

MINUTES OF THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, MAY 2, 2023, AT 7:00 P.M. IN THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA

1. Call to Order.

Mayor Leech called the meeting to order at 7:00 p.m.

2. Roll Call.

COUNCIL MEMBERS PRESENT: Mayor Leech, Vice Mayor Kakavas, Councilman Adams, Councilman Hatch, Councilman Clark, Councilman Allsop, and Councilman Judd.

COUNCIL MEMBERS ABSENT: None.

STAFF MEMBERS PRESENT: Morgan Brown, City Manager; Anna Atencio, City Attorney; Justin Johnson, Deputy City Manager; Brad Provost, Chief of Police; Justen Tregaskes, Planning and Zoning Director; Shane Hemesath, City Engineer; Rick Austin, Public Works Operations Manager; Mercedes Maywald, Animal Control Officer; Steve North, Economic Development Director; and Rachael Hall, City Clerk.

GUESTS: Doug Roberts, Jim Girard, Shane Shumway, John Hannah, Tanya Maywald, Gary Martinson, and others.

3. Invocation.

Councilman Adams gave the invocation.

4. Pledge of Allegiance.

Councilman Hatch led the Council and audience in the pledge of allegiance.

5. **CALL TO THE PUBLIC:**

Any citizen desiring to speak on a matter that is within the jurisdiction of the City Council may do so at this time. Comments may be limited to three minutes per person and shall be addressed to the City Council as a whole, and not to any individual member. Issues raised shall be limited to those within the jurisdiction of the City Council. Pursuant to the Arizona Open Meeting Law, the City Council cannot discuss or act on items presented at this time. At the conclusion of the call to the public, individual City Council members may (1) respond to criticism made by those who have spoken, (2) ask staff to review a matter, and (3) ask that a matter be put on a future agenda.

Doug Roberts, 1441 North 36th Drive, said the Cruz'n the Rim Car Show would be held June 3 at Frontier Park. He said that on June 2, there would also be a car cavalcade.

6. **SPECIAL EVENTS**

A. Presentation by Show Low High School Musical Group.

Cynthia Whipple, Music Director at Show Low High School, introduced students from Show Low High School. The students performed a brief excerpt from the musical, *Meet Me in St. Louis*. Ms. Whipple encouraged the entire community to attend the musical.

B. Recognition of Mercedes Maywald, Animal Control Officer of the Year.

Chief Brad Provost introduced Sergeant Stephany Gallegos from Arizona Animal Control Association. Ms. Gallegos recognized Mercedes Maywald from the Show Low Police Department as the Animal Control Officer of the Year. The Council congratulated Ms. Maywald.

7. **CONSENT CALENDAR:**

A. Consideration of Noncommercial Ground Lease with Aceland LLC and Termination of Lease with Big Dog Development, LLC. (Morgan Brown)

B. Consideration of Acceptance of Citywide Roadway Improvement and Sidewalk Connectivity Project, City of Show Low Project No. R-5622 and R-1322. (Shane Hemesath)

C. Consideration of Approval of Declaration of Surplus Property for May 2023 Auction. (Rick Austin)

D. Consideration of Award of Contract for Purchase and Installation of Two Park Ramadas. (Rick Austin)

E. Consideration of Acceptance of Buffalo Bill's Resort Villas. (Justen Tregaskes)

F. Consideration of Approval to Purchase High-Density Storage System. (Brad Provost)

G. Consideration of Minutes of Show Low City Council meetings:
(1) Regular Meeting of April 18, 2023.

COUNCILMAN ALLSOP MOVED TO APPROVE THE CONSENT CALENDAR AS PRESENTED; SECONDED BY COUNCILMAN ADAMS;

PASSED 7 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS, AND COUNCIL MEMBERS ADAMS, ALLSOP, CLARK, HATCH, AND JUDD VOTING IN FAVOR.

8. **NEW BUSINESS:**

- A. Consideration of Amending the City Tax Code to Adopt a Local Transient Lodging Tax by Withdrawing Model Option #6; Providing for Severability and Designating an Effective Date. (Justin Johnson)

Mr. Johnson said that over the years, the Show Low City Council had discussed the possibility of adopting a transient lodging tax (bed tax) at various retreats and budget meetings. Due to the increasing number of visitors to the City of Show Low and the extra strain this had created on various services, staff recommended moving ahead with the bed tax adoption.

Mr. Johnson said that per state statute, a public notice was posted on the City website for 60 days beginning February 28, 2023. Additionally, a Notice of Intent and Public Hearing was posted on the City website for 15 days beginning April 14, 2023.

Mr. Johnson said the following business types would be subject to the bed tax: hotels/motels, resorts, campgrounds, and vacation rentals.

Mr. Johnson said Show Low was currently the only municipality in the White Mountains that did not have the bed tax. Additionally, the majority of the cities and towns throughout the state had a bed tax.

Mr. Johnson said the benefits of adopting a bed tax included:

1. The tax did not impact local residents, only visitors.
2. The 3% bed tax was estimated to generate approximately \$500,000 annually.
3. The funds would be used to enhance recreation and tourism in the City. Funds could also be used to support services for residents and visitors in the City.

