.6 of the Scope of Work.

2.1.11 Training:

2.1.11.1 Initial Training on specific equipment that has been purchased.

2.1.11.2 “As needed” Training on specific equipment that has been purchased (e.g. New Hires, etc.).

2.1.11.3 Annual Training for up to fifty (50) participants.

2.2 This Scope requires that the Contractor shall:

2.2.1 Provide a Maintenance Program. Contractor shall have a maintenance program for those Customers who choose or require these services. Maintenance programs shall be comprehensive enough to provide service to any Customer within the State of Arizona.

2.2.2 Provide Technical Support:

2.2.2.1 On-Line Support: Provide and maintain a toll-free technical support telephone line, website, or other communication mechanism(s) for the purpose of providing competent technical assistance to Customers who contact the Contractor regarding the operation of Products supplied by the Contractor. Support shall be accessible to all customers who wish to obtain competent technical support.

2.2.2.2 On-Site Support: If requested by the Customer, the Contractor shall also provide on-site installation and troubleshooting and assistance services. These services shall be in addition to the Maintenance Program provided under 2.2.1 above.

2.3 This Scope **does not allow**:

2.3.1 The single purchase of products and services primarily designed to store or process (compute) data, such as midrange or mainframe computer systems, or consumer electronic hardware, component parts and accessories;

2.3.2 Video and Audio conferencing equipment and products; such as:

2.3.2.1 Audio and visual presentation and composing equipment;

2.3.2.2 Cameras;

2.3.2.3 Monitors;

2.3.2.4 VCRs; and

2.3.2.5 Consumer electronics.

2.3.3 Building Wiring Systems (BWS) and structured cabling systems;

2.3.4 Personal Computer Hardware (which includes desktops, laptops and tablets), PC Software and related Services including desktop PC-based firewall and virtual private network (VPN) client-only products and services;

2.3.5 Fixed Wireless Systems and Related Services such as point-to-point and multi-point radios, cabling antennas, towers, power, frequency coordination, licensing, designed to receive/transmit data;

2.3.6 General purpose UNIX Workstations & Servers;

2.3.7 Disaster Recovery Services;

2.3.8 Value-Added Software not specifically designed to support and secure the transport of data (as defined above);

2.3.9 Radio related Products and Services, including Public Safety communication Equipment, 2-way radios, 900MHz Digital Radio Systems, and Digital Microwave Radio Equipment;

2.3.10 Disk Data Storage Hardware, including Network Attached Storage and Storage Area Network;

2.3.11 Carrier Services, both regulated and unregulated; and,

2.3.12 General Information Technology Research & Advisory Service and IT Consultant.

2.4 Pricing

For the purpose of complying with this requirement, “list price” means: *The price of an article as shown in a list issued by the manufacturer or by the general body of manufacturers of the particular class of goods* (Merriam-Webster).

2.4.1 Minimum Percent Reduction (Discount) of Price off the List Price. The Contractor shall make available a complete product line at a specified percentage reduction (discount) off the list price.

Example: $100.00 List Price minus 60% = $40.00 Reduced (Discounted) Price.

2.4.2 Minimum Maintenance Discount Percent off the List Price. The Contractor shall make available a specified percentage discount off the list price for maintenance for a product line.

2.4.3 Minimum Service Discount Percent off the List Price. The Contractor shall make available a specified percentage discount off the list price for services for a product line.

2.4.3.1 Any services shall include coverage to all geographic regions within the State of Arizona. Service areas are divided into two sections: Urban and Rural.

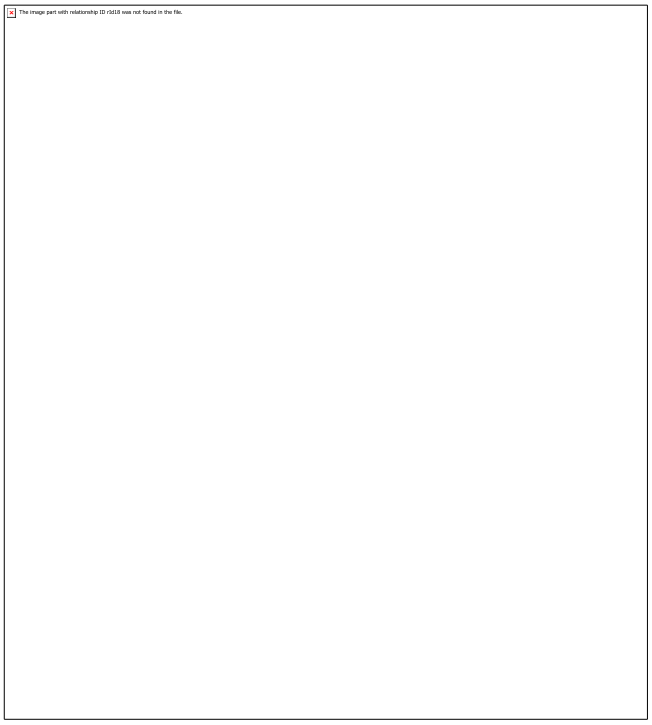
2.4.3.2 The Contractor may establish a single price for “Rural” areas. All cities specified as “Rural” shall encompass the legal jurisdictional boundaries of the city.

2.4.3.3 The Contractor may establish a single price for “Urban” areas.

The four areas designated as “Urban” are:

A. Flagstaff within a 20 mile radius from City Center

B. Phoenix within a 30 mile radius from City Center
C. Tucson within a 30 mile radius from City Center
D. Yuma within a 20 mile radius from City Center



2.4.4 The Contractor may offer promotional or volume discounts below the specified percentage discount off the list price stated in the Contract at any time during the life of the Contract.

2.4.5 Most-Favored Customer Pricing. Throughout the life of the contract, the Contractor shall always offer the State the most-favored customer or Highest Tier Customer price discount rate on contracted product(s) concurrent with a published price discount rate made to other Customers (both Private and Public sectors). The Contractor shall extend to the State that most-favored customer or Highest Tier Customer price discount on all new product lines during the life of the contract.

2.4.6 Price Proposal and Level Discounts

2.4.6.1 Offerors must submit with their proposal a narrative that describes the baseline (published) pricing and the initial pricing level discount that is proposed, **by type, category and Manufacturer** of products and services. The response to this specification must be in the form of a percentage discount off a published or base

line price listing.

2.4.6.2 Offerors must describe the base line pricing and provide information where the baseline pricing may be accessed and verified.

2.4.6.3 Offerors shall provide additional volume based pricing for consideration. The Evaluation Committee will be evaluating both per transaction and cumulative volume discounts that may be achieved as well as programs that allow for deeper discounts for proposed standardized configurations.

2.4.6.4 Per Transaction Multiple Unit Discount - Offeror's should propose a discount on each item purchased from the current Published Price List. This discount should extend through all like items or categories and should correlate with those discounts input into the Arizona Procurement Portal (APP), where you are pricing out equipment

2.4.6.5 Cumulative Discount - Offeror's should propose a contractual, cumulative, permanent volume discount based on dollars resulting from the cumulative purchases by all governmental purchasers. The narrative in response to this specification should include a table indicating the additional discount percentage to be earned by cumulative volume purchased. For example, Offeror's may propose an increase in price discounts from the baseline pricing for cumulative volumes greater than "X" million dollars.

2.4.7 Equipment Category Definitions

2.4.7.1 Routing Devices - Network devices capable of: 1. Interfacing with both traditional and modern carrier services offerings; 2. Layer 3 packet inspection and decision making; and, 3. Compliant with applicable regulatory and industry.

2.4.7.2 Switching Devices based on Layer 2 forwarding (Switches) - Network devices capable of: 1. May interface with traditional and modern carrier service; offerings; 2. IT environments include: LAN/MAN/WAN Optical, Storage Networking, Ethernet, Wireless, and other environments where information must be transmitted between attached devices; 3. Physical layer (Non Disruptive) switches for patching, testing, and, monitoring purposes; 4. Ethernet Switches with the abilities to make decisions and manipulate data at Layers 3 or higher, including: Load Balancing, Bandwidth Optimization, Health and Alert Monitoring, & Security Features; and, 5. Technologies employed include but not limited to: Ethernet, SONET, WDM, and ATM.

2.4.7.3 Wireless Ethernet - Typically layer 2 and/or Layer 3 devices capable of wireless transmission and reception of data packets: 1. Access Points capable of providing local device accessibility; 2. Point-to-point or Bridged; 3. Meshed configuration; and, 4. Licensed or unlicensed spectrum use.

2.4.7.4 Security Equipment and Solutions - May include devices operating at any layer in the OSI model. 1. Packet inspection/rule enforcement (ACL, Firewall, IDS, DDOS, etc.); 2. Real time interpretation and response (Application Firewalls, IPS, etc.); 3. Content

Filtering and/or Rate Limiting; 4. RAS solutions (VPN, SSL acceleration, etc.); and, 5. Centralized monitoring, trend analysis, health and alerting systems.

2.4.7.5 Monitoring and Management Solutions - May include software or appliances operating at any layer in the OSI model: 1. Solutions should accomplish the centralization and interpretation of data acquired from networked devices; 2. Solutions should be developed around commonly accepted methodologies and should make use of the newest versions of SNMP and/or TLS; 3. Solutions must enhance security, manageability, and accountability; 4. Solutions interface should be an intuitive GUI, with possible built in CLI and manual configuration abilities; and, 5. Reporting and analysis tool must include canned reports for regulatory compliance with HIPAA, etc.

2.4.7.6 Other Network Centric solutions - Will include many of the required network elements not listed above. 1. DNS, NAT/PAT, DHCP, and other IP Address management solutions; 2. Mobility and session persistence solutions; 3. Authentication.

2.4.7.7 Telephony - Telephony products and services, such as IP Telephony systems, PBX and key systems, voice mail and unified messaging systems, teleconferencing, call management systems including Automatic Call Distribution (ACD), Interactive Voice Response (IVR), Computer Telephony Integration (CTI), call accounting, and the associated end-user telephone devices.

2.4.7.8 Multi-Function Solutions - Industry movement indicates that multi-function networking appliances are becoming the way of the future. List and describe any product lines that are merging into multi- function platforms. This may include technology areas that are not covered in areas 1 to 7 above. Each such product should be listed with a note including the areas that are included and a short description of any other technological advantages gained through the aggregation of these technologies. (i.e. Blade server chassis may house a built in Ethernet switch – Routers may be capable of Firewall, IDS, and other abilities – Network storage may include an Ethernet and/or a fiber channel switch – etc.).

2.4.7.9 Maintenance Program - Contractor shall have a maintenance program for those Customers who choose or require these services. Maintenance programs shall be comprehensive enough to provide service to any Customer within the State of Arizona.

2.4.7.10 Training - Initial Training on specific equipment that has been purchased.

2.4.7.11 Training - "As Needed" Training on specific equipment that has been purchased (e.g. New Hires).

2.4.7.12 Training - Annual Training for up to fifty (50) participants.

2.5 Online Catalog

The Contractor shall make available an online catalog:

2.5.1 Restricted to only those items that may be purchased under this Contract by being identified as core items or are within the general product categories established by this Contract.

2.5.2 Shall not include any items that are specifically excluded from this Contract.

2.5.3 The website shall include:

2.5.3.1 Product information/catalog which reflects most recent Arizona approved price catalog;

2.5.3.2 Primary contact information: Name(s), phone number(s), Email address (es); and,

2.5.3.3 Quote and ordering information.

2.5.4 Website shall be available 24 x 7, except for scheduled maintenance.

2.5.5 No costs or expenses associated with providing this information shall be charged to the Users.

2.5.6 Universal Resource Locator (URL) for the website must be supplied to the Procurement Officer within thirty (30) days of an award

Pricing Document

1. Compensation method

Contractor will be compensated based on the final detailed written quote approved by the Customer. Pricing shall not exceed the labor rates indicated on the Pricing Document.

Contractor will be compensated based on the final detailed written quote approved by the Eligible Agency.

2. Pricing

2.1. Contractor's Best Pricing. Supplier warrants that, for the term of the Contract, the prices and discounts set out in Attachments titled Pricing, including any subsequent agreed amendment to it (the "Contract Pricing"), will be equal to or better than the lowest prices and largest discounts, both separately and in combination, at which Contractor sells equivalent services, items of equipment and materials.

2.1.1. That price-plus-discount equivalence ("Contractor's Best Pricing") is intended to be irrespective of whether or not those other sales have special purchase terms, conditions, rebates or allowances.

2.1.2. If Contractor's Best Pricing for equivalent services, items of equipment and materials is better than the Contract Pricing, then Contractor agrees to adjust the Contract Pricing to match the Contractor's Best Pricing for all sales related to the Contractor made after the date when the Contractor's Best Pricing was first better than the Contract Pricing.

2.1.3. For clarification of intent, that date is intended to be the date when the difference first occurred, which might have been before the difference was first identified. If it was before, then Supplier agrees to charge at less than the Contract Pricing until the extended difference that would have been realized (i.e., if the Contractor's Best Pricing had been applied when it should have been) has been settled.

2.2. Pricing is all-inclusive, including any ancillary fees and costs required to accomplish the Scope of Work and all aspects of Contractor's offer as accepted by State. Details of service not explicitly stated in the Scope of Work or in Contractor's Offer, but necessarily a part of, are deemed to be understood by Contractor and included herein. All administrative, reporting, or other requirements, all overhead costs and profit and any other costs toward

the accomplishment of the requirements in the Contract are included in the pricing provided.

2.3. Price Increase. The State may review a fully documented request for a price increase. The requested increase shall be in writing and be based upon a cost increase to the contractor that was clearly unpredictable at the time of the offer and is directly correlated to the price of the product concerned. Contractor must provide conclusive evidence of a need for any price increases such as being substantiated by the Producer Price Index, Consumer Price Index, or similar pricing guide.

2.3.1. Initial Contract prices will be honored for one year after award of Contract.

2.3.2. ANNUAL ADJUSTMENT: No earlier than 60 (thirty) days before and no later than each anniversary of the effective date during the term of the Contract, either Contractor or State may request an adjustment to the contracted labor rates and reimbursable costs rates.

2.3.2.1. Each shall respond within 21 (twenty-one) days of the request.

2.3.2.2. Any rates so adjusted will be:

2.3.2.2.1. (a) valid until the next anniversary;

2.3.2.2.2. only apply to portions of the Work not yet carried out as of that date (i.e., they do not apply retroactively); and

2.3.2.2.3. not reflected in Contractor's invoices until State provides its formal acceptance by issuing a Contract Amendment.

2.3.3. PROMOTIONAL PRICING: Contractor may offer state-wide promotional discounts. If a promotion has been established, it shall run for a minimum of 30 calendar days and be submitted to the State in writing and include the following:

2.3.3.1. Documentation showing published cost reduction; and

2.3.3.2. Beginning and end dates of the promotion.

2.3.4. Contractor may offer volume discounts that are purchased over a fixed term period. If offered, the Contractor discounts shall be submitted to the State and clearly describe and include the following:

2.3.4.1. Documentation showing volume discount thresholds indicating additional savings or reductions in discounts offered;

2.3.4.2. Beginning and end dates of the volume discount.

2.3.5. All price adjustments will be implemented by a formal contract amendment. State shall determine whether the requested price increase or an alternate option is in the best interest of State.

2.4. Price Reductions. Price reductions shall be immediately passed along to State and may be submitted in writing to State for consideration at any time during the Contract period. The contractor shall offer State a price reduction on the Contract product(s) concurrent with a published price reduction made to other customers. The State at its own discretion may accept a price reduction. The price reduction request shall be in writing and include documentation showing the actual reduction of cost. Sales promotions requests shall include difference in pricing, begin, and end date of promotion along with the products covered.

2.5. Additional Charges. Any charges or fees not delineated in the Contract may not be added, billed, or invoiced under the Contract.

2.6. Travel. Contractor shall get written approval prior to any travel under the Contract in which reimbursement of expenses will be requested. Contractor will be reimbursed for actual expenses incurred in accordance with the current rates specified in the State's Travel Policy. Contractor shall itemize all per diem and lodging charges. State Travel Policy, including State rates, may be located at https://gao.az.gov/travel . The Eligible Entity / Customer shall reject any claim for travel reimbursement without prior written approval.

3. Funding

No particular funding considerations apart from paragraph 4.4 [*Availability of Funds for the Next State fiscal year*] and 4.5 [*Availability of Funds for the current State fiscal year*] of the Uniform Terms and Conditions have been identified as of the Solicitation date.

4. Invoicing

4.1. Invoices Go To Buying Entity. Contractor shall submit all billing notices or invoices to the ordering Eligible Entity/Customer (e.g. Eligible Agency or Co-Op Buyer) at the address indicated on the applicable Order document or by utilizing the Buying Entity's purchasing tool/process.

4.2. Minimum Invoice Requirements. Every invoice must include the following information:

- Bill-to name and address
- Contractor name and contact information
- Remit-to address

- Invoice number and date
- State contract number
- Order number (APP PO number)
- Date the services performed
- Applicable payment terms
- Material or Service description (Itemized)
- Quantity delivered or performed
- Line item unit of measure
- Item price
- Extended pricing
- Taxes (as a separate invoice line item)
- Mailing fees (if applicable)
- Total invoice amount due

4.3. No Invoice Without Authorization. Contractor shall not seek payment for any:

4.3.1. Materials or Services that have not been authorized on an acknowledged Order;

4.3.2. Expediting, overtime, premiums, or upcharges absent State's express prior approval; or

4.3.3. Materials or Services that are the subject of a Contract Amendment that has not been fully signed.

4.4. Submitting Invoices. Contractor shall submit an invoice to the ordering Eligible Agency or Co- Op Buyer using the form and/or process provided or required by the ordering Eligible Entity/Customer (Eligible Agency or Co-Op Buyer). Every invoice must be signed by Contractor's authorized representative and accompanied by all supporting information and documentation required by the Contract and applicable laws.

4.5. Defective Invoices. Without prejudice to its other rights under the Contract or further obligation to Contractor, the ordering Eligible Entity/Customer (Eligible Agency or Co-Op Buyer) may, at its discretion, reject any materially defective invoice.

4.5.1. The ordering Authorize Entity/Customer (Eligible Agency or Co-Op Buyer) shall notify the Contractor within 5 (five) business days after receipt if it determines an invoice to be materially defective.

4.5.2. Invoices will be deemed automatically rejected upon delivery if they:

4.5.2.1. are sent to an incorrect address;

4.5.2.2. do not reference the correct State contract or APP Order number; or

4.5.2.3. are payable to any Person other than the Contractor.

4.5.3. The ordering Eligible Entity/Customer (Eligible Agency or Co-Op Buyer) will have no obligation to pay against a defective invoice unless and until Contractor has re-submitted it free of defects.

5. Payments

5.1. PAYMENT. The applicable Eligible Agency or Co-Op Buyer shall pay undisputed amounts due to Contractor within the time period specified in Section 4.0 Costs and Payments of the Uniform Terms and Conditions

5.2. JOINT CHECKS OR DIRECT PAY. applicable Eligible Agency or Co-Op Buyer may, but is under no obligation to, pay by joint check or to pay directly to any Subcontractor or other creditor to whom any portion of Contractor's requested payment is owed.

5.3. RECOVERY OF OVER-PAYMENT. If applicable, Eligible Agency or Co-Op Buyer determines that an over-payment has been made to Contractor on any prior invoice, it shall inform Contractor of the amount and date of the overpayment and may deduct the overpaid amount from amounts then or thereafter due to Contractor.

5.4. PAYMENTS TO SUBCONTRACTORS. Contractor shall make payment of all undisputed amounts due to Subcontractors within thirty (30) days of receipt of funds from applicable Eligible Agency or Co-Op Buyer applicable to their services.

5.5. PURCHASING CARD. Applicable Eligible Agency or Co-Op Buyer may pay invoices for some or all Orders using a purchasing card. Any and all fees related to payment using a Purchasing Card are the responsibility of Contractor. Unless otherwise stated in the Contract there will be no additional fees or increase in prices associated with this method of payment.

5.6. AUTOMATED CLEARING HOUSE. Applicable Eligible Agency or Co-Op Buyer may pay invoices for some or all Orders through an Automated Clearing House (ACH). In order to

receive payments in this manner from Eligible Agencies, Contractor must complete an ACH Vendor Authorization Form (form GAO-618) within 30 (thirty) days after the effective date of the Contract. The form is available online at:

https://gao.az.gov/afis/vendor-information

Special Terms and Conditions

The Special Terms and Conditions modify the Uniform Terms and Conditions and its Appendices. It can modify them by replacing, deleting, appending to, or revising the text of an existing provision or by inserting a new paragraph into an existing article. No other document modifies or adds to the Uniform Terms and Conditions, except as may subsequently be otherwise and expressly agreed and incorporated by Contract Amendment.

1. Definition of Terms As used in the Contract, the terms listed below are defined as follows:

   1.1. Acceptance: The document titled “Offer and Acceptance Form” bearing the State contract number once Procurement Officer has signed it to signify (1) State’s formal acceptance of the Accepted Offer and (2) the formation of the Contract. For clarity of intent, the foregoing is not to be confused with the term “acceptance” used throughout the Contract in the context of delivery, inspection, etc., with respect to Materials or Services.

   1.2. Accepted Offer

      1.2.1. If State did not request a Revised Offer, then “Accepted Offer” means the Initial Offer.

      1.2.2. If State requested a Revised Offer but not a Best and Final Offer, then “Accepted Offer” means the latest Revised Offer.

      1.2.3. If State requested a Best and Final Offer, then “Accepted Offer” means the Best and Final Offer.

   1.3. Arizona Procurement Code A.R.S.; A.A.C.: “Arizona Procurement Code, “A.R.S.,” and “A.A.C.” are each defined in the Instructions to Offerors.

   1.4. Arizona TPT Arizona Transaction Privilege Tax: For information, refer to the Arizona Department of Revenue (DOR) website at: https://www.azdor.gov/business/transactionprivilegetax.aspx

   1.5. Attachment. Any item that:

      1.5.1. The Solicitation required Offeror to submit as part of the Offer (e.g., Initial Offer, Revised Offer, or Best and Final Offer);

      1.5.2. Was attached to an Offer when submitted; and

      1.5.3. Was included in the Accepted Offer.

   1.6. Pricing Document. Section Pricing Document of the Solicitation Requirements document of the Solicitation Documents, provided that, if there is no such Section in the Contract, then

"Pricing Document" is to be construed as referring to whatever item in the Contract contains the contracted pricing and payment provisions.

1.7. Contract Amendment. A document signed by the Procurement Officer that has been issued for the purpose of making changes to the Contract after execution.

1.8. Contract Terms and Conditions. The Special Terms and Conditions and the Uniform Terms and Conditions taken collectively.

1.9. Contractor. The Person identified on the Accepted Offer who has entered into the Contract with the State.

1.10. Contractor Indemnitor. Contractor or any of its owners, officers, directors, agents, employees, or Subcontractors.

1.11. Co-Op Buyer. A member of the State Purchasing Cooperative that has entered into a "Cooperative Purchasing Agreement" with the Arizona Department of Administration State Procurement Office under A.R.S. §41-2632. Unless there is an applicable Cooperative Purchasing Agreement in effect at the time, a State Purchasing Cooperative member cannot be a Co-Op Buyer. For reference, "Co-Op Buyer" is to be construed as encompassing an "eligible procurement unit" under A.A.C. R2-7-101(23).

NOTE: Membership in the State Purchasing Cooperative is open to all Arizona political subdivisions, including cities, counties, school districts, and special districts. Membership is also available to non-profit organizations, other state governments, the federal government and tribal nations. For reference, "non-profit organizations" are defined in A.R.S. § 41-2631(4) as any nonprofit corporation as designated by the IRS under Section 501(c)(3) through 501(c)(6) of the tax code.

1.12. Eligible Agency. If the Special Terms and Conditions indicate that the Contract is a "single-agency" contract, then "Eligible Agency" means the particular State of Arizona agency, university, commission, or board identified therein. If the Special Terms and Conditions indicate that the Contract is a "statewide" contract, then "Eligible Agency" means any State of Arizona department, agency, university, commission, or board.

1.13. Indemnified Basic Claims. "Indemnified Basic Claims" means any and all claims, actions, liabilities, damages, losses, or expenses, including court costs, attorneys' fees, costs of claim processing, investigation and litigation for bodily injury or personal injury, including death, or loss or damage to any real or tangible or intangible personal property, collectively.

1.14. Instructions to Offerors. "Instructions to Offerors" means the Solicitation Instructions document of the Solicitation.

1.15. Order. The instrument by which the State authorizes a Contractor to perform some or all of the Work. Whether the Contract will have one Order or many Orders depends on the scope of the Contract and how the State will use it. The Special Terms and Conditions provide that information. Any of the following are construed as being an "Order":

1.15.1. "Release" or "Release Purchase Order: in The State's e-Procurement System;

1.15.2. "task order," "service order," or "job order" when a Release Purchase Order for Services has already been created in The State's e-Procurement System; or

1.15.3. "purchase order" for buying by Co-Op Buyers, if co-op buying applies.

1.16. The State's e-Procurement System. The State's official electronic procurement system, established pursuant to A.A.C. R2-7-201 as set forth in the Arizona Department of Administration State Procurement Office policy document *Technical Bulletin No. 020, The State's e-Procurement System – The Official State eProcurement System*. Technical Bulletin No. 020 is available online at:

https://spo.az.gov/sites/default/files/documents/files/TB_020_APP_20181024.pdf

1.17. State. The State of Arizona and its department, agency, university, commission, or board that has executed the Contract. With respect to administration or rights, remedies, obligations and duties under the Contract for a given Order, "State" means each Eligible Agency or Co-Op Buyer who has issued the Order.

1.18. State Indemnitees. Collectively, the State of Arizona, its departments, agencies, universities, commissions, and boards and, and their respective officers, agents, and employees.

1.19. Subcontractor. A.R.S. §41-2503(38), which, for convenience of reference only, is "… a person who contracts to perform Work or render service to … [C]ontractor or to another [S]ubcontractor as a part of a contract with a state governmental unit . . ." The Contract is to be construed as "a contract with a state governmental unit" for purposes of the definition. For clarity of intent, a Person carrying out any element of the Work is a Subcontractor from the moment they first carry out that element of the Work regardless of whether or not a Subcontract exists then or subsequently.

1.20. Work**.** The totality of the Materials and the Services and all the acts of administration, creation, production, and performance necessary to fulfill and incidental to fulfilling all of Contractor's obligations and duties under the Contract in conformance with the Contract and applicable laws.

2. Contract Interpretations

2.1. Usage. Where the Contract:

2.1.1. assigns obligations to Contractor, any reference to "Contractor" is to be construed to be a reference to the Contractor and all Subcontractors, whether they are first-tier subcontractors, sub-subcontractors, suppliers, sub-suppliers, consultants, or sub-consultants, as well as all of Contractor's and the Subcontractor's respective agents, representatives, and employees in every instance unless the context plainly requires that it is a reference only to Contractor as apart from Subcontractors.

2.1.2. uses the permissive "may" with respect to a party's actions, determinations, etc., the terms is to be interpreted as in A.A.C. R2-7-101(31) [*Definitions*]. For clarity of intent, any right given to State using "State may" or a like construction denotes discretion and freedom to act so far as any regulatory or operative constraints permit in the relevant circumstances, provided that: (a) where written "may, at its discretion," the discretion extends to whatever is most advantageous to State; and (b) where written only as "may," the discretion is constrained by 1. what is fair, reasonable, and as accommodating of the respective best interests of both parties as practicable under the circumstances;

2.1.3. uses the imperative "shall" with respect to a party's actions, duties, etc., the term is to be interpreted as in A.A.C. R2-7-101(43) [*Definitions*]. Conversely, the phrase "shall not" is to be interpreted as an imperative prohibition.

2.1.4. uses the term "must" with respect to a requirement, criterion, etc., the term is to be interpreted as conveying compulsion or strict necessity, and is to be read as though written "*must, if [the subject] is to be entitled to have [the object] considered or credited as being compliant with, conforming to, or satisfying [the requirement, criterion, constraint, etc.], otherwise, [the object] will be considered or debited as being non-compliant, non-conforming, or unsatisfactory for its Contract-related purposes*" in every instance;

2.1.5. uses the term "might" with respect to an event, outcome, action, etc., the term is to be interpreted as conveying contingency or non-discretionary conditionality; and

2.1.6. uses the term "will" or the phrases "is to be" or "are to be" with respect to an event, outcome, action, etc., the term or phrase is to be interpreted as conveying such certainty or imperativeness that "shall" is either unnecessary or irrelevant in that instance.

2.2. Contract Order of Precedence

2.2.1. Complementary Documents. All of the documents forming the Contract are complementary. If certain work, requirements, obligations, or duties are set out

only in one but not in another, Contractor shall carry out the Work as though the relevant Work, requirements, obligations, or duties had been fully described in all, consistent with the other documents forming the Contract and as is reasonably inferable from them as being necessary to produce complete results.

2.2.2. Conflicts. In case of any inconsistency, conflict, or ambiguity among the documents forming the Contract and their provisions, they are to prevail in the following order, descending from most dominate to most subordinate, provided that, among categories of documents or provisions having the same rank, the document or provision with the latest date prevails. Information being identified in one document but not in another is not to be considered a conflict or inconsistency.

2.2.2.1. Contract Amendments;

2.2.2.2. The final Solicitation Documents, in the following order:

(1) Special Terms and Conditions;

(2) Exhibits to the Special Terms and Conditions;

(3) Uniform Terms and Conditions;

(4) Scope of Work;

(5) Exhibits to the Scope of Work;

(6) Pricing Document;

(7) Exhibits to the Pricing Document;

(8) Specifications; and

(9) Any other documents referenced or included in the Solicitation;

2.2.2.3. Orders, in reverse chronological order; and

2.2.2.4. Accepted Offer.

2.2.3. Attachments and Exhibits. For clarity of intent, if an item was an Attachment in the Solicitation Documents or an Offer (either Initial, Revised, Best and Final, or Accepted) and was subsequently made into an Exhibit, or its content was incorporated into one of the other Contract documents, then that Attachment no longer exists contractually as an “Attachment” since it has at that point been made into some other Contract document. In every other case, an Attachment and the

Offeror data therein remain part of the Accepted Offer for purposes of precedence and contractual effect.

2.3. Independent Contractor. Contractor is an independent contractor and shall act in an independent capacity in performance under the Contract. Neither party is or is to be construed as being the employee or agent of the other party, and no action, inaction, event, or circumstance will be grounds for deeming it to be so.

2.4. Complete Integration. The Contract, including any documents incorporated into the Contract by reference, is intended by the parties as a final and complete expression of their agreement. There are no prior, contemporaneous, or additional agreements, either oral or in writing, pertaining to the Contract.

3. Contract Administration and Operation

3.1. Term of Contract. The term of the Contract will commence on the date indicated on the Acceptance and continue for twelve (12) months unless cancelled, terminated, or permissibly extended.

3.2. Contract Extensions. State may at its discretion extend the initial Contract term in increments of one or more months and do so one or more times, provided that the maximum aggregate term of the Contract including extensions cannot exceed the maximum aggregate term of five (5) years.

3.3. Notices and Correspondence

3.3.1. TO CONTRACTOR. State shall: address all Contract correspondence other than formal notices to the email address indicated as “Default for Type” for “General Mailing Address” in Contractor’s corresponding State’s e-Procurement System Vendor Profile; and address any required notices to Contractor to the “Contact Name and Title” at the “Mailing Address” indicated on the Accepted Offer, as that address might have been amended during the term of the Contract.

3.3.2. TO STATE. Contractor shall: address all Contract correspondence other than format notices to the email address indicated in “Contact Instructions” in the The State’s e-Procurement System Summary for State; and address any required notices to State to the Procurement Officer identified as “Purchaser” in the State’s e-Procurement System Summary at the following mailing address:

Arizona Department of Administration
State Procurement Office
100 N 15th Avenue
Phoenix, AZ 85007

3.3.3. CHANGES. State may change the designated Procurement Officer, update contact information, or change the applicable mailing address.

3.4. Signing of Contract Amendments. Contractor's counter-signature – or "approval" in The State's e-Procurement System, in the case of an amendment, – is not required to give effect if the Contract Amendment only covers either:

3.4.1. extension of the term of the Contract within the maximum aggregate term;

3.4.2. revision to Procurement Officer appointment or contact information; or

3.4.3. modifications of a clerical nature that have no effect on terms, conditions, price, scope, or other material aspect of the Contract.

In every case other than those listed in *(1)*, *(2)*, and *(3)* above, both parties' signatures – or "approval" in The State's e-Procurement System, in the case of an Amendment – are required to give it effect.

3.5. Click Through Terms and Conditions If either party uses a web-based ordering system, an electronic purchase order system, an electronic order acknowledgement, a form of an electronic acceptance, or any software based ordering system with respect to the Contract (each an "Electronic Ordering System"), the parties acknowledge and agree that an Electronic Ordering System is for ease of administration only, and Contractor is hereby given notice that the persons using Electronic Ordering Systems on behalf of State do not have any actual or apparent authority to create legally binding obligations that vary from the terms and conditions of the Contract. Accordingly, where an authorized State user is required to "click through" or otherwise accept or be made subject to any terms and conditions in using an Electronic Ordering Systems, any such terms and conditions are deemed void upon presentation. Additionally, where an authorized State user is required to accept or be made subject to any terms and conditions in accessing or employing any Materials or Services, those terms and conditions will also be void.

3.6. Books and Records

3.6.1. RETAIN RECORDS. By A.R.S. §41-2548(B), Contractor shall retain and shall contractually require each Subcontractor to retain books and records relating to any cost and pricing data submitted in satisfaction of § 41-2543 for the period specified in the statute

3.6.2. RIGHT TO AUDIT. The retained books and records are subject to audit by State during that period. By A.R.S. §41-2548(B), Contractor shall retain and shall contractually require each Subcontractor to retain books and records relating to

performance under the Contract for the period specified in the statute and those retained books and records are subject to audit by State during that period.

3.6.3. AUDITING. Contractor or Subcontractor shall either make all such books and records under subparagraphs 3.6.1 and 3.6.2 available to State at all reasonable times or produce the records at a designated State office on State's demand, the choice of which being at State's discretion. For the purpose of this paragraph, "reasonable times" are during normal business hours and in such a manner so as to not unreasonably interfere with normal business activities.

3.7. Contractor Licenses Contractor shall maintain current federal, state and local licenses and permits required for the operation of its business in general, for its operations under the Contract, and for the Work itself.

3.8. Inspection and Testing By A.R.S. §41-2547, State may at reasonable times inspect the part of Contractor's or Subcontractors' plant or places of business related to performance under the Contract. Accordingly, Contractor agrees to permit (for itself) and ensure (for Subcontractors) access for inspection at any reasonable time to its facilities, processes, and services. State may inspect or test, at its own cost, any finished goods, work-in-progress, components, or unfinished materials that are to be supplied under the Contract or that will be incorporated into something to be supplied under the Contract. If the inspection or testing shows non-conformance or defects, then Contractor will owe State reimbursement or payment of all costs it incurred in carrying out or contracting for the inspection and testing, as well as for any re-inspection or re-testing that might be necessary. Neither inspection of facilities nor testing of goods, work, components, or unfinished materials will of itself constitute acceptance by State of those things.

3.9. Ownership of Intellectual Property

3.9.1. RIGHTS IN WORK PRODUCT. All intellectual property originated or prepared by Contractor pursuant to the Contract, including but not limited to, inventions, discoveries, intellectual copyrights, trademarks, trade names, trade secrets, technical communications, records reports, computer programs and other documentation or improvements thereto, including Contractor's administrative communications and records relating to the Contract, are considered work product and Contractor's property, provided that, State has Government Purpose Rights to that work product as and when it was delivered to State.

3.9.2. "Government Purpose Rights" are:

3.9.2.1. the unlimited, perpetual, irrevocable, royalty free, non-exclusive, worldwide right to use, modify, reproduce, release, perform, display,

sublicense, disclose and create derivatives from that work product without restriction for any activity in which State is a party;

3.9.2.2. the right to release or disclose that work product to third parties for any State government purpose; and

3.9.2.3. the right to authorize those to whom it rightfully releases or discloses that work product to use, modify, release, create derivative works from the work product for any State government purpose; such recipients being understood to include the federal government, the governments of other states, and various local governments.

"Government Purpose Rights" do not include any right to use, modify, reproduce, perform, release, display, create derivative works from, or disclose that work product for any commercial purpose or to authorize others to do so.

3.9.3. JOINT DEVELOPMENTS. The parties may each use equally any ideas, concepts, know-how, or techniques developed jointly during the course of the Contract, and may do so at their respective discretion, without obligation of notice or accounting to the other party.

3.9.4. PRE-EXISTING MATERIAL. All pre-existing software and other materials developed or otherwise obtained by or for Contractor or its affiliates independently of the Contract or applicable Purchase Orders are not part of the work product to which rights are granted State under subparagraph 3.9.1 above, and will remain the exclusive property of Contractor, provided that:

3.9.4.1. any derivative works of such pre-existing material or elements thereof that are created pursuant to the Contract are part of that work product;

3.9.4.2. any elements of derivative work of such pre-existing material that was not created pursuant to the Contract are not part of that work product; and

3.9.4.3. except as expressly stated otherwise, nothing in the Contract is to be construed to interfere or diminish Contractor's or its affiliates' ownership of such pre-existing materials.

3.9.5. DEVELOPMENTS OUTSIDE OF CONTRACT. Unless expressly stated otherwise in the Contract, does not preclude Contractor from developing competing materials outside the Contract, irrespective of any similarity to materials delivered or to be delivered to State hereunder.

3.10. Subcontract

3.10.1. INITIAL LIST. At the time of Contract execution, Contractor's candidate Subcontractors were identified in Attachment Proposed Subcontractors to the Accepted Offer [Proposed Subcontractors]. Agreeing to them being included in the Accepted Offer signified Procurement Officer's advance consent for Contractor to enter into a Subcontract with each candidate, which Contractor shall do as promptly as necessary to ensure its ability to carry out the Work in a timely manner.

3.10.2. Contractor shall not enter into a Subcontract without first obtaining Procurement Officer's written consent with any prospective Subcontractor that (a) was not listed on the Attachment Proposed Subcontractors at time of Contract execution or (b) is for any Materials or Services categories other than the ones for which they were previously consented. For either case (a) or (b), Contractor shall submit a written request sufficiently in advance of the need date for those materials or services so that performance under the Contract is not impaired. Procurement Officer may request any additional information he or she determines is necessary to assess the submittal, and may withhold consent pending it.

3.10.3. FLOW-DOWN. Contractor shall incorporate the provisions, terms, and conditions of the Contract into every Subcontract by inclusion or by reference, as appropriate. When making any post-execution consent requests, Contractor shall include its warrant that it will do the same for the pending Subcontracts covered by the request. Entering into Subcontracts will not relieve Contractor of any of its obligations or duties under the Contract, including, among other things, the duty to supervise and coordinate the work of Subcontractors. Nothing contained in any Subcontract will create or is to be construed as creating any contractual relationship between State and the Subcontractor.

3.11. Offshore Performance of Certain Work Prohibited. Contractor shall only perform those portions of the Services that directly serve the State or its clients and involve access to secure or sensitive data or personal client data within the defined territories of the United States. Unless specifically stated otherwise in the Scope of Work, this paragraph does not apply to indirect or overhead services, redundant back-up services, or services that are incidental to performance under the Contract. This provision applies to work performed by Subcontractors at all tiers.

3.12. Orders

3.12.1. ORDER SUFFICIENCY. The Contract was awarded in accordance with the Arizona Procurement Code; the transactions and procedures required by the code for competitive source selection have been met. An Order issued that cites the correct State contract number will suffice to authorize the Contractor to provide the Materials and perform the Services covered by that Order.

3.12.2. ORDER TERMS. All Orders are subject to the Contract Terms and Conditions; an Order cannot modify the Contract Terms and Conditions.

3.12.3. ORDERS ARE OBLIGATORY. Until the expiration or earlier termination of the Contract, State may issue and Contractor shall accept Orders that make proper reference to the Contract and are permissible hereunder, provided that, Contractor is not obliged to accept any Order that is not consistent with the then-current pricing, lead times, specifications, or payment provisions of the Contract. Contractor shall fulfill and complete any Orders that are begun but not yet completed as of expiration or earlier termination of the Contract unless State instructs otherwise at the time.

3.12.4. SPECIAL CASE. In the special case where both the following conditions are true, Procurement Officer's signature on the Acceptance is Contractor's authorization to perform and therefore no Order is required: (a) the Contract is identified as being a "single-agency/single-project" contract and (b) the Contract was created in The State's e-Procurement System as something other than a "Master/ Blanket" type.

3.12.5. NO MINIMUMS OR COMMITMENTS. (a) Contractor shall not impose any minimum dollar amount, item count, services volume, or services duration on Orders; (b) State makes no commitment of any kind concerning the quantity or monetary value of activity actually initiated or completed during the term of the Contract; (c) Contractor shall only deliver or perform as authorized by Orders; and (d) State is not limited as to the number of Orders it may issue for the Contract. For clarity of intent, the foregoing applies equally whether an Eligible Agency issues the Order or, if applicable, a Co-Op Buyer issues it.

3.12.6. NON-CONTRACTED MATERIALS OR SERVICES. Any attempt to knowingly represent for sales, marketing, or related purposes that goods or services not specifically awarded are under a State contract is a violation of the Contract and law.

3.13. The Contract is a "statewide" contract for multiple purchases, projects, or assignments, and can be purchased against by some or all Eligible Agencies and any Co- Op Buyers that elect to participate. Even if only one Eligible Agency needs or elects to purchase against the Contract, it is to be construed as being a "statewide" contract hereunder.

The Contract is an indefinite delivery, indefinite quantity (ID/IQ) type of contract; it is to be construed as a "delivery order" sub- type of ID/IQ contract to the extent the Work is Materials, and a "task order" sub-type to the extent the Work is Services.

3.13.1. Contractor shall verify if an ordering entity is a bona fide Co-Op Buyer before selling Materials to or providing Services for them under the Contract. The current list of Co- Op Buyers is available on the State Procurement Office website:

https://spo.az.gov/programs/cooperative

3.13.2. Contractor shall sell to Co-Op Buyers at the same price and on the same lead times and other terms and conditions under which it sells to Eligible Agencies, with the sole exception of any legitimately additional costs for extraordinary shipping or delivery requirements if the Co-Op Buyer is having Materials delivered or installed or Services performed at locations not contemplated in the contracted pricing (e.g. delivery to a location outside Arizona).

3.13.3. Contractor shall pay State an administrative fee against all Contract sales to Co- Op Buyers, as provided for under A.R.S. § 41- 2633. The fee rate is one (1%) percent. Failure to remit the administrative fees is a material breach of contract, and will entitle the State to its remedies under Article 8 and its right to terminate for default under Article 9. Method of calculation, payment procedures, and other details are provided on the State Procurement Office website:

https://spo.az.gov/suppliers/usage-reporting

3.13.4. Contractor shall submit to State a quarterly usage report documenting all Contract sales to both Eligible Agencies and Co- Op Buyers, itemized separately. Contractor shall further itemize divisions, groups or areas within a given Eligible Agency if they place Orders independently of each other. Failure to submit the report is a material breach of contract, and will entitle the State to its remedies under Article 8 and its right to terminate for default under Article 9. Contractor shall submit the report using the forms and following the instructions on the State Procurement Office website:

https://spo.az.gov/suppliers/usage-reporting

3.13.5. Contractor shall acknowledge each Order from Eligible Agencies within 1 (one) business day after receipt by either: (a) “approving” the Order electronically in The State’s e-Procurement System, which will indicate Contractor’s unqualified acceptance of the Order as- issued; or (b) “rejecting” the Order electronically in The State’s e-Procurement System, with a concurrent explanation by email to relevant originator as to the reason for rejecting it. By way of reminder, the only grounds on which the Contractor may reject or refuse an Order are those set out in subparagraph 3.11.3 [*Orders are Obligatory*]. Unless and until Contractor has approved the Order in The State’s e-Procurement System, it will have no effect

under the Contract and will not oblige either State or Contractor. If the relevant Eligible Agency explicitly instructs at the time that a verbal acceptance is sufficient because of urgency or other unusual circumstances and Contractor duly gives its verbal acceptance, then Contractor will be deemed to have accepted the Order immediately upon commencing performance, provided that, Contractor must follow-up its verbal acceptance by accepting the Purchase Order electronically in The State's e-Procurement System within 3 (three) business days. Contractor shall thereafter be barred from subsequently rejecting the Order in The State's e-Procurement System and if it does so the rejection will be void.

3.13.6. Contractor shall acknowledge each Order from Co- Op Buyers in conformance with each buyer's instructions given at the time of ordering or in any supplemental participating agreement Contractor might have with them. Orders from Co- Op Buyers create no obligation on State's part, since they are entirely between the Co-Op Buyer and Contractor. That notwithstanding, Contractor's obligation under the Contract is to service Co-Op Buyers commercially as though they were with an Eligible Agency, and Contractor's refusal to do so would be a material breach of the Contract.

3.14. Multiple-Use Provisions. Eligible Agencies may issue Orders for Services in several forms, all of which become final and effective by a "Release Purchase Order" in The State's e-Procurement System. Orders issued by Co-Op Buyers will be in whatever form the Co-Op Buyer normally uses. Regardless of origin, Orders must cite the State contract number to be valid. State may, at its discretion in each instance, determine the scope, schedule, and price for each Order in any of the following ways:

3.14.1. By choosing some or all of the Materials or Services items covered by the Contract for which a price is established in the Pricing Document, then preparing an Order using those prices (e.g., filling out an order form), and sending it to the Contractor.

3.14.2. By instructing Contractor to provide a comprehensive proposal of item quantities, combinations, etc., or services hours, personnel, etc., for a defined scope using those established prices as a basis, then validating and negotiating the proposal with Contractor and issuing an Order if and when reaching agreement.

3.14.3. As described in (2) above but requesting the proposal from both Contractor and other vendors who are contracted within the applicable scope categories and locations, either sequentially or concurrently, then selecting the proposal or proposals combination that is most advantageous to State.

3.14.4. As described in (3) above but introducing ad-hoc commercial competition by making the selection and ordering conditional on obtaining more favorable prices than the contractually-established ones.

3.15. Other Contractors. State may undertake with its own forces or award other contracts to the same or other vendors for additional or related work. In such cases, Contractor shall cooperate fully with State's employees and such other vendors and carefully coordinate, fit, connect, accommodate, adjust, or sequence its work to the related work by others. Where the Contract requires handing-off Contractor's work to others, Contractor shall cooperate as State instructs regarding the necessary transfer of its work product, services, or records to State or the other vendors. Contractor shall not commit or permit any act that interferes with the State's or other vendors' performance of their work, provided that, State shall enforce the foregoing section equitably among all its vendors so as not to impose an unreasonable burden on any one of them.

3.16. Work on State Premises

3.16.1. COMPLIANCE WITH RULES. Contractor is responsible for ensuring that its personnel comply with State's rules, regulations, policies, documented practices, and documented operating procedures while delivering or installing Materials or performing Services on State's grounds or in its facilities. For clarity of intent, the foregoing means that if Contractor is required to comply with certain security requirements in order to deliver, install, or perform at that particular location, then it shall do so nonetheless and without entitlement to any additional compensation or additional time for performance if those particular requirements are not expressly stated in the Contract. Contractor is reminded that violation of the prohibition under A.R.S. § 13-1502 against possession of weapons on State's property by anyone for whom Contractor is responsible is a material breach of contract and grounds for termination for default.

3.16.2. PROTECTION OF GROUNDS AND FACILITIES. Contractor shall deliver or install the Materials and perform the Services without damaging any State grounds or facilities. Contractor shall repair or replace any damage it does cause promptly and at its own expense, subject to whatever instructions and restrictions, State needs to make to prevent inconvenience or disruption of operations. If Contractor fails to make the necessary repairs or replacements in a timely manner, State will be entitled to exercise its remedies under paragraph 8.5 of the Uniform Terms and Conditions [Right of Offset].

4. Costs and Payments

4.1. Payments

4.1.1. PAYMENT DEADLINE. State shall make payments in compliance with Arizona Revised Statues Titles 35 and 41. Unless and then only to the extent expressly stated otherwise in the Pricing Document, State shall make payment in full for Materials that have been delivered and accepted and Services that have been performed and accepted within the time specified in A.R.S. § 35-342 after both of the following become true: (a) all of the Materials being invoiced have been delivered or installed (as applicable) and accepted and all of the Services being invoiced have been performed and accepted; and (b) Contractor has provided a complete and accurate invoice in the form and manner called for in the Pricing Document, provided that, State will not make or be liable for any payments to Contractor until Contractor has registered properly in The State's e-Procurement System and provided a current IRS Form W-9 to State unless excused by law from providing one.

4.1.2. PAYMENTS ONLY TO CONTRACTOR. Unless compelled otherwise by operation of law or order of a court of competent jurisdiction, State will only make payment to Contractor under the federal tax identifier indicated on the Accepted Offer.

4.2. Applicable Taxes

4.2.1. CONTRACTOR TO PAY ALL TAXES. State is subject to Arizona TPT. Therefore, Arizona TPT applies to all sales under the Contract and Arizona TPT is Contractor's responsibility (as seller) to remit. Contractor's failure to collect Arizona TPT or any other applicable sales or use taxes from an Eligible Agency or Co-Op Buyer (as buyer) will not relieve the Contractor of any obligation to remit sales or use taxes that are due under the Contract or laws. Unless stated otherwise in the Pricing Document, all prices therein include Arizona TPT as well as every other manner of transaction privilege or sales/use tax that is due to a municipality or another state or its political subdivisions. Contractor shall pay all federal, state, and local taxes applicable to its operations and personnel.

4.2.2. TAX INDEMNITY. Contractor shall hold State harmless from any responsibility for taxes or contributions, including any applicable damages and interest, that are due to federal, state, and local authorities with respect to the Work and the Contract, as well as any related costs; the foregoing expressly includes Arizona TPT, unemployment compensation insurance, social security, and workers' compensation insurance.

5. Contract Changes

5.1. Contract Amendments. The Contract is issued for State under the authority of Procurement Officer. Only a Contract Amendment can modify the Contract, and then only if it does not

change the Contract's general scope. Purported changes to the Contract by a person not expressly authorized by Procurement Officer or made unilaterally by Contractor will be void and without effect; Contractor will not be entitled to any claim made under the Contract based on any such purported changes.

5.2. Assignment and Delegation.

5.2.1. IN WHOLE. Contractor shall not assign in whole its rights or delegate in whole its duties under the Contract without Procurement Officer's prior written consent, which consent Procurement Officer may withhold at his or her discretion. If Contractor's proposed assignment or delegation stems from a split, sale, acquisition, or other non-merger change in control, then no such consent will be given in any event without the assignee or delegate giving State satisfactory and equivalent evidence or assurance of its financial soundness, competency, capacity, and qualification to perform as that which Contractor possessed when State first awarded it the Contract.

5.2.2. IN PART. Subject to paragraph 3.10 [Subcontracts] with respect to subcontracting, Contractor may assign particular rights or delegate particular duties under the Contract, but shall obtain Procurement Officer's written consent before doing so. Procurement Officer shall not unreasonably withhold consent so long as the proposed assignment or delegation does not attempt to modify the Contract in any way or to alter or impair State's rights or remedies under the Contract or laws.

6. Risk and Liability

6.1. Risk of Loss. Contractor shall bear all risk of loss to Materials while in pre-production, production, storage, transit, staging, assembly, installation, testing, and commissioning, if and as those duties are within the scope of the Work, until they have been accepted as conforming by State in the particular location and situation specified in the Order, or as specified generally elsewhere in the Contract if the Order does not provide particulars, provided that, risk of loss for nonconforming Materials will remain with Contractor notwithstanding acceptance to the extent the loss stems from the nonconformance.

6.2. Contractor Insurance. Contractor and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.

The insurance requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way

warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, its agents, representatives, employees or subcontractors, and Contractor is free to purchase additional insurance.

MINIMUM SCOPE AND LIMITS OF INSURANCE: Contractor shall provide coverage with limits of liability not less than those stated below.

6.3 Network Security (Cyber) and Privacy Liability Insurance

Network Security and Privacy Liability insurance shall include coverage for claims and losses with respect to network risks (such as data breaches, unauthorized access/use, I.D. theft, invasion of privacy, damage/loss/theft of data, degradation, downtime, etc.).

Network Security and Privacy Liability insurance is sometimes packaged with Technology Errors and Omissions (Tech E&O) insurance, depending on the carrier or can be obtained as stand-alone coverage. Network Security and Privacy Liability insurance can also include first-party coverage (no third party claim required) for emergency response in the event of a network or privacy breach such as costs to notify individuals whose data may have been compromised through registered mail. Also part of emergency response costs are call center services as an intake for individuals to contact to trigger credit-monitoring services. Nevertheless, Network Security and Privacy policies can contain similar insuring agreements to Tech E & O.

The typical exposures to the State are:

- Outsourced IT director:
  - Theft of sensitive or valuable information
  - Outage and resultant business interruption
  - Data loss and associated recovery costs
- Offsite data backup or other hosted solutions:
  - Loss of company or client data that could trigger breach requirements, reputation damage, or result in fines/penalties
- E-mail provider:
  - Outage could cause a loss of revenue by decreasing productivity or provider could be responsible for a loss of data

The requirements listed below are the minimum and should in no way preclude you from requiring higher limits depending on the potential exposure to the State. Please contact State Risk Management for guidance.

6.4 Indemnification Clause

To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, and any jurisdiction or agency issuing permits for any work included in the project, and their respective directors, officers, officials, agents and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, costs, losses, or expenses, (including reasonable attorney's fees), (hereinafter collectively referred to as "Claims") arising out of actual or alleged bodily injury or personal injury of any person (including death) or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of Contractor's directors, officers, agents, employees, volunteers or subcontractors. This indemnity includes any claim or amount arising or recovered under the Workers' Compensation Law or arising out of the failure of Contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all Claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. This indemnification will survive the termination of the above listed contract with the Contractor.

