

**CITY OF KINGMAN  
MEETING OF THE COMMON COUNCIL  
Council Chambers  
310 N. 4<sup>th</sup> Street**

**3:30 P.M.**

**MINUTES**

**Monday, July 27, 2015**

**WORK SESSION MEETING OF THE COMMON COUNCIL**

<b>Members</b>	<b>Officers</b>	<b>Visitors Signing in</b>
<b>Richard Anderson – Mayor --- EXCUSED</b>	<b>John Dougherty, City Manager</b>	<b>See attached list</b>
<b>Mark Wimpee, Sr. – Vice-Mayor --- EXCUSED</b>	<b>Carl Cooper, City Attorney</b>	
<b>Mark Abram</b>	<b>Keith Eaton, Assistant Fire Chief</b>	
<b>Larry Carver</b>	<b>Greg Henry, City Engineer</b>	
<b>Jen Miles</b>	<b>Robert J. DeVries, Chief of Police</b>	
<b>Stuart Yocum</b>	<b>Diane Richards, Budget Analyst</b>	
<b>Carole Young</b>	<b>Gary Jeppson, Development Services Director</b>	
	<b>Rob Owen, Public Works Director</b>	
	<b>Joe Clos, Information Services Director</b>	
	<b>Sydney Muhle, City Clerk</b>	
	<b>Tina Moline, Finance Director</b>	

**WORK SESSION**

**ALL WORK-SESSION ITEMS LISTED ARE FOR DISCUSSION ONLY. NO ACTION CAN OR WILL BE TAKEN.** The primary purpose of work session meetings is to provide the City Council with the opportunity for in-depth discussion and study of specific subjects. Public comment is not provided for on the Agenda and may be made only as approved by consensus of the Council. In appropriate circumstances, a brief presentation may be permitted by a member of the public or another interested party on an Agenda item if invited by the Mayor or City Manager to do so. The Mayor may limit or end the time for such presentations.

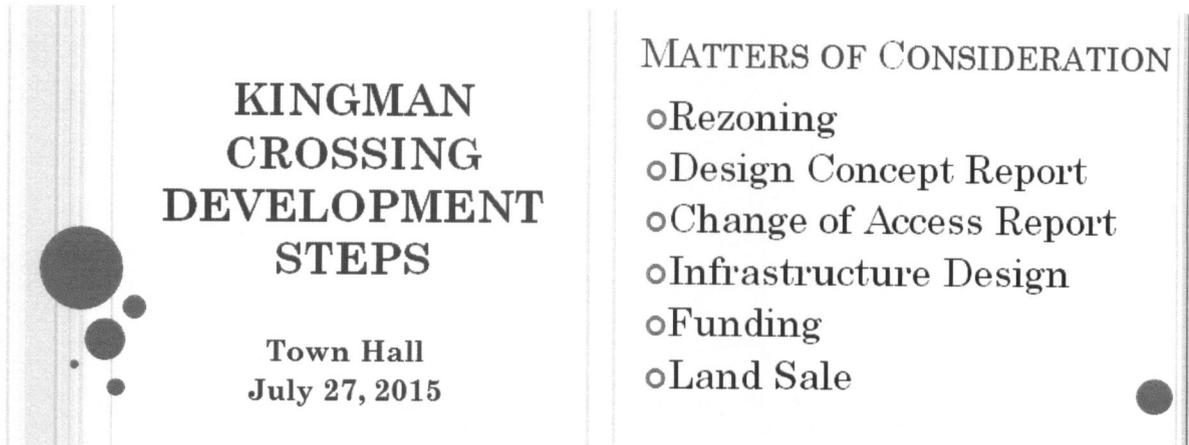
**CALL TO ORDER & ROLL CALL  
PLEDGE OF ALLIGENCE**

Councilmember Carver called the meeting to order at 3:29 P.M. and roll call was taken. All Councilmembers were present except Mayor Anderson and Vice Mayor Wimpee Sr. who were excused. The Pledge of Allegiance was said in unison.

1. **Discussion of the timeline and process for Kingman Crossing**

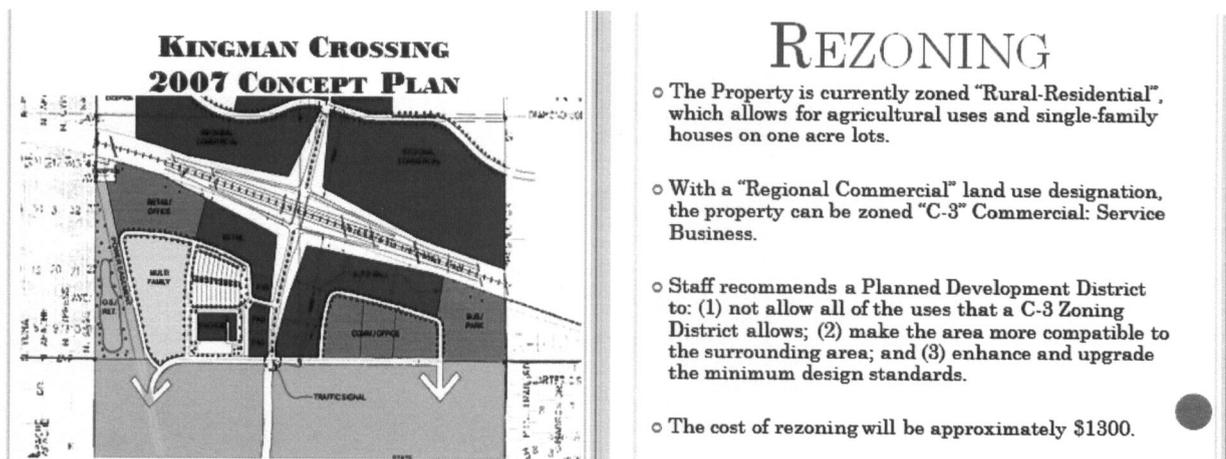
Staff will provide information to the Council concerning the proposed timeline and process regarding Kingman Crossing including, but not limited to, rezoning, election on possible sale of City owned property at the Kingman Crossing location, and the process and timeline for a possible interchange at the location. Staff will answer questions from the Council on the project.

Development Services Director Gary Jeppson gave a PowerPoint presentation.



Slide 1 – Mr. Jeppson gave a synopsis of this slide.

