

**MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, NOVEMBER 2, 2015, AT 6:00 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 6:03 pm.

**ROLL CALL:**

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

**MOMENT OF SILENCE**

Mayor Rankin called for a moment of silence.

**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. Ruth Harrison, Florence Resident, stated that staff is proposing to build retail shops, offices and restaurants in the ten acres of land adjacent to the Town library and aquatic center. Planning for the future is good, but in the short-term the Town needs to focus on issues within the existing Town structure. She said the Town is spending approximately \$250,000 to replace two booster pumps, a sand separator and a grounding system. She said this is critical infrastructure that should have been replaced many years ago. She inquired if the Town budgeted for the equipment to fix the low water pressure and if there is other infrastructure that needs attention. She asked that the spaces between the concrete slabs along Main Street be fixed along with other repairs on Main Street. She would like to see flowers or foliage in the flower pots on Main Street and that the flower pots remain filled all year long.

**WORK SESSION**

**Update on the special election information for the May 17, 2016, special election proposing a one-time specific amount in excess of the State-imposed expenditure limitation.**

Ms. Lisa Garcia, Interim Town Manager/Town Clerk, stated that the Town will have a special election on May 17, 2016, proposing a one-time specific amount in excess of the State-imposed expenditure limitation.

Ms. Garcia stated that in August 2014, the Town's expenditure limitation failed, which resulted in losing the voters' approval to spend the revenues in each year. The Town continues to receive revenue; however, for the next two years, the Town is under the restraints of the State imposed expenditure limitation.

Ms. Garcia explained how the budgets for Fiscal Year 2015/2016, and Fiscal Year 2016/2017 were affected and what the State imposed expenditure limitation amounts are for each of those years. She said there would be an estimated \$13 million reduction in the budget. Staff would work with Council and Budget Committee to attempt to maintain the level of services currently offered while reducing the budget.

Ms. Garcia provided a brief history of how the State imposed expenditure limitation came to be. She said in 1980, the voters approved an amendment to the State Constitution that established a system of expenditures of limitations for all cities and towns as well as counties and community colleges districts. She said there are exemptions to the limitations.

Ms. Garcia stated that she and Clifford Mattice, Town Attorney, have had conversations to propose constitutional changes that would eliminate enterprise funds from the limitations.

Ms. Garcia explained how the State imposed expenditure limitation is calculated. She added that it is based on the Economic Estimate Commission. The Commission sends out a notice no later than February 1<sup>st</sup> of each year and the final is released no later than April 1<sup>st</sup> of each year. She said cost of living and inflation factors are considered in the equation. She said any revisions, based on annexations, will be received no later than July 1<sup>st</sup>.

Ms. Garcia stated that if the Town stays with the State limitation, it significantly reduces the Town's ability to spend all of the received revenues. The Town Council cannot authorize expenditures of local revenues in excess of the State limitation. The Town would have to operate within the limitation and will need to find a way to reduce the services that are offered, which means a reduction in cost of municipal operations. She explained that the limitation has nothing to do with taxes or tax rates.

Ms. Garcia explained if the Town chose to exceed the limitation, it will be penalized. She explained the various penalty amounts and penalty percentages that can be imposed based on the amount that is spent over the limitation.

Ms. Garcia explained that a way to remedy some of the burden is to hold an election asking for voter approval for a one time specific amount above the State imposed expenditure limitation. The Town sought voter approval in Fiscal Year 2015/2016 and

will be doing so again for Fiscal Year 2016/2017. The Town has entered into an agreement with Pinal County for election services for the upcoming election. The Town can also issue debt prior to the expenditures for the specified purpose.

Ms. Garcia explained the rules for having an election, include the following:

- Election must be held on the third Tuesday in May
- Town can ask voters to approve a permanent base adjustment.

