

CITY OF GLOBE

REGULAR MEETING MINUTES

MUNICIPAL BUILDING 150 NORTH PINE STREET GLOBE, ARIZONA

June 14, 2016 6:00 P.M.

The meeting was called to order by Mayor Wheeler at: 6:00 pm.
The Invocation was given by: City Clerk; Shelly Salazar
The Pledge of Allegiance was led by: City Manager; Paul Jepson

ROLL CALL

Present: Mayor Terence Wheeler (Not voting), Councilwoman Roberta Johnson, Councilman Mike Stapleton, Vice Mayor Eric Mariscal.

Absent/Excused: Councilman James Haley, Councilman Mike Humphrey, Councilman Lerry Alderman.

Mayor Wheeler called for a moment of silence for the Orlando Tragedy.

1. PUBLIC HEARING – CITY TAX CODE

A. Open Public Meeting

Mayor Wheeler opened the meeting at 6:04 pm.

B. **ORDINANCE NO. 834: ADJUSTMENT TO MODEL CITY TAX CODE.**

AN ORDINANCE OF THE CITY OF GLOBE, ARIZONA, RELATING TO THE PRIVILEGE LICENSE TAX; AMENDING THE TOWN TAX CODE BY INCREASING THE GENERAL RATE OF TAXATION BY ONE POINT ONE SEVEN PERCENT; RESULTING IN A CHANGE FROM TWO PERCENT (2%) TO THREE POINT ONE-SEVEN (3.17%); PROVIDING PENALTIES FOR THE VIOLATION THEREOF; PROVIDING FOR SEVERABILITY; DESIGNATING AN EFFECTIVE DATE AND MAKING PROVISION FOR EXISTING CONTRACTS.

City Clerk; Shelly Salazar read Ordinance No. 834 into the meeting. The Council was satisfied with the reading.

For the record Councilman Haley entered the meeting.

Mayor Wheeler addresses the Public and Council, thanking everyone for supporting the City of Globe with Sales Tax. Mayor Wheeler thanks City Staff for their diligence in maintaining the City and the Citizen for their patience. Mayor Wheeler states that Sales Tax support services such as Police, Fire and Public Works and thanks everyone for their support. Mayor Wheeler recognizes the impact a tax increase could have of local businesses. Mayor Wheeler addresses the \$10M liability that the City of

Globe holds with the Public Safety Retirement System and asks Council to seek an alternate solution

City Manager Paul Jepson presents... Sales Tax Adjustment.

At the Budget Meeting held on May 3, 2016 Council directed staff to include the following as part of our 2016-17 Budget. A sales tax increase of 0.17% paid to the General Fund to close a \$303,000 deficit. A temporary 5 year sales tax increase of 1.0% dedicated to the Public Safety Personnel Retirement unfunded liability of approximately \$10-\$11M. The total increase would put the Globe Sales Tax Rate at 3.17%. Shoppers in Globe would have a 9.77% tax rate which would include county and state tax. The Public Safety Personnel Retirement System has 256 plans that have combined unfunded liability of \$6.2 Billion, the City of Globe Police and Fire funds have a \$10 to \$11M unfunded liability. The passage of Proposition 124 stops the loses resulting in the halt to COLA's. Currently the City of Globe is paying 12% of Police and Fire salaries as that years benefit and up to 38% dedicated to the unfunded liability. This would take over a 21 year payout. Mr. Jepson explains that the benefit of the 1% temporary tax increase would save the City of Globe \$5.3M. Mr. Jepson presents the impact of the 1.17% rate increase to individuals would be minimal in example a \$10.00 purchase would be an additional \$0.11 and a \$15,000.00 vehicle purchase would be an additional \$175.50 in tax as well as a \$40,000 vehicle purchase with the cap currently in place exempting anything over \$15,000 from city sales tax.

Mr. Jepson closes stating that 1% increase is a temporary 5 year increase that would eliminate the current \$10M-\$11M unfunded liability. Staff is still investigating Pension Bonds legislation for additional savings and revenues will be monitored to avoid overfunding pensions.

