

**SHOW LOW CITY COUNCIL**  
**Regular Meeting - Tuesday, February 6, 2018**

**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, February 6, 2018, 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 NOT** scheduled on this agenda 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. Presentation of Midyear Financial Report for Fiscal Year Ending June 30, 2018. (Justin Johnson)

7. **CONSENT CALENDAR:**

- A. Consideration of Minutes of Show Low City Council meetings:
  - (1) Study Session of January 16, 2018.
  - (2) Regular Meeting of January 16, 2018.

8. **NEW BUSINESS:**

- A. **PUBLIC HEARING** – Resolution No. R2018-03 Increasing Water Rights Preservation Fee for City of Show Low Municipal Water Utility. (Morgan Brown)

B. Consideration of Resolution No. R2018-03 Increasing Water Rights Preservation Fee for City of Show Low Municipal Water Utility. (Morgan Brown)

C. Consideration of Award of Purchase of Decorative Lights. (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:**

02/06/18	7:00 PM	CITY COUNCIL – REGULAR MEETING
02/13/18	7:00 PM	P&Z COMMISSION – REGULAR MEETING
02/20/18	7:00 PM	CITY COUNCIL – REGULAR MEETING
02/27/18	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.

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Ann Kurasaki, City Clerk

I, Ann Kurasaki, do hereby certify that the foregoing notice was posted on Friday, February 2, 2018.

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**CITY OF SHOW LOW  
STAFF SUMMARY REPORT**

**AGENDA TITLE:** Presentation of Midyear Financial Report for Fiscal Year Ending June 30, 2018 (Justin Johnson)

**RECOMMENDATION**

No action required.

**BACKGROUND**

Attached is the City's midyear financial report showing year-to-date revenues and expenditures through December 31, 2017. A brief presentation will be given on the City's current financial position.

The attached revenue and expenditure summary sheets are for the Council's information and may not be directly included in the presentation. If the Council has questions about these summary sheets, they may be addressed to staff following the presentation.

Attachments:  
Midyear financial report

**CITY OF SHOW LOW**  
**REVENUES & EXPENDITURES THRU DECEMBER 2017 (50% of year)**

**GENERAL FUND REVENUES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% COLLECTED</u></b>
TAXES/FRANCHISE TAXES	10,175,000	6,326,313	62.2%
STATE SHARED REVENUES	2,922,783	809,970	27.7%
PERMITS AND FEES	170,800	197,166	115.4%
MAGISTRATE	107,100	91,291	85.2%
PHOTO ENFORCEMENT	-	2,417	0.0%
POLICE (non-grant)	256,622	185,675	72.4%
PARKS & RECREATION	134,575	106,344	79.0%
LIBRARY	23,500	9,209	39.2%
SHOW LOW TV	10,000	8,000	80.0%
GRANTS	278,497	93,873	33.7%
TRANSFERS FROM OTHER FUNDS	1,061,450	-	0.0%
All other	<u>141,600</u>	<u>135,629</u>	<u>95.8%</u>
<b>TOTALS</b>	<b><u>\$ 15,281,927</u></b>	<b><u>\$ 7,965,887</u></b>	<b><u>52.1%</u></b>

**GENERAL FUND EXPENDITURES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% EXPENDED</u></b>
Council	\$ 346,100	\$ 53,259	15.4%
General Operations	4,363,006	492,190	11.3%
Transfers to Other Funds	2,640,406	-	0.0%
Administrative Services	713,000	391,501	54.9%
City Magistrate	202,200	102,902	50.9%
City Attorney	274,300	150,662	54.9%
City Manager	452,300	196,368	43.4%
Planning & Zoning	474,900	256,046	53.9%
Library	543,300	285,867	52.6%
Information Services	363,100	177,529	48.9%
Parks & Facilities Maintenance	1,522,500	538,594	35.4%
Engineering	686,900	349,712	50.9%
Police	7,002,600	3,516,107	50.2%
Recreation	431,500	182,797	42.4%
City Clerk	304,000	140,824	46.3%
Show Low TV	205,700	107,470	52.2%
Community Services	<u>244,500</u>	<u>144,754</u>	<u>59.2%</u>
<b>TOTALS</b>	<b><u>\$ 20,770,312</u></b>	<b><u>\$ 7,086,582</u></b>	<b><u>34.1%</u></b>

**CITY OF SHOW LOW**  
**REVENUES & EXPENDITURES THRU DECEMBER 2017 (50% of year)**

**AIRPORT REVENUES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% COLLECTED</u></b>
AUTO PARKING	\$ 10,000.00	\$ 6,350.69	63.5%
LANDING FEES	\$ 12,000.00	\$ 11,478.38	95.7%
TIE DOWN FEES	\$ 15,000.00	\$ 12,630.00	84.2%
AFTER HOURS CALL-OUT FEES	\$ 1,900.00	\$ 625.00	32.9%
RENTALS	\$ 200,000.00	\$ 155,914.46	78.0%
FOREST SERVICE LEASE	\$ 36,000.00	\$ 9,000.00	25.0%
BIA - OLD TERMINAL LEASE	\$ 12,600.00	\$ 3,864.42	30.7%
TSA - TERMINAL LEASE	\$ 24,000.00	\$ 5,921.31	24.7%
GROUND LEASE	\$ -	\$ -	0.0%
FUEL SALES	\$ 640,000.00	\$ 399,766.19	62.5%
OIL SALES	\$ 3,100.00	\$ 581.00	18.7%
RETAIL SALES	\$ 1,800.00	\$ 511.20	28.4%
OPERATING TRANSFER IN	\$ 68,092.00	\$ -	0.0%
SALE OF ASSETS	\$ -	\$ -	0.0%
MISCELLANEOUS INCOME	\$ 11,000.00	\$ 7,376.53	67.1%
OTHER	\$ -	\$ 132.02	0.0%
GRANTS	\$ 983,245.00	\$ 61,599.90	6.3%
<b>TOTALS</b>	<b>\$ 2,018,737.00</b>	<b>\$ 675,751.10</b>	<b>33.5%</b>

**AIRPORT EXPENDITURES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% EXPENDED</u></b>
PERSONNEL EXPENDITURES	\$ 422,700	\$ 201,018	47.6%
OPERATING EXPENDITURES	\$ 759,100	\$ 194,465	25.6%
CAPITAL EXPENDITURES	\$ 1,118,600	\$ 275,561	24.6%
<b>TOTALS</b>	<b>\$ 2,300,400</b>	<b>\$ 671,044</b>	<b>29.2%</b>

**REFUSE REVENUES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% COLLECTED</u></b>
REFUSE COLLECTIONS	\$ 905,489.00	\$ 447,158.31	49.4%
MISCELLANEOUS INCOME	\$ -	\$ -	0.0%
INTEREST EARNED ON INVESTMENTS	\$ 2,000.00	\$ 479.55	24.0%
<b>TOTALS</b>	<b>\$ 907,489.00</b>	<b>\$ 447,637.86</b>	<b>49.3%</b>

**REFUSE EXPENDITURES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% EXPENDED</u></b>
OPERATING EXPENDITURES	\$ 888,500	\$ 414,126	46.6%
CAPITAL EXPENDITURES	\$ -	\$ -	0.0%
<b>TOTALS</b>	<b>\$ 888,500</b>	<b>\$ 414,126</b>	<b>46.6%</b>

