

**MINUTES OF THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL 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**

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 Crittenden, Councilwoman Kakavas, Councilman Kelley, and Councilman Leech.

**COUNCIL MEMBERS ABSENT:** Councilman Allsop.

**STAFF MEMBERS PRESENT:** Ed Muder, City Manager; F. Morgan Brown, City Attorney; Bill Kopp, Public Works Director; Joe Shelley, Police Chief; Justin Johnson, Administrative Services Director; Cari Bilbie, Administrative Services Analyst; Tamra Reidhead, Deputy City Clerk; and Ann Kurasaki, City Clerk.

**GUESTS:** Eric Anderson.

3. Invocation.

Vice Mayor Hatch gave the invocation.

4. Pledge of Allegiance.

Councilwoman Kakavas 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 Midyear Financial Report for Fiscal Year Ending June 30, 2018. (Justin Johnson)

Mr. Johnson said the benchmark for both revenues and expenditures from July 1 through December 31 was 50%.

Mr. Johnson said General Fund revenues were at 52.1% of the budget. Sales tax collections and franchise taxes were at 62.2% for five months of collections. All General Fund revenues were performing above where they had for the last few years.

General Fund expenditures were at 34.1%. The Council Contingency fund had not been used very much this year, so it was at 15.4%. Also, general operations expenses were low at 11.3%, but those expenses were expected to be on track later in the fiscal year. All other General Fund expenditures were close to 50%.

Mr. Johnson said fines and forfeitures, which included all fines and fees collected by the court, were at 85.2% of the budget. Photo enforcement had been discontinued, but some revenue continued to trickle in.

Mr. Johnson said airport revenues, consisting of leases and fees, were at 55%, while fuel, oil, and resale were at 62%. The increase in fuel sales was attributed to the commercial airline purchasing fuel at the airport.

Mr. Johnson said utility fund revenues comprised of water, wastewater, and sanitation were each at 49% of budgeted revenues. Utility fund expenditures showed each category below budget with water at 46% of the budget, wastewater at 32%, and sanitation at 47%.

Mr. Johnson said he attended a conference last week where an economist spoke about the national and state economy and said key economic indicators looked good. City staff felt confident that Show Low's economy would continue to do well because it tended to follow national and state trends. Staff had no concerns moving forward through this fiscal year.

Councilman Crittenden asked why Show Low's economy followed Valley trends. Mr. Johnson said a lot of Show Low's revenues resulted from tourism out of the Phoenix area. When Phoenix was performing well, people tended to buy second homes here or travel for tourism-related activities.

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.

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

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)

Mr. Brown said 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.

Mr. Brown said 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 was proposing a rate increase to \$1.50 per connection per month, given that litigation costs were increasing. A trial was scheduled with the Hopi Tribe for later this year, and other trials with the Navajo Nation were forthcoming. It was important to preserve Show Low's water rights, but it was expensive to fight for those rights. The enabling resolution would allow the City Manager to administratively remove this fee once costs associated with water rights preservation were no longer being incurred.

Mr. Brown said the following timetable had been followed for increasing the water rights preservation fee and complied 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

Councilman Crittenden asked what would happen if the tribes won their lawsuits. Mr. Brown said it was complicated, but the tribes would gain control and authority over water rights. They would be able to set rates for water usage and would control ground and surface water. They would most likely charge quite a bit more for citizens to purchase water.

Councilman Kelley said he didn't like raising the water rights preservation fee, but as soon as a settlement was reached, the city manager would have the authority to remove the fee. Mr. Brown said that was correct.

Mayor Seymore hoped the \$1.50 monthly fee would cover litigation costs, but it was possible that there would have to be another increase before a settlement was reached.

Vice Mayor Hatch asked if surface water rights included the aquifers. Mr. Brown said aquifers were considered ground water. Examples of surface water were Show Low Lake and Fools Hollow Lake.

