

MINUTES

MINUTES OF THE REGULAR SESSION OF THE MAYOR AND COUNCIL OF THE CITY OF BISBEE, COUNTY OF COCHISE, AND STATE OF ARIZONA, HELD ON TUESDAY, MAY 5, 2026, AT 7:00 PM AT COUNCIL CHAMBERS LOCATED AT 118 ARIZONA STREET, BISBEE, ARIZONA.

THE MEETING WAS CALLED TO ORDER BY MAYOR BUDGE AT 7:00PM.

ROLL CALL

COUNCIL

Councilmember Karen Schumacher, Ward I
Councilmember Pete Skinner, Ward II
Councilmember Trish Damon, Ward III
Mayor Ken Budge
Councilmember Anna Cline, Ward III, Mayor Pro Tempore
Councilmember Mel Sowid, Ward II
Councilmember Lori Reynolds, Ward I

STAFF

Ashlee Coronado, Interim City Manager / City Clerk
Keri Bagley, Finance Director
Matthew Gurney, Public Works Director
Logan Dodd, Operations Manager
Tim Cox, Police Chief
Jay Ritchie, Deputy Police Chief
Jim Richardson, Fire Chief
Melissa Hartman, City Planner

CITY ATTORNEY

Joseph Estes

INVOCATION: Mayor Budge called for a moment of silence for personal reflection.

PLEDGE OF ALLEGIANCE

MAYOR'S PROCLAMATIONS AND ANNOUNCEMENTS:

- Mayor Pro Tempore Cline read the 57th Annual Professional Municipal Clerks Week Proclamation.
- Mayor Budge announced the Annual Copper Queen Library Ice Cream Social on May 8th.

CALL TO THE PUBLIC

THE FOLLOWING ITEMS WERE DISCUSSED, CONSIDERED, AND/OR DECIDED UPON AT THIS MEETING:

GENERAL BUSINESS:

1. ACCOUNTS PAYABLE: Subject to availability of funds.

MOTION: Councilmember Cline moved to approve accounts payable in the amount of \$539,109.68.

SECOND: Councilmember Sowid

Councilmember Sowid inquired about an item in the accounts payable report, and staff responded.

MOTION PASSED: UNANIMOUSLY

2. Approval of the Consent Agenda

- A. Approval of the Minutes of the Regular Session of Mayor and Council held on Tuesday, April 21, 2026.

Ashlee Coronado, City Clerk

- B. Approval of the Minutes of the Special Session of Mayor and Council held on Tuesday, April 21, 2026.

Ashlee Coronado, City Clerk

- C. Approval of the Park, Facility and Right-of-Way Use Permit for Bisbee Pride, Inc. for the use of Grassy Park and Adjacent Parking for the Pride Village to be held Friday, June 19, 2026, and Saturday, June 20, 2026, from 8:00am to 9:00pm each day.

Ashlee Coronado, City Clerk

- D. Approval of the Park, Facility and Right-of-Way Use Permit for Bisbee Pride, Inc. for the use of Main Street from Quality Hill to Brewery Avenue for the Pride Parade to be held on Saturday, June 20, 2026, from 9:00am to 11:30am.

Ashlee Coronado, City Clerk

- E. Approval of the Park, Facility and Right of Way Use Permit for the use of Brewery Gulch for the 4th of July Hard Rock Drilling and Mucking Contest on Saturday, July 4, 2026, from 12:00pm (Noon) to 7:00pm with possible waiver of fees.

Ashlee Coronado, City Clerk

- F. Approval of the Park, Facility and Right of Way Use Permit for the use of West Blvd, Tombstone Canyon and Main Street for the Coaster Race Trail Run on June 27th from 6:00am to 12:00pm (Noon) and the Coaster Race Pre-sets on July 3rd from 12:00pm (Noon) till 7:00pm and the Coaster Race on July 4th from 6:00am to 12:00pm (Noon) with possible waiver of fees.

Ashlee Coronado, City Clerk

MOTION: Councilmember Cline moved to approve consent agenda items A through F.

SECOND: Councilmember Sowid

MOTION PASSED: UNANIMOUSLY

OLD BUSINESS

3. Discussion and Possible Approval of Ordinance O-26-08, Accepting the Transfer of Real Property from TIMO Holdings LLC, Located at 109 N Taylor Avenue, Bisbee.

Ashlee Coronado, Interim City Manager

Ms. Coronado explained this was the second reading of the ordinance to accept property for workforce housing, representing the fourteenth home acquired through this program.

Mayor Budge expressed satisfaction with the progress of the workforce housing program, noting this would be the fourteenth home acquired.