**CITY OF SHOW LOW**  
**REVENUES & EXPENDITURES THRU DECEMBER 2017 (50% of year)**

**AQUATIC CENTER REVENUES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% COLLECTED</u></b>
FAMILY/OPEN SWIM CHARGES	\$ 100.00	\$ -	0.0%
YOUTH SWIM	\$ 22,000.00	\$ 12,500.50	56.8%
ADULT SWIM	\$ 19,000.00	\$ 8,939.60	47.1%
SENIOR SWIM	\$ 2,700.00	\$ 2,256.00	83.6%
AQUATICS TRAINING	\$ 1,000.00	\$ 300.00	30.0%
SWIMMING LESSONS	\$ 16,000.00	\$ 5,416.00	33.9%
AQUATIC CENTER PASS INCOME	\$ 10,000.00	\$ 11,561.30	115.6%
AQUA AEROBICS/LAP SWIMMING	\$ 13,000.00	\$ 8,535.70	65.7%
POOL RENTAL INCOME	\$ 3,000.00	\$ 1,700.00	56.7%
SWIM TEAM REVENUE	\$ 4,000.00	\$ 2,374.68	59.4%
BIRTHDAY PARTIES	\$ 2,000.00	\$ 1,430.00	71.5%
RETAIL SALES	\$ 2,000.00	\$ 992.81	49.6%
OPERATING TRANSFERS IN	\$ 333,495.00	\$ -	0.0%
<b>TOTALS</b>	<b>\$ 428,295.00</b>	<b>\$ 56,006.59</b>	<b>13.1%</b>

**AQUATIC CENTER EXPENDITURES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% EXPENDED</u></b>
PERSONNEL EXPENDITURES	\$ 285,400	\$ 142,832	50.0%
OPERATING EXPENDITURES	\$ 154,400	\$ 61,628	39.9%
CAPITAL EXPENDITURES	\$ 40,000	\$ 28,594	0.0%
<b>TOTALS</b>	<b>\$ 479,800</b>	<b>\$ 233,055</b>	<b>48.6%</b>

**SELF-INSURED MEDICAL REVENUES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% COLLECTED</u></b>
PREMIUMS	\$ 2,093,967.00	\$ 522,374.05	24.9%
MISCELLANEOUS INCOME	\$ -	\$ -	0.0%
INTEREST EARNED ON INVESTMENTS	\$ 1,500.00	\$ 3,767.60	251.2%
<b>TOTALS</b>	<b>\$ 2,095,467.00</b>	<b>\$ 526,141.65</b>	<b>25.1%</b>

**SELF-INSURED MEDICAL EXPENDITURES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% EXPENDED</u></b>
OPERATING EXPENDITURES	\$ 1,816,200	\$ 328,895	18.1%
<b>TOTALS</b>	<b>\$ 1,816,200</b>	<b>\$ 328,895</b>	<b>18.1%</b>

**CITY OF SHOW LOW**  
**REVENUES & EXPENDITURES THRU DECEMBER 2017 (50% of year)**

**STREETS (HURF) REVENUES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% COLLECTED</u></b>
HIGHWAY USER'S TAX	\$ 1,395,480	\$ 449,205	0.0%
OPERATING TRANSFERS IN	\$ 1,190,930	\$ -	0.0%
SALE OF ASSETS	\$ 2,000	\$ -	0.0%
SIGNAGE	\$ -	\$ 1,005	0.0%
MISCELLANEOUS INCOME	\$ 243,000	\$ 59	0.0%
WHIPPLE ROAD - PHASE II	\$ -	\$ 79,016	
SCOTTS RANCH ROAD GRANT	\$ 769,100	\$ -	0.0%
INTEREST EARNED ON INVESTMENTS	\$ 5,000	\$ 8,624	172.5%
<b>TOTALS</b>	<b>\$ 3,605,510</b>	<b>\$ 537,909</b>	<b>14.9%</b>

**STREETS (HURF) EXPENDITURES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% EXPENDED</u></b>
PERSONNEL EXPENDITURES	\$ 694,900	\$ 340,221	49.0%
OPERATING EXPENDITURES	\$ 407,300	\$ 165,139	40.5%
CAPITAL EXPENDITURES	\$ 3,714,600	\$ 767,591	20.7%
<b>TOTALS</b>	<b>\$ 4,816,800</b>	<b>\$ 1,272,951</b>	<b>26.4%</b>

**WASTEWATER REVENUES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% COLLECTED</u></b>
Beginning Balance	\$ 4,986,940	\$ 1,351,481	27.1%
RECONNECT FEES	\$ -	\$ -	0.0%
SEWER USE FEES	\$ 2,491,167	\$ 1,351,481	54.3%
SEWER TAP FEES	\$ 1,500	\$ 3,370	224.6%
SALE OF ASSETS	\$ -	\$ -	0.0%
PROCEEDS FROM DEBT	\$ -	\$ -	0.0%
MISCELLANEOUS INCOME	\$ -	\$ -	0.0%
TRANSFERS IN	\$ 284,402	\$ -	
INTEREST EARNED ON INVESTMENTS	\$ 10,000	\$ -	0.0%
<b>TOTALS</b>	<b>\$ 2,787,069</b>	<b>\$ 1,354,851</b>	<b>48.6%</b>
<b>Total Revenue</b>	<b>\$ 7,774,009</b>	<b>\$ 2,706,331</b>	<b>34.8%</b>

**WASTEWATER EXPENDITURES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% EXPENDED</u></b>
PERSONNEL EXPENDITURES	\$ 971,900	\$ 373,806	38.5%
OPERATING EXPENDITURES	\$ 1,032,700	\$ 338,106	32.7%
CAPITAL EXPENDITURES	\$ 250,850	\$ 3,968	1.6%
<b>TOTALS</b>	<b>\$ 2,255,450</b>	<b>\$ 715,879</b>	<b>31.7%</b>

**CITY OF SHOW LOW**  
**REVENUES & EXPENDITURES THRU DECEMBER 2017 (50% of year)**

**WATER REVENUES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% COLLECTED</u></b>
Beginning Balance	\$ 1,177,008.00	\$ 1,992,493.82	169.3%
RECONNECT FEES	\$ 50,000	\$ 36,413	72.8%
WATER SALES	\$ 3,789,680	\$ 1,804,883	47.6%
LINE EXTENSION REIMBURSEMENT	\$ -	\$ -	0.0%
WATER METER INSTALLATIONS	\$ 10,000	\$ 21,032	210.3%
HYDROSTATIC PUMP RENTAL	\$ -	\$ -	0.0%
WATER RIGHTS PRESERVATION FEE	\$ 58,095	\$ 31,316	53.9%
WATER TAP REVENUES	\$ 3,000	\$ 15,318	510.6%
SALES OF ASSETS	\$ -	\$ -	0.0%
PROCEEDS FROM DEBT	\$ -	\$ -	0.0%
ADVERTISING REVENUE	\$ -	\$ 1,459	0.0%
INSURANCE/LOSS REIMB	\$ -	\$ -	0.0%
MISCELLANEOUS INCOME	\$ 20,000	\$ 21,695	108.5%
DONATIONS	\$ 30,000	\$ 5,864	0.0%
INTEREST EARNED ON INVESTMENTS	\$ 12,500	\$ 17,330	138.6%
LATE FEES	\$ 75,000	\$ 37,184	49.6%
<b>TOTALS</b>	<b>\$ 4,048,275</b>	<b>\$ 1,992,494</b>	<b>49.2%</b>
<b>Total Revenue</b>	<b>\$ 5,225,283</b>	<b>\$ 3,984,988</b>	<b>76.3%</b>

**WATER EXPENDITURES**

<b><u>DESCRIPTION</u></b>	<b><u>BUDGET</u></b>	<b><u>YTD ACTUAL</u></b>	<b><u>% EXPENDED</u></b>
PERSONNEL EXPENDITURES	\$ 1,120,200	\$ 428,563	38.3%
OPERATING EXPENDITURES	\$ 1,693,800	\$ 795,662	47.0%
CAPITAL EXPENDITURES	\$ 289,304	\$ 196,800	68.0%
<b>TOTALS</b>	<b>\$ 3,103,304</b>	<b>\$ 1,421,026</b>	<b>45.8%</b>



**MINUTES OF THE STUDY SESSION OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, JANUARY 16, 2018 AT 6:00 P.M. AT THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA**

1. Call to Order.

Mayor Seymore called the meeting to order at 6:00 p.m.