Slide 2 – Mr. Jeppson said that this slide showed the concept plan for the property and there has not been a new one developed since 2007.

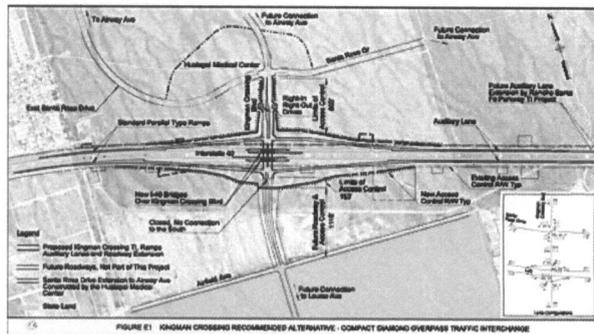


Slide 3 – Mr. Jeppson gave a synopsis of this slide. He said that the cost for this is for publishing ads in the newspaper.

Slide 4 – Mr. Jeppson gave a synopsis of the subdivision law. He said that there is water and sewer at the Kingman Regional Medical Center (KRMC) campus in the area. He said that he is not aware of the engineering costs. He said that he has heard this from others but does not know where these figures come from.

## SUBDIVISIONS

- o ARS §9-463.02. **Subdivision defined: applicability A.** "Subdivision" means improved or unimproved land or lands divided for the purpose of financing, sale or lease, whether immediate or future, into four or more lots, tracts or parcels of land, or, if a new street is involved, any such property which is divided into two or more lots, tracts or parcels of land, or, any such property, the boundaries of which have been fixed by a recorded plat, which is divided into more than two parts."
- o W Kingman Crossing LLC must be willing to subdivide its property in order for the traffic interchange, as it is now approved to be constructed.
- o In order to have access to the City's property from the traffic interchange, a roadway to a collector street must be constructed. Such a roadway will divide the City's property, which means the City's property will need to be subdivided.
- o Water and sewer are located at the Hualapai Campus of KRMC.
- o Staff is not aware where the critics got their engineering cost estimates. Infrastructure costs for development of the south side have not been estimated.



Slide 5 – Mr. Jeppson explained the color variation. He said that the color south is what was is not approved. He said that the referendum meant northern access only.

Slide 6 – This slide showed a map with the proposed traffic interchange.

## SUBDIVISION SURETIES

- Construction of Improvements Prior to Final Plat Recordation
- Escrow Account
- Letter of Credit

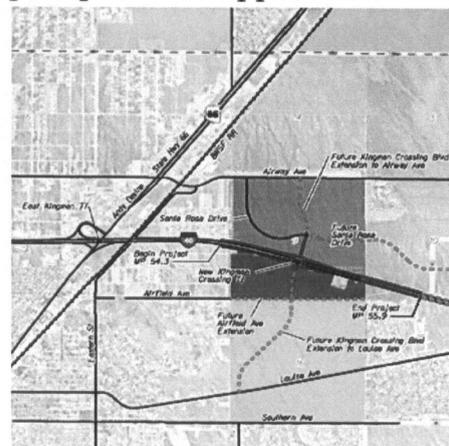


Slide 7 – Mr. Jeppson explained the sureties for subdivision.

Slide 8 – Mr. Jeppson said that the design concept report was approved in June, 2010.

## DESIGN CONCEPT REPORT

- o The current Kingman Crossing DCR, approved June 2010, does not show access to the south of the interchange ramps, therefore, a revised DCR, approved by ADOT and FHWA, is required in order to provide access to the City's property from the interchange.
- o Funding and timing for this revised DCR has not been identified.
- o A route from the interchange to a collector street (Louise Ave.) will need to be constructed in order to allow the southern access to the interchange.
- o A 102-foot of right-of-way and easement exists for the extension of Cherokee.
- o Apache Drive (50-feet)/Sage Street (60-feet) are existing rights-of-way to the west of Section 16.
- o The Airfield Avenue alignment runs along the south portion of the City's property. There is not a street easement or right-of-way on the State Trust land south of the City's property.

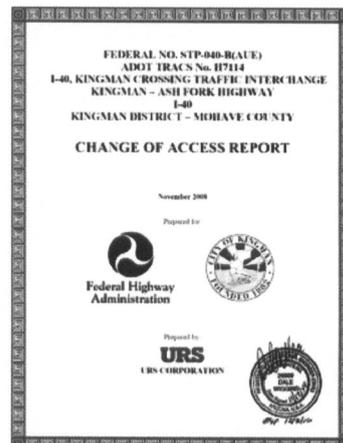
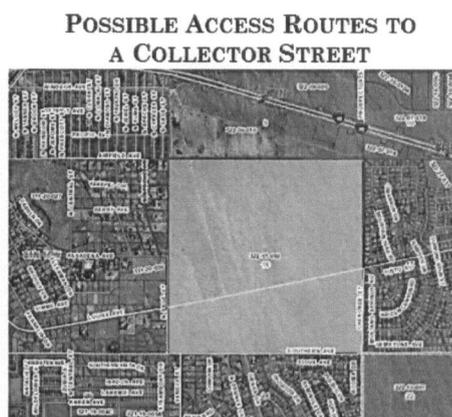


Slide 9 – Mr. Jeppson said that there is no southern access. He said that the City would need to revise this and identify a route from the traffic interchange to a collector street such as Louise Avenue. He said that the City has easements in the area that can be looked at.

Slide 10 – This slide showed the original design maps. Mr. Jeppson said that an access road was planned through Section 16; however, the developer did not buy the property and the plan was scrapped.

Councilmember Miles asked Mr. Jeppson to explain this further.

Mr. Jeppson said that the alternatives were not being recommended. He said that there are other roads but the interchange has to have access to a collector street. He said that staff would recommend Louise Avenue as there is not as much traffic and a collector street would be developed after the sale of Section 16.



Slide 11 – Mr. Jeppson explained that the red lines show possible alignments and explained each.

Slide 12 – Mr. Jeppson gave a synopsis of this slide.

