

SHOW LOW CITY COUNCIL
Regular Meeting – Tuesday, May 16, 2023

PURSUANT to A.R.S. Section 38-431.02, notice is hereby given to the Show Low City Council and to the general public, that a **Regular Meeting** of the Show Low City Council will be held on Tuesday, May 16, 2023, at 7:00 p.m. in the City Council Chambers, 181 North 9th Street, Show Low, Navajo County, Arizona. The agenda for this meeting is as follows:

1. Call to Order.
2. Roll Call.
3. Invocation.
4. 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.

6. **SPECIAL EVENTS:**

- A. Recognition of Winners of the Kids ROCK Poster Contest and Presentation of Prizes.
- B. Navajo County Peace Officer Memorial Presentation.
- C. Presentation of Changes to Fiscal Year 2024 City Manager's Recommended Budget for Fiscal Year Ending June 30, 2024.

7. **CONSENT CALENDAR:**

- A. Consideration of Lease Agreement with AZ Labor Force, Inc. for Property Located at 280 East Deuce of Clubs. (Anna Atencio)
- B. Consideration of Acceptance of Tennis Courts. (Rick Austin)
- C. Consideration of Minutes of Show Low City Council meetings:
(1) Regular Meeting of May 2, 2023.

8. NEW BUSINESS:

- A. Consideration of Award of Construction Contract for Airport Hangar Infrastructure Improvements, City of Show Low Project No. A-1723 2.0. (Bill Kopp)
- B. Consideration of Award of Construction Contract for City Hall Roof, City of Show Low Project No. FM-5623 and Authorization of Associated Budget Transfers. (Bill Kopp)

9. SUMMARY OF CURRENT EVENTS:

- A. Council Members
- B. Mayor
- C. City Manager

10. SCHEDULING OF MEETINGS:

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

11. ADJOURNMENT.**SCHEDULED MEETINGS/EVENTS:**

05/16/23	7:00 PM	CITY COUNCIL – REGULAR MEETING
05/23/23	7:00 PM	P&Z COMMISSION – REGULAR MEETING

NOTICE TO PARENTS AND LEGAL GUARDIANS: Parents and legal guardians have the right to consent before the City of Show Low makes a video or voice recording of a minor child, pursuant to A.R.S. § 1-602(A)(9). The Show Low City Council regular meetings are recorded and may be viewed on the City of Show Low's website. If you permit your child to attend/participate in a televised City 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.

Pursuant to the Americans with Disabilities Act (ADA), the City Council endeavors to ensure the accessibility of its meetings to all persons with disabilities. If you need accommodation for a meeting, please call the City Clerk's office at (928) 532-4061 at least 48 hours prior to the meeting for accommodation.

Rachael Hall, City Clerk

I, Rachael Hall, do hereby certify that the foregoing notice was posted on Friday, May 12, 2023.

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CITY OF SHOW LOW STAFF SUMMARY REPORT

AGENDA TITLE: Consideration of Lease Agreement with AZ Labor Force, Inc. for Property Located at 280 East Deuce of Clubs (Anna Atencio)

RECOMMENDATION

I **MOVE** to approve the lease agreement with AZ Labor Force, Inc. dba Labor Systems, Inc. for property located at 280 East Deuce of Clubs.

BACKGROUND

On May 5, 2015, the City Council approved a Lease Agreement with AZ Labor Force, Inc. dba Labor Systems, Inc. to lease the property located at 280 East Deuce of Clubs to house their temporary labor service business. The lease began on June 1, 2015, and is due to expire on May 31, 2023.

