

**MINUTES OF THE SPECIAL MEETING OF THE SHOW LOW CITY COUNCIL HELD ON TUESDAY, SEPTEMBER 13, 2005 AT 6:00 P.M. IN THE SHOW LOW PUBLIC LIBRARY UPSTAIRS CONFERENCE ROOM, 180 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA.**

1. Call to Order.

Mayor Fernau called the meeting to order at 6:02 p.m.

2. Roll Call.

**COUNCIL MEMBERS PRESENT:** Mayor Rick Fernau; Vice Mayor Gene Kelley; Council members Gordon Kearl, Daryl Seymore, Virginia Evans, Gerry Whipple, and Anne Staffnik (arrived at 6:09 p.m.).

**COUNCIL MEMBERS ABSENT:** None.

**STAFF PRESENT:** Michael Maag, City Manager; K. Kane Graves, City Attorney; Ed Muder, Community Development Director; Kenneth Patterson, Operations Manager; Joel Weeks, Community Services Director; Kevin Heberle, Public Works Director; and Tamra Reidhead, Assistant City Clerk.

**GUESTS:** Bill Rawlings, Bud Reyes, Randy Harris, Diann Kelley, Jim Reidhead, Kevin Birnbaum, Carol Lewis, Jim Kisner, Roger Mineer, Ben Owens, and others.

3. Consideration of Resolution No. R2005-54 Authorizing the Submission of an Application to the Arizona Department of Transportation for LTAF II Funding. (Joel Weeks)

Mr. Weeks said he received word last week that there was LTAF II money available again this year. He said LTAF II funds had to be used for public transit. He needed a resolution passed tonight to apply for the grant money, and the Pinetop-Lakeside Town Council would pass a resolution on Thursday evening. The grant was due to be turned in on Friday.

**COUNCILMAN SEYMORE MOVED TO ADOPT RESOLUTION NO. R2005-54 AUTHORIZING THE SUBMISSION OF AN APPLICATION TO THE ARIZONA DEPARTMENT OF TRANSPORTATION FOR LTAF II FUNDING; SECONDED BY COUNCILWOMAN EVANS; PASSED UNANIMOUSLY.**

Via unanimous consent, Mayor Fernau opened Item 5 for discussion since several staff members would have to leave to attend the 7:00 p.m. Planning and Zoning Commission meeting.

5. Discussion of City Fire Department and Related Matters. (Kenneth Patterson/Chief Ben Owens)

Mr. Patterson said the City had received a letter from the Lakeside Fire District (LFD) exercising its option to terminate the Intergovernmental Agreement (IGA) for dispatching services within 90 days. He said the Lakeside Fire Chief and board chairman were in attendance tonight. He said the CON (Certificate of Necessity) hearing was scheduled for next week in Phoenix. He understood there was a long-range plan for the Show Low Fire District (SLFD) to become a fire department under the City's jurisdiction.

Mr. Graves gave a brief history. He said LFD applied for a CON to operate ground ambulances within Show Low's city limits. In March 2005, the City entered into an IGA with SLFD to provide, among other things, ground ambulance services within the City and resisting encroachment by any other fire entity. He said SLFD applied for a CON covering the entire City and the City had granted jurisdiction throughout its boundaries to SLFD. There was also a provision in the IGA that the parties agreed to explore incorporating the fire district as an internal fire department within the City.

Councilwoman Staffnik arrived at this time.

Mr. Graves said copies of the July 20, 2005 letter (stating the City's opposition to the Lakeside CON) and all backup materials were provided in the Council's confidential attorney packets last Friday. The CON hearing would begin Monday, September 19. He asked for Council direction regarding whether the City should send personnel to attend the hearing.

Vice Mayor Kelley recalled that the Council had decided to hold a study session on this topic but he didn't remember that it was ever done. He wondered how this item got to this point today without the study session. Mayor Fernau thought the Council had agreed to the terms of the IGA with SLFD per the meeting minutes at which the resolution and IGA had been adopted.

Councilman Whipple said if it had been brought to his attention that the City was taking over other fire districts, he would have voted no. He questioned what gave the City the authority to step beyond its boundaries into other districts. He felt the City wasn't working and communicating with the other entities involved.

Mayor Fernau said when he read the minutes and the resolution, there was no question in his mind about the direction given. He didn't realize anyone else was in doubt about what the IGA would lead to.

