MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, JUNE 22, 2015, AT 5:00 PM, 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 6:06 pm.

ROLL CALL:

Present: Rankin, Walter, Woolridge, Hawkins, Guilin, Anderson, Wall

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.

Mr. Robert Shoppell, Florence resident, stated that he reviewed the current budget and the proposed budget for Fiscal Year 2015/2016 and is concerned that the Parks and Recreation budget is receiving a 40% increase. He stated that he believed the increase was due to the cost to operate the new Aquatic Center and inquired if there was a plan in place if operations exceeded the $500,000 increase. He stated that his second concern was regarding the condition of the properties one 1st Street. He stated that a majority of the properties are owned by absentee owners who are not maintaining them to them. He stated that the same conditions can be found throughout Florence and encouraged Council to take actions on these homes either through code violations or corrective action by the Town so that the costs to bring the properties up to code can be billed back to the property owners.

NEW BUSINESS

Resolution No. 1527-15:

Mr. Charles Montoya, Town Manager, read Resolution No. 1527-15 by title only.

A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, ADOPTING THE TENTATIVE ESTIMATES OF THE AMOUNT REQUIRED FOR THE PUBLIC EXPENSE FOR THE TOWN OF FLORENCE FOR FISCAL YEAR 2015-2016; ADOPTING A TENTATIVE ANNUAL BUDGET; SETTING FORTH THE RECEIPTS, EXPENDITURES AND THE AMOUNT PROPOSED TO BE EXPENDED FOR VARIOUS PURPOSES; GIVING NOTICE OF THE TIME FOR PUBLIC HEARING

FOR TAXPAYERS ON THE ADOPTION OF THE FINAL BUDGET; ADOPTING THE BUDGET IN ACCORDANCE WITH THE STATE-IMPOSED EXPENDITURE LIMITATION AND VOTER-APPROVED EXCESS AMOUNT; DECLARING AN EMERGENCY.

Mr. Montoya stated that the proposed budget was presented to Council at two work sessions held on June 10, 2015 and June 18, 2015 and the changes that were requested at those meetings have been made.

Councilmember Anderson inquired as to what the legal findings were regarding the transferring of funds from the Transportation Development Impact Fee Fund to HURF.

Mr. Clifford Mattice, Attorney with Dickinson Wright LLC, stated that transfer of funds to reimburse HURF with funds from the Transportation Development Impact Fees that were collected from Anthem is appropriate as the development plan covers all areas of Florence and the specific project being reimbursed is compliant with the Arizona State Statute and Florence Development Codes regarding the Transportation Development Impact fees.

Councilmember Anderson inquired if impact fees are being segregated by year?

Mr. Michael Farina, Finance Director, stated that the fees are recorded on a monthly basis and through reports; staff can monitor what fees were collected and how they were spent.

Mayor Rankin inquired as to what year the law changed on how and when funds could be spent.

Mr. Mattice stated that in January 2012 the law changed regarding the collection and expenditure of the Transportation Development Impact Fees funds.

Mayor Rankin inquired as to how the Transportation Development Impact Fees were recorded prior to the law change in 2012.

Mr. Farina confirmed that the Town did separate impact fees on a yearly basis until January 2012 when the law changed and the Town adopted an ordinance in September 2013 regarding the changes.

Councilmember Wall inquired if the full amount of $15,000,000 approved by the voters is being applied to the proposed budget.

Mr. Farina stated the total amount includes the carryovers for projects that will not be completed by the end of the current fiscal year end, which will bring the total proposed budget to the $15,000,000 limit.

On motion of Councilmember Guilin, seconded by Councilmember Hawkins, to adopt Resolution No. 1527-15.

Roll Call:

Councilmember Guilin - Yes
Councilmember Hawkins - Yes
Councilmember Woolridge - Yes
Councilmember Wall - Yes
Councilmember Anderson - Yes
Vice-Mayor Walter - No
Mayor Rankin - Yes

Motion Passed: Yes: 6; No: 1

Discussion/Approval/Disapproval of ratification of Change Order No. 1 with Garney Construction for the North Florence Reservoir & Pump Station, in an amount not to exceed $7,442, for a total project cost not to exceed $1,723,442.

