

**MINUTES OF THE TOWN OF FLORENCE COUNCIL MEETING HELD ON MONDAY, FEBRUARY 3, 2020, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Walter called the meeting to order at 6:00 p.m.

**ROLL CALL:**

Present: Tara Walter, John Anderson, Karen Wall, Kristen Larsen, Michelle Cordes, Judy Hughes

Absent: Bill Hawkins

**MOMENT OF SILENCE**

Mayor Walter called for a moment of silence.

**PLEDGE OF ALLEGIANCE**

Mayor Walter 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. Chris Reid, Florence Resident, said the Chamber Awards Banquet was a beautiful event and it was great to see the partnership in action. She was surprised to have received the Honorary Town Historian Award and thanked everyone for the recognition.

**PRESENTATIONS**

**2019 Annual Report from the Greater Florence Chamber of Commerce.**

Mr. Roger Biede, Executive Director, Greater Florence Chamber of Commerce, provided a presentation, in which he outlined the following:

- McFarland State Park – A New Beginning
  - 2019 Statistical Data
    - Visitations: 9,347
    - Donations: \$1695
    - Gift Shop: \$21,481
- Visitation
  - 2018
    - 1<sup>st</sup> Quarter 5,808

- 2<sup>nd</sup> Quarter 1,161
- 3<sup>rd</sup> Quarter 605
- 4<sup>th</sup> Quarter 1,827
- Total 9,501
- 2019
  - 1<sup>st</sup> Quarter 4,754
  - 2<sup>nd</sup> Quarter 1,885
  - 3<sup>rd</sup> Quarter 771
  - 4<sup>th</sup> Quarter 1,937
  - Total 9,347
- Donations
  - 2018
    - 1<sup>st</sup> Quarter 1,115
    - 2<sup>nd</sup> Quarter 389
    - 3<sup>rd</sup> Quarter 173
    - 4<sup>th</sup> Quarter 446
    - Total 1,838
  - 2019
    - 1<sup>st</sup> Quarter 918
    - 2<sup>nd</sup> Quarter 313
    - 3<sup>rd</sup> Quarter 111
    - 4<sup>th</sup> Quarter 352
    - Total 1,695
- Gift Shop
  - 2018
    - 1<sup>st</sup> Quarter 11,762
    - 2<sup>nd</sup> Quarter 2,939
    - 3<sup>rd</sup> Quarter 1,756
    - 4<sup>th</sup> Quarter 5,379
    - Total 21,836
  - 2019
    - 1<sup>st</sup> Quarter 9,625
    - 2<sup>nd</sup> Quarter 4,276
    - 3<sup>rd</sup> Quarter 1,756
    - 4<sup>th</sup> Quarter 5,375
    - Total 21,481

Mr. Biede stated that they are working with the State Parks to obtain new displays and items which will increase attendance. He stated that the Chamber held a number of events and talks in 2019. They also participated in the 75<sup>th</sup> Anniversary of the GI Bill. They are pushing social media and connections to nearby towns a lot more to draw people to Florence.

Mr. Biede stated that they complied with the contract by:

- Remained open as outlined in the contract
- Maintained a newsstand outside of the facility
- Advertising on the Chamber website, Facebook and other social media sites
- Had distributed newsletters and flyers throughout Pinal County

Vice-Mayor Anderson inquired if they are open during the 3<sup>rd</sup> Friday events.

Mr. Biede stated that have not been open, but rather assisted them so as not to take away from the businesses.; however, they will start opening in March.

Mr. Biede stated that they are planning several things at McFarland State Park in 2020 such as:

- Having the State Parks and the McFarland family open their archives and allow the Chamber to display things that have not been displayed before.
- Use the court room at McFarland State Park as an exhibit for some things like "Art Behind Bars".
  - The Chamber has partnered with the Town and has purchased approximately \$4,000 in supplies for inmates to produce art. Their artwork will be displayed in various places throughout Town for two weeks and then be sold at the Arts and Culture Festival in April. A portion of the proceeds will go the Florence Unified School District, State Parks and a charity.
- Poetry reading, storytelling and music festival for Jr. Parada
- Candidate Forum
- Lunch and Learns with Arizona State University
- Cowboy Festival
- 2021 Community Award has been added to the calendar

Councilmember Larsen commended Mr. Biede and the Chamber for all that they have accomplished and for the relationship that they have with the Town.

### **2020 Legislative Agenda Presentation**

Mr. Ben Bitter, Assistant to the Town Manager, provided a presentation, in which he outlined the following:

- Goal
  - To adopt a legislative agenda that allows the Town of Florence to effectively focus our legislative efforts on Council priorities.
- 2020 Legislature
  - Second Regular Session of the 54<sup>th</sup> Legislative Session began January 13, 2020.
    - Session should last about 100 days (~April 22, 2020)
      - Likely to be shorter than last year's session, as the Senate, House, and Governor have all released their budget proposals. And it's an election year, so they want to go campaign!
    - Senate President Karen Fann (R -Prescott)
    - Speaker of the House Rusty Bowers (R -Mesa)
- Florence Representatives
  - District 8 Senator Frank Pratt (R -Casa Grande)
  - Representative T.J. Shope (R -Coolidge)
  - Representative David Cook (R -Globe)
- Proposed Legislative Agenda
  - Protect/Enhance Existing Revenue Sources
    - Highway User Revenue Fund/State-Shared Revenues
    - Financial hit was not anticipated

