

**MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, JUNE 2, 2014, AT 5:30 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Rankin called the meeting to order at 5:33 pm.

**ROLL CALL:**

Present: Rankin, Smith, Celaya, Hawkins, Montaña, Walter, Woolridge

**WORK SESSION WITH INDUSTRIAL DEVELOPMENT AUTHORITY**

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, stated that previously the Town Council did not pass a bond for the Industrial Development Authority, which has a direct impact on the community.

Ms. Jennifer Evans, Management Analyst, stated that the purpose of the work session is to discuss the powers of the Florence Industrial Development Authority (IDA) and the role of the authority's governing body. The IDA is empowered under A.R.S. § 35-701 to issue bonds and loan the proceeds from the sale of bonds to finance community and economic development projects. The Town Council is the governing body of the IDA that is responsible for electing the directors and approving the proceedings for the issuance of bonds.

Ms. Evans stated that the Florence IDA has issued ten bonds to date with the first bond for Goodwill Industries of Central Arizona to renovate a building and open a store in Avondale. Since 2010, the Florence IDA has issued nine bonds to finance the costs of acquisition, renovation, improvement, and equipping of charter schools in various locations within Arizona.

Ms. Evan stated that the income earned on application fees associated with the issuance of bonds has been invested in several projects in Florence, which includes the following: assisting the owners of Pinal Food Market; produced a tourism marketing brochure to promote Florence, which is distributed throughout Arizona; funding to the Greater Florence Chamber of Commerce for their website; Florence Main Street Program for the Smithsonian Institution's Journey Stories exhibition; Town of Florence for the annual Home Tour; and Future Forward Foundation to support its projects.

Ms. Evans stated that there may be opportunities in the future for the Town and IDA to partner on projects that would directly benefit the Town. To do that, the IDA must have approval from the Town Council to issue bonds and be active in the bond market. An added benefit of having an active local IDA is that it can continue to invest in projects that have a positive impact on the community.

Mayor Rankin stated that communication between the Town and the IDA is vital if they are to work together. The Town has inquired about the finances and has not received a response.

Councilmember Walter stated that the minutes from the IDA are not posted on the website.

Mr. Peter Villaverde, IDA President, provided a brief overview of the IDA and its history. He stated the Town Council has two Council liaisons and one staff member who receive all the information that each of the IDA members receive, including minutes and balance sheets. He stated that he will direct the IDA Secretary/Treasurer to forward the minutes and financial statements to the Town Council in the future.

Councilmember Walter inquired if the IDA minutes can be posted on their website.

Mr. Villaverde stated that they are updating their website and will include bonding process information as well.

Mayor Rankin stated that the Town allowed the Florence IDA to accept the Cuen Building from US West. At that time, the IDA stated to the Council that they had the funding to restore the building. Due to the condition of the building, the Town has taken back the Cuen Building.

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, stated when the Town deeded the Cuen Building to the IDA, it was done without deed restrictions. The IDA was free to do what they wanted to with that building. The Town is currently auctioning the Cuen Building.

Mayor Rankin explained that the agreement was not in writing; however, a verbal agreement was made.

Mr. Villaverde explained that the the IDA was in the process of changing their Articles of Incorporation and could not accept the Cuen Building at that time. Qwest donated the Cuen Building to the Town with the understanding that it would donate the Cuen Building to the IDA once they were able to accept the building. The building was to be used as the IDA office. He stated Mr. Jack Lundon had committed to donating \$500,000 for the restoration and Mr. and Mrs. Delbert Lewis stated they would match the donation with an additional \$500,000. Mrs. Lewis passed away and the donations were not fulfilled.

Mr. Villaverde stated that they hired Mr. Dave Wilson, Architect, who did the drawings, etc., and they were submitted to the Town. He stated at that time, the IDA did not have the money.

Ms. Garcia stated that the Town Council appoints the IDA members. All other boards and commissions are bound to the Town Council and are required to submit their

minutes to the Council and we are required to post per the Open Meeting law. The IDA is independent from the Town and Council has appointment authority only.

Mayor Rankin stated that the Council also has the authority to approve the bonds.

Councilmember Hawkins stated that several years ago, the Council requested an audit of the IDAs finances and it was refused. He stated that their finances should be available for review.

Mr. Villaverde read Section 5 of the legal opinion from the Attorney General's Office with regards to the following question posed by Senator Leila Austin in which she asked if there is a principal agent relationship between the governing body and its IDA. The Attorney General's Office response was the following: "*We conclude there is no agency relationship between the governing body and the IDA. An essential element of the agency relationship is the principal's right to control a transaction...*" He stated the response goes on to list several A.R.S. statutes and continued to read in part the following: "*to expressly give governing body sole authority and relation to the formation of the IDA and veto power of the issuance of IDA bonds*". He stated that it is the right of the Council that is set by statute.

Mr. Villaverde continued to read the response in part, which stated the following: "*The right to control the everyday operation and funds of the IDA is given to the Board of Directors. Therefore, we conclude that...do not establish an agency relationship between a governing body and the IDA. In summary we conclude the IDAs are political subdivisions of the State of Arizona which are not given absolute (inaudible) for immunity.*"

Councilmember Hawkins inquired if what he is stating is that the Council is not able to review the finances.