Mr. Montoya stated that on March 2, 2015, Council approved a contract with Garney Construction for the construction of a new reservoir and booster pump station in Florence Gardens with an amount not to exceed $1,716,000. He stated that Garney Construction has requested a change to their contract for work including a reduction in cost for the motor control pad and canopy, an increase in cost for a new manhole valve vault lid, connection of a new pipe to an existing pipe and relocation of a16" waterline. He stated that the total increase to the contract being requested is $7,442.

Mayor Rankin inquired if this would be the last change order.

Mr. Montoya stated that this would be the last change order as the project would then be complete.

Mr. V. Jared Lee, Engineer with Water Works Engineering, stated that he is the Engineer and Project Manager for the North Florence Reservoir and Pump Station Project. He stated that the work in the change order has already been completed and that there was a mishap with the topological survey of the area which is being worked through at this time.

Mayor Rankin inquired who made the error with the topological survey.

Mr. Lee stated that his firm was requested to use an old topological map which turned out to be exceptionally flawed.

Mayor Rankin inquired as to how many more change orders should be expected and what would the cost be for the change orders

Mr. Lee stated that there are four more change orders in process that may come to Council if a savings cannot be found through other aspects of the project.

Mayor Rankin stated that Council is unhappy with the volume of change orders that have been brought to Council after a project is approved with a cost not to exceed amount.

Councilmember Guilin inquired if the change order was a request for ratification since the work has already been completed.

Mr. Montoya confirmed that the request was for a ratification of services already rendered.

Vice-Mayor Walter inquired as to whom gave the direction to use the older map.

Mr. Lee stated that the design portion of the project was done several years ago and he does not know who provided the map.

Mayor Rankin inquired if the Town's GPS system is up to date.

Mr. Marc Eckhoff, Community Development Director, stated that the Town's GPS system is fully loaded with all topological information for the Town.

Councilmember Anderson inquired as to why the Town is paying for a mistake that is unclear as to who made the decision to utilize an older map.

Mr. Montoya stated that it is the understanding that a Town employee provided the map to Water Works Engineering several years ago during the design portion of the project.

Councilmember Anderson requested that staff look into the issue and provide Council with the name of the individual who provided the outdated map.

Vice-Mayor Walter stated that there needs to be accountability for the error.

On motion of Councilmember Hawkins, seconded by Councilmember Guilin to ratify Change Order No. 1 with Garney Construction for the North Florence Reservoir & Pump Station, in an amount not to exceed $7,442, for the total project cost not to exceed $1,723,442.

Roll Call :

Councilmember Guilin - Yes
Councilmember Hawkins - Yes
Councilmember Woolridge - Yes
Councilmember Wall - Yes
Councilmember Anderson - No
Vice-Mayor Walter - No
Mayor Rankin - Yes

Motion Passed: Yes: 5; No: 2

Discussion/Approval/Disapproval of sending a favorable recommendation to the Arizona Department of Liquor Licenses and Control on behalf of the Greater Florence Chamber of Commerce's application for a Special Event Liquor License for July 18, 2015, from 6:00 pm to midnight to host Casino Night at the Holiday Inn Express & Suites.

On motion of Councilmember Anderson, seconded by Vice-Mayor Walter and carried to send a favorable recommendation to the Arizona Department of Liquor Licenses and Control on behalf of the Greater Florence Chamber of Commerce's application for a Special Event Liquor License for July 18, 2015.

Discussion/Approval/Disapproval on filing a blank annexation petition on the proposed Bonnybrooke Solar Farm Annexation.