## CHANGE OF ACCESS REPORT

- In addition to the Revised Design Concept Report, a revised Change of Access Report that allows access to the south, across the City's property is necessary before ADOT and FHWA to consider approval of the south access to I-40.
- Funding for this revised Change of Access Report has not been identified.
- No timeframe on review and approval

## DESIGN

- Upon approval of the amended DCR and COAR, the interchange will need to be designed.
- The interchange is currently at the 35% design stage.
- The design period for the interchange to a 95% design stage is estimated to be one year and will cost approximately \$1 million.
- No engineering costs for infrastructure and roadway extensions.

Slide 13 – Mr. Jeppson said that a timeframe has not been established and no engineering firm has been hired for this project.

Slide 14 – Mr. Jeppson said that Kingman Crossing is currently at a 35-percent design stage. He said that the cost to bring the project to bid would be approximately \$1 million. He said that the TIGER grant could be utilized for design within one year if the grant were awarded. He said that there are no costs for roadway extensions or other improvements listed in the design concept report right now.

## SALE OF PROPERTY

- In order to sell property valued over \$500,000, the City is governed by the ARS §9-403. Sale of real property valued at more than five hundred thousand dollars; special election; sale at auction.
- Possibly legislation in the next legislative session could change this limit.
- The ballot decision will need to be made by May 2016 to be on the November 2016 general election ballot.
- If a majority of the ballots cast is in favor of selling, then the City may sell the property at public auction to the highest bidder for cash, reserving the right to reject any and all bids.



Slide 15 – Mr. Jeppson went over the process for the sale of the City owned property at Kingman Crossing. He said that the value limit required to send the sale of the property to the voters may be changed due to proposed legislation. He said that currently the sale of the property would need to go through an election.

Slide 16 – This slide showed a map of the proposed project including the subject City owned property.

Councilmember Young asked if the property must be sold in one piece.

City Attorney Carl Cooper said that this would be up to the Council.

Councilmember Young asked about the costs to construct roads.

Councilmember Abram asked whether the improvement costs would be the responsibility of the property owner.

City Manager John A. Dougherty said that they would unless the purchaser were to negotiate otherwise with the Council. He said that this would be up to the Council.

Councilmember Young said that a decision needs to be made to sell the property as one or two pieces.

Councilmember Carver said that the Council needs options.

Councilmember Young said that if the property is sold in two pieces it does not need to go to the voters and could be subdivided into smaller pieces.

Councilmember Miles asked if the same conditions would be imposed on the north side of the interstate and whether the developers are required to participate in the traffic interchange.

Mr. Jeppson said that this was not correct and that the zoning on the northern portion is not effective until construction begins on the traffic interchange.

Councilmember Miles asked whether the City would want the zoning to be the same on both sides of the interchange.

Mr. Jeppson said that is what staff is recommending but the decision is up to the Council.

Councilmember Young said that she thought that was what came to the Council previously.

Mr. Jeppson said that this is what staff is recommending.

Councilmember Miles said that the Council needs to decide on this.

Mr. Jeppson said that this matter could be placed back on the agenda and if Council approves it the City would begin the process with a public hearing.

Councilmember Carver asked what would happen if the traffic interchange was never completed.

Mr. Jeppson said that construction would only begin if Council were to remove the restriction that prevents construction on the property until construction on the traffic interchange begins.

Councilmember Young asked if the zoning would remain rural residential.

Mr. Jeppson said that it would regardless of ownership.

Councilmember Miles asked if the property owners could start building houses.

Mr. Jeppson said that the property owners could put in the necessary infrastructure and build on one-acre lots.

Councilmember Young said that there is no guarantee that there will be retail on the property.

Councilmember Carver asked if the land was still designated as "Open Space".

Mr. Jeppson said that the land is designated as "Regional Commercial" except for the western 17 acres of the property which is still "Open Space".

Councilmember Abram asked who owns Section 16 which Mr. Jeppson said was State Trust land. Councilmember Abram then asked for clarification that, in order to eliminate the possibility of truck stops and other businesses at the property, the City would have to move forward with the recommended Planned Development District which would secure the area from the development of undesirable businesses.

Mr. Jeppson said that this was correct.

Councilmember Young said that there is no guarantee of what will be built there.

Mr. Jeppson said that a future Council could change the zoning.

Councilmember Young said that it is important to have the traffic interchange. She said that there is no guarantee the traffic interchange will be completed or that the property will be developed as retail. She said that the City has to look at the options to build the property itself and ensure that it is built as commercial.

Mr. Dougherty said that he has never heard the Council say that this was their objective. He said that he has heard the Council say that there would be no money put into the project which he did not believe was accurate. He said that the City will negotiate on the sale of the property and the City can help with the project.

Councilmember Young said that the public perception is that this is going to be lots of retail and sales tax and the traffic interchange will be built. She said that this is not necessarily going to happen and asked if the City should work up a strategy to build the traffic interchange.

Councilmember Carver said that this is a return on investment. He said that our grandchildren will be paying to build this. He said that if the City sells the property and extends the planned development district then there are other options to look at. He said that there will be some City funds spent on the project.

Councilmember Young asked what will be put out. She said that residents think this will be a sure thing and asked if they would prefer to keep the land and save it as a residential area and park with a fire and police station.

Councilmember Miles said that there are other constituents and they would prefer putting the funding into industrial development. She said that there is still a question as to what the City wants to invest in. She asked if it is a good idea to sell the property now. She said that a developer could just build residential housing in which the plan would go away. She said that there is a downside to selling the property right now.

Councilmember Young asked what the value of the property is right now. She asked whether the City should sell the property or hold onto it. She said that she worries the property will sit and go back to residential zoning, which Councilmember Miles agreed with.

Councilmember Abram said that there is no one out there that has said they want to buy the property. He said that there is no guarantee of what will be built there. He said that this is only to ensure what will go in is commercial and will be what the Council wants. He said that the Council should go forward with the zoning change.

Councilmember Young asked if the Council wants to sell the property.

Councilmember Miles said that these steps lead to putting the sale of the property on the ballot. She said that the big question is to put this on the ballot.

Councilmember Young asked said it is whether to put the property on the ballot as residential or commercial.

Councilmember Miles said that this should be put on the ballot with the planned development district since it can still fall back to residential.

Councilmember Carver said that the General Plan classification does not affect the current zoning of "Rural Residential".

Councilmember Young said that when this first came before the Council they were told it was put on the agenda as there was a lot of interest.