Mr. Villaverde stated that he was responding to the initial question on what Council can do. He stated the IDA hired Henry and Horne to review their finances.

Mayor Rankin stated that the Council was told that they were not able to review their finances.

Mr. Villaverde stated that they were able to review their books.

Councilmember Hawkins stated that the Council was told, per state statutes, they did not have the right to ask to see the financials.

Councilmember Walter inquired why the Florence's IDA is not building within its community as other IDAs do.

Vice-Mayor Smith stated that there are items coming in the near future. He has had discussions with Mr. Villaverde regarding items that he he has agreed and disagreed

with. He stated that both the Council and the IDA have an understanding of their roles and responsibilities. There is a bond issue that will come before the Council and they need to work together.

Mayor Rankin stated that the Council has no issues with the IDA and would like to be informed of their finances. He inquired if Councilmember Hawkins, IDA Liaison, has received the financial information that is distributed at their meetings.

Councilmember Hawkins stated that he has not attended the meeting regularly as he is not being informed of when the meetings are taking place. He has attended three meetings. He stated the the IDA is a great board and they have great people who serve on the board. He would like to see transparency.

Mr. Villaverde stated that the Council will be provided the financial statements and minutes.

Each of the IDA members introduced themselves to the Council.

Councilmember Montaña stated that there was not enough information provided to the Council to make a decision with the regards to the last bond presented to them. The presentation needs to contain all necessary information in order for the Council to make an informed decision.

Mr. Celaya stated that the information was provided to the liaison one week prior to their meeting.

Councilmember Woolridge thanked everyone who volunteers on the boards and commissions. She reminded the Council to not speak for the group when asking questions. She apologized for not voting in favor of the bond and stated that she sees things that the IDA is doing in Town and appreciates the service that the IDA gives to the community.

Mayor Rankin inquired if they hurt future bonding because of the last bond that was not approved, and if so, how do they correct it.

Mr. William Wilder, Bond Counsel for the Florence IDA, stated that the packet provided to the Council contained a document outlining the the financing and information about the bond. He stated there has also been a standing invitation to the Council that he was available for discussion or to answer any questions that the Council may have. He was not contacted with regards to the financing or any other questions that the Council may have had. He stated two weeks prior to the Council meeting, he met with Ms. Jennifer Evans, Management Analyst. He understood that there was a staff recommendation in support of the financing. He stated the City Phoenix IDA scheduled a special meeting two days after the Florence's Council meeting and picked up the pieces. He stated financing was concluded in early May and the approximately \$50,000 that would have come to the Town of Florence IDA was paid to the Phoenix IDA and that amount will be

paid annually to them as well. He stated two people came from Minneapolis to attend that Town Council meeting, and no one asked a question of the underwriting team that was present. He stated that no one asked about the structure of the financing. He stated the Mayor asked if their decision hurt the Town; the underwriting community is small and it may be a while before anyone will want to do business with the Town. He stated if someone wants to do a project in Florence there are several IDAs within the state that are willing to do them, specifically the Pima Co. IDA and City of Phoenix IDA. He stated the ones that were present at that Council meeting will not come back to Florence.

Councilmember Hawkins stated that the Council has only turned down one bond and that is not the precedence of the Council.

Mr. Wilder explained project financing and how financing is derived. He explained their relationship with the Florence IDA. He stated that it will take some time to repair what happened.

Councilmember Hawkins inquired if the Council will have to approve every bond that comes before them; otherwise it will ruin the chance of any others coming to the Town for approval.

Mr. Wilder stated the damage is due to how the decision transpired. The Bond Counsel never received a call noticing them of any concerns with the bond request. There was some reason that Council concluded that this financing for Legacy Charter School Group would not be accepted. The Town has previously approved a bond for Legacy Schools and there was no indication that this request would not be approved. He understands where Florence would like to see projects done in Florence; however, someone has to want to do a project in Florence. The projects are out of the attorneys' and IDAs control of where the project will be done at.

Councilmember Hawkins stated that the Council was told that the IDA can give out as many bonds as they would like for as long as they would like, without any liabilities to the Town. He asked if this were correct, or if there was a limit.

Mr. Wilder stated there is no limit because they are a 501c3 non-profit. He explained that there are limits imposed by the Internal Revenue Code based on a volume cap allocation that the State of Arizona receive the amount of private activity tax (inaudible) bonding that can be done. He explained that 501c3 non-profits are exempt for volume cap allocations; therefore, there are no limits. He explained the the Town Council and IDA have no financial liability to repay the bonds.

Ms. Garcia stated that staff has brought the work session to the Council, so both the Council and the IDA can create a community that is not volatile and so that investors will consider coming to Florence and invest in the community. By them seeking bonding in Florence, it puts a flow of monies back into the IDA, who in turn uses for the community. The IDA has agreed to bring their financial statements to the Council. Both the Council

and the IDA can work together on future projects that may be inside or outside of Florence for the betterment of Florence.

Discussion continued on the previous bond that was brought before the Council at the March 17, 2014 Town Council meeting.

Councilmember Walter stated that transparency and communication is vital for the working relationship with the Council and the IDA.

## **INVOCATION**

Councilmember Walter led the invocation.