Mr. Eckhoff stated that the Town has received a request from Sunpower to annex into the Town of Florence. The site is approximately 312 acres, located at the Town's eastern edge off of Diversion Dam Road with the proposed development of a solar farm. He stated that the proposed project would be similar to the existing Copper Crossing Solar Plant in Florence and the Sandstone Solar Farm development that is about to commence construction south of the Anthem at Merrill Ranch community. The site will have a small operations and management/maintenance building; however, there are currently no plans to have any employees stationed on the site during operations. He stated that initially, the site may not be connected to the Town's water and wastewater systems.

Mr. Eckhoff stated that the financial impact for the Town would be realized through the following;

- Payment of various application, review and permit fees.
- Property tax estimated at $61,000 during construction phase.
- Construction sales tax on the project is estimated at $286,000. (non-solar components per law)
- Secondary revenue of $45,000 generated by workers during the construction phase. (Projected by project economist)
- Property tax during the 35 year operational phase is estimated at $848,000.

- Sales tax revenue generated by employees presented during the 35 years of operation is estimated at $33,000.
- If an operations and management/maintenance building is provided, minimal non-utility impact fees will be collected based on the square footage of the building.

Mr. Eckhoff stated that there are indirect positive fiscal impacts in that property taxes collected will also benefit Pinal County, Florence Unified School District and other entities. He stated that the Town should expect to experience the following costs associated with the proposed project:

- Based on previous experience with similar project there would not be a need to increase staffing or personnel for Fire and Police.
- The type of uses will warrant limited initial public improvement.
- No municipal water or sewer infrastructure will be required.
- Quail Run Road to the east side of the project will only be improved with a chip seal treatment due to the limited use of the roadway in the near term.
- Diversion Dam Road will also remain in its current state as the project does not warrant significant changes based on post-development traffic projections.
- The Town will take over the maintenance of these roads if the annexation is approved.

Mr. Eckhoff stated that staff is providing a favorable recommendation as the annexation and proposed use of the land is consistent with the current annexation objectives of the Town.

Vice-Mayor Walter inquired as to what specifically would necessitate the need to widen the roads around this project.

Mr. Eckhoff stated that different scenarios of development would dictate the level of road improvements that would need to be done. He stated that roadway improvements are programmed into the CIP and funded through the Transportation Development Impact Fees, General Fund or other sources, and/or by the owners/developers escrowing funds towards future roadway development through a Development Agreement to participate in a future Roadway Improvement District, if such were formed.

Councilmember Anderson inquired if the power, that will be generated, will be sold to SRP.

Mayor Rankin stated that the power will be transferred directly to SRP.

Mr. Eckhoff stated that Mayor Rankin was correct and asked the representatives from Sunpower to speak further on Councilmember Anderson's inquiry.

Mr. Drew Gibbons, Manager of Business Development with Sunpower, stated that there is an SRP line the runs just north of the property that would be delivering the power directly to SRP.

Councilmember Anderson inquired if the Town would experience any sales tax revenues from the power that is generated.

Mr. Eckhoff stated that the report provided to the Town for the proposed development does not speak directly to a transaction sales tax between the owners of the project and SRP. He stated that staff will research the inquiry and provide this information to Council.

Mayor Rankin stated that this type of information would normally be provided in the development agreement for the project.

Mr. Eckhoff stated that staff will obtain the information requested regarding sales tax between the project owners and SRP and SRP to the end user as the actual sale of the energy will not be within Town limits. He stated that over the expected 35 year life span of the project, it is estimated that Pinal County will receive $5,700,000, FUSD will receive $5,800,000, Flood Control District will receive $1,700,000 and the remaining taxing districts would share an estimated $1,500,000.

Mayor Rankin stated that during a meeting he had with Sunpower it was stated that the solar project would make all efforts to hire locally during the construction phase.

Councilmember Guilin stated that it was her understanding that the electricity would not be sold within the Town of Florence and as such the Town would not be entitled to sales tax revenues. She stated that staff needed to review the tax code for solar power as there are many restrictions on what can and cannot be taxed.

Councilmember Anderson inquired as to how the electricity is tracked once it is on the grid as it would be almost impossible to do.

Councilmember Guilin stated that the Arizona tax code needs to be reviewed as it provides the parameters that the Town will need to follow regarding taxation of solar power and its producers.