This indemnity shall not apply if the contractor or sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.

6.5 Insurance Requirements

6.5.1 Contractor and subcontractors shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Contract, insurance against claims for injury to persons or damage to property arising from, or in connection with, the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.

6.5.2 The Insurance Requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that arise out of the performance of the work under this Contract by the Contractor, its agents, representatives, employees or subcontractors, and the Contractor is free to purchase additional insurance.

6.5.3 Minimum Scope and Limits of Insurance: Contractor shall provide coverage with limits of liability not less than those stated below.

6.5.3.1 Commercial General Liability (CGL) – Occurrence Form

Policy shall include bodily injury, property damage, and broad form contractual liability coverage.

- General Aggregate $2,000,000
- Products – Completed Operations Aggregate $2,000,000
- Personal and Advertising Injury $1,000,000
- Damage to Rented Premises $50,000
- Each Occurrence $1,000,000

a. The policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor.

b. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

6.5.3.2 Business Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non- owned automobiles used in the performance of this Contract.

- Combined Single Limit (CSL) $1,000,000

a. Policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by, or on behalf of, the Contractor involving automobiles owned, hired and/or non-owned by the Contractor.

b. Policy shall contain a waiver of subrogation endorsement as required by this written agreement in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

6.5.3.3 Workers' Compensation and Employers' Liability

- Workers' Compensation — Statutory
- Employers' Liability
  - Each Accident — $1,000,000
  - Disease – Each Employee — $1,000,000
  - Disease – Policy Limit — $1,000,000

a. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

b. This requirement shall not apply to each Contractor or subcontractor that is exempt under A.R.S. § 23-901, and when such Contractor or subcontractor executes the appropriate waiver form (Sole Proprietor or Independent Contractor).

6.5.3.4 Network Security (Cyber) and Privacy Liability

- Each Claim — $2,000,000
- Annual Aggregate — $2,000,000

a. Such insurance shall include, but not be limited to, coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage

(data asset protection), network business interruption, computer fraud coverage, and funds transfer loss.

b. In the event that the Network Security and Privacy Liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract and, either continuous coverage will be maintained, or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.
c. The policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to vicarious liability of the insured arising out of the activities performed by or on behalf of the Contractor.
d. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

6.5.3.5 Technology Errors & Omissions Insurance

6.5.3.6 Each Claim	$2,000,000
6.5.3.7 Annual Aggregate	$2,000,000

a. Such insurance shall cover any, and all errors, omissions, or negligentacts in the delivery of products, services, and/or licensed programs under this contract.
b. Coverage shall include copyright infringement, infringement of trade dress, domain name, title or slogan.
c. In the event that the Tech E&O insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of thisContract and, either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years, beginning at the time work under this Contract is completed.

6.5.4 Additional Insurance Requirements

The policies shall include, or be endorsed to include, as required by this written agreement, the following provisions:

6.5.4.1 The Contractor's policies, as applicable, shall stipulate that the insurance afforded the Contractor shall be primary and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as provided by A.R.S. § 41-621 (E).

6.5.4.2 Insurance provided by the Contractor shall not limit the Contractor's liability assumed under the indemnification provisions of this Contract.

6.5.5 Notice of Cancellation

Applicable to all insurance policies required within the Insurance Requirements of this Contract, Contractor's insurance shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without thirty (30) days prior written notice to the State of Arizona. Within two (2) business days of receipt, Contractor must provide notice to the State of Arizona if they receive notice of a policy that has been or will be suspended, canceled, materially changed for any reason, has expired, or will be expiring. Such notice shall be sent directly to the Department and shall be mailed, emailed, hand delivered or sent by facsimile transmission to (State Representative's Name, Address & Fax Number).

6.5.6 Acceptability of Insurers

Contractor's insurance shall be placed with companies licensed in the State of Arizona or hold approved non-admitted status on the Arizona Department of Insurance List of Qualified Unauthorized Insurers. Insurers shall have an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

6.5.7 Verification of Coverage

Contractor shall furnish the State of Arizona with certificates of insurance (valid ACORD form or equivalent approved by the State of Arizona) evidencing that Contractor has the insurance as required by this Contract. An authorized representative of the insurer shall sign the certificates.

6.5.7.1 All such certificates of insurance and policy endorsements must be received by the State before work commences. The State's receipt of any certificates of insurance or policy endorsements that do not comply with this written agreement shall not waive or otherwise affect the requirements of this agreement.

6.5.7.2 Each insurance policy required by this Contract must be in effect at, or prior to, commencement of work under this Contract. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

6.5.7.3 All certificates required by this Contract shall be sent directly to the Department. The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete copies of all insurance policies required by this Contract at any time.

6.5.8 Subcontractors

Contractor's certificate(s) shall include all subcontractors as insureds under its policies or Contractor shall be responsible for ensuring and/or verifying that all subcontractors have valid and collectable insurance as evidenced by the certificates of insurance and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum Insurance Requirements identified above. The Department reserves the right to require, at any time throughout the life of this contract, proof from the Contractor that its subcontractors have the required coverage.

6.5.9 Approval and Modifications

The Contracting Agency, in consultation with State Risk, reserves the right to review or make modifications to the insurance limits, required coverages, or endorsements throughout the life of this contract, as deemed necessary. Such action will not require a formal Contract amendment but may be made by administrative action.

6.5.10 Exceptions

In the event the Contractor or subcontractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a certificate of self-insurance. If the Contractor or subcontractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

6.6 Patent and Copyright Indemnification. CONTRACTOR/VENDOR (NOT PUBLIC AGENCY). With respect to Materials or Services provided or proposed by a Contractor Indemnitor for performance under the Contract, Contractor shall indemnify, defend and hold harmless State

Indemnitees against any third-party claims for liability, costs, and expenses, including, but not limited to reasonable attorneys' fees, for infringement or violation of any patent, trademark, copyright, or trade secret by the Materials and the Services. With respect to the defense and payment of claims under this subparagraph:

6.6.1 State shall provide reasonable and timely notification to Contractor of any claim for which Contractor may be liable under this paragraph;

6.6.2 Contractor, with reasonable consultation from State, shall have control of the defense of any action on an indemnified claim including all negotiations for its settlement or compromise;

6.6.3 State may elect to participate in such action at its own expense; and

6.6.4 State may approve or disapprove any settlement or compromise, provided that, (i) State shall not unreasonably withhold or delay such approval or disapproval and (ii) State shall cooperate in the defense and in any related settlement negotiations.

6.7 Patent and Copyright Indemnification. CONTRACTOR/VENDOR (NOT PUBLIC AGENCY). With respect to Materials or Services provided or proposed by a Contractor Indemnitor for performance under the Contract, Contractor shall indemnify, defend and hold harmless State Indemnitees against any third-party claims for liability, costs, and expenses, including, but not limited to reasonable attorneys' fees, for infringement or violation of any patent, trademark, copyright, or trade secret by the Materials and the Services. With respect to the defense and payment of claims under this subparagraph:

6.7.1 State shall provide reasonable and timely notification to Contractor of any claim for which Contractor may be liable under this paragraph;

6.7.2 Contractor, with reasonable consultation from State, shall have control of the defense of any action on an indemnified claim including all negotiations for its settlement or compromise;

6.7.3 State may elect to participate in such action at its own expense; and

6.7.4 State may approve or disapprove any settlement or compromise, provided that, (i) State shall not unreasonably withhold or delay such approval or disapproval and (ii) State shall cooperate in the defense and in any related settlement negotiations.

If Contractor is a public agency, this paragraph 6.4 does not apply.

6.8 Force Majeure

6.8.1 DEFINITION. For this paragraph, “force majeure” means an occurrence that is

6.8.1.1 beyond the control of the affected party,

6.8.1.2 occurred without the party's fault or negligence, and

6.8.1.3 something the party was unable to prevent by exercising reasonable diligence. Without limiting the generality of the foregoing, force majeure expressly includes acts of God, acts of the public enemy, war, riots, strikes, mobilization, labor disputes, civil disorders, fire, flood, lockouts, injunctions-intervention-acts, failures or refusals to act by government authorities, and, subject to paragraph 7.6 [Performance in Public Health Emergency], declared public health emergencies. Force majeure expressly does not include late delivery caused by congestion at a manufacturer's plant or elsewhere, an oversold condition of the market, late performance by a Subcontractor unless the delay arises out of an occurrence of force majeure, or inability of either Contractor or any Subcontractor to acquire or maintain any required insurance, bonds, licenses, or permits.

6.8.2 RELIEF FROM PERFORMANCE. Except for payment of sums due, the parties are not liable to each other if an occurrence of force majeure prevents its performance under the Contract. If either party is delayed at any time in the progress of their respective performance under the Contract by an occurrence of force majeure, the delayed party shall notify the other no later than the following working day after the occurrence, or as soon as it could reasonably have been expected to recognize that the occurrence had effect in cases where the effects were not readily apparent. In any event, the notice must make specific reference to this paragraph specifying the causes of the delay in the notice and, if the effects of the occurrence are on-going, provide an initial notification and thereafter the delayed party shall provide regular updates until such time as the effects are fully known. To the extent it is able, the delayed party shall cause the delay to cease promptly and notify the other party when it has done so. The parties shall extend the time of completion by Contract Amendment for a period equal to the time that the results or effects of the delay prevented the delayed party from performing.

6.8.3 EXCUSABLE DELAY IS NOT DEFAULT. Failure in performance by either party will not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if and to the extent that such failure was or is being caused by an occurrence of force majeure.

6.8.4 DEFAULT DIMINISHES RELIEF. Entitlement to relief from the effects of an occurrence of force majeure is diminished to the extent that the delay did or will result from the affected party's default unrelated to the occurrence, in which case

and to that extent the other party's normal remedies and the affected party's obligations would apply undiminished.

6.9 Third Party Antitrust Violations Contractor assigns to State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to Contractor toward fulfillment of the Contract.

7 Warranties

7.3 Conformity to Requirements. Contractor warrants that, unless expressly provided otherwise elsewhere in the Contract, the Materials and Services will for 1 (one) year after acceptance and in each instance: (1) conform to the requirements of the Contract, which by way of reminder include without limitation all descriptions, specifications, and drawings identified in the Scope of Work and any Contractor affirmations included as part of the Contract; (2) be free from defects of material and workmanship; (3) conform to or perform in a manner consistent with current industry standards; and (4) be fit for the intended purpose or use described in the Contract. Mere delivery or performance does not substitute for express acceptance by State. Where inspection, testing, or other acceptance assessment of Materials or Services cannot be done until after installation, the forgoing warranty will not begin until State's acceptance.

7.4 Contractor Personnel. Contractor warrants that its personnel will perform their duties under the Contract in a professional manner, applying the requisite skills and knowledge, consistent with industry standards, and in accordance with the requirements of the Contract. Contractor further warrants that its key personnel will maintain any certifications relevant to their work, and Contractor shall provide individual evidence of certification to State's authorized representatives upon request.

7.5 Intellectual Property. Contractor warrants that the Materials and Services do not and will not infringe or violate any patent, trademark, copyright, trade secret, or other intellectual property rights or laws, except only to the extent the Specifications do not permit use of any other product and Contractor is not and cannot reasonably be expected to be aware of the infringement or violation.

7.6 Licenses and Permits Contractor warrants that it will maintain all licenses required under paragraph 3.7 [Contractor Licenses] and all required permits valid and in force.

7.7 Operational Continuity Contractor warrants that it will perform without relief notwithstanding being sold or acquired; no such event will operate to mitigate or alter any of Contractor's duties hereunder absent a consented delegation under paragraph 5 [Assignment and Delegation] that expressly recognizes the event.

7.8 Performance in Public Health Emergency Contractor warrants that it will:

7.8.1 Have in effect, promptly after commencement, a plan for continuing performance in the event of a declared public health emergency that addresses, at a minimum:

7.8.1.1 identification of response personnel by name;

7.8.1.2 key succession and performance responses in the event of sudden and significant decrease in workforce; and

7.8.1.3 alternative avenues to keep sufficient product on hand or in the supply chain; and

7.8.2 Provide a copy of its current plan to State within 3 (three) business days after State's written request. If Contractor claims relief under paragraph 6.5 [Force Majeure] for an occurrence of force majeure that is a declared public health emergency, then that relief will be conditioned on Contractor having first implemented its plan and exhausted all reasonable opportunity for that plan implementation to overcome the effects of that occurrence, or mitigate those effects to the extent that overcoming entirely is not practicable. For clarification of intent, being obliged to implement the plan is not of itself an occurrence of force majeure, and Contractor will not be entitled to any additional compensation or extension of time by virtue of having to implement it. Furthermore, failure to have or implement an appropriate plan will be a material breach of contract.

7.9 Lobbying

7.9.1 PROHIBITION. Contractor warrants that it will not engage in lobbying activities, as defined in 40 Code of Federal Regulations (CFR) part 34 and A.R.S. § 41-1231, et seq., using monies awarded under the Contract, provided that, the foregoing does not intend to constrain Contractor's use of its own monies or property, including without limitation any net proceeds duly realized under the Contract or any value thereafter derived from those proceeds; and upon award of the Contract, it will disclose all lobbying activities to State to the extent they are an actual or potential conflict of interest or where such activities could create an appearance of impropriety. Contractor shall implement and maintain adequate controls to assure compliance with (a) above. Contractor shall obtain an equivalent warranty from all Subcontractors and shall include an equivalent no-lobbying provision in all Subcontracts.

7.9.2 EXCEPTION. This paragraph does not apply to the extent that the Services are defined in the Contract as being lobbying for State's benefit or on State's behalf.

7.10 Survival of Warranty. All representations and warranties made by Contractor under the Contract will survive the expiration or earlier termination of the Contract.

8 State's Contractual Remedies

No modifications to this section of the Uniform Terms and Conditions.

9 Contract Termination

No modifications to this section of the Uniform Terms and Conditions.

10 Contract Claims

10.3 Claim Resolution. Notwithstanding any law to the contrary, all contract claims or controversies under the Contract are to be resolved according to Arizona Revised Statutes Title 41, Chapter 23, Article 9, and rules adopted thereunder, including judicial review under A.R.S. §12-1518.

10.4 Mandatory Arbitration. In compliance with A.R.S. §12-1518, the parties agree to comply in a judicial review proceeding with any applicable, mandatory arbitration requirements.

11 General Provisions for Materials

11.3 Applicability. Article 11 applies to the extent the Work is or includes Materials.

11.4 Off-Contract Materials. Contractor shall ensure that the design and/or procedures for the Materials ordering method prevents Orders for off-contract items or excluded items. Notwithstanding that State might have its own internal administrative rules regarding off-contract or excluded item ordering, and endeavors to prevent such orders from occurring, Contractor is responsible for not accepting any such Orders. State may, at its discretion, return any such items under subparagraph 11.17 or cancel any such Order under subparagraph 11.18, in either case being without obligation and at Contractor's expense. As used above, "off-contract item" refers to any product not included in the scope of the Contract and for which no price or compensation has been established contractually, and "excluded item" refers to any product expressly stated in the Contract as being excluded from the Contract.

11.5 Compensation for Late Deliveries. Contractor shall have clear, published policies in place regarding late delivery, order cancelation, discounts, or rebates given to compensate for late deliveries, etc., and make them readily available to those Eligible Agencies, and Co-Op Buyers if applicable, that are likely to need them.

11.6 Indicate Shipping Costs on Order. Contractor shall identify and provide the required substantiating documentation for the amount it intends to add for shipping in the Order acknowledgment if shipping is additional to the contracted price or rate for an item; otherwise, Contractor shall indicate that shipping is included in the Order price (in other words, every Order must indicate clearly whether or not shipping is included in the Order

price, and if not included, how much is to be added and why that amount is the correct or appropriate one)

11.7 Current Products. Contractor shall keep all products being offered under the Contract: (a) in current and ongoing production; (b) in its advertised product lines; (c) as models or types that are actively functioning in other paying customer environments; and (d) in conformance to the requirements of the Contract.

11.8 Maintain Comprehensive Selection. Contractor shall provide at all times the comprehensive selection of products for which a price is established in the Commercial Document for ordering by Eligible Agencies, and Co-Op Buyers if applicable.

11.9 Additional Products. State, at its discretion, may modify the scope of the Contract by Contract Amendment to include additional products or product categories so long as they are within the general scope of the ones originally covered by the Contract. Once the Contract Amendment has been fully executed, Contractor shall then update all applicable catalogs and price lists and make them available to all affected entities at no additional cost. Either party may make the request to add products to the Contract; regardless of who makes the request, the parties shall negotiate in good faith a fair price for any additional products, but State may elect not to add some or all of the products in question if no agreement is reached on pricing in a timely manner. Contractor's request or proposal in response to State's request must include: (a) documentation demonstrating that the additional products meet or exceed the specifications for the original products while remaining in the same product groups as the original ones; and (b) documentation demonstrating that the proposed price for the additional products is both fair and reasonable and at the same level of discount relative to market price as were the original ones. Demonstration of *(b)* typically requires showing how prices at which sales are currently or were last made to a significant number of buyers compare to the prices or discounts (as applicable) being proposed for the additional products.

11.9.1 Addition of New Manufacturers.

11.9.1.1 During the life on an awarded Contract, a new Manufacturer may be added at the States discretion to provide a new product line if:

11.9.1.1.1 The Contractor provides documentation that they are providing their Most-Favored Customer Pricing (highest discount off list);

11.9.1.1.2 Resellers providing the product line shall provide to the Procurement Officer proof of authorization

from the Manufacturer that they are authorized to provide the product line.

11.10 Discontinued Products. If a product or groups of products covered by the Contract are discontinued by the manufacturer, Contractor shall notify State within 5 (five) business days after receiving the manufacturer's notification. State, at its discretion, will either allow Contractor to provide substitutes for the discontinued products or delete the products from the scope of the Contract, both of which will be accomplished by Contract Amendment. Contractor shall then update all applicable catalogs and price lists and make them available to all affected entities at no additional cost. The parties shall negotiate in good faith a fair price for any substitute product, but State may elect to delete the products from the scope of the Contract if no agreement is reached on substitute pricing in a timely manner. When notifying State of the discontinuance, Contractor shall provide: (a) manufacturer's announcement or documentation stating that the products have been discontinued, with identification by model/part number; (b) documentation demonstrating that the substitute products meet or exceed the specifications for the discontinued products while remaining in the same product groups as were the discontinued ones; and (c) documentation demonstrating that the proposed price for the substitute products is both fair and reasonable and at the same level of discount relative to market price as were the discontinued ones.

11.11 Forced Substitutes. Forced substitutions will not be permitted; Contractor shall obtain State's prior written consent before making any discretionary substitution for any product covered by the Contract.

11.12 Recalls. In the event of a recall notice, technical service bulletin, or other important notification affecting a product offered under the Contract (collectively, "recalls" hereinafter), Contractor shall send timely notice to State for each applicable Order referencing the affected Order and product. Notwithstanding whatever protection Contractor might have under A.R.S. §12-684 with respect to a manufacturer, Contractor shall handle recalls entirely and without obligation on State's part, other than to permit removal of installed products, retrieval of stored products, etc., as necessary to implement the recall.

11.13 Delivery

11.13.1 PRICING. Unless stated otherwise in the acceptance, all Materials prices set forth therein are Free Carrier (FCA seller's dock) Incoterms®2010, with "seller's dock" meaning the last place of manufacturing, assembly, integration, final packing, or warehousing before departure to designated point of delivery to State. For reference, the foregoing is to be construed as equivalent to "F.O.B. Origin, Contractor's Facility" under FAR 52.247-30.

11.13.2 LIABILITY. Unless stated otherwise in the Commercial Document or an Order, Contractor's liability for all Materials is Delivered Duty Paid (DDP) (State-designated receiving point per Order) Incoterms®2010, but with unloading at destination included. For reference, the foregoing is to be construed as equivalent to "F.o.b. Destination, Within Consignee's Premises" under FAR 52.247-35.

11.13.3 PAYMENT. Unless stated otherwise in the Commercial Document or an Order, State shall reimburse Contractor the costs of the difference between DDP (State-designated receiving point per Order) and FCA (seller's dock) with no mark-up, which Contractor shall itemize and invoice separately.

11.14 Delivery Time. Unless stated otherwise in the Commercial Document generally or in the applicable Order particularly, Contractor shall make delivery within 2 (two) business days after receiving each Order.

11.15 Delivery Locations. Contractor shall offer deliveries to every location served under the scope of the Contract, specifically

11.15.1 if the Contract is for a single State agency in a single area, then Contractor shall deliver to any agency location in that area;

11.15.2 if the Contract is for a single State agency in all its locations, then Contractor shall deliver to any of that agency's location in Arizona;

11.15.3 if the Contract is for statewide use but excludes certain areas, then Contractor shall deliver to any Eligible Agency or Co-Op Buyer location that is not in the excluded areas; and

11.15.4 if the Contract is for unrestricted statewide use, then:

11.15.4.1 Contractor shall deliver to any Eligible Agency or Co-Op Buyer anywhere in Arizona;

11.15.4.2 if a prospective Co-Op Buyer outside Arizona wishes to order against the Contract, Contractor agrees to negotiate in good faith any fair and reasonable price or lead time adjustments necessary to serve that location if practicable to do so within the scope of its normal business; and,

11.15.4.3 if the Commercial Document indicates defined delivery areas and prices, those always apply unless the Order expressly states otherwise and Contractor accepts it.

11.16 Conditions at Delivery Location. Contractor shall verify receiving hours and conditions (i.e. height/weight restrictions, access control, etc.) with the relevant purchaser for the receiving site before scheduling or making a delivery. State will neither allow extra charges for wait time, comebacks, or the like nor excuse late delivery if Contractor has failed to make the verification or comply with the applicable conditions. Contractor shall make each delivery to the specific location indicated in the Order, which Contractor acknowledges might be inside an industrial building, institutional building, low-rise office building, or high-rise office building instead of a normal receiving dock. Contractor might be required to make deliveries to locations inside a secured perimeter at certain institutional facilities such as prisons where prior clearances are required for each delivery and driver individually. Contractor shall contact each such facility directly to confirm its most-current security clearance procedures, allowable hours for deliveries, visitor dress code, and other applicable rules. State will neither allow extra charges for wait time, comebacks, or the like nor excuse late delivery if Contractor has failed to make the confirmation or comply with the applicable conditions.

11.17 Materials Acceptance. State has the right to make acceptance of Materials subject to a complete inspection on delivery and installation, if installation is Contractor's responsibility. State may apply as acceptance criteria conformity to the Contract, workmanship and quality, correctness of constituent materials, and any other matter for which the Contract or applicable laws state a requirement, whether stated directly or by reference to another document, standard, reference specification, etc. Contractor shall remove any rejected Materials from the delivery location, or from any immediate environs to which it might have been reasonably necessary to move it, carry it off the delivery premises, and subsequently deliver an equal number or quantity of conforming items. State will not owe Contractor any payment for rejected Materials, and State may, at its discretion, withhold or make partial payment for any rejected Materials that have been returned to Contractor in those instances where State has agreed to permit repair instead of demanding replacement.

11.18 Correcting Defects. Contractor shall, at no additional cost and without entitlement to extension of any delivery deadline or specified time for performance, remove or exchange and replace any defective or non-conforming delivered or installed Materials

11.18.1 Contractor shall be solely responsible for the cost of any associated cutting and patching, temporary protection measures, packing and crating, hoisting and loading, transportation, unpacking, inspection, repacking, reshipping, and reinstallation if installation is within the scope of the Contract.

11.18.2 If Contractor fails to do so in a timely manner, State will be entitled to exercise its remedies under paragraph 8.5 [*Right of Offset*] of the Uniform Terms and Conditions.

11.18.3 Whether State will permit Contractor to repair in place or demands that Contractor remove and replace is at State's discretion in each instance, provided that, State shall not apply that discretion punitively if repair in place is practicable and doing so would not create safety hazards, put property at risk, unreasonably interfere with operations, create public nuisance, or give rise to any other reasonable concern on State's part.

11.19 Returns. State may, at its discretion, return for full credit and with no restocking charges any delivered. Materials unused in the original packaging, including any instruction manuals or other incidental item that accompanied the original shipment, within thirty (30) days after receipt. If State elects to return delivered Materials, then State shall pay all freight, delivery, and transit insurance costs to return the products to the place from which Contractor shipped them, provided that, if State returns delivered Materials because they are defective or non-conforming or for any other reason having to do with Contractor fault or error, then State will not be responsible for paying freight, delivery, or transit insurance costs to return the products and may, at its discretion, either have those billed directly to Contractor or offset them under paragraph 8.5 [*Right of Offset*] of the Uniform Terms and Conditions.

11.20 Order Cancellations. State may cancel Orders within a reasonable period after issuance and at its discretion. The same method as that used for ordering will be used for cancellation. If State cancels an Order, then State shall:

11.20.1 pay Contractor for any portion of the Materials and Services from that Order that have been properly delivered or performed as of the cancellation effective date plus one (1) additional business day.

11.20.2 reimburse Contractor for:

11.20.2.1 its actual, documented costs incurred in fulfilling the Order up to the cancellation effective date plus one (1) additional business day;

11.20.2.2 the cost of any obligations it incurred in fulfilling the Order up to the cancellation effective date plus one (1) additional business day that demonstrably cannot be canceled, or that have pre-established cancelation penalties specified in the relevant Subcontracts, to the extent the penalties are reasonable and customary for the work in question; and,

11.20.2.3 Contractor shall not charge or be entitled to charge State for any new costs it incurs after receiving the cancellation notice. By way of reminder, State is not liable for any products that were produced, shipped, or delivered or any services that were performed before Contractor had acknowledged the corresponding Order

11.21 Product Safety. Materials as-shipped must comply with applicable safety regulations and standards. Unless expressly stated otherwise in the Scope of Work, State is not responsible for making any Materials safe or compliant following acceptance and is relying exclusively on Contractor to deliver only products that are already safe and compliant.

11.22 Hazardous Materials. Contractor shall timely provide State with any "Safety Data Sheets" (SDS) and any other hazard communication documentation required under the US Department of Labor's Occupational Safety and Health Administration (OSHA) "Hazard Communication Standard" (often referred to as the "HazCom 2012 Final Rule") that is reasonably necessary for State to comply with regulations when it or its other contractors install, handle, operate, repair, maintain or remove any Materials. Note that, in the past, those documents might have been referred to as "Material Safety Data Sheets" or "Product Safety Data Sheets", but State (and this Contract) use only the more up-to-date "SDS" reference. Contractor shall ensure that all its relevant personnel understand the nature of and hazards associated with, to the extent it they are Contractor's responsibility under the Contract, the design, shipping, handling, delivery, installation, repair and maintenance of any portion of the Work that is, contains or will become upon use a hazardous material, with "hazardous material" being any material or substance that is: (1) identified now or in the future as being hazardous, toxic or dangerous under applicable laws; or (2) subject to statutory or regulatory requirement governing special handling, disposal or cleanup.

12 General Provisions for Services

12.3 Applicability. Article 12 applies to the extent the Work is or includes Services.

12.4 Comprehensive Services. Contractor shall provide the comprehensive range of services for which a price is established Offering in the Pricing Document for ordering by Eligible Agencies and Co-Op Buyers, if co-op buying applies.

12.5 Additional Services. State at its discretion may modify the scope of the Contract by Contract Amendment to include additional services or service categories that are within the general scope of the ones originally covered by the Contract if it determines that doing so is in its best interest. Once the Contract Amendment is fully executed, Contractor shall

then update all applicable price lists and make them available to all affected entities at no additional cost. Either party may make the request to add services to the Contract; regardless of who makes the request, the parties shall negotiate in good faith a fair price for any additional services, but State may elect not to add some or all of the services in question if no agreement is reached on pricing in a timely manner. Contractor's request or proposal in response to State's request must include documentation demonstrating that the proposed price for the additional services is both fair and reasonable and comparable to the original ones.

12.6 Off-Contract Services. Contractor shall ensure that the design and/or procedures for the Services ordering method prevents Orders for off-contract or excluded services. Notwithstanding that State might have its own internal administrative rules regarding off-contract or excluded service ordering, and endeavors to prevent such orders from occurring, Contractor is responsible for not accepting any such Orders. State may, at its discretion, cancel any such Order without obligation. As used above, "off-contract service" refers to any service not included in the scope of the Contract and for which no price or compensation has been established contractually, and "excluded service" refers to any service expressly excluded from the scope of the Contract.

12.7 Removal of Personnel. Notwithstanding that Contractor is in every circumstance responsible for hiring, assigning, directing, managing, training, disciplining, and rewarding its personnel, State may at its discretion and without the obligation to demonstrate cause instruct Contractor to remove any of its personnel from State's facilities or from further assignment under the Contract. In such cases, Contractor shall promptly replace them with other personnel having equivalent qualifications, experience, and capabilities.

12.8 Transitions. During commencement, Contractor shall attend transition meetings with any outgoing vendors to coordinate and ease the transition so that the effect on State's operations is kept to a minimum. State may elect to have outgoing vendors complete some or all of their work or orders in progress to ease the transition as is safest and most efficient in each instance, even if that scope is covered under the Contract. Conversely, State anticipates having a continued need for the same materials and services upon expiration or earlier termination of the Contract. Accordingly, Contractor shall work closely with any new (incoming) vendor and State to ensure as smooth and complete a transfer as is practicable. State's representative shall coordinate all transition activities and facilitate joint development of a comprehensive transition plan by both Contractor and the incoming vendor. As with the incoming transition, State may permit Contractor (outgoing) to complete work or orders in progress to ease the transition as is safest and most efficient in each instance.

12.9 Accuracy of Work. Contractor is responsible for the accuracy of the Services, and shall promptly make all necessary revisions or corrections resulting from errors and omissions on its part without additional compensation. Acceptance by State will not relieve Contractor of responsibility for correction of any errors discovered subsequently or necessary clarification of any ambiguities.

12.10 Requirements at Services. Contractor personnel shall perform their assigned portions of the Services at the specific location indicated in the Order (if applicable). Contractor acknowledges that the location might be inside an industrial building, institutional building, or one of various office types and classes. Additionally, if performing the Services requires Contractor personnel to work inside a secured perimeter at certain institutional facilities such as prisons where prior clearances are required, Contractor shall contact the facility directly to confirm its most-current security clearance procedures, allowable hours for work, visitor dress code, and other applicable rules. State will neither allow extra charges for wait time, comebacks, or the like nor excuse late performance if Contractor has failed to make the confirmation or comply with the applicable conditions.

12.11 Services Acceptance. State has the right to make acceptance of Services subject to acceptance criteria. State may apply acceptance criteria conformity to the Contract, accuracy, completeness, or other indicators of quality or other matter for which the Contract or law states a requirement, whether stated directly or by reference to another document, standard, reference specification, etc. State will not owe Contractor any payment for unaccepted Services; and State may, at its discretion, withhold or make partial payment for any rejected Services if Contractor is still in the process of re-performing or otherwise curing the grounds for State's rejection.

12.12 Corrective Action Required. Notwithstanding any other guarantees, general warranties, or particular warranties Contractor has given under the Contract, if Contractor fails to perform any material portion of the Services, including failing to complete any contractual deliverable, or if its performance fails to meet agreed-upon service levels or service standards set out in or referred to in the Contract, then Contractor shall perform a root-cause analysis to identify the source of the failure and use all commercially reasonable efforts to correct the failure and meet the Contract requirements as promptly as is practicable.

12.12.1 Contractor shall provide to State a report detailing the identified cause and setting out its detailed corrective action plan promptly after the date the failure occurred (or the date when the failure first became apparent, if it was not apparent immediately after occurrence).

12.12.2 State may demand to review and approve Contractor's analysis and plans, and Contractor shall make any corrections State instructs and adopt State's recommendations so far as is commercially practicable, provided that State may insist on any measures it determines within reason to be necessary for safety or protecting property and the environment.

12.12.3 Contractor shall take the necessary action(s) to avoid any like failure in the future if doing so is appropriate and practicable under the circumstances

13 Data and Information Handling

13.3 Applicability. Article 13 applies to the extent the Work includes handling of any (1) State's proprietary and sensitive data or (2) confidential or access-restricted information obtained from State or from others at State's behest.

13.4 Data Protection and Confidentiality of Information. Contractor warrants that it will establish and maintain procedures and controls acceptable to State for ensuring that State's proprietary and sensitive data is protected from unauthorized access and information obtained from State or others in performance of its contractual duties is not mishandled, misused, or inappropriately released or disclosed. For purposes of this paragraph, all data created by Contractor in any way related to the Contract, provided to Contractor by State, or prepared by others for State are proprietary to State, and all information by those same avenues is State's confidential information. To comply with the foregoing warrant:

13.4.1 Contractor shall: (a) notify State immediately of any unauthorized access or inappropriate disclosures, whether stemming from an external security breach, internal breach, system failure, or procedural lapse; (b) cooperate with State to identify the source or cause and respond to each unauthorized access or inappropriate disclosure; and (c) notify State promptly of any security threat that could result in unauthorized access or inappropriate disclosures; and

13.4.2 Contractor shall not: (a) release any such data or allow it to be released or divulge any such information to anyone other than its employees or officers as needed for each person's individual performance of his or her duties under the Contract, unless State has agreed otherwise in advance and in writing; or (b) respond to any requests it receives from a third party for such data or information, and instead route all such requests to State's designated representative.

13.5 Personally Identifiable Information Without limiting the generality of paragraph 13.2, Contractor warrants that it will protect any personally identifiable information ("PII") belonging to State's employees or other contractors or members of the general public

that it receives from State or otherwise acquires in its performance under the Contract. For purposes of this paragraph:

13.5.1 PII has the meaning given in the [federal] Office of Management and Budget (OMB) *Memorandum M-17-12 Preparing for and Responding to a Breach of Personally Identifiable Information, January 3, 2017*; and

13.5.2 "protect" means taking measures to safeguard personally identifiable information and prevent its breach that are functionally equivalent to those called for in that OMB memorandum and elaborated on in the [federal] General Services Administration (GSA) *Directive CIO P* 2180*.1 GSA Rules of Behavior for Handling Personally Identifiable Information*.

NOTE (1): For convenience of reference only, the OMB memorandum is available at:

https://dpcld.defense.gov/Privacy/Authorities-and-Guidance/

NOTE (2): For convenience of reference only, the GSA directive is available at:

https://www.gsa.gov/directive/gsa-rules-of-behavior-for-handling-personally-identifiable-information-(pii)-

13.6 Protected Health Information Contractor warrants that, to the extent performance under Contract involves individually identifiable health information (referred to hereinafter as protected health information ("PHI") and electronic PHI ("ePHI") as defined in the Privacy Rule referred to below), it:

13.6.1 is familiar with and will comply with the applicable aspects of the following collective regulatory requirements regarding patient information privacy protection: (a) the "Privacy Rule" in CFR 45 Part 160 and Part 164 pursuant to the Health Insurance Portability and Accountability Act ("HIPAA") of 1996; (b) Arizona laws, rules, and regulations applicable to PHI/ePHI that are not preempted by CFR45-160(B) or the Employee Retirement Income Security Act of 1974 ("ERISA") as amended; and (c) State's current and published PHI/ePHI privacy and security policies and procedures;

13.6.2 will cooperate with State in the course of performing under the Contract so that both State and Contractor stay in compliance with the requirements in *(1)* above; and

13.6.3 will sign any documents that are reasonably necessary to keep both State and Contractor in compliance with the requirements in *(1)* above, in particular "Business Associate Agreements" in accordance with the Privacy Rule.

NOTE: For convenience of reference only, the Privacy Rule is available at:
http://www.hhs.gov/hipaa/for-professionals/privacy/index.html

14 Information Technology Work

14.3 Applicability Article 14 applies to any Invitation for Bids, Request for Proposals, or Request for Quotations for "Information Technology," as defined In A.R.S. §18-101 -6 "…all computerized and auxiliary automated information processing, telecommunications and related technology, including hardware, software, vendor support and related services, equipment and projects," if and to the extent that the Work is or includes Information Technology.

14.4 Background Checks Each Contractor's personnel who is an applicant for an information technology position must undergo the security clearance and background check procedure, which includes fingerprinting, as required by A.R.S. §41-710. Contractor shall obtain and pay for the security clearance and background check. Contractor personnel who will have administrator privileges on a State network must additionally provide identity and address verification and undergo State-specified training for unescorted access, confidentiality, privacy, and data security

14.5 Information Access

14.5.1 SYSTEM MEASURES. Contractor shall employ appropriate system management and maintenance, fraud prevention and detection, and encryption application and tools to any systems or networks containing or transmitting State's proprietary data or confidential information.

14.5.2 INDIVIDUAL MEASURES. Contractor personnel shall comply with applicable State policies and procedures regarding data access, privacy, and security, including prohibitions on remote access and obtaining and maintaining access identifications (IDs) and passwords. Contractor is responsible to State for ensuring that any State access IDs and passwords are used only by the person to whom they were issued. Contractor shall ensure that personnel are only provided the minimum only such level of access necessary to perform his or duties. Contractor shall on request, provide a current register of the access IDs and passwords and corresponding access levels currently assigned to its personnel.

14.5.3 ACCESS CONTROL. Contractor is responsible to State for ensuring that hardware, software, data, information, and that has been provided by State or belongs to or is in the custody of State and is accessed or accessible by Contractor personnel is only used in connection with carrying out the Work

and is never commercially exploited in any manner whatsoever not expressly permitted under the Contract. State may restrict access of Contractor personnel, or instruct Contractor to restrict their access, if in its determination the requirements of this subparagraph are not being met.

14.6 Pass-Through Indemnity

14.6.1 INDEMNITY FROM THIRD PARTY. For computer hardware or software included in the Work as discrete units that were manufactured or developed solely by a third party, Contractor may satisfy its indemnification obligations under the Contract by, to the extent permissible by law, passing through to State such indemnity as it receives from the third-party source (each a "Pass-Through Indemnity") and cooperating with State in enforcing that indemnity. If the third party fails to honor its Pass-Through Indemnity, or if a Pass-Through Indemnity is insufficient to indemnify State Indemnitees to the extent and degree, Contractor is required to do by the Uniform Terms and Conditions, then Contractor shall indemnify, defend and hold harmless State Indemnitees to the extent the Pass-Through Indemnity does not.

14.6.2 NOTIFY OF CLAIMS. State shall notify Contractor promptly of any claim to which a Pass-Through Indemnity might apply. Contractor, with reasonable consultation from State, shall control of the defense of any action on any claim to which a Pass-Through Indemnity applies, including negotiations for settlement or compromise, provided that:

14.6.3 State reserves the right to elect to participate in the action at its own expense;

14.6.4 State reserves the right to approve or reject any settlement or compromise on reasonable grounds and if done so timely; and

14.6.5 State shall in any case cooperate in the defense and any related settlement negotiations.

14.7 Systems and Controls In consideration for State having agreed to permit Pass-Through Indemnities in lieu of direct indemnity, Contractor agrees to establish and keep in place systems and controls appropriate to ensure that State funds under this Contract are not knowingly used for the acquisition, operation, or maintenance of Materials or Services in violation of intellectual property laws or a third party's intellectual property rights.

14.8 Redress of Infringement

14.8.1 REPLACE, LICENSE, OR MODIFY. If Contractor becomes aware that any Materials or Services infringe, or are likely to be infringing, on any third party's intellectual property rights, then Contractor shall, at its sole cost and expense and in consultation with State, either:

14.8.1.1 replace any infringing items with non-infringing ones;

14.8.1.2 obtain for State the right to continue using the infringing items; or

14.8.1.3 modify the infringing items so that they become non-infringing, so long as they continue to function as specified following the modification.

14.8.2 CANCELLATION OPTION. In every case under 14.6.1, if none of those options can reasonably be accomplished, or if the continued use of the infringing items is impracticable, State may cancel the relevant Order or terminate the Contract, and Contractor shall take back the infringing items. If State does cancel the Order or terminate the Contract, Contractor shall refund to State:

14.8.2.1 for any software created for State under the Contract, the amount State paid to Contactor for creating it;

14.8.2.2 for all other Materials, the net book value of the product provided according to generally accepted accounting principles; and

14.8.2.3 for Services, the amount paid by State or an amount equal to 12 (twelve) months of charges, whichever is less.

14.8.3 EXCEPTIONS. Contractor will not be liable for any claim of infringement based solely on any of the following by a State Indemnitee:

14.8.3.1 modification or use of Materials other than as contemplated by the Contract or expressly authorized or proposed by a Contractor Indemnitor;

14.8.3.2 operation of Materials with any operating software other than that supplied by Contractor or authorized or proposed by a Contractor Indemnitor; or

14.8.3.3 combination or use with other products in a manner not contemplated by the Contract or expressly authorized or proposed by a Contractor Indemnitor.

14.9 First Party Liability Limitation

14.9.1 LIMIT. Subject to the provisos that follow below and unless stated otherwise in the Special Terms and Conditions, State's and Contractor's respective first party liability arising from or related to the Contract is limited to the greater of $1,000,000 (one million dollars) or 3 (three) times the purchase price of the specific Materials or Services giving rise to the claim.

14.9.2 PROVISOS. This paragraph limits liability for first party direct, indirect, incidental, special, punitive, and consequential damages relating to the Work regardless of the legal theory under which the liability is asserted. This paragraph does not limit liability arising from any:

14.9.2.1 Indemnified Claim against which Contractor has indemnified State Indemnitees under paragraph 6.3;

14.9.2.2 claim against which Contractor has indemnified State Indemnitees under paragraph 6.4; or

14.9.2.3 provision of the Contract calling for liquidated damages or specifying amounts or percentages as being at-risk or subject to deduction for performance deficiencies.

14.9.3 PURCHASE PRICE DETERMINATION. If the Contract is for a single-agency and a single Order (or if no Order applies), then "purchase price" in Subparagraph 14.9.1 above means the aggregate Contract price current at the time of Contract expiration or earlier termination, including all Contract Amendments having an effect on the aggregate price through that date. In all other cases, "purchase price" above means the total price of the Order for the specific equipment, software, or services giving rise to the claim, and therefore a separate limit will apply to each Order.

14.9.4 NO EFFECT ON INSURANCE. This paragraph does not modify the required coverage limits, terms, and conditions of, or any insured's ability to claim against any insurance that Contractor is required by the Contract to provide, and Contractor shall obtain express endorsements that it does not.

14.10 Information Technology Warranty

14.10.1 SPECIFIED DESIGN. Where the Scope of Work for information technology, Work provides a detailed design specification or sets out specific performance requirements, Contractor warrants that the Work will provide all functionality material to the intended use stated in the Contract, provided that, the foregoing warranty does not extend to any portions of the Materials that are:

14.10.1.1 modified or altered by anyone not authorized by Contractor to do so;

14.10.1.2 maintained in a way inconsistent to any applicable manufacturer recommendations; or

14.10.1.3 operated in a manner not within its intended use or environment.

14.10.2 COTS SOFTWARE. With respect to Materials provided under the Contract that are commercial-off-the-shelf (COTS) software, Contractor warrants that:

14.10.2.1 to the extent possible, it will test the software before delivery using commercially available virus detection software conforming to current industry standards;

14.10.2.2 the COTS software will, to the best of its knowledge, at the time of delivery be free of viruses, backdoors, worms, spyware, malware, and other malicious code that could hamper performance, collect unlawfully any personally identifiable information, or prevent products from performing as required by the Contract; and

14.10.2.3 it will provide a new or clean install of any COTS software that State has reason to believe contains harmful code.

14.10.3 PAYMENT HAS NO EFFECT. The warranties in this paragraph are not affected by State's inspection, testing, or payment.

14.11 Specific Remedies. Unless expressly stated otherwise elsewhere in the Contract, State's remedy for breach of warranty under paragraph 14.10 includes, at State's discretion, re-performance, repair, replacement, or refund of any amounts paid by State for the nonconforming Work, plus (in every case) Contractor's payment of State's additional, documented, and reasonable costs to procure materials or services equivalent in function, capability, and performance that was first called for. For clarification of intent, the foregoing obligations are limited by the limitation of liability in paragraph 14.7. If none of the forgoing options can reasonably be effected, or if the use

of the materials by State is made impractical by the nonconformance, then State may seek any remedy available to it under law.

14.12 Section 508 Compliance. Unless specifically authorized in the Contract, any electronic or information technology offered to the State of Arizona under this Contract shall comply with A.R.S. §18-131 and §18-132 and Section 508 of the Rehabilitation Act of 1973, which requires that employees and members of the public shall have access to and use of information technology that is comparable to the access and use by employees and members of the public who are not individuals with disabilities.

14.13 Cloud Applications The following are required for Contractor of any cloud solution that hosts State data outside of the State's network or transmits and/or receives State data.

14.13.1 Submit a completed Arizona Baseline Infrastructure Security Controls assessment spreadsheet as found at: https://aset.az.gov/resources/policies-standards-and-procedures, and mitigate or install compensating controls for any issues of concern identified by State. Contractor is required to provide any requested documentation supporting the review of the assessment. The assessment shall be re-validated on a minimum annual basis.

14.13.2 State reserves the right to conduct penetration tests or hire a third party to conduct penetration tests of the Contractor's application. Contractor will be alerted in advance and arrangements made for an agreeable time. Contractor shall respond to all serious flaws discovered by providing an acceptable timeframe to resolve the issue and/or implement a compensating control.

14.13.3 Contractor must submit a copy of system logs from the cloud system to the State of Arizona security team on a regular basis to be added to the State SIEM (Security Information Event Monitor) or IDS (Intrusion Detection System).

14.13.4 Contractor must employ a government-rated cloud compartment to better protect sensitive or regulated State data.

14.14 SECURITY STANDARDS. Security of the State's WAN and LANs are of utmost importance to the State. In order to assure security from a personnel and operations perspective, Contractor shall comply with:

All requirements, in their entirety, as described in the statewide enterprise architecture, and statewide Information Technology security policies, standards and procedures:

https://aset.az.gov/resources/policies-standards-and-procedures.

In some instances, Contractor personnel will only be allowed inside of a State facility if accompanied by a State escort. This is applicable in the Correctional facilities, Public Safety facilities, State Lottery, or other facilities as designated by the State.

14.15 SECURITY FRAMEWORK. The State of Arizona and its contractors are mandated to develop and implement a Cyber Security Framework (CSF) in accordance with National Institute of Standards and Technology (NIST) guidance. To ensure State and contractors meet these mandates, all contractors responding to State solicitations will be evaluated based on NIST Special Publication (SP) 800-53 Rev. 4 Security and Privacy Controls. Contractor understands and agrees no other forms of Security Frameworks, Trust Documents, Self-Attestations, to include; ISO/IEC, SOC 2 & 3, PCI, or HIPAA reports of compliance are recognized nor accepted by State. NIST SP 800-53 Rev. 4 guidelines can be located at: https://csrc.nist.gov/publications/detail/sp/800-53/rev-4/final

Contractor shall comply with all applicable security requirements including but not limited to:

- State reserves the right to conduct risk assessments, vulnerability assessments, black-box penetration tests or hire a third party to conduct risk assessments, vulnerability assessments, and black-box penetration tests of the Contractor's environment. Contractor will be alerted in advance and arrangements made for an agreeable time. Contractor shall respond to all serious flaws discovered by providing an acceptable timeframe to resolve the issue and/or implement a compensating control.
- Contractor will submit copy of system logs from Contractor's environment to State of AZ security team on a regular basis to be added to the State SIEM (Security Information Event Monitor) or IDS (Intrusion Detection System).

Contractor shall comply with all applicable State and Federal laws and regulations, including, but not limited to;

1. Federal Information Security Management Act of 2002 (FISMA)
2. Federal Information Security Modernization Act of 2014 (FISMA)
3. OMB Circular A-130
4. Health Portability and Accountability Act (HIPAA) including Business Associate Agreement/ Health Information Technology for Economic and Clinical Health Act (HITECH)

5. Tax Information Security Guidelines For Federal, State and Local Agencies: Safeguards for Protecting Federal Tax Returns and Return Information (IRS Publication 1075)
6. A.R.S. 18-104 - Arizona Department of Administration, Arizona Strategic Enterprise Technology (ADOA-ASET), Powers and duties of the agency
7. A.R.S. 18-105 - Statewide information security and privacy office (SISPO)
8. A.R.S. 18-552 - Notification of security system breaches; requirements; enforcement; civil penalty; preemption; exceptions
9. Arizona Executive Order 2008-10 – Mitigating Cyber Security Threats
10. State of Arizona statewide policies, standards and practices
11. SIPC Memorandum of Understanding (MOU)
12. State Environmental policies
13. Family Education Rights Privacy Act (FERPA)
14. Driver's Privacy Protection Act (DPPA)
15. Incident Response Reporting program and system
16. Privacy Incident Reporting policy and standards
17. AZNET/SISPO escalation MOU and notification workflow/templates
18. State of Arizona Library, Archives and Public Records, Records Management Division, General Retention Schedules http://www.lib.az.us/records/documents/pdf/State%20-%20management.pdf
19. Payment Card Industry (PCI) Security Standards including but not limited to Supplemental Documents, Information Supplements and Validation Requirements – See: https://www.pcisecuritystandards.org/security_standards/documents.php?document=pci_dss_v2-0#pci_dss_v2-0

14.16 ARIZONA RISK AND AUTHORIZATION MANAGEMENT PTOGRAM (AZRamp) PROCESS SUMMARY. The State of Arizona has established a National Institute of Standards and Technology NIST SP 800-53 revision 4 based process to assess risk associated with storing, processing and/or transmitting State of Arizona data with external, non-State of Arizona, entities. These entities or vendors can include one or more of the following: Software as a Service (SaaS), Platform as a Service (PaaS), Infrastructure as a Service (IaaS) and others storing, processing and/or transmitting State data in environments outside control of the State.

The first step in the AZRamp process is to determine what level of assessment to administer. The State performs this determination by conducting a risk assessment utilizing Arizona's Statewide Information Security Data Classification Policy 8110 in conjunction with an industry accepted Confidentiality, Integrity, Availability (CIA) model. After the risk assessment is performed, one of the three levels below is then assigned to the vendor solution.

AZRamp requires one (or more) of the following assessment levels:

- AZ Mandatory Control Baseline - Level 1: ~ 35 Controls
  - For RFP and other processes to pre-assess multiple vendors
  - For data only requiring Availability
  - For non-SaaS, PaaS, and IaaS vendors or service providers storing, processing, or transmitting State of Arizona confidential data.
- NIST Low Impact Control Baseline - Level 2: ~125 Controls
  - For Data Classification Category: Public
  - For data requiring Integrity and Availability
- NIST Moderate Impact Control Baseline - Level 3: ~325 Controls
  - For Data Classification Category: Confidential
  - For data requiring Confidentiality, Integrity and Availability

The vendor will be provided with a spreadsheet to complete and return to the State for review and approval. All SaaS, PaaS, and IaaS vendors, and other vendors handling confidential data, must complete and return the required control spreadsheet above unless one of the following conditions are met:

- If a vendor has been issued a Federal Risk and Authorization Management Program (FedRAMP) Authorization with an impact level equivalent to the AZRamp requirement above (Low or Moderate), they will need to submit their FedRAMP System Security Plan (SSP) to ASET Assurance for review. This FedRAMP SSP review is in lieu of the requirement to complete the AZRamp spreadsheet.
- If a vendor will be storing, processing, or transmitting State of Arizona data through an already approved AZRamp IaaS/PaaS (Amazon Web Services, Microsoft Azure, Google Cloud Platform, etc.), ASET Assurance requires a letter from the approved IaaS/PaaS stating vendor is a customer AND a letter from the vendor stating all State of Arizona data will be stored, processed and transmitted only in the vendor's approved IaaS/PaaS environment.

For this RFP, an AZRAMP assessment will not be required for a contract award. If after contract award the Contractor or any of its Subcontractors will be meeting the criteria set forth above, then an AZRAMP assessment must be completed before any relevant work can begin. The same will apply for any 3rd party product/service being sold under the Contract. If a PO has been issued and AZRAMP is required but is not successfully completed then the order shall be terminated for default.

Uniform Terms and Conditions

1. Definition of Terms

As used in this Solicitation and any resulting Contract, the terms listed below are defined as follows:

1.1. “Attachment” means any item the Solicitation requires the Offeror to submit as part of the Offer.

1.2. “Contract” means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement or Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments.

1.3. "Contract Amendment" means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.

1.4. “Contractor” means any person who has a Contract with the State.

1.5. “Days” means calendar days unless otherwise specified.

1.6. “Exhibit” means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.

1.7. “Gratuity” means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.

1.8. “Materials” means all property, including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space.

1.9. “Procurement Officer” means the person, or his or her designee, duly authorized by the State to enter into and administer Contracts and make written determinations with respect to the Contract.

1.10. “Services” means the furnishing of labor, time or effort by a contractor or subcontractor which does not involve the delivery of a specific end product other than required reports and performance, but does not include employment agreements or collective bargaining agreements.

1.11. “Subcontract” means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.

1.12. "State" means the State of Arizona and Department or Agency of the State that executes the Contract.

1.13. "State Fiscal Year" means the period beginning with July 1 and ending June 30.

2. Contract Interpretation

2.1. Arizona Law. The Arizona law applies to this Contract including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona and the Arizona Procurement Code, Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code (A.A.C.) Title 2, Chapter 7.

2.2. Implied Contract Terms. Each provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.

2.3. Contract Order of Precedence. In the event of a conflict in the provisions of the Contract, as accepted by the State and as they may be amended, the following shall prevail in the order set forth below:

2.3.1. Special Terms and Conditions;

2.3.2. Uniform Terms and Conditions;

2.3.3. Statement or Scope of Work;

2.3.4. Specifications;

2.3.5. Attachments;

2.3.6. Exhibits;

2.3.7. Documents referenced or included in the Solicitation.

2.4. Relationship of Parties. The Contractor under this Contract is an independent Contractor. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.

