

**TOWN OF PAYSON
TOWN COUNCIL MEETING
MINUTES OF THE REGULAR MEETING
March 5, 2015**

CALL TO ORDER

Mayor Evans called the meeting to order at approximately 5:30 p.m. in the Town Hall Council Chambers, 303 North Beeline Highway, Payson, Arizona.

INVOCATION

Rev. Charles Proudfoot, Community Presbyterian Church.

PLEDGE OF ALLEGIANCE

PRESENT: Mayor Kenny J. Evans, Vice-Mayor Michael Hughes, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, Council Member Chris Higgins, and Council Member John Wilson.

STAFF PRESENT: Debra Galbraith - Town Manager, LaRon Garrett - Assistant Town Manager, Don Engler - Police Chief, Silvia Smith - Town Clerk, Emily Linkey - Library Director, Tanner Henry - Water Division Manager, and David Staub - Fire Chief.

OTHERS PRESENT: Tracie Bailey - Chief Deputy Town Clerk, Patricia Ronan - Attorney and Bobby Davis - Economic Development.

A. PUBLIC COMMENTS (SPEAKER'S REQUEST FORM SUBMITTED)

1. There were no public comments.

B. CONSENT AGENDA

Items listed on the agenda with an asterisk are considered to be routine in nature and will be enacted by one motion.

Motion: to approve all items listed on the Consent Agenda.

Moved by Council Member John Wilson, seconded by Council Member Su Connell.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Michael Hughes, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, Council Member Chris Higgins, and Council Member John Wilson.

C. CURRENT EVENTS PRESENTATION BY THE TOWN MANAGER, MAYOR, AND/OR COUNCIL MEMBER

MAR 19 2015 E, J*

1. Brief presentation of current events by the Town Manager, Mayor, and/or Council Members. The Arizona Open Meeting Law specifies that the Town Council may not discuss or take action on any matter mentioned during this presentation or on the attached materials unless the specific matter is properly noticed for legal action.

LaRon Garrett, Assistant Town Manager, announced the Water Infrastructure Finance Authority (WIFA) had approved an eleven million dollar loan to move forward with the C. C. Cragin Project.

Council Member Connell noted St. Patty's Day was coming up and Saturday night was the Taste of the Rim at the library. Council Member Wilson announced there would be eleven chefs at Taste of the Rim Saturday night and tickets were sold out. Council Member Connell announced the Women's Wellness Forum was coming up later this month. It would be at the casino from 8:30 a.m. to 2:00 p.m.

2. Documents, materials and information for Council review. (The Council will not discuss or take action on the attached; they are provided for information only)

There were no documents for Council review.

D. CEREMONIAL; ANNOUNCEMENTS; PRESENTATIONS; INTRODUCTIONS

1. Comments, Commendations, and Presentations by Mayor, Council Members, and/or Town Staff.

E. MINUTES

1. *Council Meeting Minutes:

02.05.15 Regular Meeting Minutes Pages 1 - 6

***CONSENT* APPROVED**

BOARDS/COMMISSIONS MEETING MINUTES (Note: Minutes of various boards/commissions/committees are for Council information only and may or may not have been approved by the respective board/commission.)

2. *Airport Commission Minutes

09.08.14 Regular Meeting Minutes Pages 1 - 4

***CONSENT* INFORMATION ONLY**

F. HEARINGS AND APPEALS

- 1.

***Application for a Special Event Liquor License.** Council approved, on the Consent Agenda, an application for a Special Event Liquor License filed by Sarah Hock, agent for Humane Society of Central Arizona, for a fundraiser to be held at 700 S. Green Valley Parkway, Payson, Arizona, Saturday, May 30, 2015, 4:30 p.m. to 7:30 p.m.

***CONSENT* APPROVED**

G. RESOLUTIONS AND ORDINANCES

1. ***Resolution No. 2831.** Council approved, on the Consent Agenda, Resolution No. 2831 captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, ACCEPTING THE DRAINAGE EASEMENT DESCRIBED IN THE DOCUMENT ATTACHED HERETO AS EXHIBIT "1".