- Oppose Cost Shifting onto Cities and Towns
  - Repealing vehicle licensing fee
    - Cost to cover DPS operations
- Preserve Local Control
  - Incorporation/Land Use Planning/Business Licensing
- Fight for the Prison Industry
  - Prisoners should be counted where they live at the Prison
  - Support pay increases for correctional officers
  - Minimize financial/economic impacts of closure of ASPC-F
- Seek budget allocations for the Heritage Fund
  - Has passed out of Committee favorably
  - Anticipate \$10 million dollars statewide
- Create Economic Development Tools Tax Increment Financing / AZ Commerce Authority/Vacant Building Registry
  - House Bill 2705
  - Bill has created a registry of any vacant buildings
- Enhance Tourism AZ Office of Tourism
- Public Services
  - Protect surface and ground water/reclaimed & remediated
    - What is happening in the Active Management Areas and how will it affect the Town
- Implementation Plan
  - Staff will:
    - Advocate in support of this agenda at all levels.
    - Coordinate activities with the Arizona League of Cities and Towns.
    - Communicate with Council on issues affecting Florence and Pinal County through Legislative Updates in Council agenda packets.
    - Enlist assistance of individual members of Council to initiate targeted strategies, when warranted.
    - Seek additional Council direction as needed.
    - Attended CAG Legislative Day
      - Three senators were present
  - Staff has/will
    - Advocate in support of this agenda at all levels.
    - Coordinate activities with the Arizona League of Cities and Towns.
    - Communicate with Council on issues affecting Florence and Pinal County through Legislative Updates in Council agenda packets.
    - Enlist assistance of individual members of Council to initiate targeted strategies, when warranted.
    - Seek additional Council direction as needed.
- State Budget (FY21)
  - Arizona's largest budget in history (\$12.3 billion)
  - Governor is proposing over \$1B in new spending
    - One-time deposit of \$25 million to the State "Rainy Day Fund"
      - Anticipate 10% of the budget annually
    - \$608 million in new money for K-12 education
    - Highway User Revenue Fund (HURF) remains fully funded
    - \$10 million of funding for competitive Rural Broadband grants

- Keeps the Department of Revenue assessment at \$20.8 million
    - Town of Florence paid \$69,178 to Arizona Department of Revenue in FY20.
- Proposes 10% increase in salaries for Department of Corrections employees across the state.
- Funds soil and drainage studies of the Superstition Vistas Planning Area in Pinal County.
- \$28 million to accelerate expansion of the I-10 between Tucson and Phoenix.
- Important Bills
  - HB 2053 –Executive Sessions; Security Plans (Rep. Espinoza)
    - Would allow cities to hold executive sessions to discuss building safety or cybersecurity plans behind closed doors.
  - HB 2305 –Private Trash Providers (Rep. Townsend)
    - Would prohibit cities from criminally enforcing any requirements for residents to maintain solid waste services through a private provider.
  - SB 1160/1161 –Cancer Presumption (Sen. Carter/Boyer)
    - All forms of cancer contracted by firefighters and/or peace officers would be presumed to have been contracted on the job. Town insurance would be required to cover costs associated with its treatment.
    - How would the Town fund this?
    - Some complications that need to be addressed
  - HB 2313 –Fire Codes for Restaurants that hold more than 300 people (Rep. Grantham)
    - Cities would be prohibited from adopting any codes that would require the installation of fire sprinklers in an existing building, unless the owner undertakes a major renovation or remodel.
    - Fire sprinklers can protect firefighters from being exposed to cancer causing elements.
  - HB 2053 –Executive Sessions; Security Plans (Rep. Espinoza)
    - Would allow cities to hold executive sessions to discuss building safety or cybersecurity plans behind closed doors.
  - HB 2705 –Vacant; abandoned buildings; ordinances (Rep. Shope)
    - Bill for Florence and other rural communities. Allows for registry for vacant and abandoned buildings.
    - Florence will testify.
  - •HB 2615 –Prohibit cities from requiring vacant buildings from maintaining utilities (Rep. Espinoza)
    - Would prohibit cities from requiring vacant properties to maintain utilities.
  - •HB 2551 –Appropriation; state parks; heritage fund (Rep. Osborne)
    - Would provide the Heritage Fund with \$10 million in FY21.
  - •SB 1280 –Pensions; unfunded liability; expenditure limits (Sen. Mesnard)
    - Would remove payments to PSPRS/ASRS unfunded liabilities from consideration in the calculation of the Town’s expenditure limitation.

**CONSENT: All items on the consent agenda 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.**

- a. **Authorization to purchase one 2020 Chevy Crew Cab, from Courtesy Chevrolet, for the Water Division of Public Works, in an amount not to exceed \$37,940.41.**

- b. Authorization to suspend the Town of Florence Special Event Vendor Permit rules for the Road to Country Thunder event to allow the Greater Florence Chamber of Commerce to coordinate vendors and collect vendor fees as a fundraiser during the Road to Country Thunder event on April 11, 2020.**
- c. Authorization to enter into Intergovernmental Agreement No. 2019-03, allowing the Florence Police Department to participate in the Arizona Criminal Justice Commission Grant No. DC-20-010 and accept the reimbursement of employee overtime costs and related expenses.**
- d. Approval of a Settlement Agreement and General Release in the matter of the Association of Florence Firefighters, International Association of Firefighters Local 4512 versus the Town of Florence.**
- e. Approval of accepting the register of demands ending December 31, 2019, in the amount of \$3,349,618.12.**

On motion of Councilmember Cordes, seconded by Councilmember Hughes, and carried (6-0) to approve the Consent Agenda, as written, with the exception of Item 7c and 7d.

- c. Authorization to enter into Intergovernmental Agreement No. 2019-03, allowing the Florence Police Department to participate in the Arizona Criminal Justice Commission Grant No. DC-20-010 and accept the reimbursement of employee overtime costs and related expenses.**

Councilmember Wall asked Mr. Bruce Walls, Police Chief, to clarify the vote request for this item.

Mr. Bruce Walls, Police Chief, stated that the Police Department has participated with the Pinal County Narcotics Task Force for several years. It has allowed for the reduction in criminal activity as well as to keep drugs out of the schools. A Florence Police Officer has been on this team for several years and the request is to allow for this partnership to continue. He clarified that the RCA had the vote requests reversed.