Ms. Garcia stated that the election in August 2016 will be for the Home Rule. The Home Rule will be for four years and will get the Town back on track if the Town wins the election. Council will need to make a determination in 2018 if they want to request a permanent base adjustment. The permanent base adjustment is not infinite. It would remain consistent until the Town went back to the voters to adjust the rate, and this would be based on growth. She said that it is a good option to consider. She explained the process and said it means that the Town would not be dependent on the four year vote every year. This would also ensure that the Town would continue to operate.

Ms. Garcia stated that another option is to ask the voters to approve revenues used to acquire construction and plan buildings, which is called a capital project accumulation fund. Staff is not recommending this as an option.

Ms. Garcia stated that the Town has received questions from the public regarding the expenditure limitation and the election. She answered the following based on the questions received.

Are the following items exempt from the limitation?

- Enterprise funds
- Legal costs associated with court cases
- Awards based on court findings
- Carryovers to complete projects

Ms. Garcia responded that the following items are not exempt from the limitation:

- Enterprise funds
- Legal costs associated with court cases
- Awards based on court findings
- Carryovers to complete projects; however, there are some exclusions and the Finance Direction makes that determination upon review of the expenditures.

Can the Town hold a Special election in May 2016?

Ms. Garcia responded that a one time election is not about a number of times you can hold an election but rather about getting the amount over the expenditure limitation. The Town can hold an election; however, it does require at least two-thirds, or five members, of the Council voting for approval of the election.

Can the Town of Florence do a permanent base adjustment?

Ms. Garcia responded that the Town can hold an election for a permanent base adjustment, but the election can only be held on even years and required two-thirds, or five members of the Council voting for approval of the election.

Is transportation excise tax revenue received from the County excluded?

Ms. Garcia responded, yes, but only the portion that is used for land, buildings, and improvements expenditures in such a way that was approved by the voters.

Are Community Facilities Districts (CFDs) included?

Ms. Garcia responded that CFDs are excluded because they are a separate legal entity.

Does debt have to be issued before expenditures for those proceeds to be exempt?

Ms. Garcia responded yes, except for capital improvement expenditures paid from utility revenues or capital improvement expenditures paid from excise taxes levied for that specific purpose.

Ms. Garcia stated that the special election will be held on May 17, 2016, and will be a ground election. The reason it will be a ground election is because of the way the consolidation law works. The State law requires that the election will be a consolidated election when the State or the County request for a ballot measure to also be on a ballot and in order for all parties to save money.

Pinal County advised the Town that the election will be a ground election. The Town's publicity pamphlet will be sent out separately from the State's publicity pamphlet. She said it is important for the publicity pamphlets go out before the mail ballots because 54% of Florence's voters vote by mail.

Ms. Garcia stated the wording of the ballot will be similar to the wording on last year's ballot. The numbers will remain the same and will read as follows: Shall the Town of Florence regain local control and exceed the State imposed expenditure limitation for 2016/2017 by \$15 million to allow the Town of Florence to adopt a budget not greater than than amount that was sent in Fiscal Year 2014/2015? The number is consistent with the amount when the Town had home rule option in place. She a "Yes" vote will allow for the Town to budget expenditures through the adoption of the budget. A "No" vote limits the Town's budget to the State's limitation regardless of the Town's revenues, service levels, or the community's needs. She said the election does not affect taxes, nor will the taxes increase or decrease. She said budget estimates are based on existing revenues and existing expenditures.

Ms. Garcia stated the Town was noticed on Thursday, October 29, 2015, that the election would be a ground election, thus changing the election calendar. She said the Town needs to work with the County to see how the costs are being reduced, who is

doing what, where the polling locations will be and who the point of contact is. She said the Town will need to change strategies. Staff will schedule public hearings and have them noticed in the local paper. The first public hearing will be on December 21, 2015 and the second public hearing will be on January 4, 2016, in which Council will be asked to call for the special election. The Council will have to convene to a Special Meeting in order to vote on the expenditure limitation and then call the election.