MOTION: Councilmember Skinner moved to approve Ordinance O-26-08, Accepting the Transfer of Real Property from TIMO Holdings LLC, Located at 109 N Taylor Avenue, Bisbee.

SECOND: Councilmember Damon

ROLL CALL VOTE:

AYES: Councilmember Schumacher, Skinner, Damon, Reynolds, Sowid, Cline and Mayor Budge

NAYS:0

MOTION PASSED: AYES-7 NAYS-0

4. Discussion and Possible Approval of Ordinance O-26-09; Amending the Bisbee City Code, Chapter 9- Health and Sanitation; and Cemetery, by creating a New Article 9.9 -Trees, to provide for the regulation of trees within the city; providing for the repeal of conflicting ordinances; providing for severability; providing for penalties; and establishing an Effective Date.

Emanuel Stuart, City Planner

Mr. Stuart presented the second reading of the Tree Ordinance for the City of Bisbee.

Mayor Budge commented positively on the new trees planted in front of the building and noted the recent rainfall that would help the plantings.

MOTION: Councilmember Cline moved to approve Ordinance O-26-09; Amending the Bisbee City Code, Chapter 9- Health and Sanitation; and Cemetery, by creating a New Article 9.9 -Trees, to provide for the regulation of trees within the city; providing for the repeal of conflicting ordinances; providing for severability; providing for penalties; and establishing an Effective Date.

SECOND: Councilmember Schumacher

ROLL CALL VOTE:

AYES: Councilmember Schumacher, Skinner, Damon, Reynolds, Sowid, Cline and Mayor Budge

NAYS:0

MOTION PASSED: AYES-7 NAYS-0

NEW BUSINESS

5. Discussion and Possible Approval of Resolution R-26-10: Adopting the Tentative Budget for the City of Bisbee for FY26-27 as well as give Notice of the Time of the Public Hearing to Taxpayers for Adoption of the Budget.

Ashlee Coronado, Interim City Manager

- Fred Miller questioned changes in the budget, specifically asking about funds being moved from the Bisbee Visitor Center Capital Improvement Fund. He noted discrepancies between the March financial report showing \$140,000 in that fund versus \$108,000 in the budget and asked whether money was being moved to the bed tax fund.

Mr. Miller also asked about contract services increasing from \$15,000 to \$65,000.

Mayor Budge explained that \$15,000 of the contract services was for Cochise County Tourism, with the remaining \$50,000 coming from reserves. There was further discussion regarding the proper procedures for moving money out of capital improvement funds, with Mayor Budge citing City Charter Section 6.06, which requires a resolution approved by a five-sevenths vote of Council for such transfers.

- Megan Connelly, Director of Bisbee Bikeways, addressed Council regarding the Lavender Pit path project. She stated that over the past eight years, a coalition of multiple partners had been built and \$8.5 million in federal grant funding had been secured for the project. Ms. Connelly explained that the project was now facing a significant funding gap after bids came in approximately \$1 million over the engineer's estimate, which she attributed in part to rising fuel costs related to recent conflicts.

Ms. Connelly stated that construction needed to begin by July or the project could risk termination of the EDA grant. She requested that the City identify approximately \$600,000 to address the funding shortfall, suggesting the possible use of ARPA funds or other budget adjustments. She further explained that approximately \$200,000 to \$400,000 of that amount was for contingency and might not be needed because contractors had already incorporated inflation into their pricing.

Public Works Director Matthew Gurney explained that federal rules did not allow value engineering on the existing bids, requiring the project to be rebid with a revised scope. He also noted that if the city voluntarily forfeited the grant it would remain in good standing with the federal agency for future funding opportunities, whereas having the grant withdrawn could negatively affect future grant applications.

Council discussed several possible funding scenarios, with the understanding that any commitment would need to come from the current budget because construction would begin before the start of the new fiscal year. The discussion also highlighted the cash flow challenges associated with federal reimbursement grants.

- Melissa Holland, a business owner, expressed support for the path project and described it as an important first step in connecting different parts of the city. She encouraged continued community investment in similar initiatives.

Councilmember Schumacher expressed appreciation for the budget changes that had been made in response to prior Council input, noting that while the city was going further into reserves than desired, the budget attempted to support multiple priorities.

Councilmember Reynolds asked for clarification regarding the \$500,000 budgeted for miscellaneous grants. Staff explained that the amount served as a placeholder for potential grant opportunities that might arise during the fiscal year.

MOTION: Councilmember Cline moved to approve Resolution R-26-10, adopting the Tentative Budget for fiscal year 2026-27 and setting the expenditure limitation.