Councilman Seymore thought there was discussion that staff was to meet further on it. Mr. Maag said staff and the fire district did hold meetings. Councilman Seymore asked if the Council gave direction to start the process for the City to

take ownership of the fire department or to work toward that goal. Mr. Maag reiterated that Mr. Patterson said that intent was a long-range plan for staff to study. He said the City was here tonight to support Arrowhead and its CON and to oppose Lakeside's CON within the City's boundaries, thereby supporting the current emergency services provider within the City. He didn't feel staff was running off in another direction other than what the IGA directed staff to do.

Mayor Fernau pointed out that the Council was not here tonight to discuss the fire district becoming a municipal fire department.

Mr. Patterson said SLFD saw the need to supply help to Arrowhead. SLFD felt that Show Low's citizens were sometimes left without ambulance service and saw a need to have a backup rescue truck in the City. SLFD approached the City with the intent to put a rescue truck in operation and eventually look at applying for a dual CON with Arrowhead. He said SLFD could not apply for a dual CON on its own and, if the City chose not to do it, it wouldn't happen. This was the justification behind bringing the IGA to the Council.

Jim Kisner, Chief Executive Officer of Arrowhead Mobile Healthcare or Show Low EMS, said they had been in the ambulance service business since 2001. He said the entire City of Show Low was in their CON. He said LFD had taken exception with how the CON was written. The boundary drawn by LFD cut through the hospital, which was a big portion of Arrowhead's revenue. He said Arrowhead had always had the City as their certificated area and wanted support from the City at next week's CON hearing. He said he had had a very productive meeting with SLFD and the City Manager. He felt his business provided excellent service and wanted to continue to do so.

Ben Owens, Show Low Fire Chief, agreed that the meeting with Mr. Kisner was productive but there were still some issues to be worked out. He had concerns with the proposed CON for LFD. The map went arbitrarily through the City and even cut through some houses, which could create delivery problems between Show Low and Lakeside. This was why SLFD opposed it. Initially, Lakeside was just looking at a small portion, the hospital, but this new map was a considerable piece of the district. The ones who would suffer the most would be the residents, which was why they opposed it.

Roger Mineer, Lakeside Fire Chief, said the reason for the angle on the map was because when they read the CON, it appeared that the old CON identified the boundaries as being milepost 345.7 and LFD's boundaries was milepost 346. That left 0.3 mile not covered by ambulance service. He said LFD didn't choose the boundaries. ADHS (Arizona Department of Health Services) wanted to see all boundaries closed. He said if there were boundary issues where they cut through a house, those issues could be worked out.

Chief Mineer said NRMC (Navapache Regional Medical Center) was a hospital that everyone in the area used. He said ADHS did not govern air transport. Some patients preferred Guardian Air, others preferred Native Air. He said the hospital administrator was asked to choose one over the other and he declined. He said that choice should be up to the patient. He said Mr. Kisner's operation provided better ambulance service than the previous company. He said Arrowhead still serviced Lakeside's population. In 2001 LFD applied for the CON for the entire area. In the process Chief Owens said SLFD was going to do it so LFD agreed and backed out of the process. However, Mr. Kisner ended up prevailing in that effort. Over a year and a half ago, someone called LFD three different times to see if they could transport patients to Phoenix. He discovered the 0.3 mile that wasn't covered after looking at the CON. The map was the result of that review and LFD started to pursue that area. Unless someone held a CON, it didn't have intervention status. He pointed out that Title 48 clearly said that one district could not overtake another district. He said LFD had a good working relationship with SLFD and disagreements like this shouldn't happen.

Mayor Fernau agreed and would have liked better communication between the ambulance providers.

Councilman Whipple wondered how the County would know to whom to send tax bills. He wondered who would notify the County and the citizens that the districts had changed.

Mr. Graves said as the IGAs provided, a fire code was adopted for the City. The City took the position that under Title 48.813(a) and through an IGA, the City was providing regular fire department services. In other words, SLFD was providing every service that every fire department provided to a municipality. The City of Show Low granted jurisdiction to SLFD throughout the City's boundaries to provide all these services, and that constituted regular fire department service per the statute. He said the two small areas recently annexed should not be subject to Lakeside and Linden Fire Districts' jurisdiction. He added that he had heard nothing from the County Assessor.