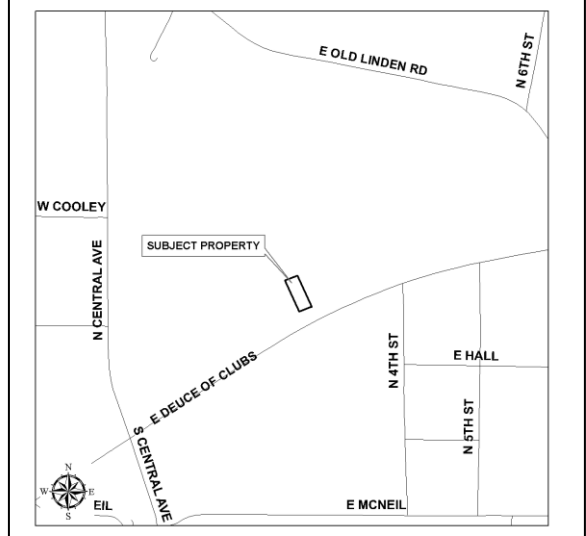
Staff published a Request for Proposal to lease the City-owned property in the White Mountain Independent from April 4, 2023 to April 21, 2023. Labor Systems, Inc. was the only business to respond.

City staff has been collaborating with representatives of Labor Systems, Inc. to draft a new lease for the continued lease of the property at 280 East Deuce of Clubs. Labor Systems, Inc. has been a good tenant, making their rental payments on time. Staff feels it is beneficial to continue to rent the building to Labor Systems. Similar to the old lease, the terms of the new proposed lease provide a two-year term beginning on June 1, 2023, with a base rent of \$1,383.28 per month, with an annual rent adjustment based on a Consumer Price Index (CPI) applicable to the state of Arizona. The option to renew for an additional one-year term is available upon 60 days' written notice. Either party may terminate the lease with 60 days' written notice after the first year.

Any sublease will require written approval from the City and must meet all zoning regulations and parking requirements. Any improvements to the building will require a building permit. Staff recommends approving the lease with Arizona Labor Systems, Inc. dba Labor Systems, Inc.

Attachments:
Lease agreement

Subject property map:



FISCAL IMPACT

Anticipated revenue: \$1,383.28 per month, subject to increases stipulated in the lease.

**LEASE
BETWEEN
THE CITY OF SHOW LOW
AND
LABOR SYSTEMS, INC.**

Dated: May ____, 2023.

THE CITY OF SHOW LOW, ARIZONA, a municipal corporation ("City" or "Lessor"), hereby leases the Premises described below, for the Term and on the terms and conditions set forth in this Agreement, to **AZ LABOR FORCE, INC. dba LABOR SYSTEMS, INC.**, an Arizona corporation ("Labor Systems" or "Lessee").

SECTION 1 SUMMARY OF BASIC TERMS

- 1.1 The Premises: The Leased Premises ("Premises") shall consist of the office building and real property located at 280 East Deuce of Clubs in Show Low, Arizona.
- 1.2 Names of Guarantors: N/A
- 1.3 Security Deposit: N/A
- 1.4 The Term: Two (2) years, beginning on the Commencement Date, with an option for a one-year extension.
- 1.5 Commencement and Expiration Dates: June 1, 2023 and May 31, 2025, respectively.
- 1.6 Base Rent: One Thousand Three Hundred and Eighty-Three Dollars and 28/100 (\$1,383.28) per month beginning June 1, 2023, until May 31, 2025. The base rent may be adjusted annually based on a Consumer Price Index (CPI) applicable to the State of Arizona and as determined by the City. The base rent is subject to City lease tax.
- 1.7 Description of Lessee's Operations: Temporary Labor Services
- 1.8 Lessee's Notice Address: Labor Systems, Inc., C/O All Out Enterprises, Inc., 6363 S. Kyrene, Tempe, Arizona 85283, Attn: Laura Nagy.
- 1.9 City's Notice Address: City of Show Low, 180 N. 9th Street, Show Low, AZ 85901, Attention: Morgan Brown.
- 1.10 Renewal Period: An option to renew for one (1) additional year upon 60 days written notice prior to the end of the first term or by April 2, 2025.

SECTION 2 DELIVERY AND CONDITION

2.1 Condition. The City will ensure the water, sewer, gas and electric are in working condition but shall not have any obligation to make any additional improvements or alterations to the Premises whatsoever, and Lessee accepts the Premises in an "AS IS" condition and shall be responsible for all maintenance costs as is stated in Section 7.1.

SECTION 3 USE OF PREMISES

3.1 Permitted Uses. Lessee may use and occupy the Premises for the purposes set forth in Section 1.7 and for any other legal purpose with the City's prior written consent.