On motion of Councilmember Wall, seconded by Councilmember Larsen, and carried (6-0) to enter into Intergovernmental Agreement No. 2019-03, allowing the Florence Police Department to participate in the Arizona Criminal Justice Commission Grant No. DC-20-010 and accept the reimbursement of employee overtime costs and related expenses.

- d. Approval of a Settlement Agreement and General Release in the matter of the Association of Florence Firefighters, International Association of Firefighters Local 4512 versus the Town of Florence.**

Mayor Walter recused herself from this item.

Vice-Mayor Anderson asked the Town Attorney to explain the settlement.

Mr. Cliff Mattice, Town Attorney, stated that the issue was a dispute pertaining to social security taxes that were withheld. There was a change in the opinion of the Social Security Administration

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in 2013 and some refunds were processed. The Local Firefighters Association felt that they had a position to pursue additional funds from the Town and filed a lawsuit. The Town was victorious and sought attorney's fees in the amount of \$68,587. He stated to resolve the case between the parties, their representative signed off on the settlement agreement that they would agree to not challenge the court's dismissal of the lawsuit if the Town agrees to not pursue the attorney's fees.

On motion of Vice-Mayor Anderson, seconded by Councilmember Cordes and carried (5-0; Mayor Walter recused herself) to approve a Settlement Agreement and General Release in the matter of the Association of Florence Firefighters, International Association of Firefighters Local 4512 versus the Town of Florence.

## **UNFINISHED BUSINESS**

### **Ordinance No. 687-20:**

Mayor Walter read Ordinance No. 687-20 by title only.

### **AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, AMENDING 30.45 ENTITLED ACTION TAKEN BY ORDINANCE. First reading held on January 21, 2020.**

Mr. Mattice stated that this is a cleanup item which will remove the requirement of an ordinance to come before Council when the Town leases property. This will also help expedite the process and the change in the Code will be consistent with the practice.

On motion of Councilmember Wall, seconded by Councilmember Larsen, and carried (6-0) to adopt Ordinance No. 687-20.

## **NEW BUSINESS**

### **Resolution No. 1731-20:**

Mayor Walter read Resolution No. 1731-20 by title only.

### **A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY ARIZONA, SUPPORTING PENDING LEGISLATION REGARDING ABSENTEE LANDLORDS OF VACANT AND ABANDONED BUILDINGS; AND AUTHORIZING EXECUTION BY THE MAYOR OF SUPPORTING DOCUMENTS.**

Mr. Larry Harmer, Community Development Director, stated that in March 2019, Town staff began to enhance code compliance activities throughout the Town, especially in the Old Town Florence area. One of the most vexing issues faced in the Old Town is vacant and abandoned buildings owned by absentee property owners. While researching this issue, staff found that in other states, legislation existed that requires owners of vacant and abandoned buildings to register the buildings with the local jurisdiction. In addition, these owners would be required to make certain minimal improvements to stabilize the structures and actively pursue rehabilitation to make the buildings safe and viable for reuse. Staff began pursuing such an option for the Town by initiating a draft of an ordinance that places similar requirements in effect for properties within the Town. Unfortunately, there is currently no enabling legislation in Arizona to support such an ordinance.

Mr. Harmer state that while making presentations at the June 2019 Historic Preservation Conference and at the 2019 Rural Policy Forum, staff introduced this concept to other practitioners with positive results. With Town staff's input, the Arizona League of Cities and Towns has drafted legislation to be introduced at the upcoming legislative session that will specifically address this issue.

Mr. Harmer stated that he sat on a panel with the Mayor of Superior Arizona and brought up this concept. The Mayor then discussed this concept with the League's Legislative Committee and he, along with Mr. Bitter have been working on the language for the legislation.

Mr. Harmer stated that House Bill 2705, is sponsored by Representative TJ Shope, and has a number of supporting sponsors. They have been asked to testify with rural caucus on February 18, 2020.

Mr. Harmer stated that the resolution before you tonight would be to support HB 2705. Staff would use the resolution to show support at the Capitol and provide copies to appropriate legislators. The League is also requesting resolutions from other communities to show their support.

Mayor Walter stated that many communities have expressed the hardships that they are experiencing due to the vacant and abandoned buildings in their communities. It also negatively impacts their growth. She is glad to see that all of the communities have been heard and it has gone up to legislative action.

Mr. Harmer stated that the larger communities are looking at this favorably as well.

Vice-Mayor Anderson inquired about enforcement with regards to abandoned buildings that are owned by companies that mailing addresses can't be found.

Mr. Harmer explained that the goal is for this resolution to assist with enforcement. The legislation will allow cities and towns to develop a registry of contact people for the properties as well as provide legal status for the cities and towns to go after the owners for a variety of reasons, such as stabilization of the building. The owners or trust will need to respond.

Vice-Mayor Anderson inquired if the Town has any recourse if the owner does not respond.

Mr. Harmer stated that if the owner does not respond, the Town may charge a fee, and the fee is progressive. He stated that it will take some effort to get the owners to register; however, the Town will now have the legislative backing.

On motion of Vice-Mayor Anderson, seconded by Councilmember Wall, and carried (6-0) to adopt Resolution No. 1731-20.

**Ordinance No. 688-20:**

Mayor Walter read Ordinance No. 688-20 by title only.

