

**MINUTES OF THE REGULAR MEETING  
OF THE HONORABLE TOWN COUNCIL OF THE TOWN OF PINETOP-  
LAKESIDE, ARIZONA, HELD ON THURSDAY, JANUARY 18, 2018  
IN THE TOWN COUNCIL CHAMBERS LOCATED AT  
1360 N. NIELS HANSEN LANE, LAKESIDE, AZ 85929**

**A. Call to Order**

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

➤ **Roll Call:**

The following Council Members were present:

Stephanie Irwin	Mayor	
Jerry Smith	Vice Mayor	
Kathy Dahnk	Council Member	<i>Participated via phone</i>
Cathy Penrod	Council Member	
James Snitzer	Council Member	
Norris Dodd	Council Member	

The following Council Member was excused:

Carla Bowen	Council Member
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Also Present:

Keith Johnson	Town Manager
Kevin Rodolph	Finance Director
Remilie S. Miller	Town Clerk
Kendra Abel	Library Manager
Matt Patterson	Public Works Director
Dan Barnes	Acting Police Chief
Tony Alba	Community Services Manager
John M. Beeler, Sr.	Veterans of Foreign Wars of the US Post 2364
Roger Stevens	Past-Commander, VFW US Post 2364
Al Jones	Past-Commander, VFW US Post 2364
David Rojko	Senior Vice Commander, VFW US Post 2364
Eddie Zazueta	Junior Vice Commander, VFW US Post 2364

Also Present (continued):

Margaret Heath	Board Member of the Walking Down Ranch, Inc.
Adam Garrard	Vice President of the Walking Down Ranch, Inc.
Lynn Krigbaum	Vice President of TRACKS

➤ **Pledge of Allegiance and Invocation:**

Mayor Irwin led the Pledge of Allegiance to the Flag.

Keith Johnson, Town Manager delivered the invocation.

**B. Call to the Public**

Mayor Irwin called for public comments.

Lynn Krigbaum of 2254 S. Pine Lake Road, Pinetop AZ and Vice President of TRACKS announced the following:

- Through grant funding and partnerships of TRACKS and White Mountain Open Trails Association (WMOTA) along with the forest service and other sponsors 100,000 copies of maps “*Trail System of the White Mountains (motorized and non-motorized trails)*” were produced for everyone to utilize.
- Game and Fish “Annual Eagle Program” is scheduled for February 10, 2018 at 10:00 a.m. in the White Mountain Nature Center. Eagles will be viewed at Lazy Oaks and Rainbow Lake.
- Northeast Arizona Economic Development Summit is scheduled for February 21 through 23, 2018 in Snowflake. Events on February 22<sup>nd</sup> include speakers/panel discussion on issues such as Broadband; and on February 23<sup>rd</sup> Tom O’Halloran, U.S. Representative from Arizona 1<sup>st</sup> Congressional District will be the guest speaker.

**C. Consent Agenda**

Mayor Irwin announced consideration of the Consent Agenda and explained that all items listed would be acted upon by a single vote of the Council, unless a member of the Council asked that specific items be removed from the Consent Agenda, discussed and voted upon separately.

Vice Mayor Smith moved for passage of the Consent Agenda. Council Member Dodd seconded the motion and was carried unanimously.

**C.1                    Consider Approval of the Minutes of the Town Council  
   Regular Meeting held on January 4, 2018.**

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By a majority vote under the Consent Agenda, Town Council approved the minutes of the Town Council Regular meeting held on January 4, 2018.

**C.2                    Consider Approval of the Town Check Register  
   for the Period December 1 through 31, 2017**

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By a majority vote under the Consent Agenda, Town Council approved the Town Check Register for the period December 1 through 31, 2017.

**D.     Business Before the Council**

Mayor Irwin announced that Public Comment will be taken at the beginning of each agenda item, after the subject has been announced by the Mayor and explained by Staff. Any citizen, who wishes, may speak one time for five minutes on each agenda item before or after Council discussion. Questions from Council members, however, may be directed to staff or a member of the public through the Mayor at any time.

**D.1                    Presentation of the Voice of Democracy Award**

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John Beeler of Pinetop Veterans of Foreign Wars (VFW) Post 2364 reported that the Voice of Democracy Written-Audio Essay program provides students in Grades 9-12 with an opportunity to express their thoughts in a democratic and patriotic-themed recorded essay. It has been twenty years they been partnering with the Blue Ridge High School for this program.

Mr. Beeler introduced members of VFW Post 2346, Roger Stevens, Past-Commander, Al Jones, Past-Commander, David Rojko, Senior Vice Commander, and Eddie Zazueta, Junior Vice Commander.

Mr. Beeler along with the members of Pinetop Veterans of Foreign Wars Post 2364 presented the award certificates and checks to the top winners of the Voice of Democracy Contest 2017-2018; and they are as follows:

	<u>Student</u>	<u>School</u>	<u>Award</u>
1 <sup>st</sup> Place	Daniel J. West	Blue Ridge High School	\$100 & plaque
2 <sup>nd</sup> Place	Emilia A. Banuelos	Blue Ridge High School	\$75 & certificate
3 <sup>rd</sup> Place	Catalina R. Lopez	Blue Ridge High School	\$50 & certificate
4 <sup>th</sup> Place	Miriam T. Jordan	Blue Ridge High School	\$25 & certificate
4 <sup>th</sup> Place	Elizabeth Rapacz	Blue Ridge High School	\$25 & certificate
4 <sup>th</sup> Place	Lily H. Hamridge	Blue Ridge High School	\$25 & certificate

Mr. Beeler announced that Daniel J. West also won 3<sup>rd</sup> Place at District 6 competition.