3.2 Improvements. Lessee shall be responsible for maintaining the landscaping and upkeep of the grounds. Lessee may build an additional bathroom, and interior wall to separate spaces, an additional entry door from the outside and other miscellaneous items to make the space workable. Lessee will apply for the appropriate building permits with the City before commencing any work. Lessee shall not make any additional improvements to the premises without City's prior written consent.

3.3 Compliance with Law. Without in any manner limiting any other provision of this Lease, Lessee hereby represents and warrants and agrees for the period of its obligations under this Lease that it shall use and maintain the Premises in compliance with all applicable laws.

SECTION 4 RENT AND TAXES

4.1 Base Rent. Lessee shall pay to City the base rent plus any applicable taxes by the 1st of each month.

4.2 Renewals. Lessee shall have an option to renew the lease for an additional one-year period upon sixty (60) days written notice prior to the expiration of the initial lease or April 2, 2025. The base rent shall be adjusted for any additional terms based on a Consumer Price Index (CPI) applicable to the State of Arizona and as determined by the City.

4.3 Taxes. Lessee shall pay any and all applicable taxes arising out of the use of the Leased Premises under this Lease.

4.4 Obligations Are Rent. All amounts payable to City under this Lease constitute rent and shall be payable as set forth in 4.1.

SECTION 5 INSURANCE AND INDEMNITY

5.1 Insurance Policies. Lessee shall, at its expense, take out and keep, or continue, in full force and effect, property, liability, workers compensation and automobile liability insurance to the leased premises in an amount generally applicable to Lessee's operations, but a minimum general liability of \$1,000,000 single occurrence and \$2,000,000 aggregate. Property and liability insurance shall name the City as an additional insured with the proper endorsement and shall be primary and non-contributory.

5.2 Indemnity. Lessee agrees to and shall indemnify, defend and hold City harmless from and against all liability, loss, damage, costs or expenses (including attorney fees and court costs) arising from or as a result of the death, bodily injury, personal injury, or property damage of any kind or description which may directly or indirectly arise out of Lessee's occupancy of the leased premises and which may be directly or indirectly caused by any acts or omissions of Lessee or its agents or employees.

SECTION 6 TERMINATION RIGHTS OF THE PARTIES

This Lease may be cancelled by either party upon sixty (60) days written notice to the other party after the initial one-year lease.

SECTION 7 MAINTENANCE

7.1 By Lessee. Lessee shall maintain, replace, and repair (a) all interior and exterior portions of the Premises, except as noted in Section 7.2, including the designated building, parking lot and driveway, and the improvements thereon in good condition and repair, including plate glass; doors; ceilings and interior walls; all electrical and plumbing systems serving the Premises and all appliances in good condition and repair in accordance with standards then prevailing for comparable properties of like age and character. If Lessee does not comply with its obligations under this Section, City may, after provision of five (5) days written notice, but need not, make such repairs and replacements or obtain such service contracts, and Lessee shall pay City the cost upon presentation of a detailed invoice concerning the maintenance.

7.2 By City. City shall be responsible for HVAC system, water heater and roof.

SECTION 8 UTILITIES

Lessee shall be responsible for the payment of all utility costs, including trash, for the leased premises.

SECTION 9 CITY RIGHT OF ENTRY

City shall, upon 24 hours notice and with tenant present, have access to the Premises for purposes of inspection and performing City's obligations and exercising its rights under this Lease, and access to the adjacent meadow property.

SECTION 10 SIGNAGE

Lessee shall, at Lessee's sole expense, maintain all existing signage in good condition, repair, and appearance and at the expiration or termination of this Lease shall remove all of Lessee's signs and repair all damage caused by such removal. Lessee further agrees that any additional exterior signage on the Premises shall require prior written approval of City and shall be in accordance with applicable laws and ordinances.

SECTION 11 ASSIGNMENT AND SUBLETTING

11.1 Assignment. Lessee may assign its interest under this Lease or sublet all or any part of the Premises with prior written permission from the City and if the proposed use meets zoning standards and is a legal business.