2. Roll Call.

**COUNCIL MEMBERS PRESENT:** Mayor Seymore; Vice Mayor Brent Hatch; and Council members Rennie Crittenden, Mike Allsop, Connie Kakavas, John Leech, Jr., and Gene Kelley.

**COUNCIL MEMBERS ABSENT:** None.

**STAFF PRESENT:** Ed Muder, City Manager; F. Morgan Brown, City Attorney; Justin Johnson, Administrative Services Director; Cari Bilbie, Administrative Services Analyst; and Ann Kurasaki, City Clerk.

**GUESTS:** None.

3. Discussion of Fiscal Year 2019 Budget Process and Overview.

Mr. Johnson said planning had begun for the fiscal year 2019 budget (July 1, 2018, through June 30, 2019). The goals of the budget process were to provide opportunities for citizen input during the budget process, provide a method to allocate funding throughout the organization based on priorities and projected revenues, maintain existing levels of service where appropriate, provide a sustainable method to reduce the PSPRS (Public Safety Personnel Retirement System) liability, ensure that the Council's high-priority programs continued to be funded, and continue to provide a balanced budget.

Mr. Johnson said the City applied the base budgeting method, wherein current estimated costs associated with providing current levels of service were used as the starting point. Budget requests were prioritized based on the Council's goals and what was most critical, and justification was required for any increases. City departments would increase or decrease their base budgets by identifying changed priorities or uses, identifying actual expenses, and identifying new, modified, or expanded programs.

Mr. Johnson said the City Manager's recommended budget would be delivered to the Council on March 30. The budget would be balanced and would include revenue details, expense line item amounts, and requested and recommended amounts. The budget would reflect the four main Council goals: infrastructure

(preserving existing assets), quality of life, economic/community development, and the overall organization of the City.

Mr. Johnson explained that “infrastructure,” with spending levels similar to the past year, encompassed preserving and maintaining existing assets including appearances (i.e., presenting a positive image through the appearance of the City’s vehicles, facilities, parks, streets, etc.), protecting investments (such as facilities and parks, maintaining infrastructure, and ensuring that the water and sewer systems were financially self-sustaining), maintaining standards (such as parks maintenance and following a replacement program), and reserves (i.e., maintaining a safety net).

Mr. Johnson said “quality of life” included community (volunteerism and community service, focusing on family needs in the parks, maintaining a year-round trail system, beautifying public and private properties, and creating community gathering places), information and education (promoting and marketing the City, providing a calendar of events, providing updated information via Show Low TV and the City website, using social media, and providing quarterly newsletters), downtown development (expanding on existing development, encouraging retail development, and providing more parking and pedestrian opportunities), and community safety (street design, speed warning signs, and cameras and security systems in City facilities).

Mr. Johnson said “economic/community development” consisted of recreation as an economic development tool (sports tournaments, ongoing events, facility enhancement, and natural/cultural resources), retail/commercial expansion (retail, dining, jobs), implementing and following through on the Focused Future II process (residential and commercial development) and pursuing educational opportunities, and community partnerships (Chamber of Commerce, motel/hotel owners, and promoting tourism).

Mr. Johnson said “organization” included current strategic and master plans (plan implementation and maximizing technology), employees (attracting, retaining, and training quality employees, with quality service, communication, and safety in mind), emergency preparedness (ensuring balance between the City’s services and public needs and focusing on communication), and community partnerships (pursuing regional cooperation and leadership). The budget would match dollar amounts to these different priorities and programs.

Mr. Johnson said in terms of an economic forecast for 2018, indicators predicted similar slow growth as in 2017. Unemployment nationwide was expected to show continued improvement, with unemployment percentages at 4.4% in 2017, 4.85% in 2016, and 5.26% in 2015. Unemployment in Arizona was trending downward, with 2017 down 0.4% from 2016 figures. He said experts were predicting 2.5% growth in 2018 in GDP (gross domestic product), with the third

quarter of 2017 posting 3.2% growth. Arizona's GDP increased in 2017, with a 3.1% increase in the second quarter of 2017 (ranked 16th in the U.S.). The Federal Reserve Bank issued a rate increase of 25 basis points to 1.5%, with a rate increase of 75 basis points since December 2016 when the rate increased to 0.75%. Consumer confidence (how the public felt about the economy) was at its highest level since 2000, showing 95.9 in December and 98.5 in November. Expectations were for a 2 to 3% growth in the economy. He cautioned, however, it was important to not rely only on a single economic indicator.

Mr. Johnson reviewed and compared the City's annual budgets from fiscal years 2014 through projections for 2019, which didn't include carryovers and new capital projects. Fiscal year 2018's adopted budget was \$48.2 million and the estimated budget for fiscal year 2019 was \$35.4 million, which included all capital improvement projects. This number would likely change as the budget process progressed, which lessened carryover amounts. He said the City continued to underspend its budget, adding that the Council always adopted a balanced budget but never exceeded the adopted total.

Councilman Crittenden asked why fiscal year 2019 projections were so low. Mr. Johnson said no carryovers had been built into it.

Mr. Johnson said estimated operating revenues for all funds for fiscal year 2019 came to \$29,161,550, attributed to local sales taxes (36.3%), utility fees (25.7%), state-shared revenues (14.8%), charges for services (13.0%); inter-governmental funds (7.8%), fines and forfeitures 0.5%), and miscellaneous (1.8%). He noted that preliminary estimates were lower than estimates for fiscal year 2018 because of reduced grant revenue resulting from projects being completed. These figures weren't finalized since state projections hadn't been received yet and they would be revised further along in the budget process.

Mr. Johnson said City sales tax collections (a 2% tax rate) comprised the City's primary revenue generator. Looking at trends, fiscal year 2018 results to date showed a 4.2% decrease from fiscal year 2017. Local sales tax projections for fiscal year 2018 remained conservative, similar to the previous year's projections. Staff estimated local sales tax collections would be about \$10 million.

Mr. Johnson said projections for state-shared revenues—distributions from sales taxes collected by the state, income taxes, HURF (Highway User Revenue Fund), and vehicle license taxes—remained the same as fiscal year 2018 because the City had not yet received any estimates from the state. For use fees, projections were based on the January 2018 rate increase and the number of customers as of December 30, 2017.

Mr. Johnson said expenditures for all funds in fiscal year 2019 were projected to include 27% for operational costs, 37% for personnel, 20% in unbudgeted

reserves (fund balance), 8% for debt service, 7% for capital projects, and 1% in Council Contingency and Capital Improvements Program reserves. In the general fund (the City's main operating account), which didn't include enterprise funds, the money was spent on streets and airport (32%), police (30%); community services (14%); general operations (8%); administrative services (4%); manager, attorney, and clerk's offices (4%); engineering (3%); planning and zoning (2%); city council (2%); and city magistrate (1%).

Mr. Johnson said planned budget items included conservatively projecting 95% of prior-year actuals (or less if there were unknowns, possibly as low as 90%) for revenue; maintaining a Council Contingency budget of at least \$250,000 (the Council could increase that amount); continually monitoring debt service seeking opportunities to pay down or pay off debt when funds were available; a salary increase for employees, depending on revenues collected; maintaining two months of operating reserves for the general fund and wastewater and water funds; and budgeting additional funds to decrease the City's PSPRS liability.

