



**Lake Havasu City Council Planning Session  
Islander Resort  
751 Beachcomber Boulevard  
Lake Havasu City, Arizona 86403  
Minutes**

Thursday, January 24, 2019

8:30 AM

Mayor Sheehy called the meeting to order at 8:45 a.m.

**PLEDGE OF ALLEGIANCE**

The Mayor led in the Pledge of Allegiance.

**WELCOME**

Mayor Sheehy thanked the Islander RV Resort for hosting the 2019 City Council Planning Session and welcomed those in attendance. He said the City Council and staff will spend most of the day discussing where we have been, where we are going, and how we move Lake Havasu City forward.

**INTRODUCTIONS/ATTENDANCE**

**Mayor and City Council**

Cal Sheehy, Mayor  
David Lane, Vice Mayor  
Jeni Coke, Councilmember  
Donna McCoy, Councilmember  
Michele Lin, Councilmember  
Jim Dolan, Councilmember  
Gordon Groat, Councilmember

**City Manager**

Jess Knudson, City Manager  
Jerri Bracamonte, Executive Assistant

**Human Resources/Risk Management Division**

Shirlee Palbicki, HR/Risk Manager  
Shawn Marie Irula, HR/Risk Supervisor

**City Attorney**

Kelly Garry, City Attorney  
Debbie Mitchell, Legal Supervisor

**City Clerk**

Kelly Williams, City Clerk  
Shannon Davis, City Clerk Assistant

**Administrative Services**

Jill Olsen, Department Director  
Trinna Ware, Division Manager  
Cassandra Clow, Senior Budget Analyst  
Jonathan Baskette, Information Technology Division Manager

**Community Affairs/City Manager**

Steve Blake, Web Services/Media Coordinator

**Community Investment**

Greg Froslic, Department Director  
Jeremy Abbott, Assistant City Engineer  
Stuart Schmeling, Zoning Administrator  
Jeff Thuneman, Division Manager  
Luke Morris, Planner  
Norm Lyon, Capital Asset Administrator  
Lynette Singleton, Procurement Official  
Shannon Blakey, Contract Specialist

**Community Services**

Mike Keane, Recreation Services Manager

**Fire Department**

Brian Davis, Fire Chief  
Scott Hartman, Fire Division Chief/Fire Marshal  
Jeff Harran, Fire Division Chief/Emergency Services  
Terrie Haas, Management Specialist  
Judy Grothe, Management Specialist  
Tyler Zink, LHFFA  
Corky Coiner, LHFFA  
Tony Rivello, LHFFA

**Police Department**

Dan Doyle, Police Chief  
Doug Whittaker, Police Captain  
Kirk Cesena, Police Lieutenant  
Joe Harrold, Police Lieutenant  
Troy Stirling, Police Captain  
Michael Fuller, LHPOA  
Justin Wilson, LHPOA  
Kirk Cesena, LHPOA  
Stefanie Morris, Management Specialist

**Municipal Court**

Mitchell, Kalauli, City Magistrate  
Jennifer Harrold, Court Supervisor

### **Operations**

Mark Clark, Public Works Manager  
Doyle Wilson, Water Resources Coordinator

### **Other**

Charlie Cassens, Citizen  
Brandon Messick, Today's News Herald  
Bart Wagner, Islander RV Resort  
James McCoy, Citizen  
Mychal Gorden, Desert Land Group  
Evelyn Casuga, Facilitator, Center for the Future of Arizona  
Ella Wofford, Havasu Youth Advisory Council  
Doug Carr, Lake Havasu Pickleball Association  
David Rossing, Lake Havasu Pickleball Association  
Sarah Hall, Mohave County  
Jeffrey Wade, Real Estate Desert Dream Team  
Norman Halfpenny, Republican Men's Club

### **OPENING COMMENTS & OBJECTIVE, INTRODUCTION OF CONSULTANT**

City Manager Jess Knudson thanked Mr. Bart Wagner and the Islander RV Resort for use of their facility for the City Council Planning Session. He said City staff created a few changes in this year's planning retreat to focus more on the City Council and has provided the background information and is awaiting direction from Council on a number of topics today. He said the Executive team is available to provide answers to any questions. Mr. Knudson added that the Planning Session is an important step in creation of the City's annual budget, and added that the Council will be hearing from Administrative Services Director Jill Olsen regarding the financial outlook of the City. He stated the budget is tight and growth is increasing and staff is working hard providing services to the residents with the available resources as in previous years, and added the departments have been asked to make do with the same resources. He said the departments are being stretched in many areas; however, still able to maintain services the residents expect. He stated that growth is occurring and the increase cost of goods is happening and there is a need to address the department budgets and staff is working hard for solutions. He said staff will present a fully funded Capital Improvement Plan (CIP) to Council in the next few months which allows to strategically plan for projects for the next five years and on. He said the City anticipates more projects scheduled for completion which is based on the City's resources. He stated that the City staff and Ms. Evelyn Casuga, Facilitator, will provide the Council with any information during this session. He said staff is looking to hear from the City Council on their priorities for the City.

Mr. Knudson introduced Ms. Evelyn Casuga and highlighted several of her accomplishments. He added that Ms. Casuga helped facilitate a Town Hall meeting in Lake Havasu City for the committee that created the Vision 20/20 Plan.

### **WARM-UP EXERCISE**

Ms. Evelyn Casuga welcomed everyone and provided her history and background information, which included her involvement with Vision 20/20. She led the group in a warm-up exercise, which asked those in attendance to answer the following questions: "What connects you to Lake Havasu City?" and "What was your first concert?"

The City Council provided their expectations of today's planning session which included:

- Mayor Sheehy – Planning opportunities, and transparent conversations moving forward

- Vice Mayor Lane – Learn from staff & what we can do to assist them
- Councilmember Lin – Open communication
- Councilmember McCoy – Direction where City is headed and ideas and wants of individuals
- Councilmember Coke – Goals & Vision
- Councilmember Dolan – Learning process & from staff on their needs on topics
- Councilmember Groat – Common vision

Ms. Casuga outlined the following ground rules for the City Council:

- Enter into the discussion enthusiastically.
- Listen alertly and speak your mind freely.
- Keep confidence and assume others will.
- Confine your discussion to the topic.
- Indulge in friendly disagreement.
- Provide constructive feedback and received it appropriately.
- Appreciate the others point of view.
- Don't monopolize the discussion.
- Come prepared with questions in mind.
- Take responsibility for the success of your session.

## **REVIEW COMMUNITY VISION**

Community Investment Director Greg Froslic stated that the City's long range planning is an effort that creates a vision for the future and provides a means for a strategic management for how and where our community grows. He said to accomplish long range planning the City analyzed from several different perspectives and utilized several documents. Mr. Froslic outlined the following in his presentation:

- Long Range Planning
  - General Plan
  - Water Master Plan
  - Wastewater Master Plan
  - Metropolitan Planning Organization
  - Community Needs/Desires
- Well Managed Growth
  - Population Projections
  - 28,000 ac ft = 96,000 pop
  - 2.26 Persons/Household
  - < 4,000 Residential Lots Remaining
  - Expected Areas of Growth
- Long Range Planning vs. Current Zoning
  - Future Land Use Map
    - Indicates growth pattern
    - Factor in determining zoning
    - General use categories: Residential, Commercial, Industrial
  - Zoning Map
    - Provides Regulations

- Provides Entitlements, property rights for development
  - Allows specific uses
- Long Range Planning
  - Water
    - Capacity vs. Demand
    - Water Source
    - Hydraulic Modeling
    - Future Pressure Zones
    - Future Tank Locations
  - Wastewater
    - Collection Capacity
    - Treatment Capacity
      - -2.2MGD MTP
      - -2.5MGD ITP
      - -3.5MGD NRWTP
    - Hydraulic Modeling
  - Transportation
    - Master Planned Community
    - Safe and Efficient
    - Lake Havasu MPO
  - Main Street
    - Failing Pavement
    - Pedestrian Friendly
    - Sidewalk Seating
    - Less Pavement – More Sidewalk
  - Parks and Recreation
    - Community Needs
    - Quality of Life
    - Economic Impact
    - Funding Challenges
- Summary
  - Well Managed Growth
    - Future Land Use Map
    - Zoning
  - Core Infrastructure
    - Water – Sewer – Transportation
    - Dedicated Funding
    - Development Pays for Itself
  - Community Needs
    - Main Street
    - Fields Needs Assessment
  - Vision 20/20
    - Environmental Learning Center
    - Downtown Catalyst Project
    - Co-Location

Councilmember McCoy asked if part of the land for future growth will be used for landfill, to which Mr. Froslic stated that the City recently did a study on the landfill with a robust recycling program and limiting or accepting landfill refuse from outside city limits, the City is negotiating a long term contract with Republic Services that should extend the landfill for another 37 years with options to cap that in a certain way that would allow for part development over the landfill. Mr. Froslic stated that the current focus is on finalizing the contract. Mr. Froslic said when the City approached the Council to acquire a professional services contract it was mentioned that eight years the landfill would be full; however, after analyzing it and not allowing everyone to dump at the same price of the citizens and implementing a more robust recycling program, that life has extended to approximately 37 years.