Mayor and Council recognized the winners for their accomplishments.

Further, Mr. Beeler recognized the Judges for this year’s contest and distributed “Certificate of Appreciation” to Town Manager Keith Johnson, Library Manager Kendra Abel.

Mr. Beeler also recognized former Community Services Manager Matthew Williams. Town Clerk Miller will mail the certificate at Huachuca City.

**D.2 Presentation of Teachers of the Year**

John Beeler of Pinetop Veterans of Foreign Wars (VFW) Post 2364 recognized the teachers for what they do and the hours they put in for their students. The names of the teachers were submitted to the VFW for recognition.

Mr. Beeler along with the members of Pinetop Veterans of Foreign Wars Post 2364 presented the “Cristal Apple Award” to the following:

1. Larry Garrison – Blue Ridge High School
2. Mike Schimmel – Blue Ridge Elementary School
3. Damita Temper – Blue Ridge Elementary School

Mayor and Council recognized the teachers for their hard work, dedication and contribution to the community.

**D.3 Introduction of Town of Pinetop-Lakeside  
New Community Services Manager Tony Alba**

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Town Manager Johnson introduced the new Community Services Manager Tony Alba to the Mayor and Council. He first met Mr. Alba sometime in spring of 2017. Mr. Alba worked for the Arizona Office of Tourism, Phoenix Convention Center and various other organizations. Town Staff is excited to work with Mr. Alba and lucky to have a person of such caliber working for the Town. Things are already happening and have made connections with the Arizona Commerce Authority.

Mr. Alba expressed that he is delighted, honored and excited to work for a great community.

**D.4 Mayor’s Proclamation “Town of Pinetop-Lakeside  
School Choice Week, January 21 through 27, 2018”**

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Mayor Irwin proclaimed the week of *January 21 through 27, 2018* as “*Town of Pinetop-Lakeside School Choice Week*” and called this observance to the attention of all of our citizens.

**D.5 Resolution No. 18-1438  
Approving and Authorizing Execution of the  
Second Amendment of the “Contracted Services Agreement  
with the Humane Society of the White Mountains”**

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Town Manager Johnson recommended that the Mayor and Council adopt a resolution approving and authorizing execution of the second amendment of the contracted services agreement with the Humane Society of the White Mountains.

Town Manager Johnson reported that the Town of Pinetop-Lakeside entered into contracted services agreement with the Humane Society for animal impoundment services on August 16, 2012. The current agreement expired in July 2017.

Town Staff would like to issue a second amendment to the current agreement extending the terms for five (5) years expiring on July 1, 2022.

The fiscal impact identified is for five (5) years; \$20,000 annually will be budgeted for professional services.

## DISCUSSION

Mayor Irwin asked Ms. Pace on the number of animals they received from Pinetop-Lakeside.

Ms. Deena Pace conveyed that they took in 1200 animals last year. The Town Animal Control Officer brought in 80 animals last year. Further, Ms. Pace indicated that at the next Town Council meeting she will provide full report including the number of animals the citizens bring in.

Council Member Penrod thanked Ms. Pace and her organization for all the things they do for the community.

Vice Mayor Smith moved for passage of Resolution No. 18-1438, approving and authorizing Execution of the Second Amendment of the contracted Services Agreement with the Humane Society of the White Mountains. Council Member Dodd seconded the motion as was carried unanimously.

Mayor Irwin then declared Resolution No. 18-1438 passed and adopted.

D.6

### **Resolution No. 18-1439**

#### **Adopting a Residential Anti-Displacement and Relocation Assistance Plan for Fiscal Year 2018, as Required Under Section 104(D) of the Housing and Community Development Act of 1974 as amended**

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Public Works Director Patterson recommended that the Mayor and Council adopt the Residential Anti-Displacement and Relocation Assistance Plan for Fiscal Year 2018 as required.

Public Works Director Patterson reported that the Town of Pinetop-Lakeside will provide relocation assistance, as described in the ACT and implementing regulations, to each LM household displaced by demolition of housing or by the conversion of a LM dwelling unit to another use as a direct result of assisted activities.

Consistent with the goals and objectives of activities assisted under the ACT, the Town of Pinetop-Lakeside will take the following steps to minimize displacement of persons from their homes:

1. Coordinate code enforcement with rehabilitation and housing assistance programs.
2. Evaluate housing codes and rehabilitation standards in reinvestment areas to prevent undue financial burden on established owners and tenants.
3. Stage rehabilitation of apartment units to allow tenants to remain in the building/complex during and after the rehabilitation, working with empty units first.
4. Arrange for facilities to house persons who must be relocated temporarily during rehabilitation.
5. Adopt policies to identify and mitigate displacement resulting from intensive public investment neighborhoods.
6. Adopt policies which provide reasonable protections for tenants faced with conversion to a condominium or cooperative.
7. Adopt tax assessment policies, such as deferred tax payment plans, to reduce impact of increasing property tax assessments on lower income owner-occupants or tenants in revitalizing areas.
8. Establish counseling centers to provide homeowners and tenants with information on assistance available to help them remain in their neighborhood in the face of revitalization pressures.

