MINUTES OF THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, MAY 21, 2024, AT 7:00 PM 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 Clark, Councilman Hatch, Councilman Whipple.

   COUNCIL MEMBERS ABSENT: Councilman Judd.

   STAFF MEMBERS PRESENT: Morgan Brown, City Manager; Anna Atencio, City Attorney; Justin Johnson, Deputy City Manager; Brad Provost, Police Chief; Bill Kopp, Public Works Director; Shane Hemesath, City Engineer; Jacob Allen, Airport Manager; Cari Bilbie, Accounting Manager; Shannon Adams, Grants Coordinator; Kathy Clements, Assistant City Clerk; and Rachael Hall, City Clerk.

   GUESTS: Mike Allsop, Jack Babb, Conrad Loney, John Todd, JD Pepper, Randy and Cassie Chevalier, Catrina Jenkins, John Bloom, Doug Roberts, and others.

3. Invocation.

   Councilman Adams gave the invocation.

4. Pledge of Allegiance.

   Mayor Leech 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.

   Brad Whitfield, Promoter, Deuce of Clubs Thunder Raceway, said the Deuce of Clubs Thunder Raceway would be having their grand re-opening this weekend and thanked the City Council and community for their support.

   Jack Babb, President of the Beekeepers of the White Mountains of Arizona, spoke to the City Council about promoting bee conservation and how communities could help.

Doug Roberts, 1441 North 36th Drive, said the Cruz'n the Rim Car Show would be held June 1 at Frontier Fields. On May 31, the cruise on the Deuce of Clubs would start at the Church of Jesus Christ of Latter-Day Saints Stake Center on the corner of Highways 60 and 260 and go to Hatch Toyota, where there would be a hamburger burn.

6. **SPECIAL EVENTS:**

A. Presentation of Ready Set Go by Navajo County

Catrina Jenkins, Navajo County Emergency Manager, presented what to expect during the 2024 Wildfire Season. She said the fire potential outlook looked pretty good for a change. However, there was always a wildfire risk, so everyone had to be vigilant.

Ms. Jenkins said the White Mountains Fire Restrictions Coordination Group gathered partners from various levels across the region to make decisions based on data points and science provided by subject-matter experts regarding when the White Mountain area should be under fire restrictions. She said the group met weekly and consisted of personnel from Apache County Emergency Management, Northeast Arizona Police Association, Forest Service Department of Agriculture, United States Department of the Interior Bureau of Land Management, Fort Apache Agency Fire Management, Arizona Department of Forestry and Fire Management, Northeastern Arizona Fire Chiefs Association, and Navajo County Emergency Management. As of May 21, the area was not under any fire restrictions.

Ms. Jenkins said the citizens of Show Low should learn about Navajo County's Ready, Set, Go program and be prepared for a fire or any other community emergency. The first component was READY. Citizens should be ready by having a "Go Kit" prepared, knowing their communication plan, and having a financial first aid kit.

Ms. Jenkins said, go meant go, do not wait, take pets, livestock, medicine, and "Go Kit." Officials might not get a chance to send another alert, and emergency services might not be available. She said if someone decided to stay, they must sign a form and would not be allowed to leave their property, even to check on neighbors or get supplies. For those who decided to evacuate, they must follow evacuation directions.

Ms. Jenkins said it was up to all of us to take care of our forest. Campfires should not be left unattended, and all campfires should be doused. Those who smoke in their vehicles should use their ashtray. When towing items, ensure that chains or anything else were not dragging, and everyone should maintain their vehicles. She said if the area went into fire restrictions, follow them. Restrictions were for everyone, visitors and locals alike.

Ms. Jenkins said everyone could create a defensible space on their property and displayed a diagram of what that space should look like.

Conrad Loney, Assistant Chief of Operations for Timber Mesa Fire and Medical District, said the entire district covered 216 square miles, with an ambulance service covering 440 square miles. The district served 34,500 full-time residents, which swelled to 70,000 in the summer. They received about 8,000 calls for help a year.

Assistant Chief Loney said Timber Mesa was engaged in efforts to reduce wildfire risk in the community, including public education, training, and fuel mitigation programs. He said it was Timber Mesa's assessment that wildfire remained the number one overall threat to the people of the White Mountains' lives and property.