Councilmember Lane said the City's well capacity is at 26 million gallons per day and is currently pumping 13 million gallons per day, and asked how much can the treatment plant actually accept if the City put in another well, to which Mr. Froslic replied that the treatment plant was designed in 2003 to match capacity of the well which is 26 inches deep. Mr. Froslic added the pumps and the treatment trains that are in place can handle approximately 23 inches. Public Works Manager Mark Clark stated it can handle approximately 23 or 26 inches.

### **Environmental Learning Center (ELC)**

Mr. Charlie Cassens, with the Vision 20/20 Water Pillar, thanked the Mayor and Mr. Knudson for the opportunity to speak at the planning session about this special project of the Vision 20/20 Plan. Mr. Cassens said the first half of the planning piece of the project is the program document that identifies what it is, the feasibility, and the cost analysis. He said the City won \$2 million in the America's Best Communities (ABC) competition, of which \$500,000 was allocated to this project. He said his presentation will cover how they plan to use the second half of the money, and said the project is out there and working and there will be a point in the future where it will need to be a City project; however outside external funding sources are still being looked at.

Mr. Cassens outlined the following in his presentation:

- **Contents**
  - Background, Mission, Vision
  - The Team
  - Calendar of meetings, Public Outreach
  - Project Elements
  - Feasibility/Preliminary Cost Estimates
  - Next Steps
- **Background**
  - ELC Concept incorporated into Havasu 280 plan during R&PP application process
  - Need for water-based data clearinghouse identified by CCRSCo effort
  - Multiple jurisdictions exercise authority over water supplied to over 26 million Americans from single source – Lake Havasu
  - Water quantity and quality issues growing more complex
  - Project adopted by Pillar 4 (Water) under Vision 20/20 Plan
    - Public Town Hall gives ELC priority for funding behind Downtown Project
    - ELC granted \$500,000 of the \$2 million ABC winnings
- **Mission**

To promote awareness and stewardship of water and desert resources of the Lower Colorado River region.

- Vision  
To be a regional model of sustainability, a collaborative educational source and a dynamic destination celebrating all things related to water in the desert.
- The Team
  - Jones Studio – Architects (Tempe)
    - Brian Farling – Neal Jones – Maria Salenger – Miles Foster
  - Studio MLA – Landscape Architects (Los Angeles)
    - Mia Lehrer – Margot Jacobs
  - Rounds Consulting Group – Economic Analysis (Tempe)
    - Jim Rounds – Luis Cordova
  - Mode Public Affairs – Feasibility (Phoenix)
    - Michelle Kauk
  - CCMC – Cost Analysis (Phoenix)
    - Adriana Crnjac
  - LHC Vision 20/20 Pillar 4 Volunteers
    - Jeremy Abbott – Jerri Bracamonte – Charlie Cassens - Clay Connelly – Kelly Garry – Mychal Gorden – Gary Kellogg – Chad Nelson – Tania Sobchuk – Doyle Wilson
- Meeting, Public Outreach
  - Public Town Hall – Five Pillars developed through public roundtable discussions
  - ABC Follow-up Town Hall – Public ballot puts ELC in #2 priority behind Downtown Catalyst Project
    - \$500,000 allotted to ELC project – Jones Studios selected following RFP process
  - May 29/30, 2018 – First Visioning Kick-off Workshop & Site Visit – Pillar 4
  - August 9, 2018 – Visioning Stakeholder Workshop – Open Public Input Session
  - August 21, 2018 – Programming Meeting (Interior) – Pillar 4
  - September 9, 2018 – Programming Meeting (Exterior) – Pillar 4
  - October 3, 2018 – Programming Meeting & Feasibility Update – Pillar 4
  - January 24, 2019 – Project Update – City Council
- Project Elements
  - New home for LHC water quality laboratory
  - Diverse research, resource and educational amenities
  - Shared lab/office facilities
  - Multipurpose and event space
  - Meeting and office space
  - Exhibit and gallery space
  - Recreational resource center
  - Botanical Garden
  - Outdoor shaded event space
  - Nature preserve
  - Urban fishing pond
  - Small scale wastewater treatment demonstration plant and Living Machine
  - Outdoor classrooms and amphitheater(s)
  - Extensive trail system

- Restaurant and gift shop
- Indoor farming and hydroponics test lab

## Feasibility/Preliminary Cost Estimates

### Phase 1 Construction Cost Estimates

Hard Costs:	Sq. Ft.	Cost per Sq. Ft.	Totals
Indoor Space	8,867	\$449.01	\$3,981,390
Outdoor Space	427,340	\$6.90	\$2,949,261
Total Hard Costs			\$6,930,651
Soft Costs:		% of Hard Costs	Totals
Architectural, Landscape, Engineering, Fees, etc.		15%	\$1,039,598
Contingency		4%	\$277,226
Furniture and Equipment (Lab not incl.)		10%	\$346,533
Total Soft Costs			\$1,638,711
Total Phase 1 Construction Costs			\$8,591,674

Councilmember Lin asked what the elements are in Phase 1, to which Mr. Cassens stated that the building is 9,000 square feet of indoor space and half a million square feet in outdoor space. Councilmember Coke asked about specifics, to which Assistant City Engineer Jeremy Abbott replied that the shared space/office space, is for a recreational resource center which would be used as a multi-purpose space. Councilmember Lin asked if the lab is a part of Phase 1, to which Mr. Abbott stated yes. Councilmember Lin asked how much of the cost is for the lab, to which Mr. Abbott stated that the space is included; however, the specialty lab equipment is excluded. Councilmember Lin asked if Phase 1 does not include a working lab only the space, to which Mr. Abbott said the lab would bring their current equipment; however, there is potential for upgrading their equipment and added that the specialty lab equipment is not included. Mr. Cassens stated that the indoor space includes a 2,235 square foot water quality lab, a 250 square foot conference center, a resource center, food and restaurant, office space, multi-purpose space, a 2,500 square foot event space, an exhibit and gallery, gift shop and retail, lobby and reception area. Mr. Cassens said the outdoor space includes a 5,000 square foot welcome garden, a multi-purpose and plaza gathering space, and added that the outdoor space includes a classroom, a 20,000 square foot botanical garden, and a kitchen, trails, and shade structure. Mr. Mychal Gorden, Desert Land Group, stated that the facility can move over what the City has in terms of lab utilizing those tools and said that Arizona State University (ASU) has equipment they just need a place to utilize it and want to participate. He said the lab would be needed for the City to continue work, and added that the goal is to expand and be a leader in the Southwest for testing and research for water quality. Mr. Gorden said this facility would attract grants and funding to showcase their equipment. Mr. Abbott said the square footage has been set aside for future potential partners.



## Feasibility/Preliminary Cost Estimates

### Phase 1 Projected Annual Operating Expense

Personnel Costs (fully burdened) Director, Admin Spec (x2), IT Spec., Custodian, Groundskeeper (x2)	\$449,758
Utilities	\$21,103
Supplies	\$8,050
Debt Service	\$660,674
<b>Total Phase 1 Operating Costs</b>	<b>\$1,139,586</b>

## Feasibility/Preliminary Cost Estimates

### Phase 1 Projected Revenues

Admission	\$415,800
Memberships	\$70,875
Commercial Leases (Café, Gift Shop)	\$12,000
Special Events	\$148,750
Corporate Sponsors	\$42,500
Donations	\$51,000
Grants	\$85,000
<b>Total Phase 1 Revenues</b>	<b>\$825,925</b>
<b>Total Phase 1 Expenses</b>	<b>\$1,139,586</b>
<b>Difference</b>	<b>\$313,661</b>

“With the completion of this two-volume set of project program and cost data, we conclude the Environmental Learning Center is a viable project and recommend moving forward with a design study exploring the possibilities of the conceptual master plan and facility architecture.” – Neal Jones, Jones Studio, Inc.

Mr. Cassens reviewed the cost estimates, and said they are conservative estimates based on the program document, and as the project matures the numbers will get smaller and smaller. He added that this project and facility cannot be viewed as a moneymaker; as it is on Federal Land so any money generated has to go back into the facility.

Mr. Gorden spoke about the debt service line item.

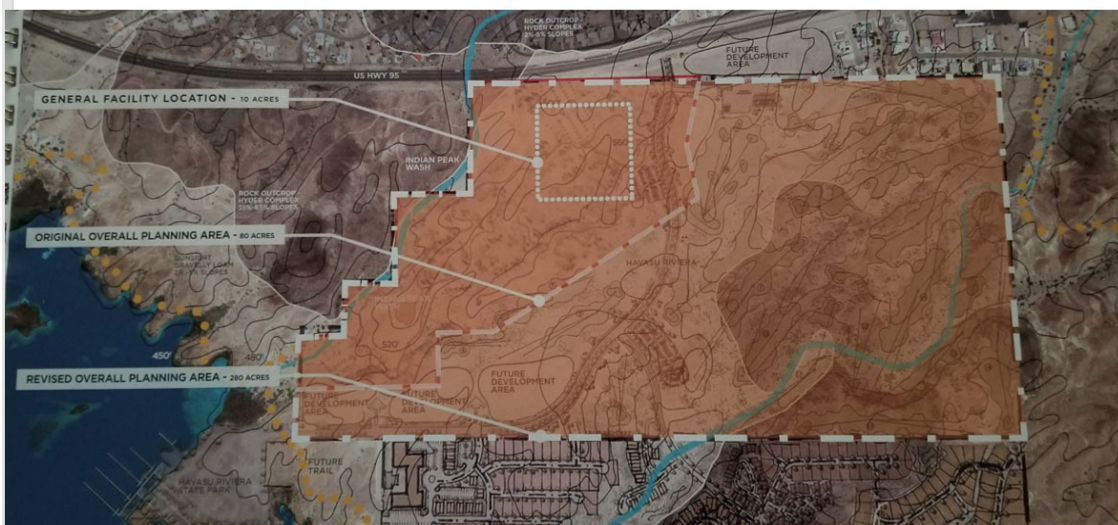
Mr. Abbott added that while the costs are conservative, the model can be manipulated as the program develops, and added that there is a lot of grant money to be recovered for facilities like this.