Public Works Director Patterson conveyed that the fiscal impact would be the Town will be required to receive FY 2018 CDBG Regional Account Project Funds of \$477,808.

Council Member Dodd move for passage of Resolution No. 18-1439, adopting a Residential Anti-Displacement and Relocation Assistance Plan for Fiscal Year 2018, as required under Section 104 (D) of the Housing and Community Development Act of 1974 as amended. Vice Mayor Smith seconded the motion and was carried unanimously.

Mayor Irwin then declared Resolution No. 18-1439 passed and adopted.

D.7

**Public Hearing**  
**Resolution No. 18-1440**  
**Authorizing the Submission of an Applications(s) for FY 2018 State**  
**Community Development Block Grant Funds**

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***Council Member Snitzer declared a conflict of interest and did not participate in discussion or voting on this item.***

Ms. Mary French-Jones representing the Town Public Works Department recommended that Mayor and Council proceed with the Community Development Block Grant (CDBG) projects' review and prioritize the projects based on the nine (9) part test.

The two (2) potential CDBG projects' information was provided in the agenda packet for Town Council review, ranking and prioritization:

- Veterans Village-Lakeside Project;
- Johnson Drive Infrastructure Improvements Project
- Town Council Memo

The Town of Pinetop-Lakeside is eligible to submit a Fiscal Year 2018 Regional Account Application to Arizona Department of Housing for Community Development Block Grant funds. Community Development Block Grant funds are distributed through a partnership consisting of US Department of Housing and Urban Development, Arizona Department of Housing and the regional Council of Governments. The Town receives the allocation every fourth year, distributed through Northern Arizona Council of Governments ("NACOG"). Initially, the Town's Regional Account FY 2018 allocation was an estimated 238,904; however the Town of Taylor has declined their FY 2018 NACOG allocation, therefore Pinetop-Lakeside will receive the allocation, or additional funds in the amount of \$238,904. The Town will be eligible for the combined estimated allotment of \$477,808.

The Town is responsible for conducting at least two public hearings, with the second public hearing conducted during a Town Council meeting. The Town Council will be requested to review and consider projects announced during the first public hearing conducted on November 14, 2017.



During the second public hearing scheduled for January 18, 2018, the Town Council will prioritize projects based on a nine (9) part test.

- The project must meet a National Objective.
- The project must fall into a category explicitly authorized by CDBG statute as an eligible activity.
- The applicant must be eligible.
- The project must result in a “benefit”.
- The project must be ready to start.
- The recipient must have the capacity to complete the project in a timely manner.
- The community and the project must comply with federal overlay statues.
- The project must comply with the priorities of the State as articulated in the State’s Consolidated Plan and Annual Action Plan.

Non-Profit Required Documentation

- √ 501 (c) (3) IRS Determination Letter -
- √ Articles of Incorporation
- √ Current Board Members
- √ Financial Management Certification
- √ 504/ADA Compliance (Self Evaluation & Transition Plan)
- √ Recent Financial Audit or Current Financial Statement
- √ Board Minutes, Applicable to CDBG Project
- √ Certification of Good Standing

Projects announced for consideration at first public hearing.

The number one ranked prioritized project will be advanced for the Arizona Department of Housing’s consideration and concurrence with an eligible backup project prepared, if deemed applicable.

At the November 14, 2017 CDBG Public Hearing several projects were announced. Potential projects are listed in no particular order and are available for Town Council review and consideration:

<b>Projects Announced</b>	<b>Project</b>
<p>Veterans Village Lakeside - Infrastructure Improvements Project</p>	<p>Project is submitted by Walking Down Ranch, Inc. a local non-profit. The project will facilitate a property survey and a drainage report required for the design and construction of the following improvements:</p> <ol style="list-style-type: none"> <li>1) Infrastructure improvements to support the existing 21 structures;</li> <li>2) Facilitate drainage improvements to comply with Town code;</li> <li>3) Reconfigure parking to ensure parking circulation. The project meets the low-moderate income threshold and is situated in the Lakeside Village Redevelopment Area.</li> </ol>
<p>Johnson Drive - Infrastructure Improvements Project</p>	<p>Project is submitted by Pinetop-Lakeside Public Works Department. The project will facilitate design and construction for the following improvements:</p> <ol style="list-style-type: none"> <li>1) Acquire right-of-way;</li> <li>2) Replace and/or add, where deficient, sidewalk, curb, gutter, asphalt, drainage, improves public transportation; ADA-compliant parking on Johnson Drive.</li> </ol> <p>The project incorporates aspects of the Town’s desire for urban pathway connectivity and complements other projects constructed using federal funds. The project is situated in the Lakeside Village Redevelopment Area</p>

## PRESENTATION

Ms. Mary French-Jones representing the Town Public Works Department offered a slide presentation regarding FY2018 Community Development Block Grant program information. She highlighted the program process, eligibility, goals, priorities and timeline. She also presented the project(s) for the Town Council's consideration and prioritization: Veterans Village – Lakeside submitted by Walking Down Ranch, Inc. (\$477,808) and Johnson Drive submitted by the Public Works Department (\$477,808).