Ms. Garcia inquired if Council is in agreement to maintain the \$15 million and for staff to work within that parameter.

Mayor Rankin inquired if that was the maximum amount that the Town can ask for.

Ms. Garcia stated that the \$15 million is consistent with last year's amount and Mr. Gabe Garcia, Finance Director, has assured her that the Town can operate within the specified amount.

Ms. Garcia stated that the staff will plan a community outreach schedule in order to meet with people and provide information about the election. She added there is a State proposition on the ballot regarding the school lawsuit and the funding. She is trying to get someone who is knowledgeable about the proposition to speak as well. It is going to be very important to inform the citizens of the Town's issues as well as other issues that affect them.

Vice-Mayor Walter asked why the resolution was removed from the all mail ballot election.

Mr. Garcia explained that the Town can no longer hold an all-mail ballot election because it is a consolidated election. She explained that there are residents who have chosen to have permanent mail ballots and they will vote by mail ballot. The others will vote in the ground election. She said the Town will notice its residents that did not sign up for permanent mail ballots that they will need to vote in the ground election if they wish to vote.

Ms. Garcia said the election in August 2014 was the home rule election and it was a ground election and the one in which Florence lost home rule. She said the 2015 Special election was a mail ballot election. She said it is important to inform those that have the ability to vote that the election will be a ground election. She said most of Florence's elections have been done by mail so the Town needs to go the word out that this election will be a ground election.

Councilmember Anderson inquired where the public hearings will be held at.

Ms. Garcia stated the public hearings will be held as part of the Council meeting in the Council Chambers and explained the process.

Ms. Garcia explained the budget process and explained what staff is doing to ensure that the Town can operate. Staff is doing transparency in government. The initial CIPs have been submitted. Staff has completed their Fiscal Year 2016/2017 budgets. The auditors have completed their review of the books and the findings will be forthcoming. The Budget Committee is meeting regularly and has scheduled quarterly meetings with Council. The Town will hire a Town Manager soon and that person will lead this process.

Ms. Garcia stated that the three goals that the Town has include:

- Develop a balanced budget for an approval scenario.
- Develop a balanced budget for a failed scenario.
- Update the CIP Program that was advertised in the last budget process and ensure that the citizens are being informed as to how the Town is moving forward.

Councilmember Anderson expressed his concern regarding the meetings. He said he would like more publicity of the meetings, specifically in the areas of Anthem and Florence Gardens.

Ms. Garcia stated the staff will assemble a team that will explain what the measures are and what they mean as well as budgetary issues and how this will affect the citizenry. She said the team will go on site to inform the citizens. She said they will do as many meetings as they can because the goal is to do outreach for the citizens.

Mayor Rankin stated the State will inform the Town of what its limit will be by April 1<sup>st</sup>.

Ms. Garcia stated that the Town will use the estimates provided by the Finance Director who is studying up on the entire expenditure limitation process. He is also having conversations with the Auditor General and other communities who have had similar issues to bring in the expertise. The Town will have solid numbers to move forward and will replace the Town's estimates with the State's estimates and will replace the estimates with the final amount when they are received.

Ms. Garcia stated that the election is May 17, 2016, but people will start voting on approximately April 23, 2016. She said if the Council officially chooses the \$15 million, it is the number that will be advertised and it cannot be changed. She said if the Town does not need that much money, the Town will not expend it.

Mayor Rankin stated that it is important to inform the public of the correct numbers that the Town is seeking as well as the projects that are included in that amount.

Ms. Garcia explained the budget process and said the citizens are invited to be part of the budget process. With the budget being sent and adopted, it becomes your final budget. The budget process will be for how the Town spends the money and explained that the budget is contingent upon staff recommendations with the new Town Manager and Council's ultimate approval of the budget process.

Mayor Rankin inquired if the preliminary estimated amounts will include the projected CIP projects.