Mr. Cassens stated that the next step would be to prepare a kit to take on the road to find partners and identify grant funding opportunities, and said the goal is to fund the project without City dollars but we have to be real and assume there will be some debt service and it may take some funding from the City and then paying the City back.

Councilmember Groat said he thinks it is very logical that as an arid location in the Southwest with limited water resources, once this is up and running we should be able to get grant funding. Councilmember Groat asked about the groundwork for the fiber optics, to which Mr. Abbott said there will be conduit in the ground for the ability to pull fiber through to service the entire Havasu Riviera Development. There was discussion regarding the utility work that was done for Havasu Riviera Development.

- Next Steps

- Conceptual Master Site Plan for the entire 280 acres
- Conceptual Architectural Design for the Main Facilities
- Program Phasing, Permitting and Construction Scheduling
- Preparation of quality images, renderings and graphics for public uses, fundraising and potential partnering efforts
- Periodic Updates for City Council and the Public



Councilmember Lin stated that the 1920 allocated CIP funding for the downtown Vision 20/20 is \$3.2 million with combined projects and ABC dollars, to which Mr. Abbott stated that funding is not needed until construction.

Mayor Sheehy stated that ABC donated to the City and adopted contractors for a cost of \$250,000.

Councilmember Lin asked who the investors are, to which Mr. Cassens said US Fish & Wildlife, Arizona Game & Fish, Arizona State University, Jones Studio (Jones) and maybe University of Arizona. Mr. Abbott said it was feasible working with Jones to bring them a package as a dollars added that financial is going to contribute to look for an intent to be part of the commit as a partnership. Mr. Cassens stated his meeting with Clean Colorado River Sustainability Coalition (CRRSCo) that they were supportive as facility but no funding dream to reality. Mr. Cassens added that they are making it a sellable product.

Councilmember Groat asked about water quality and how it affects surrounding states and the potential is large. Mr. Cassens stated that a Biology professor said the water component could lead to Lake Havasu City. The facility is a subject matter of experts and the quality of the Colorado River. The data can be gathered here and a resource for scientists to drink and swim in Lake Havasu City water.

Ms. Casuga asked the Council how would this impact the City, to which the Councilmembers responded:

Mayor Sheehy – AZ State Leadership changes  
Vice Mayor Lane – Infrastructure Costs  
Councilmember Coke – Qualified  
Councilmember Groat – Water  
Councilmember Lin – Housing  
Mayor Sheehy – Economy  
Councilmember Groat – Chinese economy affects US economy  
Councilmember McCoy – Crime Rates  
City Manager Jess Knudson – Housing contribution

### **ENVIRONMENTAL SCAN**

Ms. Casuga led the Council in an exercise to determine external and internal factors that are happening globally, nationally, regionally, and in the State:

External:

#### **Economic Development**

- Workforce
  - Lack of/limited trained workforce
  - Opioid/drug use
  - Income disparities: minimum wage earners/high earners
  - Keeping qualified professionals, e.g. health fields
  - Keeping young talent
- Job Creation/Expansion/Retention
- Downtown as Destination

#### **Housing**

- Increasing rents
- Limited/shrinking workforce housing
- Increasing vacation rentals impacting stock
- Homeless

#### **Transportation**

- Location
- Quality
- Accessibility

#### **Water**

- Protect for future

Vision 20/20 Updates

- Show actions/results

ASU

- High potential

PED/CVB

Internal:

- Provide clarity of direction
- Compensation structures/staff retention
- Customer service
- Support for Manager and Staff

**FINANCIAL OUTLOOK AND BUDGET TIMELINE**

Administrator Services Director Jill Olsen advised that this presentation will discuss the City projections on how the current fiscal year will end and the preliminary numbers. She said in her presentation she will discuss how the City will look this year, and the next four years of what is being estimated at this time, and added the numbers are still to be refined. She said the departments are submitting their budget request which is due by February 15, 2019, so more information will be available at that time. Ms. Olsen outlined the following in her presentation:

Financial Outlook and Budget Timeline

- 1-Year Outlook
- 5-Year Outlook
- Irrigation & Drainage District
- Number of Funded Positions History
- Operating Budgets History
- 2019-2020 Budget Timeline
- Future Considerations

## FY 18-19 Year-End Estimates

(In millions)

Fund	Available Resources 6/30/18	Estimated Available Resources 6/30/19	Variance
GENERAL FUND	\$23.5	\$23.0	(\$0.5)
HURF	\$4.9	\$2.8	(\$2.1)
REFUSE	\$2.0	\$0.4	(\$1.6)
WASTEWATER	\$19.4	\$18.7	(\$0.7)
WATER	\$37.7	\$33.3	(\$4.4)

\* The Budget Stabilization Reserve is excluded from Available Resources.

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## General Fund: Five-Year Forecast

(In millions)

	2019 YE Estimate	FY 19-20	FY 20-21	FY 21-22	FY 22-23
<b>BEGINNING RESOURCES</b>	\$30.2	\$29.7	\$23.5	\$23.5	\$24.2
REVENUES	53.9	55.2	56.3	57.2	58.0
EXPENDITURES	(44.2)*	(51.4)*	(54.4)	(56.2)	(57.6)
DEBT PAYMENTS	(8.6)	(7.1)	(0.8)	(0.8)	(0.5)
TRANSFERS IN / (OUT)	(1.6)	(2.9)	(1.1)	0.5	(1.6)
<b>SURPLUS / (DEFICIT)</b>	<b>(0.5)</b>	<b>(6.2)</b>	<b>(0.0)</b>	<b>0.7</b>	<b>(1.7)</b>
<b>RESOURCES AVAILABLE BEFORE BSR</b>	\$29.7	\$23.5	\$23.5	\$24.2	\$22.5
BUDGET STABILIZATION RESERVE (BSR)	(6.7)	(7.2)	(7.6)	(7.9)	(8.2)
<b>ENDING RESOURCES AVAILABLE AFTER BSR</b>	\$23.0	\$16.3	\$15.9	\$16.3	\$14.3

\* Excludes PSPRS \$6.2 million in prepaid expenditures in FY 18-19 and \$2.8 million in FY 19-20.

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## HURF: Five-Year Forecast

(In millions)

	2019 YE Estimate	FY 19-20	FY 20-21	FY 21-22	FY 22-23
<b>BEGINNING AVAILABLE RESOURCES</b>	\$4.9	\$2.8	\$3.4	\$3.9	\$2.1
REVENUES	5.6	5.5	5.6	5.7	5.8
LESS EXPENDITURES					
OPERATING	(4.3)	(4.7)	(4.9)	(5.0)	(5.1)
CAPITAL	(3.4)	(0.2)	(0.2)	(2.5)	(4.9)
TRANSFERS IN / (OUT)	0.0	0.0	0.0	0.0	2.1
<b>SURPLUS / (DEFICIT)</b>	(2.1)	0.6	0.5	(1.8)	(2.1)
<b>ENDING AVAILABLE RESOURCES</b>	\$2.8	\$3.4	\$3.9	\$2.1	\$0.0

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## Refuse: Five-Year Forecast

(In millions)

	2019 YE Estimate	FY 19-20	FY 20-21	FY 21-22	FY 22-23
<b>BEGINNING AVAILABLE RESOURCES</b>	\$2.0	\$0.4	\$0.9	\$1.3	\$1.8
REVENUES	6.8	6.9	7.1	7.4	7.6
LESS EXPENSES	(6.3)	(6.4)	(6.7)	(6.9)	(7.1)
TRANSFERS IN / (OUT)	(2.1)	0.0	0.0	0.0	0.0
<b>SURPLUS / (DEFICIT)</b>	(1.6)	0.5	0.4	0.5	0.5
<b>ENDING AVAILABLE RESOURCES</b>	\$0.4	\$0.9	\$1.3	\$1.8	\$2.3

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## Wastewater: Five-Year Forecast

(In millions)

	2019 YE Estimate	FY 19-20	FY 20-21	FY 21-22	FY 22-23
<b>BEGINNING RESOURCES</b>	\$22.8	\$22.1	\$24.0	\$22.1	\$21.5
REVENUES	24.3	24.5	24.7	25.0	25.3
LESS OPERATING	(8.1)	(8.8)	(9.1)	(9.4)	(9.5)
LESS CAPITAL	(4.9)	(0.9)	(4.7)	(3.4)	(3.1)
LESS DEBT	(12.9)	(12.9)	(12.8)	(12.8)	(12.8)
TRANSFERS IN / (OUT)	0.9	0.0	0.0	0.0	0.0
SURPLUS / (DEFICIT)	(0.7)	1.9	(1.9)	(0.6)	(0.1)
<b>RESOURCES AVAILABLE BEFORE BSR</b>	\$22.1	\$24.0	\$22.1	\$21.5	\$21.4
BUDGET STABILIZATION RESERVE (BSR)	(3.4)	(3.5)	(3.5)	(3.5)	(3.6)
<b>ENDING RESOURCES AVAILABLE AFTER BSR</b>	\$18.7	\$20.5	\$18.6	\$18.0	\$17.8