SECOND: Councilmember Reynolds

MOTION PASSED: UNANIMOUSLY

6. Discussion and Possible Direction related to a breach of contract between United Tiny Homes Inc. and the City of Bisbee for the purchase of the 17 acres known as Sierra Cobre Estates.

Melissa Hartman, City Planner

Ms. Hartman presented the breach of contract matter with some reluctance, explaining that the City had tried very hard to make the agreement work. She stated that all email communications had been provided to document the lack of progress by United Tiny Homes.

Ms. Hartman explained that the company made a \$25,000 payment after she demanded some form of payment to avoid earlier breach proceedings, but that no additional payments or concrete progress had been made since that time.

Councilmember Schumacher asked about the timeline, noting that the most recent emails were from January and questioning why the breach had not been brought to Council sooner.

Ms. Hartman explained that she had hoped the company would come forward with something substantial and that she had continued phone communications through recent weeks, including a conversation with a company representative the week before the meeting.

Councilmember Sowid asked whether the city would return the \$25,000 payment.

Mr. Estes, City Attorney advised that the payment should be returned because the city had not incurred costs that would justify retaining it and the contract did not contain penalty provisions.

Mayor Budge noted that while the situation was frustrating, the City still owned the property and had other interested parties and potential uses under consideration, including possible senior housing or other development on portions of the land.

Ms. Hartman further explained that the company had faced significant challenges, including a fatal accident involving one of its trucks, which had severely affected operations. She stated that these circumstances caused the company to prioritize other existing projects in Prescott Valley, leaving the Bisbee project as a lower priority.

MOTION: Councilmember Schumacher moved to discontinue the contract between the City of Bisbee and United Tiny Homes for the purchase and development of the Sierra Cobre Estate Subdivision for breach of contract and return the \$25,000 partial payment.

SECOND: Councilmember Damon

MOTION PASSED: UNANIMOUSLY

7. Discussion and Possible Approval of Change Order #8 with Durazo Construction.

Mike Normand, Construction Project Manager Camp Naco

Mr. Jeremy Fricke, Camp Naco Executive Director, presented change order #8, explaining it was primarily for building A3 at the site, which was formerly the mess hall. The project was fully funded by a National Park Service grant received in late December and covered exterior work, with plans to return for interior components once fully designed.

MOTION: Councilmember Reynolds moved to approve change order number 8 with Durazo Construction in the amount of \$208,110.25.

SECOND: Councilmember Cline

MOTION PASSED: UNANIMOUSLY

8. Discussion and Possible Approval of Change Order #12 with Durazo Construction.

Mike Normand, Construction Project Manager Camp Naco

Mr. Jeremy Fricke, Camp Naco Executive Director, explained that change order #12 was for special inspections required during the construction process for items that needed specialized inspection procedures. The work would be performed by an independent company, Nino and Moore, since contractors cannot inspect their own work. This change order was also fully funded by existing grant funding, specifically through the Mellon Foundation.

MOTION: Councilmember Damon moved to approve change order number 12 with Durazo Construction in the amount of \$21,969.

SECOND: Councilmember Cline

MOTION PASSED: UNANIMOUSLY

9. Discussion and Possible Approval to award the bid for the rehabilitation of the Fair Store Glass Sidewalks at 37 Main Street to Marsh Development, Inc.

Matthew Gurney, Public Works Director

Mr. Gurney explained that the city had issued a request for proposals for the rehabilitation of the Fair Store glass sidewalk, a project funded through a grant from the Arizona State Historic Preservation Office. He noted that the required grant match was satisfied through pro bono engineering and design services provided by local architect Lepley. Two responsive proposals were received from Marsh Development, Inc. and Lithic Construction, with Marsh Development submitting the lowest bid.

Mayor Budge confirmed that the grant exceeded \$150,000 with matching funds, but that the actual match requirement was less than originally planned.

Councilmember Schumacher asked about the timeline and safety measures during construction.

Staff stated that they would attempt to complete the work before the height of tourist season and prior to monsoon rains, and that the area would be fenced and secured with steel plates to prevent public access and water infiltration.

Mr. Gurney noted that the project had remained on the city's list for many years through the tenure of multiple public works directors, making its completion particularly satisfying.

MOTION: Councilmember Schumacher moved to award the bid for the rehabilitation of the Fair Store Glass Sidewalks at 37 Main Street to Marsh Development Incorporated.

SECOND: Councilmember Damon

MOTION PASSED: UNANIMOUSLY

10. Discussion and Possible Approval of Amendment No. 2 to the Renewal Agreement with Jacobs for operations, maintenance, and management services for the City of Bisbee San Jose Wastewater Treatment Plant.