11.2 Encumbrance Prohibited. Lessee shall not at any time pledge, hypothecate, mortgage or otherwise encumber its interest under the Lease as security for the payment of a debt or the performance of a contract. Lessee shall not permit its interest under this Lease to be transferred by operation of law

SECTION 12 QUIET ENJOYMENT

12.1 If Lessee observes and performs the terms, covenants and conditions contained in this Lease, Lessee shall peaceably and quietly hold and enjoy the Premises for the Term, and any mutually agreed month-to-month renewals thereof, without hindrance or interruption by City, or any other person lawfully claiming by, through or under City unless otherwise permitted by the terms of this Lease. Lessee acknowledges that the exercise by the City of any of the rights conferred on City under this

Lease and the entry upon the Premises for or in connection with such purposes shall not be deemed to be a constructive or actual eviction of the Lessee and shall not be considered to be a breach of City's covenant of quiet enjoyment.

SECTION 13 SURRENDER

Surrender. Upon the expiration or termination of this Lease or of Lessee's right to possession, Lessee shall surrender the Premises in a clean undamaged condition and shall remove all of Lessee's equipment and furniture and repair all damage caused by the removal. Lessee shall not remove permanent improvements unless requested in writing to do so by City.

SECTION 14 BREACH, DEFAULT, AND REMEDIES

14.1 Default. The following shall constitute "Events of Default":

(a) Lessee's failure to pay rent or any other amount due under this Lease, or for failure to pay utilities due to City, within five days after notice of nonpayment; or

(b) Lessee's failure to perform any other obligation under this Lease within fifteen days after notice of nonperformance; provided, however, that if the breach is of such a nature that it cannot be cured within fifteen days, no Event of Default shall be deemed to have occurred by reason of the breach if cure is commenced promptly and diligently pursued to completion within a period not longer than ninety days; and provided further, that in the event of a breach involving an imminent threat to health or safety, City may in its notice of breach reduce the period for cure to such shorter period as may be reasonable under the circumstances.

14.2 Remedies. Upon the occurrence of an Event of Default, City, at any time thereafter without further notice or demand may exercise any one or more of the following remedies concurrently or in succession:

(a) Terminate Lessee's right to possession of the Premises by legal process or otherwise, with or without terminating this Lease, and retake exclusive possession of the Premises.

(b) From time to time relet all or portions of the Premises, using reasonable efforts to mitigate City's damages. In connection with any reletting, City may relet for a period extending beyond the term of this Lease and may make alterations or improvements to the Premises without releasing Lessee of any liability. Upon a reletting of all or substantially all of the Premises, City shall be entitled to recover all of its then prospective damages for the balance of the Lease Term measured by the difference between amounts payable under this Lease and the anticipated net proceeds of reletting.

(c) From time to time recover damages arising from Lessee's breach of the Lease, regardless of whether the Lease has been terminated.

(d) Recover all costs, expenses and attorneys' fees incurred by City in connection with enforcing this Lease, recovering possession, reletting the Premises or collecting amounts owed, including, without limitation, costs of alterations, brokerage commissions, and other costs incurred in connection with any reletting.

(e) Pursue other remedies available at law or in equity.

SECTION 15 NOTICES

Any notice from one party to the other shall be in writing and shall be deemed duly served: (a) if delivered personally to a responsible employee of Lessee, mailed by registered or certified mail, return receipt requested, or sent by reputable overnight courier (e.g., FedEx, UPS, DHL) addressed to Lessee at the address set forth in Section 1 or (b) mailed by registered or certified mail, return receipt requested, or sent by reputable overnight courier (e.g., FedEx, UPS, DHL) to City at the address set forth in Section 1 or such other address as City may designate. Any notice shall be deemed to have been given when mailed, if mailed, and when delivered, if personally delivered.

SECTION 16 GENERAL

16.1 Severability. If any term, covenant or condition of this Lease, or the application thereof, is to any extent held or rendered invalid, it shall be and is hereby deemed to be independent of the remainder of the Lease and to be severable and divisible therefrom, and its invalidity, unenforceability or illegality shall not affect, impair or invalidate the remainder of the Lease or any part thereof.