Margaret “Maggie” Heath, Executive Director, Walking Down Ranch, Inc. offered a brief history of their organization. She stated that Alfred and Ann Avenenti started the concept in 2012 using their own money and assisting veterans in the White Mountains, since some veterans have no means for the necessities that life requires. In 2014, the Avenenti filed the 501(c) (3) non-profit application and obtained non-profit status on July 1, 2014. In June 2017, Walking Down Ranch, Inc. leased the old Rainbow Lodge Cabin owned by East Valley Firefighter Charities, Inc. The property cabins need restoration, and if awarded the CDBG grant, their organization can redo the infrastructure on the property such as the waterline, electric, and sewer issues that would bring the infrastructure into compliance. It will be a win-win situation for the veterans, the community and the Town of Pinetop-Lakeside.

Adam Garrard, Vice President of Walking Down Ranch, Inc. shared his life experience of being a veteran with nowhere to go and no reason to live. This is why he needed this place like other veterans in the White Mountains. He said he is now working for the State of Arizona as a Workforce Specialist assisting veterans to get back in the workforce. He explained that part of the facility where Walking Down Ranch Inc. operates include an outreach center; this facility will provide veterans a place where people understand them.

Mr. Garrard reported that he was given permission by the State to assist the veterans at this location. Currently, he is assisting five (5) veterans that are currently housed in a hotel courtesy of Ms. Maggie Heath and her organization. The community is willing to help the veterans, all they need right now is a place. This will be a great opportunity, life-changing for so many people. The veterans are not asking for a hand out, they are asking for a hand up. Mr. Garrard pleaded for the Town Council to support the project proposed by Walking Down Ranch, Inc.

Additionally, Mr. Garrard announced that the Alcoholics Anonymous is using the property to conduct meetings; this is another avenue for assisting veterans who would not seek this type of assistance themselves.

Mrs. Heath stated that the Rainbow Lodge Cabin is the last two historic districts of the six historic landmarks left in Pinetop-Lakeside. This historic district is something that needs to be preserved. The veterans would not just live there; they will be working on the property and helping with the restoration of the history of the Town.

Mrs. Heath added that the infrastructure, replacing sewer and waterlines that have been there since the early 30's, and getting everything into Town compliance is a win-win situation for everyone. Consideration for this project grant funding is more than the organization can ask for.

Public Works Director Patterson conveyed the Johnson Drive project is mostly to connect the Highway 260 from the White Mountain Boulevard. The project would address connection for kids using the Public Library and fixing the ADA compliance concerns at the Library.

Further, Public Works Director Patterson stated that both projects (Veterans Village – Lakeside and Johnson Drive Projects) will be overseen by the Town Staff as the Acting Project Manager.

***Mayor Irwin called for public hearing to allow comments on this matter.***

Glen Bradley and Julie Bradley of 5001 Pioneer Lane, Lakeside AZ 85929 expressed support to the proposed project of Walking Down Ranch, Inc. They are both advocates doing humanitarian work through American Red Cross nationally and internationally. They said the project is very important for the Town and something really good for the community. The organization encourages and enables people to become productive residents of the community. The organization is putting a long vacant building to a good business use and re-energizing and repurposing the biggest and the most visible eyesore in all of Pinetop-Lakeside area. The organization will also be providing needed support for the military people and veterans. After volunteering for this organization and meeting veterans on the property, they are very proud to live in the community that is providing this kind of support to the people that need public support. This project will do a lot to improve the image of Pinetop-Lakeside from both visual and public perspective.

Ms. Jones reminded the Town Council that site control is important to the Town of Pinetop-Lakeside. With receipt of the grant, come the obligations of any CDBG projects. Site control is a long-term obligation. Projects include design, engineering, bidding, contracting and construction within a twenty-four month period. Part of the obligation with the non-profit or for profit organization, is that for five (5) years after the Arizona Department of Housing close-out achieving all environmental review, and all federal requirements and stipulations completed, the project should remain viable. The Town of Pinetop-Lakeside is obligated to make sure and ensure that any project that received those funds should remain viable for a period of five (5) years or program years.

Ms. Jones explained that Walking Down Ranch, Inc. is leasing the property from East Valley Firefighter Charities, Inc. that requires them (Lessor) to agree with the terms of the grant. When the project ends and the project close-out issued, the Town of Pinetop-Lakeside will place a lien on the property for \$477,808. Further, the program operated by Walking Down Ranch, Inc. is required to stay viable for the next five (5) years; otherwise, we (Town) will recapture grant funds at 20% each year.

*There being no further comments, Mayor Irwin declared the public hearing closed.*

### DISCUSSION

Council Member Dodd conveyed that both proposed projects are righteous projects; however, per Arizona Department of Housing, each community is only allowed one grant. Navajo County is limited to three or no more than three, and this is why they (Navajo County) only provide two communities per year. This makes it more difficult for Council to consider one project to submit for CDBG funding.

Further, Council Member Dodd expressed, relative to the veterans' project, that every community says "we want to do things for our veterans." It is not very often we get a chance to do something real, meaningful, support workforce development and help beautify the Town. The project will also benefit neighboring cities and towns.