Mr. Johnson said citizen involvement was a key part of the budget process. It included a CIP (Capital Improvements Plan) committee, which had met several times and had forwarded recommendations for a five-year CIP project (projects valued over \$50,000) list, which was adopted by the Council in December, and two town hall-style meetings for public input (January 18 and April 5). Staff would present a recommended budget to the Council at the regular meeting on April 3 plus hold several budget study sessions with the Council. The public was invited to participate in any or all of these meetings, which would follow the budget calendar adopted by the Council in December. In addition, a budget worksheet for citizens to submit suggested projects or programs was available online and at city hall.

Mr. Muder noted that Council members weren't required to attend the budget town hall meetings, but were welcome if they wished to do so. He said Mr. Johnson would present the same presentation he gave tonight if anyone showed up on Thursday.

Councilman Crittenden referred to PSPRS and asked if the liability was paid off, whether the liability would build back up to \$7 million. Mr. Johnson explained that the PSPRS board provided a minimum rate and a recommended rate, and the City paid the recommended rate to stay ahead of the liability and avoid future problems. He said the problems with PSPRS were the result of poor management, projecting higher returns than were realized, and mandated, guaranteed annual increases despite the Great Recession. Consequently, when the fund faltered badly and the liability soared, the state legislature intervened to provide greater oversight. Mayor Seymore added that paying down this unfunded liability didn't mean the City might face an unfunded liability in the future because it was being funded and managed much better than it had been.

Mr. Muder clarified that the City was making larger contributions through an annual lump-sum payment to reduce the liability. The one-time payment earned greater interest compared to spreading out payments over the year. Staff's goal for this year's budget was to lower the PSPRS liability to a manageable level.

4. Adjournment.

There being no further discussion, **MAYOR SEYMORE ADJOURNED THE STUDY SESSION OF THE SHOW LOW CITY COUNCIL OF JANUARY 16, 2018, AT 6:21 P.M.**

ATTEST:

APPROVED:

\_\_\_\_\_  
Ann Kurasaki, City Clerk

\_\_\_\_\_  
Daryl Seymore, Mayor

T/docs/c011618b

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the **STUDY SESSION** of the City Council of Show Low held on January 16, 2018. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Ann Kurasaki, City Clerk

**MINUTES OF THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, JANUARY 16, 2018 AT 7:00 P.M. IN THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA**

1. Call to Order.

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

2. Roll Call.

**COUNCIL MEMBERS PRESENT:** Mayor Seymore, Vice Mayor Hatch, Councilman Allsop, Councilman Crittenden, Councilwoman Kakavas, Councilman Kelley, and Councilman Leech.

**COUNCIL MEMBERS ABSENT:** None.

**STAFF MEMBERS PRESENT:** Ed Muder, City Manager; F. Morgan Brown, City Attorney; Justen Tregaskes, Planning and Zoning Director; Bill Kopp, Public Works Director; Brad Provost, Police Commander; Justin Johnson, Administrative Services Director; Jay Brimhall, Community Services Director; Tom Bahr, Airport Manager; Tamra Reidhead, Deputy City Clerk; and Ann Kurasaki, City Clerk.

**GUESTS:** Julia Edens, Trudy Balcom, Sandra Wagner, Barbara Russo, Jeanne Merritt, Eugene and Helen Beaudoin, Ed Collins, Steve Best, and others.

3. Invocation.

Councilman Kelley gave the invocation.

4. Pledge of Allegiance.

Councilman Allsop 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 NOT scheduled on this agenda 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.

None.

6. **SPECIAL EVENTS:**

A. Presentation of “State of the City” Address. (Mayor Daryl Seymore)

Mayor Seymore presented the "State of the City" address (see Attachment "A").

B. Presentation Regarding Prescribed Burning, Fuel Mitigation, and FireWise Programs.

Steve Best, Forest Supervisor, said prescribed burning provided advantages and benefits to the forest. Low-intensity, natural fires managed and controlled the forest historically without causing a lot of damage. The ecosystem changed when Europeans arrived and began preventing natural fires from occurring. Consequently, there were now thousands of trees per acre. The Forest Service had to use prescribed fires to maintain the forests to mitigate large fires since treating the areas mechanically was unaffordable.

Mr. Best said they burned between 15,000 and 30,000 acres each year but last year they burned about 47,000 acres, some caused by natural ignitions. This year’s target was 35,000 acres.

Mr. Best said the main concern with prescribed burning was smoke and smoke management. Wildfire smoke was much denser and of longer duration with more particulate matter than smoke produced by a prescribed fire. Under a managed situation, they could mitigate smoke as much as possible.

Mr. Best said residents who wanted to be notified when prescribed burns would take place could be added to a notification list so they could make arrangements to leave the area or prepare for smoke.

Mr. Best said prescribed burns cost between \$100 and \$175 an acre, which was much more economical than mechanical maintenance. The goal was to maintain the ecosystem in as natural a condition as possible and prevent the fuel build-up that caused catastrophic fires.

Mr. Best said Novo Power in Snowflake purchased some of the smaller material from the forest to burn and create electricity. Many of the businesses who used to work the forests were no longer here. However, the Four Forest Restoration Initiative was a collaborative effort to restore the forest ecosystems on four national forests in Arizona by doing some larger-scale treatments.

Councilman Crittenden asked for clarification about the lack of affordability of mechanical treatments. Mr. Best said much of the material from the forests was too small to use as lumber, so that material was what was burned during prescribed burning.

Councilwoman Kakavas asked how residents could be added to the notification list. Mr. Best said anyone who wanted to be on the list should call the district's Forest Service office. People could also call 511 to get information on burns and smoke.

Councilman Leech asked if the Forest Service issued permits to allow people to pick up and use the biomass in recreational fire pits at their homes. Mr. Best said no, the slash piles were not of an adequate size for firewood use.

Gene Beaudoin, Northeast District Manager for Arizona Department of Forestry and Fire Management, said they were already making preparations for this year's oncoming fire season. The third annual FireWise Summit would be held on the Mountain in the latter part of April. More information would be available soon. The Ready, Set, Go! program through Navajo County, the FireWise program, and fire adaptive communities would all help to relay the message to residents and visitors about being fire safe.

Mr. Beaudoin said grants would be made available to those who needed financial help to clear their properties and make them fire safe. He would also be happy to meet with homeowner's associations to discuss the requirements to become a FireWise community.

7. **CONSENT CALENDAR:**

- A. Consideration of Acceptance of Grant from Rural Activation and Innovation Network and Authorization of Associated Budget Transfers. (Lisa Lewis)
- B. Consideration of Minutes of Show Low City Council meetings:
  - (1) Regular Meeting of January 2, 2018.

**COUNCILMAN LEECH MOVED TO APPROVE THE CONSENT CALENDAR AS PRESENTED; SECONDED BY COUNCILMAN ALLSOP; PASSED UNANIMOUSLY.**

8. **NEW BUSINESS:**

- A. PUBLIC HEARING – Resolution No. R2018-02 Adopting the Show Low General Plan, Declaring as a Public Record that Certain Document Titled



"2018 Show Low General Plan," and Submitting the 2018 Show Low General Plan to the Voters of the City of Show Low. (Justen Tregaskes)

Mr. Tregaskes said in October 2007, the City Council adopted Resolution No. R2007-49, which adopted the current version of the Show Low General Plan. This plan was approved by the voters in March 2008. The state's Growing Smarter and Growing Smarter Plus legislation mandated that all general plans must be updated every ten years and presented to the voters for approval. The recommendation was to present the new 2018 General Plan to the voters in the next regularly scheduled election on August 28, 2018.