2.5. Severability. The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.

2.6. No Parole Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.

2.7. No Waiver. Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting

or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

3. Contract Administration and Operation

3.1. Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.

3.2. Non-Discrimination. The Contractor shall comply with State Executive Order No. 2009-09 and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.

3.3. Audit. Pursuant to ARS § 35-214, at any time during the term of this Contract and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.

3.4. Facilities Inspection and Materials Testing. The Contractor agrees to permit access to its facilities, subcontractor facilities and the Contractor's processes or services, at reasonable times for inspection of the facilities or materials covered under this Contract. The State shall also have the right to test, at its own cost, the materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor materials testing shall constitute final acceptance of the materials or services. If the State determines non-compliance of the materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.

3.5. Notices. Notices to the Contractor required by this Contract shall be made by the State to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the State required by the Contract shall be made by the Contractor to the Solicitation Contact Person indicated on the Solicitation cover sheet, unless otherwise stated in the Contract. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice to the other and an amendment to the Contract shall not be necessary.

3.6. Advertising, Publishing and Promotion of Contract. The Contractor shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the Procurement Officer.

3.7. Property of the State. Any materials, including reports, computer programs and other deliverables, created under this Contract are the sole property of the State. The Contractor

is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State.

3.8. Ownership of Intellectual Property. Any and all intellectual property, including but not limited to copyright, invention, trademark, trade name, service mark, and/or trade secrets created or conceived pursuant to or as a result of this contract and any related subcontract ("Intellectual Property"), shall be work made for hire and the State shall be considered the creator of such Intellectual Property. The agency, department, division, board or commission of the State of Arizona requesting the issuance of this contract shall own (for and on behalf of the State) the entire right, title and interest to the Intellectual Property throughout the world. Contractor shall notify the State, within thirty (30) days, of the creation of any Intellectual Property by it or its subcontractor(s). Contractor, on behalf of itself and any subcontractor(s), agrees to execute any and all document(s) necessary to assure ownership of the Intellectual Property vests in the State and shall take no affirmative actions that might have the effect of vesting all or part of the Intellectual Property in any entity other than the State. The Intellectual Property shall not be disclosed by contractor or its subcontractor(s) to any entity not the State without the express written authorization of the agency, department, division, board or commission of the State of Arizona requesting the issuance of this contract.

3.9. Federal Immigration and Nationality Act. The contractor shall comply with all federal, state and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, the contractor shall flow down this requirement to all subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of contractor and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the contractor and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to; suspension of work, termination of the contract for default and suspension and/or debarment of the contractor.

3.10. E-Verify Requirements. In accordance with A.R.S. § 41-4401, Contractor warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23- 214, Subsection A.

3.11. Offshore Performance of Work Prohibited. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and involve access to secure or sensitive data or personal client data shall be performed within the defined territories of the United States. Unless specifically stated otherwise in the specifications, this paragraph does not apply to indirect or 'overhead' services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.

4. Costs and Payments

4.1. Payments. Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt and acceptance of goods or services, the Contractor shall submit a complete and accurate invoice for payment from the State within thirty (30) days.

4.2. Delivery. Unless stated otherwise in the Contract, all prices shall be F.O.B. Destination and shall include all freight delivery and unloading at the destination.

4.3. Applicable Taxes

4.3.1. Payment of Taxes. The Contractor shall be responsible for paying all applicable taxes.

4.3.2. State and Local Transaction Privilege Taxes. The State of Arizona is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect such taxes from the buyer does not relieve the seller from its obligation to remit taxes.

4.3.3. Tax Indemnification. Contractor and all subcontractors shall pay all Federal, state and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall, and require all subcontractors to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.

4.3.4. IRS W9 Form. In order to receive payment the Contractor shall have a current I.R.S. W9 Form on file with the State of Arizona, unless not required by law.

4.4. Availability of Funds for the Next State fiscal year. Funds may not presently be available for performance under this Contract beyond the current state fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current state fiscal year until funds are made available for performance of this Contract,

4.5. Availability of Funds for the current State fiscal year. Should the State Legislature enter back into session and reduce the appropriations or for any reason and these goods or services are not funded, the State may take any of the following actions:

4.5.1. Accept a decrease in price offered by the contractor;

4.5.2. Cancel the Contract; or

4.5.3. Cancel the contract and re-solicit the requirements.

5. Contract Changes

5.1. Amendments. This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the procurement officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.

5.2. Subcontracts. The Contractor shall not enter into any Subcontract under this Contract for the performance of this contract without the advance written approval of the Procurement Officer. The Contractor shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities. The Subcontract shall incorporate by reference the terms and conditions of this Contract.

5.3. Assignment and Delegation. The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the Procurement Officer. The State shall not unreasonably withhold approval.

6. Risk and Liability

6.1. Risk of Loss: The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.

6.2. Indemnification

6.2.1. Contractor/Vendor Indemnification (Not Public Agency). The parties to this contract agree that the State of Arizona, its departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its departments, agencies, boards and commissions shall be responsible for its own negligence. Each party to this contract is responsible for its own negligence.

6.2.2. Public Agency Language Only Each party (as 'indemnitor') agrees to indemnify, defend, and hold harmless the other party (as 'indemnitee') from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as 'claims') arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by

the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers."

6.3. Indemnification - Patent and Copyright. The Contractor shall indemnify and hold harmless the State against any liability, including costs and expenses, for infringement of any patent, trademark or copyright arising out of Contract performance or use by the State of materials furnished or work performed under this Contract. The State shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph. If the contractor is insured pursuant to A.R.S. § 41-621 and § 35-154, this section shall not apply.

6.4. Force Majeure.

6.4.1. Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

6.4.2. Force Majeure shall not include the following occurrences:

6.4.2.1. Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;

6.4.2.2. Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition; or

6.4.2.3. Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.

6.4.3. If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment

for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.

6.4.4. Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

6.5. Third Party Antitrust Violations. The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

7. Warranties

7.1. Liens. The Contractor warrants that the materials supplied under this Contract are free of liens and shall remain free of liens.

7.2. Quality. Unless otherwise modified elsewhere in these terms and conditions, the Contractor warrants that, for one year after acceptance by the State of the materials, they shall be:

7.2.1. Of a quality to pass without objection in the trade under the Contract description;

7.2.2. Fit for the intended purposes for which the materials are used;

7.2.3. Within the variations permitted by the Contract and are of even kind, quantity, and quality within each unit and among all units;

7.2.4. Adequately contained, packaged and marked as the Contract may require; and

7.2.5. Conform to the written promises or affirmations of fact made by the Contractor.

7.3. Fitness. The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.

7.4. Inspection/Testing. The warranties set forth in subparagraphs 7.1 through 7.3 of this paragraph are not affected by inspection or testing of or payment for the materials by the State.

7.5. Compliance With Applicable Laws. The materials and services supplied under this Contract shall comply with all applicable Federal, state and local laws, and the Contractor shall maintain all applicable license and permit requirements.

7.6. Survival of Rights and Obligations after Contract Expiration or Termination.

7.6.1. Contractor's Representations and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration or

termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12- 529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.

7.6.2. Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Procurement Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.

8. State's Contractual Remedies

8.1. Right to Assurance. If the State in good faith has reason to believe that the Contractor does not intend to, or is unable to perform or continue performing under this Contract, the Procurement Officer may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of Days specified in the demand may, at the State's option, be the basis for terminating the Contract under the Uniform Terms and Conditions or other rights and remedies available by law or provided by the contract.

8.2. Stop Work Order.

8.2.1. The State may, at any time, by written order to the Contractor, require the Contractor to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the State after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.

8.2.2. If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Procurement Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.

8.2.3. Non-exclusive Remedies. The rights and the remedies of the State under this Contract are not exclusive.

8.3. Nonconforming Tender. Materials or services supplied under this Contract shall fully comply with the Contract. The delivery of materials or services or a portion of the materials or services that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials or services, the State may terminate the Contract for default under

applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.

8.4. Right of Offset. The State shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.

9. Contract Termination

9.1. Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, the State may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State is or becomes at any time while the Contract or an extension of the Contract is in effect an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. § 38- 511.

9.2. Gratuities. The State may, by written notice, terminate this Contract, in whole or in part, if the State determines that employment or a Gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of the State for the purpose of influencing the outcome of the procurement or securing the Contract, an amendment to the Contract, or favorable treatment concerning the Contract, including the making of any determination or decision about contract performance. The State, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by the Contractor.

9.3. Suspension or Debarment. The State may, by written notice to the Contractor, immediately terminate this Contract if the State determines that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body. Submittal of an offer or execution of a contract shall attest that the contractor is not currently suspended or debarred. If the contractor becomes suspended or debarred, the contractor shall immediately notify the State.

9.4. Termination for Convenience. The State reserves the right to terminate the Contract, in whole or in part at any time when in the best interest of the State, without penalty or recourse. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered

to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R2-7-701 shall apply.

9.5. Termination for Default.

9.5.1. In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.

9.5.2. Upon termination under this paragraph, all goods, materials, documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State on demand.

9.5.3. The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring materials or services in substitution for those due from the Contractor.

9.6. Continuation of Performance Through Termination. The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

10. Contract Claims

All contract claims or controversies under this Contract shall be resolved according to A.R.S. Title 41, Chapter 23, Article 9, and rules adopted thereunder.

11. Arbitration

The parties to this Contract agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (Title 41).

12. Comments Welcome

The State Procurement Office periodically reviews the Uniform Terms and Conditions and welcomes any comments you may have. Please submit your comments to: State Procurement Administrator, State Procurement Office, 100 North 15th Avenue, Phoenix, Arizona, 85007.

	Attachment 4: Conformance Statements and Supplements **Solicitation No. BPM003793** **Network and Telephony Equipment and Services**	Arizona Department of Administration State Procurement Office 100 N 15th Avenue Phoenix, AZ 85007

If taking exceptions, the Attachment Supplements must be uploaded as a separate word doc. file titled "Attachment Supplement -"

STATE WILL NOT CONSIDER ANY EXCEPTIONS UNLESS DESIGNATED ON THIS FORM.

READ PARAGRAPH 6.8 OF THE INSTRUCTIONS TO OFFERORS BEFORE TAKING ANY EXCEPTIONS – TAKING EXCEPTIONS CAN BE GROUNDS FOR STATE REJECTING OR DOWN-GRADING YOUR OFFER IN EVALUATION.

CONFORMANCE TO THE INSTRUCTIONS TO OFFERORS

Check one of the following – if neither is checked, State will assume that as equivalent to "YES":

X	YES – Offeror acknowledges that it has read and understands the Special Instructions to Offerors and Uniform Instructions to Offerors of the Solicitation Documents and attests that its Offer complies.
☐	NO – Offeror acknowledges that it has read and understands the Instructions to Offerors in the Solicitation Documents, and attests that its Offer complies with both EXCEPT FOR the exceptions listed in **Attachment Supplement 1**.

CONFORMANCE TO SCOPE OF WORK AND PRICING

Check one of the following – if neither is checked, State will assume that as equivalent to "YES":

X	YES – Offeror acknowledges that it has read and understands the Scope of Work Document and the Pricing Document of the Solicitation Documents and attests that its Offer complies with both.
☐	NO – Offeror acknowledges that it has read and understands the Scope of Work Document and the Pricing Document of the Solicitation Documents and attests that its Offer complies with both EXCEPT FOR the exceptions listed in **Attachment Supplement 2**.

CONFORMANCE TO THE CONTRACT TERMS AND CONDITIONS

Check one of the following – if neither is checked, State will assume that as equivalent to "YES":

X	YES – Offeror acknowledges that it has read and understands the Special Terms and Conditions and the Uniform Terms and Conditions, along with their respective Exhibits and Appendices of the Solicitation Documents and attests that its Offer complies with both.
☐	NO – Offeror acknowledges that it has read and understand the Special Terms and Conditions and the Uniform Terms and Conditions, along with their respective Exhibits and Appendices 2 of the Solicitation Documents and attests that its Offer complies with both EXCEPT FOR the exceptions listed in **Attachment Supplement 3**.

	Attachment Supplement: Exceptions **Solicitation No. BPM003793** **Network and Telephony Equipment and Services**	Arizona Department of Administration State Procurement Office 100 N 15th Avenue Phoenix, AZ 85007

Exceptions to Instructions to Offerors

Article / Paragraph or Exhibit Reference	Proposed Changes / Alternate Language	RFP Language (Copy and Paste from Solicitation)
Special Instructions to Offerors		
x	X Exception: X Rationale:	x
x	X Exception: X Rationale:	x
x	X Exception: X Rationale:	x
Uniform Instructions to Offerors		
x	X Exception: X Rationale:	x
x	X Exception: X Rationale:	x

Advanced Network Management Inc., dba ANM

Company Name

Signature of Person Authorized to Sign

	Attachment Supplement: Exceptions **Solicitation No. BPM003793** **Network and Telephony Equipment and Services**	Arizona Department of Administration State Procurement Office 100 N 15th Avenue Phoenix, AZ 85007

Exceptions to Scope of Work and Pricing

Article / Paragraph or Exhibit Reference	Proposed Changes / Alternate Language	RFP Language (Copy and Paste from Solicitation)
Scope of Work		
x	X Exception: X Rationale:	x
x	X Exception: X Rationale:	x
x	X Exception: X Rationale:	x
Pricing Document		
x	X Exception: X Rationale:	x
x	X Exception: X Rationale:	x

Advanced Network Management Inc., dba ANM

Company Name

Signature of Person Authorized to Sign

	Attachment Supplement: Exceptions **Solicitation No. BPM003793** **Network and Telephony Equipment and Services**	Arizona Department of Administration State Procurement Office 100 N 15th Avenue Phoenix, AZ 85007

Exceptions to Contract Terms & Conditions

Article/ Paragraph or Exhibit Reference	Proposed Changes / Alternate Language	RFP Language (Copy and Paste from Solicitation)
Special Terms & Conditions		
x	X Exception: X Rationale:	x
x	X Exception: X Rationale:	x
x	X Exception: X Rationale:	x
Uniform Terms & Conditions		
x	X Exception: Rationale:	x
x	X Exception: X Rationale:	x

Advanced Network Management Inc., dba ANM

Company Name

Signature of Person Authorized to Sign

	Contract Amendment	Arizona Department of Administration State Procurement Office 1802 West Jackson Street - Number 100 Phoenix, AZ 85007
	Contract Number: CTR059864	
	Amendment 14	

Network and Telephony Equipment and Services

Advanced Network Management

Pursuant to the above referenced Contract, and the State's Uniform Terms and Conditions, Paragraph 5.1 Amendments, the contract shall be amended as follows:

- In accordance with, Special Terms and Conditions, Paragraph 3.2 Contract Extensions, the contract is hereby extended through April 18, 2026.

ALL OTHER REQUIREMENTS, SPECIFICATIONS, TERMS AND CONDITIONS REMAIN UNCHANGED

ACKNOWLEDGEMENT AND AUTHORIZATION

This amendment shall be fully executed upon the electronic approval in the State e-Procurement system by an authorized representative of the Contractor and applied to the contract in the State e-Procurement system by the Procurement Officer or delegate.

EXHIBIT B.3

Please see TAB below titled CATEGORY DEFINITIONS for more information of each Category

Discounts are listed as a % off list price.

If a Manufacturer is missing, please add their name at the bottom

	Routing Devices	Switching Devices	Wireless Ethernet	Security Equipment & Solutions	Monitoring & Management Solutions	Other Network Centric Solutions	Telephony	Multi-Function Solutions	Maintenance	Training: Initial on Equipment Purchased	Training: As Needed	Training: Annual up to 50 Participants	Volume Discount Information	Notes
A10														
Adtran														
Aerohive Networks														
Alien Vault														
APC						37%		37%	40%	100%		100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
APCON														
Arista														
Aruba	43%	43%	43%	43%	43%	43%	43%	43%	43%	100%	51%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Avaya														
AVI														
AVST														
Axis Communications														
BlueCat														
Bridgeworks														
Brocade														
Calabrio							30% Premise / 15% Cloud			100%		100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Check Point														
Ciena														
Cisco	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	20% 1 year,	100%	30%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	Cisco Network Security Software & Tokens 18% ANM to provide free training at time of purchase at customer request and annually at customer request, Cisco also offers Telephony Flex Enterprise Agreements with lower discounts, ANM can commit to 30% off on these.
Citrix						20% hardware, 10% so		20% hardw	15% softwa	100%%		100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request, Cisco also offers Telephony Flex Enterprise Agreements with lower discounts, ANM can commit to 30% off on these.
Cloudistics														
Commvault														
CradlePoint	25%		25%	25%	25%	25%		25%	Included wit	100%		100%		Maintenance included with Net Cloud Manager purchase
Data Direct Networks														
Datrium														
Dell	43%	43%							15%	100%	15%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
EMC														
EtherWan														
ExaGrid														
Extreme Networks														

F5 Networks				22%	22%	22%		22%	10%	100%	10%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request. F5 now offers ELA's with lower discounts than general products. In these instances, ANM can commit to 7%.
Forcepoint														
Genetec														
Guidance Software														
Hitachi Data Systems		62%				62%		62%	20%	100%	20%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
HP Enterprise	44%	44%	44%		44%	44%		44%		100%	10%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Indeni														
Infoblox				15% hardware, 11% software				15% hardwa	5%	100%		100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
ISI														
Juniper Networks														
Liquidware														
Mellanox														
Meraki	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%		42.5%	42.5%	100%	10%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Moxa														
NetApp														
NetBrain					20%			20%		100%		100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request. SaaS solution that does not require maintenance per OEM.
Netskope				24%	24%	24%		24%		100%		100%		SaaS solution that does not require maintenance per OEM.
Nimble														
Nutanix														
Palo Alto	35%			35%	35%	35%	35%	35%	10%	100%	10%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	Palo Alto Security Subscription Licenses 20% ANM to provide free training at time of purchase and annually at customer request.
Pivot3														
Polycom														
Pure								40%	10%					
RiverBed														
RSA Security														
Rubrik														
Ruckus	49%	49%	40%		49%	49%		49%	15% for wir	100%	25%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request. Ruckus also offers subscriptions with lower discounts, ANM can commit to 25% on these.
Ruggedcom														
School Messenger														
Schweitzer Engineering Laboratories														
ScienceLogic														
Sequris														
Shoretel														
Simplivity														

SmartNet									20% 1 year,	100%	10%	100%	0.5% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Smartplay														
Spectralink														
SPOK														
Syn-Apps														
Talari														
Tanium				10%	10%			10%		100%		100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Uila														
Vbrick														
VCE														
Veeam														
Viavi														
VMWare by Broadcom	15%	15%		15%	15%	15%		15%	6%	100%	6%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
X-IO Technologies														
Zerto														
Fortinet	35%	35%	35%	35%	35%	35%	35%	35%	25%	100%	5%	100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Eleveo							10%			100%		100%	1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Okta				20%				20%					1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request. SaaS solution that does not require maintenance per OEM.
---UPDATES 7/11/22----														
Mimecast				22%	22%								1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Cyble				10%	10%								1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Updates 8/22/202														
Splunk				10%	10%				10%				1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Ordr				5%	5%				5%				1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.

NetScout				10%	10%				10%				1% incremental list price discount available on a per transaction basis across all categories. Purchase must be $1M+ and purchase must be made on a single purchase order to qualify.	ANM to provide free training at time of purchase at customer request and annually at customer request.
Updates 3/8/2023														
Varonis				15%	15%	15%								
Updates 5/15/2023														
Eaton/TrippLite				30%	30%	30%		30%	10%					
Ekahau			10%		10%	10%		10%	5%					
Updates 7/10/2023														
Pure Storage								40%	10%					
Elastic				10%										
Thinkst				5%										
Intezer Labs				5%										
Penlink (FKA Cobwebs)				5%										
Updates 8/14/2023														
Thales				20%		20%		10%						
Cloudflare				10%										
Poly						5%	25%		10%					
Updates 9/20/2023														
Ubiquity							8%							
Juniper	50	50%	50%	50%	50%			45%	15%	15%	15%			
Audiocodes						3%			3%					
Epos						25%		25%						
Verkada				30%	30%									
Updates 11/22/2023														
Akkadian Labs						5%								
Akamai				5%										
Armis				10%	10%			10%						
Crowdstrike				15%										
Updates 1/24/2024														
Cohesity				15%	15%	15%		15%	10%	15%	5%	5%		
Commvault						15%		15%	2%					
Inseego	10%	10%	10%			10%			5%					
Singlewire						10%			5%					
Zscaler				10%	5%			10%	5%					
Updated April 2024														
Drata				5%										
Equal Optics	20%	20%				20%		20%						
Extreme	40%	40%	40%			40%			10%					
Gridless						10%								
KnowBe4				11%	11%				11%					
Nutanix								20%	5%	5%	5%	5%		
Proofpoint				25%	25%				5%	5%	5%			
Relutech						10%			5%					
Rubrik					15%	15%		15%	15%	15%	15%	15%		
Threater				5%										
Ventev/Terrawave/Tessco			10%			10%								
Updated Sept 2024														
Algo							19%		5%					
DeleteMe				10%										
Solarwinds					10%				5%					
Vertiv/Liebert						37%								
Virtru				3%				3%	3%					
Updated March 2025														
Tools4Ever						2%			2%					
JAMF				5%		2%			2%					
SecureW2						10%			10%					
NetApp						19%			16%					
APCON						10%			5%					

Updated June 2025														
Darktrace				9.9%	9.9%	9.9%		9.9%	9.9%	9.9%				
DigiCert				2%					2%					
OpenGear	10%	10%				10%		10%	10%					

Services	Per Hour
Services - Engineer Level 1 - Basic rack and stack experience with limited field experience	$45
Services - Engineer Level 2 - Working Engineer with field experience but limited unsupervised.	$78
Services - Engineer Level 3 - Working Engineer with good field experience. Can do most tasks without supervision.	$106
Services - Engineer Level 4 - Senior Engineer with multiple years experience. Can perform all tasks without direction or supervision.	$168
Services - Engineer Level 5 - Principle Architect: Senior Engineer or Manager with 10+ years experience. Typically oversees projects and is responsible for the more complex solutions.	$280
Project Manager - Project Manager with 5+ years experience. Ensures successful delivery of on-time project milestones.	$165

CATEGORY DEFINITIONS
Routing Devices - Network devices capable of: **1.** Interfacing with both traditional and modern carrier services offerings; **2.** Layer 3 packet inspection and decision making; and, **3.** Compliant with applicable regulatory and industry requirements.
Switching Devices based on Layer 2 forwarding (Switches) - Network devices capable of: **1.** May interface with traditional and modern carrier service; offerings; **2.** IT environments include: LAN/MAN/WAN Optical, Storage Networking, Ethernet, Wireless, and other environments where information must be transmitted between attached devices; **3.** Physical layer (Non Disruptive) switches for patching, testing, and, monitoring purposes; **4.** Ethernet Switches with the abilities to make decisions and manipulate data at Layers 3 or higher, including: Load Balancing, Bandwidth Optimization, Health and Alert Monitoring, & Security Features; and, **5.** Technologies employed include but not limited to: Ethernet, SONET, WDM, and ATM.
Wireless Ethernet - Typically layer 2 and/or Layer 3 devices capable of wireless transmission and reception of data packets: 1. Access Points capable of providing local device accessibility; 2. Point-to-point or Bridged; 3. Meshed configuration; and, 4. Licensed or unlicensed spectrum use.
Security Equipment and Solutions - May include devices operating at any layer in the OSI model. **1.** Packet inspection/rule enforcement (ACL, Firewall, IDS, DDOS, etc.); **2.** Real time interpretation and response (Application Firewalls, IPS, etc.); **3.** Content Filtering and/or Rate Limiting; **4.** RAS solutions (VPN, SSL acceleration, etc.); and, 5. Centralized monitoring, trend analysis, health and alerting systems. **Monitoring and Management Solutions** - May include software or appliances operating at any layer in the OSI model: 1. Solutions should accomplish the centralization and interpretation of data acquired from networked devices; 2. Solutions should be developed around commonly accepted methodologies and should make use of the newest versions of SNMP and/or TLS; 3. Solutions must enhance security, manageability, and accountability; 4. Solutions interface should be an intuitive GUI, with possible built in CLI and manual configuration abilities; and, 5. Reporting and analysis tool must include canned reports for regulatory compliance with HIPAA, etc. **Other Network Centric solutions** - Will include many of the required network elements not listed above. **1.** DNS, NAT/PAT, DHCP, and other IP Address management solutions; **2.** Mobility and session persistence solutions; **3.** Authentication.
Telephony - Telephony products and services, such as IP Telephony systems, PBX and key systems, voice mail and unified messaging systems, teleconferencing, call management systems including Automatic Call Distribution (ACD), Interactive Voice Response (IVR), Computer Telephony Integration (CTI), call accounting, and the associated end-user telephone devices.
Multi-Function Solutions - Industry movement indicates that multi-function networking appliances are becoming the way of the future. List and describe any product lines that are merging into multi- function platforms. This may include technology areas that are not covered in areas 1 to 7 above. Each such product should be listed with a note including the areas that are included and a short description of any other technological advantages gained through the aggregation of these technologies. (i.e. Blade server chassis may house a built in Ethernet switch – Routers may be capable of Firewall, IDS, and other abilities – Network storage may include an Ethernet and/or a fiber channel switch – etc.).
Maintenance Program - Contractor shall have a maintenance program for those Customers who choose or require these services. Maintenance programs shall be comprehensive enough to provide service to any Customer within the State of Arizona.
Training - Initial Training on specific equipment that has been purchased.
Training - "As Needed" Training on specific equipment that has been purchased (e.g. New Hires).
Training - Annual Training for up to fifty (50) participants.
Volume Discount Information - Offerors shall provide additional volume based pricing for consideration. The Evaluation Committee will be evaluating both per transaction and cumulative volume discounts that may be achieved as well as programs that allow for deeper discounts for proposed standardized configurations. Examples: **Per Transaction Multiple Unit Discount -** Offeror's should propose a discount on each item purchased from the current Published Price List. This discount should extend through all like items or categories and should correlate with those discounts input into the Arizona Procurement Portal (APP), where you are pricing out equipment. **Cumulative Discount -** Offeror's should propose a contractual, cumulative, permanent volume discount based on dollars resulting from the cumulative purchases by all governmental purchasers. The narrative in response to this specification should include a table indicating the additional discount percentage to be earned by cumulative volume purchased. For example, Offeror's may propose an increase in price discounts from the baseline pricing for cumulative volumes greater than "X" million dollars.
Notes - Additional clarifying comments

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Tiffany Antol, Zoning Code Manager

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Adoption of Ordinance No. 2025-25: An ordinance of the City Council of the City of Flagstaff amending the Flagstaff City Code, Title 11, General Plans and Subdivision, Chapter:11-20: Subdivision and Land Split Regulations, Division 11-20.40: Subdivision Procedures and Requirements, providing for repeal of conflicting ordinances, severability, and establishing an effective date.

STAFF RECOMMENDED ACTION:

1. Read Ordinance No. 2025-25 by title only for the final time
2. City Clerk reads Ordinance No. 2025-25 by title only (if approved above)
3. Adopt Ordinance No. 2025-25

Executive Summary:

This amendment removes the requirement for a Preliminary Plat utilizing the Planned Residential Development standards within the Zoning Code to be approved by City Council. This requirement was added last year with a City Code Amendment that made the review of subdivision plats an administrative review based on the allowances SB1103. This year, the legislature amended Arizona Revised Statutes to make administrative review of subdivision plats a requirement rather than a general allowance. Based on a review of HB 2447, staff recommends the following City Code amendment to ensure compliance with Arizona Revised Statutes.

Financial Impact:

There are no anticipated financial impacts affiliated with the proposed City Code Text Amendment.

Policy Impact:

There are no anticipated policy impacts affiliated with the proposed City Code Text Amendment.

Previous Council Decision or Community Discussion:

There have been no previous Council decision on this Ordinance.

Options and Alternatives to Recommended Action:

The City Council may adopt, modify, or deny the proposed amendment.

Connection to PBB Priorities and Objectives:

High Performing Governance - Serve the public by providing high quality customer service.

Connection to Regional Plan:

Goal ED.1. Create a healthy environment for business by ensuring transparent, expeditious, and predictable government processes.

Connection to Carbon Neutrality Plan:
CR-1: Ensure all mitigation actions improve Flagstaff's ability to adapt to the future.

Connection to 10-Year Housing Plan:

- Create 4: Amend the Flagstaff Zoning Code to facilitate the development of all housing types.

Attachments: Ord. 2025-25

ORDINANCE NO. 2025-25

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AMENDING THE FLAGSTAFF CITY CODE, TITLE 11, GENERAL PLANS AND SUBDIVISION, CHAPTER 11-20: SUBDIVISION AND LAND SPLIT REGULATIONS, DIVISION 11-20.40: SUBDIVISION PROCEDURES AND REQUIREMENTS; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City of Flagstaff wishes to amend Flagstaff City Code Title 11, General Plans and Subdivision, Chapter 11-20: Subdivision and Land Split Regulations, Division 11-20.40: Subdivision Procedures and Requirements; and

WHEREAS, the Arizona Revised Statutes have been amended to modify the subdivision review process (HB2447); and

WHEREAS, the Council has read and considered the staff report prepared by the Planning and Development Services division and all attachments to those reports, and the Council finds that the proposed City Code text amendment to be compliance with Arizona Revised Statutes.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. The foregoing recitals are incorporated as if fully set forth herein.

SECTION 2. The Flagstaff City Code, Title 11, General Plans and Subdivision, Chapter 11-20: Subdivision and Land Split Regulations, Division 11-20.40: Subdivision Procedures and Requirements, Section 11-20.40.030: Preliminary Plat, subsection 11-20.40.030.E: Preliminary Plat Review and Approval is hereby amended as follows:

5. Approval of Preliminary Plat by City Council. Any preliminary plat ~~**utilizing the Planned Residential Development standards established in Section 10-40.60.280 or**~~ **WITH** modifications to Title 13, Engineering Design Standards and Specifications for New Infrastructure, shall be approved by City Council prior to submission of engineering plans.

SECTION 3. The amendment is consistent with and conforms to the goals of the Regional Plan (General Plan).

SECTION 4. The amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the City, and will add to the public good as described in the General Plan.

SECTION 5. The amendment is internally consistent with other applicable provisions of Title 11, General Plans and Subdivision.

SECTION 6. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 7. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 8. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 9. Effective Date

This Ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 2nd day of December 2025.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Tiffany Antol, Zoning Code Manager

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Adoption of Resolution No. 2025-61 and Ordinance No. 2025-26: 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-25-00027 - Middle Housing" 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.

STAFF RECOMMENDED ACTION:

1. Adopt Resolution No. 2025-61
2. Read Ordinance No. 2025-26 by title only for the final time
3. City Clerk reads Ordinance No. 2025-26 by title only (if approved above)
4. Adopt Ordinance No. 2025-26

Executive Summary:

The City is requesting a modification to the following Zoning Code provisions for the purposes of allowing middle housing types and land uses similar to single-family housing types and land uses. Chapter 10-20: Administration, Procedures, and Enforcement, Division 10-20.30 Common Procedures, Division 10-20.40: Permits and Approvals, and Division 10-20.60: Nonconforming Provisions. Chapter 10-30: General to All, Division 10-30.50: Public Improvements, and Division 10-30.60: Site Planning Design Standards. Chapter 10-40: Specific to Zones, Division 10-40.30: Non-Transect Zones, Division 10-40.60: Specific to Uses, and Division 10-40.40: Transect Zones. Chapter 10-50: Supplemental to Zones, Division 10-50.20: Architectural Design Standards, Division 10-50.60: Landscape Standards, and Division 10-50.80: Parking Standards. Chapter 10-80: Definitions, Division 10-80.20: Definitions of Specialized Terms, Phrases, and Building Functions.

The Planning & Zoning Commission voted 6-0 to recommend approval of this amendment.

Financial Impact:

There are no anticipated financial impacts affiliated with the proposed Zoning Code Text Amendment.

Policy Impact:

There are no anticipated policy impacts affiliated with the proposed Zoning Code Text Amendment.

Previous Council Decision or Community Discussion:

There has not been a previous City Council decision on this Resolution or Ordinance.

Options and Alternatives to Recommended Action:

The City Council may adopt, modify, or deny the proposed Zoning Code Text Amendment.

Background and History:

The purpose of this amendment is to update the Zoning Code in accordance with HB 2721 to allow middle housing types (townhomes, duplexes, triplexes, and fourplexes) in all zones where single-family homes are permitted. The legislation states that a municipality may NOT do any of the following:

- Discourage the development of middle housing through requirements or actions that individually or cumulatively make impracticable the permitting, siting, or construction of middle housing.
- Restrict middle housing types to less than two floors.
- Restrict middle housing types to a floor area ratio less than 50 percent (0.50).
- Set restrictions, permitting or review process for middle housing that are more restrictive than those for single-family dwellings within the same zone.
- Require owner occupancy of any structures on the lot.
- Require more than one off-street parking space per unit.

This proposed amendment covers several sections of the Zoning Code to ensure that middle housing types as defined by HB 2721 are treated like single-family housing types. HB 2721 defines middle housing as follows:

- Middle Housing: means buildings that are compatible in scale, form and character with single-family houses that contain two or more attached, detached, stacked, or clustered homes. Includes duplexes, triplexes, fourplexes, and townhouses.
    - Duplex: means two dwelling units on the same parcel or lot in attached, detached, or semi-detached arrangements that are designed for residential occupancy by not more than two households living independently from each other.
    - Triplex: means three dwelling units on the same parcel or lot in attached, detached, or semi-detached arrangements that are designed for residential occupancy by not more than three households living independently from each other.
    - Fourplex: means four dwelling units on the same parcel or lot in attached, detached, or semi-detached arrangements that are designed for residential occupancy by not more than four households living independently from each other.
    - Townhouse: means dwelling units that are constructed in a row of two or more attached units in which each dwelling unit shares at least one common wall with an adjacent unit and that are accessed by separate outdoor entrances.

The following is a chapter-by-chapter review of each part of this amendment:

Chapter 10-20: Administration, Procedures, and Enforcement. The purpose of this chapter is to set forth the provisions for the orderly application and processing of development applications.

Division 10-20.30: Common Procedures, Section 10-20.30.050: Concept Plan Review

This section is amended to require a concept plan review for any residential development proposal that is not part of a platted subdivision. The current provision only requires concept plan review for single-family and duplex projects that are not part of a platted subdivision. Concept plans are already required for multi-family residential developments. Previously triplex and fourplex developments fell under the definition of multi-family.

Division 10-20.40: Permits and Approvals, Section 10-20.40.140: Site Plan Review and Approval

This section is amended to exempt all residential developments with less than five dwelling unit from the requirement of site plan review. Currently only single-family and duplex developments are exempt.

Division 10-20.60: Nonconforming Provisions, Section 10-20.60.030: Restrictions on Nonconforming Uses and Structures and Section 10-20.60.040: Residential Exemptions

This section is amended for clarity, replaces single-family and multi-family structures with residential structures.

Chapter 10-30: General to All. This chapter provides standards and regulations for the creation and preservation of affordable housing, historic and cultural resources, provides minimum requirements for the installation of public improvements, promotes sustainable development practices through incentives, and establish site design standards.

Division 10-30.50: Public Improvements, Section 10-30.50.040: Exemptions

This section is amended to exempt residential developments with less than 5 dwelling units from the requirement of providing public improvements.

Division 10-30.60: Site Planning Design Standards, Section 10-30.60.020: Applicability

This section is amended to exempt residential developments with less than 5 dwelling units from the site planning design standards.

Chapter 10-40: Specific to Zones. This chapter establishes the zones applied to property within the city and indicates which land uses are permitted by right or as conditional uses subject to a conditional use permit.

Division 10-40.30: Non-Transect Zones

Section 10-40.30.030: Residential Zones, Table 10-40.30.030.B.: Residential Zones -- Allowed Uses, and Table 10-40.30.030.C.: Residential Zones -- Building Form and Property Development Standards

Section 10-40.30.040: Commercial Zones, Table 10-40.30.040.B.: Commercial Zones -- Allowed Uses and Table 10-40.30.040.C.: Commercial Zones -- Building Form and Property Development

Section 10-40.30.060: Public and Open Space Zones, Table 10-40.30.060.B.: Public and Open Space Zones -- Allowed Uses

These tables are amended by replacing the existing land uses of duplex dwelling, multiple-family dwelling, single-family attached and detached dwelling with one unit, two unit, three unit, and four unit residential development in addition to multi-family residential development. The allowances for two unit, three unit, and four unit residential development is made consistent with one unit residential development with a requirement that they are only permitted where public water, sewer, and streets are available to serve the property. Single-Family, Duplex, and Triplex High Occupancy Housing land uses are removed. Additionally, the same residential land uses as part of a mixed use development are removed from the commercial land use table. A footnote is added to clarify that residential uses are permitted without a conditional use permit when part of a mixed use project.

A floor area ratio (FAR) requirement is added to the Single-Family Residential Neighborhood (R1N) zone of .50.

Division 10-40.60: Specific to Uses

Table 10-40.60.030.A.: Accessory Dwelling Unit Design, Development, and Exceptions Standards

This section is amended to remove the requirement for a separate water meter for detached accessory dwelling units. This is a clean up item from the previous amendment on accessory dwelling units at the request of the Water Services Director.

Section 10-40.60.170: High Occupancy Housing

This section is amended to reflect the removal of Single-Family, Duplex, and Triplex High Occupancy Housing land uses.

Section 10-40.60.260: Mixed Use

This section is amended to clarify that mixed use is the combination of commercial uses with residential uses and not just a mix of commercial uses on the same site as well as clean up references to the regional plan.

Division 10-40.40: Transect Zones,

Section 10-40.40.040: T2 Rural (T2) Standards

This section is amended to allow building types that will support middle housing including apartment house and bungalow court (both limited to 4 units), duplex, triplex, and townhouse.

Section 10-40.40.050: T3 Neighborhood (T3N.1) Standards

This section is amended to allow building types that will support middle housing including apartment house (limited to 4 units), triplex, and townhouse.

Section 10-40.40.060: T3 Neighborhood (T3N.2) Standards

This section is amended to allow building types that will support middle housing including apartment house and townhouse.

Section 10-40.40.040: T2 Rural (T2) Standards, Subsection 10-40.40.040.H.: Allowed Uses

Section 10-40.40.050: T3 Neighborhood (T3N.1) Standards, Subsection 10-40.40.050.H.: Allowed Uses

Section 10-40.40.060: T3 Neighborhood (T3N.2) Standards, Subsection 10-40.40.060.H.: Allowed Uses

Section 10-40.40.070: T4 Neighborhood 1 (T4N.1) Standards, Subsection 10-40.40.070.I.: Allowed Uses

Section 10-40.40.080: T4 Neighborhood 2 (T4N.2) Standards, Subsection 10-40.40.080.I.: Allowed Uses

The tables are amended like the non transect zones as discussed above. Clean up items are included on meeting facilities bringing this portion of the code in alignment with the non-transect zones.

Chapter 10-50: Supplemental to Zones. This chapter provides standards that are supplemental to the regulations of each zone, and are specific to aspects of development, such as architectural design standards, landscaping, and parking.

Division 10-50.20: Architectural Design Standards, Section 10-50.20.020: Applicability
Division 10-50.60: Landscape Standards, Section 10-50.60.020: Applicability
Division 10-50.80: Parking Standards, Section 10-50.80.050 Bicycle Parking
These divisions are amended to exempt residential developments of less than 5 units from the requirement of the division or section.

Division 10-50.80: Parking Standards, Table 10-50.80.040.A: Number of Motor Vehicle Parking Spaces Required
This table is amended to require no more than one parking space per unit for middle housing developments. Single-family residential development requirements are updated to match the requirements for middle housing developments.

Division 10-50.110: Specific to Building Types, Table 10-50.110.030.A. Allowed Building Types
This table is amended to include the additional building types identified above.

Chapter 10-80: Definitions. This chapter provides definitions of terms and phrases used in the Zoning Code that are technical or specialized or that may not reflect common usage.

Division 10-80.20: Definitions of Specialized Terms, Phrases, and Building Functions
Section 10-80.20.040: Definitions "D"
This Division is amended to include new definitions for one, two, three, and four unit residential developments, update the multi-family residential development definition to be five units or more, and add a definition for triplex dwelling.

Section 10-80.20.080: Definitions "H"
This section is amended to update the definition of High Occupancy Housing.

Section 10-80.20.130: Definitions "M"
This section is amended to update the definition of mixed use in accordance with changes in the land use tables and specific to use provisions.

A Zoning Code Text Amendment shall be evaluated based on the following findings:

A. Finding #1: The proposed amendment is consistent with and conforms to the objectives and policies of the General Plan and any applicable specific plan;
Flagstaff Regional Plan 2030
Policy LU.2.1. Design new neighborhoods that embody the characteristics of Flagstaff's favorite neighborhoods -- that is, with a mix of uses, a variety of housing types and densities, public spaces, and greater connectivity with multimodal transportation options.
Policy LU.11.4. Encourage various housing types that appeal to a diverse range of ages and income.
Policy LU.13.4. Plan suburban development to include a variety of housing options.
Goal NH.3. Make available a variety of housing types at different price points, to provide housing opportunity for all economic sectors.
Policy NH.3.1. Provide a variety of housing types throughout the City and region, including purchase and rental options, to expand the choices available to meet the financial and lifestyle needs of our diverse population.

Draft Flagstaff Regional Plan 2045
Policy DP.2 Support development and redevelopment with a diversity of housing types by expanding opportunities for missing middle housing.

The current Regional Plan is silent on the term "Middle Housing" but it supports the development of a range of housing types including those that are compatible with existing neighborhoods. The draft regional plan includes only one policy specific to the support for the development of middle housing. There are no policies in either plan that discourage the development of middle housing types in Flagstaff.

B. Finding #2: The proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the City;
The proposed amendment is intended to bring the City of Flagstaff Zoning Code into conformance with recently adopted state legislation regarding middle housing land uses. However, instead of implementing on a limited basis as is required by the legislation, this amendment includes providing the allowances for middle

housing throughout the city in every zoning district that currently permits single family dwellings. The proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the city.

C. Finding #3: The proposed amendment is internally consistent with other applicable provisions of this Zoning Code.

The amendment is internally consistent with the existing Zoning Code, following its format and aligning with its comprehensive purpose. It does not conflict with any other provisions and ensures that the Zoning Code remains clear, usable, and easily understood.

Connection to PBB Priorities and Objectives:

Connection to PBB Priorities and Objectives:
Achieve a well-maintained community through comprehensive and equitable code compliance, and development that is compatible with community values.

Connection to Regional Plan:

Flagstaff Regional Plan 2030
Policy LU.2.1. Design new neighborhoods that embody the characteristics of Flagstaff's favorite neighborhoods -- that is, with a mix of uses, a variety of housing types and densities, public spaces, and greater connectivity with multimodal transportation options.
Policy LU.11.4. Encourage various housing types that appeal to a diverse range of ages and income.
Policy LU.13.4. Plan suburban development to include a variety of housing options.
Goal NH.3. Make available a variety of housing types at different price points, to provide housing opportunity for all economic sectors.
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The current Regional Plan is silent on the term "Middle Housing" but it supports the development of a range of housing types including those that are compatible with existing neighborhoods. The draft regional plan includes only one policy specific to the support for the development of middle housing. There are no policies in either plan that discourage the development of middle housing types in Flagstaff.

Connection to Carbon Neutrality Plan:

Carbon Neutrality Plan
DD-1 Encourage vibrancy, appropriate density, and attainability in existing neighborhoods, so that more residents live within walking distance of their daily needs.
HA-1 Create housing options for households at all income levels and family sizes occupied by local residents.

Connection to 10-Year Housing Plan:

10-Year Housing Plan
The following strategies outlined in the 10-Year Housing Plan are supported by the proposed Middle Housing Zoning Code Text Amendment:
Create 4: Amend the Flagstaff Zoning Code to facilitate the development of all housing types.

- Create 4.4: Review parking standards for all residential development with the goal of reducing the cost of development and increasing the number of dwelling units that may be achieved.
- Create 4.8: Explore allowing additional flexibility for homeowners and landlords to increase density.

Greater diversity of housing types paired with reductions in required onsite parking spaces can reduce construction costs and translate to reductions in housing costs as well. Permitting a wider variety of housing

types (duplexes, triplexes, and quadplexes) introduces gradual density to existing neighborhoods, which helps maintain the area's character while creating income opportunities for existing households.
Connect 2: Implement a framework for centering equity in proposed and existing housing practices, policies, and programs.

- Connect 2.1: Evaluate housing policies and strategies in City of Flagstaff planning documents through an equity lens.

The proposed zoning code amendment improves equitable access to housing throughout Flagstaff and creates more diverse homeownership and rental opportunities for residents.
Protect 2: Ensure affordable housing is a part of every Flagstaff neighborhood and work to address disparate impact as part of any development or redevelopment.

- Protect 2.2: Encourage diversity of housing options in all neighborhoods, understanding that exclusive communities are incompatible with the City of Flagstaff's mission to protect and enhance the quality of life for all.

Because these proposed code changes are being applied to most zoning categories, a greater diversity of housing types may occur throughout all areas of Flagstaff. This is a step in the right direction about displacement issues resulting from rapid gentrification in concentrated areas with more permissive zoning.

Attachments: Res. 2025-61
Exhibit A - PZ-2-00027 Middle Housing
Ord. 2025-26
PZ-25-00027 Housing Statement
Presentation

RESOLUTION NO. 2025-61

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL DECLARING AS A PUBLIC RECORD THAT CERTAIN DOCUMENT FILED WITH THE CITY CLERK AND ENTITLED "PZ-25-00027 – MIDDLE HOUSING"

RECITALS:

WHEREAS, pursuant to A.R.S. § 9-802 a municipality may enact or amend provisions of the City Code by reference to a public record, provided that the adopting ordinance is published in full; and

WHEREAS, the City of Flagstaff wishes to incorporate by reference amendments to the Flagstaff Zoning Code, Ordinance No. 2025-26, by first declaring said amendments to be a public record.

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. In General.

That certain document known as *"PZ-25-00027 – Middle Housing"* attached hereto as Exhibit A is hereby declared to be a public record, and one (1) paper copy and one (1) electronic copy shall remain on file with the City Clerk in compliance with A.R.S. § 44-7041.

SECTION 2. Effective Date.

This resolution shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 2nd day of December 2025.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

Exhibits:
A. PZ-25-00027 – Middle Housing

Case No. PZ-25-00027 – Middle Housing

Provisions that are being deleted are shown in bold ~~**strikethrough**~~ text.
Provisions that are being added are shown in bold **red** text.

Section 1. Amend Title 10 Flagstaff Zoning Code, Chapter 10-20: Administration, Procedures, and Enforcement, Division 10-20.30: Common Procedures, Section 10-20.30.050: Concept Plan Review, as follows:

10-20.30.050 Concept Plan Review

B. Applicability. Concept Plan review is required for the following:

4. **Residential Development** ~~**A proposed single-family residence or duplex**~~ located on a Parcel that is not part of a platted Subdivision; and

Section 2. Amend Title 10 Flagstaff Zoning Code, Chapter 10-20: Administration, Procedures, and Enforcement, Division 10-20.40: Permits and Approvals, Section 10-20.40.140: Site Plan Review and Approval, as follows:

10-20.40.140 Site Plan Review and Approval

B. Applicability.

1. Site Plan Review. Site plan review and approval shall be required for all authorized uses, changes of use and approved conditional uses in any zone, except for the following:

a. **Residential Developments with less than five Dwelling Units, where permitted by the zone** ~~**Detached single-family dwellings (up to two on one lot or parcel, where permitted by the zone, including a proposed single-family residence located on a parcel that is not part of a platted subdivision), duplexes**~~, and related accessory uses and buildings~~**; in approved subdivisions;**~~

2. Architectural Standards. Compliance with the architectural design standards (Division 10-50.20) is required for commercial, ~~**multifamily**~~ **Multi-Family Residential Development** ~~**(duplex and greater)**~~, institutional, business parks and subdivisions (City Code Chapter 11-20, Subdivision and Land Split Regulations). Architectural standards do not apply to **residential Developments with less than five Dwelling Units** ~~**single-family dwellings**~~, industrial uses not defined as business parks, or the Downtown Overlay (DO) zone.

Section 3. Amend Title 10 Flagstaff Zoning Code, Chapter 10-20: Administration, Procedures, and Enforcement, Division 10-20.60: Nonconforming Provisions, Section 10-20.60.030: Restrictions on Nonconforming Uses and Structures and Section 10-20.60.040: Residential Exemptions, as follows:

10-20.60.030 Restrictions on Nonconforming Uses and Structures

A. Nonconforming Uses. The continuance of a legal nonconforming use shall be allowed subject to the following provisions:

5. ~~**Single-Family or Multifamily Structures**~~ **Residential Structures**. A nonconforming use operating within a ~~**single-family or multifamily structure**~~ **residential Structure** may only be replaced by a conforming use or another nonconforming use that is the same as or similar to the previous nonconforming use; provided, not more than 180 days have passed since the cessation of the previous nonconforming use; and further provided, the replacement nonconforming use does not create new impacts or an increase in intensity of the land use.

10-20.60.040 Residential Exemptions

An involuntarily damaged or destroyed nonconforming ~~**Single-Family or Multiple-Family**~~ **residential** Development unit may be reconstructed or replaced with a new structure within the same footprint (including preexisting nonconforming setbacks), height and number of dwelling units, but in compliance with Title 4, Building Regulations; Title 5, Fire Code; and Division 10-50.70, Outdoor Lighting Standards.

Section 4. Amend Title 10 Flagstaff Zoning Code, Chapter 10-30: General to All, Division 10-30.50: Public Improvements, Section 10-30.50.040: Exemptions, as follows:

10-30.50.040 Exemptions

The following are exempt from all the requirements of this division:

A. An expansion or alteration of an existing nonresidential or ~~**multifamily residential**~~ **Multi-Family Residential Development** use that results in a 25 percent or less increase in the intensity of the use in terms of additional dwelling units, gross floor area, seating capacity or parking spaces, either with a single or cumulative addition(s) or expansion(s); or

B. An expansion or alteration of an existing nonresidential or ~~**multifamily residential**~~ **Multi-Family Residential Development** use that results in a change of 50 percent or less of the actual value of the structure prior to the start of construction as determined from the records of the Coconino County Assessor or by a current appraisal by an appraiser licensed by the State of Arizona; or

C. Construction of or alteration to ~~**a single-family detached residence or a duplex**~~ **residential Development with less than five Dwelling Units** of any value.

Section 5. Amend Title 10 Flagstaff Zoning Code, Chapter 10-30: General to All, Division 10-30.60: Site Planning Design Standards, Section 10-30.60.020: Applicability, as follows:

10-30.60.020 Applicability

D. Exemptions. The standards found within this division shall not apply to:

1. Industrial uses not located in the Research and Development zone;

2. Any change of use of a building or property that does not affect site design or layout;

3. ~~**Individual single-family dwellings**~~ **Residential Developments with less than five Dwelling Units**. However, the standards shall apply to residential subdivisions.

Section 6. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.30: Non-Transect Zones, Section 10-40.30.010: Purpose, as follows:

10-40.30.010 Purpose

This division provides regulatory standards governing land use and building form within the non-transect zones**. These standards are separate from and independent of any private Covenants, Conditions, and Restrictions (CC&Rs) or similar recorded instruments. The City does not enforce private CC&Rs, nor does compliance with this code imply compliance with such private restrictions.** These standards are intended to ensure that proposed development is compatible with existing and future development and produces an environment of desirable character consistent with the General Plan. The General Plan shall guide appropriate densities in the zones.