Mr. Graves said the City Manager sent a letter stating the City's opposition to the Lakeside CON believing he was following Council direction. The July 20 letter was executed by him, the City Manager, Mayor, City Clerk.

Vice Mayor Kelley felt the letter was written prematurely. He felt the Council had not committed to anything other than having further discussion. He thought the Council instructed staff to explore ways to have better service and to resolve the conflicts that came up between SLFD and Mr. Kisner. He interpreted Council discussion as being against Lakeside and in favor of SLFD. Now he found it was against Lakeside and in favor of Mr. Kisner.

Mr. Kisner said Arrowhead's CON had always included the area within the City's boundaries. All he asked from the Council was to keep the CON as it was when Arrowhead took over in 2001. He said the only entity that disagreed was LFD. He said after next week's hearing the decision could take up to 120 days before a final recommendation was made. He felt the City should continue to support local businesses within the community.

Mayor Fernau turned the discussion to dispatch services. He said the City received a letter from LFD that the City's dispatch services were unsatisfactory. He wondered what led to that allegation.

Marilyn Price, Linden Fire Chief, said she received a letter from the City of Show Low stating it had already merged with SLFD. She did not have an issue with the City annexing property in the Linden Fire area, but had a problem with the way it was handled. She felt it should have been done in a more courteous manner, which could have precluded having this meeting tonight.

Chief Mineer said, regarding dispatch services, when LFD received the letter from the City, they realized they would lose the assessed valuation and revenues from Home Depot. The other concern was the increase in response time to a call and they felt it was more important to save time on ambulance calls.

Randy Harris, Communications Manager for the Show Low Police Department, said the increase in response time had been a problem, but it was a computer software problem that had been resolved. One of his goals when he became Communications Manager in May 2005 was to provide better service to all three fire districts and Show Low EMS. He said there had been a few glitches but things were improving. He said they also were working on a mutual aid response program that was started about three years ago by Pinetop Fire. Through this program, if one ambulance was closer to the incident than the local provider, it would be dispatched to the call rather than increase the response time of the local ambulance service. The ambulance could then transport the patient if needed or stabilize the patient until the other ambulance service arrived.

Kale McNeil of the Lakeside Fire Board thought the problem tonight was tied to the CON. He wished this had been worked out prior to involving legal authorities. He hoped after this issue was resolved that all departments would work together.

Chief Owens said Chief Mineer spoke to him after Lakeside had initiated the process with ADHS. Mayor Fernau felt more communication from both parties would have helped this situation. He said the City supported Mr. Kisner's position. He said Lakeside's proposed CON map cut through much of Show Low; it would have been different if it had been only a sliver. Mr. Kisner agreed that staff could have done a better job of communicating. He suggested the three parties meet prior to next week's meeting with the hearing officer.

Mr. Maag said the decision was up to the hearing officer now. Mayor Fernau said that wouldn't preclude the group from getting together prior to the hearing.

Councilman Kearl felt that any effort for diplomacy at this point was pointless. He said it would have to be resolved by the hearing officer and somebody would not be happy with the solution. He said the situation could have been handled better if the City had taken a more positive approach in favoring Show Low EMS instead of going against LFD. He said the only response LFD could take was to terminate the IGA with the City. He acknowledged that the City hadn't received any correspondence expressing LFD's dissatisfaction and he didn't think their arguments for termination were very convincing. Nonetheless, the letter of termination had to be accepted unless LFD rescinded it.

Bill Rawlings, Lakeside Fire Board chairman, said the CON boundary was not drawn by LFD. They only wanted to clear up the boundaries. He said there were two air ambulance services at the hospital and they were not governed by a CON. He said LFD wanted to give the hospital's patients the choice of who would transport them. He said if they got that in writing, then LFD would relinquish the CON to Arrowhead.

Councilwoman Evans asked for clarification on the map of how far Mr. Kisner's area went into Lakeside. Chief Mineer showed the area in dispute.

Mr. Rawlings said there had been several residents that wanted to be transported by LFD but they couldn't because of the CON. Councilman Kearl said the residents didn't set the boundary. He said the dispute was over the CON and not what residents wanted.

Mr. Kisner said he offered to hold a meeting with the LFD board to reach a compromise but the board chose to move forward and proceed with the hearing.