- (1) **PUBLIC HEARING** Regarding Transient Lodging Bed Tax: Adopting a Change to the City Tax Code.

Mayor Leech opened the matter for a public hearing.

Shane Shumway, 1501 East Woolford Road, said he worked for a local company that built and operated hotels within the City. He shared concerns regarding the impact of the bed tax. He said the bed tax

would have a targeted effect on certain small businesses in the community.

Mr. Shumway said that in the last three years, the hotel industry was shut down by government mandates, experienced tremendous wage and supply inflation, experienced development delays, and now faced an uncertain economic future based on current economic trends. He encouraged the Council members to vote no on the Bed Tax and thanked them for their time.

There being no additional comments, Mayor Leech closed the public hearing.

Councilman Allsop said the bed tax option had been discussed for several years. This was not something that was barely looked at. It was researched for over ten years. Initially, he did not favor a tax and understood hotel owner concerns. After additional time and research, he saw that the bed tax would benefit the community instead of implementing a food and beverage tax. He said the funds generated by the bed tax would be used for different projects, such as parks. Councilman Allsop thanked Mr. Shumway for his time and said this was not pre-conceived.

Vice Mayor Kakavas said this had been something that had been researched, and many discussions had been held concerning this matter. The Council and the City as a whole were obligated to enhance economic development. A bed tax would help provide the funds to help develop amenities for citizens and visitors in Show Low.

Councilman Hatch said he worked in the hospitality business and had seen the growth in the community. He recognized and appreciated the work and effort the Shumway family had put into the community by building their hotels in the City.

- (2) Consideration of Resolution No. R2023-10 Declaring a Public Record That Certain Documents Filed with the City Clerk and Titles Adopting a "Change to the City Tax Code of the City of Show Low, Arizona to Implement a 3% Transient Lodging Bed Tax."

COUNCILMAN ALLSOP MOVED TO ADOPT RESOLUTION NO. R2023-10 DECLARING A PUBLIC RECORD THAT CERTAIN DOCUMENTS FILED WITH THE CITY CLERK AND TITLES ADOPTING A "CHANGE TO THE CITY TAX CODE OF THE CITY OF SHOW LOW, ARIZONA TO IMPLEMENT A 3% TRANSIENT LODGING BED TAX"; SECONDED BY COUNCILMAN HATCH; PASSED 7 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS,

AND COUNCIL MEMBERS ADAMS, ALLSOP, CLARK, HATCH, AND JUDD VOTING IN FAVOR.

- (3) Consideration of Ordinance No. 2023-02 Relating to Transient Lodging Bed Tax; Adopting the “Change to the Tax Code of the City of Show Low Arizona” by Reference; Establishing an Effective Date; Providing Severability and Providing Penalties for Violations.

By unanimous consent, Ms. Hall read Ordinance No. 2023-02 by title only since all Council members had a copy.

“AN ORDINANCE OF THE CITY OF SHOW LOW, ARIZONA, AMENDING THE CITY TAX CODE TO ADOPT A LOCAL TRANSIENT LODGING TAX BY WITHDRAWING MODEL OPTION #6; PROVIDING FOR SEVERABILITY; AND DESIGNATING AN EFFECTIVE DATE.”

COUNCILMAN ALLSOP MOVED TO ADOPT ORDINANCE NO. 2023-02; SECONDED BY COUNCILMAN ADAMS; PASSED 7 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS, AND COUNCIL MEMBERS ADAMS, ALLSOP, CLARK, HATCH, AND JUDD VOTING IN FAVOR.

- B. Consideration of Application Submitted by James E. Girard on Behalf of White Mountain Base Submarine Veterans for Special Event Liquor License for 2023 Cruz’n the Rim Car Show on June 3, 2023, at Frontier Fields. (Rachael Hall)

Ms. Hall said James E. Girard, representing the White Mountain Base Submarine Veterans, submitted an application for a special event liquor license for the 2023 Cruz’n the Rim car show at Frontier Fields, scheduled for June 3.

Ms. Hall said the license would allow the Submarine Veterans to sell alcohol during the event. An existing six-foot chain-link fence surrounded Frontier Fields, where the alcohol would be sold and consumed. Two entrance/exit gates would be open for participants to enter and leave the area, which would be staffed by White Mountain Submarine Veterans personnel to ensure no alcohol was brought in or left the premises. Additional Submarine Veterans would patrol and monitor the entire area to ensure there was no underage consumption.

Ms. Hall said the Show Low Police Department performed a background check on the applicant and found nothing that would preclude approval of this special event liquor license. The application and action taken by the Council would be forwarded to the Department of Liquor Licenses and Control. Unlike regular liquor licenses, the Council’s decision was final for such an application.