Assistant Chief Loney said he challenged each citizen, homeowner, business owner, and community leader to seek opportunities to engage in proactive efforts to better prepare for life in the wildland-urban interface. That meant becoming firewise, creating defensible space around homes and businesses, enrolling in Ready Navajo County, and learning and following the recommendations of the Ready, Set, Go program. He encouraged the citizens of Show Low to take advantage of the City's 26th annual Project Clean Sweep going on right now. He also encouraged people to attend the Firewise Block Party on July 13 at Blue Ridge Elementary School.

Mayor Leech asked where people could register for the Navajo County alert system. Ms. Jenkins said they could sign up on the County's website at Navajocountyaz.gov/ready.

JD Pepper, District Fire Marshal, Timber Mesa Fire and Medical District, thanked the City for Project Clean Sweep. It was a big help in mitigating fuel and an advantage in keeping wildland fires away.

Fire Marshall Pepper said the entire zip code, 85901, was considered a wildland-urban interface, and insurance companies were dropping and canceling policies. He said not all wildfires started outside the community; they could start in the community. To prevent potential wildfires, the community must mitigate fuels. Timber Mesa would be doing risk assessments, education, code adoption, and enforcement to tackle fire hazards.

Fire Marshall Pepper said the department had been assessing the area to determine how much fuel was in it, using a basal scoring system. A healthy score was considered 60 to 80. Not far from the City, a basal score was taken, and that score was 279. He said this area resembled Paradise, California. So, we all must do our part to mitigate fuels in the area.

Mayor Leech asked how Timber Mesa would enforce the programs it was going to adopt. Fire Marshal Pepper said Timber Mesa was the authority on what presented as a fire hazard and would collaborate with the City if enforcement became necessary.

Vice Mayor Kakavas wanted to clarify that Timber Mesa was not asking people to clear-cut their property. Fire Marshall Pepper said no, absolutely not. They wanted people to become firewise. The Fire District provided firewise assessments and recommendations to mitigate fuels.

Councilman Clark asked that the City put the defensible space image on the City's app and website. He also asked if Fire Marshall Pepper could work with the City to create a program to recognize firewise homes and businesses in the community and post those pictures on social media.

Mayor Leech asked if the defensible space, firewise, and fire restriction information could be provided to vacation rental owners. Fire Marshall Pepper said there were over 2,000 vacation rentals and second homes between Show Low and Pinetop. Timber Mesa was working with vacation rental owners to get the firewise and fire restriction information in their welcome packages.

Chief Provost said that the City had no tolerance for fire restrictions violations and would enforce them when they went into effect.

Mayor Leech asked what defined red flag conditions. Ms. Jenkins said red flag conditions come from the National Weather Service in Flagstaff. Red flag weather conditions were created when the low relative humidity was eight percent or lower in combination with increased sustained winds, not just wind gusts.

Chief Chevalier said burn permits would be shut down when winds were greater than ten miles per hour. To find out if burning was allowed, citizens could call 928-367-FIRE or visit www.timbermesafire.org.

B. Presentation of Changes to Fiscal Year 2025 City Manager's Recommended Budget for Fiscal Year Ending June 30, 2025.

Mr. Johnson said staff worked on a few changes to the recommended budget. He reviewed the draft tentative budget and said it would be presented to the City Council for adoption on June 4 and would establish the expenditure limitation for the next fiscal year. He said the final budget would be adopted at the June 18 Council meeting. The secondary property tax levy for the streetlight improvement district would be adopted at the July 16 meeting. A copy of the FY2025 Changes to the Recommended and Draft Tentative Budget was attached.

7. <u>CONSENT CALENDAR</u>:

A. Consideration of Appointment of Local Public Safety Personnel Retirement System Board Members

B. Consideration of Addendum to Commercial Ground Lease with Rim Country Holdings LLC at Show Low Regional Airport (Jacob Allen)

C. Consideration of Noncommercial Hangar Development and Ground Lease with BFI - Management Services, LLC and Termination of Ground Lease with Big Dog Development, LLC at Show Low Regional Airport (Jacob Allen)

D. Consideration of Approval of Operating Agreements with Enterprise Leasing Company of Phoenix and Hatch Toyota to Provide Rental Car Services at Show Low Regional Airport (Jacob Allen)

E. ***AMENDED*** Consideration of Acceptance of City Park Pressure Reducing Valve and Waterline Replacement, City of Show Low Project No. W-5523 (Shane Hemesath)

F. ***AMENDED*** Consideration of Acceptance of Grant Funds from Arizona Department of Forestry and Fire Management for Healthy Forest Initiative Grant and Authorization of Associated Budget Transfers (Shannon Adams)

G. Consideration of Minutes of Show Low City Council meetings:

1. Regular Meeting of May 7, 2024

VICE MAYOR KAKAVAS MOVED TO APPROVE THE CONSENT CALENDAR AS PRESENTED; SECONDED BY COUNCILMAN ADAMS; PASSED 6 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS, COUNCILMAN ADAMS, COUNCILMAN CLARK, COUNCILMAN HATCH, COUNCILMAN WHIPPLE VOTING IN FAVOR.