Mr. Dougherty said that there is a lot of interest. He said that he has received several calls and he has told anyone interested that the development is still several years away. He said that there is definite interest in the property. He said that the assumption is that the developers have to put in millions for the traffic interchange. He said that there is no planned development right now as he didn't realize it would take five or more years to complete the project.

Councilmember Young asked where the City should start and whether the City should sell the land. She said she talked to lots of developers at the International Council of Shopping Centers (ICSC) conference in Las Vegas and there were several who would love to build here but will not pay for an interchange.

Councilmember Carver said that the Council has reclassified the property in the General Plan and the next step is rezoning. He said that the City is not selling the property yet and needs to rezone it. He said that the property cannot be sold as commercial right now.

Councilmember Miles asked how long it would be before the property reverts back and if there is a sunset on the rezoning.

Mr. Jeppson said that there is no time stipulation and the Council would have to take action to rezone the property back to residential.

Councilmember Miles asked if the property should be sold in the next year knowing that the project would take five years or more to complete and the value will go up closer to the completion of the traffic interchange.

Mr. Cooper said that the authorization to sell the property does not mean that the City is selling the property. He said that it means the voters have said the City can sell the property at any point in time.

Councilmember Young said that she thinks the Council is ahead of itself by re-designating the property without a work group to see if the City wants to sell the property. She said there is no strategy currently.

Councilmember Carver said that the matter presented to Council is strictly for rezoning the property. It is not a question of whether to sell or divide the property.

Councilmember Miles said that she has a very different perspective. She said this is just like a bond and the City has to have a base plan in mind including estimated revenue from the development. She said that this will have a huge impact on the community and the City can plan it out better.

Councilmember Carver said that this should take place after the rezoning. He said that a plan can't be developed if the zoning isn't in place.

Councilmember Miles said that the City needs to have a concept plan and get public buy-in. She said that the City needs to make estimations and judgements. She said that there are standards for development and if the City is relying on this for sales tax the Council needs to know how much capacity there is in that property which would be based on the concept. She asked how much debt the City can go into for this.

Councilmember Young said that there was an analysis done and the estimate was for 200 tax dollars per square foot and included a total figure. She said that that the analysis subtracted leakage. She said that her concern is what's best for the City. She said that it is best to bring in sales tax. She said that if there is a vote to sell the land then she wants to be sure the development is going to bring in sales tax. She said that the people she spoke with at ICSC will not put money into the project though they are interested in building in Kingman. She said that she does not want the land to be developed as residential down the road.

Councilmember Carver said that he is hearing conflicting statements. He said that the property needs to be retail which would be C-3 zoning. He said that retail cannot be developed in a Rural Residential zoning.

Councilmember Young said that the property does not need to be zoned yet. She said that the Council needs to decide whether to sell the property now and then what they want to sell it as. She asked how the City is going to sell and what incentive plans would be. She said that the other side of the interstate wanted sales tax incentives and the Council needs to decide if they want to give that to the buyer of the property.

Councilmember Abram said that this would be part of the negotiations with an interested party.

Councilmember Young said that the Council needs to know what they are willing to give.

Councilmember Miles said that this shouldn't be a mystery. She said that if the Council knows who is interested then they know how much to give away.

Mr. Dougherty said that the Council needs to know how much they are willing to spend before obtaining voter approval to sell the property.

Councilmember Young said that she spoke with a company who wanted to lease the property.

Councilmember Abram said that he sees two items: does the Council do the zoning change and what to do to get the sale of the property before the voters as a commercial property. He said that if the property is sold as commercial it should bring a higher price. He said that the Council wants to rezone the property before thinking about putting the property up for sale. He said that the Council needs a decision for the 2016 election. He said that the first step is the zoning classification and then to get this in the works to present the question to the voters on whether or not to sell the property.

Councilmember Young said that the decision on whether or not to sell the property needs to be made first.

Councilmember Carver said that the City can't sell the property without rezoning it. He said that the Council would have to go back and rezone it after.

Councilmember Young said that there will be a cost to rezone the property now.

Councilmember Carver said that this will allow the property to be marketed as commercial.

Councilmember Young said that an appraisal can be done without the rezoning.

Councilmember Carver said that Councilmember Young keeps going back to selling the property which won't do any good unless the Council wants to sell the property as Rural Residential.

Councilmember Young said that the Council has to make a decision on whether or not to sell the property. She said that the Council never voted to sell the property. She said that there needs to be an agenda item to sell the property then rezone it.

Councilmember Carver said that he thinks the zoning needs to come first which Councilmember Yocum agreed with.

Councilmember Abram said that the Council needs to rezone the property first then decide whether or not to sell it.

Councilmember Young said that she wants what is best for the City and its citizens. She said that she wants it developed as commercial. She said that the Council does not know what is going to happen and a developer could hold the property and develop it as residential.

Councilmember Carver said that if the property is zoned as Rural Residential then commercial development will never happen.

Councilmember Young asked what the property is going to be appraised at. She said that the value in 2008 was appraised at \$10 million if the traffic interchange was put in.

Councilmember Carver said that the property was classified as Open Space then. He said that the City didn't have to rezone the property to appraise it.

Mike Kondelis with the Arizona Department of Transportation (ADOT) discussed the potential timeline for the traffic interchange. He said that everything completed previously will carry forward. He said that access to the north is the only option right now and everything stands. He said that there will be a tremendous amount of work going forward through the design phase. He said that things do take time and five years would be the outside for project completion. He said that if the City gets a consultant on board who is aggressive it can be completed most likely in two to five years.

Councilmember Carver asked if Mr. Kondelis had any idea what the cost would be for the project.

Mr. Kondelis said that \$25 million is within the range but it could be less depending on the bid. He said that ADOT hasn't seen construction costs climb so it would be pretty close to \$25 to \$35 million.

Councilmember Abram asked for clarification that this did not include any additional infrastructure.

Mr. Kondelis said that this would be for the traffic interchange only.

Councilmember Carver said that he agrees a study needs to be done.

Councilmember Miles said that this would involve City resources and where to put them is critical to the City. She said that the Council is taking little pieces and hoping it all works out. She said she thinks the City can do better. She said that they seem like amateurs, which Councilmember Carver disagreed with. She said that they are gaining momentum without knowing the total of what they are buying into. She said that if this could pan out it would be wonderful. She said that options different from this might be prioritized. She said that she hears the good comments about zoning and securing the right kind of business. She said that without access the City can only speculate. She said that the City can't say who is interested, but they can conceptualize.