***CONSENT* APPROVED**

2. **Resolution No. 2834.** Mayor Evans opened discussion/possible action concerning Resolution No. 2834 captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, AUTHORIZING THE MAYOR TO EXECUTE A QUIT CLAIM DEED FOR TRACTS E, G, H, I, J, AND K OF THE HIGHLANDS AT THE RIM SUBDIVISION GENERALLY LOCATED IN THE 200 BLOCK OF SOUTH RIM CLUB PARKWAY TO THE HIGHLAND AT THE RIM COMMUNITY ASSOCIATION.

LaRon Garrett, Assistant Town Manager, explained there was one bidder and this resolution was to move forward and transfer the tracts to the bidder. Council Member Carpenter asked Mr. Garrett if these tracts were too small to do anything with. Mr. Garrett replied yes.

Motion: to Approve Resolution No. 2834 captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, AUTHORIZING THE MAYOR TO EXECUTE A QUIT CLAIM DEED FOR TRACTS E, G, H, I, J, AND K OF THE HIGHLANDS AT THE RIM SUBDIVISION GENERALLY LOCATED IN THE 200 BLOCK OF SOUTH RIM CLUB PARKWAY TO THE HIGHLAND AT THE RIM COMMUNITY ASSOCIATION.

Moved by Council Member John Wilson, seconded by Council Member Fred Carpenter.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Michael Hughes, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, Council Member Chris Higgins, and Council Member John Wilson.

3. **Resolution No. 2835.** Mayor Evans opened discussion/possible action concerning Resolution No. 2835 captioned as follows: A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF PAYSON,

ARIZONA, ACCEPTING THE PUBLIC UTILITY EASEMENT DESCRIBED IN THE DOCUMENT ATTACHED HERETO AS EXHIBIT "1".

LaRon Garrett, Assistant Town Manager, explained this was an easement to cross a property owner's property for the C. C. Cragin project.

Motion: to Approve Resolution No. 2835 captioned as follows: A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF PAYSON, ARIZONA, ACCEPTING THE PUBLIC UTILITY EASEMENT DESCRIBED IN THE DOCUMENT ATTACHED HERETO AS EXHIBIT "1".

Moved by Council Member Fred Carpenter, seconded by Council Member John Wilson.

Mayor Evans noted the project would not disturb the Mexican Spotted Owl. Mr. Garrett replied no, it would not.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Michael Hughes, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, Council Member Chris Higgins, and Council Member John Wilson.

H. UNFINISHED BUSINESS

1. There were no items in this section.

I. NEW BUSINESS

1. **Council Decision Request** filed by Tanner Henry, Water Division Manager, to approve the contract with Tetra Tech, Inc. for engineering design for a water main upgrade on Bonita Street and authorize the Town Manager to sign the necessary contract documents.

Tanner Henry, Water Division Manager, explained this was for upgrades to the Bonita Street water pipeline. Mayor Evans was thrilled to move forward with the Bonita Street improvements.

Motion: to Approve the contract with Tetra Tech, Inc. for engineering design for a water main upgrade on Bonita Street and authorize the Town Manager to sign the necessary contract documents.

Moved by Council Member Su Connell, seconded by Council Member Richard Croy.

Mayor Evans asked if the timeline was still five years. Mr. Garrett replied yes, construction would start in a year.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Michael Hughes, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, Council Member Chris Higgins, and Council Member John Wilson.

2. **Council Decision Request** filed by LaRon Garrett, Assistant Town Manager, to direct staff to review the current Grading and Drainage and Hillside Grading Requirements and recommend modifications that may make the requirements more reasonable.

LaRon Garrett, Assistant Town Manager, explained these requirements needed to be reviewed. Mayor Evans noted now that new construction was finally beginning these requirements needed to be reviewed.

Motion: to direct staff to review the current Grading and Drainage and Hillside Grading Requirements and recommend modifications that may make the requirements more reasonable.

Moved by Vice-Mayor Michael Hughes, seconded by Council Member Chris Higgins.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Michael Hughes, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, Council Member Chris Higgins, and Council Member John Wilson.

3. **Council Decision Request** filed by LaRon Garrett, Assistant Town Manager, 1) to leave the expiration date for the Tower Well Water Credits at April 17, 2015, or 2) extend the expiration date of the Tower Well Water Credits to a date certain, or 3) direct staff to negotiate a purchase of the Tower Well Water Credits from the current owners, or 4) a combination of the above motions.