Mr. Tregaskes said the existing 2008 General Plan was developed with help from a 14-citizen General Plan Advisory Committee. In response to rapid growth and growth patterns, the committee was charged with assisting in drafting a completely new 2008 General Plan. This new plan was created following committee meetings, community surveys, public open houses, Technical Advisory Committee input, and staff assistance before it was approved by the voters in 2008.

Mr. Tregaskes said as required by state law, cities and towns must adopt new plans, or re-adopt existing plans, every ten years. Staff presented a proposal to update the existing 2008 General Plan, rather than completely rewriting a new plan, to both the Commission and Council in study sessions. Based on the local economy over the past ten years and the subsequent lack of development, the consensus was that the previous projections were still valid. This update included new demographic data and revised maps within the existing document to reflect current city limits and conditions. A review draft of the 2018 General Plan was presented to the Planning and Zoning Commission prior to the mandatory 60-day review period. Following this presentation, staff distributed the proposed 2018 General Plan to various agencies for the required 60 days. No comments were received.

Mr. Tregaskes said the Planning and Zoning Commission held a public hearing for comments related to the 2018 General Plan at its regular meeting of January 9, 2018, and no public input was received. Following the public hearing, the Commission voted unanimously to recommend approval of the 2018 General Plan to the City Council.

Mr. Tregaskes further explained that the general plan provided guidance for land use decisions, demographic information, and future land use projections. It was used also for capital improvement plans such as roads and trails and provided requirements for developers.

Mr. Tregaskes said the updated plan provided an opportunity to update information contained in the plan of 2008. The new plan included updated demographic data, city limits and total area, general information, and the Show Low development plan map.

Councilman Kelley asked if the General Plan would force a developer to build a road exactly where it was shown on the map or if there would be some flexibility in a road's location. Mr. Tregaskes said the General Plan indicated potential roads and trails through undeveloped areas with a dashed line, allowing some flexibility in locating roads. Topography would play a large part in a road's location.

Mayor Seymore opened the matter for a public hearing. There being no input, he closed the public hearing.

- B. Consideration of Resolution No. R2018-02 Adopting the Show Low General Plan, Declaring as a Public Record that Certain Document Titled "2018 Show Low General Plan," and Submitting the 2018 Show Low General Plan to the Voters of the City of Show Low. (Justen Tregaskes)

**COUNCILMAN ALLSOP MOVED TO ADOPT RESOLUTION NO. R2018-02 ADOPTING THE 2018 SHOW LOW GENERAL PLAN, DECLARING AS A PUBLIC RECORD THAT CERTAIN DOCUMENT FILED WITH THE CITY CLERK AND TITLED "2018 SHOW LOW GENERAL PLAN," AND SUBMITTING THE 2018 SHOW LOW GENERAL PLAN TO THE VOTERS OF THE CITY OF SHOW LOW; SECONDED BY COUNCILMAN KELLEY; PASSED UNANIMOUSLY.**

- C. Consideration of Ordinance No. 2018-02 Amending Section 13-3-4, *Blocking traffic*, of Chapter 13, *Traffic*, of the Show Low City Code. (Justen Tregaskes)

Mr. Tregaskes said at the October 5, 2017, Council Retreat, staff presented information to the Council related to the occupancy of motor homes, recreational vehicles (RVs), campers, and similar type vehicles on City streets. This information was presented in response to a citizen complaint about a neighbor occupying an RV parked on the City street for several days.

Mr. Tregaskes said following this discussion, staff reviewed existing City Code regarding parking on City streets and occupancy of RVs and similar type vehicles. While there was no section in City Code that specifically addressed occupying RVs on a City street, Section 13-3-4(a), *Blocking traffic*, prohibited parking any vehicle on a City street when the parking of such vehicle resulted in less than twenty (20) feet in width of the remaining roadway for the movement of vehicle traffic. Additionally, Section 15-1-

44(L) states, "Campers, motor homes, and travel trailers in conjunction with a residence, may be inhabited for no more than fourteen (14) consecutive days, and no more than thirty (30) days in one (1) calendar year." This section did not specifically deal with the situation of an RV or similar type vehicle being occupied while located on a City street.

Mr. Tregaskes said in response to these findings, staff was recommending that Section 13-3-4, *Blocking traffic*, be amended to add subsection (c). This addition would prohibit occupying a motor home, recreational vehicle, camper, or similar type vehicle located either fully or partially on a paved street or sidewalk. Parking these vehicles in the right-of-way would not be affected, provided the vehicle was not occupied and the remaining sections of 13-3-4 were in compliance. Parking in areas signed "No Parking" was always prohibited. Parking occupied vehicles in the right-of way also would not be affected provided they were not parked on a sidewalk or the paved portion of the street.

Councilman Allsop asked if adopting this ordinance would have any effect on citizens who parked their RV on the street in front of their house while loading it to go camping compared to occupying the RV while it was parked on the street. Mr. Tregaskes said the ordinance would only affect RVs that were being occupied in the public street. A vehicle parked on the street but not occupied would not be affected by the provisions of the ordinance. However, subsection (a) stated that the street could not be blocked leaving less than 20 feet of pavement available for the free movement of vehicular traffic. A citizen could be in violation of existing city code if he didn't leave open at least 20 feet of the roadway.

Councilwoman Kakavas asked how long a vehicle could remain parked in the right-of-way if it was unoccupied. Mr. Tregaskes said under city code if the street was not signed "no parking" and the vehicle was not abandoned, his understanding was that there were no restrictions requiring it to be moved after a certain time period.

Sandra Wagner, 1400 North 40th Drive, said she met last week with Mr. Muder and some of her neighbors to discuss the RV parking situation. Last summer her neighbor had visitors who parked their RV on the street, which was only 24 feet wide and blocked two-way traffic. She was against any parking on the street and also against parking RVs in the front yard. She asked for clarification on what the Council was voting on tonight. Mayor Seymore said subsection (c) was what was being voted on. Subsections (a) and (b) were already part of the ordinance.

Mayor Seymore said the Council had to be mindful of all citizens. The new subsection, if adopted, would prevent people from living in their parked RVs.

Councilwoman Kakavas was concerned about the time frame for which vehicles were allowed to park on the street. There were vehicles in some subdivisions that had been parked a year or longer that impeded their neighbors' use of the street. She asked the Council to consider revising the ordinance to limit the time vehicles could be parked in the right-of-way.

Mayor Seymore suggested the Council approve what was being presented tonight and look at possible restrictions in the future.

Councilman Leech said if the Council approved the ordinance, it would give law enforcement the authority to cite anyone who was living in an RV parked on the street.

Councilman Kelley said he preferred the least restrictions possible. He agreed that no one should be allowed to block roadways and felt this ordinance was a good faith effort to prevent living in an RV that was parked in the city right-of-way.

Councilman Allsop said he would not consider parking a vehicle/trailer on the roadway for a short period of time to be blocking the road if at least one lane of traffic was available for cars to pass. Mr. Tregaskes clarified that anything that resulted in less than 20 feet of available pavement width would be defined as blocking the road and would be a violation of city code.

Mayor Seymore said the restriction about blocking the road was current law, but very few residents had been cited. Tonight's discussion was about adding a provision making it unlawful to occupy an RV parked on or partially on a paved road.

By unanimous consent, Ms. Kurasaki read Ordinance No. 2018-02 by title only since all Council members had a copy.