On motion of Councilmember Woolridge, seconded by Councilmember Guilin to approve filing a blank annexation petition for the proposed Bonnybrooke Solar Farm Annexation.

Roll Call:

Councilmember Woolridge - Yes

Councilmember Guilin - Yes
Councilmember Hawkins - Yes
Councilmember Guilin - Yes
Councilmember Hawkins - Yes
Councilmember Wall - Yes
Councilmember Anderson - Yes
Vice-Mayor Walter - Yes
Mayor Rankin - Yes

Motion Passed: Yes: 7; No: 0

Discussion/Approval/Disapproval to authorize the Town Manager to enter into a contract and award all bids associated with the Main Street – State Route Highway 79 Project.

Mr. Montoya stated that the Main Street Extension project was approved in June 2014 with work commencing in September 2014. He stated that just recently the Town received final approval from ADOT to complete the northern end of Main Street where it will connect to State Route Highway 79. He stated that Town staff recommends that Low Mountain Construction be authorized to complete the connection to State Route Highway 79 on a sole source award as they are currently mobilized in the area completing the southern end of Main Street and are immediately ready to complete the northern end.

Mr. Montoya stated that the budget for the Main Street Extension project is $700,000 and to date the Town has obligated $352,844.58. He stated that staff is requesting $94,116 for the northern end project which includes a 10% contingency.

Mayor Rankin stated that this work will connect Main Street to State Route Highway 79 and complete the Main Street project. He stated that landscaping will be installed along the roadway at a later date.

Councilmember Hawkins stated that the total cost if this request is approved would be $446,960.58 which is less than the original budget of $700,000.

Mr. Montoya stated that the Town experienced a saving on the project by having Public Works staff complete a portion of the work.

Mayor Rankin stated that Low Mountain Construction has been able to provide the Town with low bids based on the volume of work they are currently doing in Town.

Councilmember Anderson inquired if street lights will be installed on the northern area extension.

Mr. Montoya stated that the road is considered a reliever road, and as such, ADOT limits what can and cannot be installed along that roadway in relation to State Route Highway 79. He stated that the Community Development Department is working on signage for the roadway and requested staff to provide Council the information regarding street lighting and what ADOT will allow to be installed at a later date.

On motion of Councilmember Guilin, seconded by Councilmember Hawkins, and carried to authorize the Town Manager to enter into a contract and award all bids associated with the Main Street – State Route Highway 79 Project.

CALL TO THE PUBLIC

There were not comments

CALL TO THE COUNCIL

Councilmember Anderson thanked the audience for attending the meeting and their patience as the meeting started late.

Councilmember Wall agreed with Councilmember Anderson.

Vice-Mayor Walter stated that she voted against the tentative budget as she believed there are items of concern that have not been properly addressed as far back of 2012. She stated that she has a problem in the manner in which the budgetary process occurred. The concerns she has are too complex to resolve in the upcoming budgetary fiscal year. She stated that her concerns are as follows:

- Pay scale policy that was adopted in 2012
- The maximum 3% merit stipend for employees
- The pay scale gap between management and employees
- The increase in the Parks and Recreation budget
- The decrease in the Police and Fire Departmental budgets.

Vice-Mayor Walter stated if services are cut in the Fire Department, homeowners in the northern portion of Florence would have to pay higher insurance premiums as the ISO rating would go up. She thanked the audience for their attendance.

Mayor Rankin stated that there will not be any cuts to the current service levels of the Police and Fire Departments. He stated that the 3% stipend is what the Town can afford to do at this time and that the Town has not had to lay off any employees or sacrifice service, as the voters approved the over-ride budget. He stated that the Aquatic Center is opening on July 4, 2015 and hoped everyone would attend the festivities.

ADJOURNMENT

On motion of Councilmember Guilin, seconded by Councilmember Woolridge, and carried to adjourn the meeting at 6:55 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 22, 2015, and that the meeting was duly called to order and that a quorum was present.

Lisa Garcia, Town Clerk