## **PLEDGE OF ALLEGIANCE**

Mayor Rankin led the Pledge of Allegiance.

## **CALL TO THE PUBLIC**

**Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.**

Ms. Denise Kollert, Florence Resident, provided visitor statistics and outlined the various uses on the Florence Library. She stated that the library does a lot for children, offers many services and programs, and has wonderful staff. She is in support of the project for building a new library.

Mr. Art Buckley, Florence Resident, stated that he sold realty in Florence and always sent his clients to Main Street, but no longer does so. He stated that spending approximately \$13 million at the suggested location for an aquatics center, library, and recreation center is not a good usage of limited resources. He stated there are several locations on Main Street where a library could be built with adequate parking in the back, and the building should be designed to fit in with the master plan. He stated there are numerous abandoned buildings that are also suitable. He stated the aquatic center should be postponed and the money should be used for the improvement of Main Street buildings. The improvement must be with and in conjunction with the private sector and it will take several years. He stated that it is very difficult to revitalize a small downtown Main Street once it has deteriorated. The Town Council will need to commit to the revitalization; otherwise Main Street will continue to deteriorate. Businesses will not want to come to Florence.

Ms. Ruth Harrison, Florence Resident, stated that the cost of the new proposed facilities has increased from approximately \$7 million to \$14 million. She stated the cost does not include the approximate \$1 million to move the dirt to raise the 40 acres out of the flood plain. She provided the statistics of those who utilize the library and stated that the library is the cultural hub of Florence. She outlined all of the services that the library provides and stated Main Street would get a boost if it were placed on Main Street. She stated the proposed Padilla Park has a large grassy area that is exposed to the sun and the plan is to have musical performances in that space. She suggested that a better place would be at Heritage Park or the 40 acres north of Heritage Park.

Ms. Harrison proposed that the Town build a new library in place of Padilla Park's grassy lawn and develop the property between the Silver King and Granite Street, as planned. She stated there is not enough parking at Padilla Park for large crowds, but there is plenty of room for parking for a library and the Silver King.

Ms. Doretta Allison, Florence Resident, stated that she attended two graduations in Florence. She stated they were both well attended and was very impressed with the amounts of awards and scholarships that were given. She stated the Florence Unified School District has done a great job and has produced some spectacular students. She stated she also loves the Florence Library.

Ms. Betty Reiffer, Florence Resident, stated that she is in support of putting a park in the Heritage Park area. She stated the Town should not spend so much money on an aquatics center; however, the library is needed. She was impressed with the Town's library several years ago with the assistance they provided her, and since then, the library has become better and better. She stated many people passing through Florence utilize the library. She stated she supports the library, but not the entire project.

Ms. Shirley Condit, Florence Resident, stated that libraries are considered for the greater good. A nationwide poll was done and the consensus is that every community should have a library. Businesses will not come to a community who does not have a library. She stated libraries have very specific needs and the vacant buildings along Main Street are not suitable for libraries. The buildings are unable to support the weight of the bookshelves and books and the wiring may not be up to Code.

Councilmember Walter inquired how Ms. Condit feels about the aquatic center and the other parks at this time.

Ms. Condit stated that she does not have an opinion because it is not something that she would personally use. She stated parks and recreation is very important to a community; however, she can only speak to the importance of libraries.

## **PRESENTATION**

### **Quarterly Financial Report Presentation by Finance Director Mike Farina.**

Mr. Mike Farina, Finance Director, provided an update on third quarter financial report, in which he stated that the revenues are meeting or exceeding projections through March 31, 2014, and revenues are exceeding the prior year. He also stated that the expenditures are within the budget and funding availability and the fund balance is normal. He discussed each of the revenues compared to the expenditures. He also discussed the Capital Improvement Fund and discussed the revenues compared to expenditures for the Capital Improvement Projects (CIPs) that have funds allocated to each.

Councilmember Celaya inquired if the Town is expected to expend all funds allocated in the fiscal year for the CIPs.

Mr. Farina explained that there are projects that have started and may not be completed in this fiscal year, which may be carried over to upcoming fiscal year so the monies may not be fully expended in this fiscal year.

Councilmember Celaya inquired why the projects will not be completed in this fiscal year. He does not want to see the Town falling behind on the projects.

Mr. Farina stated that timing is a factor with regards to current projects.

Councilmember Celaya inquired if part of the savings is due to not filling positions.

Mr. Farina stated that the savings is due to conservative budgeting practices.

Discussion occurred on revenues over budget for several of the funds along with expenditures and projected fund balance.

**MOTION TO ADJOURN TO MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 1 BOARD.**

On motion of Councilmember Hawkins, seconded by Councilmember Montaña, and carried to adjourn to Merrill Ranch Community Facility District No. 1 Board.

**Resolution No. MRCFD1 126-14:**

Ms. Lisa Garcia, District Clerk, read Resolution No. MRCFD1 126-14 by title only.