Matthew Gurney, Public Works Director

Mr. Gurney presented Amendment No. 2 to provide ongoing operations, maintenance, and management services for the San Jose Wastewater Treatment Plant. He emphasized that a principal benefit of the agreement was support for regulatory compliance, noting the specialized knowledge Jacobs provided in meeting state and federal requirements.

Councilmember Sowid asked about transparency regarding whether the city had sought competitive bids. Staff clarified that the matter was an annual cost adjustment amendment to an existing multi-year contract rather than a new contract requiring a separate bidding process.

Councilmember Reynolds confirmed that the original agreement was for five years beginning July 1, 2024, with three years remaining.

Ron Abel, Jacob's representative explained the cost adjustment formula, stating that it was based on a combination of economic indices, and offered to provide additional detail regarding how the adjustments were calculated. The representative also emphasized Jacobs' commitment to keeping costs as low as possible while maintaining service quality.

Mayor Budge commended Jacobs for its performance, noting that during his five years as Mayor the City had not experienced an ADEQ violation despite operating a wastewater treatment plant more than twenty years old. In response to questions about the plant's remaining useful life, the Jacobs representative stated that specialists would conduct a condition assessment in July to help evaluate the path forward for the next five to ten years.

MOTION: Councilmember Schumacher moved to approve amendment number 2 to the renewal agreement with Jacobs for operations, maintenance and management services for the city of Bisbee San Jose wastewater treatment plant.

SECOND: Councilmember Skinner

MOTION PASSED: UNANIMOUSLY

11. Discussion and Possible Approval of the Destination Marketing Organization Agreement between the City of Bisbee and Hackett Advertising Public Relations Interactive, LLC (HAPI).

Ashlee Coronado, Interim City Manager

Ms. Coronado explained that the agreement would establish professional destination marketing organization services for the city, with HAPI responsible for developing and implementing comprehensive tourism and marketing strategies. She stated that the services would be funded through bed tax revenue and would include regular reporting and performance metrics. Ms. Coronado also noted that the city planned to establish a DMO advisory committee and hire a full-time liaison.

- Fred Miller provided public comment expressing concern that the City had made a procedural error by issuing a request for proposals for a destination marketing organization and then awarding the contract to a for-profit advertising agency. He argued that this conflicted with AOT requirements describing DMOs as nonprofit organizations and could expose the City to legal challenge. Mr. Miller suggested withdrawing the award and issuing a new request specifically for marketing firm services rather than for a DMO.

Mayor Budge responded by reading from the RFP scope of work, which requested professional marketing and tourism promotion services for the city's DMO program. He also read from an AOT email confirming that a for-profit marketing agency could provide DMO services while the city retained the official DMO designation and noted that several other municipalities used similar arrangements.

Councilmember Schumacher stated that she shared Mr. Miller's concerns regarding the process, noting that the RFP defined a destination marketing organization as a nonprofit entity and expressing concern about soliciting one type of organization but contracting with another. She also expressed frustration that no work session had been held to discuss implementation details.

Mr. Estes, City Attorney stated that the process had been conducted properly and that the time for bid protests had passed because Council had voted to award the contract to HAPI at the previous meeting. He noted that the scope of work specifically provided for DMO services and stated that AOT allowed such arrangements.

Councilmember Reynolds expressed support for moving forward, emphasizing that HAPI had been highly rated for its qualifications and that the advisory committee would provide local business input. She also noted that rebidding would not guarantee receipt of a proposal from a nonprofit DMO.

Councilmember Sowid and Skinner asked for confirmation that there were no legal liabilities associated with moving forward.

Mr. Estes confirmed that there were not.

Mayor Budge emphasized the time constraint, noting that materials needed to be submitted to AOT by July in order to secure \$50,000 in matched advertising funding and that the city would lose that opportunity if the process were delayed further.

MOTION: Councilmember Cline moved to approve the Destination Marketing Organization Agreement between the City of Bisbee and Hackett Advertising Public Relations Interactive LLC, HAPI.

SECOND: Mayor Budge
(Schumacher)

MOTION PASSED: 6/1

12. City Manager's Report:

COUNCIL COMMENTS OR FUTURE AGENDA ITEM SUGGESTIONS: (Council members may suggest topics for future meeting agendas, but Council will not here discuss, deliberate, or take any action on these topics.):

- Councilmember Schumacher commented on the art up in City Hall.

Mayor Budge stated that, as there was nothing else before this Council this meeting was adjourned.

ADJOURNMENT: 8:45PM

Ken Budge, Mayor