Councilmember Carver said that if the decision is made to sell then the Council will know who is purchasing the property at that time.

Mr. Dougherty said that the City can propose several options when selling. He said that there is no point to seriously drumming up developers now. He said that the further along the City gets with the project the higher the land value will go. He said that once the City has approval to sell the land they can look at selling in two to five years. He said that developers will be told upfront that they have to put up a substantial part to get this done. He said that this has to do with how much the land sells for. He said that the City can hire consultants to see what is realistic. He asked how far the Council wants to take this before getting voter approval to sell the land and get the project done.

Councilmember Carver asked about the rezoning process.

Mr. Jeppson said that the next step would be a text amendment with the zoning classification on that land. He said that there are a variety of uses that would be restricted with the planned development district. He said that this would go through the public hearing process before coming to the Council. He said that after this there would be a 30 day referendum period and if the matter is not referred then the City can move forward.

Councilmember Carver said that the Council is not discussing selling the property right now.

Councilmember Miles said that the public has an expectations of completed development which needs to be addressed.

Councilmember Carver said that this is just rezoning the property and not selling it right now.

Councilmember Miles said that the public does have an expectation and she is glad the Council is doing this workshop.

Councilmember Young said that the expectation from the beginning is that this is a go which is not necessarily the case. She said that citizens' expectations may not come to fruition.

Abe Martinez addressed the Council and said that the estimated cost of the land was \$183,000 per acre for raw land. They said that the City would need a population of about 200,000 and higher income to draw a developer. He said that a developer won't own enough to do that. He said that they could flip it back and build homes.

Councilmember Young said that this is her fear. She said that there are a lot of national developers who would develop here. She said that tourists will come in and stop. She said that she doesn't want to pay for the interchange and doesn't know that developers would commit to building it. She said that there is a lot to build.

Mr. Dougherty said that this would be a negotiation tactic. He said that two different developers who already own property there have made a \$10 million commitment. He said that the developers already there can't build without this going in. He said that the development is not going anywhere unless the interchange is built.

Tom Carter addressed the Council and said that there was an agreement made in 2007 in which a developer had agreed to pay for the traffic interchange in exchange for keeping any sales tax in excess of the average collected. He said that the agreement fell apart after the economy crashed. He said that looking at the retail situation today Walmart is moving toward neighborhood convenience stores. He said that a developer may want Walmart to contract and build a convenience store in which the City would lose the one currently on Stockton Hill Road. He said that the owner would then have to try to fill that building up like when the last Walmart closed. He cautioned the Council to beware of this.

## **2. Guidance and direction regarding the requested town hall meeting concerning Kingman Crossing**

The Council will provide guidance and direction to staff regarding availability for the "town hall" special Council meeting to be held on Kingman Crossing in order to provide additional information to the public.

City Clerk Sydney Muhle said that she needed to know the dates the Council would be available for this meeting.

Councilmember Carver reminded the Council that the League of Arizona Cities and Towns Conference would take place the third week of August.

Councilmember Miles suggested August 25<sup>th</sup>.

Councilmember Abram said that the week of August 25<sup>th</sup>, 26<sup>th</sup>, and 27<sup>th</sup> seemed to be a good week.

Councilmember Carver asked that staff look at these dates and see if any of them would work.

### 3. Discussion of possible additional revenue streams

Staff will answer questions from the Council on potential additional revenue streams including the establishment of a fire district and institution of a primary property tax.

Finance Director Tina Moline gave a PowerPoint presentation.

City of Kingman – History of Revenue Structure

- 2005**
- No property tax
  - 2% transaction privilege tax ("TPT")
  - 2% additional TPT on hotels (dedicated to tourism)
  - Development investment fees adopted
- 2010**
- 2% additional TPT on hotels (dedicated to capital projects)
- 2011/2012**
- 2% additional TPT on restaurants and bars (dedicated to HURF & general fund public safety purchases)
  - Eliminated development investment fees
- 2013**
- 1% reduction of TPT on restaurants and bars (1% remaining dedicated to HURF)
  - 0.5% additional TPT
- TAX RATES TODAY**
- 2.5% TPT = \$14.1 million dollars
  - 4% additional TPT on hotels = \$720,000
  - 1% additional TPT on restaurants and bars = \$700,000

General Fund Overview of Revenues and Expenditures

	ACTUAL FY13	BUDGET FY16	% Increase (Decrease)	\$ Increase (Decrease)
<b>REVENUES</b>				
<b>Total</b>	<b>\$19,899,760</b>	<b>\$14,100,000</b>	<b>29%</b>	<b>\$5,799,760</b>
Hotel Tax (2.5%)	286,248	280,000	1%	\$6,248
Restaurant & Bar Tax	970,000	0	-100%	-\$970,000
Other Fees	780,000	800,000	1%	\$20,000
State Shared Revenues	6,439,182	6,390,000	0%	-\$49,182
Permitting Fees	1,288,888	1,206,100	-7%	-\$82,788
Performances and Fines	280,019	230,000	-18%	-\$50,019
Building Permits	485,784	300,000	-38%	-\$185,784
Miscellaneous Fees & Charges	221,284	446,100	20%	\$224,816
Internal Fund Transfers	1,503,287	1,102,833	-27%	-\$400,454
<b>TOTAL REVENUES</b>	<b>\$19,899,760</b>	<b>\$14,100,000</b>	<b>29%</b>	<b>\$5,799,760</b>
<b>EXPENDITURES</b>				
Personnel Expenses	\$14,843,272	\$17,868,124	19%	\$3,024,852
Supplies & Services	2,849,833	2,207,416	-21%	-\$642,417
City & Internal Services	1,000,240	1,838,748	84%	\$838,508
Capital Outlay, Lease Purchase & Debt	447,210	63,100	-86%	-\$384,110
Cash Transfers & Budget Adjustments	2,217,263	1,815,300	-18%	-\$401,963
Contingency	0	1,000,000		\$1,000,000
<b>TOTAL EXPENDITURES</b>	<b>\$21,357,818</b>	<b>\$24,832,688</b>	<b>16%</b>	<b>\$3,474,870</b>
<b>RESOURCES FUND BALANCE</b>	<b>\$7,495,486</b>	<b>\$11,337,848</b>	<b>52%</b>	<b>\$3,842,362</b>
<b>RESOURCES FUND BALANCE</b>	<b>\$7,495,486</b>	<b>\$5,517,188</b>	<b>-26%</b>	<b>-\$1,978,298</b>
<b>% OF OPERATING EXPENDITURES</b>	<b>32.80%</b>	<b>20.16%</b>		