C. Open Comment regarding potential City Sales Tax Adjustment.

Ellen Kretsch from the Chamber of Commerce speaks in opposition of the increase addressing the increase as a regress tax.

Rebecca Williams from the Dream Manor Inn speaks in opposition of the increase addressing Globe will be in the top 15% of the State of Arizona in regards to high tax. Extra burden on hotels including the lodging tax.

Udon McSpadden from McSpadden Ford speaks in opposition of the increase addressing the "Big Ticket Item"; the exemption for one time purchase over \$15,000. Not allowing local businesses to shop locally.

Ken Bernstien from United Jewelry speaks in opposition of the increase as a retailer. Online shopping has made it very tough on local businesses and request Council to reconsider the increase.

Charlene Giles addresses Council with the option of going to the public and asking them to pay for police and fire service outside of a tax increase.

Tim Humphrey request Council to focus on economic development. Improving infrastructure would allow Globe to grow and broaden our tax base.

Mark Capell with McSpadden Ford the tax increase will have a negative effect on City Businesses.

- D. Close Public Hearing
Mayor Wheeler closes the Public Hearing at 6:42 pm.

2. **SUMMARY OF CURRENT EVENTS:**

- A. Council Members

Councilman Haley asks everyone to pray for our Country and victims of the Orlando Tragedy.

Councilwoman Johnson attended Memorial Services in Globe and Miami and was amazed to see the amount of engagement for our Veterans in this area.
Councilwoman also thanks Jerry Barnes and Johnny Angulo for repairs in District 3.

Councilman Stapleton thanks Police and Fire for their quick response times and gives a shout out to Paul Jepson for returning calls and his response. Councilman Stapleton wishes everyone a Happy Father's Day.

- B. Mayor

Mayor Wheeler announces that the Arizona Water Settlement Public Hearing will be tomorrow; June 15th at 6:00 at City Hall.

- C. City Manager

City Manager Paul Jepson announces that June 28th will be the Public Hearing with the Arizona Corporation Commission to finalize the Arizona Water Company settlement.

Fire Chief Robinson to report on water safety and that CPR is a lifesaver. Over the course of the weekend there was an event within our community that ended very well because of CPR.

3. **SPECIAL PRESENTATIONS AND CEREMONIAL MATTERS:** Presentations, Proclamations, Awards, Guest Introductions and Announcements

- A. Presentation reviewing residential sewer and refuse collection rate structure plan. (Paul Jepson/Jerry Barnes)

City Manager; Paul Jepson presents ... Utility Rate Structure.

Mr. Jepson informs Council that the City of Globe bills residential sewer fees based on per connection rate of \$19.75 and under the residential trash collection contract trash is billed at a per resident rate of \$20.25. Staff has been requested to provide Council details on the philosophy of these rate structures. There are three fee structure options; residential metering, rate based of water usage and per connection rate. It is impractical and price prohibitive to directly monitor each residents output of sewer waste. Cost per household would be more than double based on installation and maintenance cost, meter reliability would lead to

inaccuracies and it would be messy. There is no accurate and consistence way to base a sewer rate based on water usage. There are a variety of water usages and over 300 homes utility City of Globe sewer services with Arizona Water service. Staff believes a per connection fee is the most fair and economical fee structure.

Mr. Jepson explains that the current trash collection rates are set by a contract with Right Away Disposal that expires December 2016. The current contractor will provide a smaller trash can but at the same rate. Staff will request that the upcoming Residential Trash RFP include a request for an alternative pricing structure for low usage and will evaluate pricing based on the lowest price overall.

4. **CONSENT CALENDAR:** Matters listed under the Consent Calendar are considered to be routine and will be enacted by one motion and one vote. Public Hearing items are designated with an asterisk (*). Prior to consideration of the Consent Agenda, the Mayor will ask whether any member of the public wishes to remove a Public Hearing item for separate consideration. Members of the Council and or staff may remove any item for separate consideration.

