

**REGULAR MEETING OF THE
FLAGSTAFF DOWNTOWN BUSINESS IMPROVEMENT
AND REVITALIZATION DISTRICT**

**Tuesday, October 8, 2019 – 10:00 AM
Staff Conference Room - Second Floor
Flagstaff City Hall – 211 West Aspen, Flagstaff, Arizona**

MINUTES

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the FDBIRD Board of Directors and to the general public that, at this meeting, the Board may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the District's attorney on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A) (3).

1. Call to Order

Chairman David Stilley called the Regular Meeting of October 8, 2019 to order at 10:07 a.m.

2. Roll Call

MEMBERS PRESENT:

Chairman David Stilley
Vice Chairwoman Karen Kinne-Herman
Member Jerry McLaughlin
Member John VanLandingham

MEMBERS ABSENT:

Member Steve Chatinsky

Others present: District Attorney Dana Kjellgren; District Treasurer Brandi Suda; District Clerk Stacy Saltzburg; FDBA Director Terry Madeksza

3. Approval of Minutes of the Regular Board Meeting of June 25, 2019.

Member Jerry McLaughlin moved to approve the minutes of the June 25, 2019; seconded by Chairman David Stilley; passed unanimously.

4. Acceptance of Monthly Financial Reports:

- A. January 2019
- B. February 2019
- C. March 2019
- D. April 2019
- E. May 2019
- F. June 2019

Ms. Suda explained that there was nothing out of the ordinary with the reports and that she believes that the review of the financial statements will occur at the next meeting.

Vice Chairwoman Karen Kinne-Herman moved to approve the financial reports of January, February, March, April, May, and June 2019; seconded by Chairman David Stilley; passed unanimously.

5. Consideration and Possible Action to Approve Agreement for Legal Services.

Chairman Stilley asked Ms. Kjellgren her recommendation for Legal Service. Ms. Kjellgren stated that she recommends Ashley DeBoard with Flagstaff Law Group and explained that there were two Board members who participated in the interview and reviewed her information.

Vice Chairwoman Kinne-Herman added that she and Member Chatinsky reviewed Ms. DeBoard's qualifications and found them to be excellent. She appeared very professional and it was clear that she had done her homework in researching the District and reading the agendas and minutes. She was articulate in her answers regarding her municipal experience at the County and other districts that she had worked with.

Ms. Kjellgren indicated that she had worked with Ms. DeBoard while working on a Board of Adjustment case with Coconino County. Ms. DeBoard was representing the County Board of Adjustment. She was intelligent, well-spoken, and demonstrated that she can be firm without being objectionable.

Vice Chairwoman Kinne-Herman stated that she checked Ms. DeBoard's references, Mr. Whitney Cunningham and Mr. Bill Ring. Both described her as professional, effective, a clear communicator, and a solid attorney that can stand her ground. It will be helpful for Ms. Kjellgren to provide some guidance on expectations of her role and provide as much information to get Ms. DeBoard up to speed.

Ms. Kjellgren stated that the agreement has been drafted with a start date of January 1, 2020. Her plan is to remain in place until the end of December and will be providing all of her historical and election documentation to Ms. DeBoard. She will also review and provide schedules and guidance on issues to be aware of. Ms. Kjellgren added that she anticipates a period with some continued interface Ms. DeBoard regarding any questions she may have during the transition.

Chairman Stilley stated that Ms. Kjellgren will be dearly missed.

Vice Chairwoman Karen Kinne-Herman moved to approve the Agreement for Legal Services with Ashley DeBoard; seconded by Member John VanLandingham; passed unanimously

6. Consideration and Possible Action to Approve Semi-Annual Contract Payment to Flagstaff Downtown Business Alliance in the amount of \$88,250.

Vice Chairwoman Kinne-Herman stated that the Flagstaff Downtown Business Alliance (FDBA) and Ms. Madeksza have been doing a great job creating vitality downtown. She offered appreciation for the great work that they are doing.

Vice Chairwoman Karen Kinne-Herman moved to approve the Semi-Annual Contract Payment to Flagstaff Downtown Business Alliance in the amount of \$88,250; seconded by Member Jerry McLaughlin; passed unanimously.

7. Consideration and Possible Action to Approve Payment for Installation of Bike Racks to Flagstaff Downtown Business Alliance.