Mayor Seymore asked if Show Low Lake was exempt from the litigation. Mr. Brown said Show Low was applying to preserve the rights to Show Low Lake. In a worst-case scenario, they could take Show Low's surface water rights.

Councilman Kelley asked how the small Hopi Tribe was paying for the litigation with its limited resources. Mr. Brown said besides having their own attorneys, the United States government paid for much of the litigation costs. Even though the Hopi Tribe had a smaller reservation than other tribes, this litigation would set a precedent for the other pending tribal lawsuits.

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

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

**COUNCILMAN LEECH MOVED TO ADOPT RESOLUTION NO. R2018-03 INCREASING THE WATER RIGHTS PRESERVATION FEE FOR THE CITY OF SHOW LOW MUNICIPAL WATER UTILITY; SECONDED BY COUNCILMAN KELLEY; PASSED UNANIMOUSLY.**

- C. Consideration of Award of Purchase of Decorative Lights. (Bill Kopp)

Mr. Kopp said the fiscal year 2017-18 budget included \$193,000 to purchase and install 39 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.

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

Mr. Kopp said there would be additional costs for purchasing and installing conduit and wire and for constructing four pole bases. The cost of these items was far below the threshold for City Council approval, and these purchases would keep the total project cost below the budgeted amount.

Mr. Kopp said staff recommended awarding the purchase of decorative lights to Brown Wholesale Electric in an amount not to exceed \$139,507.56.

Councilman Leech asked if the bid from Brown Wholesale Electric was the only bid received. Mr. Kopp explained that this purchase was through a cooperative purchasing agreement, so the materials had already been bid by the purchasing network.

Councilman Kelley said the price of the poles was quite a bit less than the City paid per pole on the Deuce of Clubs. Mr. Kopp said yes, the price had

decreased per pole, but these were single-mast arms like those installed on 9th Street.

**COUNCILWOMAN KAKAVAS MOVED TO AWARD THE PURCHASE OF DECORATIVE LIGHTS TO BROWN WHOLESALE ELECTRIC IN AN AMOUNT NOT TO EXCEED \$139,507.56; SECONDED BY COUNCILMAN LEECH; PASSED UNANIMOUSLY.**

9. **SUMMARY OF CURRENT EVENTS:**

A. Council Members

Councilman Kelley appealed to citizens to pray for moisture that was so desperately needed.

B. Mayor

No report.

C. City Manager

Mr. Muder said the recreation department was selling tickets for \$20 each for Friday's concert by The Piano Man, Terry Davies, and his backup band. The performance at the Show Low School District auditorium would be preceded by a local group, the Paloma Streetsiders. Tickets would also be sold at the door.

Mr. Muder said recreation staff was accepting registrations for coed one-pitch softball for \$250 per team for ages 15 and older. Games would begin the first week in March, weather permitting. They were also accepting registrations for the 6th annual BBQ Throwdown scheduled for Saturday, May 5.

Mr. Muder said the Show Low library was offering a variety of events in February for different ages:

- A weekly class focused on music appreciation and social development for moms and kids ages five years and younger would be held every Tuesday morning through the end of April.
- Adult readers who liked books and movies might enjoy The Book Was Better Club, a monthly club that would begin Thursday evening. Participants would read a specific book, then watch the movie and discuss whether the book or the movie was better.
- A series of NASA mini-camps with a focus on engineering would be held the third week in February. On February 20, children ages 6 to 14 could make fidget spinners. On February 21, children ages 0 to 5

would be treated to aerodynamic paper airplanes; on February 22, teens ages 12 to 19 would learn to build bridges with KEVA planks and suspend games; and on February 23, adults would enjoy building structures during LEGO Night.

Councilman Leech asked when installation of the new City Park playground equipment would be complete. Mr. Muder said demolition had just begun recently, so it would be a couple months minimum before the playground was ready.

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 FEBRUARY 6, 2018 AT 7:26 P.M.**

ATTEST:

APPROVED:

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

\_\_\_\_\_  
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 February 6, 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