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## IDD: Ten-Year Forecast

(In millions)

	2019 YE Estimate	FY 19-20	FY 20-21	FY 21-22	FY 22-23
<b>BEGINNING RESOURCES</b>	\$40.2	\$35.8	\$31.2	\$31.3	\$31.1
REVENUES	14.2	14.3	14.3	14.6	14.8
<b>PROPERTY TAX</b>	<b>5.7</b>	<b>5.7</b>	<b>5.7</b>	<b>5.7</b>	<b>5.7</b>
LESS OPERATING	(9.1)	(10.1)	(10.4)	(10.6)	(10.9)
LESS CAPITAL	(11.0)	(12.4)	(8.4)	(8.8)	(7.7)
LESS DEBT	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
TRANSFERS IN / (OUT)	(3.6)	(1.5)	(0.5)	(0.5)	(0.5)
SURPLUS (DEFICIT)	(4.4)	(4.6)	0.1	(0.2)	0.8
<b>RESOURCES AVAILABLE BEFORE BSR</b>	\$35.8	\$31.2	\$31.3	\$31.1	\$31.9
BUDGET STABILIZATION RESERVE (BSR)	(2.5)	(2.6)	(2.7)	(2.8)	(2.9)
<b>ENDING RESOURCES AVAILABLE AFTER BSR</b>	\$33.3	\$28.6	\$28.6	\$28.3	\$29.0

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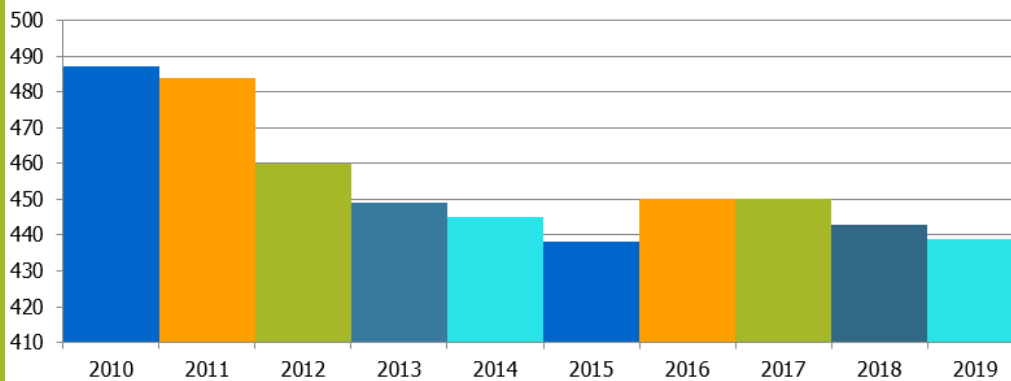
## IDD: Ten-Year Forecast (cont'd)

(In millions)

	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
<b>BEGINNING AVAILABLE RESOURCES</b>	\$31.9	\$27.0	\$21.6	\$15.9	\$9.7
REVENUES	15.1	15.1	15.1	15.1	15.0
<b>PROPERTY TAX</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
LESS OPERATING	(11.1)	(11.4)	(11.6)	(11.9)	(12.2)
LESS CAPITAL	(7.8)	(8.0)	(8.1)	(8.3)	(8.5)
LESS DEBT	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
TRANSFERS IN / (OUT)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
<b>SURPLUS / (DEFICIT)</b>	<b>(4.9)</b>	<b>(5.4)</b>	<b>(5.7)</b>	<b>(6.2)</b>	<b>(6.8)</b>
<b>RESOURCES AVAILABLE BEFORE BSR</b>	<b>\$27.0</b>	<b>\$21.6</b>	<b>\$15.9</b>	<b>\$9.7</b>	<b>\$2.9</b>
BUDGET STABILIZATION RESERVE (BSR)	(3.0)	(2.9)	(2.7)	(2.6)	(2.4)
<b>ENDING RESOURCES AVAILABLE AFTER BSR</b>	<b>\$24.0</b>	<b>\$18.7</b>	<b>\$13.2</b>	<b>\$7.1</b>	<b>\$0.5</b>

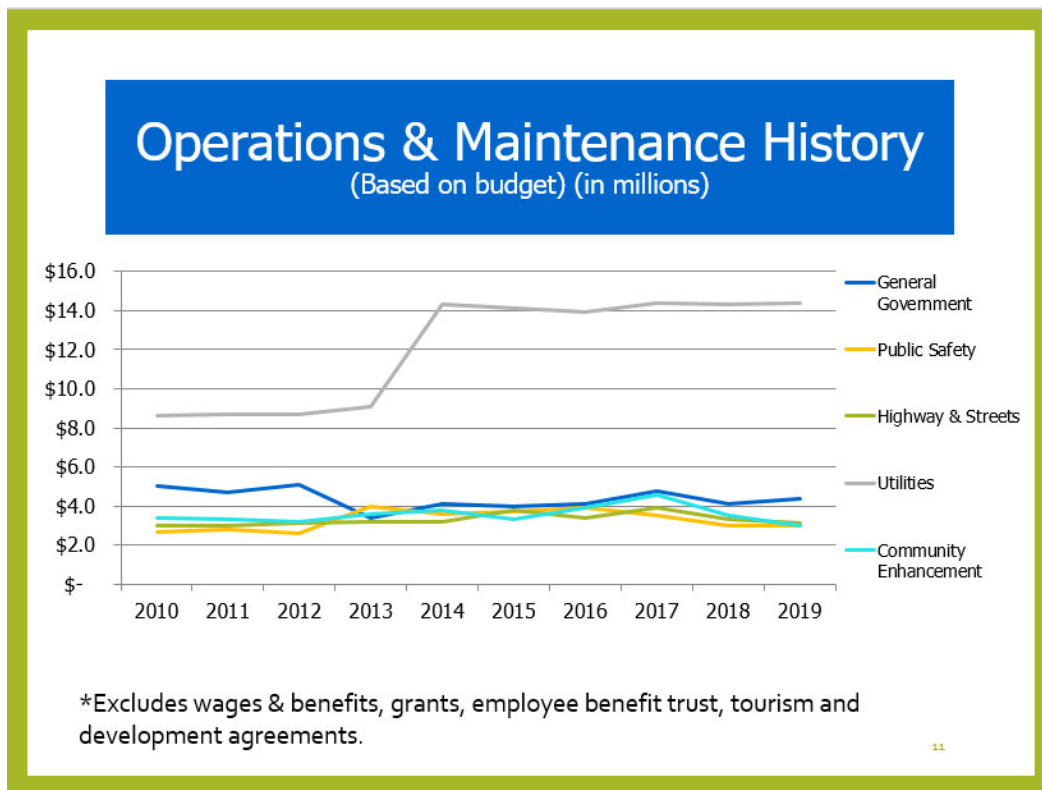
9

## Number of Funded Full-Time Positions



10





- Future Considerations
  - Deferred Capital and Maintenance
  - Maintain current levels of service
    - Expand levels only when resources available
  - Future Funding Levels
    - General Fund – limited CIP w/annual revenues
    - CIP
      - Use one-time revenues and Fund Balance for capital expenditures
  - Budget Stabilization Reserve at Appropriate Levels
    - Prepare for future budget shortfalls
  - Potential revenue sources
    - Revenue policies
    - Rate Studies

## Budget Calendar FY 19-20

January	24	City Council Planning Session w/Financial Overview
February	26	Financial Overview Presentation at Regular Council Meeting, if needed.
April	25	City Council Budget/CIP Overview Work Session (9:00 a.m.)
May	16	City Council 2nd Budget/CIP Work Session (9:00 a.m.)
June	6	City Council receives Proposed Tentative Budget from Clerk's Office
	11	City Council adopts CIP and Tentative Budget
	25	City Council adopts Final Budget
July	9	City Council adopts Property Tax Levy

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Councilmember Groat asked if there are any signs that would indicate a slow-down in the economy, to which Ms. Olsen stated in the past few years there have been some sharp increases in Sales Taxes and you it can be seen the increase in Sales Taxes are not increasing at the same level. She said it is at a six to eight percent revenue increase and might only have a three or four percent increase so the City needs to make sure not to over-estimate revenues because we can see some of those items coming in at lower levels; however, it is still greater than prior years but at small increments.

Mayor Sheehy asked if there is landfill refuse money set aside, to which Ms. Olsen replied, no.

Mayor Sheehy stated he would like to get feedback from Council to give the staff good direction on the budget stabilization reserve which is set aside with approximately two months of operating costs, and asked the Council if the Council is comfortable with formalizing that policy.

Councilmember Lane asked if two months of operating expenses is a good amount of time, to which Ms. Olsen said that no one really knows and added that 15 percent to 16 percent is a good start. Ms. Olsen added that the City can do projections and see what the economy is going to be doing and can do some worse case scenarios. Ms. Olsen added that it should not go less than 15 percent or 16 percent.