**AN ORDINANCE OF THE TOWN OF FLORENCE, ARIZONA RESCINDING ORDINANCE NO. 678-19 AND ADOPTING THE LOCAL ALTERNATIVE EXPENDITURE LIMITATION FOR THE TOWN FOR THE FISCAL YEAR 2019-2020 AT \$45,251,331.**

Ms. Rebecca Jimenez, Finance Director, stated that in 2018, the Town adopted a permanent base adjustment for alternative limitation. She stated that the League of Arizona Cities and Towns assisted the Town, along with the constitution provisions that stated that after you adopt the permanent base adjustment, it is effective for the next budget year. Staff mentioned to the Town's auditor that the Town was going to be on the permanent base adjustment, and was asked by the auditor to research it further because there was another community which had done the same thing, and the Auditor General made them adhere to Home Rule.

Ms. Jimenez stated that they contacted the Auditor General and found that the Town is still under Home Rule until it expires. When the Town adopted its expenditure limitation for this fiscal year, it was based on the permanent base adjustment, which has several exclusions; home rule does not.

Ms. Jimenez is requesting that Council rescind Ordinance No. 678-19 and adopt the actual Home Rule limitation. This will not affect the actual budget.

On motion of Vice-Mayor Anderson, seconded by Councilmember Larsen, and carried (6-0) to adopt Ordinance No. 688-20.

**Discussion/Approval/Disapproval to accept the Sanitation Rate Study and adopt by motion, a Notice of Intention to increase sanitation rates and fees as provided in the Sanitation Rate Study and set a Public Hearing for March 16, 2020. (Rebecca Jimenez)**

Ms. Jimenez stated that the Town has been depleting the Sanitation Fund Balance and it is important to review the rates. Staff did a detailed analysis and compared the costs to determine how this occurred. Staff had a utility rate consultant review the detailed analysis for validation and to provide suggestions.

Ms. Jimenez stated that the Town contracted with Mr. John Trujillo, Circonomy Solutions for an overview of their analysis.

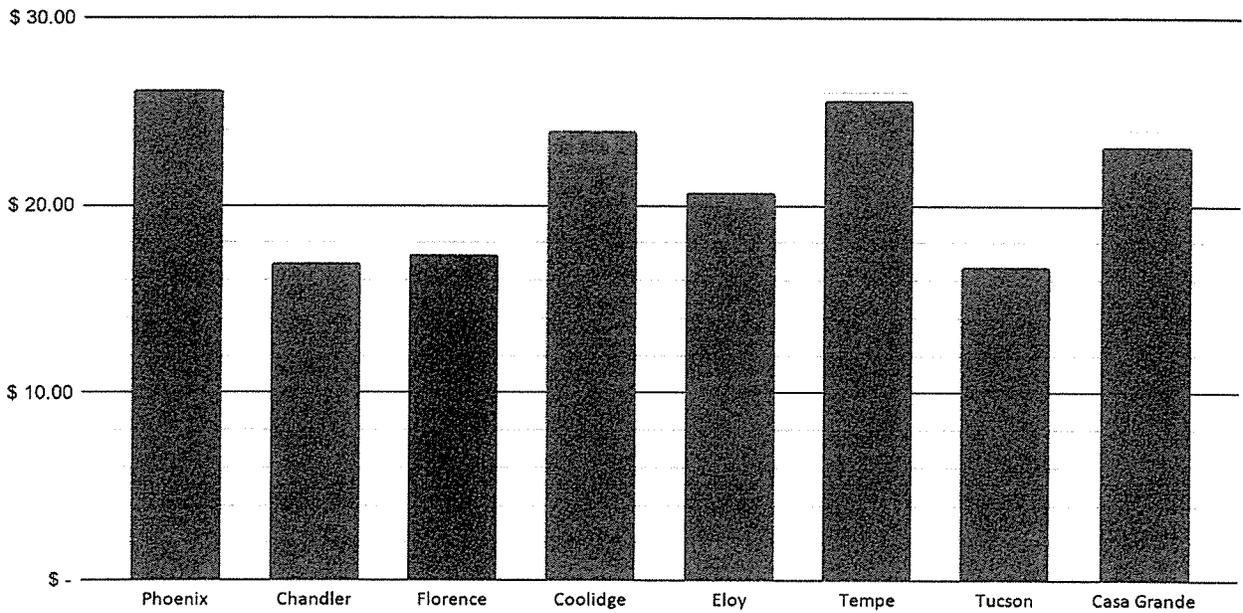
Mr. John Trujillo, Principal of Circonomy Solutions, provided a presentation in which he outlined the following:

- Introduction
  - Circonomy Solutions hired to complete a rate design study of the Town's residential refuse collection operations (Study).
  - Scope
    - The purpose of this Study was to determine the total cost of providing solid waste services and design rates to safeguard the financial integrity of the program.
    - This report provides a discussion of the methodology utilized to conduct the analysis, the cost of providing services and recommended rates to be adopted for solid waste services.
- Program Attributes and Performance

- Garbage
- Recycling
- Bulk Trash
- Free Disposal once a month
- Yearly Community clean-up
- Rental Equipment

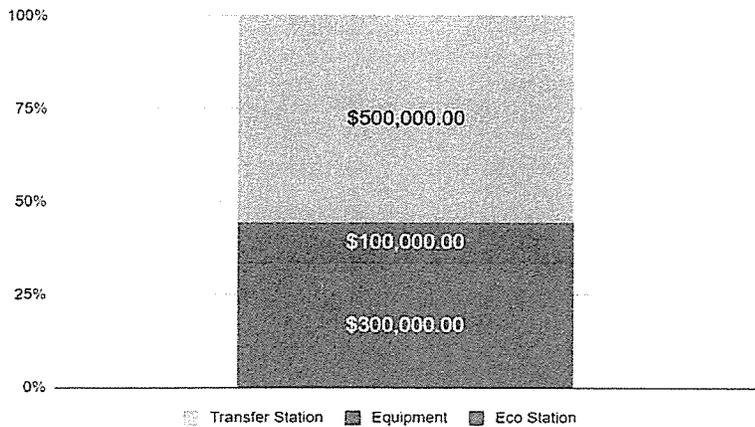
Type	Fiscal Year 2020
RAD Residential (1 x week pickup)	\$17.33
RAD Residential (1 x week pickup) ADOC	\$13.17
RAD Additional container (1 x week pickup)	\$5.00