**A RESOLUTION OF THE DISTRICT BOARD OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 EXERCISING THE OPTION TO REDEEM MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 (FLORENCE, ARIZONA) SPECIAL ASSESSMENT LIEN BONDS (CURRENT AND FUTURE ASSESSMENT AREAS) AND DELEGATING CERTAIN MATTERS WITH RESPECT THERETO TO THE DISTRICT TREASURER OF THE DISTRICT.**

Mr. Mike Farina, District Treasurer, stated that special assessment lien bonds have been issued to pay for the public improvements that have been completed within the community facility district. The bonds are repaid through a \$3,500 special assessment that is tied to each lot within each district. The bonds have a 25 year repayment term; and likewise, each \$3,500 special assessment is on a 25 year repayment amortization schedule, as well; however, property owners may choose to pay all or part of their special assessment prior to the end of the 25 year term to save on the cost of interest.

Mr. Farina stated the bond documents allow the District to prepay the bonds in whole or in part on any interest payment date. Therefore, because certain property owners have prepaid their special assessment, the District must prepay the bonds to avoid accruing additional interest for which there is no longer interest being received from those individual special assessments that were prepaid.

Mr. Farina stated prepayment of bond principal based on prepayment of special assessments is necessary to cease the accrual of bond interest. The amount of the prepayment of bond principal in each area is as follows:

- Assessment Area 1           \$359,000
- Assessment Area 2           \$ 31,000
- Assessment Area 3           \$ 11,000

Councilmember Walter inquired if the Town has implemented a system where the residents can be provided an annual update of the outstanding balance.

Mr. Farina stated the Finance Department is currently working on a way to provide an annual update.

On motion of Boardmember Walter, seconded by Boardmember Hawkins, and carried to adopt Resolution No. MRCFD1 126-14.

**MOTION TO ADJOURN FROM MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 1 BOARD.**

On motion of Boardmember Montañó, seconded by Boardmember Smith, and carried to adjourn from Merrill Ranch Community Facility District No. 1 Board.

**MOTION TO ADJOURN TO MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2 BOARD.**

On motion of Councilmember Woolridge, seconded by Vice-Mayor Smith, and carried to adjourn to Merrill Ranch Community Facility District No. 2 Board.

**Resolution No. MRCFD2 226-14:**

Ms. Lisa Garcia, District Clerk, read Resolution NO. MRCFD2 226-14 by title only.

**A RESOLUTION OF THE DISTRICT BOARD OF MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 EXERCISING THE OPTION TO REDEEM MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 (FLORENCE, ARIZONA) SPECIAL ASSESSMENT LIEN BONDS (CURRENT AND FUTURE ASSESSMENT AREAS) AND DELEGATING CERTAIN MATTERS WITH RESPECT THERETO TO THE DISTRICT TREASURER OF THE DISTRICT.**

On motion of Boardmember Montaña, seconded by Boardmember Smith, and carried to adopt Resolution No. MRCFD2 226-14.

**MOTION TO ADJOURN FROM MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2 BOARD.**

Mr. Mike Farina, District Treasurer, stated that the amount of the prepayment of bond principal in each area is as follows:

- Assessment Area 1           \$293,000
- Assessment Area 2           \$ 3,000
- Assessment Area 3           \$ 18,000
- Assessment Area 4           \$ 6,000

On motion of Boardmember Montaña, seconded by Boardmember Walter, and carried to adjourn from Merrill Ranch Community Facility District No. 2 Board.

**CONSENT: All items indicated by an (\*) will be handled by a single vote as part of the consent agenda, unless a Councilmember or a member of the public objects at the time the agenda item is called.**

**\*Resolution No. 1444-14:**

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, read Resolution No. 1444-14 by title only.

**A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, ADOPTING THE TOWN OF FLORENCE RECOMMENDED FY 2014-2015 EMPLOYEE COMPENSATION AND CLASSIFICATION PLANS.**

**\*Resolution No. 1445-14:**

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk read Resolution No. 1445-14 by title only.

**A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, ORDERING THE ABANDONMENT OF RIGHT-OF-WAY EASEMENTS ADJACENT TO THE CCA PROPERTY IN FLORENCE, ARIZONA, AS DESCRIBED WITHIN THE ATTACHED EXHIBITS 1, 2 and 3.**

**\*Adoption of notice of intention to increase water and wastewater utility rates and fees, and to set a public hearing date of July 7, 2014, on the proposed increases.**

**\*Ratification of accepting donations totaling \$2,250, from Pulte Homes, Southwest Value Partners, and Arizona Public Service to offset the costs of exhibitor space at the Retail Real Estate Convention.**

**\*Approval to hire Sunrise Engineering to conduct a Downtown Water Line Alignment Study, in an amount not to exceed \$39,658.**

**\*Authorization to dispose of equipment as listed on the June 2, 2014 Request for Council Action Form, per Town Policy.**

**\*Authorization to forward a favorable recommendation to the Arizona Department of Liquor License and Control for Pinal Mounted Posse's application for a Special Event Liquor License for a fundraiser being held July 4 2014, at Heritage Park.**

**\*Approval of accepting the register of demands ending April 30, 2014, in the amount of \$1,800,476.26.**

On motion of Councilmember Walter, seconded by Vice-Mayor Smith, and carried to approve the Consent Agenda, as written with the exception of Item 12a.