Councilmember McCoy asked if in the previous recession if there was a reserve and how much. Finance Division Manager Trinna Ware stated the volatility in the Sales Tax in the General Fund is something that should be kept in mind, and the Water and Wastewater is stable. Ms. Ware added that the Sales Tax plummet was higher in the recession. Mr. Cassens added there is a six week operating reserve.

Councilmember Groat stated that a two months cushion is a minimum, and added that the global and local economy we will find out in next fiscal year which will fit in the budget planning process. He said the Sales Tax is a large portion of costs and variables and needs to be thought about. Mr. Knudson stated that some of the balance that exists

between by identifying enough dollars in the reserve in case of a recession or a slow-down in the economy needs to have dollars available to identify a plan and that it takes maneuver and transition in a new direction to match our resources with our services and try to find a happy medium with that dollar because more we put in the BSR in the reserve is less dollars available for existing operations. He stated that the City wants to stay conservative and maintain service. He added that 16 percent is a minimum or a two month reserve is the minimum the City needs to be looking at.

Councilmember McCoy stated the City should not go lower and asked if the City should go higher.

Councilmember Dolan stated the City should put away funds. He stated the City does have other things to focus on such as Maintenance. The CIP should be there to strength us and that the recession should be remembered and to stay at the minimum. He said that if money is put away then it would be available for projects and costs would be possible be cheaper then.

Mayor Sheehy stated that it sounds like the Council is going in a good general direction so will come to this again.

Mayor Sheehy said if there is no way to extend the Irrigation and Drainage District (IDD) funds, the City would need to offer voters a new district to replace IDD or the rate study. That would be a big number going away so there would need to be discussion on that.

Councilmember Lin asked about the tourism tax and if the City should apply for a 2 percent bed tax and that would be a good start. Mayor Sheehy stated two percent is a good start but does not mean it will work and spending more than taking in the General Funds.

Councilmember Coke stated reinstate voters rules and if it has to go on a certain election year it has to go on, to which Mr. Knudson said in June 2023 and at least the City needs to be thinking two years in advance.

Vice Mayor Lane said that he only has four years to talk with people in the City. He said the system needs to pay out of IDD. He said that the City needs to talk to groups and bring up property tax, not like the state.

Mayor Sheehy stated that IDD is not used for parks and roads.

### **CITY COUNCIL PROCESSES**

City Clerk Kelly Williams stated that this item is to discuss City Council Processes, found within Title 2, Chapter 2.04 of the City Code, which identifies the processes for elected officers and council composition, filling of vacancies, oath of office, financial disclosure statements, council meetings, quorum and attendance, chairperson's role and responsibilities, agendas, order of business, council and public requests, minutes, staff reports and recommendations, rules of order, public comments, and ordinances and resolutions. Ms. Williams noted that the City Council received a copy of the processes earlier this week and said today's presentation will be to discuss these processes and allows the Council the opportunity to provide any comments or suggested changes. She said in addition, staff has identified a couple of areas for the City Council's consideration that will be discussed more in detail, that include: public requests, council requests, and call to the public, along with a look at the Arizona updated public/speaker form and review of the current Council Communication.

Ms. Williams noted that any changes to these processes would come back to Council at a regular meeting for formal adoption.

Ms. Williams stated that the first process that staff identified is under City Code § 2.04.290, titled Public Requests, which identifies how the public can make a request for an agenda item. She said the current process reads “Interested parties or their authorized representatives may request that an item be placed on the City Council meeting agenda by providing the request to the City Clerk or the City Council as a whole. Only the party or authorized representative making the request may present the item to the City Council, unless permitted otherwise by the City Council. All questions directed to the City Council must be made through the Chairman. The presentation of the item at the City Council meeting shall be limited to 10 minutes unless additional time is granted by the City Council.” Ms. Williams stated that several questions were brought up regarding this process, the first was the type of request that is required, formal or informal, the second was whether the request required staff review and who had the authority to place the item on the agenda, and the third, was regarding the agenda date. Ms. Williams reviewed staff’s suggested changes to “Public Requests” which cleans up what type of request the public is required to submit, the review of the request, and specifies the agenda meeting date, as follows:

*Interested parties or their authorized representatives may request that an item be placed on the City Council meeting agenda by submitting a formal written request to the City Clerk or the City Council as a whole. The City Manager or designee shall research the issue to determine if it can be handled administratively or requires City Council discussion. If determined that the matter should be placed before the City Council, the City Manager shall ensure that documentation, if any, is compiled and the material forwarded to the City Clerk in the same manner as other items are presented to the City Council, and the City Clerk shall place the item on the next available Regular Meeting Agenda. If the City Manager determines that the subject should not be placed on a Council Agenda, the City Clerk shall notify the citizen that their request will not be placed on the agenda and provide any additional information, as applicable. Only the party or authorized representative making the request may present the item to the City Council, unless permitted otherwise by the City Council. All questions directed to the City Council must be made through the Chairman. The presentation of the item at the City Council Meeting shall be limited to 10 minutes unless additional time is granted.*

Vice Mayor Lane asked if there was an appeal process for citizens that make a request but the item does not make it on an agenda, to which Mr. Knudson stated that there are a number of processes by which a member of the public can get something on the agenda. He said this would be one avenue, another would be to talk with a Councilmember directly and go through that process. He said staff is not trying to limit contact that the public has with the Council or by which an item can be added to the agenda, but when a member of the public contacts staff to request an item on the agenda that can be handled administratively it allows the City to research and address it from that perspective. He said sometimes the public does not understand the difference between getting something on the agenda or having a discussion with staff and that is what staff is trying to identify here. He added that City staff is looking for direction from the Council on this process and any changes, so that if and when we do bring it back to Council staff has a general idea of what language the Council would like.

City Attorney Kelly Garry added that if the Council does not like any of these changes, or thinks they should not be changed, to let staff know that now.

Councilmember Lin asked if the City receives a lot of public requests for agenda items, to which Ms. Garry responded that they come through the regular process, but not through a formal process. She added that most people are going to contact the City Council, speak during the Call to the Public, or contact the City Manager directly.

Mayor Sheehy noted that the timing of this discussion is because of the new councilmember and mayor, and is an opportunity for the Council to look at the current processes and determine if this Council wants to keep them the same or make changes.

Vice Mayor Lane said he agrees with having a formal process for public requests.

Mayor Sheehy stated that he agrees with staff's suggested changes because it allows the issue to be resolved for the citizen and that is what really matters, so if it is something that can be handled administratively it can be resolved immediately, and if it is a policy level decision then it would come to the City Council to address. He said he believes this is an easier way for the public to get what they need done and have the same opportunity to get something on an agenda.

Councilmember Dolan stated that he thinks the suggested changes clean up some of the issues and provides more detail for someone that does go through the public request process.

There was consensus from the Council to proceed with staff's suggested changes for City Code § 2.04.290, Public Requests.

Ms. Williams stated that the second process is under City Code § 2.04.280, titled Council Requests, which identifies how the Council can make a request for an agenda item. She said the current process reads "Any member of the Council may request that an item be placed on the agenda for consideration, discussion, and/or legal action by making a request during the Future Agenda Items during a meeting or by submitting a written request to the City Clerk's office prior to the deadline for the specified agenda. All communication should be addressed to Council as a whole and not to any individual member thereof." She said staff reviewed this process and researched the processes that other cities and towns have for council requests. She said the handout provided to the Council contains several examples of council request processes that are being used today, and reviewed staff's suggested changes to "Council Requests" as follows:

- 1) Remove Future Agenda Items process (no Future Agenda Items on the agenda).
- 2) Any member of the Council may request that an item be placed on the agenda for consideration, discussion, or legal action by submitting a written request to the Mayor (or City Manager) prior to the deadline for the specified agenda. The Mayor shall work with the Councilmembers and the City Manager to obtain the necessary documentation for placement on the next available agenda.
- 3) A written request for an item to be placed on the agenda by three or more Councilmembers filed with the City Clerk will be placed on the next available agenda.
- 4) The Mayor may submit items for placement on the next available agenda by providing written notice to all Councilmembers. The Mayor will work with the City Manager to obtain the necessary documentation for placement on the next available agenda.

Ms. Williams noted that staff is suggesting three ways in which a Councilmember can request an agenda item.

There was discussion regarding the number of councilmembers that could file a request and whether having "three or more" could potentially result in an open meeting violation.

There was discussion regarding changing the number of Councilmembers that can request an item from three to a lesser number.

Mr. Knudson added that staff is not trying to derail the process. He said every issue that residents bring to City staff is handled; however, staff has to decide how to handle that request and what the best course of action is. He added that staff is also trying to identify a process where we have some type of consensus from the Council before we move forward, and is recommending that the council or public request process be mirrored to create a similar process for the City's boards and commissions. He said items at City board and commission meetings are sometimes brought up by a single individual and staff will have those conversations that may not be supported by the rest of the board and then those issues or topics meet the newspaper and we hear back from residents about a certain project and they might be an advocate for that project, but in the end there is not support from the other board members; therefore, staff is trying to identify a process by which there is some type of debate or consensus to occur before it gets to the Council.

Vice Mayor Lane stated that he thinks the second item (on the list) fits the Council's way of thinking that any one councilmember can bring an item forward and go through the City Manager, or Mayor, to request something to be put on the agenda. He said this process is also similar to the public request processes.