*"AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SHOW LOW, ARIZONA, AMENDING SECTION 13-3-4, BLOCKING TRAFFIC, OF CHAPTER 13, TRAFFIC, OF THE SHOW LOW CITY CODE"*

**COUNCILMAN KELLEY MOVED TO ADOPT ORDINANCE NO. 2018-02; SECONDED BY VICE MAYOR HATCH; PASSED UNANIMOUSLY.**

D. Consideration of Essential Air Service Proposals. (Bill Kopp)

Mr. Kopp said every two years the U. S. Department of Transportation (DOT) solicited proposals from interested airlines to provide Essential Air

Service (EAS) for the Show Low Regional Airport. The latest round of proposals was submitted to DOT on Monday, December 11, 2017. Four airlines submitted proposals to DOT: Boutique Air, Great Lakes Aviation, Ltd., Tropic Ocean Airways LLC, and Precision Aeromedical Transport LLC dba Sunrise Air.

Mr. Kopp said the Department of Transportation allowed the host City to provide input regarding its preferences as part of the selection process. The final selection was solely a DOT decision, but they would take the local recommendation into consideration. Although not a requirement of the selection process, the City Council could opt to perform interviews with the proposing airlines.

Mr. Kopp the deadline for any recommendation from the City was February 12. Some options might include a recommendation based on the proposals or performance alone, or live interviews with some or all of the proposers.

Councilman Allsop said he needed to disclose that he received an email from Sunrise Air. Several other Council members said they also received the email. Mayor Seymore added that he also had a conversation with a representative of Sunrise Air.

Councilman Leech felt the Council should schedule time to meet with all the air carriers.

Councilman Allsop asked if the City had received any complaints from Boutique Air since it became the City's EAS provider. Mr. Kopp said although Boutique was a fairly new provider, it was meeting the required enplanement numbers, which allowed Show Low to remain in the EAS program. Boutique also purchased a lot of fuel at the airport, which its management had committed to do.

Councilman Allsop felt that Boutique had been a good selection. The carrier provided excellent service and kept Show Low from losing its EAS when enplanement numbers dropped a few years ago with a previous airline.

Mayor Seymore said interviewing the four proposers would not change what they submitted to DOT. Boutique and Great Lakes each submitted a comprehensive proposal, while the other two proposers submitted one-page applications. Great Lakes had not provided good service in the past, but he would agree to interview the proposers if that was the Council's wish.

Mayor Seymore said the City didn't make the final selection but was only making a recommendation to DOT, who would make its decision based on the submittals.

Councilman Kelley asked if there was anything significant that Boutique promised but failed to deliver. Mr. Kopp said there wasn't anything significant. Staff spoke to Boutique representatives recently about their marketing funds since staff had not seen many promotions from them around the community. Consequently, Boutique requested a list of City events so they could live up to its commitment. He noted that the City had not actively pursued those dollars.

Mr. Kopp added that it was a significant expense to require the proposers to come to Show Low for interviews.

Councilman Allsop felt that if it wasn't for Boutique, Show Low would have lost commuter air service a long time ago. He felt Boutique was meeting the needs of the White Mountain community.

Vice Mayor Hatch said Boutique had his vote of confidence.

Councilwoman Kakavas said she had heard comments that people were very impressed with Boutique's service. Customer service had increased exponentially.

**COUNCILMAN ALLSOP MOVED TO SEND A LETTER TO THE U.S. DEPARTMENT OF TRANSPORTATION SUPPORTING BOUTIQUE AIR AS THE PREFERRED ESSENTIAL AIR SERVICE CARRIER FOR SHOW LOW; SECONDED BY COUNCILMAN HATCH; PASSED 6 TO 1 WITH COUNCILMAN LEECH CASTING THE DISSENTING VOTE.**

9. **SUMMARY OF CURRENT EVENTS:**

A. Council Members

Councilman Allsop said he attended a Show Low Main Street board meeting. Main Street was already selling spaces for this year's farmers' market and art walk, which would be open from May 26 to September 29. They discussed the wayfinder signs, which were being painted and would be installed later this year. He reported he also attended a Meals on Wheels board meeting and discussed the change in menus and personnel and ways to improve their services. He thanked Subaru for providing a new car to Meals on Wheels for delivering meals. He also thanked Horne Chevrolet for placing the decals and Vinnedge Sign Works for wrapping the vehicle.

B. Mayor

Mayor Seymore said he, along with the City Manager, City Attorney and other Council members, would attend Legislative Day at the state capital to meet with state legislators tomorrow.

C. City Manager

Mr. Muder said the recreation department was selling tickets at \$6 each for the Daddy Daughter Valentine's Day Dance on February 2, for girls ages 1 to 14 at the city campus gym. Staff was also selling tickets at \$20 each for a concert by The Piano Man, Terry Davies, on February 9 at 7:30 p.m. in the Show Low School District auditorium. The Piano Man performed the music of Billy Joel and Elton John. Recreation staff was also accepting registrations for the 6th annual BBQ Throwdown scheduled for May 5.

Mr. Muder said staff was beginning the process to prepare the City's fiscal year 2019 budget and would hold a town hall-style budget meeting specifically for citizen input on Thursday, January 18, at 6:00 p.m. A complete list of the budget meetings was shown on the City's website at [showlowaz.gov](http://showlowaz.gov). All meetings were open to the public and held in Council Chambers.

Mr. Muder offered condolences to the family of William "Bill" Thomas, who passed away last week. He served on the City Council from 2002 to 2006 and was an active member of the community.

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 SEYMORE ADJOURNED THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL OF JANUARY 16, 2018 AT 8:20 P.M.**

ATTEST:

APPROVED:

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Ann Kurasaki, City Clerk

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Daryl Seymore, 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 January 16, 2018. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

(SEAL)

\_\_\_\_\_  
Ann Kurasaki, City Clerk



STATE OF THE CITY  
February 7, 2017

The start of the new year is the perfect time to reflect on what we accomplished last year and to share our plans for 2018. All City Council policies and decisions are driven by four major priorities we have identified: (1) to preserve and repair our infrastructure (especially roads, water, and sewer), (2) to pursue community and economic development, (3) to improve our quality of life (including better safety, education, and opportunities), and (4) to maintain an organization with solid and stable leadership. Our major accomplishments over the past year, our financial health and outlook, and our future plans consistently support these four priorities.

Our city's economic outlook continues a slow, steady upward trend. As evidence, monthly sales tax revenues in 2017 showed slight increases over 2016, with retail comprising almost 75% of total collections. We also saw increased construction activity in both the residential and commercial sectors.

Our longstanding policy of fiscal conservatism and saving money for the future allowed us to proceed with several important projects. The most notable was renovating an existing building on the Deuce of Clubs into a new public safety headquarters that opened in late summer. This attractive, highly visible civic addition houses our police department, Navajo County Sheriff's Office substation, and jail annex.

To meet our priority to maintain and improve existing infrastructure, we completed a number of key projects, including:

- Upsizing a major water main along the south side of the Deuce of Clubs from South 8th Avenue east to Central and replacing a water line on 16th Avenue.
- Improving East Owens by replacing a water line, repairing a sewer line, and milling and overlaying the roadway.
- Reconstructing roads in Park Valley and the Fools Hollow area, improving city-owned portions of Penrod and Show Low Lake Roads, and rebuilding 10th Avenue west of Safeway.
- Replacing sewer lines in the Westwood subdivision (one of the city's oldest) and completing the upgrade of the sewer treatment plant by adding a building for testing and monitoring equipment.
- Connecting sidewalk sections on the north and south sides of the Deuce of Clubs near the Clark Road intersection.

In addition, the Arizona Department of Transportation funded and managed two projects in Show Low—the first project replaced box culverts at 11th Street and Huning and the second widened US60 (Deuce of Clubs) from the SR77 intersection east to 40th Street, with final touches to be completed this summer.

