

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

**Tuesday, April 9, 2019 – 10:00 AM
Council Offices - 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 Stilley called the Special Meeting of April 9, 2019 to order at 10:02 a.m.

2. Roll Call

MEMBERS PRESENT:

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

MEMBERS ABSENT:

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

3. Approval of Minutes of the Board Meeting of February 26, 2019.

Vice Chairwoman Karen Kinne-Herman moved to approve the minutes of February 26, 2019; seconded by Member John VanLandingham; passed unanimously.

4. Acceptance of Monthly Financial Reports:

- A. November 2018
- B. December 2018

Member Steve Chatinsky moved to approve the monthly financial reports of November 2018 and December 2018; seconded by Vice Chairwoman Karen Kinne-Herman; passed unanimously.

5. Discussion and Direction: Extension of Auditor's Contract.

Ms. Kjellgren stated that the current contract allows for a one-year extension. Ms. Suda stated that Hinton Burdick provided an engagement letter for services that is asking for an increase of \$150 over the last year's contract, for a total not to exceed \$5,650 for the annual audit.

Ms. Kjellgren explained that if the Board would like to continue with Hinton Burdick, she will make amendments to the contract and bring it back to the Board for action. Ms. Suda added that the other option available to the Board is to do a solicitation for another auditor.

Member VanLandingham asked about the single audit expenditure referenced in the letter. Ms. Suda explained that a single audit may happen if the District received a large grant, then the single audit would be to make sure that everything is in regulation.

The Board requested that Ms. Kjellgren bring an amendment to the Hinton Burdick contract to the Board for consideration.

Member VanLandingham asked if there are less expensive options, given that the District is such a small organization with only two large payments per year and only a few professional staff. Ms. Kjellgren stated that the audits include not only the review of the financial accounts but the minutes, the budget, and other regulatory documents. Ms. Suda added that the auditor needs to have expertise in municipal audits.

Ms. Kjellgren stated that the Board could put out a Request for Proposals and see what comes in. Hinton Burdick was the only responder at the last request. Ms. Suda stated that she also sent the Request for Proposals to other local firms as well.

Member VanLandingham asked what other smaller organizations pay for similar services. Ms. Suda explained that her experience is with large municipalities and she is not familiar with the rates smaller organizations pay.

The Board requested that Ms. Suda and Ms. Kjellgren also research what other smaller entities are paying for their audit services to give perspective to what the District is paying.

6. Approval of Semi-Annual Payment to Flagstaff Downtown Business Alliance in the amount of \$79,250.

Member Jerry McLaughlin moved to approve the semi-annual payment to Flagstaff Downtown Business Alliance in the amount of \$79,250; seconded by Vice Chairwoman Karen Kinne-Herman; passed unanimously.

7. Consideration of 2020 Budget Documents

Ms. Suda reviewed the Draft Budget (Exhibit A) and provided two options for consideration. The first option for 2020 is to consider a flat revenue approach, collecting approximately the same amount of revenue as the previous year. The second option is a flat rate approach, which would generate about \$7,000 more than the previous year. In previous years the Board has done a flat revenue calculation, and in FY19, with the addition of the Marriott Residence Inn, the Board decided to do a flat rate to increase the revenue.

Member VanLandingham clarified that the Board considers the two options every year. Ms. Suda affirmed and stated that the Board can choose any rate up to that approved by the owners in the District. Each property owner will be impacted differently based on the value of their property; if there was a remodel or addition there could be a larger increase. When looking at the flat revenue numbers, the District is pretty stable.

Member VanLandingham asked if the 25% minimum fund balance was a legal requirement. Ms. Suda stated that it is not a requirement, but she highly recommends keeping that balance at 25%, especially because the timing of income can be very volatile, and it only comes in two times per year.

Ms. Kjellgren asked if a portion of the contingency funds could be used for a public improvement project. Ms. Suda responded yes; with the flat revenue, the revenue is just over \$185,000. With a current projection of \$174,000 in expenses, not including changes in the DBA contract, there is an \$11,000 cushion.

8. Review of the 2020 Budget Calendar

Ms. Suda reviewed the 2020 Budget Calendar (Exhibit B).

Member VanLandingham asked if the decision to go with flat revenue or flat rate will need to be made at the May 28th meeting. Ms. Suda stated that the decision will need to be made at that meeting so she knows how to prepare the budget.

Ms. Kjellgren asked the Board if they would like the final meeting in June to be considered the third quarter meeting and cancel the first meeting in July. The Board agreed that the July meeting should be canceled. Ms. Saltzburg indicated that an action to cancel the July meeting would be added to the next meeting agenda.

The Board agreed to keep the budget schedule as presented.