**\*Resolution No. 1444-14: Adoption of of A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, ADOPTING THE TOWN OF FLORENCE RECOMMENDED FY 2014-2015 EMPLOYEE COMPENSATION AND CLASSIFICATION PLANS.**

Mr. Scott Barber, Human Resources Director, stated the current proposal does not make any changes to the employee pay plan or the currently assigned pay ranges that are assigned to the classifications. The plan adds graphic design digital media specialist and police recruit new classifications. The plan also includes 11 title changes to make the titles more descriptive. Other changes include allowing for increases based on performance, of up to 4%, which is based on the employee's evaluation.

Councilmember Walter inquired about the police recruit position.

Mr. Barber explained when an individual that does not have the current AZ Post certification is hired; they will be brought in on entry level police recruitment status, which is 5% under the current entry level pay range for police officer. He stated the employee will then be moved to the entry level step of the police officer classification upon successful completion of the academy and Field Training Officer Program.

Councilmember Walter inquired if the Town has had police recruits in the past.

Police Chief Dan Hughes stated that the Town has not had police recruits in the past.

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, stated that in Florence's history, it has had police recruits in the past and have put people through the academy.

Councilmember Walter inquired if it is beneficial to start the employees 5% less than the police officer pay range.

Mayor Rankin stated that it is proper to bring the employee under because the Town is paying for them to go to school and they are not working.

Chief Hughes stated that this classification is only for those who will be attending the academy. If it is a transfer they would move in laterally and will be on the streets much sooner.

Councilmember Walter inquired if the Town enters into some type of agreement with the individual to ensure that they will stay with the Town. If not, is there something that the Town can do such as requiring that the individual stay with the Town for a specified period of time otherwise they would need to reimburse the Town, on a pro-rated basis.

Chief Hughes stated that type of agreement does not do very well. You want to recruit someone who wants to stay with the Town. He stated if an individual wants to leave, they will find some way to leave. Florence has had a very positive response and very low turnover rate.

Councilmember Montañó stated that there is a 40% rate of cadets failing the academy and you do not want to pay them a full salary. They would earn the increase upon receiving their badge and certification.

Vice-Mayor Smith inquired about the part-time paid on-call position specifically the part-time fire captain position.

Fire Chief Peter Zick stated that currently the Town does not have a part-time fire captain. There was a training captain in the past; however, that position is no longer utilized.

Councilmember Walter inquired if the position will be filled in the future.

Chief Zick stated there are well-qualified people within the Fire Department that can provide the training, so there is no need for this position.

Councilmember Walter inquired if this position can be stricken from the plan and schedule.

Chief Zick stated the position is not needed.

Councilmember Walter inquired if the Council would vote on striking the positions and classifications regarding the part-time firefighter, part-time engineer, and part-time captain because they are not relevant to the department.

Chief Zick stated the part-time firefighter is relevant to the department and is currently used.

Mr. Barber stated the police recruit will be 5% under. He stated with regards to the part-time fire captain and engineer, the positions are included for convenience and information.

Councilmember Walter asked Mr. Barber to clarify the salary of the firefighters.

Mr. Barber stated that previously, Councilmember Walter inquired about the practices of the Town in relationships to the part-time fire fighters. He stated the individuals do not have coverage under the Town's Personnel Policy. The normal procedure of performance evaluation and moving through the pay range is a policy issue; however, they are administrative in nature. He stated there was some issue that was created in the tenure that was reflected in part-time service as the individuals were moved into full-time service. He stated an issue occurred where a part-timer received credit for their part time service and placed them in a position to earn more than the full-timer. He stated this issue was corrected. The Town still does evaluations of the part-time staff with the possibility of a pay raise. He stated the individuals do not receive credit for their service as a part-timer when they move into a full time status.

On motion of Vice-Mayor Smith, seconded by Councilmember Montañó, and carried to adopt Resolution No. 1444-14.

## **NEW BUSINESS**

### **Canvas of the May 20, 2014 Special Election and Approval of the Election Results.**

Ms. Lisa Garcia, Deputy Town Manager/Town Clerk, stated that the Town held a ground election on May 20, 2014, with the precinct being at Town Hall. The question before the public was "Should the Town of Florence purchase Johnson Utilities?" She stated the total number of ballots cast are as follows:

<u>Types of Ballots</u>	<u>Total Ballots</u>	<u>% of Voters:</u>	<u>Yes Votes:</u>	<u>No Votes:</u>
Ballots cast at the precinct:	107	2.61%	21	86
Early voting ballots cast:	1,415	34.49%	839	576
Provisional ballots cast	14	0.34%	6	8
Rejected ballots were:	119	N/A	N/A	N/A
Total number of ballots cast:	1,536	37.44%	866	670

Mayor Rankin inquired if the number of rejection ballots were high.

Ms. Garcia stated the total is not high. She explained the reasons why ballots are rejected.

On motion of Councilmember Montañó, seconded by Councilmember Walter, and carried to approve the election results.

**Resolution No. 1446-14:**

Ms. Lisa Garcia, Deputy Town Manager, read Resolution No. 1446-14 by title only.

**A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING THE PRE-ANNEXATION AND DEVELOPMENT AGREEMENT WITH HOWARD L. HAWKS, AN INDIVIDUAL, AND AUTHORIZING EXECUTION OF SUCH PRE-ANNEXATION AND DEVELOPMENT AGREEMENT (Annexation No. 2013-02 – “HERITAGE ESTATES” PROPERTY).**

Mr. Gilbert Olgin, Senior Planner, stated the proposed Arizona Farms annexation area encompasses a land area of approximately 1,171 acres or 1.89 square miles. The annexation area is generally bound by the Copper Basin Railroad to the west, Felix Road to the east, Arizona Farms Road to the north and the Anthem at Merrill Ranch community to the south.