8. **NEW BUSINESS:**

A. ***AMENDED*** Consideration of Adoption of Resolution No. R2024-16 Approving Submitting Application for Arizona State Parks Land and Water Conservation Fund and Authorizing Signature for Approval of Sponsor Agreement (Shannon Adams)

Ms. Adams said in 2022, the Council adopted Resolution No. R2022-23, naming the City-owned property, known as A.P. No. 210-18-015B, Timothy McKay Memorial Park. The park's design was completed with direction from the City Council and input from the Parks and Recreation Advisory Committee.

Ms. Adams said in March 2024, the City submitted a pre-application to Arizona State Parks (ASP) for a Land and Water Conservation Fund (LWCF) grant to develop the Timothy McKay Memorial Park on Old Linden Road. ASP approved the LWCF pre-application on April 19, 2024, which authorized the City to submit a formal LWCF grant application for project construction.

Ms. Adams said the total estimated cost of the project was $1,735,515.00. The maximum grant funding available from the ASP Land and Water Conservation

Fund was $1,000,000.00. A 50 percent City match was required for the project, comprised of cash, donated labor, materials, services, and/or equipment. She said the ASP application required the City to certify, by resolution, the approval of the application, signature authorization, the availability of local matching funds, and authorization to sign the project sponsor agreement.

Ms. Adams said staff recommended submitting a grant application to Arizona State Parks Land and Water Conservation Fund for the development of Timothy McKay Memorial Park located at 361 East Old Linden Road, Show Low, Arizona, and authorizing the signing of the project sponsor agreement certifying the availability of up to $867,757.50 in matching funds.

VICE MAYOR KAKAVAS MOVED TO ADOPT RESOLUTION NO. R2024-16 AUTHORIZING THE SUBMISSION OF ARIZONA STATE PARKS LAND AND WATER CONSERVATION FUND GRANT APPLICATION FOR THE DEVELOPMENT OF TIMOTHY MCKAY MEMORIAL PARK LOCATED AT 361 EAST OLD LINDEN ROAD, SHOW LOW, ARIZONA, AND AUTHORIZE THE MAYOR TO SIGN THE PROJECT SPONSOR AGREEMENT CERTIFYING THE AVAILABILITY OF UP TO $867,757.50 IN MATCHING FUNDS, WITH AN ESTIMATED PROJECT COST OF $1,735,515; SECONDED BY COUNCILMAN HATCH; PASSED 6 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS, COUNCILMAN ADAMS, COUNCILMAN CLARK, COUNCILMAN HATCH, COUNCILMAN WHIPPLE VOTING IN FAVOR.

9. **SUMMARY OF CURRENT EVENTS:**

A. Council Members

None.

B. Mayor

None.

C. City Manager

Mr. Brown said that Show Low Main Street's weekly Saturday Farmers' Market and Art Walk began last Saturday and would run through September 7 at Festival Marketplace along Cooley. Vendors sold produce, food products, and arts and crafts.

Mr. Brown said the City Council was seeking applications for vacancies on the Show Low Planning and Zoning Commission and the Show Low Parks and Recreation Advisory Board. Applications were available at City Hall or on the City's website. Applications were due May 24 to the City Clerk.

Mr. Brown said the Veterans of Foreign Wars (VFW) Post 9907 would hold a commemorative service on Monday, May 27, at 10:00 a.m. at the City Cemetery to honor the service men and women who paid the ultimate price. The VFW suggested bringing chairs or being prepared to stand for up to an hour during the ceremony.

10. **SCHEDULE OF MEETINGS:**

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

None.

COUNCILMAN ADAMS MOVED TO RECESS INTO EXECUTIVE SESSION TO DISCUSS A.P. NO. 210-14-058; SECONDED BY COUNCILMAN WHIPPLE; PASSED 6 TO 0 WITH MAYOR LEECH, VICE MAYOR KAKAVAS, COUNCILMAN ADAMS, COUNCILMAN CLARK, COUNCILMAN HATCH, COUNCILMAN WHIPPLE VOTING IN FAVOR.