Slide 1 – Ms. Moline said that there has been an update to the public hearing for the removal of the half-percent sunset removal. She said that there is a statute that was overlooked which requires notice of the public hearing be placed on the City's website 60 days before. She said that this pushes the public hearing out to October 6, 2015. She said that if the ordinance is adopted it would be effective December 1, 2015. She said that it would remain on the agenda for August 4, 2015, and the Mayor will have to state that the hearing has been moved to October 6<sup>th</sup>. She then gave a synopsis of the history of the City's revenue structure. She said that a property tax proposal has gone to the voters twice and has been denied both times.

Slide 2 – Ms. Moline said that this slide showed an overview of the City's revenue and expenditures. She said that she went over this a couple of months ago and wanted to point out a couple of things. She said that only a small percentage of the increase was related to actual growth. She said that a \$1 million contingency is always included. She said that failure to remove the sunset will eat into the fund balance based on projections by 2016.

General Fund Overview of Revenues and Expenses (cont'd)

	ACTUAL FY13	BUDGET FY16	PROJECTED FY17	PROJECTED FY18	PROJECTED FY19	PROJECTED FY20
<b>REVENUES</b>						
<b>Total</b>	<b>\$19,899,760</b>	<b>\$14,100,000</b>	<b>\$15,839,000</b>	<b>\$14,894,842</b>	<b>\$15,707,181</b>	<b>\$15,289,874</b>
Hotel Tax (2.5%)	286,248	280,000	\$270,000	\$261,924	\$259,282	\$258,183
Restaurant & Bar Tax	970,000	0	0	0	0	0
Other Fees	780,000	800,000	\$804,308	\$808,233	\$812,384	\$816,434
State Shared Revenues	6,439,182	6,390,000	\$7,089,300	\$7,130,499	\$7,201,804	\$7,211,816
Permitting Fees	1,288,888	1,206,100	\$1,212,581	\$1,216,191	\$1,224,282	\$1,246,010
Performances & Fines	280,019	230,000	\$230,000	\$230,000	\$230,000	\$231,800
Building Permits	485,784	300,000	\$15,200	\$30,430	\$46,263	\$64,734
Miscellaneous Fees & Charges	221,284	446,100	\$49,089	\$29,661	\$197,977	\$427,292
Internal Fund Transfers	1,503,287	1,102,833	\$1,000,000	\$1,214,809	\$1,170,862	\$1,187,605
<b>TOTAL REVENUES</b>	<b>\$19,899,760</b>	<b>\$14,100,000</b>	<b>\$16,385,988</b>	<b>\$16,012,649</b>	<b>\$17,476,328</b>	<b>\$18,306,618</b>
<b>EXPENDITURES</b>						
Personnel Expenses	\$14,843,272	\$17,868,124	\$16,189,088	\$16,740,841	\$18,205,189	\$19,841,284
Supplies & Services	2,849,833	2,207,416	\$2,466,841	\$2,630,640	\$2,789,319	\$2,972,548
City & Internal Services	1,000,240	1,838,748	\$1,992,510	\$1,990,738	\$2,209,230	\$2,268,317
Capital Outlay, Lease Purchase & Debt	447,210	63,100	\$276,830	\$902,626	\$928,811	\$957,500
Cash Transfers & Budget Adjustments	2,217,263	1,815,300	\$1,972,970	\$1,022,139	\$1,088,124	\$1,155,918
Contingency	0	1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
<b>TOTAL EXPENDITURES</b>	<b>\$21,357,818</b>	<b>\$24,832,688</b>	<b>\$22,897,329</b>	<b>\$23,693,284</b>	<b>\$25,310,463</b>	<b>\$26,835,669</b>
<b>RESOURCES FUND BALANCE</b>	<b>\$7,495,486</b>	<b>\$11,337,848</b>	<b>\$8,617,286</b>	<b>\$8,389,249</b>	<b>\$7,260,900</b>	<b>\$7,338,316</b>
<b>RESOURCES FUND BALANCE</b>	<b>\$7,495,486</b>	<b>\$5,617,188</b>	<b>\$6,496,266</b>	<b>\$2,646,000</b>	<b>\$1,386,134</b>	<b>\$1,116,439</b>
<b>% OF OPERATING EXPENDITURES</b>	<b>32.80%</b>	<b>20.16%</b>	<b>18.07%</b>	<b>7.47%</b>	<b>4.95%</b>	<b>4.12%</b>

Mohave County Comparisons

TAX RATES AND PUBLIC SAFETY SERVICES PROVIDED

NAME	2013		PROP TAX		PROP TAX		TOTAL PROP		POLICE		FIRE		TOTAL	
	CRIME	POLICE	RATE	RATE	TAX RATE TO POLICE	TAX RATE TO FIRE	TAX RATE TO POLICE	TAX RATE TO FIRE	TAX	TAX	TAX	TAX	TAX	TAX
Kingman	26,088	yes	yes	0	0	10.6804	2.3	0	6.3	3.3	2.3	2.3	2.3	2.3
Luised City	25,540	yes	no	0	0	12.8204	2.0	0	3.0	2.0	2.0	2.0	2.0	2.0
State Nevada City	32,327	yes	yes	0.7608	0	11.2436	2.0	0	3.0	3.0	2.0	2.0	2.0	2.0

REVENUES (data represented in millions)						
City	Sales Tax	Property Tax	State Shared	Other	Total Revenues	Sales Tax % of Total Revenues
Kingman	14.50	0.00	6.99	4.81	26.30	54.8%
Luised City	10.70	0.00	10.81	4.30	25.80	41.5%
State Nevada City	18.20	4.30	13.81	9.39	45.70	39.7%

PUBLIC SAFETY COSTS (data represented in millions)						
City	Total QP	Police	Fire	P/S % of Total	Total QP	P/S % of Total
Kingman	17.7	6.3	3.3	36%	28.8	6.3
Luised City	18.2	11.0	0.0	60%	27.2	11.0
State Nevada City	33.7	11.8	9.8	35%	49.3	11.1

Slide 3 – Ms. Moline gave a synopsis of this slide. She said that there has been an increase of approximately two-percent year over year. She said that by Fiscal Year (FY) 2020 expenses will be \$1 million over revenues. She said that there will also be no fund balance by FY20. She said that increasing revenue or reducing expenditures are the only options.