Councilmember Lin disagreed and said a Councilmember could have an item that the City Manager or Mayor do not agree with but there might be three other councilmembers that do agree with her and they would not have any knowledge of that.

Ms. Garry said that is the reason why staff added an item that would allow three or more councilmembers to put an item on the agenda because right now the Council is getting along; however, several years ago and looking into the future you may have Councils that do not get along or you have a Mayor or City Manager that shuts out certain councilmembers and they are unable to get items on the agenda. She said having this would guarantee a way for councilmembers to put an item on the agenda. Ms. Garry added that if the Council feels that three is too many that can be changed, or the Council may just want to leave it as any one councilmember can add any item at any time and deal with it how staff has been dealing with it.

Councilmember Dolan said he thinks it should be two councilmembers and suggested that staff combine numbers two and three (on the list) and remove number one, or keep number one for Future Agenda Items and combine that with number two that any member of the council can request an item through a written request.

Councilmember Groat stated that is why there are elections and votes because at the end of the day if the Council does not agree with the lone councilmember than it is a six to one decision.

Ms. Garry agreed and stated that this is just ensuring that the lone councilmember gets their item on the agenda and there is a process for them to do that. She said there may not be an issue with any of the current Councilmembers getting an item on the agenda but there has been in the past and there is always a possibility of that in the future.

Councilmember Coke said that it is happened in the past, and could happen again in the future where the City Manager or Mayor could veto an item and there would be no way around it to protect a Councilmember or the ability for a Councilmember to get an item on the agenda. She said this language would take the power out of their hands and put it back in to the Council's hands, to which Ms. Garry said yes.

Councilmember Groat said he believes the current process works great.

Mayor Sheehy said the current process allows the City Manager and the Mayor to veto any item, and if a Councilmember asks for an item it does not have to appear as an agenda item.

Councilmember Dolan said he thought there should be a way for a Councilmember to get an item on the agenda if during Future Agenda Items if they make the request and there is a second, to which Ms. Garry said that is not the current process for Future Agenda Items. She said very rarely does staff get a request for items during Future Agenda Items, and if there is, usually one Councilmember will just say they would like to see an item on the agenda. She said there is currently no motion or second, but said she would agree with Councilmember Dolan that the Future Agenda Items needs a motion, a second and a vote of the Council to put an item on the agenda.

Mr. Knudson noted that if this is what the Council would like then it should be formalized through a policy so that everyone understands and abides by the rules.

Councilmember Groat said he thought staff heard a lot from the Council and as long as any one member can add something they should have a policy that gives them that and said staff can come back with some suggestions. He said the language that terrified him was “three members of the Council” because at that point the club can just run the show and one person can be sitting on the side out of luck.

Ms. Garry said this is just one way, and this would be the extreme. She said there are other ways that a Councilmember could add an item by going to the Mayor or City Manager, or through the Future Agenda Items process if Council decides to keep that.

Mayor Sheehy asked if the Council was in favor of having a system that guarantees the Council the ability to add an item and, as Councilmember Dolan suggested, needing a motion and a second during Future Agenda Items.

Councilmember Groat said he thought even without a second, the Council should have the right to add an item.

Ms. Garry said there is not a consensus of the Council; therefore, for an item to be brought back to Council staff will just have to guess.

Mayor Sheehy stated that with no consensus of the Council, no changes were requested to the Council Request process.

Ms. Williams stated that the third process is under City Code § 2.04.500, titled Call to the Public, which identifies how an individual can address the Council on any issue within the Council’s jurisdiction. She said the current process reads “Any individual wishing to address the Council on any issue within the Council’s jurisdiction will be given the opportunity to speak at the call to the public. Two calls to the public will be placed on the agenda of all regular meetings of the Council. One call to the public will be placed on the agenda of all special meetings and work session meetings of the Council; however, in the event of multiple meetings on 1 day, there shall be no more than 2 calls to the public. Members of the public may only address the Council at 1 of the 2 scheduled calls to the public. During the call to the public, the Council is limited by state law to respond to criticism, asking staff to review the issue or asking that the issue be placed on a future agenda. Any issue to be considered, discussed or decided by Council must be properly noticed as an agenda item for consideration, discussion, and legal action as prescribed by this code and the Arizona Open Meeting Laws.” She stated that Arizona Revised Statutes (A.R.S.) § 38-431.01(H) states that “A public body may make an open call to the public during a public meeting, subject to reasonable time, place and manner restrictions, to allow individuals to address the public body on any issue within the jurisdiction of the public body. At the conclusion of an open call to the public, individual members of the public

body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action.” Ms. Williams said the public has the right to attend meetings, not to participate in meetings; however, if the public body allows a call to the public, which the City does allot, then the public body determines when attendees may address the Council and may implement time restrictions. Ms. Williams added that the current time restriction or limitation for call to the public is not defined within the City Code like it is for Public Hearing Items. She said staff is looking for direction from the Council on the time restriction for call to the public.

Ms. Williams said staff researched the time restrictions for call to the public in 91 cities and towns, and found that 64 cities and towns allowed three minutes for call to the public, one allowed four minutes, 14 allowed for five minutes, and 12 cities and towns were either unknown or did not allow for a call to the public period. She reviewed staff’s suggested changes to “Call the Public” as follows:

*Any individual wishing to address the Council on any issue within the Council’s jurisdiction will be given the opportunity to speak at the call to the public. Two calls to the public will be placed on the agenda of all regular meetings of the Council. ~~One call to the public will be placed on the agenda of all special meetings and work session meetings of the Council; however, in the event of multiple meetings on 1 day, there shall be no more than 2 calls to the public.~~ Citizens may only address the Council at 1 of the 2 scheduled calls to the public.*

*Members of the public addressing the Council shall step up to the microphone, give his or her name in an audible tone of voice for the record and, unless further time is granted by the Council, shall limit his or her address to the Council to three (3) minutes.*

*During the call to the public, the Council is limited by state law to respond to criticism, asking staff to review the issue or asking that the issue be placed on a future agenda. Any issue to be considered, discussed or decided by Council must be properly noticed as an agenda item for consideration, discussion, and legal action as prescribed by this code and the Arizona Open Meeting Laws.*

Councilmember Coke asked if at one time citizens were required to state their address during the call to the public, to which Ms. Garry replied that it was a common process long ago but has not been required as part of the call to the public for quite some time.

There was consensus from the Council to impose three minutes for the time limit for call to the public, but keep five minutes for the public hearing agenda items.

In response to Councilmember Groat’s question, Ms. Williams stated that additional time could be granted at the Chairperson’s discretion to individuals or persons speaking on behalf of a group or organization.

Mayor Sheehy said he would prefer to have a call to the public offered during all work sessions and special meetings to give the public an opportunity to address Council at every meeting.

Ms. Williams explained the updated Call to the Public/Request to Speak Form, and reviewed the current Council Communication Form. There were no comments or suggested changes to either form.

Councilmember Groat said he apologized because he only just read the material and is going back to the Council Request Process. He said he thought he heard a consensus that any one member should be able to add something and then thought he heard that the Council settled on not changing it. He said that would technically preclude any



one member and thinks that the Council should have a consensus that any one member can add but also thinks that the Mayor should have the right to add as well. He suggested blinding number two and number three, and strike the word “three” and replace with “one”, but the Mayor should also have the right to put something on the agenda. He said maybe the Council goes with “three” because technically the Mayor is a member of the Council and that one person can ask for it to go on an agenda. He said he thinks there needs to be a consensus on the fact that any one member should have the right to add an item to an agenda, and asked if there was a consensus.

Mayor Sheehy said from his understanding the Council was going to leave the Council Request Process as is.

Councilmember Groat said then any item during agenda setting could be removed and so that is then not the one member, to which Mayor Sheehy said that was why staff was bringing the options forward to try and make it open for all members of the Council but did not get that support.

Councilmember Groat said he would like to move back on that item and said he agreed that the Council should have language that includes any one member being able to put an item on an agenda.

Mayor Sheehy asked if Councilmember Groat was suggesting to keep numbers one through four, to which Councilmember Groat said he suggested number three and striking the word “three” and replacing with “one” so that it gives the Mayor the right to add an item and any one member of Council the right to add an item. He said then it will go through the agenda setting process to decide if it is right to go to a meeting and communicate and so forth. He said there is some language to tweak in there but one member should have that right.

Mayor Sheehy asked if there was a consensus from the Council on what Councilmember Groat was suggesting.

Councilmember Lin asked if by keeping number three and replacing “three” with “one” it basically takes away the fact that a Councilmember must say it out loud during a meeting, to which Mayor Sheehy said yes and clarified that Future Agenda Items would be removed from the agenda and instead any Councilmember could request an item be placed on the agenda for consideration, discussion or legal action by submitting a written request to the Mayor, or City Manager, prior to the deadline for the agenda. The Mayor, or City Manager, shall work with the Councilmembers and the City Manager to obtain the necessary documentation. He said number three would be a written request for an item to be placed on the agenda by one or more Councilmembers filed with the City Clerk to be placed on the next available agenda, and then number four would be the Mayor may submit items for placement on the next available agenda by providing written notice to all Councilmembers.

Councilmember Lin asked who would be able to veto it, to which Mayor Sheehy responded that no one could, except they can now with the current process, which is why staff is suggesting several different options for Council requests.