Ms. Madeksza stated that there is an invoice from FDDBA for payment for the installation of the bike racks downtown. All ten bike racks have been installed and the balance due was \$10,000. Both the design and installation were conducted through a competitive bid process with a local artist and local contractor being selected.

Chairman Stilley asked if the project is within budget to which Ms. Madeksza answered yes.

Ms. Kjellgren explained that the invoice should be provided as supporting documentation to the meeting agenda packet. She suggested that the approval of the payment be postponed to the next meeting so the necessary information could be properly included. Ms. Madeksza stated that she just received the invoice so it could be pushed to the next meeting in January.

Vice Chairwoman Karen Kinne-Herman moved to postpone the item to the January 2020 meeting; seconded by Chairman David Stilley; passed unanimously

8. Discussion: Sales Tax Information from the Arizona Department of Revenue.

Vice Chairwoman Kinne-Herman asked Ms. Madeksza if she had an updated regarding sales tax breakdown for downtown. Ms. Madeksza stated that the new sales tax reporting format does not give the appropriate information necessary to break out the downtown area from the rest of Flagstaff.

Ms. Madeksza stated that she is beginning to learn about the how it might be possible to get this information but does not currently have a timeline on when it might roll out. What needs to happen is that there needs to be a geo-fenced area created by identifying all the business licenses within a specific area. Reports can then be generated based on those business licenses. She has been working with the City of Flagstaff Revenue Director and one of the attorneys to identify a method to get those reports generated. Ms. Suda clarified that the data set is tied to the sales tax license rather than the business license.

Member VanLandingham stated that it has been some time since the City's tax collection left City Hall and it has been an equally long time since the District has had access to the sales tax information for downtown. He asked if a letter to the Governor and the Director of the Arizona Department of Revenue (ADOR) would be appropriate. The letter could indicate that if Arizona is a state that encourages economic development, then tools are needed to do that. There should be resources to do this type of analysis.

Vice Chairwoman Kinne-Herman asked if there is information from other cities or districts in the state that might be able to help. Ms. Madeksza stated that the City of Phoenix recently entered into an IGA with ADOR to get this data, but it is coming in a format that is unable to be read; it is raw data that cannot be analyzed. The City of Flagstaff joined that IGA and now can get that data but in order to read it there has to be association with the corresponding sales tax licenses to extract the data needed. Ms. Madeksza offered that it might be worth asking ADOR if there is a way to separate the data and provide information for just the special taxing district.

Ms. Madeksza stated that the next step is to have the City of Flagstaff pull the sales tax licenses for the area that is defined as downtown. Ms. Kjellgren stated that something to keep in mind is that specific information on sales tax licenses is confidential, the City will only be able to provide general information for the defined area.

Vice Chairwoman Kinne-Herman stated that the information is important not only for the District but for the overall area. People are concerned about a downturn in the economy and having the ability to see trends will help prepare.

Ms. Madeksza stated that she is currently working on scheduling a follow up meeting with the City. After that meeting, she will have a better idea about next steps and a timeline.

The Board gave direction to have the Downtown Business Alliance submit a letter to the Arizona Department of Revenue regarding the issue and include the concerns of the District.

9. FDBA Director Report

Ms. Madeksza reported that reporting from Park Flag has not been happening for several months due to staff turnovers. There has been training with the new staff and those reports are being generated again. She will be able to report Park Flag revenue numbers at the next meeting. She stated that the August 2019 unaudited revenues are up over August 2018 by about \$15,000 and there is more than \$500,000 in the lockbox. The City is actively looking for opportunities to get more parking. If there are areas that might be available, the funds are there to lease or purchase. If you know of any possible opportunities, please pass that along to her.

Ms. Madeksza indicated that the City was moving forward with negotiations with the Flagstaff Senior Living project for a shared parking garage across the street from the courthouse. Unfortunately, Flagstaff Senior Living did not get the tax credits needed to start construction, so the project has been delayed a year to reapply for the tax credits. The City is looking at leasing the Flagstaff Senior Living site for parking once the courthouse is open and the construction equipment and materials have been moved off the site. She does not know yet the total spaces that could be created there.