Slide 4 – Ms. Moline said that this slide showed a comparison with other cities in Mohave County. She said that Kingman has the lowest property tax rate and Bullhead City has the highest. She then gave the rates for each. She said that Kingman’s sales tax is higher and Kingman provides police and fire services without a property tax.

**Revenue Options**

**Other Comparisons and Information**

- There are 91 cities and towns in Arizona
- 38 do not have a property tax
- 18 provide both police and fire services
- The average tax rates for these 18 cities are:
  - 2.72% sales tax
  - 2.44% food tax
  - 5.32% bed tax
  - 3.11% restaurant and bar tax

PROPERTY TAX LEVY	\$ 1,000,000	\$ 1,000,000	\$ 6,000,000
Property Owner Rate/\$100 Assessed Value	\$ 0.2637	\$ 1.6970	\$ 3.8942
Yearly Cost to Property Owner with \$100,000			
Property Value	\$ 36.37	\$ 169.70	\$ 389.42

HISTORICAL ASSESSED VALUES	Primary Assessed Value	Difference in Prior Year Value
Fiscal Year		
2014-13	176,779,183	-4.88%
2013-14	183,843,037	-3.00%
2012-13	193,318,881	-4.70%
2011-12	208,190,104	-19.20%
2010-11	230,908,827	-13.80%
2009-10	264,288,369	-6.90%

SALES TAX REVENUE SOURCES	0.50%	1.00%	1.50%	2.00%
Increase Room Tax TPT	\$90,000	\$180,000	\$270,000	\$360,000
Increase Restaurant & Bar TPT	\$350,000	\$700,000	\$1,050,000	\$1,400,000
Increase TPT	\$2,800,000	\$3,800,000	\$4,400,000	\$11,200,000
Implement Food Tax	\$440,000	\$880,000	\$1,320,000	\$1,760,000

COST TO CONSUMER				
	0.50%	1%	1.50%	2%
\$1	\$0.01	\$0.01	\$0.02	\$0.02
\$10	\$0.05	\$0.10	\$0.15	\$0.20
\$100	\$0.50	\$1.00	\$1.50	\$2.00
\$1,000	\$5.00	\$10.00	\$15.00	\$20.00
\$10,000	\$50.00	\$100.00	\$150.00	\$200.00
\$100,000	\$500.00	\$1,000.00	\$1,500.00	\$2,000.00

**Kingman Tax Rates**

- 2.50% sales tax
- 0.00% food tax
- 6.50% bed tax
- 3.50% rest & bar tax

Slide 5 – Ms. Moline gave a synopsis of this slide. She said that Kingman generates less revenue than other municipalities without a property tax.

Slide 6 – Ms. Moline gave a synopsis of this slide. She said that there is a hope that property values will increase though this won't happen in the next few years. She then gave additional sales tax options and the figures from potential taxes and the costs to consumers.

**Fire District Information**

A.R.S. § 48-807 states that "The board, based on the budget submitted by the district, shall levy, in addition to any tax levied as provided in section 48-806, a tax not to exceed three dollars twenty-five cents per one hundred dollars of assessed valuation."

Fire department operating budget	\$6,300,000
\$6.3M = 42% of TPT	
\$6.3M = 1.12% TPT	
\$6.3M = \$336.38 cost to property owner	

PROPERTY TAX LEVY	\$ 1,000,000	\$ 1,000,000	\$ 6,100,000
Property Owner Rate/\$100 Assessed Value	\$ 2.8284	\$ 2.2644	\$ 3.2638
Yearly Cost to Property Owner with \$100,000			
Home Value	\$ 282.84	\$ 226.44	\$ 326.38

The timeline for creating a Fire District, if there were no delays, could take up to 16 months. Depending on what time of year the Fire District was created, the timeline for receiving the revenue could be another 14 months.

**Primary Property Tax Timeline Summary**

- May 2016**  
Primary property tax election
- If property tax is passed by voters, then:  
**February 2017**  
Notice of Values mailed to property owners
- August 2017**  
Final values and rates are set
- September 2017**  
Property tax statements are mailed
- October 2017**  
Tax bills are due
- November 2017**  
First set of payments are mailed to taxing jurisdictions

Slide 7 – Ms. Moline gave a synopsis of this slide and what would be allowed for a fire district by statute. She then gave the potential timeline for a forming a fire district.

Slide 8 – Ms. Moline gave a synopsis of this slide which showed the timeline for a property tax election.

Councilmember Young asked about the 6.5-percent bed tax which Ms. Moline gave the projection for.

Councilmember Abram asked for clarification that this would bring FY16 into breakeven.

Ms. Moline said that it would based on projections. She said that the City typically spends less than budgeted but this is never a guarantee.

Councilmember Miles asked for clarification that if the half-percent sales tax is extended the City would be in the negative by 2023.

Mr. Dougherty said that this is strictly a projection and adjustments are made each year.

Ms. Moline said that this is reassessed each year and the City would need to make cuts in spending in this scenario.

Councilmember Abram noted that there was a one-percent gap.

Ms. Moline said that the City has historically been over projections by one-percent and under budget by ten-percent conservatively.

Councilmember Carver said that the fear with a property tax is that if it is put in place the Council can raise it at any time which is not true. He said that the City wants to try to get \$6 million to fund public safety. He said that the City can only grow a certain amount. He said that this would help if property ownership would continue to grow.

After being asked, Ms. Muhle said that property taxes are assessed each year.

Councilmember Carver said that the city needs to do the research to see how this would work.

Councilmember Young said that this was discussed when the half-percent increase was implemented and the Council would need to revisit it.

Councilmember Carver said the city would only grow so much and that property owners don't pay for it. He said that there are a lot of out of town and out of state property owners that the City provides services to who do not pay. He said that he understands not wanting to pay more but services require funding. He said that the sales tax is to variable.