The Show Low City Council recessed into Executive Session at 8:11 p.m.

11. **EXECUTIVE SESSION:**

A. Confidentiality Statement.

B. Discussion or consultation for legal advice with the attorney or attorneys of the public body or with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale, or lease of real property pursuant to A.R.S. Sections 38-431.03(A)(3) and 38-431.03(A)(7).

(1) A.P. No. 210-14-058

12. **POST EXECUTIVE SESSION:**

A. Consideration of any item on the Executive Session portion of this agenda, which the Council may wish to take action upon in Open Session

The Show Low City Council reconvened to Open Session at 8:34p.m.

13. **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 21, 2024, AT 8:34 P.M.**

ATTEST: Rachael Hall

Rachael Hall, City Clerk

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 21, 2024. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 4th day of June, 2024.

Rachael Hall

Rachael Hall, City Clerk

City of Show Low, AZ

FY2025 Changes to the Recommended and DRAFT Tentative Budget

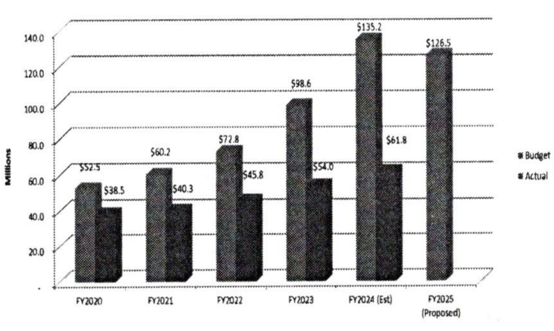
$126,484,526

May 21, 2024

Budget – Public Process

- January 16 – Council study session
- January 18 – Budget town hall
- April 2 – Recommended budget overview
- April 18 – Town hall/budget study session
- ***May 21 – DRAFT Tentative Budget Review***
- *June 4 – Tentative budget adoption*
- *June 18 – Final budget adoption*
- *July 16 – Adopt secondary tax rate*

Budget vs. Actual



Decrease ($8,714,366) over FY24

Decrease of 4,690,449 in HURF due to completion of Bonding Projects

Decrease of 5,339,756 in Wastewater due to not receiving grants for Savage Phase II and completed projects.

Operating Revenues FY2025

- Recommended Budget $78,760,080
- Modifications $ 667,561
- DRAFT Tentative Budget $79,427,641
  - Unbudgeted reserves
    - General Fund $3,996,256
    - Wastewater operations $ 514,092
    - Water operations $ 777,195
    - Water treatment plant $2,500,000

Total Reserves $ 7,787,543

Majority of increase due to additional grant funds for:
City Campus Master Plan Phase III – Applied for
Timothy McKay Park – Applied for

Revenue Changes

	Recommended Budget	Changes	Tentative Budget
Fund Balance	$ 52,975,134	$ (1,562,721)	$ 51,412,413
Operating Revenues	$ 78,760,080	$ 667,561	$ 79,427,641
Other Financing	$ 7,500,000	$ -	$ 7,500,000
Operating Transfers	$ 7,170,520	$ 848,339	$ 8,018,859
Total	$ 146,405,734	$ (46,820)	$ 146,358,914

Beginning Fund Balance: Majority of decrease due to using fund balance to cover costs of capital projects not covered through revenue sources.
Operating Revenues: Majority of increase due to additional grant funds for City Campus Master Plan Phase III and Timothy McKay Park
Operating Transfers: Increase due to additional local match grants in projects fund and Debt Service to cover debt payments.

Expenditures

- Recommended Budget $125,790,648
- Modifications $ 693,878
- Tentative Budget $126,484,526

FY2020 Budget: 52,602,793
FY2021 Budget: 60,292,185
FY2022 Budget: 72,442,942
FY2023 Budget: 98,114,320
FY2024 Budget: $135,198,892
FY2025 Budget: $126,484,526