Section 7. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.30: Non-Transect Zones, Section 10-40.30.030: Residential Zones, Table 10-40.30.030.B.: Residential Zones – Allowed Uses, as follows:

Table 10-40.30.030.B. Residential Zones – Allowed Uses								
Primary Land Use[1]	Specific Use Regulations	Residential Zones						
		RR	ER	R1	R1N	MR	HR	MH
Ranching, Forestry and Animal Keeping								
Animal Keeping	10-40.60.070	P~~5~~4	P~~5~~4	--	--	--	--	--
Recreation, Education and Assembly								
Commercial Campgrounds	10-40.60.130	UP	--	--	--	--	--	--
Equestrian Recreational Facilities		UP	UP	UP	--	--	--	--
Golf Courses and Facilities		UP	UP	UP	--	--	--	
Libraries, Museums		UP	UP	UP	UP	UP	UP	UP
Meeting Facilities	10-40.60.230							
Neighborhood		P	P	P	P	P	P	P
Outdoor Public Uses, General		P	P	P	--	P	P	P
Places of Worship with 250 seats or less		P	P	P	P	P	P	P
Places of Worship with more than 250 seats		UP	UP	UP	UP	UP	UP	UP
Schools – Private		P	P	P	P	P	P	P
Schools – Public and Charter		P[2]	P[2]	P[2]	P[2]	P	P	P[2]
Trade Schools		--	--	--	--	--	--	--
Residential								
Co-housing	10-40.60.120	P	P	P	--	P	P	--

Table 10-40.30.030.B. Residential Zones – Allowed Uses								
Primary Land Use[1]	Specific Use Regulations	Residential Zones						
		RR	ER	R1	R1N	MR	HR	MH
Congregate Care Facilities		UP	UP	UP	UP	P	P	UP
Day Care, Centers	10-40.60.150.B	UP	UP	UP	UP	UP	UP	UP
Day Care, Home	10-40.60.150.A	P	P	P	P	P	P	P
~~**Dwelling, Duplex**~~	-	~~**P[3]**~~	~~**P[3]**~~	~~**P[3]**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**--**~~
~~**Dwelling, Multiple-Family**~~	-	~~**P[3,4]**~~	~~**P[3,4]**~~	~~**P[3,4]**~~	~~**--**~~	~~**P**~~	~~**P**~~	~~**--**~~
~~**Dwelling, Attached Single-Family**~~	-	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~
~~**Dwelling, Detached Single-Family**~~	-	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~
Development, Four Unit Residential		**P[3]**	**P[3]**	**P[3]**	**P[3]**	**P[3]**	**P[3]**	**P[3]**
Development, High Occupancy Housing	**10-40.60.170**	**UP[3]**	**UP[3]**	**UP[3]**	**--**	**UP[3]**	**UP[3]**	**--**
Development, Multi-Family Residential		**P[3]**	**P[3]**	**P[3]**	**--**	**P[3]**	**P[3]**	**--**
Development, One Unit Residential		**P**	**P**	**P**	**P**	**P**	**P**	**P**
Development, Three Unit Residential		**P[3]**	**P[3]**	**P[3]**	**P[3]**	**P[3]**	**P[3]**	**P[3]**
Development, Two Unit Residential		**P**	**P**	**P**	**P**	**P**	**P**	**P**
Dormitories		--	--	--	--	UP	UP	--
Group Home		P	P	P	P	P	P	P

Table 10-40.30.030.B. Residential Zones – Allowed Uses								
Primary Land Use[1]	Specific Use Regulations	Residential Zones						
		RR	ER	R1	R1N	MR	HR	MH
~~**High Occupancy Housing Development, Single-Family**~~	~~**10-40.60.170**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~
~~**High Occupancy Housing Development, Two Units**~~	~~**10-40.60.170**~~	~~**UP[3]**~~	~~**UP[3]**~~	~~**UP[3]**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**--**~~
~~**High Occupancy Housing Development, Three Units**~~	~~**10-40.60.170**~~	~~**UP[3,4]**~~	~~**UP[3,4]**~~	~~**UP[3,4]**~~	~~**--**~~	~~**UP**~~	~~**UP**~~	~~**--**~~
~~**High Occupancy Housing Development, Four Units and Greater**~~	~~**10-40.60.170**~~	~~**UP[3,4]**~~	~~**UP[3,4]**~~	~~**UP[3,4]**~~	~~**--**~~	~~**UP**~~	~~**UP**~~	~~**--**~~
Home Occupation	10-40.60.180	P	P	P	P	P	P	P
Institutional Residential								
Custodial Care Facilities		UP	UP	UP	UP	UP	UP	UP
Homeless Shelters	10-40.60.190							
Emergency Shelters		UP	UP	UP	UP	UP	UP	UP
Short Term Housing		UP	UP	UP	UP	UP	UP	UP
Transitional Housing		UP	UP	UP	UP	UP	UP	UP
Sheltered Care Homes		UP	UP	UP	UP	UP	UP	UP
Nursing Homes		--	UP	UP	UP	UP	UP	UP
Live/Work	10-40.60.200	--	--	--	--	UP	UP	--
Manufactured Home	10-40.60.210	--	--	--	--	--	--	P
Manufactured Home Park	10-40.60.210.D	--	--	--	--	--	--	P
Manufactured Home Subdivision	10-40.60.210.C	--	--	--	--	--	--	P

Table 10-40.30.030.B. Residential Zones – Allowed Uses								
Primary Land Use[1]	Specific Use Regulations	Residential Zones						
		RR	ER	R1	R1N	MR	HR	MH
Mobile Home		--	--	--	--	--	--	P
Planned Residential Development	10-40.60.280	P	P	P	P	P	P	--
Single Room Occupancy, Fraternities and Sororities		--	--	--	--	UP	UP	--
Retail Trade								
Neighborhood Market								
≤ 1,500 sf		--	--	UP	--	--	--	UP
≤ 2,500 sf		--	--	--	--	UP	--	--
≤ 5,000 sf		--	--	--	--	--	UP	--
Offices		--	--	--	--	--	UP	--
Services								
Bed and Breakfast Establishments	10-40.60.110	P	P	P	P	P	P	P
Cemeteries		UP	UP	UP	--	UP	UP	UP
Hospitals		UP	UP	UP	UP	UP	UP	UP
Public Services								
Emergency Services		UP	UP	UP	UP	UP	UP	UP
Public Services Minor		P	P	P	P	P	P	P
Public Services Major		--	--	--	--	--	--	--
Telecommunications Facilities								
AM Broadcasting Facilities	10-40.60.310	UP	UP	UP	UP	UP	UP	UP

Table 10-40.30.030.B.

Residential Zones – Allowed Uses

Primary Land Use[1]	Specific Use Regulations	Residential Zones						
		RR	ER	R1	R1N	MR	HR	MH
Antenna-Supporting Structure	10-40.60.310	UP	UP	UP	UP	UP	UP	UP
Attached Telecommunications Facilities	10-40.60.310	P	P	P	P	P	P	P
Colocation Facility	10-40.60.310	P	P	P	UP	P	P	P
FM/DTV/Low Wattage AM Broadcasting Facilities	10-40.60.310	UP	UP	UP	UP	UP	UP	UP
Stealth Telecommunications Facilities	10-40.60.310	P	P	P	P	P	P	P
Transportation and Infrastructure								
Accessory Wind Energy Systems	10-40.60.040	P	P	P	--	P	P	P
Urban Agriculture								
Community Garden	10-40.60.140	P	P	P	P	P	P	P
Nurseries		UP	--	--	--	--	--	--

End Notes

1. A definition of each listed use type is in Chapter 10-80, Definitions.

2. Charter schools proposed in existing single-family residences shall be located on residential lots one acre or greater. Charter schools shall be subject to the review processes established in A.R.S. §15-189.01, as amended.

~~**3. Only permitted on lots or parcels with significant natural resources as determined by the Director, on parcels within the Resource Protection Overlay, or as part of an Affordable Housing development as defined in Division 10-30.20.**~~

Table 10-40.30.030.B. Residential Zones – Allowed Uses								
Primary Land Use[1]	Specific Use Regulations	Residential Zones						
		RR	ER	R1	R1N	MR	HR	MH
43. ~~Multifamily dwellings in the RR, ER, or R1 zones shall be limited to either a duplex (two units) building(s) and/or individual (single unit) detached building(s).~~ Not permitted where public water, sewer, or streets are not available to serve the property.								
~~5~~4. Use is allowed only on a lot or parcel with a net lot area of five acres or greater.								
Key								
P	=	Permitted Use						
UP	=	Conditional Use – Requires the Approval of a Conditional Use Permit						
--	=	Use Not Allowed						

Section 8. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.30: Non-Transect Zones, Section 10-40.30.030: Residential Zones, Table 10-40.30.030.C.: Residential Zones – Building Form and Property Development Standards, as follows:

Table 10-40.30.030.C.
Residential Zones – Building Form and Property Development Standards

	Residential Zones						
	RR	ER	R1	R1N	MR	HR	MH
Residential development subdivided by a plat							
Lot sizes	(1) Setbacks shall be provided in accordance with the building placement requirements of the property's zone unless alternative setbacks are delineated on the recorded final plat.						
Setbacks	(2) Any lot(s) created or reconfigured in accordance with the subdivision code shall conform with the current requirements of the property's zone, unless alternate lot area, lot width, lot depth, lot coverage, and setbacks are approved as part of a Planned Residential Development (see Section 10-40.60.280) by the City Council on a recorded final plat.						
Building Placement Requirements							
Setbacks							
Front (min.)							
2nd Floor and Below	75'	50'	15'	15'	10'	10'	15'
Above 2nd Floor	75'	50'	15'	15'	15'	15'	15'
For Parking	--	--	25'[1]	--	--	--	--
Side (min.)							
Interior Side Yard	10'	20' min./45' total	8'	6'	5'	5'	8'
Street Side Yard	25'	20'	15'	6'	5'	5'	12'
Rear (min.)	10'	60'	25'[2]	15'	15'[3]	15'[3]	10'

Table 10-40.30.030.C.

Residential Zones – Building Form and Property Development Standards

	Residential Zones						
	RR	ER	R1	R1N	MR	HR	MH
Building Form Requirements							
Building Height (max.)[11,12, 13]	35'	35'	35'	35'	35'	60'[4]	30'
Coverage (max.)	20%	17%	35%	35%	40%	50%	43%
Floor Area Ratio (max.)				**0.50**			
Density Requirements See Division 10-30.20, Affordable Housing Incentives							
Gross Density (units/acre)							
Min.	--	--	2	2	6	10	--
Maximum	1	1	6	14	14	29[5]	11
Maximum Bedroom Requirements							
Bedrooms per Acre **for Multi-Family Residential Development** ~~**on a Development Site with Four Units and Greater**~~							
Maximum	---End note 14---		15	--	35	72.5	--
Maximum for a High Occupancy Housing Development	---End note 15---		21	--	49	101.5	--
Minimum Lot Requirements							
Area							
Gross	1 ac[6]	1 ac	6,000 sf	6,000 sf	6,000 sf	6,000 sf	4,000 sf
Per Unit	1 ac[6]	1 ac	6,000 sf	3,000 sf	End note	End note [5]	4,000 sf
Dimensions							
Width Interior Lots	100'[7,8]	149'[8]	60'[8]	50'[8]	50'[8]	50'[8,9]	40'

Table 10-40.30.030.C.

Residential Zones – Building Form and Property Development Standards

		Residential Zones						
		RR	ER	R1	R1N	MR	HR	MH
	Width Corner Lots	100'[7,8]	149'[8]	65'[8]	50'[8]	50'[8]	50'[8,9]	45'
	Depth	200'[7]	--	100'	100'	100'	75'[8,9]	100'
Other Requirements								
Common Space (% of Development Site Area)[10]		--	--	--	--	See Table 10-40.30.030.F		
Fences and Screening		See Division 10-50.50						
Landscaping		See Division 10-50.60						
Lighting		See Division 10-50.70						
Parking		See Division 10-50.80						
Signs		See Division 10-50.100						

End Notes

1. Fifteen feet for side entrance garages, where the garage is designed as an integral element of the primary dwelling (i.e., doors and windows are consistent with the overall architectural character).

2. One- or two-story residential buildings and decks attached to those buildings may be built to 15 feet from the rear property line; provided, that any portion of the structure located closer than 25 feet to the rear property line does not exceed 50 percent of the lot width.

3. May be reduced for zones not subject to the Resource Protection Overlay when a minimum of 350 square feet of open yard area per unit is provided; see Section 10-40.30.030.H.

4. Building height can be exceeded with approval of a conditional use permit.

5. The maximum number of units for each lot is based on the following:

Area of Lot	Required Lot Area Per Dwelling Units
5,000 to 14,000 square feet	2,500 square feet

Table 10-40.30.030.C.

Residential Zones – Building Form and Property Development Standards

	Residential Zones						
	RR	ER	R1	R1N	MR	HR	MH
14,001 to 24,000 square feet	2,000 square feet						
24,001 square feet and over	1,500 square feet						

6. Five-acre minimum where public water supply and public streets are not available to serve the property.

7. Where public water supply and public streets are not available to serve the property a minimum lot width of 200 feet and lot depth of 250 feet are required.

8. Lot width measured at the front setback line.

9. On lots greater than 9,000 square feet: 70 feet minimum width on interior lots, 75 feet minimum width on corner lots and 100 feet minimum depth on all lots.

10. Common Space as required in Division 10-50.110, Specific to Building Types, and areas set aside for resource preservation such as floodplains, slopes and forests (Division 10-50.90, Resource Protection Standards) may be used to satisfy this standard. In this context, “Common Space” includes active and passive recreation uses, landscape areas, and community gardens.

11. Primary structures, excluding accessory structures, with a roof pitch greater than, or equal to, 6:12 shall be allowed an additional five feet above the maximum building height.

12. The elevator and stairwell bulkheads shall be architecturally integrated with the building. Elevator and stairwells bulkheads are allowed an additional 15 feet above the maximum building height. The Director may approve a height greater than 15 feet when the additional height is necessary to accommodate an elevator or stairwell bulkhead, related equipment, or the requirements of the Building or Fire Code.

13. Steeples, solar collectors, towers and other unoccupied architectural features are allowed an additional height above the maximum building height equal to 20 percent multiplied by the maximum building height allowed for property’s zone. The total area of the referenced allowances above the building height shall not exceed 20 percent of the total roof area.

Table 10-40.30.030.C. Residential Zones – Building Form and Property Development Standards							
	Residential Zones						
	RR	ER	R1	R1N	MR	HR	MH
14. ~~Multiple~~Multi-Family Dwellings are allowed three bedrooms for the first acre of a development site and two and one-half bedrooms per acre for each additional acre.							
15. ~~Multiple~~Multi-Family Dwellings are allowed four bedrooms for the first acre of a development site and three and one-half bedrooms per acre for each additional acre.							
Key							
-- Not Applicable							

Section 9. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.30: Non-transect Zones, Section 10-40.30.040: Commercial Zones, Table 10-40.30.040.B.: Commercial Zones – Allowed Uses, as follows:

Table 10-40.30.040.B. Commercial Zones – Allowed Uses

Primary Land Use[1]	Specific Use Regulations	Commercial Zones					
		SC	CC	NCC	HC	CS	CB
Industrial, Manufacturing, Processing and Wholesaling							
Carpenter or Cabinet Shops		--	--	--	--	P	-
Flammable Liquid, Gas, and Bulk Fuel – Storage and Sale		--	--	--	UP	--	
Machine or Metal Working Shops		--	--	--	--	P	--
Manufacturing and Processing – Incidental		--	P	P	P	P	P
Micro-brewery or Micro-distillery	10-40.60.240	--	P	P	P	P	P
Mini-storage Warehousing	10-40.60.250	--	--	--	UP[2]	P	--
Research and Development Uses	10-40.60.300	--	--	--	UP	--	--
Transportation or Trucking Yards		--	--	--	--	P	--
Vehicle Towing/Impound Yard		--	--	--	P[4]	--	--
Warehousing		--	P[3]	P[3]	P[3]	--	P[3]
Wholesaling and Distribution		--	--	--	--	P	P[3]
Recreation, Education and Assembly							
Automobile, Go-kart, Miniature Automobile Racing	10-40.60.080	--	UP	UP	UP	--	--
Commercial Campgrounds	10-40.60.130	--	--	--	P	--	--
Commercial Recreation Facilities, Indoor		P	P	P	P	--	P
Commercial Recreation Facilities, Outdoor	10-40.60.270	--	UP	UP	UP	--	--

Libraries, Museums		P	P	P	P	P	P
Meeting Facilities	10-40.60.230						
Regional		--	P	P	P	P	P
Neighborhood		P	P	P	P	P	P
Outdoor Public Uses, General		P	P	P	P	--	--
Places of Worship with 250 seats or less		P	P	P	P	P	P
Places of Worship with more than 250 seats		UP	UP	UP	UP	UP	UP
Schools – Public and Charter		P	P	P	P	P	P
Schools – Private		P	P	P	P	P	P
Theaters		P	P	P	P	--	P
Trade Schools		--	UP	UP	UP	UP	UP
Residential[5]							
Co-Housing	10-40.60.120	UP	UP	UP	UP	UP	UP
~~**Co-Housing as Part of a Mixed-Use Development**~~	~~**10-40.60.120**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~
Congregate Care Facilities		UP	P	P	P	P	UP
Day Care, Centers	10-40.60.150.B	P	P	P	P	UP	UP

Day Care, Home	10-40.60.150.A	P	P	P	P	P	P
Development, Four Unit Residential		**UP[5,9,10]**	**P[5,7]**	**P[5,7]**	**UP[5,9,10]**	**UP[5,9,10]**	**UP[5,9,10]**
Development, High Occupancy Housing	**10-40.60.170**	**UP**	**UP**	**UP**	**UP**	**UP**	**UP**
Development, Multi-Family Residential		**UP[5,9,10]**	**UP[5,9,10]**	**UP[5,9,10]**	**UP[5,9,10]**	**UP[5,9,10]**	**UP[5,9,10]**
Development, One Unit Residential		**--**	**P[5,7]**	**P[5,7]**	**--**	**--**	**--**
Development, Three Unit Residential		**UP[5,9,10]**	**P[5,7]**	**P[5,7]**	**UP[5,9,10]**	**UP[5,9,10]**	**UP[5,9,10]**
Development, Two Unit Residential		**UP[5,9,10]**	**P[5,7]**	**P[5,7]**	**UP[5,9,10]**	**UP[5,9,10]**	**UP[5,9,10]**
~~**Dwelling, Duplex**~~	-	~~**UP[5]**~~	~~**UP[5,7]**~~	~~**UP[5,7]**~~	~~**UP[5]**~~	~~**UP[5]**~~	~~**UP[5]**~~
~~**Dwelling, Duplex as Part of a Mixed-Use Development**~~	-	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~
~~**Dwelling, Multiple-Family**~~	-	~~**UP[5]**~~	~~**UP[5]**~~	~~**UP[5]**~~	~~**UP[5]**~~	~~**UP[5]**~~	~~**UP[5]**~~
~~**Dwelling, Multiple-Family as Part of a Mixed-Use Development**~~	-	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~
~~**Dwelling, Single-Family Attached**~~	-	-	~~**P[5,7]**~~	~~**P[5,7]**~~	-	-	-
~~**Dwelling, Single-Family Detached**~~	-	~~**--**~~	~~**P[5,7]**~~	~~**P[5,7]**~~	~~**--**~~	~~**--**~~	~~**--**~~
~~**Dwelling, Single-Family as Part of a Mixed-Use Development**~~	-	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~	~~**P**~~
Dormitories		UP	UP	UP	UP	UP	UP
Fraternities and Sororities		UP	UP	UP	UP	UP	UP

Group Homes		P[5,8]	P[5]	P[5]	P[5,8]	P[5,8]	P[5,8]
~~**High Occupancy Housing Development, Single-Family**~~	~~**10-40.60.170**~~	~~**--**~~	~~**UP**~~	~~**UP**~~	~~**--**~~	~~**--**~~	~~**--**~~
~~**High Occupancy Housing Development, Two Units**~~	~~**10-40.60.170**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~
~~**High Occupancy Housing Development, Three Units**~~	~~**10-40.60.170**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~
~~**High Occupancy Housing Development, Four Units and Greater**~~	~~**10-40.60.170**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~	~~**UP**~~
Home Occupation	10-40.60.180	P	P	P	P	P	P
Institutional Residential							
Custodial Care Facilities		P[6]	P[6]	P[6]	P[6]	P[6]	P[6]
Homeless Shelters							
Emergency Shelters	10-40.60.190	P[6]	P[6]	P[6]	P[6]	P[6]	P[6]
Short Term Housing		P[6]	P[6]	P[6]	P[6]	P[6]	P[6]
Transitional Housing		P	P	P	P	P	P
Sheltered Care Homes		P	P	P	P	P	P
Nursing Homes		UP	UP	UP	UP	UP	UP
Live/Work	10-40.60.200	P	P	P	P	P	P
Residence for Owner, Caretaker or Manager		P	P	P	P	P	P

Single Room Occupancy		UP	--	--	P	--	P
Retail Trade							
Bars/Taverns		P	P	P	P	P	P
Crematorium		P	P	P	P	P	--
Drive-through Retail	10-40.60.160	P	P	P	P	--	--
Drive-through Service		P	P	P	P	--	--
Farmers Markets and Flea Markets		--	P	P	P	P	P
General Retail Business		P	P	P	P	P	P
Mixed Use	10-40.60.260	P	P	P	P	P	P
Mixed-Use High Occupancy Housing Development	10-40.60.170 and 10-40.60.260	UP	UP	UP	UP	UP	UP
Restaurant or Cafe		P	P	P	P	P	P
Services							
Bed and Breakfast Establishments	10-40.60.110	P	P	P	P	P	P
Cemeteries		UP	UP	UP	UP	UP	--
Dry-cleaning, Processing		P	P	P	P	--	--
Equipment Rental Yard		--	UP	UP	P	P	--

Funeral Homes, Chapels and Mortuaries		--	P	P	P	--	UP
General Services		P	P	P	P	P	P
Hospital		UP	UP	UP	UP	UP	UP
Kennel, Animal Boarding	10-40.60.195	--	--	--	UP[11]	--	--
Marijuana Dispensary	10-40.60.220	--	--	--	P	--	--
Marijuana Testing Facility		P	P	--	P	P	--
Office		P	P	P	P	P	P
Public Services							
Public Services Major		--	--	--	--	--	--
Public Services Minor		P	P	P	P	P	P
Emergency Services		UP	UP	UP	UP	UP	UP
Travel Accommodations		UP	--	--	P	--	P
Veterinary Clinics		P	P	P	P	P	--
Veterinary Hospitals		--	--	--	UP	UP	--
Telecommunication Facilities							
AM Broadcasting Facilities	10-40.60.310	UP	UP	UP	UP	UP	UP
Antenna-Supporting Structure	10-40.60.310	UP	UP	UP	UP	UP	UP
Attached Telecommunication Facilities	10-40.60.310	P	P	P	P	P	P
Collocation Facility	10-40.60.310	P	P	P	P	P	P
FM/DTV/Low Wattage AM Broadcasting Facilities	10-40.60.310	P	P	P	P	P	P

Stealth Telecommunication Facilities	10-40.60.310	P	P	P	P	P	P
Transportation and Infrastructure							
Accessory Wind Energy Systems	10-40.60.040	P	P	P	P	P	P
Garages, Off-Street		P	P	P	P	P	P
Parking Lots, Off-Street	10-50.80	P	P	P	P	P	P
Passenger Transportation Facilities		--	--	--	UP	UP	UP
Urban Agriculture							
Community Gardens	10-40.60.140	P	P	P	P	P	P
Food Production		--	--	--	UP[2]	UP[2]	--
Vehicle Sales and Services							
Automobile Service Station and Convenience Store	10-40.60.090	P	P	P	P	P	--
Automobile and Trailer Rental		--	--	--	P	P	--
Automobile/Vehicle Sales and Service, New and Used		--	UP	UP	P	P	UP
Automobile/Vehicle Repair Garages – Major	10-40.60.100	--	--	--	P	P	--
Automobile/Vehicle Repair Garages – Minor	10-40.60.100	--	UP	UP	P	P	--
Car Washes		P	P	P	P	--	--

Mobile Homes and Recreational Vehicles, Sales, and Service		--	--	--	P	--	--

End Notes	
1.	A definition of each listed use type is in Chapter 10-80, Definitions.
2.	Only allowed on lots that do not have highway frontage or behind existing/new commercial uses.
3.	Only permitted when incidental to permitted use.
4.	This use shall be screened. See Division 10-50.50, Fences and Screening, for fencing and screening requirements.
5.	Residential uses in the SC, CC, HC, CS and CB zones existing prior to the effective date of this Zoning Code are considered legal, conforming uses. Residential uses in the HC, CS and CB zones shall be subject to the development standards established in the HR zone. Residential uses in the SC, CC and NCC zones shall be subject to the development standards established in the MR zone.
6.	Conditional use permit is required if proximity between shelter facilities is less than one-quarter mile.
7.	~~**Single-family and duplex dwellings**~~ **Residential Developments with less than five Dwelling Units** are permitted by right on existing lots 9,000 square feet or less subject to the building placement and building form requirements of the MR zone.
8.	Only permitted in legal nonconforming Single-Family Dwellings (Attached or Detached).
9.	Permitted without a Conditional Use permit per the provisions of Division 10-30.20: Affordable Housing Incentives.
10.	**Permitted without a Conditional Use permit when included in a Mixed Use Development per the provisions of Section 10-40.60.260.**

Key	
P =	Permitted Use
UP =	Conditional Use Permit Required
-- =	Use Not Allowed

Section 10. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.30: Non-transect Zones, Section 10-40.30.040: Commercial Zones, Table 10-40.30.040.C.: Commercial Zones – Building Form and Property Development Standards, as follows:

Table 10-40.30.040.C.

Commercial Zones – Building Form and Property Development Standards

	Commercial Zones					
	SC	CC	NCC	HC	CS	CB
Building Placement Requirements						
Setback from property line						
Front (Also see Section 10-50.60.040.B)	15'[1]	0'	0'	0'[2]	0'	0'
Side						
Adjacent to Residential Use	---------- 15' min.[6] ----------					
Street Side (min.)	10'[3]	10'[3]	10'[3]	10'[3]	10'[3]	0'
All Other Sides	---------- 0' ----------					
Rear						
Adjacent to Residential	---------- 15' min. ----------					
All Other Rears	---------- 0' ----------					
Building Form Requirements						
Building Height (max.)[8, 9, 10]	35'	60'[4, 7]	45'[7, 13]	60'[4]	60'[4]	60'[4]
Gross FAR (max.)	0.8	2.5	2.5	3.0	2.0	No max.
Density Requirements						

Table 10-40.30.040.C. Commercial Zones – Building Form and Property Development Standards						
	Commercial Zones					
	SC	CC	NCC	HC	CS	CB
Gross Density (units/acre)						
Maximum	13[11]	---------- 29[11]----------				
Maximum Bedroom Requirements						
Bedrooms per Acre **for Multi-Family Residential Development** ~~**on a Development Site with Four Dwelling Units or More**~~						
Maximum	35[12]	---------- 72.5[12]----------				
Minimum Lot Requirements						
Area (Gross sf)	6,000	9,000[5]	9,000[5]	9,000	9,000	7,000
Width	50'	60'[5]	60'[5]	60'	60'	50'
Depth	100'	100'[5]	100'[5]	100'	100'	--
Common Space						
~~**Multiple**~~**Multi**-Family ~~**Dwellings**~~ **Residential Developments**	------- 15 percent of the gross lot or parcel area -------					
Other Requirements						
Fences and Screening	See Division 10-50.50					
Landscaping	See Division 10-50.60					
Outdoor Lighting	See Division 10-50.70					
Parking	See Division 10-50.80					

Table 10-40.30.040.C.

Commercial Zones – Building Form and Property Development Standards

	Commercial Zones					
	SC	CC	NCC	HC	CS	CB
Signs	See Division 10-50.100					
End Notes						
1. Front setbacks shall be equal to 15 feet or match adjacent residential development, whichever is less.						
2. No front setback required, except when required by the adoption of building setback lines along specified streets.						
3. Setback may be reduced to 5 feet minimum, if the landscape street buffer is reduced in accordance with Section 10-50.60.040.B, Nonresidential Zone Buffers.						
4. Conditional use permit required for structures over 60 feet in height.						
5. Any lot(s) created or reconfigured in accordance with the subdivision code shall conform with the current requirements of the property's zone, unless alternate lot area, lot width, lot depth, lot coverage, and setbacks are approved as part of a Planned Residential Development (see Section 10-40.60.280) by the City Council on a recorded final plat.						
6. Except that the setback from a proposed residential use in a commercial zone to other residential uses shall be 5 feet minimum.						
7. Single-family dwellings and duplexes in the CC and NCC zones shall be limited to a maximum height of 35 feet consistent with the height standard for the MR zone.						
8. Primary structures, excluding accessory structures, with a roof pitch greater than, or equal to, 6:12 shall be allowed an additional five feet above the maximum building height.						
9. The elevator and stairwell bulkheads shall be architecturally integrated with the building. Elevator and stairwells bulkheads are allowed an additional 15 feet above the maximum building height. The Director may approve a height greater than 15 feet when the additional height is necessary to accommodate an elevator or stairwell bulkhead, related equipment, or the requirements of the Building or Fire Code.						

Table 10-40.30.040.C. Commercial Zones – Building Form and Property Development Standards						
	Commercial Zones					
	SC	CC	NCC	HC	CS	CB
10. Steeples, solar collectors, towers and other unoccupied architectural features are allowed an additional height above the maximum building height equal to 20 percent multiplied by the maximum building height allowed for property's zone. The total area of the referenced allowances above the building height shall not exceed 20 percent of the total roof area.						
11. Additional density may be approved with an HOHD or MHOHD conditional use permit.						
12. Additional bedrooms per acre may be approved with an HOHD or MHOHD conditional use permit.						
13. Conditional use permit required for structures over 45 feet in height.						

Section 11. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.30: Non-transect Zones, Section 10-40.30.060: Public and Open Space Zones, Table 10-40.30.060.B.: Public and Open Space Zones – Allowed Uses, as follows:

Table 10-40.30.060.B.

Public and Open Space Zones – Allowed Uses

Land Use	Specific Use Regulations	Public and Open Space Zones		
		PF	PLF	POS
Industrial, Manufacturing, Processing and Wholesaling				
Quarrying Operations	10-40.60.290	UP	--	--
Ranching, Forestry and Animal Keeping				
Forestry		--	P	--
Ranching		--	P	--
Recreation, Education and Assembly				
Commercial Campgrounds	10-40.60.130	UP	--	--
Commercial Recreation Facilities, Indoor		UP	--	--
Commercial Recreation Facilities, Outdoor	10-40.60.270	UP	--	--
Libraries, Museums		P	--	--
Outdoor Public Uses, General		P	--	--
Open Spaces		P	P	P
Parks or Recreation Facilities				
Active Recreation		P	--	--
Passive Recreation		P	P	P
Schools – Public and Charter		P	--	--
Schools – Private		UP	--	--
Universities and Colleges		P	--	--
Residential				
Employee Housing		P[1]	--	--
Development, Four Unit Residential		**UP[1,2]**	**--**	**--**

Table 10-40.30.060.B. Public and Open Space Zones – Allowed Uses				
Land Use	Specific Use Regulations	Public and Open Space Zones		
		PF	PLF	POS
Development, Multi-Family Residential		**UP[1,2]**	**--**	**--**
Development, One Unit Residential		**UP[1,2]**	**--**	**--**
Development, Three Unit Residential		**UP[1,2]**	**--**	**--**
Development, Two Unit Residential		**UP[1,2]**	**--**	**--**
~~**Dwelling, Multiple-Family**~~	-	~~**UP[4]**~~	~~**--**~~	~~**--**~~
~~**Dwelling, Attached Single-Family**~~	-	~~**UP[4]**~~	~~**--**~~	~~**--**~~
~~**Dwelling, Detached Single-Family**~~	-	~~**UP[4]**~~	~~**--**~~	~~**--**~~
Institutional Residential				
Congregate Care Facilities		P	--	--
Convents or Monasteries		UP	--	--
Custodial Care Facilities		UP	--	--
Homeless Shelters	10-40.60.190			
Emergency Shelters		UP	--	--
Short Term Housing		UP	--	--
Transitional Housing		UP	--	--
Nursing Homes		UP	--	--
Sheltered Care Homes		UP	--	--
Retail Trade				
Farmers Markets and Flea Markets		P	--	--
Services				
Cemeteries		UP	--	--

Table 10-40.30.060.B.

Public and Open Space Zones – Allowed Uses

Land Use	Specific Use Regulations	Public and Open Space Zones		
		PF	PLF	POS
Governmental Offices		P	--	--
Public Services				
Public Services Major		UP	--	--
Public Services Minor		UP	UP	--
Emergency Services		UP	--	--
Telecommunication Facilities				
AM Broadcasting Facilities	10-40.60.310	UP	UP	--
Antenna-Supporting Structure	10-40.60.310	UP	UP	--
Attached Telecommunication Facilities	10-40.60.310	P	P	--
Collocation Facility	10-40.60.310	P	P	--
FM/DTV/Low Wattage AM Broadcasting Facilities	10-40.60.310	P	UP	--
Stealth Telecommunication Facilities	10-40.60.310	P	P	--
Transportation and Infrastructure				
Accessory Wind Energy Systems	10-40.60.040	P	P	--
Wind Energy Production Facility		UP	P	--
Airports/Landing Strips, Heliports, or Helistops	10-40.60.060	UP	--	--
Government Service/Maintenance Facilities		P	--	--
Municipal Airports		P	--	--
Urban Agriculture				
Community Gardens	10-40.60.140	P	--	--
Urban Farm	10-40.60.320	P	--	--

Table 10-40.30.060.B. Public and Open Space Zones – Allowed Uses				
Land Use	Specific Use Regulations	Public and Open Space Zones		
		PF	PLF	POS
End Notes				
1. Residential Uses, not including Institutional Residential Uses, shall be subject to the Building form and property Development standards of the High Density Residential (HR) zone.				
2. Permitted without a Conditional Use permit per the provisions of Division 10-30.20: Affordable Housing Incentives.				
Key				
P = Permitted Use				
UP = Conditional Use Permit Required				
-- = Use Not Allowed				

Section 12. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.60: Specific to Uses, Table 10-40.60.030.A.: Accessory Dwelling Unit Design, Development and Exceptions Standards, as follows:

Table 10-40.60.030.A. Accessory Dwelling Unit Design, Development and Exceptions Standards	
(11) Utility Service	(a) An attached or interior ADU shall be connected to the same utilities (except internet, telephone, and television) as the primary Single-Family Dwelling. ~~**Detached ADUs shall have a separate water meter.**~~

Section 13. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.60: Specific to Uses, Section 10-40.60.170: High Occupancy Housing, as follows:

10-40.60.170 High Occupancy Housing

10-40.60.170 High Occupancy Housing Developments and Mixed-Use High Occupancy Housing Developments

A. Applicability. This section provides general requirements and Conditional Use Permit standards for High Occupancy Housing Developments (HOHD) and Mixed-Use High Occupancy Housing Developments (MHOHD). The following Development types meet the definition of High Occupancy Housing and are required to obtain a Conditional Use permit.

~~**1. Single-Family High Occupancy Housing Development: A Single-Family Attached or Detached Dwelling Unit with seven or more Bedrooms or five or more Sanitation Facilities.**~~

~~**2. Two-Units High Occupancy Housing Development: A Development consisting of two Dwelling Units on one Lot or Parcel, excluding an Accessory Dwelling Unit, with more than a total of seven Bedrooms or one or more Dwelling Unit(s) containing four or more Sanitation Facilities.**~~

~~**3. Three-Units High Occupancy Housing Development: A Development consisting of three Dwelling Units on one Lot or Parcel with more than a total of nine Bedrooms or one or more Dwelling Unit(s) containing four or more Sanitation Facilities.**~~

~~**4**~~**1. ~~Four Units and Greater~~** High Occupancy Housing Development: A ~~**Development Site**~~ **Lot or Parcel** containing ~~**four**~~ **five** or more Dwelling Units with any of the following:

a. More than 20 percent of the total Dwelling Units have four Bedrooms; or

b. One or more of the Dwelling Unit(s) contain four or more Sanitation Facilities; or

c. The total number of Dwelling Units and Bedrooms per Acre exceeds the maximums of the building form and property development standards of the property's designated Non-Transect Zone; or

d. If the property owner has elected a Transect Zone, the density is greater than 29 Dwelling Units per Acre and 72.5 Bedrooms per Acre.

~~**5**~~**2**. Mixed Use High Occupancy Housing Development: A Mixed-Use Development **containing five or more Dwelling Units** with any of the following:

a. More than 20 percent of the total Dwelling Units have four Bedrooms or more; or

b. One or more Dwelling Unit(s) contain four or more Sanitation Facilities; or

c. The total number of Dwelling Units and Bedrooms per Acre exceeds the maximums the building form and property development standards of the property's designated Non-Transect zone; or

d. If the property owner has elected a Transect Zone, the density is greater than 29 dwelling units per acre and 72.5 bedrooms per acre.

B. Exceptions. Housing Developments, either for rental or purchase, in which all Dwelling Units are permanently affordable and offered at 60 percent or less of the area median income (AMI) in compliance with the Department of Housing and Urban Development regulations shall not be categorized as High Occupancy Housing Development, regardless of the number of Dwelling Units, Bedrooms, or zoning.

C. General Requirements.

~~**1. The maximum number of Bedrooms in a two-unit HOHD or MHOHD: 10.**~~

~~**2. The maximum number of Bedrooms in a three-unit HOHD or MHOHD: 12.**~~

~~**3**~~**1**. An HOHD ~~**with four units and greater**~~ in a residential zone shall not exceed a Bedroom-to-Dwelling Unit ratio of 3.5.

~~**4**~~**2**. An HOHD or MHOHD ~~**with four units and greater**~~ in a commercial zone shall have:

a. A minimum of 20 percent of the Bedrooms contained in studio and/or one-Bedroom Dwelling Units; and

b. A maximum of 30 percent of Bedrooms contained in Dwelling Units with four Bedrooms or more.

5**3**. An MHOHD with 4 units and greater shall be on a lot or parcel that abuts a street classified as a Collector or Arterial.

6**4**. An MHOHD shall comply with the Mixed-Use Development standards of Section 10-40.60.260.

7**5**. Prior to the final approval of a land division that creates a Development that conforms to the definition of an HOHD or MHOHD, a Conditional Use permit shall be obtained for the Development Site that will contain the HOHD or MHOHD.

D. Building Footprint[1] Sizes and Separation Requirements for HOHD or MHOHD ~~**with Four Units and Greater**~~ within a Historic Overlay Zone.

1. Maximum building footprint[1] on a Development Site within a historic overlay zone, excluding properties zoned Central Business (CB), T6 Downtown, T5 Main Street, or T5-O Main Street Open shall not exceed 5,000 square feet.

2. Maximum building footprint[1] on a Development Site within a historic overlay zone and zoned Central Business (CB), T6 Downtown, T5 Main Street, and T5-O Main Street Open shall not exceed 22,000 square feet.

3. The minimum separation between building footprints on the same lot or parcel and building footprints on an abutting lot or parcel (not including Accessory Structures), shall be a distance that is the greater of 10 feet, or one-third the height of the taller structure, excluding properties zoned Central Business (CB), T6 Downtown, T5 Main Street or T5-O Main Street Open.

Note 1: The maximum allowable building footprint is equal to the largest floor plate of a structure, including interior courtyards, abutting and interior, or partial interior, podium and above ground parking structure(s), and structures connected with a roof.

E. Waste Management Plan for HOHD or MHOHD ~~**with Four Units and Greater**~~.

1. A waste management plan shall be reviewed and approved by the City's Public Works Director, or designee, prior to the approval of the site plan.

2. The building permit shall include all necessary improvements to comply with the approved waste management plan.

3. The Development shall be maintained in compliance with the approved waste management plan.

F. Additional Conditional Use Permit Criteria for HOHD or MHOHD Developments ~~**with Four Units and Greater**~~. In addition to the criteria of Section 10-20.40.050.E., the Planning and Zoning Commission shall not approve a Conditional Use Permit unless:

1. The applicant has consulted with the City's Police Department to create a safety plan for the Development.

2. The Development Site has a permanent transit stop located within 1,320 feet, measured following a continuously improved walkway, sidewalk, and/or public trail. A distance greater than 1,320 feet may be approved by the Planning & Zoning Commission when the applicant can demonstrate that the additional distance does not impede reasonable access to transit.

3. The proposed HOHD or MHOHD is consistent with and conforms to the goals and policies of the General Plan and any applicable Specific Plan.

Section 14. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.60: Specific to Uses, Section 10-40.60.260: Mixed Use, as follows:

A. **Purpose.** The Regional Plan promotes ~~**the concept of a more**~~ **a** compact development pattern for the City by mapping and describing ~~**activity centers in**~~ urban, suburban, and rural **centers** ~~**area types**~~, and encouraging mixed-use development. ~~**Mixed use is intended to encourage reinvestment of under-utilized parcels and infill development of vacant parcels with a compatible and balanced mix of residential, commercial, and institutional uses within close proximity to each other, rather than the separation of uses. Mixed use is also encouraged in new developments in Greenfield locations.**~~ Mixed-use developments foster pedestrian-oriented residential and commercial development by providing more housing options, reducing traffic congestion, providing a stronger economy in commercial areas, and encouraging pedestrian trips. Mixed use also has the potential to provide increased opportunities for ~~**Affordable H**~~**h**ousing. ~~**In order to accomplish these goals, higher intensities of land use are permitted for mixed-use structures than for the individual uses permitted in a zone.**~~

B. Mix of Uses.

1. A mixed-use development combines residential and nonresidential uses, ~~**or different types of nonresidential uses,**~~ on the same site with the residential units either located above the nonresidential uses (vertical mixed use) or allowed at ground level behind street-fronting nonresidential uses (horizontal mixed use) under the limited circumstances specified by this section. Examples of vertical and horizontal mixed use are illustrated in Figure 10-40.60.260.A.

Section 15. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.40: Transect Zones, Section 10-40.40.010: Purpose, as follows:

10-40.40.010 Purpose

This division provides regulatory standards governing land use, building form, and development within transect zones. **These standards are separate from and independent of any private Covenants, Conditions, and Restrictions (CC&Rs) or similar recorded instruments. The City does not enforce private CC&Rs, nor does compliance with this code imply compliance with such private restrictions.** The standards in this division are a reflection of the community's vision for implementing the intent of the General Plan to preserve natural areas, such as the Coconino National Forest, to create walkable, mixed-use neighborhoods, and to reinforce downtown. The transect zones have been created in relation to the context and setting of each area, focusing on physical form rather than separation of uses as an organizing principle. Where parcels have both non-transect and transect zones applied, the transect zones are optional, and are provided as alternatives to the underlying non-transect zones described in the previous division. They are intended to ensure that proposed development is compatible with existing and future development and produces an environment of desirable character, consistent with the General Plan.

Section 16. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.40: Transect Zones, Section 10-40.40.040: T2 Rural (T2) Standards, as follows:

10-40.40.040 T2 Rural (~~**TS**~~ **T2**) Standards

B. Allowed Building Types[1,2]	
Apartment House[3]	Single-Family Estate
Bungalow Court[3]	Single-Family House
Carriage House	**Triplex, Stacked**
Duplex, Front-and-Back	**Townhouse**
Duplex, Side-by-Side	
Duplex, Stacked	

[1]See Division 10-50.110, Specific to Building Types, for building type descriptions and regulations.

[2]See Divisions 10-50.30, Building Height, and 10-50.110, Specific to Building Type, for additional building form regulations.

[3]Limited to four dwelling units.

Section 17. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.40: Transect Zones, Section 10-40.40.040: T2 Rural (T2) Standards, Subsection 10-40.40.040.H.: Allowed Uses, as follows:

H. Allowed Uses		
Land Use[1]	**Specific Use Regulations**	**T2**
Ranching, Forestry, and Research		
Animal Keeping	10-40.60.070	P
Nurseries		P
Ranching		P
Recreation, Education and Public Assembly Uses		
Commercial Campgrounds	10-40.60.130	UP
Commercial Recreation Facilities, Outdoor		UP
Libraries, Museums		UP
Meeting Facilities, **Public and Private Neighborhood**	10-40.60.230	P[2]
Outdoor Public Use, General		P
Places of Worship		P/UP[43]
Schools - Private		P
Schools – Public and Charter		P[32]
Residential		
Accessory Buildings and Structures	10-40.60.020	P
Accessory Dwelling Unit	10-40.60.030	P
Co-Housing	10-40.60.120	P
Dwelling: Single-Family		**P**
Development, Four Unit Residential		**P**
Development, One Unit Residential		**P**
Development, Three Unit Residential		**P**
Development, Two Unit Residential		**P**
Group Home		P
Home Occupation	10-40.60.180	P

H. Allowed Uses		
Land Use[1]	**Specific Use Regulations**	**T2**
Institutional Residential		
Custodial Care Facilities		UP
Nursing Home		UP
Homeless Shelter	10-46.60.190	UP
Sheltered Care Home		UP
Services		
Bed and Breakfast	10-40.60.110	P
Cemeteries		P
Crematoriums		UP
Daycare	10-40.60.150	
Home		P
Centers		P
Public Services		
Emergency Services		UP
Telecommunication Facilities		
AM Broadcasting Facilities	10-40.60.310	UP
Antenna-Supporting Structure	10-40.60.310	UP
Attached Telecommunication Facilities	10-40.60.310	P
Collocation Facility	10-40.60.310	P
FM/DTV Broadcasting Facilities	10-40.60.310	P
Stealth Telecommunication Facilities	10-40.60.310	P
Transportation and Infrastructure		
Accessory Wind Energy Systems	10-40.60.040	P
Urban Agriculture		

H. Allowed Uses		
Land Use[1]	**Specific Use Regulations**	**T2**
Community Gardens	10-40.60.140	P
Greenhouses		P

End Notes	
1.	See Chapter 10-80, Definitions, for use type definitions.
2.	**UP required if liquor is sold or if facilities exceed 250 seats.**
~~3~~**2**.	Charter schools proposed in existing single-family residences shall be located on residential lots 1 acre or greater.
~~4~~**3**.	A conditional use permit is required if the facility exceeds 250 seats and/or if the facility is located adjacent to a toxic use.

Key	
P	Permitted Use
UP	Conditional Use Permit Required

Section 18. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.40: Transect Zones, Section 10-40.40.050: T3 Neighborhood (T3N.1) Standards, as follows:

10-40.40.050 T3 Neighborhood I (T3N.1) Standards

B. Allowed Building Types[1, 3]	
Apartment House[2]	
Bungalow Court[2]	Duplex, Stacked[2]
Carriage House	Single-Family Cottage
Duplex, Front-and-Back[2]	Single-Family House
Duplex, Side-by-Side[2]	**Triplex, Stacked**
[1]See Division 10-50.110, Specific to Building Types, for building type descriptions and regulations.	**Townhouse**

[2] ~~**Permitted only if the building type exists at the effective date of this Zoning Code.**~~ **Limited to four dwelling units**

[3]See Divisions 10-50.30, Building Height, and 10-50.110, Specific to Building Types, for additional building form regulations.

Section 19. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.40: Transect Zones, Section 10-40.40.050: T3 Neighborhood (T3N.1) Standards, Subsection 10-40.40.050.H.: Allowed Uses, as follows:

H. Allowed Uses

Land Use[1]	Specific Use Regulations	T3N.1
Recreation, Education and Public Assembly Uses		
Dance or Music Studio ≤ 650 sf		P~~3~~2
Libraries, Museums ≤ 2,500 sf		P
Libraries, Museums ≥ 2,500 sf		UP
Meeting Facilities, ~~**Public and Private**~~ **Neighborhood**	10-40.60.230	P
Outdoor Public Use, General		P
Places of Worship		P/UP~~6~~4
Schools - Private		P
Schools – Public and Charter		P~~5~~3
Residential		
Accessory Buildings and Structures	10-40.60.020	P
Accessory Dwelling Unit	10-40.60.030	P
Co-Housing	10-40.60.120	P
Congregate Care Facilities		UP
Dormitories and Fraternities/Sororities		UP
Development, Four Unit Residential		**P**
Development, One Unit Residential		**P**
Development, Three Unit Residential		**P**
Development, Two Unit Residential		**P**
~~**Dwelling: Multiple-Family**~~		~~**P**~~[2]
~~**Dwelling: Single-Family**~~		~~**P**~~
~~**Duplex**~~		~~**P**~~[2]
Group Home		P
~~**High Occupancy Housing Development, Single-Family**~~	~~**10-40.60.170**~~	~~**UP**~~
Home Occupation	10-40.60.180	P
Institutional Residential	10-46.60.190	UP
Retail Trade		
Neighborhood Market ≤ 1,500 sf		UP

Services		
Bed and Breakfast	10-40.60.110	P
Cemeteries		P
Daycare	10-40.60.150	
Home		P
Centers		P
Public Services		
Emergency Services		UP
Public Services Minor		P
Telecommunication Facilities		
Stealth Telecommunication Facilities	10-40.60.310	P
Transportation and Infrastructure		
Accessory Wind Energy Systems	10-40.60.040	P
Urban Agriculture		
Community Gardens	10-40.60.140	P

End Notes
1. See Chapter 10-80, Definitions, for use type definitions.
~~**2. Permitted only if the use exists at the effective date of this code.**~~
~~3~~2. Not allowed on the ground floor unless behind an allowed ground-floor use.
~~**4. UP required if liquor is sold or if facilities exceed 250 seats.**~~
~~5~~3. Charter schools proposed in existing single-family residences shall be located on residential lots 1 acre or greater.
~~6~~4. A conditional use permit is required if the facility exceeds 250 seats and/or if the facility is located adjacent to a toxic use.

Key	
P	Permitted Use

UP	Conditional Use Permit Required

Section 20. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.40: Transect Zones, Section 10-40.40.060: T3 Neighborhood (T3N.2) Standards, as follows:

10-40.40.060 T3 Neighborhood 2 (T3N.2) Standards

B. Allowed Building Types[1, 2]

Apartment House	Duplex, Stacked
Bungalow Court	Single-Family Cottage
Carriage House	Single-Family House
Duplex, Front-and-Back	Triplex, Stacked
Duplex, Side-by-Side	**Townhouse**

[1]See Division 10-50.110, Specific to Building Types, for building type descriptions and regulations.

[2]See Divisions 10-50.30, Building Height, and 10-50.110, Specific to Building Types, for additional building form regulations.

Section 21. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.40: Transect Zones, Section 10-40.40.060: T3 Neighborhood (T3N.2) Standards, Subsection 10-40.40.060.H.: Allowed Uses, as follows:

H. Allowed Uses		
Land Use[1]	**Specific Use Regulations**	**T3N.2**
Recreation, Education and Public Assembly Uses		
Dance or Music Studio ≤ 650 sf		P[2]
Libraries, Museums		

H. Allowed Uses		
Land Use[1]	**Specific Use Regulations**	**T3N.2**
≤ 2,500 sf		P
> 2,500 sf		UP
Meeting Facilities, ~~**Public and Private**~~ **Neighborhood**	10-40.60.230	P~~**/UP[3]**~~
Outdoor Public Use, General		P
Places of Worship		P/UP~~[5]~~[4]
Schools – Private		P
Schools – Public and Charter		P~~[4]~~[3]
Residential		
Accessory Buildings and Structures	10-40.60.020	P
Accessory Dwelling Unit	10-40.60.030	P
Co-Housing	10-40.60.120	P
Congregate Care Facilities		UP
Dormitories and Fraternities/Sororities		UP
~~**Dwelling: Multiple-Family**~~		~~**P**~~
~~**Dwelling: Single-Family**~~		~~**P**~~
~~**Duplex**~~		~~**P**~~
Development, Four Unit Residential		**P**
Development, Multi-Family Residential		**P**
Development, One Unit Residential		**P**
Development, Three Unit Residential		**P**
Development, Two Unit Residential		**P**
Group Home		P
~~**High Occupancy Housing Development, Single-Family**~~	~~**10-40.60.175**~~	~~**UP**~~
~~**High Occupancy Housing Development, Two-units**~~	~~**10-40.60.175**~~	~~**UP**~~
~~**High Occupancy Housing Development, Three-units**~~	~~**10-40.60.175**~~	~~**UP**~~
High Occupancy Housing Development~~**, Four-units and Greater**~~	10-40.60.~~**175**~~**170**	UP

H. Allowed Uses		
Land Use[1]	**Specific Use Regulations**	**T3N.2**
Home Occupation	10-40.60.180	P
Institutional Residential	10-40.60.190	UP
Live/Work		P
Retail Trade		
Neighborhood Market ≤ 1,500 sf		P
Services		
Bed and Breakfast	10-40.60.110	P
Cemeteries		UP
Crematoriums		UP
Daycare	10-40.60.150	
Home		P
Centers		UP
Public Services		
Public Services Minor		P
Emergency Services		UP
Telecommunication Facilities		
Stealth Telecommunication Facilities	10-40.60.310	P
Transportation and Infrastructure		
Accessory Wind Energy Systems	10-40.60.040	P
Urban Agriculture		
Community Gardens	10-40.60.140	P

End Notes
1. See Chapter 10-80, Definitions, for use type definitions.
2. Not allowed on the ground floor unless behind an allowed ground-floor use.
~~**3. UP required if liquor is sold or if facilities exceed 250 seats.**~~

43. Charter schools proposed in existing single-family residences shall be located on residential lots 1 acre or greater.	
~~5~~4. A conditional use permit is required if the facility exceeds 250 seats and/or if the facility is located adjacent to a toxic use.	
Key	
P	Permitted Use
UP	Conditional Use Permit Required

Section 22. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.40: Transect Zones, Section 10-40.40.070: T4 Neighborhood 1 (T4N.1) Standards, Subsection 10-40.40.070.I.: Allowed Uses, as follows:

I. Allowed Uses			
Land Use[1]	**Specific Use Regulations**	**T4N.1**	**T4N.1-O**
Recreation, Education and Public Assembly Uses			

I. Allowed Uses			
Land Use[1]	**Specific Use Regulations**	**T4N.1**	**T4N.1-O**
Libraries, Museums			
≤ 2,500 sf		P	P
> 2,500 sf		UP	UP
Meeting Facilities, ~~**Public and Private**~~ **Neighborhood**	10-40.60.230	P~~[3]~~	P~~[3]~~
Places of Worship		P/UP[43]	P/UP[43]
Schools – Private		P	P
Schools – Public and Charter		P	P
Residential			
Accessory Buildings and Structures	10-40.60.020	P[2]	P[2]
Accessory Dwelling Unit	10-40.60.030	P	P
Co-Housing	10-40.60.120	P	P
Congregate Care Facilities		P	P
Dormitories, Fraternities/Sororities and SRO (≤15 rooms)		UP	UP
Development, Four Unit Residential		**P**	**P**
Development, Multi-Family Residential		**P**	**P**
Development, One Unit Residential		**P**	**P**
Development, Three Unit Residential		**P**	**P**
Development, Two Unit Residential		**P**	**P**
~~**Dwelling: Multiple-Family**~~	-	~~**P**~~	~~**P**~~
~~**Dwelling: Single-Family**~~	-	~~**P**~~	~~**P**~~
~~**Duplex**~~	-	~~**P**~~	~~**P**~~
Group Home		P	P
~~**High Occupancy Housing Development, Single-Family**~~	~~**10-40.60.175**~~	~~**UP**~~	~~**UP**~~
~~**High Occupancy Housing Development, Two-units**~~	~~**10-40.60.175**~~	~~**UP**~~	~~**UP**~~
~~**High Occupancy Housing Development, Three-units**~~	~~**10-40.60.175**~~	~~**UP**~~	~~**UP**~~
High Occupancy Housing Development~~**, Four-units and Greater**~~	10-40.60.~~**175**~~**170**	UP	UP

I. Allowed Uses			
Land Use[1]	**Specific Use Regulations**	**T4N.1**	**T4N.1-O**
Home Occupation	10-40.60.180	P	P
Institutional Residential	10-40.60.190	UP	UP
Live/Work		-	P
Retail Trade			
Bars/Taverns	-	P	
General Retail Businesses, except with any of the following features		-	P
Drive-Through	-	-	
Floor Area ≥ 3,500 sf	-	UP	
Markets			
Neighborhood Market ≤ 2,500 sf	-	P	
Micro-brewery/Micro-distillery	10-40.60.240	-	P
Restaurant, or Cafes		-	P
Services			
ATM		-	P
Bed and Breakfast	10-40.60.110	P	p
Cemeteries		UP	UP
Crematorium		-	UP
Daycare	10-40.60.150		
Home		P	P
Centers		UP	UP
Funeral Homes, Chapels, Mortuaries		-	P
General Services		-	P
Lodging			
≤ 15 rooms		-	P
Offices		-	P
Public Services			

I. Allowed Uses			
Land Use[1]	**Specific Use Regulations**	**T4N.1**	**T4N.1-O**
Public Services Minor		P	P
Emergency Services		UP	UP
Veterinary Clinic		-	P
Telecommunication Facilities			
Stealth Telecommunication Facilities	10-40.60.310	P	p
Transportation and Infrastructure			
Accessory Wind Energy Systems	10-40.60.040	P	p
Urban Agriculture			
Community Gardens	10-40.60.140	P	p

End Notes
1. See Chapter 10-80, Definitions, for use type definitions.
2. Not allowed on the ground floor unless behind an allowed ground-floor use.
~~**3. UP required if liquor is sold or if facilities exceed 250 seats.**~~
43. A conditional use permit is required if the facility exceeds 250 seats and/or if the facility is located adjacent to a toxic use.