Howard L. Hawks owns approximately 48 acres within the subject annexation area, all within a planned subdivision located to the west of Crestfield Manor.

Councilmember Hawkins inquired if the owner has an agreement with Pinal County regarding impact fees, and if so, will it prevent the Town from receiving impact fees.

Mr. James E. Mannato, Town Attorney, stated the terms of the development agreements can vary. He referred to paragraph 6c. of the agreement, which states that the impact fees that are applicable will be the impact fees that are in existence as of the date of the annexation. He stated the Town is agreeing to hold the fees for five years and once the five years expires, whatever the fees are at that time when pulling a building permit, would be the applicable fee.

Discussion occurred on impact fees with issues that occurred in Maricopa.

Mr. Mannato stated that the Town has a binding agreement with the developer that will control the terms and conditions of the development of the property and is effective if the Town has the annexation. If the annexation fails, the agreement will be null and void as to both parties.

Councilmember Walter inquired if they will also need to form a Community Facilities District (CFD) for their public infrastructure.

Mr. Mannato stated that the agreement allows for the creation of a CFD; however, it is not a mandatory requirement. The developer would have to come before the Council and there is a separate process that must be completed.

Discussion occurred on the cost for infrastructure and how the infrastructure is paid.

Councilmember Walter inquired if the developer is providing anything to the Town.

Mr. Ralph Pew, Pew and Lake, stated the development went through the processes with Pinal County. It is a small subdivision and contains homes. With regards to offering something to the Town, there is nothing to offer. It is a residential plat. They would like to join the annexation and become part of Florence. He knows there is open space, but there is not a public park.

Councilmember Walter inquired if they would be willing to add a public park.

Mr. Pew stated that there isn't any room for a public park.

Mr. Charles A. Montoya, Town Manager, stated that Mr. Mark Eckhoff, Community Development Director, has reviewed all of the annexation areas with all of the developments and has set forth certain areas for fire stations, open space area, and park areas. He stated this subdivision may not have a park, but areas have been set aside for those purposes.

Councilmember Walter would like to have a work session or for the information to be provided to her.

Mr. Montoya stated that Mr. Eckhoff has brought the information forward to the Council and has identified the items as the annexations have come before to Council. Each of the annexations is presented individually; as each is negotiated.

On motion of Councilmember Montaño, seconded by Councilmember Walter, and carried to adopt Resolution No. 1446-14.

**Approval of Task Order No. 6 with Water Works Engineers for the South Wastewater Treatment Plant Expansion Planning and Development Design, and the Tertiary Filtration Design and Construction, in an amount not to exceed \$294,398.**

Mr. John Mitchell, Utilities Director, stated that on November 16, 2009, Council authorized a loan agreement with the Water Infrastructure Finance Authority (WIFA) for installation of a filtration system and an ultraviolet disinfection system, and the design and permitting of the next phase of expansion of the South Wastewater Treatment Plant. He met with WIFA in July 2013 and is anxious to get the project started.

On motion of Councilmember Walter, seconded by Councilmember Walter, and carried to approve Task Order No. 6 with Water Works Engineers for the South Wastewater Treatment Plant Expansion Planning and Development Design, and the Tertiary Filtration Design and Construction, in an amount not to exceed \$294,398.

(Per Lisa Garcia, Deputy Town Manager/Town Clerk, Agenda Items 13e. and 13f. were taken out of order.)

**Discussion/Approval/Disapproval to approve a settlement agreement for Curis Resources (Arizona) Inc. v. Town of Florence, Pinal County Superior Court Case No. CV2012-01097, as recommended by the Risk Pool.**

Mr. Montoya stated in 2012, the Town closed the administration building of Curis Resources, Inc. for safety reasons. The case has moved through mediation and through the courts. The Risk Pool has recommended to settle the case on behalf of the Town for \$100,000. The Town is responsible for \$5,000. The settlement does not mean that the Town has done anything wrong or is at fault for anything.

On motion of Councilmember Walter, seconded by Councilmember Hawkins, and carried to approve a settlement agreement for Curis Resources (Arizona) Inc. v. Town of Florence, Pinal County Superior Court Case No. CV2012-01097, as recommended by the Risk Pool.

**Public Notice on Johnson Utilities, LLCs motion to withdraw from the Arizona Corporation Commission Proceedings: information only.**

Ms. Garcia stated the notice was provided to the public.

Mr. George Johnson, Johnson Utilities, stated that he would provide his comments in writing.

**Project update on the construction of municipal facilities consisting of a library, outdoor aquatic complex, recreation space, programming offices, outdoor fields, and other government facilities.**

Mr. Montoya stated that the drawings provided are rendering only and is the start of the process. Ms. Rosemary Bebris, Library Director, and Mr. Bryan Hughes, Parks and Recreation Director, have started dialogue with their respective boards. There is still a long process that needs to take place with them along with Council and staff. This item is to ask Council for authorization to hire a project manager to assist with the process and to begin the dirt work. Staff is also researching funding mechanisms.