Expenditure Modifications from Capital Carryovers

	Recommended Budget	Changes	Revised Budget
City Entrance Sign Make Over (11-402-495-7300-1801)	$ 487,453	$ (487,453)	$ -
Nikolaus Park Phase III (11-445-495-7310-2441)	$ 250,000	$ (25,000)	$ 225,000
Nikolaus Park Bridge (11-445-495-7310-2312)	$ 80,000	$ (40,000)	$ 40,000
Vehicle Purchase Police Department (11-455-495-7420-0000) Upfitting for new vehicles	$ 450,000	$ 65,500	$ 515,500
Woolford Road Reconstruction (12-500-495-7310-2420)	$ 2,607,155	$(2,357,155)	$ 250,000
300 K Tanksite Improvements (43-760-180-1620-0000/7602036)	$ 180,375	$ (5,181)	$ 175,194
Show Low Bluff Well Development (43-760-180-1620-0000/7602446	$ 198,168	$ (35,962)	$ 162,206
Improvements (Airport - RWY 7-25 Signage) (11-750-495-7310-0000)	$ 410,000	$ 25,000	$ 435,000
City Campus Master Plan Phase III (Parks/Facilities) (11-445-495-7310-2440-0000) Moved to Grants	$ 950,000	$ (950,000)	$ -
City Campus Master Plan Phase III (Parks/Facilities) (22-445-495-7310-2440-0000) Moved from Parks/Facilities	$ -	$ 1,100,000	$ 1,100,000
Show Low Meadow Improvments (Trail) (11-402-495-7300-1802-0000)	$ -	$ 90,000	$ 90,000
Timothy McKay Memorial Park (22-445-495-7310-2443)	$ 1,101,852	$ 633,663	$ 1,735,515
Equipment Purchase (Communications) (11-460-795-7300-0000)	$ 382,261	$ 3,127	$ 385,388
Improvements (Streets) (12-500-495-7310-0000 - Multile Projects)	$ 3,081,667	$ 1,000,000	$ 4,081,667
Event/Community Center (11-402-495-7300-0508)	$ 13,000,000	$ 600,000	$ 13,600,000
Development Agreements (11-402-495-7310-1005)	$ 550,000	$ 400,000	$ 950,000
	$ 23,728,931	$ 16,539	$ 23,745,470

Expenditure Modifications

	Recommended Budget	Changes	Tentative Budget
Operating Transfer Out (General Fund) (11-402-498-7010-0000)	$ 5,344,719	$ 828,339	$ 6,173,058
Professional & Consulting Services (P & Z) (11-430-430-3200-0000)	$ 10,000	$ 5,000	$ 15,000
Liability Insurance (General Ops) (11-402-480-5200-0000) (Dividend Credit of 261,268)	$ 475,000	$ (175,000)	$ 300,000
Community Promotions (11-402-430-8120-0000)	$ 79,000	$ 1,500	$ 80,500
Parks & Recreation Part-time Wages	$ 65,000	$ 15,000	$ 80,000
Parks/Facilities Small Equip/Capital (11-445-430-6115-0000) Furniture for Adams Cabin	$ 46,500	$ 20,000	$ 66,500
Organizational Support (11-402-430-8110-0000)	$ 452,292	$ (17,500)	$ 434,792
	$ 6,472,511	$ 677,339	$ 7,149,850

Summary of Changes

	Recommended Budget	Changes	Tentative Budget
Capital Carryovers	$ 23,728,931	$ 16,539	$ 23,745,470
Budget Study Sessions	$ -	$ -	$ -
Modifications	$ 6,472,511	$ 677,339	$ 7,149,850
	$ 30,201,442	$ 693,878	$ 30,895,320

Additional Comments

- Staff will continue to monitor revenues and economic activity
- Changes can be made until the Tentative Budget is adopted
- Reductions can still be made until the final adoption on June 18, just no increases

Sanitation Rate Changes

- Current regular and recycle monthly fees
  - $19.25 for 1 regular cart and 1 recycle cart
  - $8.02 per additional cart
- New Contract with Waste Management
  - $21.85 for 1 regular cart and 1 recycle cart
    - $2.60 increase over FY2024
  - $13.25 per additional cart
    - $5.23 increase over FY2024

$21.85 fee includes $0.98 for administration fees.

CPI/Fuel Increase from initial estimate
Regular cart and recycle cart rate history:

Fiscal Year	Change	
2012	17.18	
2013	17.55	0.37
2014	14.53	(3.02)
2015	14.67	0.14
2016	14.18	(0.49)
2017	14.18	-
2018	14.18	
2019	14.80	-
2020	15.09	0.29 (half of annual increase)
2021	15.78	0.69
2022	15.92	0.14
2023	17.50	1.58 (just under highest rate in 2013)
2024	19.25	1.75 (Only a 12% increase from rate in 2012 – That averages to a 1.0% increase each year over the last 12 years
2025	21.85	2.60 (based on new contract)


FY2025 DRAFT Tentative Budget
$126,484,526