- A. Consideration of Waiver of Section 2-4-10 (A) [prior discussion rule] to allow action on the balance of the consent Agenda:

1. Accounts Payable
2. Consideration of Approval of Council Minutes:

Regular Meeting Minutes 5-24-2016

- B. Consideration to ratify #GS-2016-39; Tohono-O'odham Twelve D Grant Funding Application requesting Besh Ba Gowah improvements. (Leana Asberry)
- C. Consideration of the #GS-2016-36; Pinal-Gila Council for Senior Citizens FY2016-17 Contract Renewal for assistance and funding in the amount of \$72,304.00 for adult services. (Joseph Jarvis/Tammy Guerin)

Councilman Haley request that Item B be pulled from the Consent Calendar for discussion.

Besh Ba Gowah Director; Leana Asberry explains to Council that every year Native American Tribes are required to distribute 12% of gaming revenue. The Tohono O'odham Nation presented an opportunity that was due on June 3rd. Besh applied for funds to replace outdated museum artifact display cases.

Councilman Haley applauds Ms. Asberry for her effort and wants the Public to know that the City is making every effort to find money other than our tax base. Councilman Haley request that the item be returned to the Consent Calendar for approval.

Councilman Haley **Motion:** Approve the entire Consent Calendar as presented
Action: Approve, **Moved by** Councilman Mike Humphrey, **Seconded by** Councilwoman Roberta Johnson.
Motion passed unanimously.

5. NEW BUSINESS:

- A. Discussion and consideration of Funding Options for funding of the increased local match share of \$36,000.00 for a total of \$61,000.00 for the Cobre Valley Transit for Globe FY2016-17. (Paul Jepson/Joseph Jarvis)

City Manager; Paul Jepson presents ... Cobre Valley Transit.

On May 24th Council reviewed decisions impacting the FY2016-17 Tentative Budget. Council directed staff to fund the additional \$36,000, an increased proportion of the local match of \$25,000 for the Cobre Valley Transit, bringing total Transit fund to \$61,000. Council then asked staff to bring back options as to where the funding would come from. A member of Council suggested that a possible source for funding could be Bed Tax funds. Mr. Jepson presented Staff recommendations; were not to use Bed Tax funds but to use \$36,000 of unspent funds FY2015-16 to be allocated to FY2016-17 contingent on passage of equal funding by Gila County. The City Manager will have a seat on the Transit Board and cost savings will be split 3 ways.

Finance Director Joseph Jarvis explained to Council that this funding decision would be included in the Tentative Budget that is before Council for approval this evening. Changes to the Transit funding could be done and be included in approval of the Final Budget. The Final Budget can be decreased if Council should change their mind. Mr. Jarvis request that Council give direction tonight regarding the funding.

Councilmember Haley requested staff explain the proposal for the extra Bed Tax money. Further Council discussion brought to mind that a full discussion was to be brought back to a full Council to include Councilman Alderman for discussion regarding the cap that was placed on the allocations.

Paul Jepson informed Council that Bed Tax projections have changed and he will bring a full Bed Tax Presentation back before Council with options.

Councilman Haley again asked what Staff's proposal for the excess Bed Tax collected for FY2015-2016 was. Mr. Jepson explained that Council Direction was to distribute the \$100,000 to the recipients and use the excess \$50,000 for economic development type activities. Councilman Haley recommended that the extra money collected be distributed to the recipients. Councilwoman Johnson stated, at the end of the 2016-17 when the money has been collected it has been discussed to have a discussion regarding the distribution to the recipients. However, Besh Ba Gowah is economic development that could benefit.

Mr. Jepson confirms the direction from Council tonight is to bring back a full presentation on the Bed Tax with options regarding money collected over the \$100,000 that is currently distributed to the recipients. Further direction was to utilize carryforward money to fund the Transit contingent upon the County's approval.