16.2 No Waiver. The waiver by City of any breach of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or of any other term, covenant or condition contained in this Lease. The subsequent acceptance of rent by City shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease, regardless of City's knowledge of such preceding breach at the time of acceptance of rent. No term, covenant or condition of this Lease shall be deemed to have been waived by City unless such waiver is in writing by City.

16.3 Delay. If either party is delayed or hindered in or prevented from the performance of any term, covenant or act required hereunder by reasons of strikes, labor troubles, inability to procure materials or services, power failure, restrictive governmental laws or regulations, riots, insurrection, sabotage, rebellion, war, act of God, or other reason whether of a like nature or not that is beyond the control of the party affected, financial inability excepted, then the performance of that term, covenant or act is excused for the period of the delay and the party delayed shall be entitled to perform such term, covenant or act within the appropriate time period after the expiration of the period of such delay. Nothing in this Section, however, shall excuse Lessee from the prompt payment of any amount payable under this Lease.

16.4 Successors. All rights and liabilities under this Lease extend to and bind the successors and assigns of City.

16.5 Integration. This Lease sets forth all the covenants, promises, agreements, conditions and understandings between City and Lessee concerning the Premises and there are no other covenants, promises, agreements, conditions or understandings, either oral or written, between them. No alteration, amendment or addition to this Lease shall be binding upon City or Lessee unless in writing and signed by Lessee and City.

16.6 Attorney's Fees. In the event that litigation arises regarding this agreement the prevailing party shall be entitled to recover their reasonable attorney's fees and costs.

16.7 Governing Law. This Lease shall be construed in accordance with and governed by the laws of the State of Arizona, with venue in Navajo County.

16.9 Counterparts. This Lease may be executed in counterparts, which together shall constitute a single instrument.

16.10 Mutual Representations and Warranties. The person(s) signing this Lease and any documents and instruments in connection herewith on behalf of the respective parties hereto have full power and authority to do so. The execution, delivery and performance of this Lease by the respective parties have been duly authorized, and this Lease shall be a valid and binding agreement on the parties hereto.

IN WITNESS WHEREOF, the parties to this Commercial Lease Agreement have caused their names to be affixed hereto by their duly authorized representatives on the dates indicated.

LESSEE: LABOR SYSTEMS, INC.

By _____
Its _____
Date _____

STATE OF ARIZONA)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by

Notary Public

My Commission Expires:

LESSOR: CITY OF SHOW LOW

By _____
John Leech, Jr., Mayor

ATTEST:

Rachael Hall, City Clerk

Approved As to Form:

Anna M. Atencio, City Attorney



CITY OF SHOW LOW STAFF SUMMARY REPORT

AGENDA TITLE: Consideration of Acceptance of Show Low City Tennis Courts Rehabilitation, City of Show Low Project No. FM-1622 (Rick Austin)

RECOMMENDATION

I **MOVE** to accept the Show Low City Tennis Courts Rehabilitation, with a final cost of \$126,750.79, release the retainage, and initiate the two-year warranty period.

BACKGROUND

At its regular meeting on August 17, 2021, the Show Low City Council awarded a construction contract to General Acrylics in an amount not to exceed \$126,750.79 for the City Park Tennis Courts Rehabilitation. The scope of work included repairing the courts with a layer of six-inch post-tension concrete, new nets, posts, footers, surface coating, and lining for tennis and pickleball courts.

The work has been completed for a final cost of \$126,750.79.

Staff recommends accepting the Show Low City Tennis Courts Rehabilitation, with a final cost of \$126,750.79, releasing the retainage, and initiating the two-year warranty period.

Attachments:
None

FISCAL IMPACT

Anticipated cost: \$126,750.79

Funding source: \$11-445-495-7310-2201/4452201 (Rehab Tennis Courts)

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 reseters; 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:

APPROVED:

Rachael Hall, City Clerk

John Leech, Jr., Mayor

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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 _____ day of _____, 20____.