Key	
P	Permitted Use
UP	Conditional Use Permit Required

Section 23. Amend Title 10 Flagstaff Zoning Code, Chapter 10-40: Specific to Zones, Division 10-40.40: Transect Zones, Section 10-40.40.080: T4 Neighborhood 2 (T4N.2) Standards, Subsection 10-40.40.080.I.: Allowed Uses, as follows:

I. Allowed Uses	

Land Use[1]	Specific Use Regulations	T4N.2	T4N.2-O
Recreation, Education and Public Assembly Uses			
Libraries, Museums			
≤ 2,500 sf		P	P
> 2,500 sf		UP	UP
Meeting Facilities, ~~**Public and Private**~~ **Neighborhood**	10-40.60.230	P~~[3]~~	P~~[3]~~
Places of Worship		P/UP~~[4]~~[3]	P/UP~~[4]~~[3]
Schools – Private		P	P
Schools – Public and Charter		P	P
Residential			
Accessory Buildings and Structures	10-40.60.020	P[2]	P[2]
Accessory Dwelling Unit	10-40.60.030	P	P
Co-Housing	10-40.60.120	P	P
Congregate Care Facilities		P	P
Dormitories, Fraternities/Sororities and SRO (≤15 rooms)		UP	UP
Development, Four Unit Residential		**P**	**P**
Development, Multi-Family Residential		**P**	**P**
Development, One Unit Residential		**P**	**P**
Development, Three Unit Residential		**P**	**P**
Development, Two Unit Residential		**P**	**P**
~~**Dwelling: Multiple-Family**~~	-	~~**P**~~	~~**P**~~
~~**Dwelling: Single-Family**~~	-	~~**P**~~	~~**P**~~
~~**Duplex**~~	-	~~**P**~~	~~**P**~~
Group Home		P	P
~~**High Occupancy Housing Development, Single-Family**~~	~~**10-40.60.175**~~	~~**UP**~~	~~**UP**~~
~~**High Occupancy Housing Development, Two-units**~~	~~**10-40.60.175**~~	~~**UP**~~	~~**UP**~~
~~**High Occupancy Housing Development, Three-units**~~	~~**10-40.60.175**~~	~~**UP**~~	~~**UP**~~
High Occupancy Housing Development~~**, Four-units and Greater**~~	10-40.60.~~**175**~~**170**	UP	UP

Home Occupation	10-40.60.180	P	P
Institutional Residential	10-40.60.190	UP	UP
Live/Work		-	P
Retail Trade			
Bars/Taverns	-	-	P
General Retail Businesses, except with any of the following features		-	P
Drive-Through	-	-	-
Floor Area ≥ 3,500 sf	-	-	UP
Markets			
Neighborhood Market ≤ 2,500 sf	-	P	-
Micro-brewery/Micro-distillery	10-40.60.240	-	P
Restaurant, or Cafes		-	P
Services			
ATM		-	P
Bed and Breakfast	10-40.60.110	P	p
Cemeteries		UP	UP
Crematorium		UP	UP
Daycare	10-40.60.150		
Home		P	P
Centers		UP	UP
Funeral Homes, Chapels, Mortuaries		-	P
General Services		-	P
Lodging		UP	UP
Offices		-	P
Public Services			
Public Services Minor		P	P
Emergency Services		UP	UP
Veterinary Clinic		-	P
Telecommunication Facilities			

Stealth Telecommunication Facilities	10-40.60.310	P	p
Transportation and Infrastructure			
Accessory Wind Energy Systems	10-40.60.040	P	p
Urban Agriculture			
Community Gardens	10-40.60.140	P	p

End Notes
1. See Chapter 10-80, Definitions, for use type definitions.
2. Not allowed on the ground floor unless behind an allowed ground-floor use.
~~**3. UP required if liquor is sold or if facilities exceed 250 seats.**~~
4~~**3**~~. A conditional use permit is required if the facility exceeds 250 seats and/or if the facility is located adjacent to a toxic use.

Key	
P	Permitted Use
UP	Conditional Use Permit Required

Section 24. Amend Title 10 Flagstaff Zoning Code, Chapter 10-50: Supplemental to Zones, Division 10-50.20: Architectural Design Standards, Section 10-50.20.020: Applicability, as follows:

10-50.20.020 Applicability

A. The standards found within this division shall apply to all development within the City in accordance with the requirements and procedures established in Section 10-20.40.140, Site Plan Review and Approval, and as follows:

1. Applications for site plan review or expansions involving commercial, ~~**duplex, multifamily**~~ **Multi-Family Residential Development**, business park, and institutional uses that:

a. Contain greater than 1,000 square feet of gross floor area; or

b. Include expansions greater than 25 percent of gross floor area. Building additions, either with a single addition or cumulative additions subsequent to February 1, 2002 (the effective date of the Design Review Guidelines adopted into the 1991 Land Development Code), will count towards the 25 percent expansion of gross floor area;

2. Applications for conditional use permits;

3. Applications involving facade changes to building and structure elevations that are visible from a public way, including, but not limited to, public and private streets, public trails and paths, and alleys; and

4. Applications for new development in historic districts which shall comply with these standards as well as any design standards established for the district.

B. The standards found within this division shall not apply to the following:

1. ~~**Individual single-family dwellings**~~ **Residential Development with less than 5 dwelling units**;

2. Industrial uses and buildings outside of the RD zone and business parks; and

3. Buildings within a traditional neighborhood community plan (See Division 10-30.80) that provide their own architectural standards.

Section 25. Amend Title 10 Flagstaff Zoning Code, Chapter 10-50: Supplemental to Zones, Division 10-50.60: Landscape Standards, Section 10-50.60.020: Applicability, as follows:

10-50.60.020 Applicability

The provisions of this division shall apply to new and existing development as follows. Exceptions are provided in subsection C. of this section.

A. New Developments. All new developments, except those listed in subsection (C) of this section, shall provide landscaping in compliance with this division.

B. Existing Development. A single addition or cumulative additions subsequent to May 7, 1992, that meet the following thresholds, shall, to the maximum extent feasible as determined by the Director,

provide landscaping in compliance with this division. Where existing site conditions may make it difficult to achieve full compliance as otherwise required below and to ensure that as much as feasible the business expansion is successful, landscaping standards may be modified in accordance with Section 10-20.40.090, Minor Modifications to Development Approvals.

1. An expansion or alteration of an existing nonresidential or residential use that results in a 35 percent or more increase in dwelling units, gross floor area, seating capacity, or parking spaces, either with a single or cumulative addition(s) or expansion(s).

2. Change or intensification of a use that increases the required parking by 35 percent or more. If the required additional parking is less than 35 percent, then landscaping is only required for the new parking spaces in compliance with Section 10-50.60.050, Landscaping Standards.

3. Developments or uses requiring a Conditional Use Permit to the maximum extent feasible as determined by the Planning Commission.

C. Exceptions. The provisions of this division do not apply to the following:

1. ~~**Construction of a new single-family dwelling or of an addition or alteration to an existing single-family dwelling.**~~ **Residential Developments with less than 5 dwelling units and their associated accessory structures including Accessory Dwelling Units.**

~~**2. Individual single-family detached residences and accessory structures.**~~

~~**3. Single-family cluster dwelling residences in the RR and ER zones.**~~

~~**4. Secondary single-family detached dwellings on the same lot as the primary dwelling, where permitted.**~~

~~**5. Accessory dwelling units.**~~

Section 26. Amend Title 10 Flagstaff Zoning Code, Chapter 10-50: Supplemental to Zones, Division 10-50.80: Parking Standards, Table 10-50.80.040.A: Number of Motor Vehicle Parking Spaces Required, as follows:

Table 10-50.80.040.A.: Number of Motor Vehicle Parking Spaces Required	
Use	**Number of Required Spaces**
Residential	
~~**Accessory Dwelling Units**~~	~~**1.0**~~
One Unit Residential Development	**1.0 space** ~~**2.0 spaces, plus 1 space for each additional bedroom above 4 bedrooms. The**~~

Table 10-50.80.040.A.: Number of Motor Vehicle Parking Spaces Required	
Use	**Number of Required Spaces**
~~**Single-Family Dwelling (Attached and Detached)**~~[1]	~~**maximum number of required parking spaces shall not exceed 8 spaces.**~~
Two Unit Residential Development	**1.0 spaces per unit**
Three Unit Residential Development	**1.0 spaces per unit**
Four Unit Residential Development	**1.0 spaces per unit**
Multi~~ple~~-Family **Residential** Development ~~**and Duplex**[1]~~ ~~**Developments**~~	
Unit Type	
Studio ~~**per unit**~~	1.25 **spaces per unit**
1 Bedroom ~~**per unit**~~	1.5 **spaces per unit**
2 – 3 Bedrooms ~~**per unit**~~	2.0 **spaces per unit**
4 Bedrooms ~~**per unit**~~	2.5 **spaces per unit**
5+ Bedrooms ~~**per unit**~~	3.0 spaces for the first 5 bedrooms plus 0.5 space for each additional bedroom **per unit**
Guest Spaces (Includes ~~**spaces for**~~ **B**~~**b**~~oats and RVs)	**0.25 per each 2+ bedroom units** ~~**0.25 spaces for each unit with 2 bedrooms and greater**~~
Affordable **Housing Incentive for Multi-Family Residential Development** ~~**(All Dwelling Classifications)**~~	
Studio	1.0 **space per unit**
1 Bedroom	1.0 **space per unit**
2 – 3 Bedrooms	1.5 **spaces per unit**
4+ Bedrooms	2.0 **spaces per unit**
Guest Spaces ~~**for Multifamily Dwelling**~~ (Includes Boats and RVs)	0.25 per each 2+ bedroom units

Table 10-50.80.040.A.: Number of Motor Vehicle Parking Spaces Required	
Use	**Number of Required Spaces**
High Occupancy Housing Development	
~~a. Single-Family – Attached and Detached, Duplex, and Development Sites with three units or less~~	~~1 space per bedroom~~
~~b. Developments Sites with four units or more~~ **High Occupancy Housing Development**	The sum of: 1 to 75 bedrooms = 1 space per bedroom, plus 76 to 325 bedrooms = 0.90 spaces per bedroom, plus 326 to 650 bedrooms = 0.80 spaces per bedroom, plus Greater than 650 bedrooms = 0.70 spaces per bedroom
Co-Housing	1 per bedroom
Congregate Care Facility	0.75 per unit plus 1 per employee
Institutional Residential	1 per 6 beds plus 1 per employee
Convents or Monasteries	In addition, if a chapel is open to the public, the parking requirements for “Meeting Facilities, Public or Private” shall apply.
All Other Institutional Residential Uses (Listed in the Definition)	1 per 6 beds plus 1 per employee
Dormitories, Single Room Occupancies, and Fraternities and Sororities	
Private Rooms	1 per bedroom or sleeping room plus 1 for owner or manager
Live/Work	See residential parking requirement plus, 1 per 300 gsf of work area

Table 10-50.80.040.A.: Number of Motor Vehicle Parking Spaces Required	
Use	**Number of Required Spaces**
Manufactured Homes	~~2~~1 per unit; and 1 guest parking space per 8 manufactured home sites
End Note	
~~1. Parking reductions allowed in Section 10-50.80.060, Parking Adjustments, shall not apply to single-family dwellings and duplexes.~~	
Key sf square foot gsf gross square feet	

Section 27. Amend Title 10 Flagstaff Zoning Code, Chapter 10-50: Supplemental to Zones, Division 10-50.80: Parking Standards, Section 10-50.80.050 Bicycle Parking, as follows:

10-50.80.050 Bicycle Parking

A. Applicability.

1. The following regulations are applicable whenever the provisions of Section 10-50.80.020, Applicability, have been met.

2. Bicycle parking is not required for **Residential Developments with less than five dwelling units.** ~~**single-family residential developments and uses.**~~

Section 28. Amend Title 10 Flagstaff Zoning Code, Chapter 10-50: Supplemental to Zones, Division 10-50.110: Specific to Building Types, Table 10-50.110.030.A. Allowed Building Types, as follows:

Table 10-50.110.030.A. Allowed Building Types												
Building Type[1]	Section	TRANSECT ZONE										
		T1	T2	T3N.1	T3N.2	T4N.1	T4N.1-O	T4N.2	T4N.2-O	T5	T5-O	T6

Table 10-50.110.030.A. Allowed Building Types

Building Type[1]	Section	TRANSECT ZONE										
		T1	T2	T3N.1	T3N.2	T4N.1	T4N.1-O	T4N.2	T4N.2-O	T5	T5-O	T6
Carriage House	10-50.110.040	--	A	A	A	A	A	A	A	--	--	--
Single-Family Estate	10-50.110.050	--	A	--	--	--	--	--	--	--	--	--
Single-Family House	10-50.110.060	--	A	A	A	A	A	A	A	--	--	--
Single-Family Cottage	10-50.110.070	--	--	A	A	A	A	A	A	--	--	--
Bungalow Court	10-50.110.080	--	--A	A	A	A	A	A	A	--	--	--
Duplex, Side-by-Side	10-50.110.090	--	--A	A	A	A	A	A	A	--	--	--
Duplex, Stacked	10-50.110.100	--	--A	A	A	A	A	A	A	--	--	--
Duplex, Front-and-Back	10-50.110.110	--	--A	A	A	A	A	A	A	--	--	--
Triplex, Stacked	10-50.110.120	--	--A	--A	A	A	A	A	A	--	--	--
Townhouse	10-50.110.130	--	--A	--A	--A	A	A	A	A	--	A	--
Apartment House	10-50.110.140	--	--A	--A	--A	A	A	A	A	--	A	--

Table 10-50.110.030.A. Allowed Building Types												
Building Type[1]	**Section**	**TRANSECT ZONE**										
		T1	**T2**	**T3N.1**	**T3N.2**	**T4N.1**	**T4N.1-O**	**T4N.2**	**T4N.2-O**	**T5**	**T5-O**	**T6**
Courtyard Apartment	10-50.110.150	--	--	--	--	A	A	A	A	--	A	--
Live/Work	10-50.110.160	--	--	--	--	--	A	--	A	A	A	A
Apartment Building	10-50.110.170	--	--	--	--	A	A	A	A	--	A	--
Commercial Block	10-50.110.180	--	--	--	--	--	--	--	A	A	A	A

Section 29. Amend Title 10 Flagstaff Zoning Code, Chapter 10-80: Definitions, Division 10-80.20: Definitions of Specialized Terms, Phrases, and Building Functions, Section 10-80.20.040: Definitions "D", as follows:

~~Development, Duplex: A development consisting of one or more lots or parcels that contains a duplex.~~

Development, Four Unit Residential: A development consisting of four Dwelling Units on the same Lot or Parcel in attached, detached, or semi-detached arrangements that are used, designed, or intended for residential use or occupancy by not more than four families living independently of each other.

Development, Multi-Family Residential: A development consisting of five or more Dwelling Units on the same Lot or Parcel in attached, detached or semi-detached arrangements that are used, designed, or intended for residential use or occupancy by five or more families living independently of each other.

Development, One Unit Residential: A development consisting of one primary Dwelling Unit, and any associated Accessory Dwelling Units, on the same Lot or Parcel in attached, detached, or semi-detached arrangements that are used, designed, or intended for residential use or occupancy by not more than one family living independently per unit.

Development, Three Unit Residential: A development consisting of three Dwelling Units on the same Lot or Parcel in attached, detached, or semi-detached arrangements that are used, designed, or intended for residential use or occupancy by not more than three families living independently of each other.

Development, Two Unit Residential: A development consisting of two Dwelling Units on the same Lot or Parcel in attached, detached, or semi-detached arrangements that are used, designed, or intended for residential use or occupancy by not more than two families living independently of each other.

Dwelling, Fourplex: A Building having four Dwelling Units on a single Lot or Parcel used, designed, or intended for use or occupancy as living quarters for four families living independently of each other.

Dwelling, Multi~~ple~~-Family: A B~~b~~uilding, or portion thereof, having ~~three~~ **five** or more D~~d~~welling U~~u~~nits on a single **L**lot **or Parcel** used, ~~or~~ designed**,** or intended for use or occupancy as living quarters by ~~three~~ **five** or more families living independently of each other.

Dwelling, Triplex: A Building having three Dwelling Units on a single Lot or Parcel used, designed, or intended for use or occupancy as living quarters for three families living independently of each other.

Section 28. Amend Title 10 Flagstaff Zoning Code, Chapter 10-80: Definitions, Division 10-80.20: Definition of Specialized Terms, Phrases, and Building Functions, Section 10-80.20.080: Definitions "H", as follows:

~~**High Occupancy Housing Development, Single-Family: A single-family attached or detached dwelling unit with:**~~

~~**a. Seven or more bedrooms; or**~~

~~**b. Five or more sanitation facilities.**~~

~~**High Occupancy Housing Development, Two-Units: A lot or parcel containing two dwelling units, excluding an accessory dwelling unit, with:**~~

~~**a. More than a total of seven bedrooms; or**~~

~~b. One or more dwelling unit(s) containing four or more sanitation facilities.~~

~~**High Occupancy Housing Development, Three-Units: A lot or parcel containing three dwelling units with:**~~

~~a. More than a total of nine bedrooms; or~~

~~b. One or more dwelling unit(s) containing four or more sanitation facilities.~~

High Occupancy Housing Development~~, Four-Units and Greater~~: A ~~Development Site~~ **Lot or Parcel** containing ~~four~~ **five** or more Dwelling Units where:

a. More than 20 percent of the total Dwelling Units have four Bedrooms or more; or

b. One or more of the Dwelling Unit(s) contain four or more Sanitation Facilities; or

c. The total number of Dwelling Units and Bedrooms per Acre exceeds the building form and property development standards of the property's designated Non-Transect Zone; or

d. If the property owner has elected a Transect Zone, the density is greater than 29 Dwelling Units per Acre and 72.5 Bedrooms per Acre.

Section 29. Amend Title 10 Flagstaff Zoning Code, Chapter 10-80: Definitions, Division 10-80.20: Definition of Specialized Terms, Phrases, and Building Functions, Section 10-80.20.130: Definitions "M", as follows:

Mixed Use: ~~The~~ **A** development ~~of a single building~~ containing **both residential and nonresidential land uses including,** ~~more than one type of land use or a single development of more than one building and use including~~, ~~but not limited to, residential, office,~~ retail **trade**, **services,** recreation, **education, or assembly.** ~~public, or entertainment, where the different land use types are in close proximity, planned as a unified complementary whole, and shared pedestrian and vehicular access and parking areas are functionally integrated.~~

1. Horizontal Mixed Use: **Residential and nonresidential land uses** ~~Two or more different types of uses are~~ placed next to each other on the same **Development Site** ~~parcel~~, planned as a unit, and connected ~~together~~ with pedestrian and vehicular access. ~~For instance, a subdivision containing single-family dwellings that is adjacent to a neighborhood commercial development and office complex.~~

2. Vertical Mixed Use: **Residential and nonresidential land uses** ~~Where two or more different uses~~ occupying the same building usually on different floors. For instance, retail on the ground floor and ~~office and/or~~ residential uses on the second and/or third floors.

Mixed-Use High Occupancy Housing Development (MHOHD):

1. A Mixed-Use Development **containing five or more Dwelling Units** with:

   a. More than 20 percent of the total Dwelling Units have four Bedrooms or more; or

   b. One or more Dwelling Unit(s) contain four or more Sanitation Facilities; or

   c. The total number of Dwelling Units and Bedrooms per Acre exceeds the building form and property development standards of the property's designated Non-Transect zone; or

   d. If the property owner has elected a Transect Zone, the density is greater than 29 Dwelling Units per Acre and 72.5 Bedrooms per Acre.

ORDINANCE NO. 2025-26

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-25-00027 – MIDDLE HOUSING"; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City of Flagstaff wishes to amend provisions in Chapter 10-20: Administration, Procedures, and Enforcement, Division 10-20.30 Common Procedures, Division 10-20.40: Permits and Approvals, and Division 10-20.60: Nonconforming Provisions, Chapter 10-30: General to All, Division 10-30.50: Public Improvements, and Division 10-30.60: Site Planning Design Standards, Chapter 10-40: Specific to Zones, Division 10-40.30: Non-Transect Zones, Division 10-40.60: Specific to Uses, and Division 10-40.40: Transect Zones, Chapter 10-50: Supplemental to Zones, Division 10-50.20: Architectural Design Standards, Division 10-50.60: Landscape Standards, and Division 10-50.80: Parking Standards, and Chapter 10-80: Definitions, Division 10-80.20: Definitions of Specialized Terms, Phrases, and Building Functions; and

WHEREAS, a citizen review session was held at the Planning Commission work session on October 8, 2025, to discuss the proposed Zoning Code text amendment in accordance with Section 10-20.50.040 of the Flagstaff Zoning Code; and

WHEREAS, the Planning and Zoning Commission held a public hearing on October 29, 2025, and provided a recommendation to City Council on the proposed Zoning Code text amendment; and

WHEREAS, the Council has read and considered the staff report prepared by the Planning and Development Services division and all attachments to those reports, and the Council finds that the proposed Zoning Code text amendment is in conformance with the General Plan, and the findings of Section 10-20.50.040 of the Flagstaff Zoning Code have been met; and

WHEREAS, that certain document known as *"PZ-25-00027 – Middle Housing"*, one (1) paper copy and one (1) electronic copy of which are on file with the City Clerk in compliance with A.R.S. § 44-7041, was declared to be a public record by Resolution No. 2025-61.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. The foregoing recitals are incorporated as if fully set forth herein.

SECTION 2. That certain document known as *"PZ-25-00027–Middle Housing"*, one (1) paper copy and (1) electronic copy of which are on file in the office of the City Clerk of the City of Flagstaff, Arizona, and which document is declared a public record by Resolution No. 2025-61 of the City of Flagstaff, Arizona, is hereby referred to, adopted and made a part hereof as if fully set out in this ordinance and its provisions are hereby declared to amend the Flagstaff City Code,

replacing and superseding the existing relevant provisions of the City Code, as set forth therein.

SECTION 3. The amendment is consistent with and conforms to the goals of the Regional Plan (General Plan).

SECTION 4. The amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the City, and will add to the public good as described in the General Plan.

SECTION 5. The amendment is internally consistent with other applicable provisions of this Zoning Code.

SECTION 6. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 7. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 8. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 9. Effective Date

This Ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 2nd day of December 2025.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

HOUSING IMPACT STATEMENT
PZ-25-00027 MIDDLE HOUSING

Pursuant to ARS 9-462.01 (J) a Housing Impact Statement shall be considered by the City Council prior to adopting a Zoning Code Text Amendment regarding the impact of the amendment on the following:

1. A general estimate of the probable impact on the average cost to construct housing for sale or rent within the zoning districts to which the zoning text amendment applies.

   The proposed zoning code text amendment does not add to the cost of constructing housing for sale or rent. The amendment adds land uses that support the development of townhomes, duplexes, triplexes, and fourplexes in all zoning districts that permit single-family residential development. The amendment further reduces the requirements for these land uses by removing the application of site planning standards, public improvements, architectural design standards, landscaping standards and reducing the minimum parking standards. The removal of these requirements could reduce the cost of constructing these housing types for sale or rent.

2. A description of any data or reference material on which the proposed zoning text amendment is based.

   This amendment is in response to HB 2721 which requires cities over 75,000 to make allowances for these housing types in zones that allow for single family homes within a mile of their Central Business Districts and a minimum of 10% of undeveloped lands. The City of Flagstaff at the direction of the several commissions and the City Council has proposed this amendment to apply city wide and not just in the limited areas as designated in the bill. This is in alignment with the goals and policies of the 10-year Housing Plan in an attempt to address the need for additional housing resources in Flagstaff.

3. A description of any less costly or less restrictive alternative methods of achieving the purpose of the proposed zoning text amendment.

   Alternatives include increasing the allowed densities within each zoning district to increase the opportunity for the development of new housing units within existing neighborhoods. The Code Analysis Project is currently working through recommendations and formal proposals for increasing densities and intensities of development across all zoning districts not just those that would permit middle housing types.

   Alternatives also included changes to the High Occupancy Housing types. Staff recommended that the Planning & Zoning Commission support the removal of High Occupancy Housing restrictions on all residential land uses that do include Multi-Family Residential Development and Mixed-Use Development as was originally considered in the High Occupancy Housing Plan.

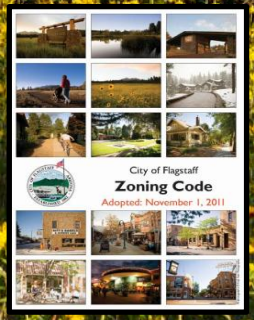
PZ-25-00027: Middle Housing

City Council Public Hearing
November 18, 2025

Tiffany Antol, AICP

Zoning Code Manager

TEAM FLAGSTAFF
WE MAKE THE CITY BETTER



Middle Housing Zoning Code Text Amendment

HB 2721 - Middle Housing

On or before January 1, 2026, a municipality with a population of 75,000 or more must authorize by ordinance and incorporate into its development regulations, zoning regulations and other official controls the development of **duplexes, triplexes, fourplexes and townhomes** as a permitted use on both of the following:

- All lots zoned for single-family residential use within one mile of the municipality's central business district.
- At least twenty percent of any new development of more than ten contiguous acres.

Middle Housing Zoning Code Text Amendment

- **HB 2721** defines **Central Business District** as an area or series of areas designated by a municipality that are primarily nonindustrial and that attract community activity, including the entire geographic area that the municipality has officially designated as its downtown or equivalent.
- The City of Flagstaff has not officially designated either a **Central Business District** or it's **Downtown**.
- After feedback was received from work sessions with the Heritage Preservation Commission, Housing Commission, Planning & Zoning Commission, and City Council staff has drafted an amendment that will allow Middle Housing in every zoning district that currently allows single-family dwellings.

Middle Housing Zoning Code Text Amendment

HB 2721 - Middle Housing

The municipality may not do any of the following:

- Discourage the development of middle housing through requirements or actions that individually or cumulatively make impracticable the permitting, siting, or construction of middle housing.
- Restrict middle housing types to less than two floors.
- Restrict middle housing types to a floor area ratio of less than fifty percent.
- Set restrictions, permitting or review processes for middle housing that are more restrictive than those for single-family dwellings within the same zone.
- Require owner occupancy of any structures on the lot.
- Require any structures to comply with a commercial building code or to contain a fire sprinkler.
- Require more than one off-street parking space per unit.

Middle Housing Zoning Code Text Amendment

This amendment includes modifications to the following Chapters and Divisions of the Flagstaff Zoning Code:

- Chapter 10-20: Administration, Procedures, and Enforcement
  - Division 10-20.30: Common Procedures
  - Division 10-20.40: Permits and Approvals
  - Division 10-20.60: Nonconforming Provisions
- Chapter 10-30: General to All
  - Division 10-30.50: Public Improvements
  - Division 10-30.60: Site Planning Design Standards
- Chapter 10-40: Specific to Zones
  - Division 10-40.30: Non-Transect Zones
  - Division 10-40.60: Specific to Uses
  - Division 10-40.40: Transect Zones
- Chapter 10-50: Supplemental to Zones
  - Division 10-50.20: Architectural Design Standards
  - Division 10-50.60: Landscape Standards
  - Division 10-50.80: Parking Standards
- Chapter 10-80: Definitions
  - Division 10-80.20: Definitions of Specialized Terms, Phrases, and Building Functions

Middle Housing Zoning Code Text Amendment

Chapter 10-20: Administration, Procedures, and Enforcement. The purpose of this chapter is to set forth the provisions for the orderly application and processing of development applications.

Division 10-20.30: Common Procedures, Section 10-20.30.050: Concept Plan Review

This section is amended to require a concept plan review for any residential development proposal that is not part of platted subdivision. The current provision only requires concept plan review for single-family and duplex projects that are not part of a platted subdivision. Concept plans are already required for multi-family residential developments. Previously triplex and fourplex developments fell under the definition of multi-family.

Division 10-20.40: Permits and Approvals, Section 10-20.40.140: Site Plan Review and Approval

This section is amended to exempt all residential developments with less than five dwelling unit from the requirement of site plan review. Currently only single-family and duplex developments are exempt.

Division 10-20.60: Nonconforming Provisions, Section 10-20.60.030: Restrictions on Nonconforming Uses and Structures and Section 10-20.60.040: Residential Exemptions

This section is amended for clarity, replaces single-family and multi-family structures with residential structures.

Middle Housing Zoning Code Text Amendment

Chapter 10-30: General to All. This chapter provides standards and regulations for the creation and preservation of affordable housing, historic and cultural resources, provides minimum requirements for the installation of public improvements, promotes sustainable development practices through incentives, and establish site design standards for

Division 10-30.50: Public Improvements, Section 10-30.50.040: Exemptions

This section is amended to exempt residential developments with less than 5 dwelling units from the requirement of providing public improvements.

Division 10-30.60: Site Planning Design Standards, Section 10-30.60.020: Applicability

This section is amended to exempt residential developments with less than 5 dwelling units from the site planning design standards.

Middle Housing Zoning Code Text Amendment

Chapter 10-40: Specific to Zones. This chapter establishes the zones applied to property within the city and indicates which land uses are permitted by right or as conditional uses subject to a conditional use permit.

Section 10-40.30.030: Residential Zones, Table 10-40.30.030.B.: Residential Zones – Allowed Uses, and Table 10-40.30.030.C.: Residential Zones – Building Form and Property Development Standards

Section 10-40.30.040: Commercial Zones, Table 10-40.30.040.B.: Commercial Zones – Allowed Uses and Table 10-40.30.040.C.: Commercial Zones – Building Form and Property Development

Section 10-40.30.060: Public and Open Space Zones, Table 10-40.30.060.B.: Public and Open Space Zones – Allowed Uses

These tables are amended by replacing the existing land uses of duplex dwelling, multiple-family dwelling, single-family attached and detached dwelling with one unit, two unit, three unit, and four unit residential development in addition to multi-family residential development. The allowances for two unit, three unit, and four unit residential development are made consistent with one unit residential development with a requirement that they are only permitted where public water, sewer, and streets are available to serve the property.

Additionally, the same residential land uses as part of a mixed use development are removed from the commercial land use table. A footnote is added to clarify that residential uses are permitted without a conditional use permit when part of a mixed use project.

A floor area ratio (FAR) requirement is added to the Single-Family Residential Neighborhood (R1N) zone of .50.

Removes all High Occupancy Housing land uses less than five units.

Middle Housing Zoning Code Text Amendment

Division 10-40.60: Specific to Uses

Table 10-40.60.030.A.: Accessory Dwelling Unit Design, Development, and Exceptions Standards

This section is amended to remove the requirement for a separate water meter for detached accessory dwelling units. This is a clean up item from the previous amendment on accessory dwelling units at the request of the Water Services Director.

Section 10-40.60.170: High Occupancy Housing

This section is amended to reflect the changes addressed above according to the versions previously discussed.

Section 10-40.60.260: Mixed Use

This section is amended to clarify that mixed use is the combination of commercial uses with residential uses and not just a mix of commercial uses on the same site as well as clean up references to the regional plan.

Middle Housing Zoning Code Text Amendment

Division 10-40.40: Transect Zones

Section 10-40.40.040: T2 Rural (T2) Standards

This section is amended to allow building types that will support middle housing including apartment house and bungalow court (both limited to 4 units), duplex, triplex, and townhouse.

Section 10-40.40.050: T3 Neighborhood (T3N.1) Standards

This section is amended to allow building types that will support middle housing including apartment house (limited to 4 units), triplex, and townhouse.

Section 10-40.40.060: T3 Neighborhood (T3N.2) Standards

This section is amended to allow building types that will support middle housing including apartment house and townhouse.

Middle Housing Zoning Code Text Amendment

Division 10-40.40: Transect Zones

Section 10-40.40.040: T2 Rural (T2) Standards, Subsection 10-40.40.040.H.: Allowed Uses

Section 10-40.40.050: T3 Neighborhood (T3N.1) Standards, Subsection 10-40.40.050.H.: Allowed Uses

Section 10-40.40.060: T3 Neighborhood (T3N.2) Standards, Subsection 10-40.40.060.H.: Allowed Uses

Section 10-40.40.070: T4 Neighborhood 1 (T4N.1) Standards, Subsection 10-40.40.070.I.: Allowed Uses

Section 10-40.40.080: T4 Neighborhood 2 (T4N.2) Standards, Subsection 10-40.40.080.I.: Allowed Uses

The tables are amended like the non transect zones. Clean up items are included on meeting facilities bringing this portion of the code in alignment with the non-transect zones.

Middle Housing Zoning Code Text Amendment

Chapter 10-50: Supplemental to Zones. This chapter provides standards that are supplemental to the regulations of each zone, and are specific to aspects of development, such as architectural design standards, landscaping, and parking.

Division 10-50.20: Architectural Design Standards, Section 10-50.20.020: Applicability

Division 10-50.60: Landscape Standards, Section 10-50.60.020: Applicability

Division 10-50.80: Parking Standards, Section 10-50.80.050 Bicycle Parking

These divisions are amended to exempt residential developments of less than 5 units from the requirement of the division or section.

Division 10-50.80: Parking Standards, Table 10-50.80.040.A: Number of Motor Vehicle Parking Spaces Required

This table is amended to require no more than one parking space per unit for middle housing developments. Single-family residential development requirements are updated to match the requirements for middle housing developments.

Division 10-50.110: Specific to Building Types, Table 10-50.110.030.A. Allowed Building Types

This table is amended to include the additional building types identified above.

Middle Housing Zoning Code Text Amendment

Chapter 10-80: Definitions. This chapter provides definitions of terms and phrases used in the Zoning Code that are technical or specialized or that may not reflect common usage.

Section 10-80.20.040: Definitions "D"

This Division is amended to include new definitions for one, two, three, and four unit residential developments, update the multi-family residential development definition to be five units or more, and add a definition for triplex dwelling.

Section 10-80.20.080: Definitions "H"

Removes the definitions of single-family high occupancy housing development, two units high occupancy housing development, and three units high occupancy housing development. The definition of four units and greater high occupancy housing development is amended to high occupancy housing development and is defined as five or more dwelling units on a lot or parcel.

Middle Housing Zoning Code Text Amendment

Chapter 10-80: Definitions. This chapter provides definitions of terms and phrases used in the Zoning Code that are technical or specialized or that may not reflect common usage.

Section 10-80.20.130: Definitions "M"

This section is amended to update the definition of mixed use in accordance with changes in the land use tables and specific to use provisions.

Middle Housing Zoning Code Text Amendment

Findings for Zoning Code Text Amendments:

(1) The proposed amendment is consistent with and conforms to the objectives and policies of the General Plan and any applicable specific plan;

(2) The proposed amendment will not be detrimental to the public interest, health, safety, convenience or welfare of the City; and

(3) The proposed amendment is internally consistent with other applicable provisions of this Zoning Code.

Middle Housing Zoning Code Text Amendment

The proposed amendment is consistent with and conforms to the objectives and policies of the General Plan and any applicable specific plan.

Flagstaff Regional Plan 2030

Policy LU.2.1. Design new neighborhoods that embody the characteristics of Flagstaff's favorite neighborhoods – that is, with a mix of uses, a variety of housing types and densities, public spaces, and greater connectivity with multimodal transportation options.

Policy LU.11.4. Encourage various housing types that appeal to a diverse range of ages and income.

Policy LU.13.4. Plan suburban development to include a variety of housing options.

Goal NH.3. Make available a variety of housing types at different price points, to provide housing opportunity for all economic sectors.

Policy NH.3.1. Provide a variety of housing types throughout the City and region, including purchase and rental options, to expand the choices available to meet the financial and lifestyle needs of our diverse population.

Draft Flagstaff Regional Plan 2045

Policy DP.2 Support development and redevelopment with a diversity of housing types by expanding opportunities for missing middle housing.

Middle Housing Zoning Code Text Amendment

The proposed amendment will not be detrimental to the public interest, health, safety, convenience or welfare of the City.

The proposed amendment is intended to bring the City of Flagstaff Zoning Code into conformance with recently adopted state legislation regarding middle housing land uses. However, instead of implementing on a limited basis as is required by the legislation, this amendment includes providing the allowances for middle housing throughout the city in every zoning district that currently permits single family dwellings. The proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the city.

Middle Housing Zoning Code Text Amendment

The proposed amendment is internally consistent with other applicable provisions of this Zoning Code.

The amendment is internally consistent with the existing Zoning Code, following its format and aligning with its comprehensive purpose. It does not conflict with any other provisions and ensures that the Zoning Code remains clear, usable, and easily understood.

Middle Housing Zoning Code Text Amendment

Recommendation

The Planning and Zoning Commission, in accordance with the findings in this report, makes a recommendation to the City Council to approve Zoning Code Text Amendment PZ-25-00027 Middle Housing.

Middle Housing Zoning Code Text Amendment

Questions/Comments?

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Bryce Doty, Real Estate Manager

Co-Submitter: Matthew Mansfield

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Adoption of Ordinance No. 2025-23: An ordinance of the City Council of the City of Flagstaff, authorizing the acquisition and disposition of real property from the Flagstaff Unified School District, in order to facilitate affordable housing development, providing for delegation of authority, providing for severability, authority for clerical corrections, and establishing an effective date.

STAFF RECOMMENDED ACTION:

1. Read Ordinance No. 2025-23 by title only for the final time
2. City Clerk reads Ordinance No. 2025-23 by title only (if approved above)
3. Adopt Ordinance No. 2025-23

Executive Summary:

The Flagstaff Unified School District (FUSD) is exploring affordable housing development opportunities on the approximately 18.8 acres adjacent to the Sinagua campus, identified by tax assessor's parcel number 106-08-002V (Property). The Property is zoned Public Facility.

Under A.R.S. § 15-342.7, FUSD may "sell or lease [school property] to the state, a county, a city, another school district or a tribal government agency required for a public purpose if the sale or lease of the property will not affect the normal operations of a school within the District". The City received a request from the Superintendent of the District to purchase the Property in order to facilitate an affordable housing project under the following model:

1. FUSD will convey the Property to the City
2. The City will record a Land Use Restriction Agreement (LURA) restricting the use of the Property to a use which furthers the public purpose of increasing the supply of affordable housing.
3. After recording the LURA, the City will convey the property to a special purpose nonprofit entity established by an Arizona Industrial Development Authority
4. The nonprofit entity will enter into a ground lease with a developer to develop the project.

The planned project is currently designed for between 40 to 48 affordable units. Several affordable housing projects have had success using this model in Arizona. Further details and a final purchase agreement will be brought to Council for consideration at a future meeting.

Staff is bringing the ordinance to acquire now because the project is contingent upon the award of a Low Income Housing Tax Credit (LIHTC) to the developer. The "pre-application" process for the LIHTC requires the developer to demonstrate site control by January 15, 2026. The Ordinance is a prerequisite to documenting site control by the applicant. Approval of the ordinance will allow the parties to work towards completing the transaction documents within the LIHTC application timeline.

Financial Impact:

There will be no financial impact to the City. The transaction is structured in a manner that the City is not

required to contribute any funds towards closing the transaction. All payments are provided by other parties to the transaction.

Policy Impact:
None.

Previous Council Decision or Community Discussion:
This is the first time this item is appearing at City Council.

Options and Alternatives to Recommended Action:
Explore alternative paths to develop FUSD property into affordable housing.

Connection to PBB Priorities and Objectives:
Livable Community: Actively support attainable and affordable housing through the City's 10-Year Housing plan as well as other projects and opportunities

Connection to Regional Plan:
Policy LU.10.5. Consider vacant and underutilized parcels within the City's existing urban neighborhoods as excellent locations for contextual redevelopment that adds housing, shopping, employment, entertainment, and recreational options for nearby residents and transit patrons.

Connection to Carbon Neutrality Plan:
DD-1 Encourage vibrancy, appropriate density, and attainability in existing neighborhoods, so that more residents live within walking distance of their daily needs.

Connection to 10-Year Housing Plan:

Create 1.8	Explore the use of the community land trust model and public/private partnerships to incentivize the development of ownership units that are priced significantly below market rate.
Create 2.2	Identify suburban areas to support greater density and intensity of development.
Create 4.3	Explore adding affordable housing as an allowed use in the Public Facilities (PF) Zone.

Attachments:
Ord. 2025-23
Exhibit A: Legal Description
Presentation

ORDINANCE NO. 2025-23

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AUTHORIZING THE ACQUISITION AND DISPOSITION OF REAL PROPERTY FROM THE FLAGSTAFF UNIFIED SCHOOL DISTRICT IN ORDER TO FACILITATE AFFORDABLE HOUSING DEVELOPMENT; PROVIDING FOR DELEGATION OF AUTHORITY, PROVIDING FOR SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City of Flagstaff desires to provide affordable housing to its citizens; and to support the development and increase in the inventory of public and private affordable housing for renters and home-owners throughout the community; and

WHEREAS, the City has authority to acquire and dispose of real property, pursuant to Article I, Section 3 of the Flagstaff City Charter; and

WHEREAS, acquisition and disposition of real property is to be approved by ordinance, pursuant to Article VII, Section 5 of the Flagstaff City Charter; and

WHEREAS, the City also has authority to dispose of real property interests pursuant to Article VII, Section 5 and Article VIII, Section 9; and

WHEREAS, the City desires to acquire and then dispose of certain real property interests necessary to facilitate affordable housing development.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. In General.

The Flagstaff City Council hereby authorizes the acquisition of the real property identified in the attached Exhibit A. The real property interests may be acquired through purchase, exchange, gift, donation or dedication. The Flagstaff City Council hereby authorizes the disposition of the real property identified in the attached Exhibit A. The real property interests may be disposed of through a sale or similar transfer of interest.

SECTION 2. Delegation of Authority

The Mayor, City Manager, Planning and Development Services Director, Real Estate Manager, City Attorney or their delegates or agents, are hereby authorized and directed to take all steps and execute all documents necessary to carry out the purpose and intent of this ordinance.

SECTION 3. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 4. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date

This Ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 2nd day of December, 2025.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

Exhibits:
Exhibit A – Legal Description

EXHIBIT "A"

A parcel of land located in the South half of Section 13 and the Northeast quarter of Section 24. Township 21 North, Range 7 East of the Gila and Salt River Base and Meridian, Coconino County, Arizona, further described as follows:

Beginning at the South quarter corner of said Section 13, being a found 1 1/2 inch diameter iron pipe from whence the West line of the Northeast quarter of said Section 24 bears South 00° 35' 03" East (Basis or Bearings);

Thence South 89° 28' 58" West (South 89° 32' 47" West, Record) along the South line of the Southwest quarter of said Section 13, a distance of 980.47 feet (Measured) to a point on the Easterly right-of-way of Fourth Street;

Thence North 21° 25' 07" East (M) (North 21° 22' 19" East Record) along said right-of-way, 129.19 feet (M) to a Point of Curvature of a curve to the right, concave to the East, having a central angle of 42° 59' 26" (M) (42° 59' 56" Record), and a radius of 710.28 feet (M) (710.09 feet Record);

Thence continuing along said right-of-way along the arc of said curve, 532.94 feet (M) (532.90 feet Record) to a point of tangency;

Thence continuing along said right-of-way North 21° 34' 19" East (M) (North 21° 37' 41" East, Record) 576.44 feet (M) to a Point of Curvature of a curve to the right, concave to the Southeast, having a central angle of 97° 16' 37" (M) (97° 16' 42" Record), and a radius of 22.50 feet (M & R);

Thence 38.21 feet (M & R) along the arc of said curve to a Point of Tangency on the Southerly right-of-way of Sparrow Avenue (formerly Mockingbird Avenue);

Thence along said Southerly right-of-way South 61° 09' 05" East (M) (South 61° 08' 09" East, Record), 368.39 feet (M) to a Point of Curvature of a curve to the left, concave to the North, having a central angle of 26° 56' 07" (M) (26° 56' 21", Record) and a radius of 330.32 feet (M) (329.84 feet, Record);

Thence continuing along said right-of-way 155.29 feet (M) (155.30 feet, Record) along the arc of said curve to a Point of Tangency;

Thence continuing along said right-of-way South 88° 05' 12" East, 129.46 feet (M) (South 88° 02' 01" East, 130.14 feet, Record) to a Point of Tangency of a curve to the left, concave to the Northwest, having a central angle of 37° 28' 46" (M) (37° 28' 06", Record) and a radius of 329.64 feet (M) (329.84 feet, Record);

CONTINUED. . . .

1160-065

Thence continuing along said right-of-way 217.63 feet (M) (215.70 feet. Record), along the arc of said curve to a Point of Tangency;

Thence continuing along said right-of-way North 54° 26' 02" East (M) (North 54° 30' 55" East, Record), 409.08 feet (M) (409.40 feet, Record) to a Point of Curvature of a curve to the right, concave to the Southeast, having a central angle of 22° 37' 17" (M) (22° 28' 58" Record), and a radius of 275.44 feet (M) (276.99 feet, Record);

Thence continuing along said right-of-way, 108.75 feet (M) (108.69 feet, Record) along the arc of said curve to a point on the West boundary of Foxglenn Subdivision, as recorded in Case 3, Map 141, Records of Coconino County, being also a point on the West boundary of Lot 132 of said subdivision;

Thence South 37° 39' 50" East (M) (South 37° 41' 31" East, Record), 493.57 feet along the said West boundary of Foxglenn Subdivision to an Angle Point of said boundary;

Thence continuing along said boundary South 29° 27' 23" East, 405.78 feet (M) (South 29° 26' 31" East, 406.00 feet, Record) to an Angle Point of said boundary;

Thence continuing along said boundary South 22° 55' 40" East, 139.98 feet (M); (South 22° 56' 31" East, 140.00 feet, Record) to an Angle Point of said boundary;

Thence continuing along said boundary South 42° 29' 51" East, 170.02 feet (M) (South 42° 31' 31" East, 170.00 feet, Record) to an Angle Point of said boundary;

Thence continuing along said boundary South 11° 35' 36" West, 159.86 feet (M) (South 11° 33' 29" West, 160.00 feet, Record) to an Angle Point of said boundary;

Thence continuing along said boundary South 62° 29' 20" East, 314.95 feet (M) (South 62° 31' 31" East, 315.00 feet, Record) to an Angle Point of said boundary;

Thence South 08° 14' 54" East, 80.37 feet (M) (South 08° 18' 47" West, 80.40 feet, Record) to the most Northerly corner of the City of Flagstaff's Fire Station No. 4 Parcel;

Thence South 42° 22' 51" West, 326.61 feet (M) (South 42° 22' 23" West, 326.80 feet, Record) along the boundary of said Fire Station parcel;

Thence South 51° 15' 02" West, 28.00 feet (M) (South 51° 13' 10" West, 28.00 feet, Record) to the centerline of Bald Eagle Way;

CONTINUED. . .

Thence South 38° 44' 58" East, 11.13 feet (M) (South 38° 46' 50" East, 11.13 feet, Record) along said centerline;

Thence South 51° 15' 02" West, 28.00 feet (M) (South 51° 13' 10" West, 28.00 feet, Record);

Thence South 38° 44' 02" East, 113.91 feet (M) (South 38° 46' 50" East, 114.40 feet, Record) to a Point of Curvature of a curve to the right, concave to the East, having a central angle of 93° 50' 14" (M) (93° 48' 20", Record) and a radius of 22.50 feet (M & R);

Thence along the arc of said curve 36.85 feet (M) (36.84 feet, Record) to a Point of Compound Curvature of a curve to the right, concave to the Northwest, having a central angle of 05° 26' 35" (M) and a radius of 1204.81 feet (M) (1195.48 feet (R);

Thence along the arc of said curve, 114.45 feet (M), said curve being the Northerly right-of-way of Butler Avenue, to a Point of Tangency;

Thence continuing along the Northerly right-of-way of said Butler Avenue South 60° 30' 09" West, 617.48 feet (M) (South 60° 35' 57" West, 617.70 feet, Record) to a Point of Curvature of a curve to the right, concave to the North, having a central angle of 54° 00' 47" (M) (54° 00' 33", Record), and a radius of 559.92 feet (M) (559.91, Record);

Thence continuing along said right-of-way, 527.84 feet (M) (527.79 feet, Record) along the arc of said curve to a Point of Tangency;

Thence continuing along said right-of-way North 65° 29' 04" West, 43.17 feet (M) (43.48 feet, Record) to a point on the West line of the Northeast quarter of said Section 24;

Thence North 00° 35' 03" West (M) Basis of Bearings (North 00° 31' 07" West, Record) 855.38 feet (M) (855.16 feet, Record) along the said West line of the Northeast quarter of Section 24, to the Point of Beginning.