VICE MAYOR KAKAVAS MOVED TO APPROVE THE APPLICATION SUBMITTED BY JAMES E. GIRARD FOR A SPECIAL EVENT LIQUOR LICENSE FOR THE 2023 CRUZ'N THE RIM CAR SHOW ON JUNE 3, 2023, AT FRONTIER FIELDS, SHOW LOW, ARIZONA; SECONDED BY COUNCILMAN ALLSOP; PASSED 7 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS, AND COUNCIL MEMBERS ADAMS, ALLSOP, CLARK, HATCH, AND JUDD VOTING IN FAVOR.

- C. Consideration of Award of Construction Contract for 2023 Slurry Seal Project, City of Show Low Project No. R-5223 and Authorization of Associated Budget Transfers. (Shane Hemesath)

Mr. Hemesath said the 2023 Capital Improvement Plan included funding for the 2023 annual slurry seal project. The City's current pavement preservation plan included a minimum maintenance of crack-filling, patching, and resurfacing every City street and parking lot with a slurry seal every six years. City crews were currently crack-filling and patching repairs for the areas identified for slurry sealing this year.

Mr. Hemesath said that the rehabilitation included furnishing all labor, equipment, and materials required to place approximately 269,000 square yards of type II polymer-modified asphalt slurry seal on selected City streets as well as replacing the pavement markings for the roadways after the slurry seal placement.

Mr. Hemesath said the engineer's construction cost estimate for the work was \$479,000.00. The invitation to bid was published as required, and sealed bids were opened publicly, with the following results:

<u>Contractor</u>	<u>Total Bid</u>
VSS International	\$547,325.00
Southwest Slurry Seal LLC	\$639,123.00
Sunland Asphalt & Construction LLC	\$939,000.00

Mr. Hemesath said staff recommended awarding the 2023 Slurry Seal Project, City of Show Low Project No. R-5223, to VSS International in an amount not to exceed \$547,325.00.

Vice Mayor Kakavas asked if VSS International had previously completed any work for the City. Mr. Hemesath said no, VSS International had not completed any work for the City.

Many Council members commended staff and the City for this continued pavement preservation plan to help keep the City's roads in good condition.

VICE MAYOR KAKAVAS MOVED TO AWARD THE CONSTRUCTION CONTRACT FOR THE 2023 SLURRY SEAL PROJECT, CITY OF SHOW

LOW PROJECT NO. R-5223, TO VSS INTERNATIONAL, IN AN AMOUNT NOT TO EXCEED \$547,325.00; SECONDED BY COUNCILMAN ADAMS; PASSED 7 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS, AND COUNCIL MEMBERS ADAMS, ALLSOP, CLARK, HATCH, AND JUDD VOTING IN FAVOR.

9. **SUMMARY OF CURRENT EVENTS:**

A. Council Members

Councilman Adams wished the Show Low High School track students good luck at the State competition.

Vice Mayor Kakavas thanked Show Low High School for bringing their talent to the Council meeting and encouraged the community to attend one of the upcoming performances of *Meet Me in St. Louis*,

Councilman Allsop said the Farmers Market and Art Walk would begin next Saturday. He attended the Navajo County Peace Officer Memorial dedication and thanked those who helped create the memorial and helped with the dedication.

B. Mayor

Mayor Leech said that to celebrate Show Low's 70th year of incorporation, the City was planning an anniversary celebration along with the annual BBQ Throwdown on May 5 and 6 at Frontier Fields. Friday's activities would feature the City's Anniversary Burger Burn. Saturday's activities would include live music while the master barbeque chefs competed for prizes and showed their creativity in several ancillary and steak competitions.

Mayor Leech thanked those that attended the Martin Luther King, Jr. Day of Service last weekend and encouraged citizens to help clean the streets around the City.

C. City Manager

Mr. Brown said the City's 25th annual Project Clean Sweep kicked off in two weeks. Show Low residents could dump green waste for free for two weeks at Dirty Deeds Green Waste at 890 Cinder Pit Road, from Monday, May 15, to Saturday, May 20, and again from Monday, May 22, to Saturday, May 27. Other services through Project Clean Sweep would take place in June. A flyer with more information was posted on the City's website and social media.

Mr. Brown said that in public works projects, the City's contractor completed work on the East Owens and Mills water line project. The City was waiting for

the final water meter resetters; the contractor would install those. Construction resumed on the 5th and 6th Place Sewer Replacement project, and the contractor should complete the work in six to eight weeks. The West McNeil asphalt repair was scheduled to be re-paved on May 15, and the East Owens Extension project was scheduled to begin on May 22. He thanked the citizens for their patience as important improvements were made to the City's infrastructure.

10. **SCHEDULING OF MEETINGS:**

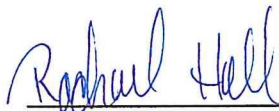
Scheduling of meetings, which may be brought up at this time.

None.

11. **ADJOURNMENT.**

There being no further business to be brought before the Council, **MAYOR LEECH ADJOURNED THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL OF MAY 2, 2023, AT 7:47 p.m.**

ATTEST:



Rachael Hall, City Clerk

T:\docs\cc05022023

APPROVED:



John Leech, Jr., Mayor

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the **REGULAR MEETING** of the City Council of Show Low held on May 2, 2023. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 16th day of May, 2023.

(SEAL)



Rachael Hall, City Clerk