Mayor Sheehy said they want all the Councilmembers to have the same access as they all represent the citizens of Lake Havasu City and need the ability to add an item and have it in the City Code. He said the only thing the City Attorney cautioned the Council on earlier is that by having one member on number three, right now the Council is getting along, but that has not always been the case.

Councilmember Groat asked if Mayor Sheehy agreed with number two, which gives a single person the ability to add something but the process to veto it, to which Mayor Sheehy stated that he thinks it is all four of these points so really it is just adjusting how many councilmembers. He added that all four gives the members of the elected body multiple options to get items on the agenda and the idea is to make it easier to get items on the agenda.

There was consensus from the Council for one Councilmember to place an item on the agenda.

Ms. Garry advised that the only discomfort with one is that if there is a Councilmember that wants to add a crazy item to the agenda, all they have to do is send the request to the City Clerk and it makes it to the agenda and now the Council will have to discuss it during a Council Meeting. She said if it requires two members then at least you have to veto the item through one more rational Councilmember.

Councilmember Groat stated that while the Council liked “one”, the City Attorney did not but she is not on the Council.

Vice Mayor Lane suggested to keep Future Agenda Items but in order to have something added to the agenda during Future Agenda Items it must be requested by one Councilmember and must receive a second. He said the process should be kept public with Open Meeting Laws and everything that the Council does, and if a Councilmember wants to put a crazy idea out there then they need another Councilmember to second it.

There was consensus from the Council that a request during Future Agenda Items needed a motion and a second to move forward.

### **COUNCIL BOARD ASSIGNMENTS 2019**

<b>Board/Committee/Commission</b>	<b>Meets (Weekly, Monthly, Quarterly, As Needed)</b>	<b>Councilmember Seated for 2019</b>
Airport Advisory Board	Third Wednesday of every month @ 5:30 p.m.	Councilmember Dolan
Clean Colorado River Sustainability Coalition (CCRSCo)	Meets Quarterly	Mayor Sheehy
Havasu Youth Advisory Council	Meets same time as Student Government Class @ High School	Councilmembers Coke and McCoy
Lake Havasu Area Chamber of Commerce Board of Directors	Fourth Tuesday of every other month @ 4:00 p.m.	Councilmember Dolan
Lake Havasu Convention and Visitor's Bureau (CVB) Board of Directors (Go Lake Havasu)	Third Wednesday of every other month @ 8:30 a.m.	Councilmember McCoy
Lake Havasu Metropolitan Planning Organization (MPO) Executive Board	Second Tuesday of every month @ 2:00 p.m.	Councilmembers Sheehy/McCoy/Lane/ Alt Member Coke
Mohave County Water Authority	Meets Quarterly	Mayor Sheehy and Councilmember Groat
Parks & Recreation Advisory Board	Fourth Monday of every month @ 6:00 p.m.	Councilmember Lin
Partnership for Economic Development (PED)	Third Thursday of every month @ 3:30 p.m.	Vice Mayor Lane
Public Safety Personnel Retirement System - Local Fire Board	Meets as Needed	Vice Mayor Lane

Public Safety Personnel Retirement System – Local Police Board	Meets as Needed	Vice Mayor Lane
Uptown/Main Street Association	Fourth Monday of every month @ 5:30 p.m.	Councilmember McCoy
Western Arizona Council of Governments (WACOG)	Meets Bi-Monthly	Councilmember Lin

The meeting recessed at 12:30 p.m. for lunch.

The meeting reconvened at 1:00 p.m.

### **GENERAL LEGAL UPDATE**

City Attorney Kelly Garry reviewed the following in her presentation regarding municipal law:

#### **Hollywood Squares Game:**

Mayor Sheehy “Come On Let’s Do This Sheehy”

Councilmember Coke “Locked and Loaded Coke”

Councilmember Lin “That’s a Big Thumbs Up Lin”

Vice Mayor Lane “Lane License and Registration Please”

Councilmember Groat “I Wear My Sunglasses at Night Groat”

Councilmember McCoy “Everyone Loves a Parade McCoy”

Councilmember Dolan “Awe-Yeah Dolan”

City Manager Knudson “We’re Number One Knudson”

Ms. Jerri Bracamonte “Smiling’s My Favorite Bracamonte”

### **Open Meeting Law & Public Records Law**

- Laws
  - <https://www.azag.gov/outreach/publications/agency-handbook>
- Arizona Ombudsman-Citizens’ Aide Office
  - <http://www.azoca.gov/2018-edition-of-the-ombudsman-citizens-aide-open-meeting-law-booklet/>
- Annual Reminders
- Recent Case Law

Ms. Garry stated that the Arizona Ombudsman-Citizens’ Aide Office is an independent agency of the Arizona Legislature that was established to make government more responsive to Arizona citizens. It is where citizens can turn whenever they feel they have been treated unfairly by a State administrator, agency, department, board or commission. Their services are free and confidential, and also offers citizens with issues with local government or agencies regarding public access laws, open meeting, or public records issues.

Ms. Garry said last year State Legislation was made to expand the definition of public meeting. It is now absolutely clear that any one-way electronic communication by one member of a public body sent to a quorum that in any way proposes legal actions or exchange is a meeting.

Ms. Garry provided annual reminders regarding open meeting law, meetings, executive sessions, records retention, and public notices. She said social events and functions are not required to be posted when no legal action of the Council will occur; however, the City tries to post all social events and functions that the Council may attend.

## **Planning & Zoning**

- Arizona Revised Statutes/City Code
- Planning & Zoning Commission/Board of Adjustment

Ms. Garry said planning and zoning laws can be found in Title 9 of the Arizona Revised Statutes, which gives municipalities and counties general authority to establish a zoning ordinance to create a General Plan. She said the City's General Plan is a stand-alone document adopted by Council and ratified by the voters, and is a long-ranged plan to provide for the growth of the community related to physical development and the future land use map. She said zoning is more of the specific legal action related to land classification governed by the zoning ordinance. She said zoning can be found in the Lake Havasu City Code, Title 14, titled "Zoning", otherwise known as the Development Code, which establishes the zoning district and permitted uses in each district and the regulations and enforcement in each. She explained the duties and responsibilities of the Planning & Zoning Commission and Board of Adjustment.

## **2018 Municipal Hodgepodge**

- Social Media
- Qualified Immunity
- Public Comment
- FCC Order
- Notice of Claim
- Medical Marijuana

Ms. Garry reviewed social media regarding outlets for public forums and issues arising from elected officials blocking comments or responses. In response to Councilmember Groat's question, Ms. Garry said it would apply to anything for City business. Ms. Garry reviewed qualified immunity and explained that qualified immunity is what shields elected officials for being sued for discretionary actions in performance with their official capacity unless it clearly violates the law or constitutional rights. Ms. Garry reviewed the case laws and issues involving the rights of citizens during public comment, small cell tower approval and streamlining process, notice of claims, and medical marijuana.

## **FUTURE PROJECTS**

Mr. Knudson stated that his presentation will review four future projects and said staff is looking for direction from council on these projects and moving forward. He outlined the following in his presentation:

- Future Projects
  - Water/Wastewater Rate Study – This study determines the financial health of our water and wastewater funds: short-term and long-term.
  - Positional Analysis Study – This study determines market rates for City jobs, creates a compensation structure to reward performing employees, and reconfigures job titles to match City functions.
  - Ballfield on the Island – An alternative for construction a ballfield at SARA Park is a field on the Island that would accommodate local and regional activities.
  - Future of the Consolidated Court – Lake Havasu City and Mohave County have benefited from a long-standing partnership to operate the Consolidated Court. As the caseload increases, we need to plan for the future.
- Water/Wastewater Rate Study

- Assess the overall health of our water and wastewater funds by determining water and wastewater revenues, costs and required rates.
- Rates last changed in Fiscal Year 2008-09 (water) and Fiscal Year 2009-10 (wastewater)
- The City's Irrigation and Drainage District (IDD) sunsets in June 2023. The IDD funds approximately \$5.7 million for water and wastewater.
- Staff is requesting funding for the study in Fiscal Year 2019-20.
- Positional Analysis Study
  - Change the City's compensation structure to reward employees based on performance.
  - Determine market value, based on the comparable cities and towns, of the City's job positions.
  - Analyze existing job titles to ensure responsibilities match expectations.
  - Attract and retain the best and brightest employees.
  - Available resources guide the implementation of the results.
  - Staff is requesting funding for the study in Fiscal Year 2019-20.
- Ballfield on the Island
  - City has \$2.75 million in Fiscal Year 2019-20 CIP for a ballfield at SARA Park.
  - Estimated costs are very high (\$4 to 5 million) due to the earthwork involved.
  - Staff is identifying cost to renovate the little league ballfield on the island.
  - Ballfield used for local or regional games and tournaments.

Vice Mayor Lane said the City is not looking to eliminate the SARA Park Ballfield Project but it will cost \$4 to \$5 million just in earthwork, to which Mr. Knudson stated that it will cost approximately \$2.2 million just to flatten the area and then another \$2.5 to \$3 million in earthwork after that. He said there is a lot of earthwork that is involved with SARA Park which is why it would be great to do something where there is already an existing flat area with some of the amenities that already occur. He said the design for the SARA Park ballfields has been completed and is ready to go; however, right now the City does not have funding for that project. He said if the Council wants to move forward with that plan at SARA Park it will be something that the City will have to look into for funding, whether it would be through bonding or another approach. He said the first phase of the project would be approximately \$12 million and the second phase would be approximately \$20 million.