- How does the Town compare to other cities



- Program Attributes and Performance

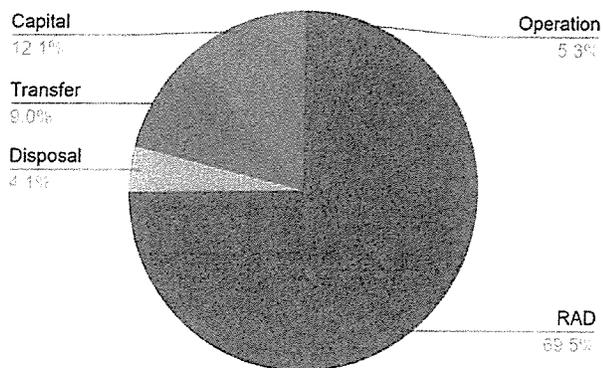
- CIP and Equipment



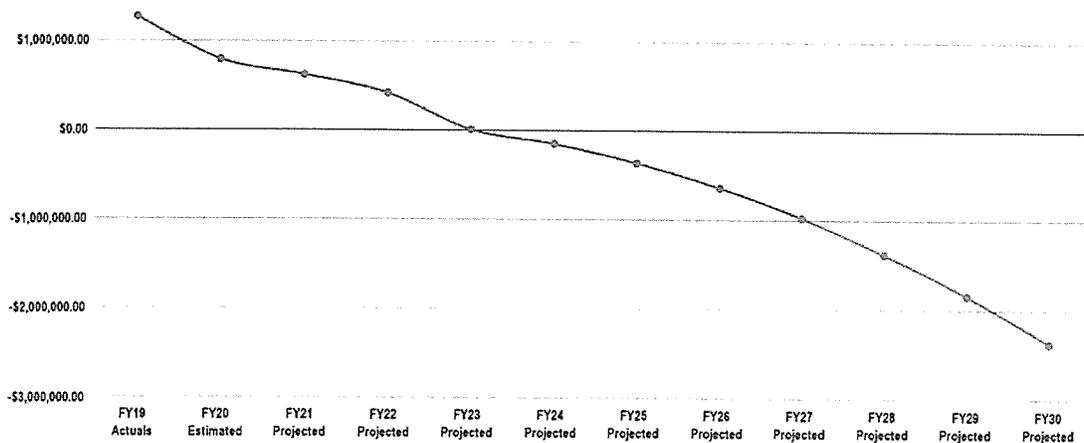
- Rate Review Process

- Most operating expenses increase 3-4% per year; some expenses (insurance) increase at higher rates
- Town contracts, personnel levels and other factors likely to remain stable but will be subject to modest cost increases.
- Capital Improvement Plan used reflects review and analysis by staff.
- Assumes a 5% yearly increase of billing units

Test Year FY21	
Operation	\$65,954.00
RAD	\$842,966.15
Disposal	\$50,887.00
Transfer	\$112,200.00
Capital	\$150,000.00
Cost of Service	\$1,222,007.15



- Scenario 1 – Status Quo



Mr. Brent Billingsley, Town Manager, stated that when the Town stopped doing their own sanitation service, there remained a fund balance of approximately \$1 million. Right Away Disposal (RAD) maintained the Town's fee structure to allow the Town to purchase equipment, administration, etc. and the fund balance has steadily decreased. The fund will be fully depleted in 2023 if nothing is done.

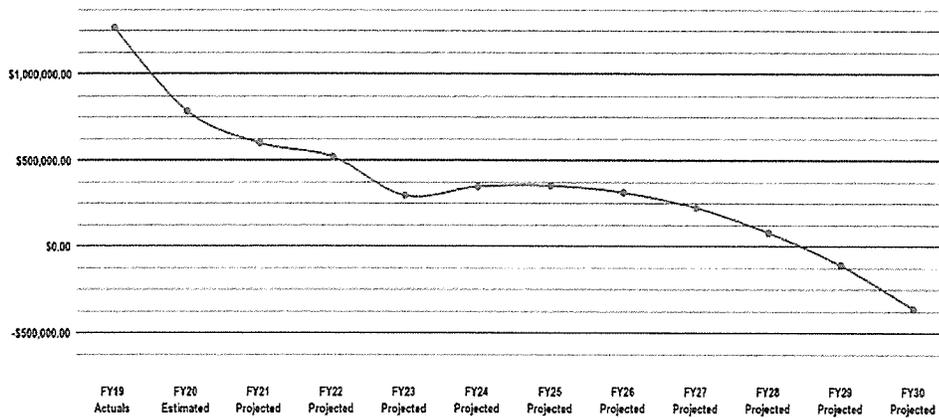
Mr. Billingsley stated that solid waste is an enterprise fund and are required by State law to utilize their rate structure to ensure that they are balanced. The fund is losing revenue on an annual basis. The account balance is being spent down.

Mr. Trujillo stated that the proposed rates may cover the associated costs while maintaining the fund balance.