Additionally, Council Member Dodd said that he supports the greater urban pathway project and the Johnson Drive Infrastructure Improvement Project would be a valuable project for the Town.

Council Member Dodd asked if the owners (East Valley Firefighter Charities, Inc.) accepted the conditions of the Town placing the lien on the property in the amount of \$477,808.

Ms. Jones conveyed that the owner (Landlord) of the Rainbow Lodge Cabin agreed and issued an addendum to the lease agreement of Walking Down Ranch, Inc. The executed addendum was provided after the Council agenda packet was published.

Vice Mayor Smith requested clarification on the five (5) year requirement.

Ms. Jones conveyed that the Federal Government has a five (5) year stipulation requirement after project end closeout for any CDBG funds. Ms. Jones cited an example of the White Mountain S.A.F.E. House; she stated that former Town Attorney Barker prepared the agreement with stipulation of a lien placed on the property for twenty-five year period. The stipulated requirement by the Federal Government is a five (5) year period. The reason for that action was not to have a program that may not be right fit at the right time. For a project such as that (White Mountain S.A.F.E. House), when you make a sizeable investment in it, the stipulation is that we have for all of our entities sign off and understand the regulation.

In response to Vice Mayor Smith, Ms. Jones conveyed that the five-year period stipulation begins after the receipt of issuance of the project end closeout from the State. A property lien will be placed on Rainbow Lodge Cabin owned by East Valley Firefighter Charities, Inc. should Walking Down Ranch, Inc. project be prioritized as the number one applicant. A property lien will be issued knowing that the Town will have to repay those funds if the funds are not recaptured over the five year-period.

Additionally, Ms. Jones offered a scenario should the Veterans Village – Lakeside project not be the right fit at the right time, East Valley Firefighter Charities, Inc. will have to agree to the Town to recapturing those funds through a property sale, The Town might not recapture those funds for quite a while if the property doesn't sell. What the Town is doing is making an infrastructure investment of nearly half a million dollars and capturing costs to a potential sale of the property in the future. The Town still has to repay those funds. The Town is obligated to pay back those funds. With the Town taking a risk with the non-profit, stipulations in a form of agreement is very important.

Vice Mayor Smith understands that the East Valley Firefighter Charities, Inc. is liable for the entire amount. He then asked if the Walking Down Ranch, Inc. lease has been extended beyond that consideration.

Ms. Jones conveyed she received the amendment to the lease, Mrs. Heath which stated that *“As a condition of the Grant, a lien will be placed on the leased premises in the amount of the Grant Award. If all Grant conditions are maintained, beginning one year after award of Grant funds and continuing each year thereafter for five successive years, twenty percent (20%) of the lien amount will be released until the entire lien is released. Tenants bear the sole obligation to comply with all Grant conditions; however Landlord hereby acknowledges its understanding and agreement to the lien conditions of the Grant and further agrees to sign documentation authorizing the lien, if the Grant is awarded to Tenant.”*

Ms. Jones confirmed to Vice Mayor Smith that the lease for Walking Down Ranch, Inc. will extend through the liability period.

Further, Ms. Jones conveyed that there will be some corrections to the amendment in the language of the agreement; and she will make sure that the amendment to the lease indicates “five years after closeout of the project.”

In response to Mayor Irwin, Ms. Jones conveyed that the Town decides by prioritizing projects and the Town receives the funding; therefore, the Town will be obligated, and the Town will be the entity to place a lien on the property.

Mayor Irwin restated that if Walking Down Ranch, Inc. did not finish out the term of the grant then the lien will be repaid to the Town upon the sale of the property, but the Town will have to repay the funds before the sale ever happens.

Mayor Irwin announced that she didn't think anybody questions the need for a Veterans Village and the benefits to our community.

Mayor Irwin expressed her concerns for Walking Down Ranch, Inc., that they are a very new organization and their financial stability. She knows that the Board Members are very committed to their program; however, she has concerns going forward and said it will be a very difficult decision to select a project submission for CDBG funding.

Ms. Jones concurred with Mayor Irwin's concerns and stated that the Arizona Department of Housing will review the application(s) and may also have the same concerns regarding the financial standing of the Walking Down Ranch, Inc. since the organization is very new.

Ms. Jones reported after meeting with the members of Walking Down Ranch, Inc. Board, the organization to Town Staff their intention to open a Thrift Store, this would require the business to have adequate parking at that site. Currently there is a vacant lot next to the proposed thrift store they are utilizing; however, it is not owned by East Valley Firefighter Charities, Inc. To consider parking improvements, Walking Down Ranch, Inc. would have to reassign and reroute parking into the area by providing proper ingress, egress and drainage, etc.

Vice Mayor Smith conveyed he is aware the liability goes to the East Valley Firefighter Charities, Inc. He asked if there is a mortgage on the property and if we know the financial capability of the firefighters.

Mrs. Heath responded that the property was gifted to the East Valley Firefighter Charities, Inc. therefore there is no mortgage. Walking Down Ranch, Inc. is currently leasing the property for \$1.00 per year for four years and their lease has been extended for eight years to cover the grant period. The lot next door regarding possible parking is owned by Mr. Wallie and he has agreed for Walking Down Ranch, Inc. to lease for \$5.00 a year for a period of five years for veterans use only.