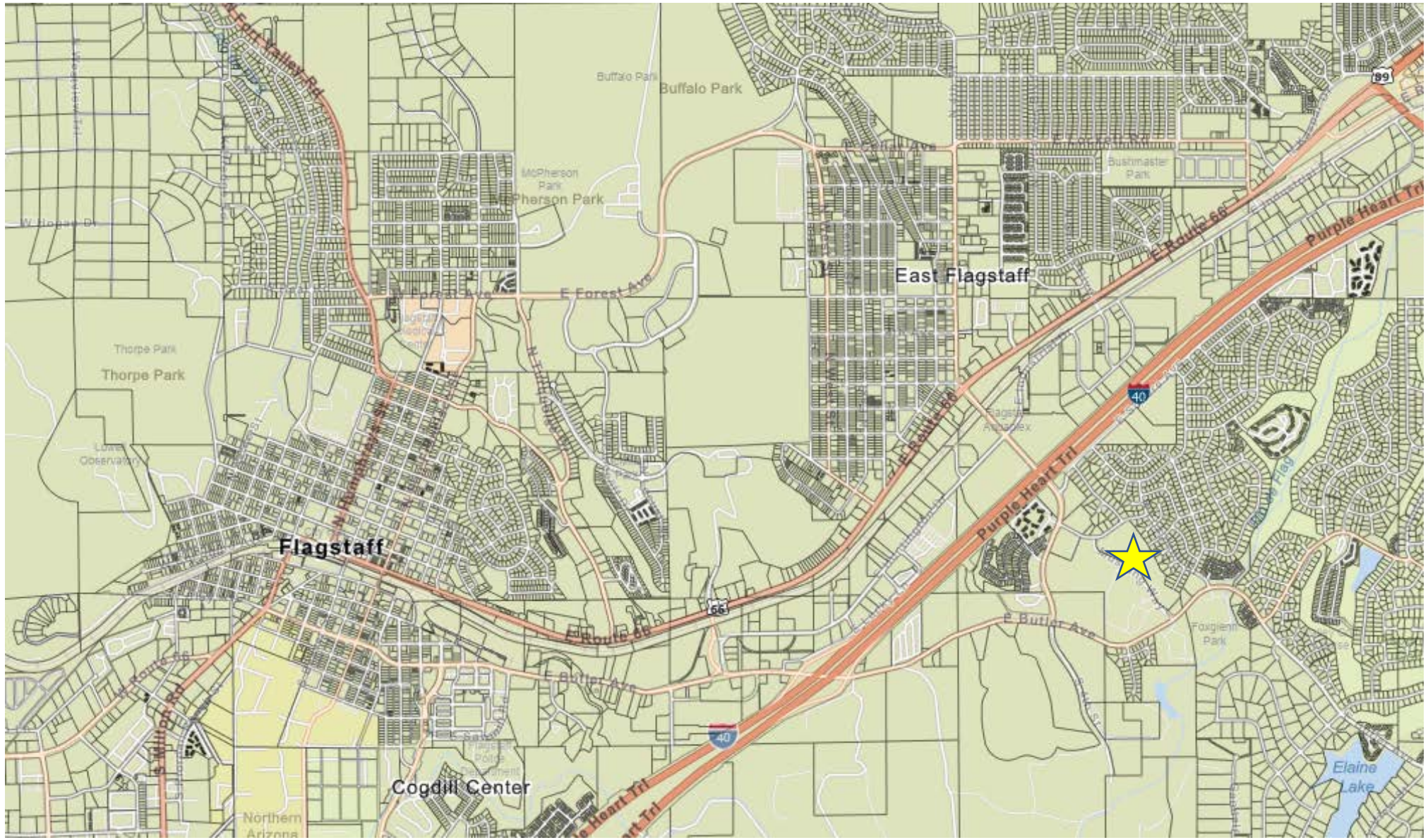
1160-067

FUSD Affordable Housing at Sinagua Site

TEAM FLAGSTAFF

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Vicinity Map



Vicinity Map



Parcel: 106-08-002V

Zoom to

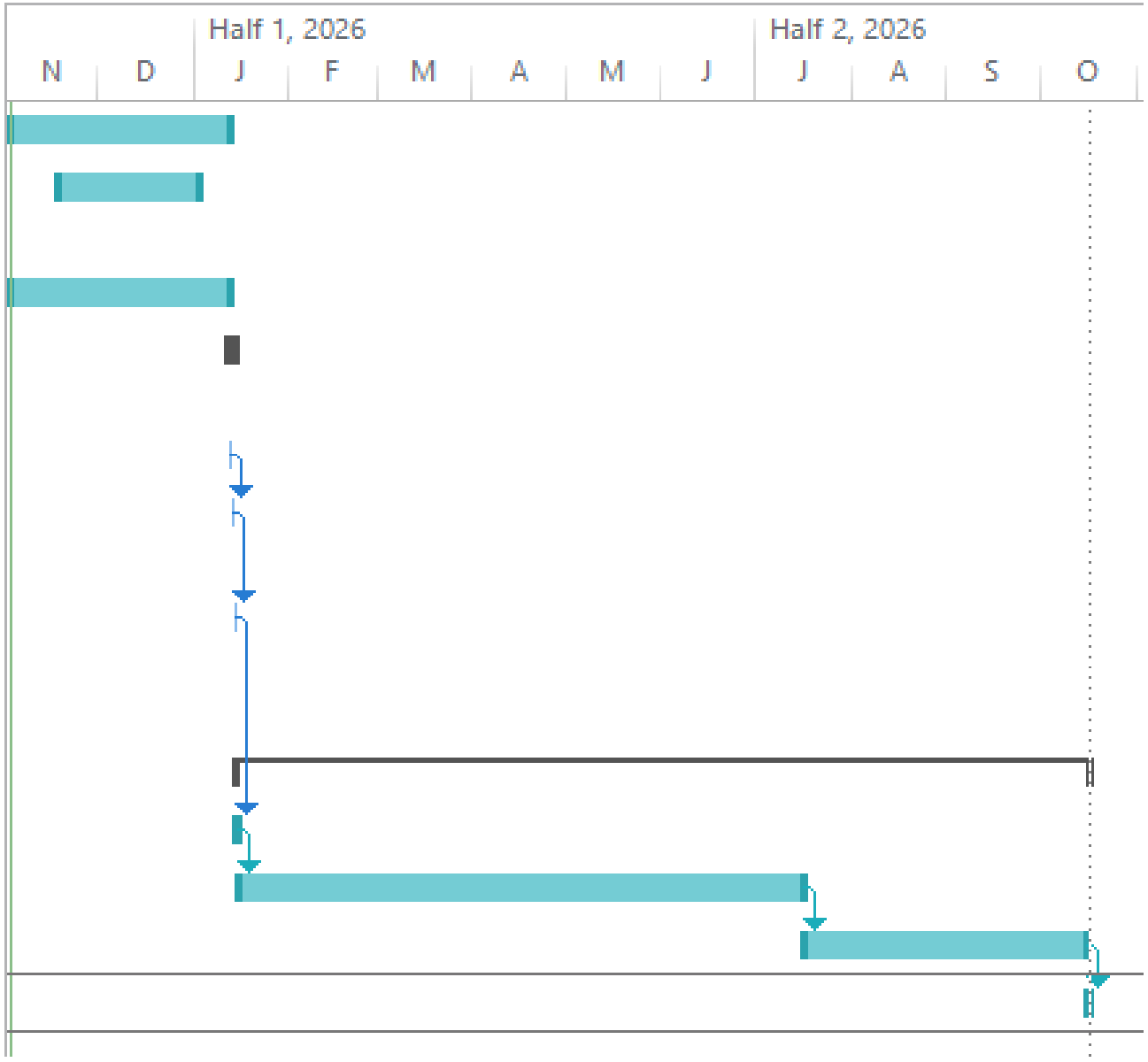


Parcel: 106-08-002V

APN	106-08-002V
Owner Classification	Private
Owner/Managing Agency	Private
Parcel Area	18.9
Area Type	AC
Current Address	3950 E BUTLER AVE
Sale Date	
Sale Price	$
Total FCV	$1,970,732
Improvement FCV	$

Process

	Task Name
1	FUSD Authorizes Disposition of Property
2	City Authorizes Acquisition and Disposition of Property
3	IDA Creates LLC and Authorizes Acquisition
4	**Purchase Agreement Escrow (Demonstrate Site Control)**
5	FUSD enters into agreement to sell property to City
6	City enters into agreement to sell property to industrial development authority LLC
7	Industrial Development Authority LLC enters into agreement to sell ground lease to affordable housing developer
8	**Conditions to Close**
9	Developer Submits LIHTC Pre-Application
10	Project is Selected for 9% Tax Credit Award
11	Secure Project Financing
12	Close Escrow



Considerations

- City's role is contingent on the successful award of LIHTC credits and developer financing.
- No cost to the City--If the transaction occurs, all transaction fees will be born by the developer
- Purchase Price will be Fair Market Value for the Property
- The Ground Lease between the LLC and the Developer will be a "paid-up" lease, equaling the fair market value of the property.

Why is the City Involved?

- Under ARS 15-342.7 School districts have discretionary power to sell real property to Cities, provided the school property is needed for a public purpose and that the sale will not affect the normal operations of a school within the school district.

- FUSD approached the City with this solution to provide affordable housing on the site.

- Aligns with goals in the City's 10-Year Housing Plan and supports a need for partnerships for affordable housing projects

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Bryce Doty, Real Estate Manager

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Acceptance of Highest Bid: for solicitation No. 2026-40 for Sale of Real Property at 116 E. Butler Avenue.

Consideration and Adoption of Ordinance No. 2025-28: An ordinance of the City Council of the City of Flagstaff, authorizing the disposition of real property located at 116 E. Butler Ave; providing for delegation of authority, providing for severability, authority for clerical corrections, and establishing an effective date.

Consideration and Approval of Purchase Agreement: with 122 E Butler LLC, an Arizona limited liability.

STAFF RECOMMENDED ACTION:

1. Read Ordinance No. 2025-28 by title only for the final time
2. City Clerk reads Ordinance No. 2025-28 by title only (if approved above)
3. Adopt Ordinance No. 2025-28
4. Approve the Purchase Agreement with 122 E Butler LLC, an Arizona limited liability

Executive Summary:

Council provided direction to solicit the sale of the property located at 116 E. Butler during a council discussion item on March 11th, 2025. Staff issued solicitation No. 2026-40 for the sale of the property. City received one responsible bid by 122 E. Butler LLC for the property in the amount of $255,000, meeting the appraised value. 122 E. Butler, LLC owns the two parcels immediately east of the City's property. A redevelopment including the City's parcel will allow for greater density in a combined project and increased financial feasibility compared to development of the parcels separately.

Additionally, Council directed staff to research whether the proceeds from a sale could be used for affordable housing efforts. Staff identified that the Highway User Revenue Fund (HURF) was used to purchase the property in 1991. HURF revenues are restricted for the purposes prescribed in article IX, section 14 of the Arizona Constitution: "...distribution [of funds] to counties, incorporated cities and towns [are] to be used by them solely for highway and street purposes including costs of rights of way acquisitions and expenses related thereto, construction, reconstruction, maintenance, repair, roadside development, of county, city and town roads, streets, and bridges and payment of principal and interest on highway and street bonds." Using the property or the proceeds from selling the property for any uses outside the HURF restrictions could jeopardize future distributions.

Key Considerations:

- The bid amount are above the appraised values prepared by an independent appraiser on the City's behalf.
- The property was purchased using HURF; all proceeds from the sales will be returned to the fund.
- Per City of Flagstaff Resolution No. 2022-52, Section 5, before sale of a building or land, the City Housing Section needs to evaluate whether it could be repurposed for affordable housing, and the City

Council is required to determine whether or not any funds from sale should be diverted to affordable housing purposes.
- Per City of Flagstaff Resolution No. 2024-11, Section 1, all land owned by the City determined to be available for development will first be considered for housing prior to consideration of other uses
- Given the funding restrictions and the challenging development as an individual lot, the City Housing Department determined the land is not suitable for development with affordable housing in relation to existing opportunities.
- Selling the property to the winning bidder will provide for additional housing stock beyond what could be developed as a stand-alone parcel.

Financial Impact:
Because the property was purchased using the Highway User Revenue Fund (HURF), any proceeds related to the sale of the property will need to be returned to HURF. The winning bid for the property is $255,000.00.

Policy Impact:
No policy impact.

Previous Council Decision or Community Discussion:
On March 11th, 2025, a discussion item regarding the possible sale of the property was brought to Council.

Options and Alternatives to Recommended Action:
1. Do not approve the solicitation and provide additional direction on using or disposing of this lot.

Background and History:
Existing Conditions on Lot
The lot has been used for abandoned vehicles, loitering, and littering. Neighbors have complained about how these conditions negatively affect the health, safety, and vibrancy of the community. These conditions require code enforcement and police resources. Additionally, deeds have been filed in the county records purporting to convey the property to a private entity, requiring additional City Attorney and Staff time to resolve.

Development Potential for Housing

1. Development of the lot as its own project requires elevating the main structure above the regulatory flood elevation. The difference between existing grade and the regulatory flood elevation is approximately 9 feet. Development under this condition would most likely result in a first floor flood-proofed garage with the living unit(s) above the garage. This is a significant expense relative to the amount of housing the parcel can provide. Conversations with Habitat for Humanity have occurred off and on since 2011, but flood mitigation requirements will always put pressure on the economic viability of housing on this lot as a stand alone project. The regulatory flood elevation is expected to conform closer to existing grade after the completion of the Rio de Flag Flood Control Project. It could be a long wait as all of the stages of the Rio de Flag project would need to be completed, along with FEMA map revisions after the project is fully completed (7+ years). Development of the lot also requires infrastructure improvements including utilities and access.
2. In 2020, conversations were held with the adjacent land owner to partner on a development combining this lot with the two adjacent lots in exchange for either a land swap for the historic house on the eastern parcel or an outright sale at auction of the City parcel with additional affordable housing units commitments in a future development. In order to combine the lots into the property owner's desired development, high-occupancy housing (HOH) would need to be waived on the City property, which is not an option without repealing the HOH regulations (City cannot provide itself a waiver). A combined development may provide the best opportunity to maximize the contribution this parcel makes towards adding additional housing inventory in the City.

Implications of Restricting Any Sale to the Development of Affordable Housing
While the highest and best use of the property is likely for development of HR housing, any restrictions will

impact the property value. Converting City real property into a commitment to develop affordable housing may lead to delays in development of the property. Due to the limited amount of units this lot could support, this is an opportunity cost to staff time which may not maximize staff resources.

Partnering With a Housing Partner in Development
Because of floodplain challenges (until the Rio de Flag Flood Control Project is completed), any development at this time with a housing partner likely would yield few housing units, and the development cost would be relatively high compared to other opportunities our housing partners already have.

ParkFlag Management
City staff have investigated turning over the lot to ParkFlag either as an interim solution or as a permanent solution. The main hurdle to ParkFlag management are code requirements. We could not operate the lot as is and would need to pave and stripe the lot. We believe after improvements the lot could park 9 vehicles. The improvement project would likely trigger offsite improvements requiring improvements to the alley pavement. Conservative cost estimates of these require improvements weighed against optimistic revenue projections for the lot indicate any improvement costs would take more than 30 years to recover from the revenue generated from the lot. The economics suggest that is more reasonable to continue to allow informal overflow parking for the neighborhood rather than making a significant financial investment which does not increase the total number of parking spaces for the neighborhood.

On September 3rd, 2025, City of Flagstaff Procurement Department and Real Estate Department opened a formal solicitation for bidding for property at Butler. This was advertised three times in the Arizona Daily Sun; September 9th, 20th & 27th, 2025. On October 10th, 2025, they received two responses. Only one was found to be responsive and responsible.

Connection to PBB Priorities and Objectives:
Safe & Healthy Community: Support social services, community partners, and housing opportunities

Connection to Regional Plan:
Housing- Support development and increase the inventory of public and private housing for renters and home-owners throughout the community.

Connection to Carbon Neutrality Plan:
DD-1: Encourage vibrancy, appropriate density, and attainability in existing neighborhoods, so that more residents live within walking distance of their daily needs.

Connection to 10-Year Housing Plan:
Create 2.2--Identify suburban areas to support greater density and intensity of development.

Attachments: Ord. 2025-28
Exhibit A
Presentation
Purchase Agreement

ORDINANCE NO. 2025-28

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AUTHORIZING THE DISPOSITION OF REAL PROPERTY LOCATED AT 116 E. BUTLER AVE; PROVIDING FOR DELEGATION OF AUTHORITY, PROVIDING FOR SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City has authority to acquire and dispose of real property, pursuant to Article I, Section 3 of the Flagstaff City Charter; and

WHEREAS, acquisition and disposition of real property is to be approved by ordinance, pursuant to Article VII, Section 5 of the Flagstaff City Charter; and

WHEREAS, the City also has authority to dispose of real property interests pursuant to Article VII, Section 5 and Article VIII, Section 9; and

WHEREAS, the City desires to dispose of certain real property interest located at 116 E. Butler Ave.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. In General.

The Flagstaff City Council hereby authorizes the disposition of the real property identified in the attached Exhibit A. The real property interests may be disposed of through a sale or similar transfer of interest.

SECTION 2. Delegation of Authority

The Mayor, City Manager, Planning and Development Services Director, Real Estate Manager, City Attorney or their delegates or agents, are hereby authorized and directed to take all steps and execute all documents necessary to carry out the purpose and intent of this ordinance.

SECTION 3. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 4. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the

decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date

This Ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 2nd day of December, 2025.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

Exhibits:
Exhibit A – Legal Description

EXHIBIT A

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF COCONINO, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

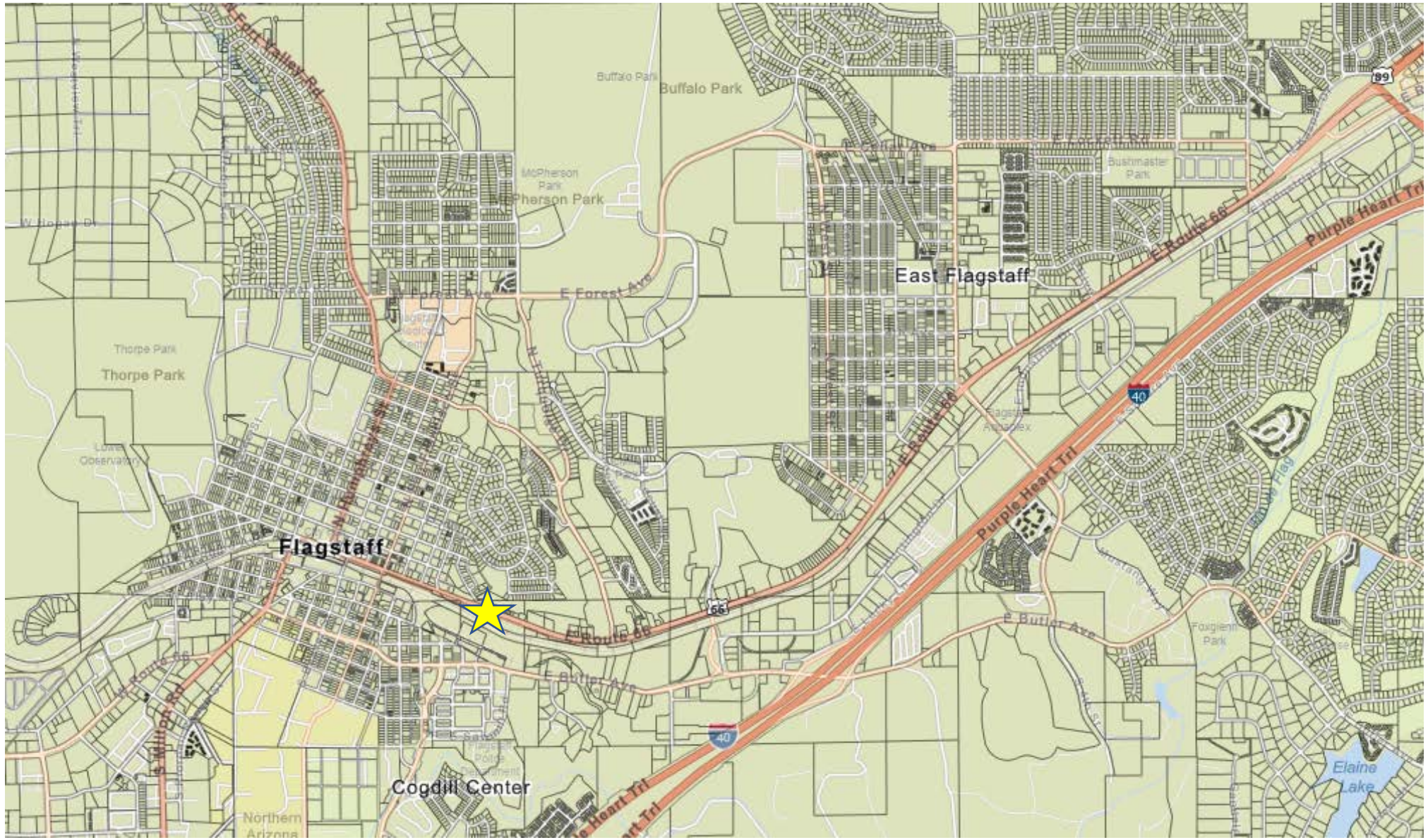
Lots 13 and 14, Block 115, NORMAL SCHOOL ADDITION TO THE TOWNSITE OF FLAGSTAFF, as shown on the plat thereof, recorded in Book 1 of Maps, Page 28, records of Coconino County, Arizona.

116 E Butler Ave Lot Discussion

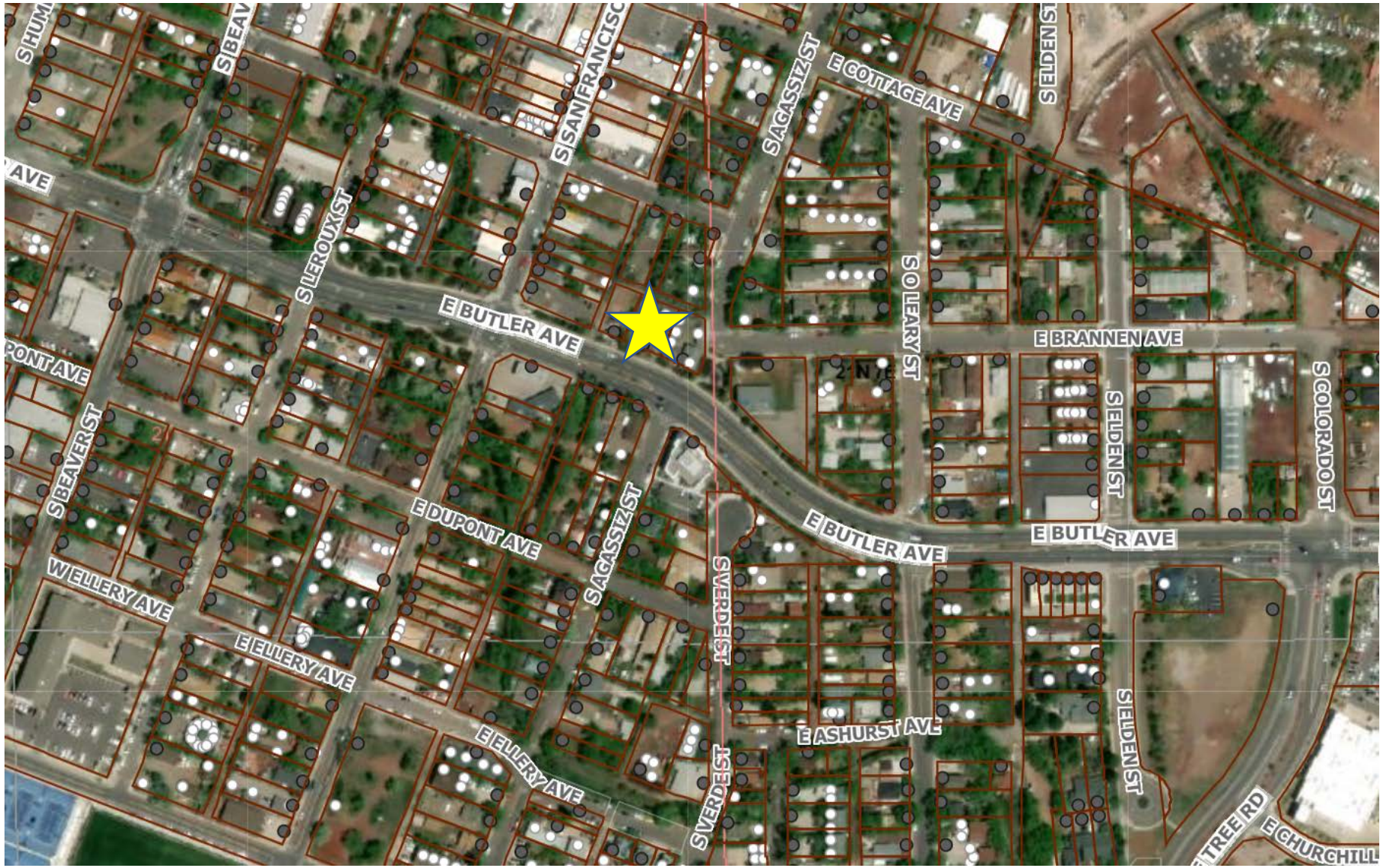
TEAM FLAGSTAFF

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Vicinity Map



Vicinity Map




HISTORIC
DOWNTOWN
P
D

REAL ESTATE PURCHASE AND SALE CONTRACT

The City of Flagstaff, a municipal corporation organized and existing under the laws of the State of Arizona ("Seller" or "City") and 122 E. Butler, LLC, an Arizona limited liability company ("Buyer"), hereby enter this Real Estate Purchase and Sale Contract ("Contract").

1. Property: Buyer agrees to purchase, and The City, Seller offers to sell, parcel number 103 -13-010, property located at 116 E. Butler Avenue, Flagstaff, Arizona 86001, 0.10 acres of vacant land legally described and depicted in the Exhibit "A", attached hereto ("the Property").

2. Authorization: On November 18, 2025, the Council of the City of Flagstaff accepted Buyer's bid for solicitation No. 2026-40 for the Sale of Real Property at 116 E. Butler Avenue and approved the first read of Ordinance No. 2025-28: An ordinance of the City Council of the City of Flagstaff, authorizing the disposition of real property located at 116 E. Butler Ave ("Ordinance"). The second read of the Ordinance is scheduled for December 2, 2025. If approved, the Ordinance will become effective January 1, 2026.

3. Purchase Price for Property: The (Buyer) agrees to pay the City two hundred fifty-five thousand dollars ($255,000.00).

4. Conveyance of Property: Seller shall convey the Property to the Buyer by Special Warranty Deed.

5. "AS IS CONDITION": Seller and Buyer agree that the Premises is being sold in its existing condition ("AS IS") and Seller makes no warranty to Buyer, either express or implied, as to the condition of the Premises.

6. Opening of Escrow Closing: The Buyer shall deposit the sum of ($ xx dollars) ($) deposit with Pioneer Title Agency, Inc. of Flagstaff, Arizona (the "Escrow Agent") to be applied against the Purchase Price at the Close of Escrow. The Opening of Escrow shall be deemed to be the date on which the Deposit and a fully executed copy of this Contract are delivered to the Escrow Agent after City Council approves the Purchase Contract. The consummation of the transaction contemplated by this Contract ("Close of Escrow") shall occur on or before forty-five (45) days after the Opening of Escrow. If Escrow Company or Recorder's office is closed on the scheduled closing date, Close of Escrow shall occur on the next day that both are open for business. Buyer, and Seller may accelerate the Closing Date upon mutual acceptance by both parties. The Closing shall occur at the offices of the Escrow Agent, or at such other place as Seller and Buyer may agree in writing. Closing shall be deemed to have occurred when (i) all closing documents contemplated by this Contract have been delivered to, received by, and executed by the appropriate parties, (ii) all conditions to such Closing contemplated by this Contract have been satisfied or waived, (iii) the funds required to be paid under this Contract have been properly delivered to Escrow Agent and are available for distribution to Seller by Escrow Agent, (iv) the deed required pursuant to Conveyance has been recorded.

Title: Within (5) days of Opening of Escrow, Escrow Agent shall deliver to the City and Seller a preliminary title report pertaining to the Property (the "Title Commitment"). On or before fifteen (15) days after receipt of the Title Commitment, the City shall notify Seller of any matters or exceptions shown on the Title Commitment, or on any documents identified in the Title Commitment as title exceptions, that are not acceptable to the City (the "Objections"). Any matters or title exceptions to which the City does not object within such time period shall be deemed to be acceptable matters. Mortgages, deeds of trust and other liens encumbering the Property shall be cleared at or before Closing by Seller. Taxes shall be prorated.

7. Warranties by Seller: The City agrees and acknowledges that no representations, statements or warranties have at any time been made by Seller, or any agent of Seller, as to the condition, quality, quantity, operation, state of' repair, or prospects of the Property, or any other matter concerning the Property, in any respect.

8. Brokerage: The City warrants to the Buyer that they have not dealt with any Broker in connection with the sale of the Property. If any person shall assert a claim to a finder's fee, brokerage commission or other compensation account of employment or alleged employment as a finder or broker or performance of services as a finder or on broker in connection with this transaction, the party under whom the finder or broker is claiming shall indemnify, defend and hold the other party harmless from and against any such claim and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought on such claim, including, but not limited to, counsel and witness fees and court costs in defending against such claim. This indemnity shall survive the close of escrow or the cancellation of the Contract. Compensation: Buyer agrees to pay Broker fees, referral fees or finder fees associated with any Buyer's fees.

9. Assessment Liens: The amount of any assessment that is a lien as of the COE, shall be paid in full by Seller prior to COE. Any assessment that becomes a lien or property tax that becomes due after COE is the Buyer's responsibility.

11. Seller Warranties: Seller warrants and shall maintain the Premises until COE. Seller warrants that it will remove any personal property, including any vehicles, prior to COE.

12. Closing Costs: All closing costs incurred in the transfers of the Property shall be paid in accordance with the customs of real estate transactions presently in effect in Coconino County, Arizona, as determined by the Escrow Agent.

    Distribution of Proceeds upon Closing: The proceeds of the sale (Purchase Price less Closing Costs attributable to Seller) shall be distributed to Seller by the Escrow Agent. Seller is responsible for verifying accuracy of distribution of proceeds with the Escrow Agent and the City has no liability for any errors.

13. Cure Period: A party shall have an opportunity to cure a potential breach of this Contract. If a party fails to comply with any provision of this Contract, the other party shall deliver a notice to the non-complying party specifying the non-compliance. If the non-compliance

is not cured within five (5) business days after delivery of such notice (Cure Period), the failure to comply shall become a breach of Contract.

14. Attorneys' Fees and Costs: If any action is brought by either party in respect to its rights under this Contract, the prevailing party shall be entitled to reasonable attorneys' fees and court costs as determined by the court.

15. Buyers Remedies: In the event of default by the City, Buyer's sole remedy shall be to cancel this Contract and to retain the Earnest Deposit, together with all accrued interest, as liquidated damages. Buyer and the City agree that it would be impractical or extremely difficult to fix actual damages in case of the City's default; that the amount of the Deposit paid by Buyer reasonable estimate of the Buyer's damages in case of City's default; that Buyer shall retain said Deposit as its damages; and that, thereafter, neither party shall have any further obligations to the other under this Contract, except with respect to obligations which expressly survive the cancellation of this Contract.

16. Sellers Remedies: In the event of default by Buyer, the City shall have all remedies available at law including but not limited to specific performance.

17. Time of the Essence: The parties hereto expressly agree that time is of the essence with respect to this Contract.

18. Notices: Any notice, which a party is required or may desire to give the other, shall be in writing and shall be sent either (a) by United States registered or certified mail, return receipt requested, postage prepaid, or (b) by a generally recognized overnight carrier providing proof' of delivery. Any such notice shall be addressed to a party at such party's address appearing next to such party's signature on last page of the main body of this Contract. Any notice so given shall be deemed to have been given as of the date of actual receipt. Notices shall be addressed to the parties as follows:

SELLER:
City of Flagstaff
Attn: City Manager
211 W. Aspen Avenue
Flagstaff, AZ 86001
FAX (928) 779-7656

BUYER:
Name: _____
Address: _____
City _____ State_____
Email: _____

19. Governing Law: The laws of the State of Arizona shall govern the validity, construction, enforcement, and interpretation of this Contract.

20. Severability: In the event that any phrase, clause, sentence, paragraph, section or other portion of this Contract becomes illegal, null or void or against public policy for any reason, or is held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Contract will not be affected thereby and will remain in force and effect to the fullest extent permitted by law.

21. Entire Contract: This Contract embodies the entire Contract of the parties. Any amendments hereto shall be in writing and executed by the parties hereto. All exhibits attached hereto are a part of this Contract for all purposes.

22. Successors in Interest: This Contact shall bind and inure to the benefit of the City, and their heirs, executors, administrators, successors and permitted assigns.

23. Survival of Closing: Each of the covenants, conditions, agreements, and representations contained in this Contract shall survive the closing hereunder and the recordation of the Special Warranty Deed.

IN WITNESS WHEREOF, Buyer and Seller have executed this Contract on the date set forth below.

BUYER:

By: _____

_____

Date: _____

_____

_____

STATE OF ARIZONA)

) ss

County of Coconino)

ACKNOWLEDGMENT. On this ____ day of _____ 202_, before me, a Notary Public, personally appeared _____, known to be or satisfactorily proven to

be the person whose name is subscribed to the foregoing instrument and acknowledged that (s)he executed the same for the purposes therein contained.

_____

Notary Public

(SEAL)

City of Flagstaff, an Arizona municipal corporation

By: _____

Becky Dagget, Mayor

Date: _____

ATTEST:

_____

City Clerk

APPROVED AS TO FORM:

_____

Senior Assistant City Attorney

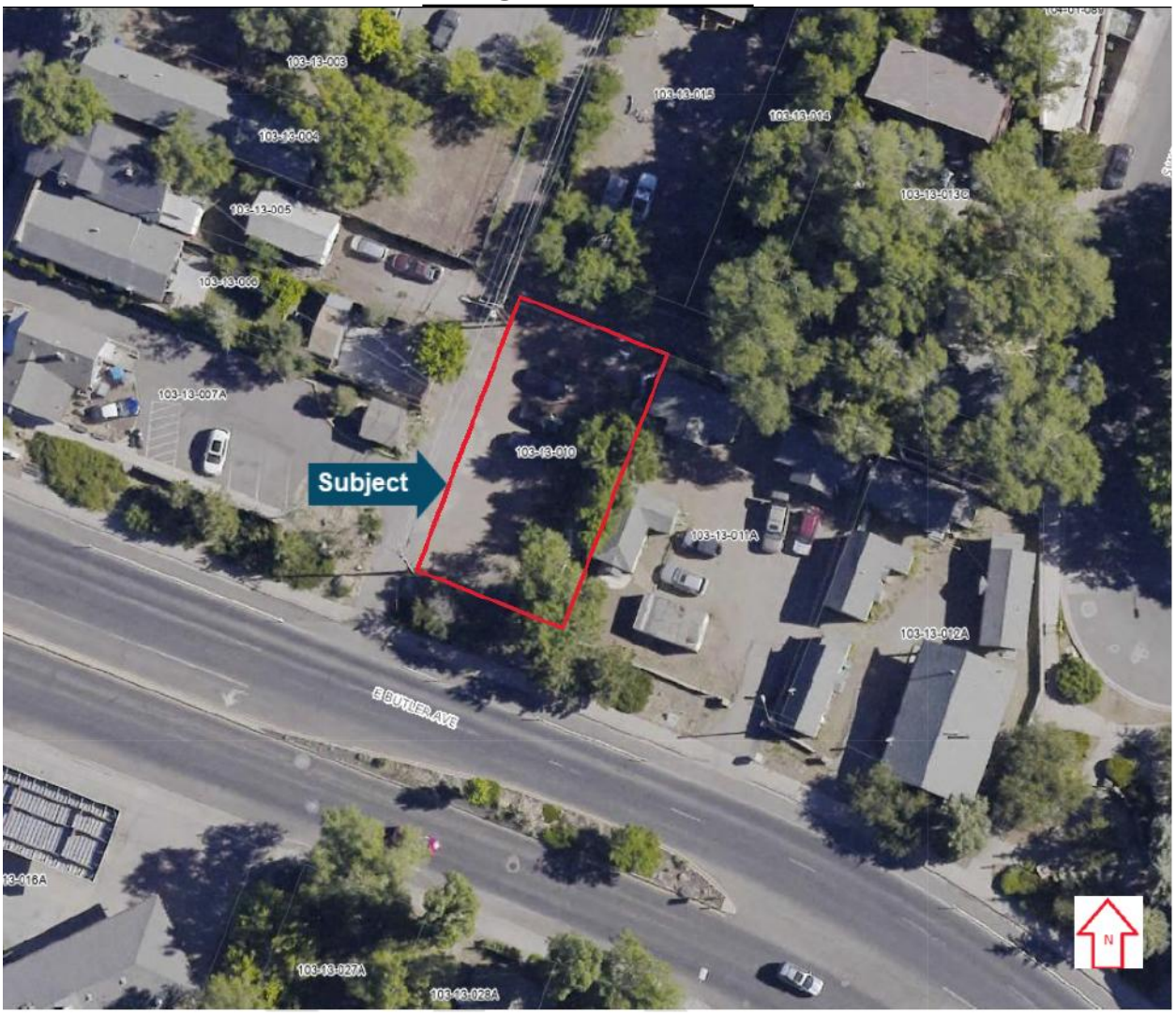
Exhibit “A”

Legal Description
103-13-010

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF COCONINO, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

Lots 13 and 14, Block 115, NORMAL SCHOOL ADDITION TO THE TOWNSITE OF FLAGSTAFF, as shown on the plat thereof, recorded in Book 1 of Maps, Page 28, records of Coconino County, Arizona.

PROPERTY MAP



CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Brian Gall, Airport Director

Co-Submitter: Heidi Derryberry

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Adoption of Ordinance No. 2025-30: 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, to establish Airport Rates And Fees, and by amending Title 8 Public Ways And Property, Chapter 8-06 Airport Rules And Regulations to add definitions of secured areas of the Airport; providing for penalties, repeal of conflicting Ordinances, severability, providing for clerical corrections, and establishing an effective date.

STAFF RECOMMENDED ACTION:

At the December 2, 2025 Council Meeting:
1. Read Ordinance No. 2025-30 by title only for the first time
2. City Clerk reads Ordinance No. 2025-30 by title only (if approved above)

At the December 16, 2025 Council Meeting:
3. Read Ordinance No. 2025-30 by title only for the final time
4. City Clerk reads Ordinance No. 2025-30 by title only (if approved above)
5. Adopt Ordinance No. 2025-30

The Airport Commission and City staff are recommending adoption of the proposed rate and fee changes.

Executive Summary:

The proposed ordinance will increase paid parking rates and establish additional categories of paid parking rates for Flagstaff Pulliam Airport effective January 15, 2026, and establish a rate increase effective July 1, 2026. The ordinance will also establish airport security badging fees effective January 15, 2026, and establish a rate increase effective July 1, 2027.

These rates and fees will help generate revenue to cover some of the operating and maintenance costs at the airport.

Financial Impact:

The airport operates as an enterprise fund, but revenue generated by the airport has not traditionally been sufficient to cover all operating expenses. The proposed parking rates and security badging fees will reduce the Airport Fund's reliance on General Fund support and help cover some of the increasing operating and maintenance costs. Per the Federal Aviation Administration (FAA) grant assurance no. 24, the airport is required to "maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances...."

Policy Impact:

The current policy at the airport has been to allow passengers to exit the lot without paying when they have lost their parking ticket and other methods of finding their transaction have failed or are unavailable. The lost ticket fee will allow the airport to charge passengers who have lost their ticket and prevent passengers from

exiting for free. Allowing for monthly fees and permits will allow the airport to utilize unused parking spaces during times of slower activity.

The airport does not currently charge for security access credentials and does not implement any penalty for lost credentials. The proposed badging fees will help recover a portion of the cost of administering the Airport Security Program and will implement penalties for lost badges.

Previous Council Decision or Community Discussion:

- December 7, 2021 - Council adopted Ordinance 2021-23, establishing paid parking rates at the Flagstaff Pulliam Airport effective January 28, 2022 with a rate increase on July 1, 2023.
- December 12, 2024 - Staff presented an airport budget overview to the Airport Commission that included current airport fees and the proposed approach to new fees and fee increases.
- January 9, 2025 - Staff presented proposed parking fees to the Airport Commission. The Commission voted in favor of the proposed monthly rates and lost ticket fees, and asked for more information regarding the proposed fee increases at future meetings.
- February 13-14, 2025 - Staff presented on the fiscal health of the Airport Fund and current and proposed fees (including parking and badging) at the airport that could improve the health of the fund.
- May 8, 2025 - Staff presented additional information to the Airport Commission about the proposed parking rate increases, and the Commission voted 3-2 in favor of the proposed rates. The proposed badging fees were also presented, and the Commission requested additional information to be presented at a future meeting and a fee waiver for contractors working on airport-funded projects before voting.
- August 21, 2025 - Staff presented additional information to the Airport Commission about the proposed badge fees with revisions requested in the previous discussion. The Commission voted 3-1 in favor of the proposed badge fees.

Options and Alternatives to Recommended Action:

- Approve the Ordinance as written.
- Amend the Ordinance by changing rates or effective dates and provided direction to staff.
- Do not approve an Ordinance.

Background and History:
The Flagstaff Pulliam Airport is a key component of Flagstaff's link to the global marketplace, facilitating local, national and international commerce as well as support the local tourism industry. Business activity is dependent upon the existence of efficient access to local air service. A recent economic study performed by Arizona Department of Transportation identified that the Flagstaff Pulliam Airport generates $68M in direct economic impact and $60M in induced economic impacts annually. American Airlines provides commercial service with daily flights to Phoenix and Dallas Fort-Worth. Passenger enplanements were up 7% in calendar year 2024 from 2023, with 79,081 enplaned passengers. This was the airport's fourth-highest annual enplanements ever and highest with a single carrier. The airport offers 61 airport hangars and 48 covered tie-downs that can be rented on a monthly basis for storage of personal aircraft. The Airport Business Park has numerous businesses, such as T-Gen North and Joy Cone, and the airport has a partnership with Wiseman Aviation as our fixed based fuel operator. The Airport Fund operates as an enterprise fund within the City of Flagstaff's municipal operations. Enterprise Funds are used to account for operations that provide services to the general public for a fee. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

Connection to PBB Priorities and Objectives:
Safe & Healthy Community

- Ensure the built environment is safe through the use of consistent standards, rules and regulations, and land use practices.
- Promote physical health through providing recreation opportunities, parks, open space & multiple transportation options.

Sustainable, Innovative Infrastructure

- Deliver outstanding services to residents through a healthy, well-maintained infrastructure system.
- Provide effective management of infrastructure for all modes of transportation.

High Performing Governance

-Maintain the organization's fiscal stability through strong financial policies and practices.

Connection to Regional Plan:

Goal T.10. Strengthen and expand the role of Flagstaff Pulliam Airport as the dominant hub for passenger, air freight, public safety flights, and other services in northern Arizona.
Policy T.10.1. Maintain and expand Flagstaff Pulliam Airport as an important link to the national air transportation system.
Policy T.10.3. Seek opportunities to expand destinations and frequency of regional air service throughout the southwest and west.
Goal T.3.4 Actively manage parking, including cost and supply to support land use, transportation and economic development goals.

Connection to Carbon Neutrality Plan:

None

Connection to 10-Year Housing Plan:

None

Attachments: Ord. 2025-30
Parking Rates and Badging Fee Analysis
Presentation

ORDINANCE NO. 2025-30

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, TO ESTABLISH AIRPORT RATES AND FEES, AND BY AMENDING TITLE 8 PUBLIC WAYS AND PROPERTY, CHAPTER 8-06 AIRPORT RULES AND REGULATIONS TO ADD DEFINITIONS OF SECURED AREAS OF THE AIRPORT; PROVIDING FOR PENALTIES, REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, PROVIDING FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City has authority to establish, operate, maintain, and improve the Flagstaff Pulliam Airport (the "Airport") pursuant to A.R.S. § 28-8411; and

WHEREAS, City is required by Federal Aviation Administration ("FAA") grant assurances to make the Airport as self-sustaining as possible; and

WHEREAS, the City desires to adopt, and the Airport Commission has recommended adoption of new or increased fees for Airport public parking and security badges; and

WHEREAS, the City has published and distributed notice of the proposed new or increased fees for Airport public parking and security badges pursuant to A.R.S. § 9-499.15.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. In General.

The Flagstaff City Code, Title 3 Business Regulations, Chapter 3-10 User Fees, Section 3-10-001-009 Parking Fees is hereby amended to read as follows (additions shown as capitalized text):

3-10-001-009 AIRPORT RATES AND ~~Parking~~ Fees

A. SECURITY BADGING FEES.

TYPE OF BADGE FEE	EFFECTIVE 01/15/2026	EFFECTIVE 07/01/2027
AIR OPERATIONS AREA (AOA) - INITIAL	$ 40	$ 50
AIR OPERATIONS AREA (AOA) - RENEWAL	$ 20	$ 25
SECURITY IDENTIFICATION DISPLAY AREA (SIDA) AND STERILE AREA - INITIAL	$ 75	$100

SECURITY IDENTIFICATION DISPLAY AREA (SIDA) AND STERILE AREA - RENEWAL	$ 50	$ 75
LOST BADGE FEE (FIRST OCCURRENCE)	$ 50	$ 75
LOST BADGE FEE (SECOND OCCURRENCE)	$ 75	$100
LOST BADGE FEE (AFTER SECOND OCCURRENCE)	$ 100	$125

CONTRACTORS WORKING FOR THE CITY ON FLAGSTAFF AIRPORT PROJECTS ARE EXEMPT FROM THE INITIAL AND RENEWAL BADGE FEES LISTED ABOVE; BUT ARE REQUIRED TO PAY LOST BADGE FEES.

B. Airport Parking Lots.

~~Rates~~	~~Effective January 28, 2022~~	~~Effective July 1, 2023~~
~~1ST Hour~~	~~Free~~	~~Free~~
~~Per Hour Rate (After 1ST Hour)~~	~~$ 2.00~~	~~$ 2.00~~
~~Per Day Rate – Terminal Lot~~	~~$ 7.00~~	~~$ 8.00~~
~~Per Day Rate – Terminal Economy Lot~~	~~$ 5.00~~	~~$ 6.00~~
~~Weekly Rate – Terminal Lot~~	~~$ 42.00~~	~~$ 48.00~~
~~Weekly Rate – Terminal Economy Lot~~	~~$ 30.00~~	~~$ 36.00~~

RATE TYPE	EFFECTIVE JANUARY 15, 2026	EFFECTIVE JULY 1, 2026
TERMINAL LOT RATES		
1ST HOUR	FREE	FREE
PER HOUR RATE (AFTER 1ST HOUR)	$ 2.00	$ 2.00
PER DAY RATE – TERMINAL LOT	$ 8.00	$ 10.00
WEEKLY RATE – TERMINAL LOT	$ 48.00	$ 60.00
MONTHLY RATE – TERMINAL*	$ 160.00	$ 200.00
LOST TICKET FEE – TERMINAL	$72.00	$ 90.00
ECONOMY LOT RATES		
1ST HOUR	FREE	FREE
PER HOUR RATE (AFTER 1ST HOUR)	$ 2.00	$ 2.00
PER DAY RATE – ECONOMY LOT	$ 6.00	$ 7.00
WEEKLY RATE – ECONOMY LOT	$ 36.00	$ 42.00
MONTHLY RATE – ECONOMY*	$ 120.00	$ 140.00
LOST TICKET FEE – ECONOMY	$ 54.00	$ 63.00

*THE AIRPORT DIRECTOR MAY ISSUE, LIMIT, OR DECLINE TO ISSUE MONTHLY PARKING PERMITS, BASED UPON THE NEEDS OF THE TRAVELING PUBLIC AT THE AIRPORT.

C. ADDITIONAL AIRPORT RATES AND FEES.

ADDITIONAL FEES HAVE BEEN ESTABLISHED IN CHAPTER 8-06 AIRPORT RULES AND REGULATIONS.

The Flagstaff City Code, Title 8 Public Ways and Property, Chapter 8-06 Airport Rules and Regulations, Section 8-06-001-0002 Definitions is hereby amended by converting all alphabetical lettering of defined term as Arabic numerals (e.g. 1, 2, 3, and so forth), and by adding the following new terms in alphabetical order within that numerical list to read as follows (additions shown as capitalized text):

AIR OPERATIONS AREA (AOA) SHALL MEAN THAT PORTION OF THE AIRPORT AS SPECIFIED IN THE AIRPORT SECURITY PROGRAM, SUBJECT TO SECURITY MEASURES. THE AOA IS WITHIN THE PERIMETER FENCE, EXCLUDING THE HIGHLY RESTRICTED SECURITY IDENTIFICATION DISPLAY AREA (SIDA).

SECURITY IDENTIFICATION DISPLAY AREA (SIDA) SHALL MEAN THAT PORTION OF THE AIRPORT AS SPECIFIED IN THE AIRPORT SECURITY PROGRAM, SUBJECT TO SECURITY MEASURES. THE SIDA INCLUDES COMMERICAL FLIGHT RAMPS AND OTHER OPERATIONAL ZONES.

STERILE AREA SHALL MEAN THAT PORTION OF THE AIRPORT, AS SPECIFIED IN THE AIRPORT SECURITY PROGRAM, THAT PROVIDES PASSENGERS ACCESS TO BOARDING AIRCRAFT AND TO WHICH ACCESS IS GENERALLY CONTROLLED BY THE FEDERAL TRANSPORTATION SECURITY ADMINISTRATION (TSA) OR BY AN AIRCRAFT OPERATOR UNDER 49 C.F.R. PART 1544 OR A FOREIGN AIR CARRIER UNDER 49 C.F.R PART 1546, THROUGH THE SCREENING OF PERSONS AND PROPERTY. THE STERILE AREA IS THE SECTION OF THE TERMINAL PAST THE SECURITY SCREENING CHECKPOINT. THIS AREA IS WHERE PASSENGERS WAIT TO BOARD THEIR FLIGHTS AND INCLUDES THE CONCOURSES, GATES, AND CONCESSIONS.

SECTION 2. Penalties

Any person found in violation of this ordinance shall be guilty of a civil infraction and shall be fined a sum not to exceed five hundred dollars ($500.00). Any violation which is continuing in nature shall constitute a separate offense on each successive date the violation continues, unless otherwise provided.

SECTION 3. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 4. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date

This Ordinance shall be effective January 15, 2026 following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of December, 2025.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

CITY OF FLAGSTAFF, ARIZONA

Airport Parking Rates and Airport Security Badge Fees Financial Analysis Report - 2025

FLAGSTAFF AIRPORT
GRAND DESTINATIONS

Airport Section and Management Services Division

October 2025

Executive Summary

The Airport Section and City Management Services Division has prepared a financial analysis for the Airport Fund for changes to airport parking rates and airport security badge fees.

The City desires fees and rates that fund operations and maintenance costs for Airport Fund. The purpose of the fiscal analysis is to provide a financial review of revenues that will cover the necessary expenditures.

Staff intends to provide City Council with a recommendation for fees and rates at the December 2, 2025 and December 16, 2025 Council meetings. It is anticipated an Ordinance will be adopted with the new rates at the December 16, 2025 Council meeting with an effective date of January 15,2026.

Airport Overview

The Flagstaff Pulliam Airport is a key component of Flagstaff's link to the global marketplace, facilitating local, national and international commerce as well as support the local tourism industry. Business activity is dependent upon the existence of efficient access to local air service. A recent economic study performed by Arizona Department of Transportation identified that the Flagstaff Pulliam Airport generates $68M in direct economic impact and $60M in induced economic impacts annually.

American Airlines provides commercial service with daily flights to Phoenix and Dallas Fort-Worth. Passenger enplanements were up 7% in calendar year 2024 from 2023, with 79,081 enplaned passengers. This was the airport's fourth-highest annual enplanements ever and highest with a single carrier.

The airport offers 61 airport hangars and 48 covered tie-downs that can be rented on a monthly basis for storage of personal aircraft. The Airport Business Park has numerous businesses, such as T-Gen North and Joy Cone, and the airport has a partnership with Wiseman Aviation as our fixed based fuel operator.

The Airport Fund operates as an enterprise fund within the City of Flagstaff's municipal operations. Enterprise Funds are used to account for operations that provide services to the general public for a fee. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

Airport Parking Rates

Prior to 2023, passenger parking at the airport terminal was provided by a single parking lot (the Terminal Lot) with 385 parking spaces. Parking was free and the lot was frequently over capacity, with passengers parking in the landscaped areas and along drive aisles and roads. In 2023, the city expanded parking capacity by opening an additional long-term parking lot (the Economy Lot) with 413 parking spaces available. A paid parking program was developed to help pay for the cost of the construction and the ongoing maintenance of the airport parking lots. The construction of the Economy Parking Lot and purchase and installation of the paid parking system cost approximately $4.5M. Since the addition of the Economy Lot, the parking lots are running at approximately a 30% occupancy on typical weeks and 55% occupancy during busier travel times. After two years in operations, staff is recommending adjustments to the parking rates and structure. The annual revenues from paid parking care currently around $550,000, which is half the anticipated revenues when the last fees were adopted.

Staff Proposal

Staff is requesting an update to the current parking rates to provide additional revenues to support airport operations. One consideration for changing parking fees is based on observations the operations the first two years. Staff sees the needs of set fees for lost tickets, and longer term of parking for up to 180 days as requested by the business community.

The second consideration is related to parking rates that other communities charge at their airports. Airport staff reviewed rates from several airports in the region, which are summarized in the next table.

These airports can be broadly placed in three categories in relation to the Flagstaff Pulliam Airport, which currently has three to six arrivals daily. Prescott Regional Airport and Laughlin/Bullhead International Airport have fewer flights than Flagstaff with one to three arrivals daily. Yuma International Airport has similar flight availability and enplanements to Flagstaff. Durango – La Plata County Airport, St. George Regional Airport, and Montrose Regional Airport have slightly more flights than Flagstaff with between 10 and 15 arrivals daily. Phoenix Sky Harbor International Airport, Mesa Gateway Airport, and Tucson International Airport are significantly busier than Flagstaff with dozens or hundreds of arrivals daily. The table below represents research completed in the Spring of 2025.

Airport	Lot	Hourly	Daily	Weekly	Monthly	Yearly	Lost Ticket
Grand Canyon Airport (GCN)	**Main**	N/A	$10.00	None	None	$100.00	None
Mesa Gateway (AZA)	**Main**	$1.00 every 30 min	$48.00	None	None	None	$250.00
	Economy	Same	$9.00	None	None	None	None
	Covered	Same	$11.00	None	None	None	None
	Long Term	Same	$13.00	None	None	None	None
Yuma International Airport (YUM)	**Main**	$2.00	$10.00	N/A	1 month-$125; 3 month-$300; 6 month-$650	$900.00	$350.00
Durango-La Plata County Airport (DRO)	**Main**	Free first hour, $1.00 per 30 min	$9.00	$42.00	None	$2,300.00	None
St. George Reginal Airport (SGU)	**Main**	$7.00	None	None	None	None	$150.00
Montrose Regional Airport (MTJ)	**Short Term**	$2.00	$14.00	N/A	$260.00	$2,100.00	None
	Short Term-South	Same	$12.00				
	Economy	Same	$11.00				
Prescott Regional (PRC)		No Fee	No Fee	No Fee	No Fee	No Fee	No Fee
Laughlin/Bullhead (IFP)		No fee	No fee	No fee	No fee	No fee	No fee
Tucson International (TUS)	**Main**	$1:00 every 20 min	$15.00	None	None	None	None
	Garage Lot	Same	$12.00				
	Economy	Same	$5.00				
	Economy Covered	Same	$7.50				
Phoenix Sky Harbor International (PHX)	**Valet**	$6.00 1st hour, $3.00 add'l 30 min	$43.00	None	None	None	None
	Premium	.	$37.00	None	None	None	None
	Terminal Garage	Same	$33.00	None	None	None	None
	Economy	Same	$19.00	None	None	None	None
	Economy-Uncovered	Same	$16.00	None	None	None	None
Flagstaff (FLG) - Current	**Terminal**	First hour free, $2.00 per hour	$8.00	$48.00	None	None	None
	Economy	Same	$6.00	$36.00	None	None	None

Relative to the comparison airports, the proposed rates are generally higher than the airports with less traffic (Prescott, Laughlin/Bullhead), and lower than or comparable to the airports with similar or slightly more traffic (Durango – La Plata Co., Montrose Regional, Yuma International).

Review of cost of managing the airport parking

Paid parking revenues are intended to support the cost of operating the parking lots and administration of the airport.