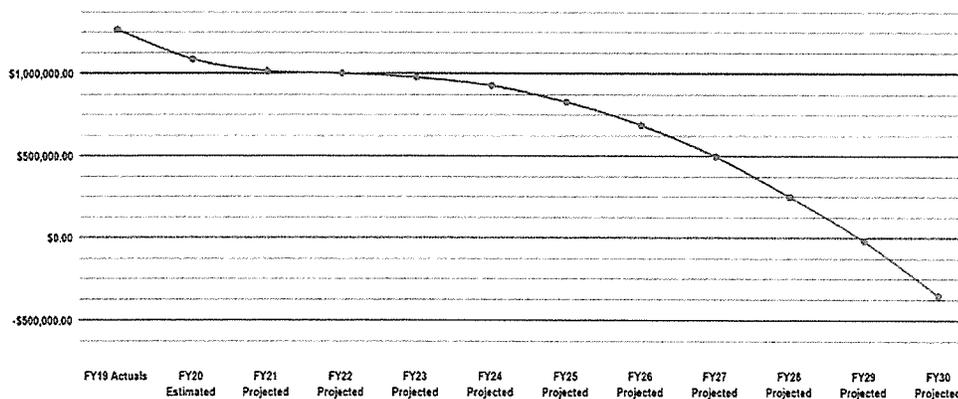
- Proposed Rate Structure

	FY20	FY21	FY22	FY23	FY24	FY 25
Proposed Rates	\$18.08	\$19.08	\$20.00	\$20.50	\$20.50	\$20.50

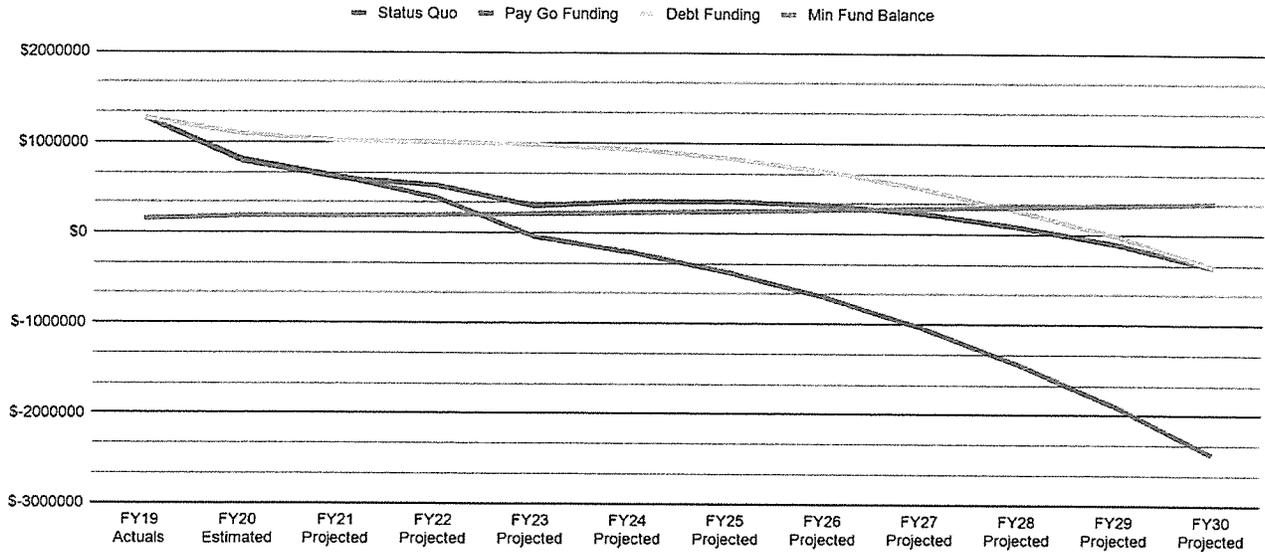
- Scenario 2 – Pay cash for capital purchases as you go



- Scenario 3 – Debt Fund



- Scenario – Comparisons



- Recommendations

- Increase Residential Fees to the following:
  - FY20 - \$18.08
  - FY21 - \$19.08
  - FY22 - \$20.00
  - FY23 - \$20.50
- Recommend the Town maintain an ending fund balance equal to two months of operational expense
- Increase Residential Fee for ADOC equal to Residential Fee
- Increase second container to half of Residential Fee
- Increase Commercial Fee 10% above RAD costs
- Review Fee Forecast yearly
- Recommend the Town consider debt funding Capital Equipment and CIP projects.
- The RAD contract with expire by 7/1/2023. Town will need to start procurement process by January '22 so the contractor will have time to procure equipment for a start date of July '23.

Mayor Walter inquired about the recycling component. She stated that the Town opted to go forward with the private sector for sanitation because the Town could not offer recycling and RAD was able to do so for half the cost.

Mr. Trujillo stated that the recycling program will not be impacted. There may be some increases; however, the contract only allows them to do increases based on certain limitations.

Mr. Billingsley stated that RAD did not do an increase for the first four years and have done small increases last year and this year. The Town is in close proximity to RADs recycling center that they can make money on the Town's recycling.

Mr. Billingsley stated that there are other things that affect the rates such as supplementing the transfer station in the amount of \$112,000 annually. There are no revenues to augment that cost; however, Council felt that it was beneficial and approved the expenditure.

Mayor Walter stated that the Town provided transfer station services to its residents and needed to find someone who could continue to provide that service when the service went to the private sector.

Mr. Billingsley stated that the Town went to bid and received a very good bid from Waste Management and the cost decreased. The challenge is that the dump is now closed so the costs increased substantially to use that transfer station. A decision needs to be made if the Town is going to continue to provide that service going forward, and if so, it needs to be reflected in the rate structure.

Vice-Mayor Anderson stated that there were discussions about the Town and Pinal County having a joint transfer station and inquired what came out of those discussions.

Mr. Billingsley stated that Pinal County did a feasibility study and was found not to be financially viable for the benefit that the Town would receive. Staff has continued with discussions, and most recently, it is suggested that everyone in this area of Pinal County would jointly bid the solid waste services to obtain a competitive advantage in price and include three transfer stations (San Tan Valley, Florence and Eloy) from whoever wins the bid. They have drafted the documents and provided them to Pinal County. Eloy, Coolidge, Florence and Pinal County have shown interest; and Casa Grande has shown cursory interest. Queen Creek recently went through their own bid process; however, they have not awarded the bid as of yet.