Council Member Penrod understands that it is for a five year term and the program is for a middle income qualified clientele. She asked, if after the five years, and Walking Down Ranch, Inc. does not survive; can another income-qualified group take over?

Ms. Jones conveyed that if program should not be able to provide transitional housing, then another program with the similar scope of program will have to step in with Arizona Department of Housing and Town's approval.

In response to Council Member Penrod, Ms. Jones conveyed that site control is very important in this whole process, and restated that the program objective under discussion is low-moderate income.



Council Member Penrod believes that as long as we live, there will always be veterans and not all of them have families that they can go to for assistance and this problem will never go away. In her thinking if it's not Walking Down Ranch, Inc. some other organization will be stepping in to help the veterans. She said the Library is very important to her and it also needs help.

Council Member Dodd understands that the Town will handle the administration of either project. He asked what it means for Johnson Drive and how does it interface with Walking Down Ranch, Inc. project. He asked if there will be a lot of Town involvement to meet the 24-month deadline. He also asked what would happen if the project doesn't happen in the 24-month period.

Ms. Jones conveyed that if the project doesn't happen within the 24-month period the Town will be obligated to request an extension from the Arizona Department of Housing; however, it will jeopardize the Town's reputation as a top performer. This is also one of the reasons the Arizona Department of Housing encourages communities to pick only one project, do it right and make us proud.

Ms. Jones announced that there is no State Special Project candidate for this year. The Town of Pinetop-Lakeside does not meet the 51% were a low-to-moderate income qualifier as a community; we could qualify for the State Special Project. Apache County is the only county in the State that meets the low-to-moderate threshold. The school district usually meets the threshold through its free-lunch program due to broader base of student population. Walking Down Ranch, Inc. is not a candidate because it's not engineered pre-bid and there is still so much work to do. They can be eligible for CDBG Regional Account funds right now; this (transitional housing) is still something that requires Town Council and Planning and Zoning Commission review and approval along the way before they open their doors for the program.

Further, Ms. Jones announced that the State Special Projects do not go away; the Town can submit annually if the Town chooses to compete in an annual process, similar to the process being conducted now. Any project selected would need to be shovel-ready.

Vice Mayor Smith stated that the Town is being a partner to an entity that is not liable for anything. He then asked if Walking Down Ranch, Inc. is putting any money outside of the grant into their project. He also questions what the organization expects to spend to get the property built out, the program in place and total overall project costs.

In response to Vice Mayor Smith, Mrs. Heath conveyed that the organization has evaluated and understands that it would cost them \$1.5Million which includes \$575,000 for the purchase of the property. The money from the grant, if awarded, (\$477,808) will take care of the infrastructure. The property's vandalism issue is not as bad as it looks; there will be some furniture replacement, some repairs of cabins and the building at the front. The organization has put about \$3,000 into the property before obtaining the signed lease. The expenditures were to fix the sewer line, band aid the waterline etc. Mrs. Heath believes their project is not going to fail; it will go forward with or without the grant assistance.

Vice Mayor Smith asked about the organization's lease structure with the East Valley Firefighter Charities, Inc.

In response to Vice Mayor Smith, Mrs. Heath conveyed that the lease is for four (4) years with first right of refusal at the end of the four-year period. The property purchase price is \$575,000. The lease was also extended to cover the five years to comply with the stipulation of the grant in regard to the lien.

In response to Vice Mayor Smith, Ms. Jones conveyed that Walking Down Ranch, Inc. lease is now for a total of eight (8) years. She said that it will be at least a year or so before we (Town) see funds; the environmental review will have to be completed on either project (Johnson Drive Infrastructure Improvement Project or Veterans Village Infrastructure Improvement Project) prior to release of funds. The environmental review should be accomplished within six months after Arizona Department of Housing contract award. Town Staff is very good at completing the review on time.

Ms. Jones concurred with Mayor Irwin's comment that the recipient (Town) is responsible for paying the environmental review with reimbursement occurring after Arizona Department of Housing concurs with the document submitted.

Ms. Jones explained that the expense is usually part of the in-kind-cost; however, you never know what is beneath the surface once construction takes place. She said with the Town projects a contingency is in place and the cost can be recaptured through administrative funds. Environmental Review can cost from \$5,000 to \$7,500 and it usually depends on who is performing the study. If the review is done by a consulting firm the cost could be \$10,000 to \$100,000 depending.

Council Member Penrod asked about the time frame, how many years the Town is liable, what the Town Staff (Public Works Department) will be doing, and the cost to the Town.

In response to Council Member Penrod, Ms. Jones conveyed that it would be five years from the actual close out. When the project ends, and the project close-out is issued (by Arizona Department of Housing), the Town of Pinetop-Lakeside will place a lien on the property in the amount of \$477,808. Further, the program (Veterans Village – Lakeside) submitted by Walking Down Ranch, Inc. is required to stay viable for the next five (5) years; otherwise, we (Town) will recapture at 20% each year.

Further, Ms. Jones conveyed that the buildings are not part of the improvement, only the infrastructure below ground and the parking area.