Cost Category	Annual Estimate
Pavement Maintenance	$ 75,000
Landscaping and snow control	$ 85,000
Utilities	$ 14,000
Paid parking system and fees	$ 144,000
Parking management staff	$ 67,000
Parking lot annual capital repairs	$ 350,000
Administration of Parking	$ 70,000
Overhead (10%)	$ 80,500
	$ 885,500

Proposed Parking Rates/Fees

Based on the above considerations, staff is proposing the following rate structure:

Proposed Rates	Current Rates	Effective January 15, 2026	Effective July 1, 2026
Terminal Lot Rates			
1st hour	Free	Free	Free
Per hour rate (after 1st hour)	$ 2.00	$ 2.00	$ 2.00
Per day rate – Terminal Lot	$ 8.00	$ 8.00	$ 10.00
Weekly rate – Terminal Lot	$ 48.00	$ 48.00	$ 60.00
Monthly rate – Terminal*	-	$160.00	$200.00
Lost Ticket Fee – Terminal	-	$72.00	$90.00
Economy Lot Rates			
1st hour	Free	Free	Free
Per hour rate (after 1st hour)	$ 2.00	$ 2.00	$ 2.00
Per day rate – Economy Lot	$ 6.00	$ 6.00	$ 7.00
Weekly rate – Economy Lot	$ 36.00	$ 36.00	$ 42.00
Monthly rate – Economy*	-	$120.00	$140.00
Lost Ticket Fee – Economy	-	$54.00	$63.00

**Upon Airport Director approval, Airport may issue monthly parking permits at the monthly parking rates.*

Airport Parking Revenues Impact

Staff completed a revenue impact review based on the calendar year (CY) 2024 transactions from the Terminal and Economy Lots. During CY 2024 the airport parking program had a total of 17,468 paid transactions, shown below. In order to analyze the impacts related to rate changes, we identified the annual transactions based on the current rate schedule for hourly, daily, and weekly rates. This provided a baseline to compare how revenues may change based on the proposed parking rate schedule. The table below breaks out the transactions.

Annual Paid Transactions	CY 2024	Percent of Total
Terminal Lot	11,154	64%
Economy Lot	6,314	36%
	17,468	

Quantity at Rate	Hourly Details	Daily Details	Weekly Details	Totals
Terminal Lot	4,309	25,046	2,771	32,126
Economy Lot	1,170	14,579	2,745	18,494
	5,479	39,625	5,516	50,620

Staff is proposing a new rate structure for a monthly rate and monthly permit. Based on the CY 2024 activity there were 8 transactions in the Terminal Lot and 42 transactions in the Economy Lot that were longer than 30 days for a total of 50 transactions. If a portion of these transaction move from the current rate structure to the proposed rate structure, the revenues will see a net decline in parking revenues due to the discounted monthly rates. The city would also anticipate additional monthly permits issued to take advantage of the new monthly rate proposal. Our baseline increase in monthly permits will start at 3 per month for a total of 36 monthly transactions at the new rate. Based on the new rate and permit option, analysis shows this as a net neutral impact to revenues.

Staff is proposing fee for lost or damaged tickets. Currently there are no fees for lost tickets or damaged tickets. Customers are sometimes allowed to exit without paying any fees when a ticket is lost or damaged and we are not able to identify when the vehicle entered the parking facility. After the new fee is adopted, customers that have lost or damaged their ticket and we cannot lookup the transaction, will be required to pay a lost ticket fee to exit the lot. During CY 2024, staff has identified there were approximately 150 transactions that would have required to pay the lost/damaged ticket fee. We anticipate a 25% reduction once the new fee is implemented. Based on this projection we anticipate an annual revenue of $7,452 for lost ticket payments.

Lost/Damaged Ticket Review	Estimated Transactions	Percent of Total	Proposed Rate 01/15/2026	Estimated Annual Revenue
Terminal Lot	72	64%	$ 72	$ 5,184
Economy Lot	42	36%	$ 54	$ 2,268
				$ 7,452

Staff is proposing additional parking rate increases effective July 1, 2026. The 1st hour will remain free and the hourly rate after that first our will also be the same $2/hour rate for both parking lots. Based on the proposed rate changes listed earlier in this report, we are projecting $653,000 of annual revenue from parking fees to support the operations. This represents a $122,400 increase over current revenue estimates based on the recommended changes staff is proposing. The table below demonstrates the changes in revenues for each parking lot.

Terminal Lot	Hourly Details	Daily Details	Weekly Details	Monthly Details	Lost Ticket Fees
Current Parking Rates	$ 2	$ 8	$ 48	$ -	$ -
Current Revenues	$ 8,618	$ 200,368	$ 133,008	$ -	$ -
Proposed Rates 7/1/2026	$ 2	$ 10	$ 60	$ 200	$ 90
Proposed Revenues	$ 8,618	$ 250,310	$ 163,140	$ 2,600	$ 6,480
Annual Revenue Change	$ -	$ 49,942	$ 30,132	$ 2,600	$ 6,480

Economy Lot	Hourly Details	Daily Details	Weekly Details	Monthly Details	Lost Ticket Fees
Current Parking Rates	$ 2	$ 6	$ 36	$ -	$ -
Current Revenues	$ 2,340	$ 87,474	$ 98,820	$ -	$ -
Proposed Rates 7/1/2026	$ 2	$ 7	$ 42	$ 140	$ 63
Proposed Revenues	$ 2,340	$ 101,745	$ 105,798	$ 9,380	$ 2,646
Change	$ -	$ 14,271	$ 6,978	$ 9,380	$ 2,646

Airport Security Badge Fees

Staff Proposal

Staff recommends implementing a fee for security badges. The airport does not currently charge for security badges and is the only commercial service airport in Arizona that does not. The airport issues approximately 160 new badges a year, 65 badge renewal, and 10 replacement badges. This has created and administrative and cost burden to manage security badges. Staff is seeking to implement fees that would recover a portion of the cost of issuing security badges.

Staff surveyed several airports and below is a summary of what other airports are charging. Research was completed in the Spring of 2025.

Airport	AOA	SIDA	Sterile	Lost Badge	Contractors
Grand Canyon Airport (GCN)	$30	Currently Not Available	Currently Not Available	$50, $75, $200 Revoked after 3rd; $250 Not Returned Fee	No Charge
Mesa Gateway (AZA)	$45	$45	$45	$50	$50
Yuma International Airport (YUM)	$10 Application Fee	$10 Application Fee	$10 Application Fee	$30	$10 Application Fee
Durango-La Plata County Airport (DRO)	$30 Initial; $30 renewal	$115 plus $85 fingerprints; $55 for renewal plus $25 system	$50 plus $85 fingerprints; $50 renewal plus $25 system	$100, $150, $200 3rd or more	N/A
St. George Reginal Airport (SGU)	$30	$75	N/A	$150	N/A
Montrose Regional Airport (MTJ)	$60	$75	$60	Same Price	N/A
Prescott Regional (PRC)	$100	$100 plus $110 fingerprinting	N/A	$100, $150, $200 $100 damaged	N/A
Laughlin/Bullhead (IFP)	$50	$50	$50	$50	No Fee
Tucson International (TUS)	$77 Initial; $40 renewal	$77 Initial; $40 renewal	$77 Initial; $40 renewal	N/A	$77 Initial; $40 renewal
Phoenix Sky Harbor International (PHX)	$32 Initial plus Fingerprint fee; $7 STA' $50 control fee	$45	$45	$50	$45

The following list includes the different types of security badges that are required fat the airport:

AOA: An Air Operations Area (AOA) security badge is an identification credential issued by an airport that grants authorized individuals access to the Air Operations Area (AOA), which is the portion of the airport within the perimeter fence, excluding the highly restricted Security Identification Display Area (SIDA).
SIDA: An airport SIDA (Security Identification Display Area) badge is an identification credential required for airport personnel to access secured areas of an airport that are restricted to the general public, including flight ramps and other operational zones.
Sterile: An airport Sterile security badge grants an employee access to the airport's sterile area, which is the section of the terminal past the security screening checkpoint. This area is where passengers wait to board their flights and includes the concourses, gates, and concessions.
Contractor: A contractor is someone that is working through a contract for the City of Flagstaff on maintenance and project work at the Flagstaff Airport.

Review of the cost of issuing airport security badges

The airport security badge fees are intended to support the cost of managing and issuing the badges. Staff has analyzed the cost of issuing badges based on the type and level of effort required. The table below demonstrates the estimated cost per badge type.

Cost Category	AOA Initial	AOA Renewal	SIDA/Sterile Initial	SIDA/Sterile Renewal	Lost Badge
Staff time/expense	2 hours/ $70	0.5 hours/ $17	3 hours/ $105	1.5 hours/ $53	2 hours/ $70
Supplies	$4	$4	$4	$4	$4
Postage and handling	$0	$0	$25	$0	$0
Fingerprint fees	$0	$0	$37	$0	$0
Enrollment fees ($6 annual)	$12	$12	$12	$12	$0
Total	**$86**	**$33**	**$183**	**$125**	**$74**
Total Excluding Labor	**$16**	**$16**	**$78**	**$16**	**$4**

Staff estimates the following annual activity: 100 AOA-Initial Badges, 35 AOA-Badge Renewals, 60 SIDA-Initial Badges, 30 SIDA-Badge Renewals, and 10 Lost Badge replacements. Based on this level of activity, the current cost on an annual basis for these permits is approximately $25,000.

Proposed Airport Security Badge Fees

When determining the proposed fee to charge for security badges, staff took into consideration who benefits from the security badges. The benefit directly supports the individual/company requesting a badge to access secured areas of the airport. The airport also receives benefits to having individuals required to have a security badge for the protection of the airport facilities. Taking these factors into consideration, staff is recommending a cost recovery between 40% and 70% for the AOA and SIDA badges. Lost badge fees are set to impose penalties for improperly managing individual badges and could have a negative impact to security. Therefore, lost security badge fees will recover more than 100% of the cost to reissue. Based on the above considerations, staff is proposing the following fee structure:

Proposed Rates	Effective 01/15/2026	Effective 7/1/2027
AOA - Initial	$40	$50
AOA - Renewal	$20	$25
SIDA/Sterile - Initial	$75	$100
SIDA/Sterile - Renewal	$50	$75
Lost Badge Fee (First Occurrence)	$50	$75
Lost Badge Fee (Second Occurrence)	$75	$100
Lost Badge Fee (After Second Occurrence)	$100	$125

**Contractors working for the City on Flagstaff Airport projects are exempt from the initial and renewal badge fees listed above. Contractor will be required to pay lost badge fees.*

Airport Security Badge Revenues Impact

Financial analysis related to implementing a new security badge fee demonstrates that the airport would recover approximately $11,250 of the cost it incurs to manage the security badging program. Below is an estimated amount of activity and revenues anticipated for each security badge type.

Security Badges	Estimated Annual Quantity	Proposed Rate 01/15/2026	Estimated Annual Revenues
AOA - Initial Badge	100	$ 40	$ 4,000
AOA - Badge Renewal	35	$ 20	$ 700
SIDA - Initial Badge	60	$ 75	$ 4,500
SIDA - Badge Renewal	30	$ 50	$ 1,500
Lost Badge - First Occurrence	8	$ 50	$ 400
Lost Badge - Second Occurrence	2	$ 75	$ 150
Lost Badge - After Second Occurrence	-	$ 100	$ -
Totals	235		$ 11,250

Community Outreach and Future Meetings

Public Outreach/Airport Commission Meetings

Airport staff discussed the proposed rate and fee changes at the following Airport Commission Meetings.

- December 2024 – Staff provided an airport budget overview that included current airport fees and the proposed approach to new fees and fee increases.
- January 2025 – Proposed parking fees were presented. The Commission voted in favor of the proposed monthly rates and lost ticket fees, and asked for more information regarding the proposed fee increases at future meetings.
- May 2025 – Additional information was presented about the proposed parking fee increase, and the Commission voted 3-2 in favor or the proposed rates. The proposed badging fees were presented by airport staff, and the Commission requested additional information to be presented at a future meeting and a fee waiver for contractors working on airport-funded projects before voting.
- August 2025 – Airport staff presented additional information about the proposed badge fees with revisions requested in the previous discussion. The Commission voted 3-1 in favor of the proposed badge fees.

Staff will post notices about the proposed airport parking rates and badge fees in the airport terminal and on the airport's social media channels.

City Council Meetings

At the February 2025 Budget Retreat, staff presented revenue generating ideas for the Flagstaff Airport. Revenue ideas included reviews of aircraft storage permits, landing fees, fuel flowage fees, commercial use permits, parking fees, security badging and ground transportation permits. Staff received approval to move forward with the parking rate review and new security badging fees.

On December 2, 2025 and December 16, 2025, the City will hold a public hearings and staff will present an ordinance along with the fees and rates analysis information to the Council. Council could accept staff recommendation or adjust, such as increasing or decreasing the fees and rates. Or the Council could choose to not read the ordinance the first time and direct staff to bring the item back with amendments. If Council completes the first read of the ordinance on December 2, 2025, a second read will be required at the December 16, 2025 meeting prior to adopting the fees and rates. Fees and rates would be effective January 15, 2026.



Airport Parking Rate and Badging Fees

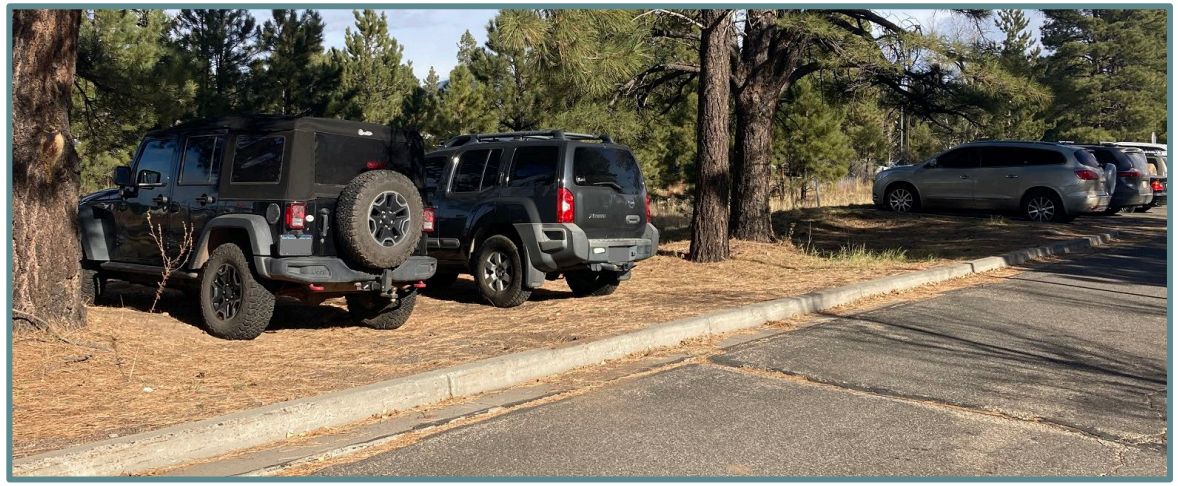
Council Meeting December 02, 2025

FLAGSTAFF AIRPORT
GRAND DESTINATIONS

Airport Parking/Badging

Airport Parking Background

- Two parking lots – Terminal and Economy
- Terminal Lot (385 spaces) opened in 1993, expanded in 1997
- Economy Lot (413 spaces) and paid parking system opened June 2023
- Number of vehicles parked exceeds terminal lot capacity during busy travel times (approx. 550)





Airport Parking/Badging

Airport Parking Background

- Parking fees were established in 2021 but not implemented until 2023
- Airport enplanements in CY 2024 up 6.88% from 2023 (79,081 passengers)
- Enplanements up 5.5% year-to-date
- US airline passenger traffic was up 5.2% in CY 2024 and is down 1.0% YTD (per US Bureau of Transportation Statistics)
- Air traffic in FLG is increasing compared to national average

Airport Parking/Badging

Parking Rates Discussion

- Staff reviewed parking rates at 10 airports in the region
- Proposed Terminal Lot rate in line with other airports
- Proposed Economy Lot rate among the least expensive
- Airport customers have requested a monthly fee for our paid parking lots
- During Calendar Year 2024, staff identified approximately 150 transactions where no fee was collected due to a lost ticket
- We expect that lost ticket fees will reduce the number of lost tickets
- Only new monthly rate and lost ticket fee effective January 15, 2026
- All parking rates and fees increase July 1, 2026

Airport Parking/Badging

Parking Rates Outreach – Airport Commission

- December 2024 – Staff provided an airport budget overview that included current airport fees and the proposed approach to new fees and fee increases.
- January 2025 – Proposed parking fees were presented. The Commission voted in favor of the proposed monthly rates and lost ticket fees and asked for more information regarding the proposed fee increases at future meetings.
- May 2025 – Additional information was presented about the proposed parking fee increase, and the Commission voted 3-2 in favor or the proposed rates.

Airport Parking/Badging

Proposed Parking Rates

Proposed Rates	Current Rates	Effective January 15, 2026	Effective July 1, 2026
Terminal Lot Rates			
1st hour	Free	Free	Free
Per hour rate (after 1st hour)	$ 2.00	$ 2.00	$ 2.00
Per day rate – Terminal Lot	$ 8.00	$ 8.00	$ 10.00
Weekly rate – Terminal Lot	$ 48.00	$ 48.00	$ 60.00
Monthly rate – Terminal*	-	$160.00	$200.00
Lost Ticket Fee – Terminal	-	$72.00	$90.00
Economy Lot Rates			
1st hour	Free	Free	Free
Per hour rate (after 1st hour)	$ 2.00	$ 2.00	$ 2.00
Per day rate – Economy Lot	$ 6.00	$ 6.00	$ 7.00
Weekly rate – Economy Lot	$ 36.00	$ 36.00	$ 42.00
Monthly rate – Economy*	-	$120.00	$140.00
Lost Ticket Fee – Economy	-	$54.00	$63.00

Airport Parking/Badging

Security Badging Background

- Airport is required to maintain an Airport Security Program (ASP) by the Transportation Security Administration (TSA)
- ASP includes access control and personnel background screening
- Personnel requiring unescorted access to the airfield and terminal issued security credentials (badges)
- Airport does not currently charge for issuing security badges or conducting background checks
- Different security badges and background checks required to access different areas of the airport
  - AOA – Air Operations Area
  - SIDA – Secure Identification Display Area
  - Sterile Area

Airport Parking/Badging

Security Badging Background

- Airport Number of Badges Issued Annually
  - AOA – 135
  - SIDA/Sterile – 90
- No limit to the number of badges that can be issued per tenant.
- Total annual cost to airport approximately $20,000

Cost Category	AOA Initial	AOA Renewal	SIDA/Sterile Initial	SIDA/Sterile Renewal	Lost Badge
Staff time/expense	2 hrs/$70	0.5 hrs/$17	3 hrs/$105	1.5 hrs/$53	2 hrs/$70
Supplies	$4	$4	$4	$4	$4
Postage and handling	$0	$0	$19	$0	$0
Fingerprint fees	$0	$0	$37	$0	$0
Enrollment fees ($6 annual)	$12	$12	$12	$12	$0
Total	**$86**	**$33**	**$177**	**$125**	**$74**
Total Excluding Labor	**$16**	**$16**	**$72**	**$16**	**$4**

Airport Parking/Badging

Security Badging Discussion

- Staff reviewed badge fees at 10 airports in the region
- Proposed badge fees are in line with similar airports
- Proposing different initial and renewal badge fees due to different costs to airport
- Lost ticket fees intended to encourage users to keep track of badges
- Too many lost badges (5%) = all airport badges must be redesigned and replaced
- Badges good for up to two years
- Badge fees effective January 15, 2026
- Rate increase July 1, 2027

Airport Parking/Badging

Proposed Security Badging Fees

Proposed Rates	Effective 01/15/2026	Effective 7/1/2027
Air Operations Area (AOA) - Initial	$40	$50
Air Operations Area (AOA) - Renewal	$20	$25
Security Identification Display Area (SIDA) & Sterile - Initial	$75	$100
Security Identification Display Area (SIDA) & Sterile - Renewal	$50	$75
Lost Badge Fee (First Occurrence)	$50	$75
Lost Badge Fee (Second Occurrence)	$75	$100
Lost Badge Fee (After Second Occurrence)	$100	$125

Airport Parking/Badging

Badging Fee Outreach – Airport Commission

- December 2024 – Staff provided an airport budget overview that included current airport fees and the proposed approach to new fees and fee increases.
- May 2025 – The proposed badging fees were presented by airport staff, and the Commission requested additional information to be presented at a future meeting and a fee waiver for contractors working on airport-funded projects before voting.
- August 2025 – Airport staff presented additional information about the proposed badge fees with revisions requested in the previous discussion. The Commission voted 3-1 in favor of the proposed badge fees.

Airport Rates and Fees Analysis

Financial Overview – Parking Transactions

- During Calendar Year 2024, the Airports lots saw 17,468 paid transactions
  - Terminal Lot saw 64% of the transactions (11,154)
  - Economy Lot say 36% of the transactions (6,314)
  - Approximately 150 lost tickets with no revenues
- Based on Billing Data
  - 2/3rd of transactions are less than 6 days
  - 65 transactions were greater then 4 weeks

Length of stays	Rates	Terminal Lot Transactions	Terminal %	Economy Lot Transactions	Economy %
2-3 Hours	Hourly Rates	1,445	13%	341	5%
>3 Hours and < 6 days	Daily Rates +	7,336	66%	3,889	62%
6 Days and Longer	Weekly Rates +	2,373	21%	2,084	33%
		11,154		6,314	

Airport Rates and Fees Analysis

Financial Overview – Parking Fees/Lost Tickets

- During Calendar Year 2024, staff identified approximately 150 transactions where no fee was collected due to a lost ticket
- We expect that change in fees will reduce the number of lost tickets
- Anticipated annual revenues for Lost or Damaged Tickets
  - $3,700 for FY 2025-26 (6 months)
  - $9,126 for FY 2026-27

Lost/Damaged Ticket	Estimated Transactions	Percent of Total	Proposed Rate 07/01/2026	Estimated Annual Revenue
Terminal Lot	72	64%	$ 90	$ 6,480
Economy Lot	42	36%	$ 63	$ 2,646
				$ 9,126

Airport Rates and Fees Analysis

Financial Overview – Parking Rates

TERMINAL LOT	Hourly Details	Daily Details	Weekly Details	Monthly Details	Lost Ticket Fees
Current Rates	$ 2.00	$ 8.00	$ 48.00	No Rate	No Rate
Current Revenues	$ 8,618	$ 200,368	$ 133,008	$ 0	$ 0
Proposed Rates 7/1/2026	$ 2.00 (No change)	$ 10.00 (+$ 2.00)	$ 60.00 (+ $12.00)	$ 200.00 (New)	$ 90.00 (New)
Increased Revenues	$ 0	$ 49,942	$ 30,132	$ 2,600	$ 6,480

ECONOMY LOT	Hourly Details	Daily Details	Weekly Details	Monthly Details	Lost Ticket Fees
Current Rates	$ 2.00	$ 6.00	$ 36.00	No Rate	No Rate
Current Revenues	$ 2,340	$ 87,474	$ 98,820	$ 0	$ 0
Proposed Rates 7/1/2026	$ 2.00 (No change)	$ 7.00 (+$ 1.00)	$ 42.00 (+ $ 6.00)	$ 140.00 (New)	$ 63.00 (New)
Increased Revenues	$ 0	$ 14,271	$ 6,978	$ 9,380	$ 2,646

Airport Rates and Fees Analysis

Financial Overview – Security Badging Fees

- Security badging provides benefits to the airport, therefore not considering full cost recovery
- Need to establish a fee for lost badge replacements
- Contractors hired by the City for Airport Projects receive free badging

Security Badges	Estimated Annual Quantity	Proposed Rate 01/15/2026 *	Estimated Annual Revenues
AOA - Initial Badge	100	$ 40 (47%)	$ 4,000
AOA - Badge Renewal	35	$ 20 (61%)	$ 700
SIDA - Initial Badge	60	$ 75 (41%)	$ 4,500
SIDA - Badge Renewal	30	$ 50 (40%)	$ 1,500
Lost Badge – First Occurrence	8	$ 50 (68%)	$ 400
Lost Badge – Second Occurrence	2	$ 75 (100%)	$ 150
Lost Badge – After Second Occurrence	-	$ 100	$ -
Totals	235		$ 11,250

** Estimated cost recover in parenthesis.*

Airport Rates and Fees Analysis

Financial Overview

- New revenues based on Parking Rates for FY 2026-27
  - Hourly Rate Change = $ 0
  - Daily Rate Change = $ 64,212
  - Weekly Rate Change = $ 37,110
  - New Monthly Rate = $ 11,980
  - New Lost Ticket Fee = $ 9,126
  - Total new parking revenue = $122,428
- New revenues Airport Security Badges for FY 2026-27
  - All Badges = $ 11,250

- Total new FY 2026-27 Revenues approximately $133,678

Timeline for Adoption

Next Steps for Adoption

- December 2nd – 1st Read of the Ordinance
  - Contractors and City staff working for the City on Flagstaff Airport projects are exempt from the initial and renewal badge fees listed above; but are required to pay lost badge fees
- December 16th – 2nd Read and Adoption of the Ordinance
- January 15, 2026 – New rates and fees effective

Airport Parking Rates and Badging Fee Adoption

City Council Meeting
December 02, 2025

City Council

Questions and Comments

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Robert Wallace, Open Space Supervisor

Co-Submitter: Rebecca Sayers

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Adoption of Resolution No. 2025-62: A resolution of the Flagstaff City Council, authorizing the grant application for an Arizona State Parks Recreational Trails Program -- Safety and Environmental Education grant for the design, development, and installation of kiosk and interpretive signs for the McMillan Mesa Natural Area.

Consideration and Approval of Grant Agreement: with Arizona State Parks Board for the design, development, and installation of kiosk and interpretive signs for the McMillan Mesa Natural Area.

STAFF RECOMMENDED ACTION:

1. Read Resolution No. 2025-62 by title only
2. City Clerk reads Resolution No. 2025-62 by title only (if approved above)
3. Adopt Resolution No. 2025-62
4. Approve the grant agreement between the Arizona State Parks Board and the City of Flagstaff for the Safety and Environmental Education grant program, for grant funds in the amount of $9,998.00 with a city match of $1,164.00, for the design, development, and installation of kiosk and interpretive signs for the McMillan Mesa Natural Area.

Executive Summary:

Funding will allow the Open Space Section to welcome, inform, and educate users of the regional preserve through strategically placed signage at entry points and along trails, thus promoting appropriate use, and providing educational opportunities for the community. The goal of this project is to install five welcome kiosks, and four interpretive signs.

Financial Impact:

Project Name: Recreational Trails Program -- Safety and Environmental Education (SEE) Grant Agreement and Resolution
Total cost: $11,162.00
Account Number Budgeted: 001-11-159-6302-5-4290
FY Budgeted Amount: FY 2026
Grant Funded: $9,998.00
Funding Source: Arizona State Parks Recreational Trails Program -- Safety and Environmental Education grant, agreement # 472612
Description: Grant funds available total $9,998.00. Open Space Section will coordinate an in-kind grant match totaling $1,164.00. In-kind work will include project coordination, design, and installation.

Policy Impact:

There are no policy impacts.

Previous Council Decision or Community Discussion:

Consideration and Adoption of Resolution No. 2020-46: A resolution adopting the Management Plan for Legally-Designated Open Space Properties.

Options and Alternatives to Recommended Action:
Option A -- Adopt the resolution and approve the grant agreement between the Arizona State Parks Board and the City of Flagstaff for the Safety and Environmental Education grant, for grant funds in the amount of $9,998.00 with a city match of $1,164.00, to allow staff to install kiosk and interpretive signs for the McMillan Mesa Natural Area.

Option B -- Do not adopt the resolution, which would have the effect of not accepting grant funds.

Background and History:
Signage for the McMillan Mesa Natural Area is an objective identified in the Management Plan for Legally-Designated Open Space Properties that was adopted by City Council via Resolution in 2020.

Connection to PBB Priorities and Objectives:

- Environmental Stewardship: Engage community members through education and volunteer opportunities.
- Inclusive and Engaged Community: Promote environmental justice and the fair distribution of environmental benefits.

Connection to Regional Plan:

- Environmental planning and Conservation: Policy E&C.6.3. Promote protection, conservation, and ecological restoration of the region's diverse ecosystem types and associated animals.

Connection to Carbon Neutrality Plan:

- Inclusive Recreation -1: Protect natural areas and ecosystem services that are most vulnerable to the impacts of increased visitation and climate change.
- Equitable Systems -2: Proactively engage community members on an ongoing basis.

Connection to 10-Year Housing Plan:

- There are no connections.

Connection to Division Specific Plan:
This project fulfills a need identified in the Open Space Management Plan.

Attachments: Res. 2025-62
Project Agreement
Vicinity Map
Presentation

RESOLUTION NO. 2025-62

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL, APPROVING THE APPLICATION FOR AN ARIZONA STATE PARKS RECREATIONAL TRAILS PROGRAM – SAFETY AND ENVIRONMENTAL GRANT

RECITALS:

WHEREAS, the Recreational Trails Program (RTP) is an assistance program of the Department of Transportation's Federal Highway Administration to provide funds to develop and maintain recreational trails and trail-related facilities for recreational trail uses; and

WHEREAS, Arizona State Parks (Parks) is responsible for the administration of the appropriated RTP Funds within the State, setting up necessary rules and procedures governing application by eligible project sponsors under the program; and

WHEREAS, said adopted procedures established by Parks require the project sponsor to certify by resolution the approval of applications, signature authorization, the availability of local matching funds, and authorization to sign a Project Agreement with Parks prior to submission of said applications to Parks.

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. The City of Flagstaff approves the filing of an application for assistance through the Recreational Trails Program – Safety and Environmental Education Grant; and

SECTION 2. The City of Flagstaff certifies that the application is consistent and compatible with all adopted plans and programs of the City of Flagstaff, for educational signs; and

SECTION 3. The City of Flagstaff agrees to comply with all appropriate procedures, guidelines, and requirements established by Parks as a part of the application process; and

SECTION 4. The City of Flagstaff certifies that it will comply with all appropriate state and federal regulations, policies, guidelines, and requirements as they relate to the application; and

SECTION 5. The City of Flagstaff certifies that it has appropriate matching funds for this grant; and

SECTION 6. The City of Flagstaff will appoint an agent of the City of Flagstaff to conduct all negotiations, execute and submit all documents including, but not limited to, applications, agreements, amendments, billing statements, and so on which may be necessary for the completion of the aforementioned project.

SECTION 7. Effective Date.

This resolution shall be immediately effective upon adoption.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 2nd day of December 2025.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

Exhibits:
Grant Agreement

Arizona State Parks

1110 W Washington St, Suite 100, Phoenix, AZ 85007

PROJECT SPONSOR AGREEMENT

This Agreement is entered into by and between the Arizona State Parks Board (BOARD) and The City of Flagstaff (PROJECT SPONSOR) and shall become effective on the date of signature by the authorized representative of Arizona State Parks.

PROJECT TITLE: **McMillan Mesa Natural Area Signage**	**PROJECT NUMBER:** ASPT #: 472612 ADOT #: M472612P Fed Aid #: RTP-I-503 CFDA #: 20.216
THIRD PARTY PARTICIPANT'S NAME:	**FY OF REVENUE:** 2026

PROJECT PERIOD:

All expenses and match to be submitted prior to **06/30/2026**

GRANT PROGRAM:	**GRANT AMOUNT:**	**PARTICIPANT MATCH:**	**TOTAL PROJECT COST:**
Recreational Trails Program – Safety and Environmental Education (SEE)	$9,998.00	$1,164.00	$11,162.00

APPROVED SCOPE OF WORK AND SPECIAL CONDITIONS: **Attachment A & B**

AUTHORITIES TO ENTER INTO THIS AGREEMENT:
(statute, resolution, minutes, etc.)

STATUTE: A.R.S. §28-334 and §41-511 RESOLUTION: Need Signed Resolution

AWARDING OFFICIAL ON BEHALF OF THE ARIZONA STATE PARKS BOARD:

_____ _____
Signature Date
Kevin Brock
Assistant Director

ACCEPTANCE OF ALL TERMS OF THIS AGREEMENT AND ITS ATTACHMENTS IS ACKNOWLEDGED BY THE PROJECT SPONSOR'S SIGNATURE BELOW.

_____
Signatory Name, Title

_____
Date

PARTICIPANT ATTORNEY APPROVAL AS TO FORM AND AS BEING WITHIN THE AUTHORITY OF THE PROJECT SPONSOR (optional)

_____
Attorney's Signature

_____
Date

The most recent version of the General Provisions based on the Project Sponsor and project type are attached and incorporated into this agreement.

DRAFT

Arizona State Parks
PROJECT SPONSOR AGREEMENT

Attachment A
Approved Project Scope and Special Conditions

PROJECT SPONSOR: City of Flagstaff

PROJECT TITLE:

PROJECT NUMBER: 472612

PROJECT DESCRIPTION: Funds will be used for:

- Design and development of kiosk signage and interpretive signs.

- Fabrication and installation of five kiosks at entry points.

- Creation and installation of four interpretive signs along the trails.

- Inclusion of temporary signage options for timely updates on safety and regulations.

APPROVED PROJECT SCOPE:

Staff/Personnel Costs (Match)…….	**$1,164.00**
Equipment/Materials……	**$4,259.00**
Other – Printing…….	**$5,739.00**
Total:	**$11,162.00**

DESCRIPTION AND SOURCE(S) AND AMOUNTS FOR APPROVED MATCH

The City of Flagstaff will provide up to $1,164.00 of in-kind staff match for this project. A **minimum 5.7%** match will be required for each reimbursement.

SPECIAL CONDITIONS:
The administration of this grant agreement is additionally subject to the contents of the "Administrative Guidelines for Awarded Grants" found at: https://arizona-content.usedirect.com/storage/2024-2025GrantManual.docx.pdf

Project applications are submitted as "shovel-ready" and project activities must begin immediately upon final execution of the project sponsor agreement.

Detailed status quarterly reporting in ASPT's on-line system is required. Failure to provide status reports when required may result in funds being withdrawn. Reports due: End of September, December, March, and June.

Detailed Financial reports (Claims) in ASPT's on-line system are required at a minimum of every 6 months. Failure to provide these reports may result in a withdrawal (cancellation) of the project.

DRAFT

See the General Provisions – Attachment B

OTHER CONDITIONS

Every payment obligation of the State under this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the continuance of this Agreement, this Agreement may be terminated by the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

If any archeological remains are encountered during project related ground disturbance, work will cease in the area of the discovery and the participant will inform the Director of the Arizona State Museum pursuant to A.R.S. 41-844. The participant will then inform the Chief of Grant and Trails of the discovery to determine any further action that may be necessary.

Allocated project funds can only be expended on the designated scope items.

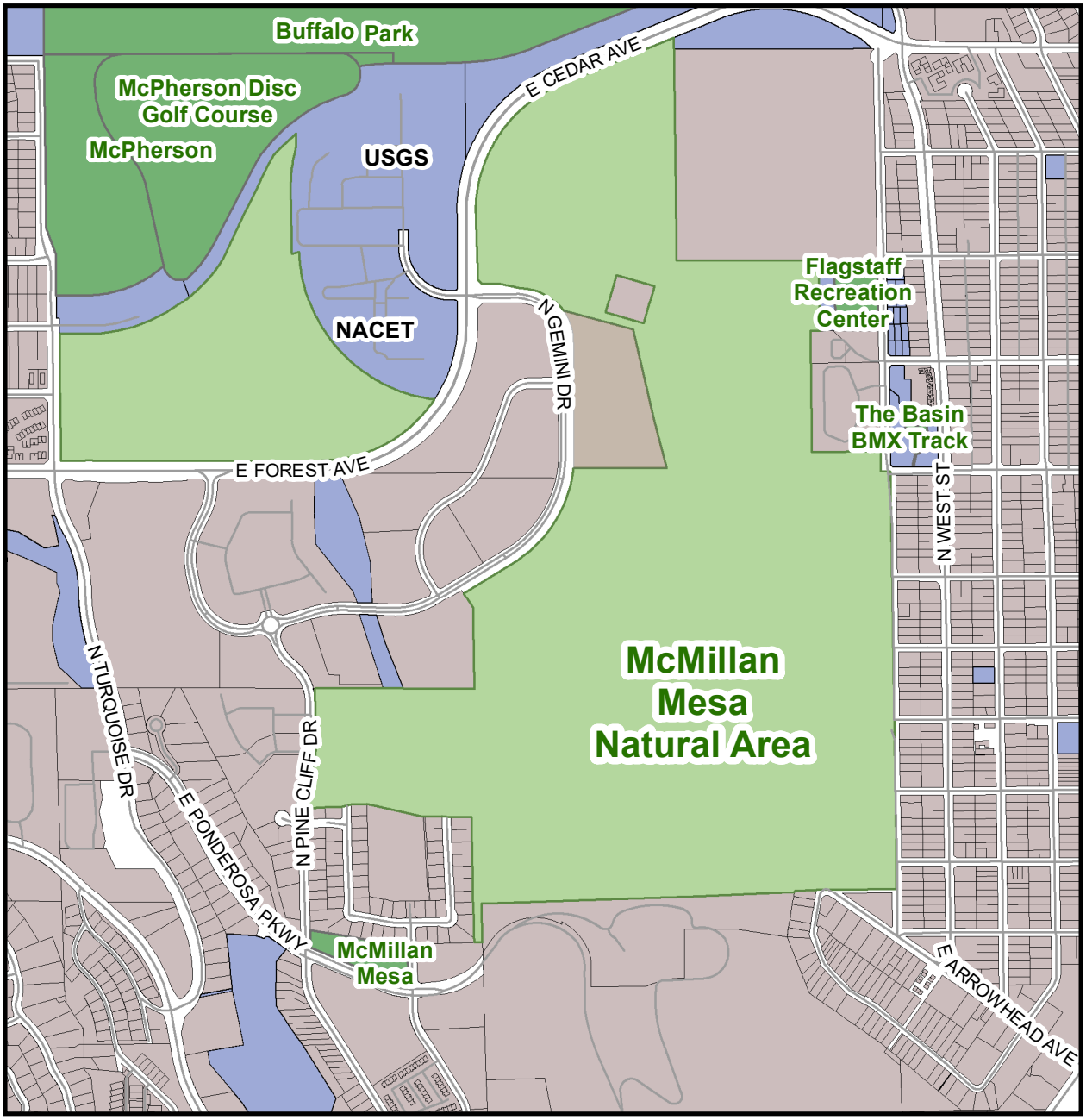
Project costs above 10% of any line item must be approved by park staff prior to submitting that reimbursement. Failure to request this change prior to submission will not be reimbursed.

DRAFT

Vicinity Map

McMillan Mesa Natural Area Management Plan

Date: 11/5/2019



Surrounding Property Ownership Overview

- McMillan Mesa Natural Area
- City of Flagstaff
- Parks
- Private

N W E S

0 0.1 0.2 0.4 Miles



Open Space Grant Resolution and Agreement Consideration

Robert Wallace, Open Space Supervisor

Open Space Background

Open Space Directives

- Manage our communities' Open Space
- Plan for connectivity and distribution
- Provide recreational and educational experiences

How are we moving forward

- Requested ~$10,000 for educational signs



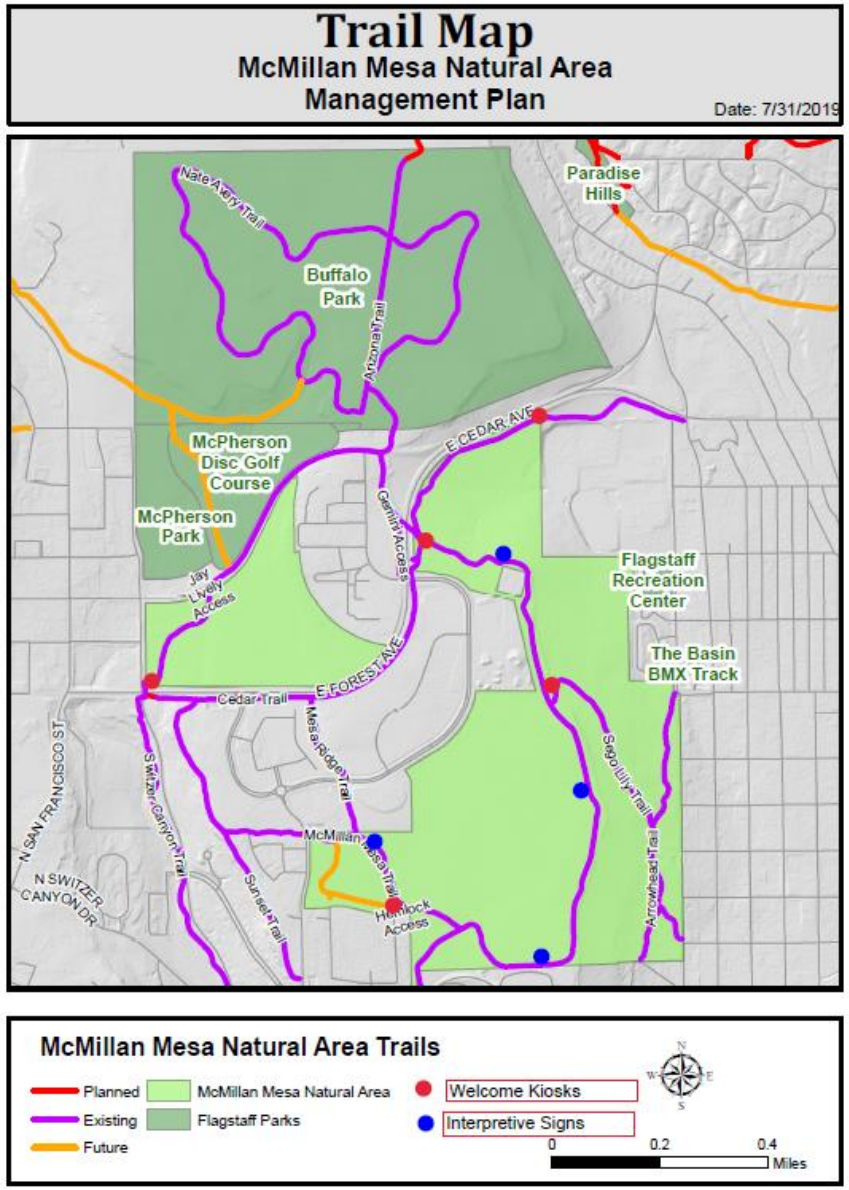
What Will This Grant Achieve

- Arizona State Parks Recreational Trails Program – Safety and Environmental Education Grant
  - Contribute $9,998 towards signage
  - Continued Objectives:
    - Engage community members
    - Promoting proper use and preservation
    - Support regional partners in providing inclusive educational opportunities
    - Provide amenities to support a healthy lifestyle



What is the City agreeing to?

- A completed resolution
- $1,164.00 in-kind match, total project cost $11,162.00
- Detailed quarterly status reports
- Completion of the “deliverables,” documentation of in-kind match, completion of sign design and installation



How Grant Acceptance Meets City Goals

Section Goals

- Educational and recreational activities
- Facilitation of partnerships
- Serve underprivileged populations
- Promote responsible tourism
- Secure funding through grants



Community Goals

- Environmental Stewardship: Engage community through education

Carbon Neutrality Plan

- Inclusive Recreation: Protect natural areas and ecosystem services



Questions?

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Bryce Doty, Real Estate Manager

Co-Submitter: David McIntire

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE:

Consideration and Adoption of Ordinance No. 2025-29: an ordinance of the City Council of the City of Flagstaff, authorizing the acquisition of real property from FSL Holdings Properties LLC in order to provide parking; providing for delegation of authority; providing for severability; authority for clerical corrections, and establishing an effective date.

STAFF RECOMMENDED ACTION:

At the December 2nd, 2025 Council Meeting:
1. Read Ordinance No. 2025-29 by title only for the first time
2. City Clerk reads Ordinance No. 2025-29 by title only (if approved above)

At the December 16th, 2025 Council Meeting:
3. Read Ordinance No. 2025-29 by title only for the final time
4. City Clerk reads Ordinance No. 2025-29 by title only (if approved above)
5. Adopt Ordinance No. 2025-29

Executive Summary:

In order to provide the code required parking for the new courthouse facility on the corner of Cherry and Beaver, the City leases the existing parking lot on 320 N Humphreys St, the former site of the San Francisco de Asis Catholic school from FSL Real Estate Services ("FSL"). On January 26, 2025, the City of Flagstaff issued the request for proposals DA2025-136 to identify public parking opportunities in downtown. FSL submitted a proposal for continued use of the site for public parking. FSL currently has a phased site plan for two apartment buildings, one building on the north half of the site, and the other on the south half of the site.

The initial proposal to the City, discussed for several years, included buying parking from the required parking structure within the development on the south half of the lot. The current proposal is a purchase in fee simple of the southern half of the block. This acquisition will provide FSL capital to fund the demolition and the eventual construction of the northern development while providing the City the south half of the block unencumbered by any existing structures or future development plans. Demolition of the existing improvements should be accomplished prior to the first quarter of 2026.

Owning the south half of the block outright provides the City with an existing surface parking solution, which will be enhanced and expanded upon demolition of the existing structures. Ownership also provides the City flexibility in the future for a parking structure or a partnership which incorporates City parking needs with other types of mixed-use development.

The purchase price of $3,750,000 was negotiated with the property owner based on an independent appraisal of the property. The conclusion of value is also validated by other City appraisals in the downtown area, most recently, the appraisal on the old city courthouse lots.

This ordinance authorizes the acquisition of the south half of block 45 of the Flagstaff Townsite, addressed at 320 N Humphreys Street. A purchase contract will be presented to council for approval at a later date.

Financial Impact:
The purchase price of $3,750,000 will be funded through the following sources:

- Partial funding has been set aside as part of the Courthouse Capital Project in Fund 408. With interest earning, we now have $1,880,679 as of 6/30/2025.
- The remaining funds will be provided from the sale of the old courthouse property. This is estimated in excess of $2 Million.
- The timing of receiving the sale proceeds has not been determined. This will be outlined in the purchase and development agreement to redevelop the old city courthouse site.
- The capital project fund will have a negative cash balance until the payment is received. We will record a receivable when the development agreement is executed. This will show a positive Fund Balance, but still negative cash balance.
- Should the purchase and development agreement for the old city courthouse not be executed, the City will look at providing an interfund loan from another City fund until the property is sold or other resources are determined to fund the difference.

Policy Impact:
None.

Previous Council Decision or Community Discussion:
On March 3rd, 2020, a discussion item on parking related to the new and old courthouse was presented to council which described some of the negotiations and ideas to secure the code required parking needed for the new courthouse facility. Incorporating Court facility parking in the FSL development was discussed.

Options and Alternatives to Recommended Action:
Do not authorize acquisition; pursue other solutions to provide parking needed for the courthouse facility.

Background and History:
The City has been using the land under consideration, for Courthouse and public parking, under a license agreement since at least September 2020. The temporary parking has been provided while a deal for more permanent parking, as part of an affordable housing development, was discussed. The parking is important to the City's Courthouse and also benefits the Downtown.

Connection to PBB Priorities and Objectives:

- Sustainable and Innovative Infrastructure: Provide, manage, and maintain effective infrastructure for multimodal and active transportation
- Robust and Resilient Economy: Maintain and enhance an equitable and effective business, retention, and expansion program throughout the community

Connection to Regional Plan:
Policy LU.10.2. Support on-street parking, shared lots, and parking structures.
Goal LU.12. Accommodate pedestrians, bicyclists, transit riders, and private cars to supplement downtown's status as the best-served and most accessible location in the region.
Policy LU.12.3. Locate public and private parking facilities, lots, and garages carefully, screening parking from streets, squares, and plazas.

Connection to Carbon Neutrality Plan:
Ownership of the property will allow the City to pursue electric charging stations at the facility in harmony with strategy EM-3: Support residents, businesses, and institutions in the transition to electric vehicles.

Connection to 10-Year Housing Plan:

Create 1.8--Explore the use of the community land trust model and public/private partnerships to incentivize the development of ownership units that are priced significantly below market rate.
The City will continue to explore partnering on a development which provides for the City's parking needs while incorporating affordable housing.

Attachments: Ord. 2025-29
Legal Description

ORDINANCE NO. 2025-29

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AUTHORIZING THE ACQUISITION OF REAL PROPERTY FROM FSL HOLDINGS PROPERTIES LLC IN ORDER TO PROVIDE PARKING; PROVIDING FOR DELEGATION OF AUTHORITY; PROVIDING FOR SEVERABILITY, AUTHORITY FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City has authority to acquire real property, pursuant to the Article I, Section 3 of the Flagstaff City Charter; and

WHEREAS, acquisition of real property is to be approved by ordinance, pursuant to Article VII, Section 5 of the Flagstaff City Charter; and

WHEREAS, the City desires to acquire real property interests for purposes including but not limited to the provision of required parking for the City Courthouse facility.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. In General.

The Flagstaff City Council hereby authorizes the acquisition of all or a portion of the real property identified in the attached Exhibit A. The real property interests may be acquired through purchase, exchange, gift, donation or dedication.

SECTION 2. Delegation of Authority

The Mayor, City Manager, Planning and Development Services Director, Real Estate Manager, City Attorney or their delegates or agents, are hereby authorized and directed to take all steps and execute all documents necessary to carry out the purpose and intent of this ordinance.

SECTION 3. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 4. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date

This Ordinance shall be effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of December, 2025.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

Exhibits:
Exhibit A – Legal Description

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF COCONINO, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

LOTS 1 THROUGH 24 (INCLUSIVE) AND ALL OF THE EAST AND WEST ALLEY AND ALL OF THE NORTH AND SOUTH ALLEY, ALL IN BLOCK 45, TOWNSITE OF FLAGSTAFF, AS SHOWN ON THE PLAT THEREOF RECORDED IN BOOK 1 OF
MAPS, PAGE 7 RECORDS OF COCONINO COUNTY, ARIZONA AS SURVEYED AND PLATTED BY H. C. NUTT, TRUSTEE FOR THE ATLANTIC AND PACIFIC RAILROAD COMPANY IN COCONINO COUNTY, STATE OF ARIZONA.

EXCEPTING THEREFROM A TRIANGULAR-SHAPED PORTION OF LOT 12, BLOCK 45 OF SAID FLAGSTAFF TOWNSITE;

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 12;

THENCE NORTHEASTERLY 15.00 FEET ALONG THE WESTERLY LINE OF SAID LOT 12;

THENCE SOUTHWESTERLY TO A POINT ON THE SOUTHERLY LINE OF SAID LOT 12 WHICH LIES SOUTHEASTERLY 15.00 FEET FROM THE SOUTHWEST CORNER OF SAID LOT 12;

THENCE NORTHWESTERLY TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM A TRIANGULAR-SHAPED PORTION OF LOT 18, BLOCK 45 OF SAID FLAGSTAFF TOWNSITE;

BEGINNING AT THE NORTHWEST CORNER OF SAID LOT 18;

THENCE SOUTHEASTERLY 15.00 FEET ALONG THE NORTHERLY LINE OF SAID LOT 18;

THENCE SOUTHWESTERLY TO A POINT ON THE WESTERLY LINE OF SAID LOT 18 WHICH LIES SOUTHWESTERLY 15.00 FEET FROM THE NORTHWEST CORNER OF SAID LOT 18;

THENCE NORTHEASTERLY TO THE TRUE POINT OF BEGINNING.

APN: **101-13-008A**

official copy

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Steven Thompson, Sustainability Manager

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE
Engage, Empower, and Elevate Program Annual Update

STAFF RECOMMENDED ACTION:

This is an informational update only.

Executive Summary:
The Engage, Empower, and Elevate (E3) program provides annual funding to a community-based organization that offers employment opportunities to individuals experiencing homelessness or at risk of homelessness, and also works to abate litter in our community. The City is in contract with the Community Assistance Teams (CATs) of Flagstaff to carry out this critical work. This presentation will highlight the impact of this program over the last year.

Information:
The Engage, Empower, Elevate program was launched by the Sustainability Division in 2020 as a pilot initiative to address two pressing challenges in Flagstaff: a record number of unsheltered individuals and persistent litter issues across the city.

In Fiscal Year 2023, the City issued a formal solicitation seeking registered community-based nonprofits to provide social services to individuals experiencing or at risk of homelessness, with the added goal of supporting litter mitigation efforts. Through this competitive process, *Community Assistance Teams of Flagstaff (CATs)* was selected to receive funding to carry out this important work. This presentation will highlight their work from the past year.

Attachments: E3 Impact Report

Engage, Empower, Elevate: 2025 Impact Report

Annual Update
Steven Thompson & Pam Jensen
December 2, 2025

TEAM FLAGSTAFF
WE MAKE THE CITY BETTER

Today's Agenda

1. Brief Overview of the Engage, Empower, and Elevate (E3) program
2. Update from the Community Assistance Team (CATs)



E3 Initiative

The Evolution of E3

1. E3 was created as a pilot initiative in FY23 in response to a twofold challenge in Flagstaff:
   - The increase in the number of unsheltered community members who are looking for work opportunities and ways to engage with the community
   - The increase in litter accumulation

2. Due to the success of the pilot year, staff conducted a formal procurement process for a three-year contract with a community-based organization at $30,000 annually

3. Funding became ongoing – THANK YOU, Economic Vitality

Community Assistance Teams of Flagstaff (CATs)

CATs-People at Work (P@W) Program

2025 Impact Report



CAT's Mission

Our mission is to transform lives by empowering people with the tools to survive and thrive through the creation of community. We use the Diné term k'é to express our belief that we are ALL part of the community and responsible for each other's well-being- regardless of housing status. We reach out to engage unsheltered and disenfranchised relatives where they are and accept them without judgment. We strive to reduce the stigma and humiliation that unsheltered relatives suffer on a daily basis.

Lost Human Potential

- 653,104 people experienced homelessness in the United States on a single night in January 2023, a 12% increase from 2022 and the highest number since 2007.
- Homelessness amongst Native Americans increased by an astonishing 18% in the same one-year period.
- One in every 500 Americans is without housing, and many more live in substandard conditions.
- Unsheltered community members face significant barriers to housing and employment, including the stigma of being homeless.
- Stigma and community bias force them into the shadows, creating a cycle of resentment, distrust and even hatred.
- Communities that use criminal penalties, restrictive zoning and neighborhood associations to cast out people without housing only worsen the crisis of unaffordable housing and increase the loss of human potential.