(SEAL)

Rachael Hall, City Clerk

CITY OF SHOW LOW STAFF SUMMARY REPORT

AGENDA TITLE: Consideration of Award of Construction Contract for Airport Hangar Infrastructure Improvements, City of Show Low Project No. A-1723 2.0 (Bill Kopp)

RECOMMENDATION

I **MOVE** to award the bid for the Airport Hangar Infrastructure Improvements, City of Show Low Project No. A-1723 2.0. to Mid-State Asphalt in an amount not to exceed \$496,128.15

BACKGROUND

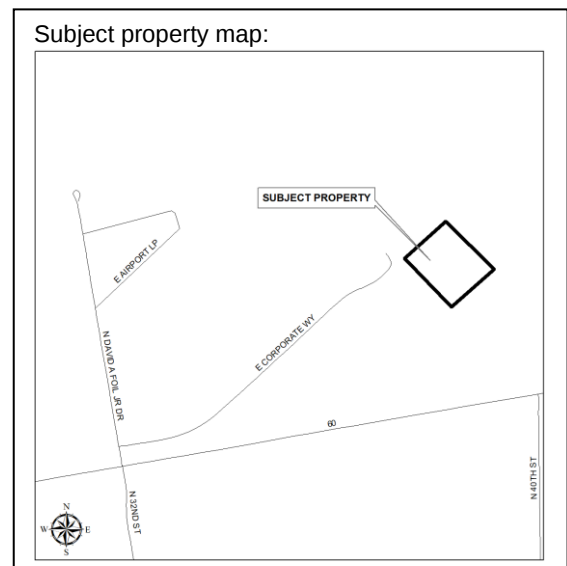
The City of Show Low solicited bids for infrastructure improvements at the south hangar area at the Show Low Regional Airport. The purpose of the project was to expand this area to accommodate the demand for additional hangars at the Show Low Regional Airport. The infrastructure will serve 10 new hangars ranging from 60 by 65 feet to 75 by 65 feet. The improvements include grading and paving for taxi lanes, water, sewer and electric services, and a sewer lift station. The upfront construction cost will be paid by Big Dog Development in exchange for ground lease credits.

The project was designed by the City of Show Low Engineering Department and was publicly bid according to statutory requirements with the following results:

<u>Contractor</u>	<u>Total Bid</u>
Mid-State Asphalt	\$ 496,128.15

The single bid was well within the expected cost. Staff recommends awarding the contract for the Airport Hangar Infrastructure Improvements, City of Show Low Project No. A-1723 2.0. to Mid-State Asphalt in an amount not to exceed \$496,128.15

Attachments:
Bid Tabulation



FISCAL IMPACT

Anticipated cost: \$496,128.15

Funding source (account no.): 11-750-495-7300-2325/7502325 (Large Hangar & Taxiway Expansion)