Mr. Montoya presented a PowerPoint presentation, in which he discussed the following:

- Conceptual design provided by Low Mountain Construction
  - Project cost is approximately \$13 million
- Vision for the the future
  - Establishing core services and service levels throughout the Town

- Complimentary services available to all town residents
- Building of library
  - There are no buildings on Main Street that can support a library due to weight of the books.
  - There are no buildings that can handle the car or foot traffic.
- Programs for all ages
- Summer and part-time jobs for high school kids and adults
- Regional attraction
- Increase vehicle and foot traffic in Town core and downtown areas
- Planning for the project
- Infrastructure: Dirt
  - CLOMR/LOMR process has been a two year process
  - Dirt Moving – Budget planned and approved by Council five years
  - Contractor for dirt: Recommendation is Rummel Construction
    - RFP: Reviewed by Committee of staff and developer
      - Process will take approximately six weeks to two months
      - Recommendation on Scope of work, cost and vendor experience
      - Was not the lowest bid
      - Lowest bidder did not carry the scope of work needed
- Project Manager
  - Recommendation: Swan Architects
    - Involved in planning of the Territory Square process
    - Swan Architects was the low bidder
    - Recommendation on vendor experience, cost and knowledge of Town of Florence project
  - RFP: One month process, Reviewed by Committee of staff and developer
    - Will be for duration of project, needs to be on-board to assist with builder contract, negotiation, and input from various boards/commissions, staff, and Town Council
- Facility Planning
  - 3 ½ Month Planning Process
  - RFQ: Received 21 respondents
  - RFP: Received 5 vendor plans
  - Reviewed by Committee of staff and developer
  - Recommendation on scope of work, cost, vendor experience, and time line for entire project.
    - Library being completed May/June
    - Aquatics/Parks completed towards yearend
  - Recommendation: Low Mountain Construction
- Primary Cost Estimates
  - Pricing may change due to engineering planning and possible cost savings
  - Town owns 160 acres and the work will be for 40 acres
  - Rummel Construction – Dirt to bring the 40 acres out of the floodplain
    - \$1,032,446 (\$1.2 Million) Current and 14/15 Budget
  - Swan Arch – Project Manager
    - \$ 270,600 Remaining from dirt work plus additional

- Low Mountain – Construction
  - \$12,897,000 Various funding – Final cost to be negotiated depending on additions/deletions/changes
- Always more cost efficient to build new then to purchase and remodel
- Facility construction cost and funding recommendation
  - Restricted funding can only be used for libraries, open space, parks, municipal buildings, and cannot be used for any other purpose.
  - Food Tax Fund \$2,100,000 Restricted Use
  - General Government Impact Fee \$1,219,700 Restricted Use
  - Parks Impact Fee \$1,289,700 Restricted Use
  - Library Impact Fee \$ 800,000 Restricted Use
  - Capital Projects Fund \$1,543,900
  - Construction Tax Fund \$1,000,000 Restricted Use
  - Financing Bond Recommendation \$5,000,000
  - Restricted Use
  - Funds Remaining in the FY 2014/2015 Budget If Council Recommends using
    - \$5,000,000 Capital Projects Fund
    - \$2,500,000 Construction Tax Fund
    - \$7,300,000 General Fund – Fund Balance (Rainy Day Fund)

Councilmember Walter inquired about Swan Architect's actual cost verses their bid amount.

Mr. Montoya stated Swan Architects cost is the lowest and their cost is actual.

Councilmember Walter inquired if Rummel Construction costs are estimates or actual.

Mr. Montoya stated that the costs are actual.

Councilmember Walter inquired if the \$13 million for the facilities actual or estimate.

Mr. Montoya stated that the costs are estimates. He stated once the project manager has come on board and has had an opportunity to meet with Council, staff, and Boards and Commission, the costs may change due to engineering and other changes.

Councilmember Walter inquired what will happen with the other projects in the CIP budget.

Mr. Montoya stated that there will be no effect on any of the projects listed in the CIP. He stated there were some changes to the years of the some projects. There was planning of a new town hall budgeted for approximately \$15 to \$20 million in the 2016/2017 Fiscal Year; however, he does not see this as happening.

Councilmember Walter inquired if the Town will still be able to provide services to the areas that may be annexed into the Town.

Mr. Montoya stated that the Town will be able to provide services to those areas. There is approximately \$500,000 set aside if the annexation were to go through. Public Works has also identified road projects that are needed in the annexed areas.

Councilmember Celaya inquired how much of the conceptual plan, that was created with Swaback Partners, was considered.

Mr. Montoya stated that the plan is very close to the conceptual plan created by Swaback Partners with the municipal facility buildings and the expansion of the roadway through Main Street. He stated the alignment is fairly close to the original drawing. He stated there are some changes to First Street because there is no planning beyond the 40 acres at this point in time. It would create the frontage area around the extension of Main Street for potential retail pad sites or whatever Council wishes to use them for in the future.

Councilmember Celaya stated there was a plan to get traffic off of State Highway (SH)79 and onto Main Street.