In response to Council Member Penrod, Public Works Director Patterson conveyed that it would take \$80,000 for administration cost including the engineering aspect; this is the amount the Town will be covering until receipt of the grant funds. Normally, the Town doesn't do this but since the Veterans Village-Lakeside Infrastructure Improvement project is not in Town right-of-way he cannot justify donating the cost through in-kind including the engineering cost. We (Town) will capture what it would cost; Staff will track it and will provide full report on all expenses per project through the Town Pub-Works System. The work will be under the Public Works Director Administration, none of the work will be done by Walking Down Ranch, Inc. Their construction funding for the project is about \$400,000+.

Mayor Irwin requested for Staff to talk about the Johnson Drive Infrastructure Improvement Project. She said that the Town has been reviewing parking and ADA compliance issues to get our patrons safely handled for a number of years. This grant opportunity could address all those issues.

Public Works Director Patterson reported that Johnson Drive Infrastructure Improvements Project will tie everything together. The project will facilitate design and construction for the following improvements:

- 1) Acquire right-of-way;
- 2) Replace and/or add, where deficient, sidewalk, curb, gutter, asphalt, drainage, improves public transportation; ADA-compliant parking on Johnson Drive.

The project incorporates aspects of the Town's desire for urban pathway connectivity and complements other projects constructed using federal funds. The project is situated in the Lakeside Village Redevelopment Area.

Public Works Director Patterson stated that Council has a difficult decision to make because the two proposed projects are both important for the Town of Pinetop-Lakeside.

Ms. Jones concurred with Council Member Dodd's comment that considering if Council prioritizes the projects and advances the grant application with the risk involved, the Arizona Department of Housing provide another level of oversight; they determine if they are willing to take the risk on the Veterans Village - Lakeside Infrastructure Improvement Project and may select the alternate project which is the Johnson Drive Infrastructure Improvements Project.

In response to Council Member Penrod, Ms. Jones stated that with the State Special Project, Walking Down Ranch, Inc. would have to compete with State competition for CDBG funding.

Council Member Dahnk asked that if Walking Down Ranch, Inc. exists for another three years after project closeout, the Town will be responsible for 40% of the original grant or still the 100%.

In response to Council Member Dahnk, Ms. Jones conveyed with that scenario, the Town will be liable for 40% of the grant, which is a declining obligation every year for a five-year period.

Vice Mayor Smith asked if Council should seek for legal advice before voting on the item. He asked if the Council is obligating the Town to something they shouldn't.

In response to Vice Mayor Smith, Town Manager Johnson confirmed that there is still oversight in the grant process as it goes forward; the Arizona Department of Housing will be reviewing the project proposals and documentation making sure it meets the criteria. He said this could be the Council's level of protection with their recommendation tonight regarding this item.

Council Member Dodd acknowledged the risks involved with Walking Down Ranch, Inc. proposed project. He thinks Council needs to ask themselves on which of these projects can wait another four years for the next round of CDBG funding if it takes that long for the project to come in. He said both Mrs. Heath and Mr. Garrard expressed the immediate need and benefit of their program. He said this is not just an emotional decision; it also fits in the beautification of Lakeside.

Council Member Dodd moved that Council rank the projects as Priority Number 1 = Veterans Village Lakeside Infrastructure Improvement Project, and Priority Number 2 = Johnson Drive Infrastructure Improvements Project. Additionally, Council Member Dodd moved for passage of No. 18-1440, authorizing the submission of an application(s) for FY 2018 State Community Development Block Grant Funds, certifying that said application(s) meets the community's previously identified housing and community development needs and the requirements of the State Community Development Block Grant Program, and authorizing all actions necessary to implement and complete the activities outlined in said application.

Council Member Penrod seconded the motion and was carried with a 4-1 vote with Council Member Snitzer abstaining as stated above. *(Vice Mayor Smith, Council Members Dahnk, Dodd and Penrod voted YES. Mayor Irwin voted NO).*

Mayor Irwin explained that she voted NO because she hates to put the taxpayers at risk for this project. She said that the Veterans Village Lakeside Infrastructure Improvement Project is a great project that she supports wholeheartedly but she is very concerned of the risk factors to the Town and the Town Treasury.

Mayor Irwin then declared Resolution No. 18-1440 passed and adopted.

Mayor and Council expressed appreciation to Ms. Jones for her presentation and knowledge of the CDBG program.

D.8

**Resolution No. 18-1441**

**Committing Local Resources as Leverage for FY 2018 Regional Account Community Development Block Grant Application(s)**

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Public Works Director Patterson recommended that Mayor and Council adopt a resolution authorizing local resources as leverage for FY 2018 Regional Account Johnson Drive Infrastructure Improvements Project to Arizona Department of Housing for FY 2018 Community Development Block Grant Project Funds

The Public Works Department intends to leverage resources in the form of Public Works Personnel including the following positions: Public Works Director, Roads Manager, Roads Lead, Labor Standards (Public Works & Parks Managers), ERR Liaison (TBD).

Public Works Director Patterson reported that the Town of Pinetop-Lakeside is submitting an application for Community Development Block Grant Application for the Johnson Drive Infrastructure Improvements Project. Johnson Drive Infrastructure Improvements Project will complete the improvements of Johnson Drive - Infrastructure Improvements Project.