CATs of Flagstaff

- The Community Assistance Teams (CATs) of Flagstaff was getting ready to provide mobile services to reach unsheltered relatives on Flagstaff's streets. Coincidentally, C.A.T's motto is to "Reach out. Engage. Empower. Transform."

- Philosophy-how to help unsheltered people reengage with the larger community and address the growing litter problems.



CATs Outreach





Unsheltered People WANT to WORK - But the Barriers are Real

BARRIERS TO EMPLOYMENT

- Stigma
- Disability or Poor health
- Lack of Training/Education
- Loss of identification documents
- No housing
- No transportation
- No contact information
- Age
- Lack of hygiene and adequate
- Clothing



Annual Overview



The Numbers

- 1,080 bags of litter collected
- 29,505 lbs. of litter removed from our community
- 1,700 of service

The People

- 14 participants employed
  - 5 obtained full time employment
  - 2 regained drivers' license
  - 2 obtained regular employment
- All participants reported a greater sense of dignity
- 1 program coordinator

"The compassion and support this program offers have made an incredible difference…it's been a meaningful part of my recovery and growth.

PAW has not only helped me find stability but also renewed my sense of purpose and hope for the future."

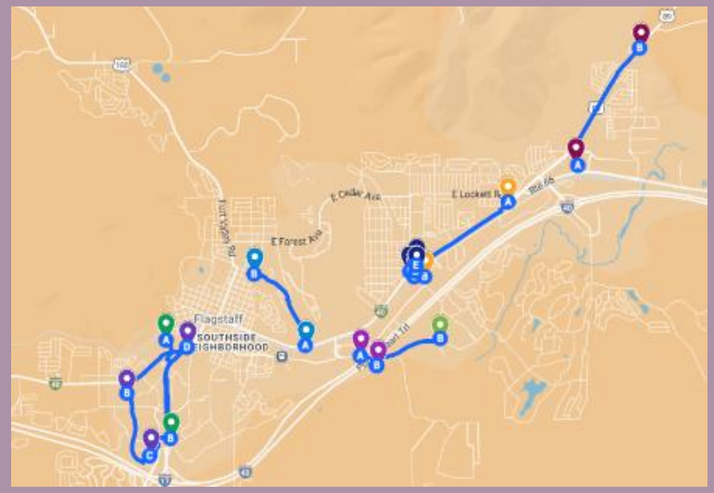
Keeping Flagstaff Beautiful

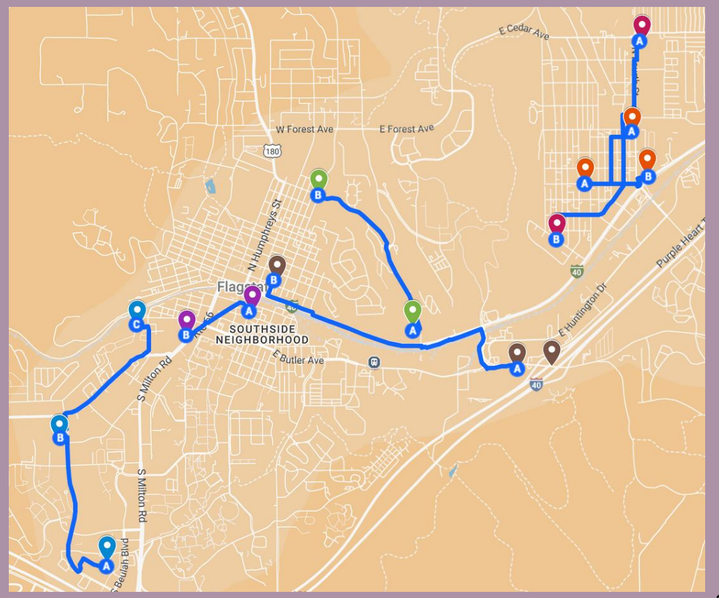
Sunnyside Neighborhood
- Residents regularly thanked crews with snacks, water, and appreciation — showing strong community partnership.

Southside Neighborhood
- The dense pedestrian traffic and nearby commercial corridors made Southside a continuing focus.

Route 66 / Downtown Corridors
- Frequent cleanups kept downtown walkways, underpasses, and medians safe and appealing for residents and visitors.

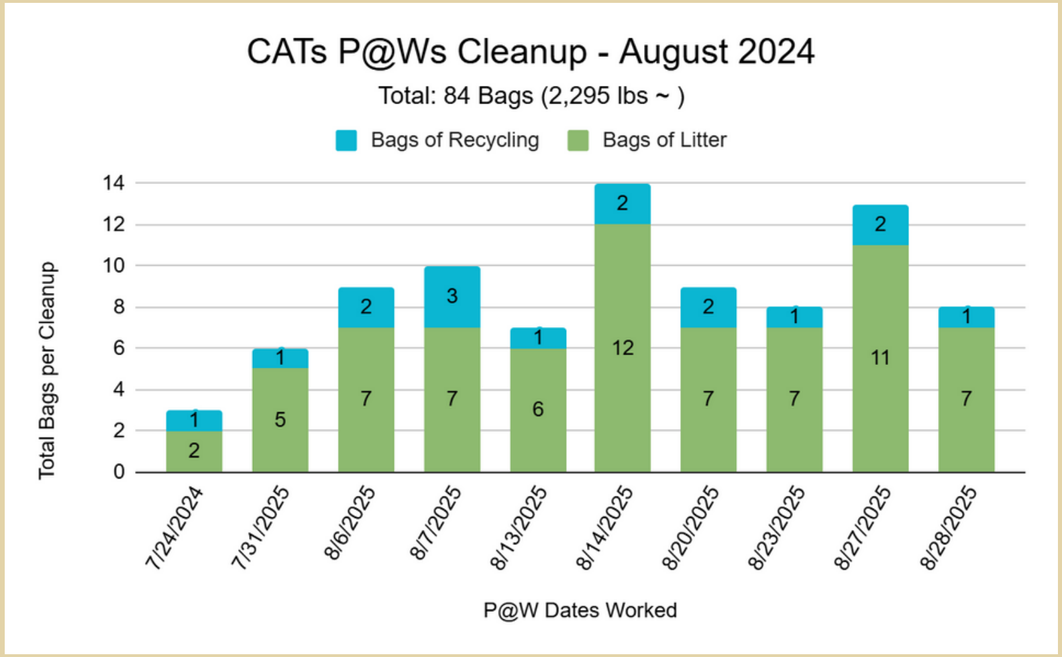
East Butler & Park Areas
- Focused on maintaining storm-water channels and greenway edges clear of debris.





August 2024

DATA



EQUIVALENCE

A total of 84 bags (2,295 lbs) of trash were picked up by our PAW crew.

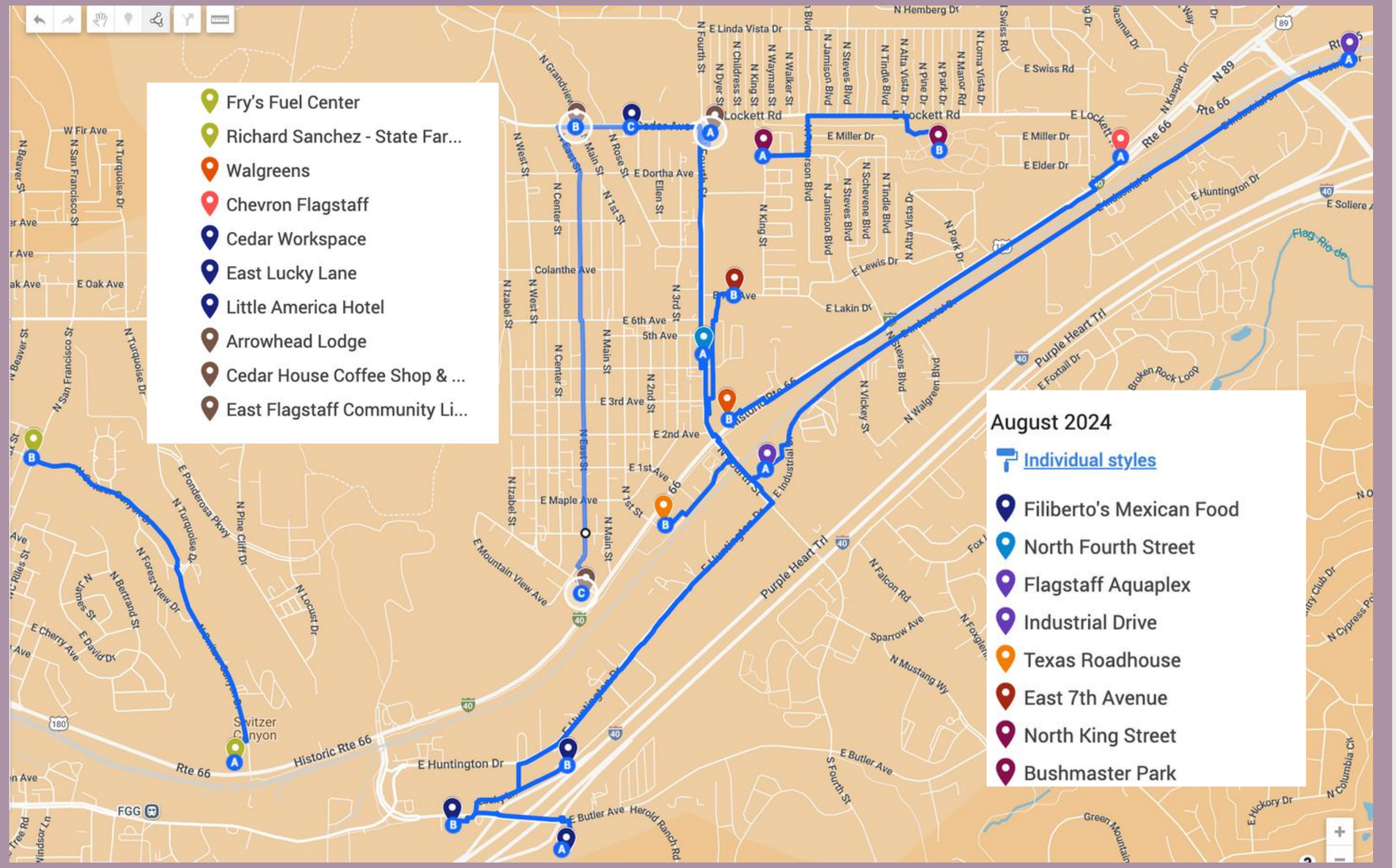


This is equivalent to the weight of an adult American Bison!!!

PAW Crew Service Locations: August 2024

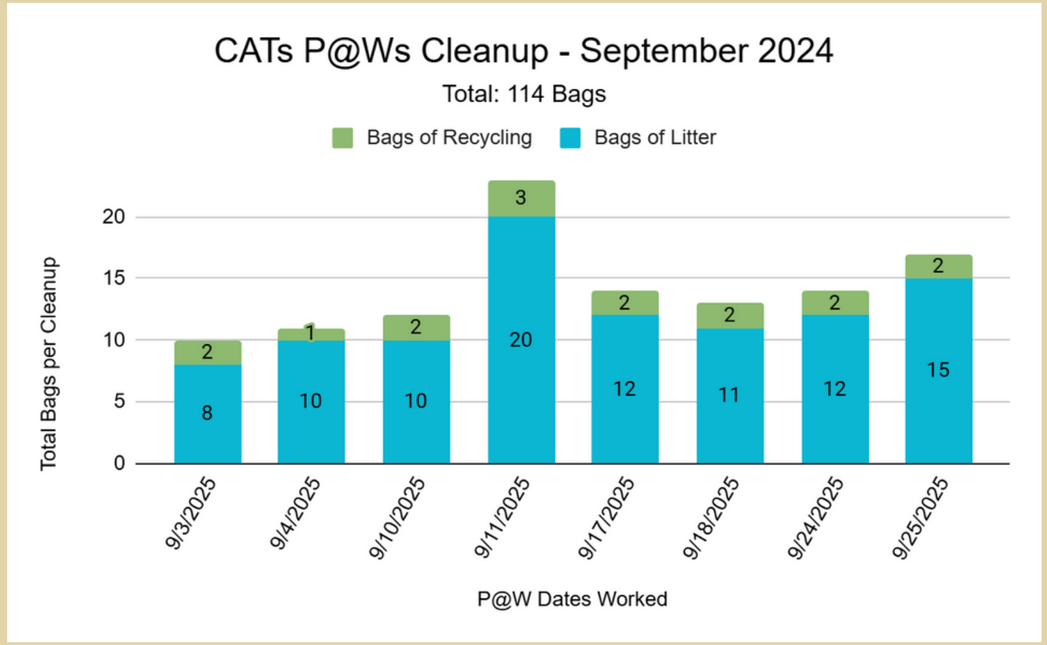
A total of 84 bags of trash were picked up by our PAW crew

We saw the most bags of litter picked up from the Underpass to Lucky Lane and Butler



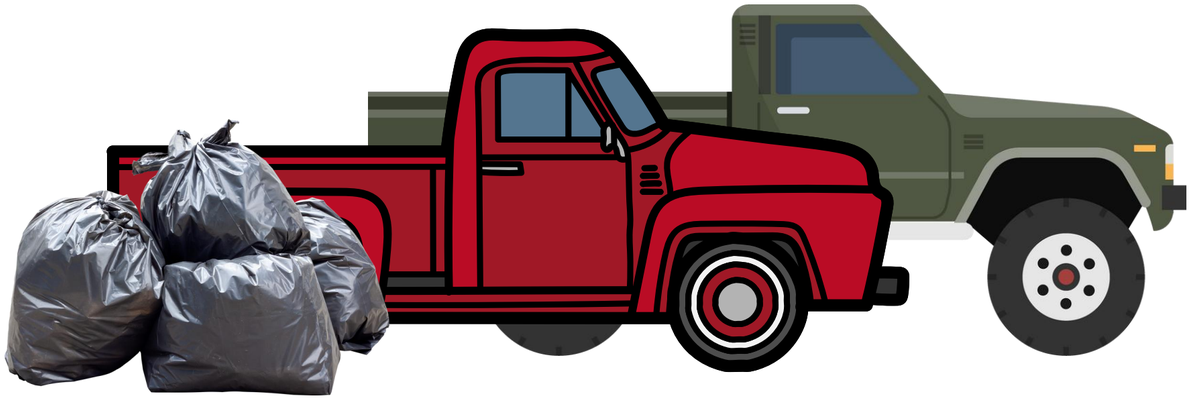
September 2024

DATA



EQUIVALENCE

A total of 114 bags of trash were picked up by our PAW crew in the month of September

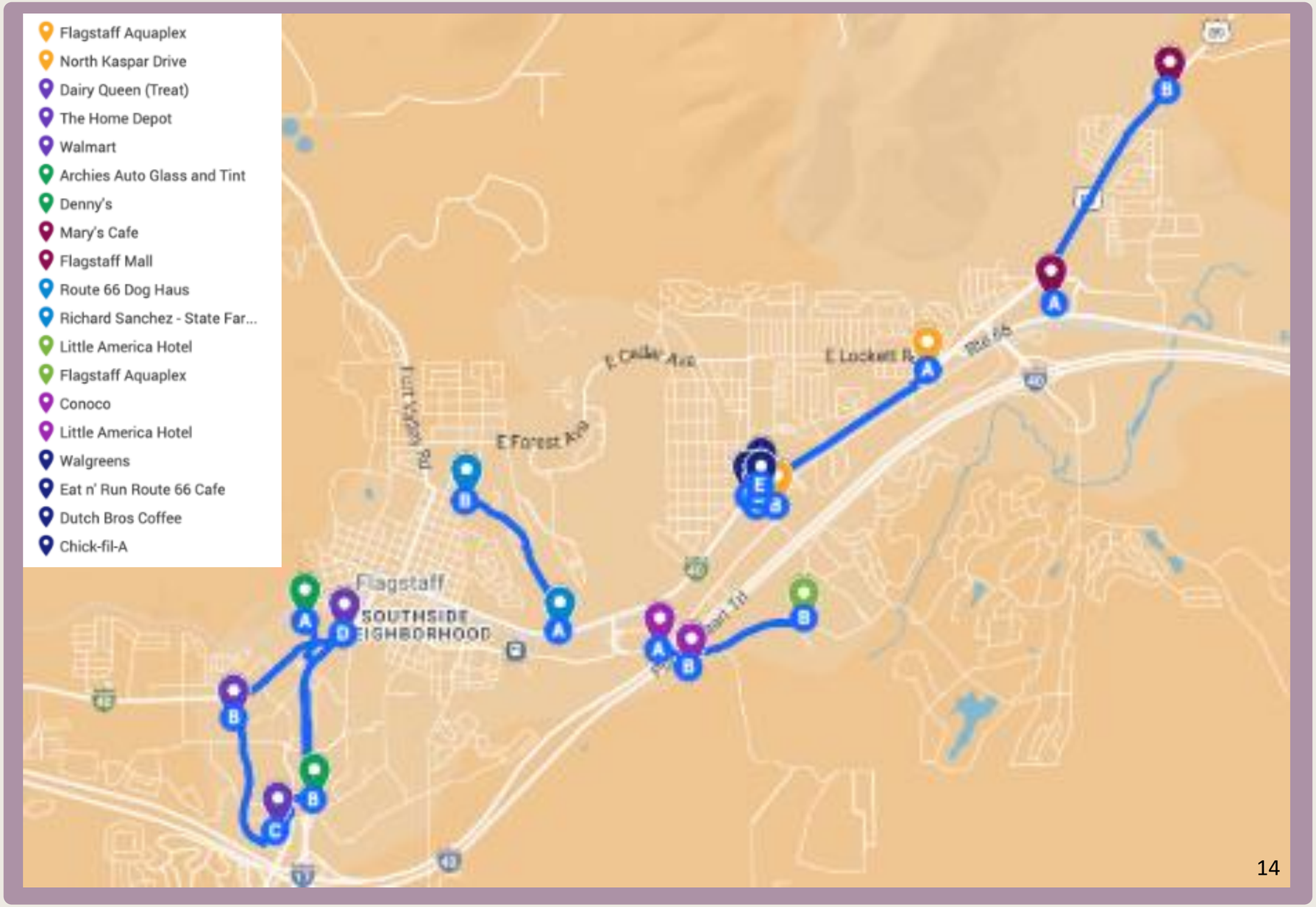


114 bags is equivalent to filling up SIX WHOLE PICKUP TRUCKS!!!

PAW Crew Service Locations: September 2024

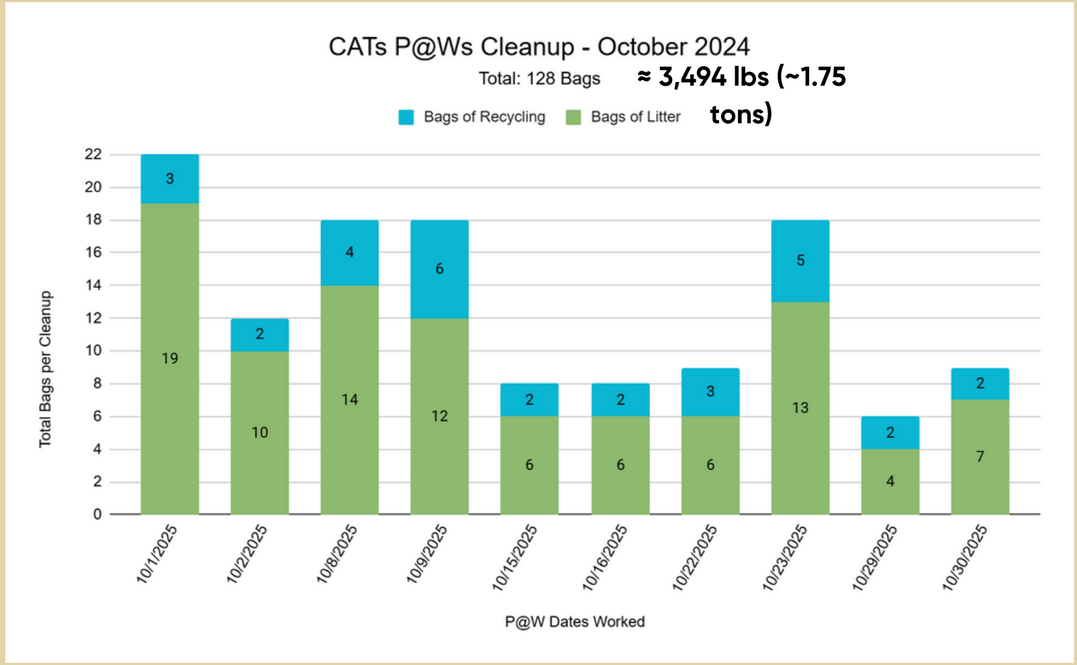
A total of 114 bags of trash were picked up by our PAW crew

We saw the most bags off 89A from Mary's Cafe area to the Mall



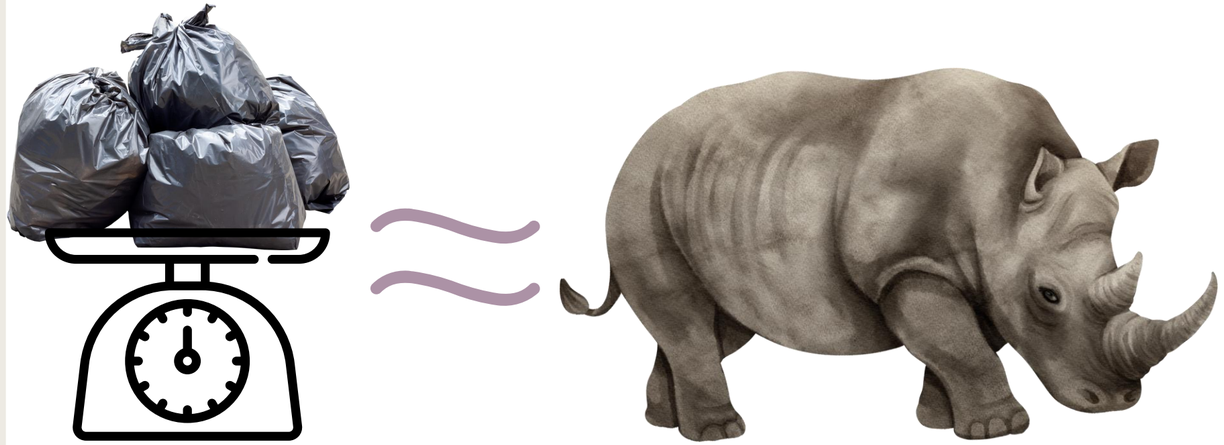
October 2024

DATA



EQUIVALENCE

A total of 128 bags of trash were picked up by our PAW crew in the month of October

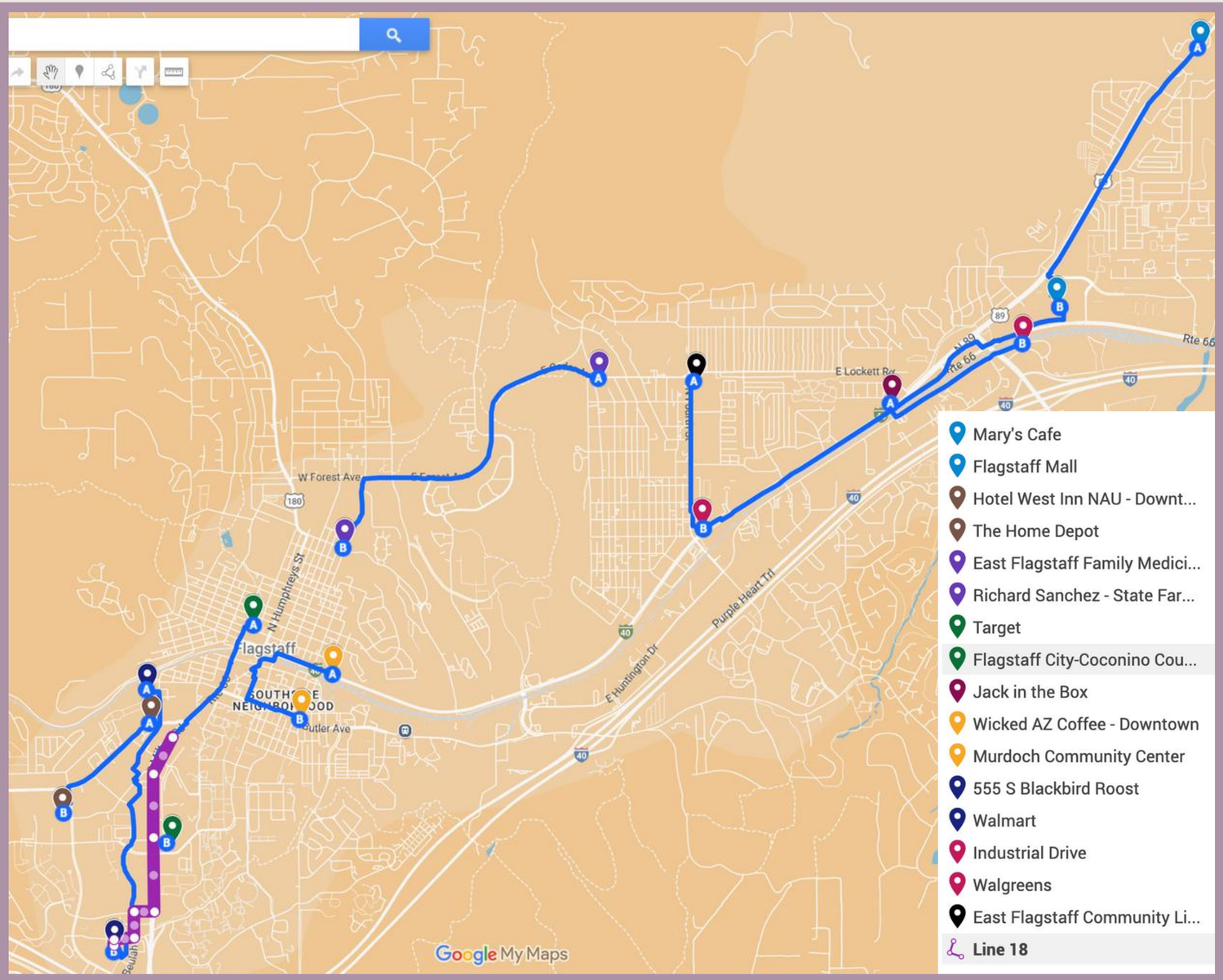


128 bags (3,496 lbs.) is equivalent to the weight of an adult Javan rhinoceros!!!

PAW Crew Service Locations: October 2024

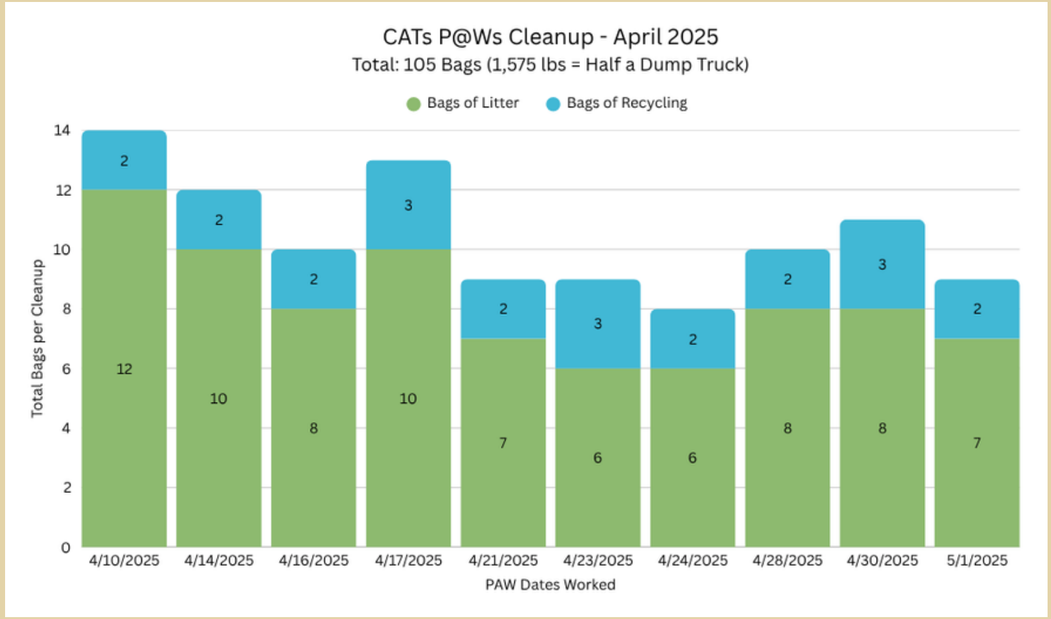
A total of 128 bags of trash were picked up by our PAW crew

We saw the most bags of litter picked up was from Mary's Cafe towards the Mall.



April 2025

DATA



EQUIVALENCE

A total of 105 bags of trash were picked up by our PAW crew in the month of April

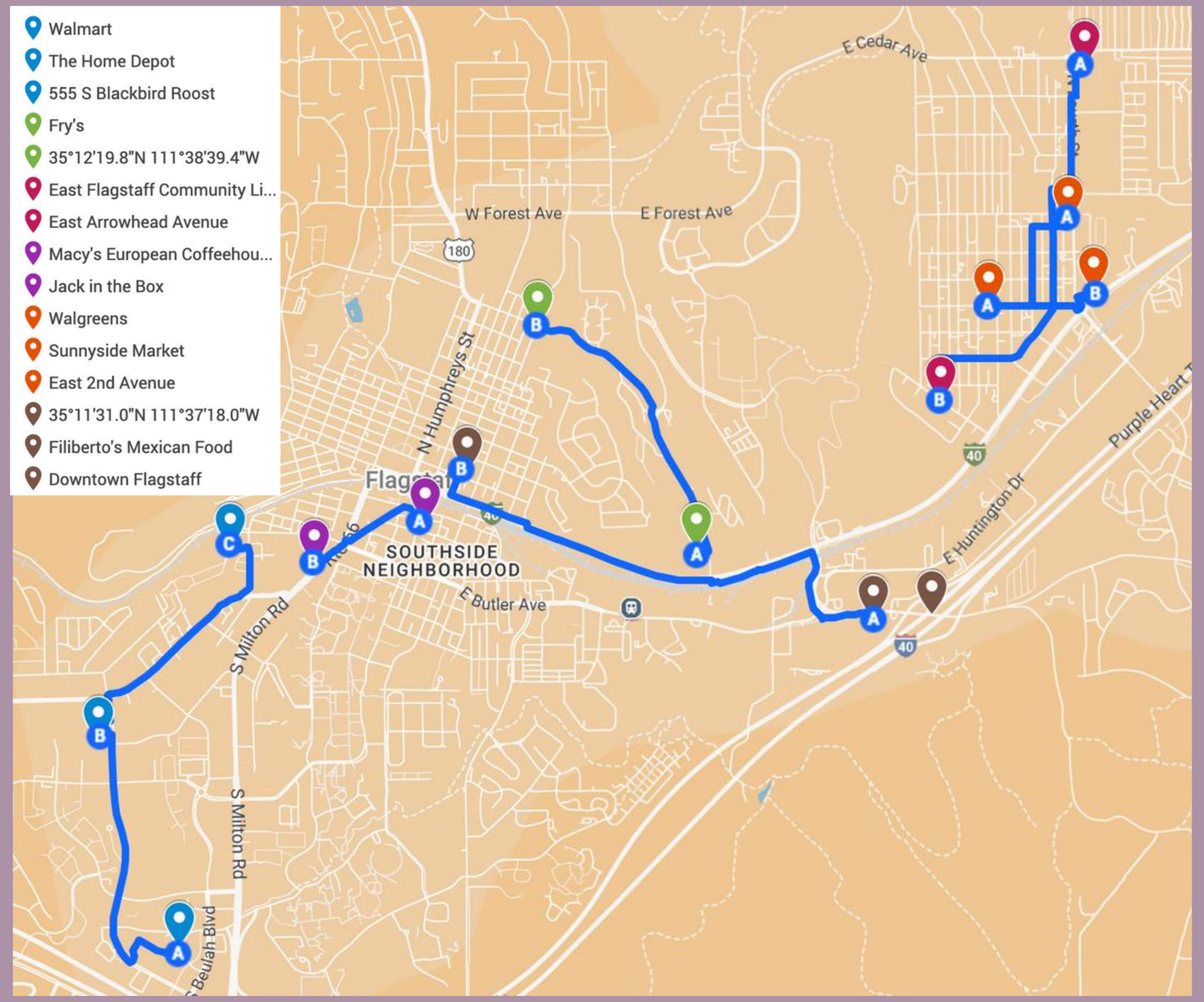


105 bags is equivalent to filling up a whole DUMP TRUCK!!!

PAW Crew Service Locations: April 2025

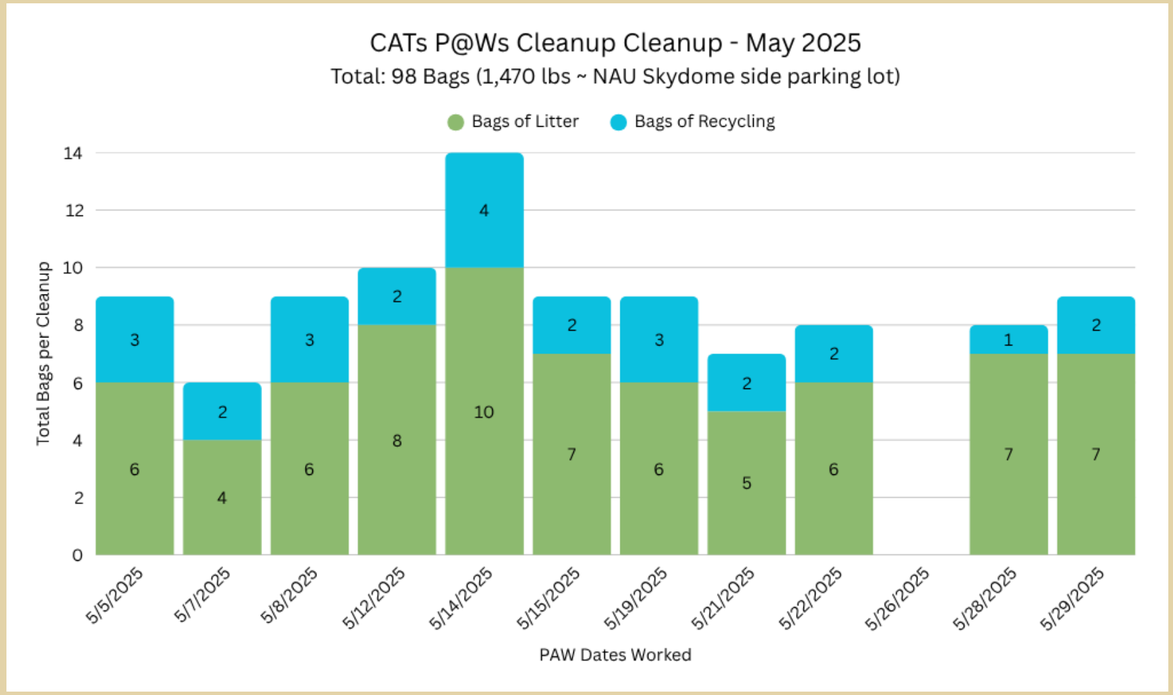
A total of 105 bags of trash were picked up by our PAW crew

We saw the most bags of litter picked up from Walmart to Home Depot and back to the site



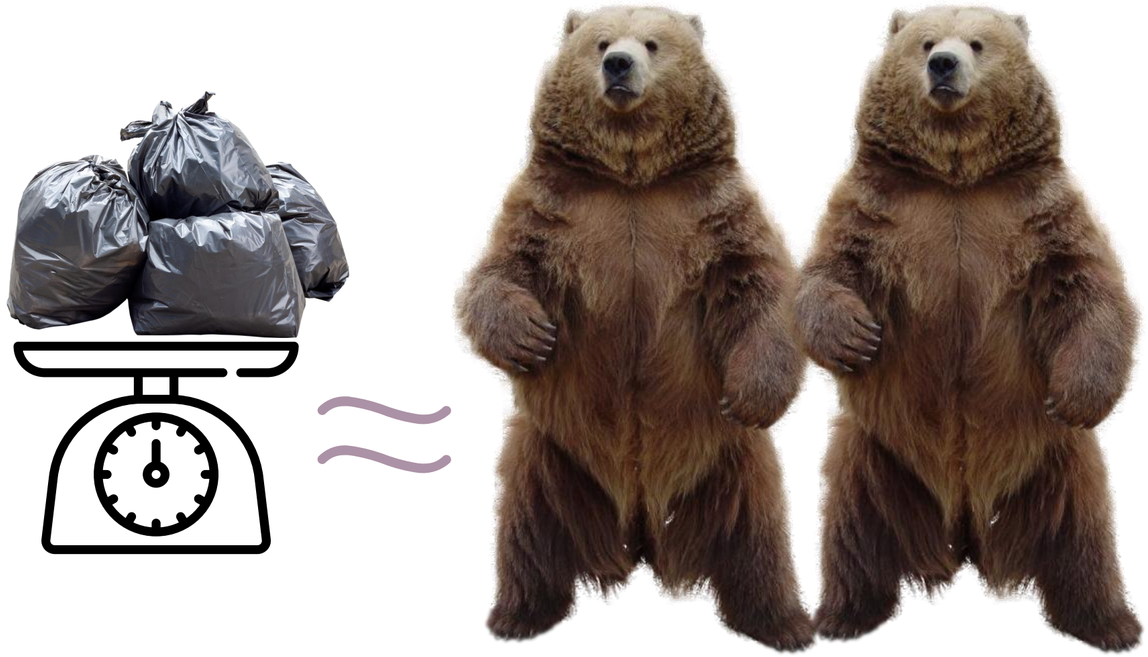
May 2025

DATA



EQUIVALENCE

A total of 98 bags of trash were picked up by our PAW crew in the month of May

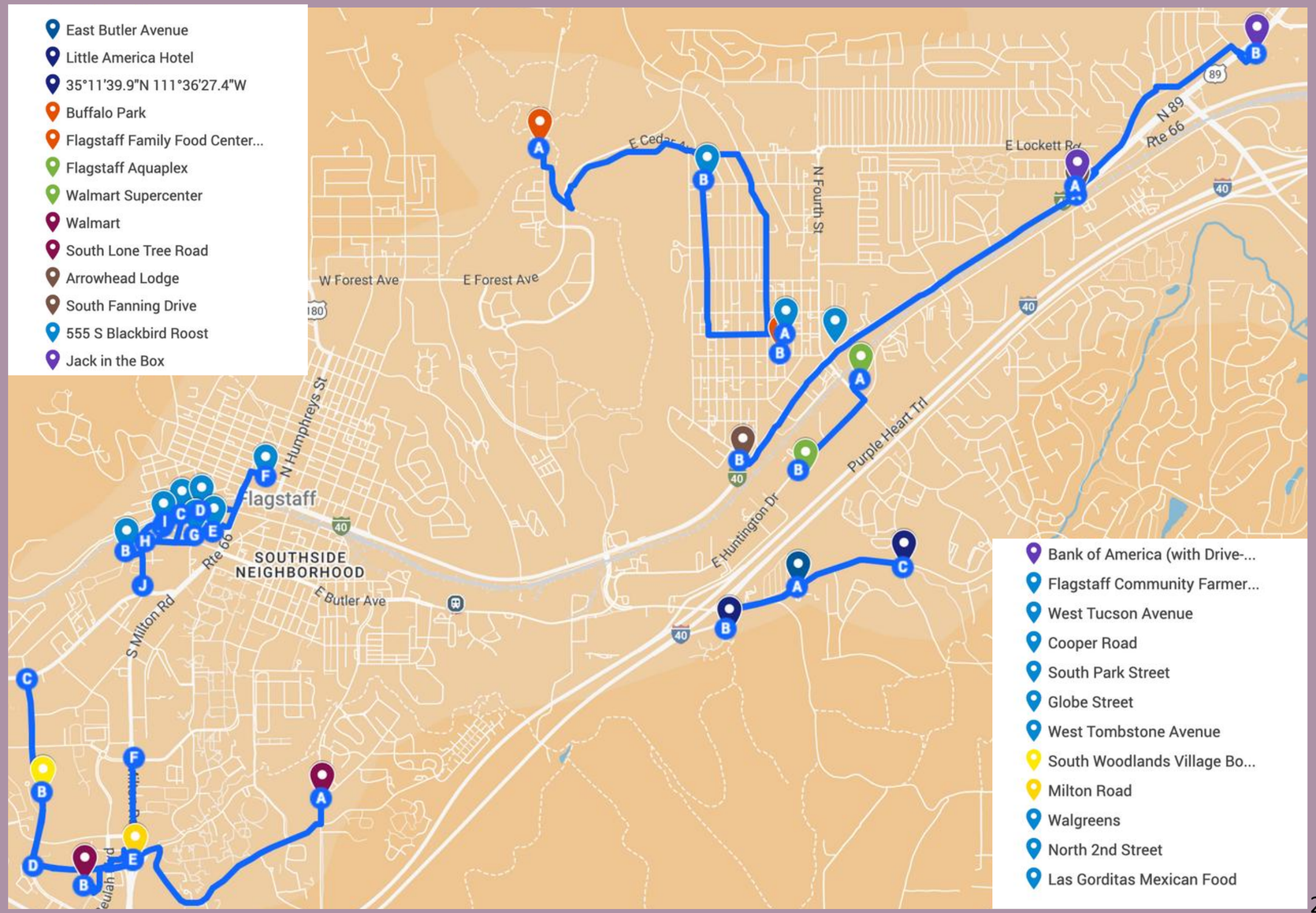


98 bags (2,677 lbs.) is equivalent to the weight of more than TWO KODIAK BEARS!!!

PAW Crew Service Locations: May 2025

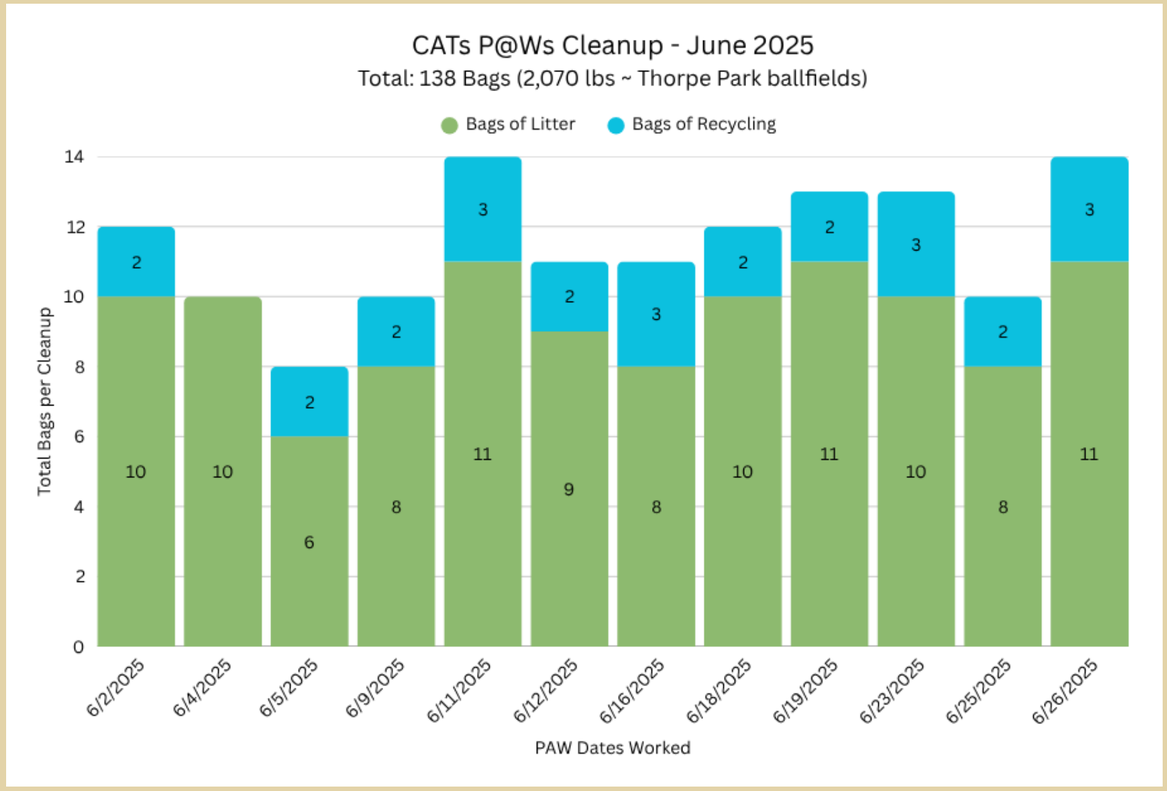
A total of 98 bags of trash were picked up by our PAW crew

We saw the most bags of litter picked up from the Mall Bike path and sidewalk from Fanning Dr. to Arrowhead



June 2025

DATA



EQUIVALENCE

A total of 138 bags of trash were picked up by our PAW crew in the month of June

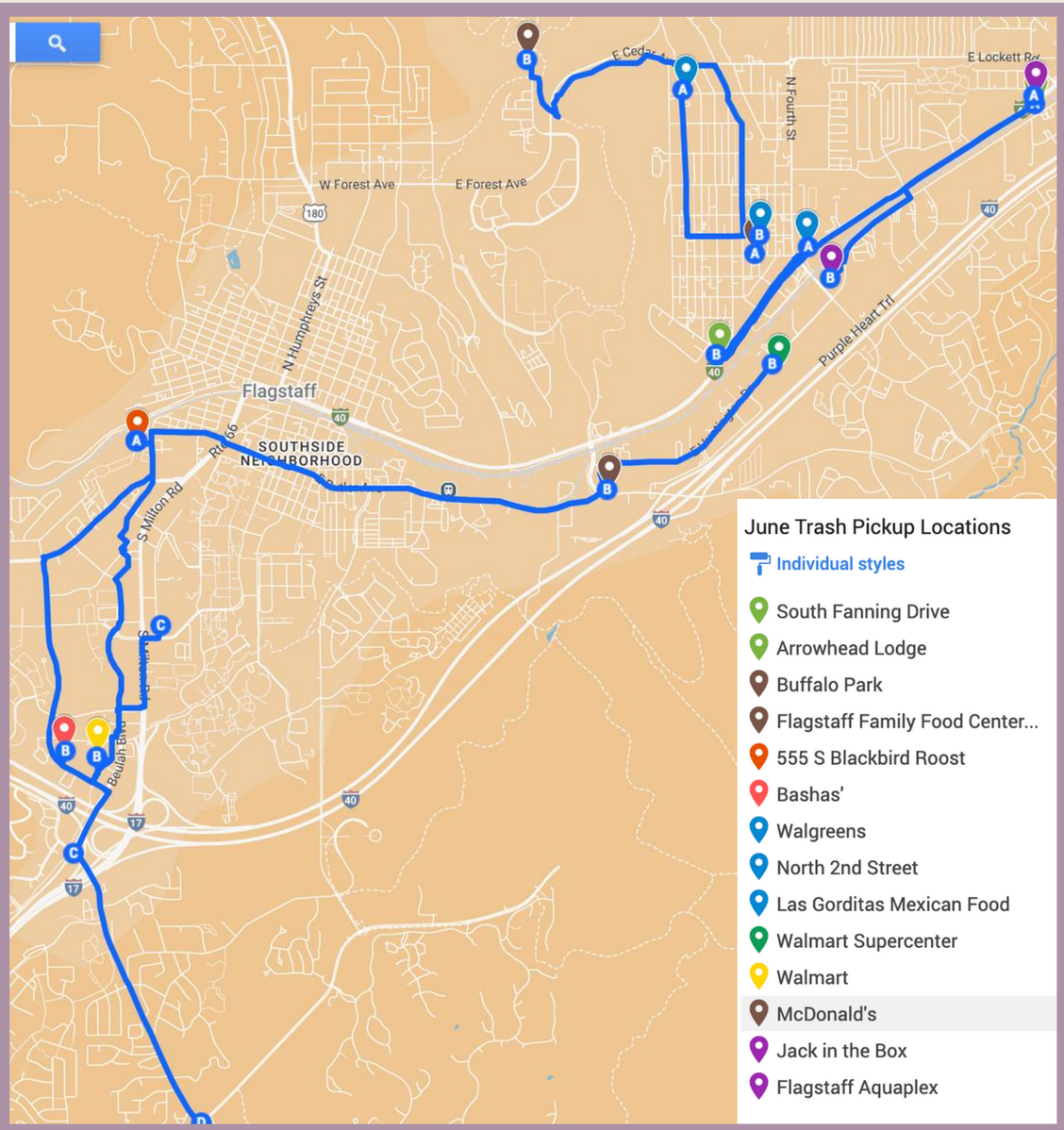


138 bags is equivalent to filling up 23 DUMPSTERS!

PAW Crew Service Locations: June 2025

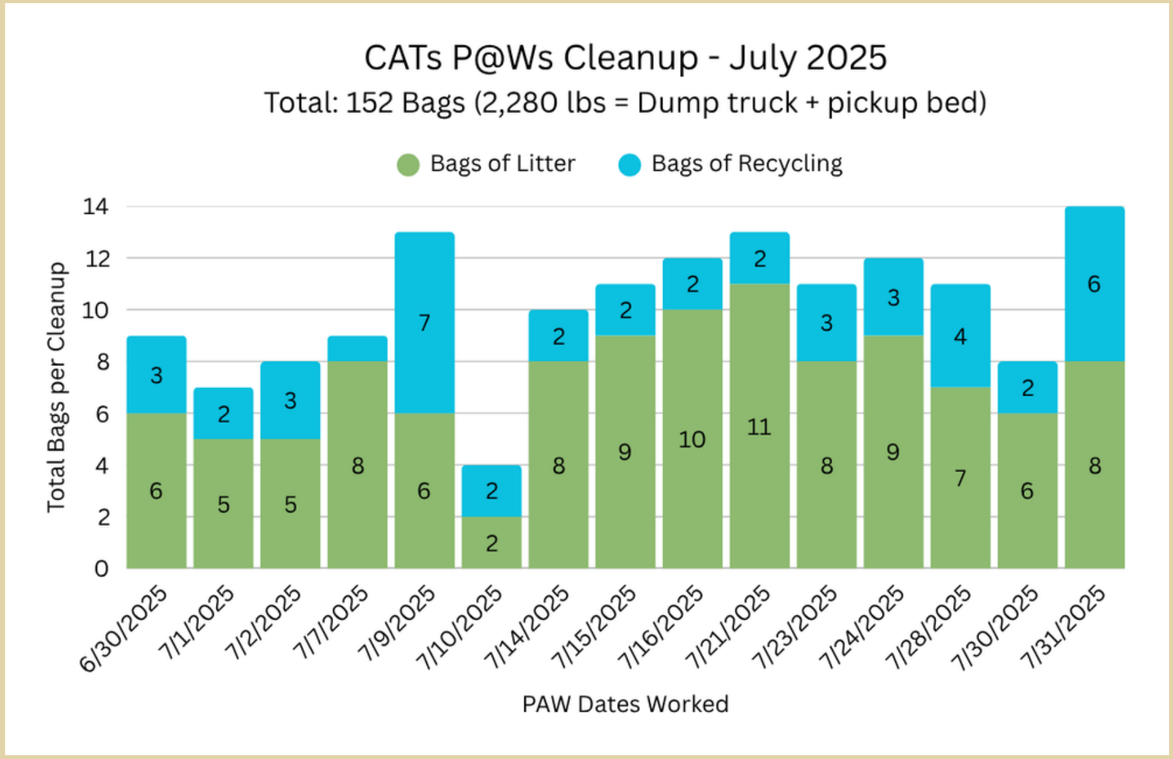
A total of 138 bags of trash were picked up by our PAW crew

We saw the most bags of litter picked up from Gemini Park to FFFS, the office to bashas, and the West Side, Woodlands



July 2025

DATA



EQUIVALENCE

A total of 152 bags of trash were picked up by our PAW crew in the month of July



152 bags is equivalent to filling up an entire DUMP TRUCK and PICKUP TRUCK!!!

PAW Crew Service Locations: July 2025

A total of 152 bags of trash were picked up by our PAW crew

We saw the most bags of litter picked up from lonetree to. Walmart on Woodland Blvd.



Recap

Beyond Numbers

The PAW program has fostered a growing sense of community respect and collaboration. Residents offered water, snacks, and words of encouragement — a reminder that sustainability thrives when people and place come together.

The People

- 14 participants
- Valuable skill development
- Renewed sense of pride
- Sense of purpose, stability, and connections for transitioning out of homelessness.





"I am so deeply grateful for the PAW program. It has given me the opportunity to transition into a halfway home, contribute toward my rent, and start laying the foundation for my next steps in life.

Most importantly, it has given me the chance to get sober and begin truly rebuilding myself."


people
CARING
hope
felt
life
GAVE
reclaim
forward
chance
SUPPORT
judgement
judgment
PAW
PROGRAM
community
reclaim
HELPED
grounded
héipe
EVED
RECOVERY
RECOVERY
moving
forward
HUMAN
real
forward
GAVE
confidence
stable
reclaim
finding
START
finding
real
community
IIsten
judgement
felt
grounded
lining
tiime

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council

From: Stacy Saltzburg, City Clerk

Date: 11/26/2025

Meeting Date: 12/02/2025

TITLE

Future Agenda Item Request (F.A.I.R.): A request by Councilmember House to place on a future agenda a discussion to consider exploring a resolution to become a recovery ready community.

STAFF RECOMMENDED ACTION:

Council Direction

Executive Summary:

Rule 4.01, Procedures for Preparation of Council Agendas, of the City of Flagstaff City Council Rules of Procedure outlines the process for bringing items forward to a future agenda. Councilmember House has requested this item be placed on an agenda under Future Agenda Item Requests (F.A.I.R.) to determine if there are two other members of Council interested in placing it on a future agenda.

Information:

None

Attachments: