

MINUTES OF THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, MAY 15, 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: Vice Mayor Hatch, Councilman Allsop, Councilman Crittenden, Councilwoman Kakavas, Councilman Kelley, and Councilman Leech.

COUNCIL MEMBERS ABSENT: Mayor Seymore.

STAFF MEMBERS PRESENT: Ed Muder, City Manager; F. Morgan Brown, City Attorney; Shane Hemesath, City Engineer; Jeff McNeil, Police Commander; Justin Johnson, Administrative Services Director; Cari Bilbie, Accountant; Lisa Robertson, Grants/Transit Manager; Rick Austin, Public Works Operations Manager; Jay Brimhall, Community Services Director; Thomas Bahr, Airport Manager; Tamra Reidhead, Deputy City Clerk; and Ann Kurasaki, City Clerk.

GUESTS: Neil Traver, Lloyd Wilmes, Dewey Ray, Diane McNeil, and others.

3. Invocation.

Councilman Hatch 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.

Neal Traver, Arizona Public Service (APS) Division Manager, said he had recently replaced Brian Gardanier, who accepted a new role in Casa Grande. Mr. Traver said he was interested in being involved in the community in any way he was needed. He said APS had recently made a policy change related to fire mitigation because of the area's extremely dry conditions. APS had installed smart devices on transmission and distribution lines that made three attempts to turn the power back on after anything struck the line that caused it to turn off. To avoid creating any possible sparks or fires, APS had disabled these smart devices and someone would be sent to inspect the line before it was reenergized.

6. **SPECIAL EVENTS:**

- A. Presentation of Changes to Fiscal Year 2019 City Manager's Recommended Budget and Draft Tentative Budget for Fiscal Year Ending June 30, 2019.

Mr. Johnson said staff was directed by the Council to make a few changes to the recommended budget. The tentative budget would be presented to the Council for adoption on June 5 and would establish the expenditure limitation for next fiscal year. The tentative budget and a notice of a June 19 public hearing for the final budget would be advertised twice in the local paper, and the final budget would be adopted at the June 19 Council meeting. The secondary property tax levy for the streetlight improvement district would be adopted at the July 17 meeting.

Mr. Johnson said budgeted expenditures for fiscal year 2018 were \$48.4 million vs. \$32.8 million in actual expenditures. The difference increased after moving budgeted carryovers to the fiscal year 2018-19 budget, matching historical trends of spending less than the budgeted amount. The fiscal year 2019 budget with modifications totaled \$58.5 million.

Mr. Johnson said the recommended budget presented in March was \$43,380,599. With revenue modifications of \$243,120, the total draft tentative budget revenues would be \$43,623,679. The recommended budget had revenues exceeding expenditures because unbudgeted reserves were not part of that total, including \$2,137,363 in the General Fund, \$485,000 for wastewater operations, \$750,000 for water operations, \$1,300,000 for a water treatment plant, and \$619,432 for debt reserves.

Mr. Johnson reviewed revenue changes. The fund balance increased by \$4,934,215, operating revenues increased by \$674,758, and operating transfers decreased by \$431,678. The decrease in operating transfers was due to moving the aquatic center, airport, and cemetery into the General Fund. Transfers would no longer be needed for these departments. Total revenue changes came to \$5,177,295.

Mr. Johnson said recommended budget expenditures totaled \$52,897,285 but there were \$5,560,196 in modifications, which increased the draft tentative budget expenditures to \$58,457,481. Expenditure modifications from capital carryovers included \$300,000 for the Nikolaus Homestead Park lighting project, phase IIA, as requested by the Council in a budget study session. Other expenditure modifications from capital carryovers included an increase of \$69,259 for airport runway 6/24 design to \$3,794,259 and an increase of \$450,000 for streets rehabilitation and rejuvenation to \$925,000.

Councilman Crittenden asked about the increase in the Senior Center amount. Mr. Johnson said the increase of \$5,944 was because of changes in the total for the Senior Center Grant EA (environmental assessment).

Mr. Johnson said another significant capital carryover included an increase of \$129,923 for SCADA (supervisory control and data acquisition) upgrades for the water system, with a revised total of \$319,923.

Mr. Johnson said another expenditure modification was a change to an item originally included in the budget—a waterline on Mills from Owens to 6th Place for \$140,000. Following multiple breaks in a waterline on South Cub Lake Road, staff felt it was more important to add the South Cub Lake Road waterline in the amount of \$220,000 and eliminate the Mills to Owens waterline project.

Mr. Johnson said staff had worked with the Show Low Bluff Community Facilities District developer over the past couple years to retire the general obligation bond. The payoff of \$572,406 from the Show Low Bluff general obligation reserve account would have no impact on the City's finances. The developer would pay the difference of \$96,921 on the debt service.

Mr. Johnson said expenditure modifications for capital carryovers totaled \$4,652,160 and other various expenditure modifications totaled \$1,150,572.

7. **CONSENT CALENDAR:**

- A. Consideration of Third Addendum to Commercial Hangar Lease and Operating Agreement with Aero Products Component Services, Inc. (Thomas Bahr)
- B. Consideration of Approval of Declaration of Surplus Property for May 2018 Auction. (Rick Austin)
- C. Consideration of Minutes of Show Low City Council meetings:

(1) Regular Meeting of May 1, 2018.

COUNCILMAN CRITTENDEN MOVED TO APPROVE THE CONSENT CALENDAR AS PRESENTED; SECONDED BY COUNCILMAN KELLEY; PASSED 6 TO 0.

8. **NEW BUSINESS:**

A. **PUBLIC HEARING** – Project for State Special Projects Funds. (Lisa Robertson)

Ms. Robertson said approximately \$300,000 in federal funding was available on a competitive basis through the Community Development Block Grant (CDBG) State Special Projects account. This program funded projects to assist persons of low to moderate income, to prevent or eliminate slums or blight, or to solve an urgent need or health hazard.

Ms. Robertson said the first public hearing regarding the availability of CDBG State Special Projects funding was held April 11, 2018, to obtain community input on the use of CDBG funds. No public input was received.

Ms. Robertson said tonight's public hearing was to solicit input to help the Council select the final CDBG project and adopt applicable resolutions authorizing submitting a CDBG State Special Projects application and committing local funds of \$8,694 as leverage for the project. City staff recommended using CDBG State Special Projects funds to obtain the required environmental review and design plans for expanding the kitchen at the Senior Center, which provided food to community members of low to moderate incomes through the Meals on Wheels program and through congregate meals at the Senior Center. The proposed kitchen expansion would add approximately 400 square feet of storage space for bulk goods and included purchasing a commercial refrigerator and freezer.

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

B. Consideration of Resolution No. R2018-13 Authorizing Submitting Application for Community Development Block Grant Funds and Resolution No. R2018-14 Committing Local Funds for Said Application. (Lisa Robertson)

COUNCILMAN ALLSOP MOVED TO ADOPT RESOLUTION NO. R2018-13 AUTHORIZING SUBMITTING AN APPLICATION FOR FISCAL YEAR 2018 COMMUNITY DEVELOPMENT BLOCK GRANT STATE SPECIAL PROJECTS FUNDS TO FINANCE CONTRACTED SERVICES FOR AN ENVIRONMENTAL REVIEW AND DESIGN SPECIFICATIONS FOR A

PROPOSED SENIOR CENTER KITCHEN EXPANSION; SECONDED BY COUNCILMAN LEECH; PASSED 6 TO 0.

COUNCILMAN ALLSOP MOVED TO ADOPT RESOLUTION NO. R2018-14 COMMITTING LOCAL FUNDS OF \$8,694 AS LEVERAGE FOR THE FISCAL YEAR 2018 COMMUNITY DEVELOPMENT BLOCK GRANT STATE SPECIAL PROJECTS FUNDS APPLICATION; SECONDED BY COUNCILMAN KELLEY; PASSED 6 TO 0.

- C. Consideration of Award of Construction Contract for South 8th Street Roadway Extension, City of Show Low Project No. R-0918. (Shane Hemesath)

Mr. Hemesath said the City's fiscal year 2018 Capital Improvements Program (CIP) budget included \$280,000 for a roadway improvement project labeled "8th Street Roadway Connection near Elks" and \$100,000 for a water improvement project labeled "8th 12-inch Connection." These two projects had been combined into one project as the "South 8th Street Extension Project." The scope of work included installing approximately 600 linear feet of waterline and 1,400 linear feet of new asphalt roadway starting at the intersection of South 8th Street and East Whipple heading south 1,400 linear feet between the Hunters Run subdivision and the Show Low Elks Lodge. New concrete curb, gutter, and sidewalk and a new three-inch thick asphalt section with associated eight-inch thick aggregate base course would be installed. Any subgrade issues uncovered during the construction of the new roadway would be repaired. This roadway extension would complete the connection between East Whipple and Woolford Road.

Mr. Hemesath said the project was designed by City engineering staff, with a construction estimate of \$415,000. The project was publicly bid in accordance with statutory requirements with the following results:

<u>Contractor</u>	<u>Total Bid</u>
Green Waste Recyclers of Arizona, LLC	\$363,785.27
McCauley Construction	\$426,387.50
M.D. Merrett, Inc.	\$479,090.00
Perkins Cinders	\$488,514.82

Mr. Hemesath said since Green Waste Recyclers was a new bidder to the area, staff contacted the references identified in the bid and verified Green Waste Recyclers' bid bond. The company was new, recently reorganized, and employed staff with years of construction experience and held a current Class A General Engineering contractor's license. Staff recommended awarding the construction contract for the South 8th Street

roadway extension, City of Show Low Project No. R-0918, to Green Waste Recyclers of Arizona, LLC in an amount not to exceed \$363,785.27.

Councilman Leech asked if access to the Elks Lodge's RV park and ballfield would be maintained off of 8th Street. Mr. Hemesath said yes, a large, paved entry into the RV park from 8th Street and a driveway for access to the ballfield was being installed.

COUNCILMAN LEECH MOVED TO AWARD THE CONSTRUCTION CONTRACT FOR THE SOUTH 8TH STREET ROADWAY EXTENSION, CITY OF SHOW LOW PROJECT NO. R-0918, TO GREEN WASTE RECYCLERS OF ARIZONA, LLC IN AN AMOUNT NOT TO EXCEED \$363,785.27; SECONDED BY COUNCILMAN KELLEY; PASSED 6 to 0.

- D. Consideration of Award of Construction Contract for Sierra Vista Subdivision Sewer Main Replacement, City of Show Low Project No. S-0718. (Shane Hemesath)

Mr. Hemesath said the City's fiscal year 2018 Capital Improvements Program (CIP) budget included \$620,000 for a sewer line replacement project labeled "Sierra Vista Subdivision." The existing wastewater collection system consisted of aging clay pipe and brick manholes that required increasing maintenance. The scope of work included installing approximately 4,200 linear feet of new eight-inch PVC sewer line, 14 concrete manholes, and new sewer services in the Sierra Vista subdivision. The work also included removing and replacing asphalt or concrete to complete the sewer replacement.

Mr. Hemesath said the project was designed by Painted Sky, local consultant, with a construction estimate of \$595,000. Arizona Department of Environmental Quality approvals to construct were obtained. The project was publicly bid in accordance with statutory requirements with the following results:

<u>Contractor</u>	<u>Total Bid</u>
Rock Country Builders	\$503,482
Western Grade LLC	\$549,981
Central AZ Civil Construction Co.	\$643,800
Apache Underground & Excavating	\$675,150

Mr. Hemesath said staff recommended awarding the construction contract for the Sierra Vista subdivision sewer main replacement, City of Show Low Project No. S-0718, to Rock Country Builders in an amount not to exceed \$503,482.

Councilman Kelley asked why concrete manholes were being used for this sewer project since they were subject to corrosion problems. Mr. Hemesath said the City had used polymer manholes in locations that interacted with corrosive gases, such as in low-pressure sewer systems, because they were corrosive-resistant. Concrete manholes worked well in localized subdivisions and would last a long time because the only flow through the pipes were what came out of the homes, which lacked high concentrations of corrosive gases. Polymer manholes cost between 30 to 40 percent more than concrete, so staff opted for the concrete manholes because of budgetary reasons and because they would handle the flow.

Councilman Leech asked if the roads in Sierra Vista would be repaired after the sewer project was complete. Mr. Hemesath said the work only included patching the asphalt or concrete that was disturbed by the sewer project. The roadway project was included in the five-year CIP within two years. There was a waterline in Reidhead Street that would be replaced with improvement money next spring. After all the underground work was complete, plans for the roadway work could be scheduled.

COUNCILWOMAN KAKAVAS MOVED TO AWARD THE CONSTRUCTION CONTRACT FOR THE SIERRA VISTA SUBDIVISION SEWER MAIN REPLACEMENT, CITY OF SHOW LOW PROJECT NO. S-0718, TO ROCK COUNTRY BUILDERS IN AN AMOUNT NOT TO EXCEED \$503,482; SECONDED BY COUNCILMAN ALLSOP; PASSED 6 TO 0.

9. **SUMMARY OF CURRENT EVENTS:**

A. Council Members

Councilman Allsop said he attended a Senior Center/Meals on Wheels meeting and many activities were being planned. They were looking for volunteers to deliver and serve meals at the Senior Center.

Councilman Leech thanked City staff for the successful BBQ Throwdown and 65th anniversary last Saturday. The event had 52 professional teams with the farthest one coming from Oklahoma. He hoped to expand the event next year. He also asked everyone to keep the Seymore family in their prayers.

B. Mayor

Vice Mayor Hatch reminded everyone of the Stage II fire restrictions in effect and the ban on fires.

C. City Manager

Mr. Muder said National Public Works Week was May 20 to 26. He thanked the public works employees for the incredible job they did to provide clean water and an efficient sewer system, build and repair roads, remove snow and control ice, and ensure our flying passengers arrived safely.

Mr. Muder said yesterday kicked off Show Low's annual Project Clean Sweep program, with free dumping of green waste this week through Saturday and next Monday through Saturday at Dirty Deeds Green Waste, 890 Cinder Pit Road. Bulky item pickup was June 4 to 8, and free dumping of debris at Lone Pine Transfer Station was from June 4 through 9. To participate, a city utility statement showing current refuse service or a valid driver's license listing a physical address within the city limits was required.

Mr. Muder said the aquatic center would close this Friday afternoon and all day Saturday for lifeguard training. The pool would reopen next Monday.

Mr. Muder said in public works projects, a project on the south side of the Deuce of Clubs from West McNeil to 8th Avenue began yesterday to move power lines underground. The work by Arizona Public Service involved periodic closures of the outside lane on the south side of the Deuce. The complete project would take about four months, but there would be shutdowns to accommodate Show Low Days and Fourth of July activities.

Mr. Muder said Show Low Main Street's weekly Saturday farmers' market and art walk would begin May 26 at Festival Marketplace and Cooley. The market was at full capacity, with vendors selling produce, food products, and arts and crafts.

Mr. Muder said the Show Low Chamber of Commerce's 15th annual Show Low Days would be June 1 through 3 at Show Low City Park's Senior Field for the main activities and Ponderosa Field for the kids' zone and business expo. Saturday was the popular Derby Down the Deuce. The Cruz'n the Rim car show was also on Saturday at Frontier Fields on North 9th Place.

Mr. Muder said the Arizona Department of Transportation (ADOT) had issued its tentative five-year transportation plan and was asking for public feedback until June 5. Citizens were urged to send comments to ADOT in support of five state highway projects in the area. Without public input, projects were moved to later years or canceled completely. Detailed information and step-by-step instructions on how to provide comments were available on the City's website at showlowaz.gov.

Mr. Muder said the City of Show Low would implement Stage III fire restrictions effective Friday, May 18, at 12:01 a.m. Detailed information

would be posted to the City's website. Citizens should also expect limited forest closures to be announced early next week by the Forest Service.

Councilman Crittenden added that the White Mountain Business Owners' Roundtable would be tomorrow at 11:30 a.m. at Torreon.

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, **VICE MAYOR HATCH ADJOURNED THE REGULAR MEETING OF THE SHOW LOW CITY COUNCIL OF MAY 15, 2018 AT 7:40 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 May 15, 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