Mr. Billingsley stated that the Town has \$500,000 set aside for improvements in the event that the Town gets the transfer station.

Mr. Billingsley stated that the initial bid with RAD was for a four-year contract, with five extensions. The Town is on their second extension and will be going on the third extension soon. The Town will need to go out and re-bid in two years. The Town is hoping to do the regional bid within the next two years in the hopes of obtaining better pricing.

Councilmember Wall inquired what is the Echo Station? The cost was for \$300,000 and will the Town recover the \$300,000 for the purchase?

Mr. Billingsley explained that the Echo Station is the property that was purchased for the Water Barn and where the dumpsters and recycling bins will be relocated to from Heritage Park. He stated that the Town could increase the rates, pay cash for the property, or finance the purchase.

Councilmember Wall inquired what the \$150,000 in Capital Amount is for.

Mr. Billingsley stated that the \$150,000 is for half of the portion of the Echo Station. It is being paid for in two fiscal years.

Councilmember Wall inquired if the \$65,000 is for the overhead to administer the solid waste program through the Finance Department.

Ms. Jimenez stated that it is for anything aside from contracted service for RAD, transfers or capital. It will be for personnel, maintenance costs and commodities.

Councilmember Wall inquired which scenario were used for the proposed rate structure.

Mr. Trujillo stated that Scenario 2 and Scenario 3 was used for the rate structure.

Councilmember Hughes inquired what the minimum fund balance would be for Scenario 2 and Scenario 3.

Mr. Trujillo stated that the minimum fund balance would be dependent on the year as costs will increase. It could vary between \$80,000 to \$90,000 the first years and approximately \$250,000 by the tenth year.

Councilmember Hughes inquired what the current fund balance is.

Ms. Jimenez stated that the fund balance is approximately \$1 million not including exclusions.

Vice-Mayor Anderson inquired why the revenue is decreasing.

Ms. Jimenez stated that the revenue he is referring to is the reserve for capital items. The decrease is for the Echo Station. Initially, it was projected to cost approximately \$300,000 and is now estimated at \$250,000.

Councilmember Larsen stated that she does not like the options presented. She would prefer the fund to be self-sustaining.

Ms. Jimenez explained that the use of the fund balance is because the expenditures are exceeding the revenues. She stated the following items were not considered in the rate and are being funded with the fund balance:

- Professional services
- Administrative Fees
- \$500,000 for transfer station

Mr. Billingsley stated that the fund balance was left specifically for capital expenditures like those Ms. Jimenez referred to. He stated that the challenge is that the expenditures are exceeding the revenue on an annual basis. The revenues need to be adjusted to cover the expenditures. Mr. Trujillo was challenged to create rates that reflect a 5% population increase annually as well as having minimal rate increases in order to extend the time frame of the fund balance before it is fully exhausted. It is suggested that the rates be reviewed every three years.

Discussion occurred on the various scenarios and how to maintain the fund balance.

Mr. Billingsley stated that the projected rates will be for five years and then they will revisit the rates every three years.

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Ms. Jimenez stated that the funds are continually being monitored. She stated that there may be instances when the rates need to increase based on needs, capital purchases, etc. There are several options for Council to consider:

- Council could continue to operate status quo until the fund balance is depleted and then could utilize the General Fund to augment the revenue needed.
- Council could choose to increase the rates which will provide for a positive fund balance and supporting the expenditures. The rates are smooth so the customers will not see a massive price increase in any given year.
- Council could eliminate capital projects. There would be no consideration for a transfer station. This would provide fund balance back into the operating funds; however, the rate increases will still need to be implemented to extend the time frame before the fund balance is depleted.
- Eliminate the transfer station services at Waste Management at the Ironwood Landfill. This would save the customer approximately \$0.93 per month.
- Contract out billing and administrative functions of the sanitation operations (customer service functions and have provider provide those services). This would save the fund approximately \$66,000 in expenditures between direct charge, Town staff, administrative staff and the cost of billing. There would also be a saving of \$6,800 savings because there would not be an intrafund transfer.

Mr. Ben Bitter, Assistant to the Town Manager, stated that the current trend is that it would be favorable to go out for bid when the time comes. The haulers have an advantage over municipalities with regards to the cost for customer service and billing as they can utilize economy-to-scale items where municipalities cannot. If Council chose to cease billing and customer service functions, there would be positive and negative impacts to the organization and to the fund.

Ms. Jimenez stated they could resurrect the Sanitation Department; however, there would be a financial impact because you would need to purchase all of the containers, vehicles, and staff would need to be added to the fund as an expenditure. This would be a significant capital outlay cost and will result in a significant increase in rates, which could be approximately \$30.00 per month.

Mayor Walter stated that the rate prior to utilizing privatization was approximately \$30.00 per month. The Town has done a good thing with providing recycling services and decreasing the monthly cost. The fund balance was approximately \$1.6 million with the intent of starting its own transfer station. This is still the plan; however, she is concerned about utilizing the fund balance but wants to ensure that services are not impacted.

Ms. Jimenez stated that the last option would be to outsource the sanitation service and contract with an entity that will do everything. The only thing the Town would get is the franchise fee and that would go to the General Fund.

Mayor Walter inquired about the status of the transfer station.

Mr. Billingsley stated that there are no plans at this time for a transfer station. It would rely on the regional agreement for it to take place. The Town's portion would cost approximately \$500,000. The cost to build a transfer station would be \$2.5 million to \$3 million. If built, the Town may receive some revenue from the transfer station.

Councilmember Larsen inquired why is the Town involved in the service if it would cost less to outsource the service.

Mr. Bitter stated that the employees understand the streets or the sensitivities of the residents where a person working for the private company may not. It is important to have local customer services. Some providers' customer service offices are out of state. If the Town were to elect for RAD to provide the customer service, it changes the contract and may require a new bid.