Project is submitted by Pinetop-Lakeside Public Works Department. The project will facilitate design and construction for the following improvements:

- 1) Right-of-way acquisition;
- 2) Replace and/or add, where deficient, sidewalk, curb, gutter, asphalt,
- 3) Improve drainage
- 4) Relocate public transportation bus stop;
- 5) Construct ADA-compliant parking on Johnson Drive.

The project incorporates aspects of the Town’s desire for urban pathway connectivity and complements other projects constructed using federal funds. The project is situated in the Lakeside Village Redevelopment Area

Leveraged resources will be in-the form of In-Kind Public Works Personnel in an amount up to \$76,640 illustrated in the table which represents a 2-year time line:

<b>In-Kind Personnel</b>	<b>CDBG</b>	<b>Town Leverage</b>	<b>Total</b>
Position 1: Public Works Director	\$23,000.00	\$36,000.00	\$59,000.00
Position 2: Roads Manager	\$14,950.00	\$15,950.00	\$30,900.00
Position 3: Roads Lead	\$11,050.00	\$11,050.00	\$22,100.00
Position 4: Labor Standards		\$11,960.00	\$11,960.00
Position 5: Environmental Review	\$6,000.00	\$1,500.00	\$7,500.00

The following are the fiscal impact:

CDBG Funds	\$477,808
In-Kind Personnel	\$76,640
Total Project Estimate	\$544,448

Vice Mayor Smith moved for passage of Resolution No. 18-1441, committing local resources as leverage for FY 2018 Regional Account Community Development Block Grant Application(s). Council Member Dodd seconded the motion and was carried unanimously.

Mayor Irwin then declared Resolution No. 18-1441 passed and adopted.

**D.9 Reports from Council Committee Liaisons**

Council Member Penrod reported the following:

- Announced the Senior Center Valentine Party potluck which includes music and dancing is scheduled for February 9, 2018 at 6:00 p.m.
- Announced that the Humane Society of the White Mountains always needs volunteers. She encouraged everyone to visit their Thrift Shop.

Council Member Dodd reported the following:

- Provided an update on activities of the Forest Health Committee. The committee has been working with Pinetop Fire Department, the County and the Arizona State Forestry & Fire Management. The next Committee meeting is scheduled for January 30<sup>th</sup> from 2:00 p.m. to 3:30 p.m. The Town Planning & Zoning Commission is already reviewing the revision of the forest thinning related aspect of the Town code ordinance.
- Shared the map illustrating Navajo and Apache County Sitgreaves Community Wildfire Protection Plan – Wildfire Risk Analysis.
- Met with the owners of Elk Ridge Property regarding the Safeway Center.

Vice Mayor Smith reported on the following:

- Announced that Council is scheduled to serve lunch at the Senior Center on February 14<sup>th</sup> and invited everyone to join them at the Senior Center.
- Provided update on the Transit Advisory Regional Transportation regarding possibility of placing a new bus stop in Pinetop. The Advisory is looking at the location on the other side of the road by the Safeway Center instead of the New Town Hall building. The location requires a bus to be able to do a pull-out after the stop light.
- Announced that he serves as the Advisory Council on Area Agency on Aging. He said the Advisory is looking for a person that will take on the Ombudsman position to help seniors. He asked to contact him if anyone is interested in the Ombudsman position.

Council Member Snitzer reported on the following:

- TRACKS is in the winter slow season but managed to do the cross country skiing at the high country.
- Announced the Northeast Arizona Economic Development Summit is scheduled for February 21 and 23, 2018 in Snowflake.
- Announced the White Mountain Nature Center Eagle workshop on February 10<sup>th</sup>. The Board is working on developing the program for next year. He provided to the Board the input received from January 12<sup>th</sup> Council Retreat to think of events for the winter months.
- Announced that the Broadband Coalition meeting is scheduled in February 2018. He announced that the Coalition has not met in a while but he is sure there is some progress going on. He said Navajo County has applied for E-rate grant for schools and libraries.

Mayor Irwin invited everyone to the ground breaking ceremony of the Jack Barker Memorial Park on Thursday, January 25<sup>th</sup> at 3:30 p.m. The permanent sign for the park will be erected and report on fundraising will be announced at the event.



D.10 Executive Session

Vice Mayor Smith moved to hold an executive session for the below item:

A.R.S. 38-431.03

A. Upon a public majority vote of the members constituting a quorum, a public body may hold an executive session for the following purposes:

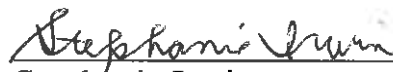
(7) Discussion or consultations with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property.

➤ *Lease Agreement with Dr. John J. Sullivan*

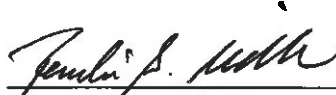
Council Member Penrod seconded the motion and was carried unanimously.

E. **Adjournment**

There being no further business at this time, the meeting was adjourned at approximately 8:47 p.m.

  
Stephanie Irwin  
Mayor

ATTEST:


  
Remilie S. Miller, MMC  
Town Clerk



**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular meeting of the Town Council of Town of Pinetop-Lakeside, Arizona, held on the 18<sup>th</sup> day of January, 2018. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 1<sup>st</sup> day of February, 2018

  
Remilie S. Miller, MMC  
Town Clerk