- B. Discussion and direction of #GS-2016-40; Invitation for Bid for Residential Refuse Collection and Recycling Services. (Joseph Jarvis)

Finance Director Joseph Jarvis informs Council that the Right of Way contract will expire December, 2016. Based on direction from Council a letter to RAD has been drafted informing the contractor of the City's intention to advertise for bid. The Invitation for Bid will be for residential services and the most qualified lowest responsible bidder will be selected. Options that will be placed on the IFB will include administration fee, load size; multiply types of containers and recycling services. Mr. Jarvis will send a draft of the IFB to Council for review.

Council recommends; in the actual contract request accommodations for disabled customers.

- C. Discussion and consideration of #GS-2016-31; Bid Award and Contract with Superior Tank Solutions, Inc. for an amount not to exceed \$278,138.30 for the Crestline Tank, Apache Peak Tank and Thompson Tank Rehabilitation and request to waive City Code Section 2-4-10(A) [prior discussion rule]. (Jerry Barnes/Ken Sellick)

Public Works Director; Jerry Barnes and Water and Wastewater Supervisor; Ken Sellick are before Council to request Council approve the bid award to Superior Tank Solutions, Inc. for an amount not to exceed \$278,138.30 for the Crestline Tank Rehabilitation. The City conducted a public procurement process and received five qualified bids. The lowest responsive responsible bid was Superior Tank Solutions. Four options are presented to Council; Based upon the Preliminary Engineering Report of the water system, Staff recommends Option 4; all three tanks are included in the rehabilitation this is the most cost effective approach. Staff also requests the Council waive the prior discussion rules due to the summer months and a high water demand approaching. Construction would start immediately and Crestline Tank would be online in approximately 3 weeks.

Councilwoman Johnson toured the wells and stated that a tremendous amount of work has been done and the great thing is that the City now has a maintenance program in place. Vice Mayor Mariscal credits former City Manager; Brent Billingsley for a lot of the improvements that have been done to the water and wastewater systems and Councilman Haley credits the current Council for making the largest tangible investment in water infrastructure in all the years that he has been in Globe.

Motion: Waive the prior discussion rules and approve #GS2016-31; contract with Superior Tank Solutions in the amount of \$278,138.30 for all three tanks., **Action:** Approve, **Moved by** Councilman James Haley, **Seconded by** Councilman Mike Stapleton.

Motion passed unanimously.

6. **ACTION ITEMS:**

- A. Consideration of #GS-2015-18; Contract with Alliance Service & Control Specialist in the amount of \$330,800.00 for the Installation Services for the Water System's Supervisory Control and Data Acquisition (SCADA) upgrade. (Jerry Barnes/Ken Sellick)

Jerry Barnes is excited with this upgrade as it will allow the City to work with APS and utilize the non-peak hours to pump the tanks full. Mr. Barnes states that this is a natural transition into upgrading our entire water system. Ken Sellick notes that remote monitoring can be done to alert water crews of any disturbance.

Motion: Approve #GS-2015-18; contract with Alliance Service & Control Specialist in the amount of \$330,800 for the SCADA upgrade. **Action:** Approve, **Moved by** Councilman Mike Stapleton, **Seconded by** Councilwoman Roberta Johnson. Motion passed unanimously.

- B. Presentation of Response Letter to the Resolution Copper Mining; National Environmental Policy Act (NEPA). (Chris Collopy)

Chris Collopy presents a final letter to the US Forest Service for the NEPA process at the Resolution Copper Mine. The letter is back in final draft for the entire Council to sign individual giving the entire Council rights in the future to respond.

Motion: Approve the letter as presented for Councilmembers wishing to sign., **Action:** Approve, **Moved by** Councilman James Haley, **Seconded by** Councilman Mike Stapleton. Motion passed unanimously.

- C. Consideration of #GS-2016-08; Tentative Budget for FY 2016-17. (Paul Jepson/Joseph Jarvis)

Finance Director; Joe Jarvis recalls that Council held 8 public Budget Work Sessions; staff appreciates the time and effort of Council. Based upon comments earlier in the meeting; Mr. Jarvis asks for additional clarification regarding the funding for the Cobre Valley Transit as to the carryover from 2015-16 totally contingent on the County cooperation.