Discussion occurred on the nuisances of the contract and the differences between when the contract was first entered into and now, such as population, etc.

Mr. Billingsley stated that the current contract that is in place is a great contract. The intent of the Council at that time was to utilize the fund balance to enhance services, build new infrastructure and vehicles. The intent was not to fund a transfer station; and the Council is now adapting to the changes of time.

Mr. Bitter stated that the current rate not only includes the payment for RAD which is \$13.00 monthly, but also includes a \$4.00 per month charge for the landfill and the rental truck program. The customer pays \$95 for the Truck Rental Program; however, the cost to dump can vary between \$200 and \$300 and the Sanitation Fund absorbs the difference.

Councilmember Larsen expressed her concern of having a consultant review the rates on an annual basis. She stated as a rate payer she would rather pay the small increase than having to pay for a consultant to come and verify the rates. She wants to ensure that the customers maintain the service that they are accustomed to.

Councilmember Hughes stated that her preference would be to continue with RAD for two additional years and then go out for bid when the time comes.

Vice-Mayor Anderson suggested that those who disconnect their sanitation service be required to turn in their trash cans. The records indicate that the Town paid approximately \$12,000 for those who utilized service even though they discontinued service.

Ms. Jimenez stated that it is difficult to pick up the containers because the customers lock them up in their garages. She stated that they are working with Waste Management to rectify the situation.

Discussion occurred on various ways to stop the leakage. RAD is providing new technology by installing cameras and tablets on the trucks to provide the drivers information of open/closed accounts so they know who they can provide services to. The Town is also working with Epcor (Johnson Utilities) who will provide the Town with information on who is starting/stopping service.

Councilmember Cordes suggested that the Town charge the customer for cans that are not returned when they shut off service. She suggested that the customer be required to pay the actual cost for the roll off dumping fees and not just \$95.

Ms. Jimenez stated that the cans belong to RAD and not the Town. She stated there are several challenges in trying to bill a customer for the cans because many of them are renters. There are also personnel restrictions.

Councilmember Wall inquired about the ADOC rates for the dumpsters which are less than most and is now being proposed to increase them to the proposed rate for all others. She inquired if they have recycling.

Ms. Jimenez stated that the ADOC housing complex has dumpsters for their residents and the proposed fee of \$18.08 per resident.

Mr. Bitter stated that they can utilize the recycling containers at Heritage Park; however, they only have trash service on site.

Councilmember Wall inquired if the rates could be in whole dollars.

Ms. Jimenez stated that they will make the rates whole dollars and no cents.

On motion of Councilmember Cordes, seconded by Vice-Mayor Anderson, and carried (6-0) to accept the Sanitation Rate Study and adopt by motion, a Notice of Intention to increase sanitation rates and fees as provided in the Sanitation Rate Study and set a Public Hearing for March 16, 2020.

## **MANAGER'S REPORT**

There was no report.

## **DEPARTMENT REPORTS**

- Community Development**
- Community Services**
- Courts**
- Finance**
- Fire**
- Police**
- Public Works**

The Department Reports were received and filed.

## **CALL TO THE PUBLIC**

There were no public comments.

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

Councilmember Wall offered her apologies for not attending the joint HDAC/Council meeting. She watched the video and was impressed with Ms. Lanning's presentation. She hopes to continue to interact with Ms. Lanning and utilize her services.

Councilmember Wall stated that the Town received a grant for Little League Park improvements from the Arizona Diamondbacks.

Mr. Bryan Hughes, Community Services Director, stated that even though the Town did not receive the main grant, the Town received notification that the Kendrick Family (Diamondback owners) will pay for renovations to the Little League Park. They did a site visit and were impressed and thought it had potential for renovations. The renovations will be done in the fall, followed by a dedication. The Kendrick Family will make the formal announcement at a later date.

Councilmember Wall stated that they are painting a mural of the Pinal County Historical Museum. They have partnered with a muralist who is doing the mural. The muralist is writing a book about his murals and will be used as a guidebook to travel to those towns.

Councilmember Hughes stated that Ms. Lanning is an asset and hopes that the Town will work with her regarding the downtown area. She apologized to everyone for not attending the HDAC/Council meeting. She congratulated the FHS Cheers for going to Nationals. You can support them by having dinner at La Cantina. A portion of the proceeds will go to the FHS Cheer Squad.

Councilmember Cordes attended the HDAC/Council meeting and felt that it was beneficial. She also participated in the Make a Difference Day and assisted at the rodeo grounds. They also assisted a resident with weeds at their home. She went to the POWWOW event and asked that the POWWOW not be referred to as a Farmer's Market.

Councilmember Cordes attended the Chamber Awards Assembly and they sold out. It was a great event and everyone is looking forward to next year's event.

Councilmember Larsen asked that if the Town utilizes Ms. Lanning's services, that she spend more time with staff, review policies, changes made, etc. so that there is an accurate description of things that need to be changed.

Councilmember Larsen appreciates that the Town is continuing with the Make A Difference Day. She invited the public to the many events taking place in Town. She noted that there is art hanging in the community center and is excited to see the artwork.

Vice-Mayor Anderson concurred with the Council's comments.

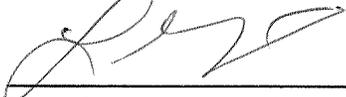
Mayor Walter invited everyone to the local events.

**ADJOURNMENT**

On motion of Councilmember Larsen, seconded by Vice-Mayor Anderson, and carried (6-0) to adjourn the meeting at 8:04 p.m.

  
Tara Walter, Mayor

ATTEST:



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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 February 3, 2020, and that the meeting was duly called to order and that a quorum was present.



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Lisa Garcia, Town Clerk