Member McLaughlin stated that with the project delayed, the old courthouse property will need to remain for parking during construction. There is still the opportunity to acquire the old courthouse lot at a later time. Chairman Stillely indicated that acquiring that property is the primary goal. Ms. Madeksza added that the City shares that vision. She stated that there is a meeting scheduled for October 21, 2019 with some stakeholders, the City Manager, the Mayor, and Councilmember Whelan. Part of that meeting will be to ask for the City's commitment made in the courthouse bond question. It needs to be more than words and a commitment. The former City Manager was very vague in terms of what the City's direction was in terms of courthouse parking and the future of the current municipal courts. It is hoped that there be more of a commitment made with the new City Manager.

Vice Chairwoman Kinne-Herman stated that she and her husband Maury Herman were invited to participate in the meeting. She indicated that she will not be representing the District but will attend as a downtown property owner only.

Ms. Madeksza stated that Park Flag has been in operation for two and a half years with the first annual report delivered in October 2018. The second annual report is currently

underway. They will be including information about why parking management is necessary, the accomplishments over the last year, as well as information about future planning. She is also working with Park Flag to issue quarterly reports. They will not be as detailed, but they will contain helpful information for stakeholders on a more routine basis.

Ms. Madeksza also reported that since Park Flag has been in operation for two years, it may be a good time to evaluate what has been working and what might need some adjustment; this could include a review of the hours of operation, cost for employee permits, how the residential districts are working.

Member McLaughlin asked what the concerns are about the hours of operation. Ms. Madeksza offered that when Park Flag was created it looked at where the most demand for parking was and the hours of operation were based on the biggest demand. Thursday, Friday, and Saturday evenings are when there was a lot of demand which is why there are later operating hours. There is not a demand in the early mornings; the 7:00 a.m. start time was put in place to retrain downtown employees and students to park in other areas. That effort has been successful and indicates that it might be time to look at a later start time. There are no recommendations yet as everything needs to be reviewed. She also indicated that businesses feel that \$45 for employee parking is still too high.

Vice Chairwoman Kinne-Herman asked if there were any statistics on whether or not bus ridership was up. Ms. Madeksza stated that the number of eco-passes is up and there has been an increase of people requesting them as well.

Ms. Madeksza reported that the Downtown Vision Plan is progressing. The City, County, NAIPTA, and FDBA are all funding partners and all have signed an agreement and approved a Scope of Work. The FDBA will be issuing a Request for Proposals (RFP) to select a consultant team to lead the visioning process. The RFP has been drafted and is waiting for comments from the partners. The hope is to issue the contract by the end of October.

Ms. Madeksza stated that the FDBA has hired a new full-time Program Manager, Tessa North. She will begin on Monday, October 14, 2019 and will be focusing on producing reports for the FDBA and stakeholder communications.

Additionally, the FDBA is actively looking for new office space because the current landlord has expressed a desire to repurpose the current office space. The desire is to be co-located with Park Flag so the cooperation and day-to-day influence can continue. There is no urgency at the moment, but they have been moved to a month-to-month lease. They are looking at a 2,500 to 2,800 square foot building in order to accommodate Park Flag. It would be ideal to have ground floor space to help facilitate interaction with the public. They have looked at the Ice House and the Hopi Building as possible options because they are already built out and would require only a few tenant improvements to become operational.

Lastly, Movies on the Square completed the season with only one rainout, 14 events were successfully carried out with about 1,000 people attending each time. There was a lot of focus on community pride with events that included the Flagstaff High School Marching Band as well as the Dancing Grannies. One lesson learned is that there was little to no influence of parking on the event. There was no discussion about parking when advertising Movies on the Square and there was not a reduction in the audience. When offering free, family friendly community-based events, the community will come out. It is a reminder to

be mindful of creating experiences and activities that will provide reasons to bring locals downtown.

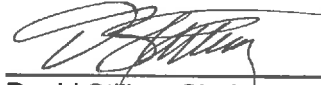
10. PUBLIC PARTICIPATION

Public Participation enables the public to address the Board about an item that is not on the agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed.

None

11. Adjournment

The Regular Meeting of the Flagstaff Downtown Business Improvement District of October 8, 2019 adjourned at 11:07 a.m.



David Stille, Chairman

ATTEST:



Stacy Saltzburg, District Clerk