Mr. Montoya stated that the plan looks at the traffic flow that would be coming off of SH79 by the San Carlos Irrigation District canal. He stated Swan Architects were involved in the Territory Square drafting and they know how to keep the alignment and what they are looking for in the long term vision plan. There may be a misalignment on First Street. He stated it would require the Town to acquire a lot of properties along First Street to align the entire roadway from SH79 to Main Street. He stated there is no possibility of expanding the roadway through Main Street.

Discussion occurred on possible road expansions.

**Discussion/Approval/Disapproval of authorizing the Town Manager to negotiate and enter into a contract or contracts with Swan Architects, Inc., not to exceed a cumulative total of \$270,600 to provide Project Management services on the Territory Square Phase One property.**

On motion of Councilmember Montaña, seconded by Vice-Mayor Smith, and carried to authorize the the Town Manager to negotiate and enter into a contract or contracts with Swan Architects, Inc., not to exceed a cumulative total of \$270,600 to provide Project Management services on the Territory Square Phase One property.

**Discussion/Approval/Disapproval to authorize the Town Manager to negotiate and enter into a contract or contracts with Rummel Construction, Inc., not to exceed a cumulative total of \$1,032,446 to complete proposed site grading construction services on the Territory Square Phase One property.**

On motion of Councilmember Woolridge, seconded by Councilmember Montaña, and carried to authorize the Town Manager to negotiate and enter into a contract or contracts with Rummel Construction, Inc., not to exceed a cumulative total of

\$1,032,446 to complete proposed site grading construction services on the Territory Square Phase One property.

**Discussion/Approval/Disapproval to authorize the Town Manager to review financing alternatives and secure financing to assist with the funding of construction of a new library, aquatics, and recreation facility, in an amount not to exceed \$5,000,000, plus costs of issuance.**

Councilmember Walter requested that staff research the cost for completing each item separately, library, aquatic center, and various components. She stated that there is a lot of office space and would like to know what the community wants. She stated the Town has not received any community input. The Town has not sent out a survey nor conducted a Worksession.

Mr. Montoya stated that in 2008, the staff started the process of researching new municipal facilities. He stated the facility that was initially planned was a 35,000 sq. ft. library by itself. He stated the process now is just conceptualizing and as they meet with the boards, commissions, and Town Council, the costs will vary. He stated it is wise to plan ahead for future growth.

Mayor Rankin inquired about the wording of the agenda item and would like it to read that final approval from Council.

Mr. Montoya explained that he, Mr. Reeder, Bond Consultant, and Mr. Cafiso, Bond Council, will seek and secure bond financing. He stated the recommendation will come before the Council for authority of the bonds.

On motion of Councilmember Walter, seconded by Councilmember Montañó, and carried to authorize the Town Manager to review financing alternatives and secure financing to assist with the funding of construction of a new library, aquatics, and recreation facility, in an amount not to exceed \$5,000,000, plus costs of issuance, with final approval from Council.

## **DEPARTMENT REPORT**

### **Manager's Report**

#### **Department Reports**

**Community Development**

**Courts**

**Finance**

**Library**

**Parks and Recreation**

**Police**

**Utilities**

The Department Reports were received and filed.

## **CALL TO THE PUBLIC**

Ms. Denise Kollert, Florence Resident, thanked the Council for voting of favor for approving the project to move forward.

## **CALL TO THE COUNCIL**

Councilmember Walter requested that the citizens voice what they would want for the new facility.

Councilmember Woolridge would like to see a report regarding the RECon event that staff attended.

Councilmember Montaña reminded everyone that school is on summer break and there are children out on the streets and asked drivers to use caution.

Vice-Mayor Smith congratulated his wife for 52 years of marriage.

Mayor Rankin stated that Little League Park concession stand was broken into they lost approximately \$1,000 in product. He stated the proceeds earned from the concessions will be used for uniforms for the All Star Teams. He thanked everyone for their donations. He asked if you have any information to please provide it to the Police Department.

## **ADJOURN TO EXECUTIVE SESSION**

**Pursuant to A.R.S. § 38-431.03(A)(1) for the purpose of discussion by the public body of possible disciplinary action relating to Mayor Tom J. Rankin.**

On motion of Councilmember Walter, seconded by Councilmember Montaña, and carried to adjourn to Executive Session.

## **ADJOURN FROM EXECUTIVE SESSION**

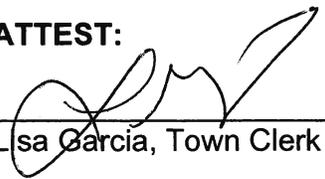
On motion of Councilmember Hawkins, seconded by Councilmember Celaya, and carried to adjourn from Executive Session.

## **ADJOURNMENT**

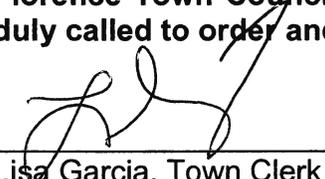
On motion of Councilmember Hawkins, seconded by Councilmember Celaya, and carried to adjourn at 9:14 pm.

  
\_\_\_\_\_  
Tom J. Rankin, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Lisa Garcia, Town Clerk

**I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on June 2, 2014, and that the meeting was duly called to order and that a quorum was present.**

  
\_\_\_\_\_  
Lisa Garcia, Town Clerk