In our pursuit of economic development and business growth, we welcomed two new businesses, The UPS Store and Show Low Storage. Summit Healthcare Regional Medical Center did more remodeling of existing facilities and, late last year, broke

ground north of the hospital for a major expansion project that will result in new medical offices, an ambulatory surgery center, and an administrative services building. In multi-family housing, two seven-plex apartment buildings on 4th Drive were constructed.

Boutique Air, the commuter airline, continues to successfully maintain a daily flight schedule between Show Low and Phoenix with consistently high passenger use and satisfaction.

To improve our quality of life—another priority—our city employees dedicated themselves to providing a variety of events, including sports leagues, kids' and family-friendly events, holiday happenings, music, and entertainment in our parks, library, and aquatic center. To celebrate our May 1953 incorporation, we held our annual party along with the annual BBQ Throwdown competition. The increasingly popular Throwdown drew master BBQ Pitmasters from across the United States, with savory BBQ offerings and daylong festivities.

In the summer, our annual Fourth of July parade and FreedomFest drew spectators and participants from across the region to enjoy patriotic activities, live music, and spectacular fireworks. Our signature Show Low Shines for the Holidays illuminated our city with sparkling Christmas lights and holiday spirit. We had one of our best Christmas Light Parades with many participants and spectators. At year's end, we counted down to midnight with our Deuce of Clubs Drop and fireworks.

In improved amenities, we expanded the parking lot at Show Low Bluff trail and established a community fishing program at Show Low Creek in association with Arizona Game and Fish. We built new restrooms at Show Low Lake campground and created a Fitness Zone of outdoor exercise equipment in City Park, which was a 50/50 cost share with the manufacturer.

We're proud of our heritage of bringing hope and the prospect of a better life through our community projects and holiday assistance programs. Our employees and community volunteers spent several hours making the dog park more accessible and attractive in observance of the Martin Luther King, Jr. Day of Service, an annual service day we've held since 2009. We also supported the fifth annual Community Fast of Compassion, helping our community raise over \$16,000 for individuals and families in need during the holidays. We thank everyone who donated their time, money, and efforts.

In terms of our financial position, the Council and staff are committed to using your taxpayer dollars wisely. Our conservative fiscal policy ensures we have the necessary funds to meet your needs and to weather economic downturns. We never spend more than we have budgeted. We also save money to pay for at least a portion of larger, more expensive projects in future years. Our department managers share that vision by carefully analyzing every program to ensure efficiency. I'm proud to say our fiscal policies have allowed Show Low to survive difficult economic times and see modest growth.

Our cost-conscious approach supports our pledge to deliver full police and public works services, community events, and recreational activities to ensure your needs and interests are met. We offered our 19th annual free Project Clean Sweep beautification program, co-sponsored the annual record-breaking electronic waste collection event, and provided a Christmas tree recycling site.

Looking to 2018, our plans include:

- Extending the sewer main on the east side of White Mountain Road from Hidden Way to Ellsworth Road.
- Improving the sewer systems in the Camptown area on McNeil and in three older subdivisions, Parkview, Park Plaza, and Sierra Vista.
- Replacing a water line in West McNeil from Fox Canyon to the Deuce of Clubs.
- Improving the water and road systems along 8th Street to connect Whipple and Woolford.
- Building four outdoor pickleball courts at the city campus on East McNeil.
- At City Park, we will install new children's playground equipment geared for different ages along Owens; improve landscaping and reconfigure the parking area west of the Little League field; and add curbs and surface material at the dog park.
- Using grant funds, we will construct new sidewalks on East McNeil between 8th and 9th Streets and replace the sidewalk on 8th Street from East McNeil to the Deuce of Clubs.
- We will continue to collaborate with other communities to bring added-value services to our region, such as our much-needed transit system and supporting tourism marketing efforts.

2018 will bring city elections in the fall, to fill three Council seats and to seek voter approval for a revised General Plan, which is required by state law to be presented to voters every ten years.

The City Council thanks you for your confidence in our ability to handle city affairs, a sentiment echoed by your fellow Americans. Polls show that for more than a decade, Americans continue to trust local governments more than state governments or the federal government. Because the Council and our city staff are dedicated to remain accessible to you, we welcome your feedback, we are responsive and transparent, and we work together as a group in a non-partisan way.

We believe in retaining local control over the city's budget, which must be balanced according to state law. To protect you and our city's assets, we voluntarily imposed two permanent mandates—to maintain at least a minimum of a million dollars in reserves and to require a super-majority vote of the sitting Council to approve any tax increase.

We attribute much of our success to the able assistance of our city employees and volunteers who deliver their best to serve you. Our advisory committees, Senior Patrol, and Library Friends all provide their services for free, saving taxpayer dollars. We invite

you to join us. Come volunteer your time, talents, or materials to better our community. Join us on May 12 for our Martin Luther King, Jr. Day of Service project. Or participate in our civic process when the Council and staff meet to discuss next fiscal year's budget. Every budget meeting, held here in Council Chambers, is open to the public. We begin the process in January, with a town hall-style meeting designed specifically for citizen input this Thursday, January 18, at 6:00 p.m. We'll hold another budget town hall for public input on Thursday, April 5. The entire budget calendar is posted on our website.

The political and social landscape has gone through much change over the past year. But let that not deter us from supporting each other, focusing on the positive, and enriching the world as we embark on the new year. Let us leave behind a legacy of a better city for tomorrow and for future generations. We wish you and your family the best of health, peace, and happiness in 2018. I want to say thanks to all our citizens. Thank you for all you do to make our community a great place to live and may God continue to bless us and prosper our community.

## CITY OF SHOW LOW STAFF SUMMARY REPORT

**AGENDA TITLE:** PUBLIC HEARING and Consideration of Resolution No. R2018-03 Increasing Water Rights Preservation Fee for City of Show Low Municipal Water Utility (Morgan Brown)

### RECOMMENDED MOTION

I **MOVE** to adopt Resolution No. R2018-03 increasing the water rights preservation fee for the City of Show Low municipal water utility.

### BACKGROUND

On December 5, 2017, the City Council approved a Notice of Intention (NOI) to increase water rates in accordance with Arizona Revised Statutes § 9-511.01. Following this passage, the NOI was published in a local newspaper of general circulation, which included the notice that a public hearing was scheduled on this topic for February 6, 2018.

On June 1, 2010, the City Council adopted Resolution No. R2010-18, which established a water rights preservation fee to cover the ongoing costs associated with water rights adjudication. The fee was set at \$0.75 per connection per month. Staff is proposing a rate increase to \$1.50 per connection per month, given that litigation costs are increasing. A trial is scheduled with the Hopi Tribe for later this year, and other trials with the Navajo Nation are forthcoming. The enabling resolution will allow the City Manager to administratively remove this fee once costs associated with water rights preservation are no longer being incurred.

The following timetable has been followed for increasing the water rights preservation fee and complies with the requirements of A.R.S. § 9-511.01:

	Rate summary	Briefing of Council regarding water rights preservation issue during Council retreat
12/5/17	Adopt Notice of Intention	Declares Council's intent to consider possible rate increase, sets public hearing, and releases the public report
1/12/18	Publication in local newspaper	Provide Notice of Intention to general public prior to public hearing
2/6/18	Public hearing and fee consideration	Public hearing on proposed fee and consideration by Council to adopt water rights preservation fee
3/8/18	Effective date (if approved)	New rate effective 30 days after adoption; rate reflected in April 2018 customer bill for month of March

Attachments:  
Resolution No. R2018-03

**CITY OF SHOW LOW RESOLUTION NO. R2018-03**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SHOW LOW, ARIZONA, INCREASING THE WATER RIGHTS PRESERVATION FEE FOR THE CITY OF SHOW LOW MUNICIPAL WATER UTILITY**

**RECITALS:**

**WHEREAS**, the City of Show Low has the requisite statutory authority to acquire, own, and maintain a water utility for the benefit of the landowners within and without the City's corporate boundaries pursuant to the provision of Arizona Revised Statutes § 9-511 et. seq.; and

**WHEREAS**, the City of Show Low is a political subdivision of the State of Arizona, and pursuant to Article 13, Section 7, of the Arizona Constitution, is vested with all the rights, privileges, and benefits, and entitled to the immunities and exemptions granted municipalities and political subdivisions under the Constitution and laws of the State of Arizona and the United States; and

**WHEREAS**, the City of Show Low now finds it necessary to increase the water rights preservation fee for the City of Show Low municipal water utility in accordance with Arizona Revised Statutes § 9-511.01.