Bid Tabulation Sheet

Project Name: Airport Hangar Infrastructure Project No. A-1723 2.0

Bid Opening May 10, 2023 @ 2:00 PM

	BID SCHEDULE A			Midstate Asphalt Services	1
Item	Description	Unit	No. of Units	Unit Price	Total Price
1	Mobilization	LS	1	\$64,706.00	\$64,706.00
2	Sawcut Existing Pavement	LF	80	\$3.75	\$300.00
3	Clear and grub	SF	18000	\$0.33	\$5,994.00
4	Remove Existing Tree	EA	2	\$300.00	\$600.00
5	Install 13"X17" Culvert	LF	50	\$94.50	\$4,725.00
6	Install 1-1/4" Waterline (Pipe only, trenching in line 10)	LF	2170	\$6.00	\$13,020.00
7	Live tap 8" x 2"	EA	2	\$1,125.00	\$2,250.00
8	Install water meter manifold Complete	EA	2	\$8,224.00	\$16,448.00
9	Install 3/4" water meter box and resetter	EA	10	\$1,349.75	\$13,497.50
10	Waterline trenching, bedding, shading, backfill	LF	770	\$30.50	\$23,485.00
11	Cut in 1-1/4" tee on existing force main	EA	1	\$2,223.75	\$2,223.75
12	Install 1-1/4" Poly Sewer Force Main	LF	450	\$45.50	\$20,475.00
13	Install Sewer Lift Station	EA	1	\$46,167.00	\$46,167.00
14	Install flush connect	EA	2	\$301.75	\$603.50
15	Install 1-1/4 force main valve	EA	2	\$306.00	\$612.00
16	Install 6" SDR-35 PVC Sewer Line	LF	370	\$60.00	\$22,200.00
17	Install 4' Dia. Sewer Manhole	EA	1	\$12,851.00	\$12,851.00
18	Install 3" Sewer Service Line	LF	510	\$27.50	\$14,025.00
19	Install 6" sewer cleanout	EA	1	\$801.50	\$801.50
20	Install 3" Sewer Cleanout	EA	10	\$397.75	\$3,977.50
21	Electrical Trenching, bedding shading, backfill	LF	940	\$25.00	\$23,500.00
22	Install 2" Electrical Conduit (conduit only trenching in line item 21)	LF	2905	\$6.88	\$19,986.40
23	Install Electrical Pull Box	EA	4	\$520.75	\$2,083.00
24	Install uni-strut frame for power meters	EA	2	\$3,000.00	\$6,000.00
25	Install 3" AC	TON	300	\$114.33	\$34,299.00
26	Install 7" ABC	CY	350	\$45.56	\$15,946.00
27	Install 8" Sub Base	CY	400	\$71.00	\$28,400.00
28	Install Geogrid	SF	16200	\$0.80	\$12,960.00
29	Install 4" Select Backfill under Geogrid	CY	200	\$69.50	\$13,900.00
30	Install Pavement Marking	LF	560	\$1.50	\$840.00
31	Roadway Excavation	CY	1100	\$6.82	\$7,502.00
32	Rock Excavation*	CY	250	\$207.00	\$51,750.00
33	Force Account	FA	1	\$10,000.00	\$10,000.00
				Total	\$496,128.15



CITY OF SHOW LOW STAFF SUMMARY REPORT

AGENDA TITLE: Consideration of Award of Construction Contract for City Hall Roof, City of Show Low Project No. FM-5623 and Authorization of Associated Budget Transfers. (Bill Kopp)

RECOMMENDATION

I **MOVE** to award the construction contract for Show Low City Hall Roof Replacement, City of Show Low Project No. FM-5623, to KGJ Roofing in an amount not to exceed \$91,465.09, and authorize associated budget transfers.

BACKGROUND

Show Low City Hall was renovated in 2011. One of the elements of this work was the installation of a spray foam roof system. This roof came with a 10-year warranty which is now expired. Over the past year, leaks have begun to appear. The City's fiscal year 2022 Budget includes funding for the replacement of roofing at the City Campus. This work is not ready to begin. Because of the existing leaky condition at City Hall, staff feels that the roof should be repaired prior to the start of the monsoon in July. To this end, staff proposes to use the budgeted funding for City Campus to complete the City Hall roof this year. The funds for the City Campus project are included in the proposed 2024 budget.

The scope of work for this project includes installing approximately 10,750 square feet of new membrane 60-mil TPO roofing with mechanical fastener over existing spray foam roofing. The work also includes installing ice and water barrier under all new roofing, removing and replacing all pipe jacks, condensate drain lines, drip edge, scuppers, remove and re-set parapet cap, detach, reset and re-seal air handlers, and repair cracks using elastomeric roof coating. The work also includes inspecting the existing metal roof, replacing screws as necessary, and sealing all pipe jacks and penetrations.

A request for bids was prepared by City engineering staff and advertised per statutory requirements. Three companies attended the mandatory pre-bid meeting. One bid was received. The results are as follows:

<u>Contractor</u>	<u>Total Bid</u>
KGJ Roofing	\$91,465.09

Staff recommends awarding the construction contract for Show Low City Hall Roof Replacement, City of Show Low Project No. FM-5623, to KGJ Roofing in an amount not to exceed \$91,465.09, and authorizing the associated budget transfers.

FISCAL IMPACT

Anticipated cost: \$91,465.09

Funding source (account no.): 11-445-495-7310-2438/4452438 (Replace Roof at City Hall)

Description	Account	Approved Budget	Transfer	Amended Budget
City Campus Master Plan – Replace Roof	11-445-495-7310-2004/4452004	\$130,000	(130,000)	\$0.00
Replace Roof – City Hall	11-445-495-7310-2438/4452438	\$0	130,000	\$130,000
Total		\$130,000		\$130,000