Motion: Approve the Tentative Budget with the adjustment of carryover of funds for the Cobre Valley Transit from FY2015-16 to fund the request for FY2016-17 contingent upon the County's approval and funding., **Action:** Approve, **Moved by** Councilman James Haley, **Seconded by** Councilwoman Roberta Johnson. Motion passed unanimously.

- D. Consideration of #GS-2016-33; Cooperative Lease Agreement with the National IPA to Lease a 2016 CRT 350 Broce Road Broom from Empire Caterpillar in the amount of \$9,562.56 for the annual payment FY2015-16. (Jerry Barnes)

Jerry Barnes and John Angulo are before Council, requesting the approval of the lease agreement with the National IPA to lease a badly needed 2016 CRT Broom from Empire.

Motion: Approve the Lease Agreement with National IPA to lease a 2016 CRT 350 Broce Road Broom from Empire Caterpillar in the amount of \$9,562.56 for the annual payment FY2015-16., **Action:** Approve, **Moved by** Councilman Mike Stapleton, **Seconded by** Councilwoman Roberta Johnson.
Motion passed unanimously.

- E. Consideration of #GS-2016-38; Lease for Police Sub-Station facility from Cobre Valley Regional Medical Center in the amount of \$1.00 annually. (Mark Nipp)

Chief Nipp is before Council for final approval of the Lease for Police Sub-Station from Cobre Valley Regional Medical Center in the amount of \$1.00 annually. Chief Nipp is happy for the opportunity to partner with the Cobre Valley Medical Center as well as the Globe Lions Club who will be decorating the room.

Motion: Approve Lease with Cobre Valley Regional Medical Center in the amount of \$1.00 annually for the Police Sup-Station facility. **Action:** Approve, **Moved by** Councilman James Haley, **Seconded by** Councilman Mike Stapleton.
Motion passed unanimously.

7. CALL TO THE PUBLIC:

Any citizen desiring to speak on a matter that IS NOT scheduled on this agenda may do so at this time. Comments will be limited to **three minutes per person** and shall be addressed to the City Council as a whole, and not to any individual member. **Please complete a "Request to Speak Card", located with the Agendas at the rear of the Council Chambers and turn it in to the City Clerk prior to the beginning of the meeting.** Issues raised shall be limited to those within the jurisdiction of the City Council. Pursuant to the Arizona Open Meeting Law, the City Council cannot discuss or act on items presented at this time. At the conclusion of the call to the public, individual City Council members may (1) respond to criticism made by those who have spoken, (2) ask staff to review a matter, and (3) ask that a matter be put on a future agenda.

Adjourn to executive session at 7:43
Jh ms adjourns.

8. EXECUTIVE SESSION:

- A. Confidentiality Statement.
- B. Discussion or consultation with the attorneys of the public body for legal advice and in order to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation. Pursuant to A.R.S. Section 38-431.03 (a) (3), (4) & (a) (7)
1. Legal advice and direction regarding potential and pending claims to the City.

a. Corkish Claim

2. Legal advice and direction regarding Water Effluent Agreement with Inspiration Copper.
3. Legal advice and direction regarding #GS-2015-17; Property Lease of City Fuel Yard.
4. Legal advice regarding allowable uses within area zoned C-3.
5. Legal advice and direction regarding #GS-2016-17; Property Lease for Cobre Valley Center for the Arts.
6. Legal advice and direction regarding #GS-2016-28; Property Lease with Vaden Corporation dba Palace Pharmacy.

9. SCHEDULING OF MEETINGS:

Scheduling of meetings, which may be brought up at this time

10. ADJOURNMENT.

Motion: Adjourn Regular Meeting into Executive Session; nothing will be brought back to report. Regular Meeting adjourned at 7:43 pm., **Action:** Adjourn, **Moved by** Councilman James Haley, **Seconded by** Councilman Mike Stapleton.
Motion passed unanimously.

SCHEDULED MEETINGS / EVENTS:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the City Council of the City of Globe held on the 14th day of June, 2016. I further certify that the meeting was duly called and held and that a quorum was present.



Shelly Salazar, City Clerk