- Consolidated Court
  - Lake Havasu City and Mohave County have operated the Consolidated Court since 1992.
  - Service delivery is important, but current situation is not sustainable.
  - Cases are increasing and the City is running out of space for employees, courtrooms, files, and equipment.
  - City's needs are not addressed – security, building maintenance, information technology, and other operational issues.
  - The County has no intention of funding an increase for the Consolidated Court. The current split in funding is 62% (City) and 38% (County) and trending.
  - Rough budget numbers for new facility is \$3.5 million. Additional funds required for the ongoing operations.
  - LHC Veterans Treatment Court Grant
    - 5 years
    - Up to \$400,000 per year
    - Grant Project Manager (1/2), F/T Court Clerk (1/2), Evaluator
  - Adult Drug Court Grant

- 5 years
- Up to \$400,000 per year
- Grant Project Manager (1/2), F/T Court Clerk (1/2), Evaluator
- LHC Youth Court Grant
  - 5 years
  - Up to \$541,350 per year
  - Grant Project Manager (1/2), F/T Court Clerk (1/2), Evaluator
- Additional operations costs are required to fund activities not covered by the grant.

Councilmember said he supports the Court and said the City and County just have different views for the future. He said the Court has seen amazing success with the Veterans Treatment Court and he would like to see the Court expand its services with a Drug Court and Youth Court.

Vice Mayor Lane said the County is always looking for more space, and asked if their reluctance to work with the City is their way of forcing the City to leave and take over the space, and also asked if there is any statute that the County or the State is required to fund some of the space or court rooms, to which City Magistrate Mitchell Kalauli said he does not think the County is trying to push the City out, but that the County does not have the City as a priority or pay any of the additional costs to support the programs and services.

Councilmember McCoy asked how the percentages are determined, to which Judge Kalauli replied that it is based on the number of filings.

There was discussion regarding grant funding and positions needed for a Youth Court and Drug Court.

Councilmember McCoy asked what the cost would be for each one, to which Judge Kalauli replied that the cost ends up being one and a half positions in total with all three grants. He added that the grant funding now includes a housing component as well for veterans.

In response to Councilmember Dolan's question, Judge Kalauli said the Court has a Youth Court now that they are looking to expand and a small Drug Court that would be overwhelming to expand without additional people.

Councilmember McCoy clarified that it would cost approximately \$3.5 million to build a new facility plus the operating costs, which the grant would cover for five years. Judge Kalauli replied that was correct but said the facility itself is a different issue on whether the City wants to stay consolidated but does not have anything to do with the grants.

Councilmember Dolan asked if the Court was able to move to a different location but stay consolidated, to which Judge Kalauli replied that the County would not let the City stay consolidated if they were not at their location.

Mr. Knudson said one way to minimize the budget would be to look into utilizing existing space at the City Hall campus for a Court facility and possibly share space with other existing facilities. Mr. Knudson said the advantage would be a cost reduction and from a City services perspective it would offer more services at one campus that would be easier for residents to receive City services. He added that there will be plenty of opportunities for the Council and staff to have this discussion at upcoming budget meetings.

Judge Kalauli said the process itself to deconsolidate will take approximately three to five years.

Councilmember Lin asked what determines a merit based system performance, to which Mr. Knudson replied that it is based on an employee's evaluation scores which dictates how the employee is compensated. Councilmember Lin asked who does the evaluations, to which Mr. Knudson replied the employee's direct supervisor. Councilmember Lin asked if the compensation structure study is done for all employees, to which Mr. Knudson replied yes. Mr. Knudson added that the Merit Based System is based on performance not employee seniority.

Councilmember Lin asked if the study would include all employees, to which Mr. Knudson replied yes, all positions within the organization. He said the term "compaction" goes away when moving from a step system to a merit based system.

Councilmember Groat asked if there were any risk factors in the timeline for the study, to which Mr. Knudson stated that the City would be looking to move forward with the study on July 1, 2019, and take approximately six to eight months, and completed around January or March of 2020, in time for the new fiscal budget year. He said these are the exact same timelines, plans and discussions that the Council had regarding the study last year.

Mr. Knudson said in terms of turnover in employees, the City needs a way to attract employees and explained that there is turnover in all City departments. He said there are turnover issues within the City that we need to address quickly, and added that it is difficult to attract employees with the experience and skillset; therefore, what the City is doing is bringing the employees in that have the work ethic and the City trains them with the skillset.

Councilmember Groat asked for assurance that the City's pre-hospital emergency services have not deteriorated in quality and we do not impose any additional risk to our citizens and by extending this out another 10 to 15 months, to which Mr. Knudson said that the City is in good shape and is able to offer services at the level that our citizens expect.

In response to Councilmember Dolan's question, Mr. Knudson said the City must wait to do the study when there are dollars to spend on it and added that even through Proposition 409 passed, the City is still under the Expenditure Limitation.

In response to Councilmember Lin's question, Mr. Knudson stated that the study will be approximately \$100,000. Mayor Sheehy stated that Council talked about this last year, and in an ideal world there would have been money in the budget to do the study this year; but because of the Expenditure Limitation the City is really only \$80,000 to \$100,000, away from the Expenditure Limitation cap and that is without any issues that might come up that require use of Contingency Funds. Mayor Sheehy noted that the fine for exceeding the City's Expenditure Limitation is approximately \$2.5 million. There was discussion regarding the timing of the study.

Mr. Knudson stated the presentation by Ms. Olsen today showed that the City's expenditures are exceeding the revenues; therefore, this is a critical time for the City to look at the budget and identify a means of getting our budget and finances in order if the City wants to do anything with the findings of this study. He said the City is confident that we can address it and look at that but there are a few things that need to take place before we get to that point. He said this is not a one-year funding mechanism, this is an ongoing expense that gets incrementally higher each year.

Vice Mayor Lane said he supports public safety but the other departments, not just the Fire and Police Department, deserve this study as well.

Vice Mayor Lane stated that an analysis was done that determined that the City needs more fields; however, he said the ballfield on the Island would be more cost effective to do now and take care of the resources that the city has first before building new ones.

Councilmember Dolan said if it is going to cost over \$2.5 million in grading the ballfields at SARA Park maybe that is not the best place for the fields and the City may need to look into other locations. He said he thinks it would be more cost effective to have the ballfield on the Island.

Councilmember Coke said the City already has property and fields that need to be maintained and if there is a way to put money into an existing field without having to build one that will help in the City's overall expenditures.

Mayor Sheehy stated that the Master Plan also takes some of the uses that are currently at SARA Park, like the Havasu 95 Speedway, and removes them.

There was consensus from the Council to move forward with the Water and Wastewater Rate Study.

### **IDENTIFY OPPORTUNITIES/CHALLENGES FOR THE CITY**

Ms. Casuga led the Council through an exercise to identify opportunities and challenges for the City.

#### **Opportunities**

- Environmental Learning Center (ELC)
- Downtown Catalyst Project
- Economic Development
- Ballfield on the Island (plus other projects)
- Pickleball Association Funding \$50,000
- Current Positive Economy
- New Council/New Dynamic

#### **Challenges**

- Revenue (also an opportunity)
- Expenses (equipment, payroll)

#### **Parking Lot Items**

Fire Station #7

There was discussion regarding factors contributing to and limiting economic development, and focusing on the workforce of the City.

### **IDENTIFY PRIORITIES FOR THE CITY**

Ms. Casuga led the Council in an exercise that identified the priorities for the City as follows:

- Positional Analysis Study
- Ballfield on the Island
- Water/Wastewater Rate Study
- Pursue Exploration for Courts (Deconsolidation)
- Secondary Water Source
- Explore PED/CVB Deliverables



- Budget Stabilization \$/%
- Circus Discussion

Mayor Sheehy said he is not against nor for the deconsolidation of the Court at this time; however, he thinks the City needs to take the next step to determine what it means and the costs.

Ms. Casuga suggested that maybe it is time for the City to consider being more specific about the deliverables or expectations of return for the contracted organizations. She added that it may be a way for all organizations to be on the same page for an economic development strategy for Lake Havasu City. Mayor Sheehy stated that the City does have this with the Vision 20/20 Plan, so it may be more of a communication strategy that can be connected back up with the City Council.

### **NEXT STEPS**

Mr. Knudson said he appreciated the discussion today from the Council and the direction staff received from Council to move forward.

Ms. Casuga reviewed the Council's objectives and said collectively each of the Councilmember have said it in one way or another in the conversations today and through the items that were brought to the table.

### **CLOSING COMMENTS**

Mayor Sheehy said that with new Councilmembers there is an opportunity for new communication and added that the Council is ready to start fresh and move the City forward.

Councilmember Dolan said as a new Councilmember he thought today was very informative and he appreciated the ability for the Council to have an open discussion in more of a relaxed environment.

Mr. Knudson said the annual budget process will begin with a City Council CIP work session on April 25, 2019.

Councilmember McCoy thanked City staff for their hard work.

Mayor Sheehy thanked the Council for their service to the community, to City staff for their hard work, and to the citizens present for their involvement and commitment in the community.

The meeting adjourned at 3:35 p.m.