Councilmember Young said that the City needs to look seriously at either a fire district or a property tax. She said that the Council knew the City would start getting into the funds they have and would eventually have a zero balance and get into the negative. She said that the City cannot keep raising the sales tax and would have to do this in a few years. She said that people will be really upset as sales tax is so high. She said that there needs to be a discussion and decision on offering either or both to the voters.

Mr. Cooper said that a property tax would be through the voters and a fire district would go through the Mohave County Board of Supervisors and petitions. He also clarified that if a fire district were to move forward it would be under a separate governing entity.

Councilmember Carver said that Council cannot serve as the fire board and the City would give up the equipment purchased. He said that fire districts used to be more viable but now are more restrictive.

Assistant Fire Chief Keith Eaton said that there is very little conversion from a municipality to a fire district. He said that he is currently part of an education program and this has been a hot topic which he did a research project on. He said that the fire district would have to purchase equipment and buildings or lease them. He said that the fire district is governed through statute. He said that the department wants to give the best possible service to the citizens and a district very much hand cuffs them. He said that statute limits the values for fire districts which is presenting a problem statewide. He said that sales tax is most volatile and fluctuates. He said that under a district services might suffer. He said that the Dolan Springs fire district is having problems. He said that the department will get whatever information would be needed to make this decision.

Councilmember Miles said that these would be in addition to extending the half-percent sales tax. She said that a workshop is a great platform for this and it is important for the public to know the projections based on this being extended. She said that the City needs to provide information on what would be done. She said that the alternative would be cutting expenditures and does not look pleasant. She said that the community needs to be aware that the Council needs to take action on the sales tax and take action on one of the other options.

Councilmember Carver said that these are two separate items and he was hoping the sales tax would be reduced.

Councilmember Miles said that the sales tax would hopefully be reduced if a property tax were passed. She said that people are anxious about increased taxes and need to know the potential offset to reduce costs if implemented. She said that the City can't keep increasing sales tax.

Councilmember Carver suggested that the Council give direction to bring back more information for the property tax process as well as a presentation on it and the history of the property tax.

Councilmember Young said that the Council did increase sales tax intending to not be in the position it is today. She said that they intended on having a permanent revenue structure to give that half-percent back.

**4. Discussion of the process for setting and preparing the agenda for Council meetings.**

Councilmember Yocum has requested a discussion item to review the process of creating an agenda for Council meetings. Staff will present information on the City of Kingman ordinance governing setting the agenda as well as the process to put the agenda together.

Councilmember Carver read a portion of the ordinance governing the agenda process that was provided to Council.

Councilmember Yocum said that he was dismayed that two members of the Council were not present for this discussion.

Councilmember Carver asked if Councilmember Yocum wanted to postpone this item to another meeting.

City Attorney Carl Cooper said that the Council could discuss this item today and at another meeting.

Councilmember Yocum said that he thought all members of the Council should be present for this discussion.

City Manager John A. Dougherty said that this has not just been an issue for Councilmember Yocum, but for Vice Mayor Wimpee Sr. as well. He said that he was told to remove something from the agenda by the Mayor and this put him in the middle which he is tired of.

Councilmember Young said that this was discussed with a different Council and the Council was told to go through the City Manager. She said that when an item is placed on the agenda the item should be there and not be changed.

Councilmember Carver said that the Council can get the information out that if a Council member requests an item then it shall be on there.

Mr. Cooper said that this has been conveyed. He said that staff has to ensure that timelines are followed which can be waived if needed.

Councilmember Carver clarified that if something is placed on the agenda then the Mayor cannot remove it, which Mr. Cooper agreed.

City Clerk Sydney Muhle then discussed the process involved in setting the agenda.

Councilmember Young said that it is disrespectful that these items were taken off without permission.

Councilmember Carver said that there are timelines to deal with and no one can pull an item off arbitrarily.

Councilmember Young said that it is up to the City Manager to come back to the requesting Council member.

Councilmember Yocum asked what it would take to revise the ordinance.

Mr. Cooper said that it would require another ordinance to be approved.

Councilmember Yocum said that the current ordinance makes it seem like the mayor might have the authority to change, alter, or remove an item. He said that it needs to be clarified so that no one has the authority to do so without the consent of the requesting Council member.

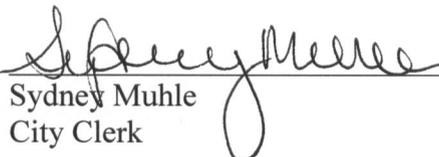
Mr. Cooper said that this can be a future agenda item to bring back. He suggested adding that Council members fill out the Communication to Council to guarantee they get exactly what they want.

Councilmember Young said that the Mayor and City Manager are responsible to make sure the agenda is set and the third sentence of the paragraph clarifies this.

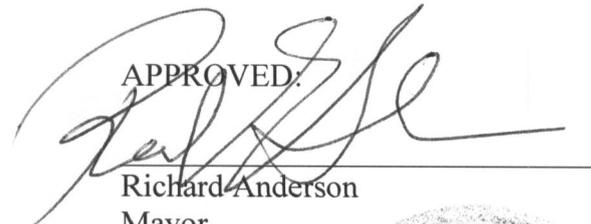
Councilmember Carver said that an item can be removed with the consent of the requesting Council member and this can be clarified.

**ADJOURNMENT**--- the meeting was adjourned at 5:12 P.M.

ATTEST:

  
Sydney Muhle  
City Clerk

APPROVED:

  
Richard Anderson  
Mayor

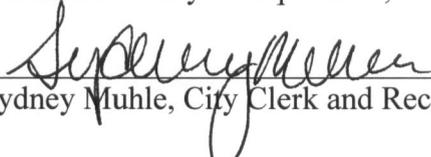


STATE OF ARIZONA)  
COUNTY OF MOHAVE)ss:  
CITY OF KINGMAN)

CERTIFICATE OF COUNCIL MINUTES

I, Sydney Muhle, City Clerk and Recording Secretary of the City of Kingman, Arizona, hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting of the Common Council of the City of Kingman held on August 4, 2015.

Dated this 1<sup>st</sup> day of September, 2015.

  
\_\_\_\_\_  
Sydney Muhle, City Clerk and Recording Secretary