Mr. McNeil wanted to read the meeting minutes to verify that was true. He pointed out that LFD was a not-for-profit entity, unlike Arrowhead, and LFD was only interested in what its residents wanted.

Mr. Rawlings said if the different parties approached the hearing committee with a solution, the hearing committee would probably accept that recommendation.

Chief Mineer said LFD provided a definite benefit to Lakeside's taxpayers, writing off bills if residents did not have insurance to pay for being transported.

Mr. Rawlings said LFD terminated the dispatching agreement because it would lose the revenue from the Home Depot area. LFD didn't want to give revenue back to someone who was taking revenue away from it. Another reason for the termination was that the LFD captains had tracked response times and they were longer than before Show Low did the dispatching. He commented about the tax

revenues the City would be getting, which had already been appropriated in the LFD budget; they felt they needed to fight to keep that money.

Mr. Patterson said he was willing to meet with the three ambulance services before the CON hearing. If they all agreed, the City could write a letter that Arrowhead serviced the City and all hospital patients could choose who would transport them. If such a letter wasn't written, the decision could take a long time.

Chief Price said that Arrowhead did a great job in her area and so did Lakeside, who had also come to her area on numerous occasions.

Councilman Kearl felt that the CON needed to be resolved at the hearing and that holding a meeting within three days would not be productive.

Mr. Maag said the fire district subject would be on the Council's September 30 retreat agenda. Regarding the IGA, he said staff felt they had solid direction to support Arrowhead and Mr. Kisner's CON, which was in the City's boundaries. He said if staff made a mistake, they were willing to change direction.

Councilman Whipple said it would have been easy to meet with the other two fire districts and obtain agreements with them. If the City had communicated better, the reaction would have been different. Vice Mayor Kelley agreed that better communication between the fire districts would have been more productive.

Chief Mineer said that Title 48 said one district could not take over another district without first de-annexing the other district. The City of Show Low could have all of Home Depot in its district but LFD could still get the money. He felt the City assumed the property was theirs and the money would be going to the City.

Mr. Maag said staff followed the City Attorney's interpretation.

Mr. McNeil said LFD terminated the dispatching agreement because of response times and the safety of their citizens. The money issue was secondary.

Mayor Fernau said the City wanted to keep the door open if LFD wanted to reconsider the dispatching agreement. He thought the consensus of the fire districts was to hold a meeting in the next three days.

Councilman Kearl felt the proposed meeting would not likely make a difference and thought the hearing officer should decide the outcome. Councilwoman Evans felt the issue had gone too far and it was not the Council's purpose to intervene and mediate. Mayor Fernau countered that if they had a meeting, the hearing officer could see that they were amenable to working together.

Mr. Rawlings asked if the City would rescind supporting Arrowhead as the sole transporter of hospital patients if the meeting were held. Mayor Fernau asked Mr. Kisner if he agreed. Mr. Kisner said Arrowhead had spent close to \$30,000 preparing for the hearing. It was causing hardship to his personnel knowing that they could lose 40% to 50% of their revenue, resulting in a loss of employment. They wanted to let the hearing board decide.

Diann Kelley asked when the Council approved sending the letter to the County. Mayor Fernau said direction was given to staff in the IGA.

Mayor Fernau called for a short break at 7:55 p.m. The meeting reconvened at 8:05 p.m.

4. Presentation of Wastewater Master Plan for the City of Show Low.

Mr. Heberle said in April 2004 the Council awarded the Wastewater Master Plan to Kennedy/Jenks. Part of the job was subcontracted to Murphy Engineering. He said Bud Reyes, Project Manager for Kennedy/Jenks, would present the preliminary results of the plan. Kennedy/Jenks was asked to evaluate the collection and wastewater treatment systems and look for deficiencies in both areas. He said the presentation would be finalized in several weeks after incorporating comments from the Council and staff.

Mr. Maag said the Council would adopt the final master plan and it would become part of the General Plan and Capital Improvements Plan (CIP).

Mr. Reyes said the plan's purpose was to identify the immediate and long-term needs for wastewater collection and the treatment facility. He identified the service areas within the City, noting there were almost 22,000 acres in differing zones. He identified land use categories, which were important because certain amounts of wastewater flow were expected from different land uses. He said given Show Low's population, last year's flow was 0.8 mgd (million gallons per day).