Ms. Garcia stated that the preliminary amounts will include the CIP projects. She said the projects can be multi-year projects and may need to be moved to a future year if an emergency arises and funds are utilized for the emergency because the Town cannot exceed the \$15 million expenditure limitation cap that the public has set for the Town. She said staff needs to ensure that emergency repairs are completed, services are moving forward, ensuring that the Town is providing a safe environment for its citizens, and to ensure that the Town does not exceed the limit. There needs to be some flexibility in the budget for these needs.

Mayor Rankin inquired if the fines levied for exceeding the expenditure limitation would come from the revenue that is received from the state shared revenue.

Mr. Gabe Garcia, Finance Director, stated that the fines would come from the state shared revenues as well as other revenues received. The fines would be deducted from the revenues for the following year.

Mayor Rankin inquired about the permanent base adjustment, should the voters approve it.

Ms. Garcia stated that there will be a recommendation in 2017 to take back to the 2018 voters a permanent base adjustment.

Mayor Rankin inquired how if the permanent base adjustment would be stopped, if the voters chose to stop it.

Ms. Garcia stated that the voters can enter into discussions with Council during the budget process and can express their concern. The elected Council would take into consideration those concerns, and ultimate authority is with recall if the citizens are unhappy with what the Council is doing.

Mayor Rankin inquired about the election dates.

Ms. Garcia explained that there are four consolidated election dates set by state statute. She said for this particular election, it can only be held on the third Tuesday in May.

Councilmember Anderson inquired when will the home rule election is.

Ms. Garcia stated that the home rule election will go back to the voters in August 2016. The constitution requires that home rule can only be placed on an election that is a candidate election, which is even numbered years.

### **Continued discussion on the Capital Improvement Plan.**

Mr. Gabe Garcia, Finance Director, stated that the staff did a wonderful job in submitting their CIPs on time and thanked everyone for their work.

Mr. Wayne Costa, Public Works Director, presented the CIP projects for the Public Works Department, which includes projects for Fiscal Year 2016/2017 through Fiscal Year 2025/2026. He discussed projects for the Highway User Revenue Fund, Water and Wastewater Funds. The projects will be brought back to Council and a future meeting for further discussion.

Discussion occurred on the various proposed projects.

#### **ADJOURN TO EXECUTIVE SESSION**

**An Executive Session will be held during the Council Meeting for the following legal matters for the purpose of discussion and consultation with the Town's attorneys for legal advice and to consider the Town's position and instruct its attorneys regarding zoning matters and pending, contemplated or threatened claims, pursuant to A.R.S. Section 38-431.03(A)(3) and (A)(4).**

On motion of Vice-Mayor Walter, seconded by Councilmember Hawkins, and carried to adjourn to Executive Session.

#### **ADJOURN FROM EXECUTIVE SESSION**

On motion of Vice-Mayor Walter, seconded by Councilmember Wall, and carried to adjourn from Executive Session.

#### **CALL TO THE PUBLIC**

#### **CALL TO THE COUNCIL – CURRENT EVENTS ONLY**

Councilmember Anderson enjoyed the Halloween events and had over 300 people at his home.

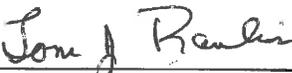
Councilmember Guilin thanked the Town for having a carnival in Town and everyone enjoyed it.

Vice-Mayor Walter thanked the staff for the information presented. She said elections are very important and it allows the citizens' voices to be heard. She said the community did a wonderful job with the Halloween events.

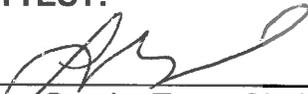
Mayor Rankin stated that there were approximately 1400 visitors that attended the event. It was nice to see everyone have a great time. He said the Town will be celebrating its 150<sup>th</sup> birthday and would like to plan something for the birthday.

#### **ADJOURNMENT**

On motion of Vice-Mayor Walter, seconded by Councilmember Wall, and carried to adjourn at 8:30 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 November 2, 2015, and that the meeting was duly called to order and that a quorum was present.

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