**ENACTMENTS:**

**NOW THEREFORE, BE IT RESOLVED** by the Mayor and Council of the City of Show Low, Arizona, as follows:

1. That the City of Show Low municipal water utility water rights preservation fee is increased to a rate of \$1.50 per connection per month.
2. That the City Manager of the City of Show Low and other administrative officials are hereby authorized to take such steps as are necessary to establish the water rights preservation fee effective on March 8, 2018.
3. That the City Manager of the City of Show Low is hereby authorized to reduce or remove this fee at such time as costs related to water rights preservation decrease or no longer warrant its collection.

**PASSED AND ADOPTED** this 6th day of February, 2018, by the Mayor and Council of the City of Show Low, Arizona.

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Daryl Seymore, Mayor

ATTEST:

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Ann Kurasaki, City Clerk

APPROVED AS TO FORM:

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F. Morgan Brown, City Attorney

## CITY OF SHOW LOW STAFF SUMMARY REPORT

**AGENDA TITLE:** Consideration of Award of Purchase of Decorative Lights (Bill Kopp)

### RECOMMENDATION

I **MOVE** to award the purchase of decorative lights to Brown Wholesale Electric in an amount not to exceed \$139,507.56.

### BACKGROUND

The fiscal year 2017-18 budget includes \$193,000 to purchase and install 38 decorative light poles at locations on North 9th and East Cooley Streets. Staff received a quote for the materials through the National Intergovernmental Purchasing Alliance after receiving approval from the City Council at its January 2, 2018, meeting to enter into a cooperative purchasing agreement.

The lighting upgrades are another phase of the continuing downtown streetscape project. The materials will match the existing decorative poles on the Deuce of Clubs and 9th Street. Most of the light poles will replace existing poles, thereby saving the significant cost of constructing pole bases and installing electrical infrastructure. Public works personnel will set the poles in place and the removed poles will be repurposed or sold at auction.

There will be additional costs for purchasing and installing conduit and wire and for constructing four pole bases. The cost of these items is far below the threshold for City Council approval, and these purchases will keep the total project cost below the budgeted amount.

Staff recommends awarding the purchase of decorative lights to Brown Wholesale Electric in an amount not to exceed \$139,507.56.

Attachments:  
Cost Quote

### FISCAL IMPACT

Anticipated Cost: \$139,507.56

Funding source (account no.): Decorative Lighting 9th Street (11-445-495-7310-0000, Project #1412)





WHOLESALE ELECTRIC CO.  
A Division of W E S C O

**QUOTATION**

3425 E. VAN BUREN, SUITE 140  
PHOENIX, ARIZONA 85008

PHONE (602) 275-8521  
FAX (602) 275-9632

PAGE 1 OF 1

THIS PROPOSAL HAS BEEN MADE BASED ON INFORMATION WE HAVE AVAILABLE.  
WE ARE NOT LIABLE FOR ANY QUANTITIES OR MATERIAL NOT IDENTIFIED IN OUR PROPOSAL.

JOB NAME **Show Low Streetscape phase 4**

LOCATION **Show Low, AZ**

DATE **1/31/2018**

CUSTOMER **City of Show Low/attn: Bill Kopp**

ITEM	QUANTITY		UNIT PRICE	EXTENDED PRICE
		Items quoted herein match existing phases.		
		Quoting same manufacturer and model numbers of poles and		
		luminaires provided on previous phases.		
		Revised to refractor optic and vertical socket.		
1	36	Pole, 16' x 5", SQ, steel, AB w/aluminum base cover.	\$3,297.00	\$118,692.00
		Pole is galvanized under powder coat w/RAL-8002 finish.		
		Base plate to fit bolt circle of existing bolts (less anchor bolts).		
2	36	Sternberg fixture #1-1220/HCT/INC-120V-MED/RE3G-S/WA/STDT/RAL-8002	included with pole pricing	
3	1	Custom color set up	included with pole pricing	
4	3	Pole, 14' x 5", SQ, steel, AB w/aluminum base cover.	\$3,256.00	\$9,768.00
		Pole is galvanized under powder coat w/RAL-8002 finish.		
		Base plate to fit bolt circle of existing bolts (less anchor bolts).		
5	3	Sternberg fixture #1-1220/HCT/INC-120V-MED/RE3G-S/WA/STDT/RAL-8002	included with pole pricing	
6	1	Custom color set up	included with pole pricing	
		ADDER PER POLE FOR SETS OF ANCHOR BOLTS-AS NEEDED		
		PLEASE ADVISE QUANTITY REQUIRED.		
7	EACH	Set of anchor bolts	\$44.40	
		Freight included for one shipment per manufacturer.		
		Manufacturers: Poles and anchor bolts-Cemtec; Fixtures-Sternberg		
		Lamps NOT included		
		Fixture supplied with medium base		
		Tax @ 8.6%		\$11,047.56
		TCPN fees have been included in unit pricing		
		TCPN Contract #R142106		
			TOTAL	<b>\$139,507.56</b>

**THIS QUOTE IS BASED ON THE BILL OF MATERIAL AND QUANTITIES LISTED ONLY, AND IS NULL AND VOID UNTIL THE BILL OF MATERIAL AND QUANTITIES HAVE BEEN VERIFIED BY THE CONTRACTOR!**

THIS QUOTATION SHALL NOT BE BINDING ON BROWN WHOLESALE ELECTRIC CO. UNTIL INCORPORATED IN A SIGNED PO APPROVED BY CREDIT DEPT

F.O.B. POINT OF SHIPMENT

PRICES ARE FIRM 30 DAYS  
PRICE DOES NOT INCLUDE SALES TAX

UNLESS THERE ARE DIFFERENT OR ADDITIONAL TERMS & CONDITIONS CONTAINED IN A MASTER AGREEMENT THAT MODIFY WESCO'S STANDARD TERMS, BUYER AGREES THAT THIS QUOTE & ANY RESULTING PURCHASE ORDER WILL BE GOVERNED BY WESCO'S TERMS & CONDITIONS AVAILABLE AT [HTTP://WWW.WESCO.COM/TERMS\\_AND\\_CONDITIONS\\_OF\\_SALE.PDF](http://www.wesco.com/terms_and_conditions_of_sale.pdf) AS SUCH TERMS MAY BE UPDATED FROM TIME TO TIME, WHICH TERMS ARE INCORPORATED HEREIN BY REFERENCE AND MADE PART HEREOF.

**Laura Sundberg**

BROWN WHOLESALE ELECTRIC CO.

PLEASE CONTACT THE SELLER IDENTIFIED ON THIS QUOTE IF YOU REQUIRE A PRINTED COPY.

PARTIAL SHIPMENTS WILL BE SUBJECT TO MANUFACTURERS TERMS. LOT PRICE QUOTATIONS BASED ON BILL OF MATERIAL AND QUANTITIES SHOWN.