Mr. Reyes said there were 3,867 total lots approved within the City. Of these, only 662 were actual sewer service customers. The City was committed to 399,400 gallons of flow per day in these developments.

Mr. Reyes showed a building permit chart. He noted that after 2002 the numbers doubled per year. In terms of wastewater flow, for every household that came on-line, another 200 gallons per day were added. He said there was a 41% increase in flow in the summer months. In discussing user types, he said commercial users contributed 38% to wastewater.

Mr. Reyes said in 2005 the flow was expected to be just under one million gallons per day. In 2004 the flow was 800,000 gallons per day.

Mr. Reyes gave an overview of the collection system, with nearly 24 miles of sewer lines in the City. Councilman Kearl asked why there were so many miles of sewer. Mr. Reyes said it was partly because of the terrain. Mr. Maag said it was also because of density. Mr. Reyes said when constituents asked why their bills were so high, it was because maintenance costs were high.

Mr. Reyes explained that lift stations moved water into a force main and out into the gravity system. He recommended no immediate improvements to the lift stations.

Mr. Maag asked about the force main. Mr. Reyes said if the City had flat terrain, it could be designed for gravity flow to work. Where there were a lot of hills, the wastewater had to be lifted and pumped through a force main into a gravity sewer or trunk line. Mr. Maag said force mains were more expensive because of electricity used by the pumps.

Mr. Reyes said the City already had a GIS database to which the sewer system needed to be added. He said they did an H20map Computer Model, which took every parcel in town and connected them electronically to every one of the interceptors. The model made it possible to see where the flows were. Councilman Kearl asked who owned the model. Mr. Reyes said the City owned it. If the model ever needed to be changed, it could be done by Murphy Engineering or City staff, who were also trained in updating the model. The modeling effort resulted in identifying sewers that were flowing at full capacity now during peak conditions. He said sewers needed to be designed so that they never flowed more than 75% full.

Mr. Reyes reviewed the inflow and infiltration work done by City staff. He said the City replaced 2,300 feet of sewer along Central Avenue in 1995 and performed cured-in-place repair of 3,900 feet along SR260 in 1996. Mr. Patterson said the City also replaced approximately 150 manholes at a cost of \$7 to \$8 million.

Mr. Reyes said low-pressure sewers were included in the model but replacements and/or improvements were not considered for the CIP. He showed a map of the general location of major components of the wastewater treatment facilities.

Mr. Reyes said the City had two permits, an Aquifer Protection Permit to treat 2.46 mgd and an Arizona Pollutant Discharge Elimination System permit to discharge 1.42 mgd to some other waters, like a stream or a lake. The City discharged to Telephone and Pintail Lakes.

Mr. Reyes outlined seven required improvements:

1. Facultative aeration pond effluent pipe
2. Upgrades and modifications to disinfection system
3. Update to Forest Service wetlands use attainability analysis
4. Additional surface aerators
5. Effluent pipeline and pump station improvements
6. Expansion of constructed wetlands
7. Facultative aeration pond sludge removal

In the CIP, Mr. Reyes gave a timeline for replacing sewer lines and outlined the work to be done on the conveyance system. He said the table didn't include work that needed to be done on a continued basis on low-pressure sewers but showed immediate needs through 2020.

Mr. Patterson wanted to see a number included showing how many people it took to operate 25 miles of gravity sewer and "x" amount of miles of low-pressure sewer.

Mr. Reyes reviewed a chart showing the immediate needs at the treatment facility through 2020. Councilman Kearl said it would be helpful to see what permit control would do to buy time and if it would allow the City to keep up with infrastructure. He said at some point the City might have to limit the size of developments unless fees were doubled to pay for increasing the size of the wastewater treatment system. If the City couldn't control development with money and time, it might have to be done with permits.

Mr. Maag said staff would have copies of the preliminary master plan available and would distribute them to the Council.

6. Adjournment.

There being no further business to be brought before the Council, **MAYOR FERNAU ADJOURNED THE SPECIAL MEETING OF THE SHOW LOW CITY COUNCIL OF SEPTEMBER 13, 2005 AT 9:23 P.M.**

ATTEST:

APPROVED:

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Ann Kurasaki, City Clerk

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Rick Fernau, Mayor

### CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the **SPECIAL MEETING** of the City Council of Show Low held on September 13, 2005. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

(SEAL)

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Ann Kurasaki, City Clerk