9. Discussion and Direction: Contract Negotiations with Flagstaff Downtown Business Alliance.

Member VanLandingham stated that in reviewing the agreement there are a few points of discussion. Management of the public infrastructure is something that needs to be considered. The first public infrastructure project has not yet been completed, and Ms. Kjellgren has suggested that another project may be advisable. That is something that will need to be discussed as part of the contract.

The FDDBA has determined that they do not want to take on the management of the Heritage Square Plaza, as it was too much potential liability for a small agency to take on, so that item can be omitted going forward.

In addition to the consideration of an additional public infrastructure project, Member VanLandingham suggested offering District constituents an opportunity to give input on a potential project for the District. The downtown stakeholders are not always able to be present at all the meetings that can have an impact on the downtown, and they would like to look to the Executive Director to fill that sort of role and speak for the District.

Another discussion point for possible inclusion in the agreement is parking. The premise of the District when it was formed was largely to address parking needs and to add to the supply of parking. There is now parking management in place, and revenues are coming in. They would like to see the FDBA as contractor oversee, educate, and communicate to stakeholders the value of working for that goal of parking and increased supply.

The last item is downtown visioning. Conversations are already beginning with stakeholders about the need for a comprehensive downtown vision, but the conversations don't yet include all stakeholders. There are a lot of best practices and examples of how to continue to be successful, and there needs to be downtown expertise to guide the process for consistent success of the downtown. He suggested that the FDBA lead and participate in that process.

Chairman Dave Stilley stated that he will discuss the potential for an infrastructure project, and he and Ms. Madeksza will bring it back to the Board for discussion.

Ms. Kjellgren stated that she will draft the amendment based on the guidance of the Board.

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.

Ms. Madeksza provided an update on a few downtown items.

Parking Update: Ms. Madeksza distributed the Park Flag Annual Report. She stated that the report tells a great story and walks the reader through getting the system up and running, the accomplishments of the first year, and a financial summary. Ms. Madeksza stated that Park Flag will be launching a new validation program. Many businesses in the last 18 months have been offering \$1 off a customer's purchase to offset parking; the new program will allow people to purchase a validation card for \$.95 on the dollar with a code that can be used at the kiosk. The program has been tested over the last couple of weeks and is ready to launch. The system will allow people to purchase in one-hour increments and, depending on the results of the launch, it may be possible to purchase validations in longer time increments in the future.

Member VanLandingham asked if there were any updates on the Courthouse. Ms. Madeksza stated that the City Council has approved a contract for the demolition of the old APS building. There will be a contract before the City Council soon for the construction to begin. With regard to parking for the Courthouse, City staff has received direction to pursue dedicated courthouse parking across the street in partnership with the Flagstaff Senior Living project, which is currently in the design and conceptual phase.

Vice Chairwoman Kinne-Herman asked Ms. Madeksza if she knew the number of parking spaces for the garage. Ms. Madeksza indicated that she was not certain on the total number, but that the first floor is about 135 spaces.

Vice Chairwoman Kinne-Herman asked about the letter about meeting the bond commitment of 200 additional parking spaces that was sent to the City of Flagstaff by the Board, and what the response was. Ms. Madeksza stated that she believes that the letter

was effective with City management and Council. The challenge with parking comes down to funding; in today's dollars there is no ability to get the 200 spaces for the \$2 million that was allocated in the bond. There are conversations happening at the City, and there is direction for the 135 spaces in partnership with Flagstaff Senior Living.

Ms. Madeksza indicated that she celebrated her fourth year in Flagstaff, and her performance review focused on how far the FDDBA has come in four years and where they are going in the future. Ms. Madeksza's first two years were spent getting some stability in the organization, focusing on basic needs and programming. The last two years were spent making the FDDBA more influential. This is evident when looking at the visioning of where the downtown is going. The FDDBA and the District are being asked to participate in much more than in the past. That did not happen by accident; working with City Management and the City Council to help them understand the value of the FDDBA has brought the downtown into the conversations and decision making.

Ms. Madeksza also reported about her connection with Erika Mazza, the new CEO for NAIPTA. There is an eagerness from both parties to work more closely together. Ms. Mazza attended the last FDDBA meeting and provided an update on the downtown transit connection center and her desire to include the FDDBA in the process at different points along the way.

Ms. Madeksza shared that she recently joined the Flagstaff Arts Council Board and was appointed to the Flagstaff Tourism Commission and is serving as the Vice-Chair. She provided information about upcoming events in the downtown.

11. Adjournment

The Regular Meeting of the Flagstaff Downtown Business Improvement District of April 9, 2019 adjourned at 11:11 a.m.



David Stilley, Chairman

ATTEST:



Stacy Saltzburg, District Clerk