Cheryl Schlotman thanked the Council and expressed her concerns regarding the water credits. Ms. Schlotman believed other property owners were not notified about this and requested that this be postponed so others may attend. Ms. Schlotman asked the Council for an extension or non-expiration of the water credits. Ms. Schlotman noted the economy had tanked since she purchased these credits and she has not been able to sell the credits. Ms. Schlotman understood that when she made the purchase she was avoiding the credits going up. Ms. Schlotman noted only 148 credits have actually been used. Ms. Schlotman had gone to the Water Department to see how many credits had to be purchased at the time and she had to purchase more than she felt was needed. Ms. Schlotman asked the Council to purchase the 37 water credits at a discounted price. Mayor Evans thanked Ms. Schlotman.

David West understood the credits were set to expire and asked the Council for some kind of accommodation. Mr. West felt some value was

delivered and that it was an asset to the Town. Mr. West noted the economy did not work out and asked for some form of consideration. Mayor Evans asked Mr. West how many credits he had. Mr. West replied a little over 100. Mayor Evans noted that was about a half a million dollars. Mr. West replied yes and thanked the Council.

Council Member Carpenter asked LaRon Garrett, Assistant Town Manager, to explain. Mr. Garrett explained in 1996 a development larger than 20 lots had to provide water to the Town. In the early 2000s it was getting hard to find water. A well was dug east of Payson and dedicated to the Town. The agreement said the owner of the well could sell credits and they would be good for five years. Of those credits, 148 credits have been surrendered to the Town. The cost would be over 3 million dollars to the Town for the credits. If the Town bought the credits that was what would be lost and if the credits went beyond the expiration date the Town would lose that value. The credits expire in April of 2015. Mr. Garrett noted with C. C. Cragin coming on it was more valuable to let the credits expire and move forward with the C. C. Cragin Project. Mayor Evans asked if the credits were extended for five years. Mr. Garrett replied originally it was five years. Mayor Evans asked if the Town would double the length of time because the value was reduced. Mr. Garrett replied yes. Council Member Carpenter asked if the rate has gone down. Mr. Garrett replied yes. Council Member Carpenter asked if the Town was running up against a gift clause. Patricia Ronan, Attorney, responded if the Town purchased the credits there was no market value to the credits and the credits had no monetary value which could be a gift. Council Member Carpenter noted the Town had received a road last time in exchange for credits so that was good. Ms. Ronan replied yes. Council Member Carpenter asked if the Town out right paid for the credits does that violate the gift clause. Ms. Ronan replied if the Town out right paid for the credits that would be a gift. Mayor Evans noted the Town would have to decide the value of extending the credits. Council Member Croy asked if anyone who requested an extension, but was not offering the Town anything in exchange would not be granted an extension. Ms. Ronan replied yes. Council Member Croy noted the Town would have to treat everyone equally. Ms. Ronan replied yes, the practice should be consistent. Council Member Croy asked if the Town never received money for the credits would the credits be a gift clause issue. Ms. Ronan noted if there was value it would be an issue. Council Member Carpenter noted people paid an impact fee for water and asked how this affected that. Mr. Garrett explained this was a credit against the impact fee. Ms. Ronan noted the Council should consider this carefully because it would be a reduction in impact fees. Mayor Evans asked if anyone else has come forward. Mr. Garrett replied no.

Council Member Connell asked what the 3.4 million dollars was for. Mr. Garrett replied that was what was paid for the credits that were set to expire. Council Member Connell asked if staff has looked at all financial aspects of C. C. Cragin and if this would change the cost on the C. C. Cragin project and be a higher cost to the community. Mr. Garrett explained that was not taken into account when the water rate fee increase was done. Vice-

Mayor Hughes asked if a developer came to the Town with a project could they still do that. Mr. Garrett replied that would be up to the Council. Council Member Croy asked if the project would have to be tied to the project they received the credits for. Mr. Garrett replied that would be up to the Council. Mayor Evans noted there would have to be equal treatment. Council Member Croy asked if something other than the project could be offered to the Town. Ms. Ronan responded that would be a Council decision. Council Member Carpenter asked if the Council extended the deadline and put a decreasing value on this would that work. Ms. Ronan believed over time the Town could eliminate the value, but preferred additional time to give an opinion on that. Ms. Ronan believed if people received the decrease in fees it was still a gift clause issue. Some type of benefit would have to be transferred to the Town. Council Member Higgins asked if an extension was given so that every developer could submit a project to the Town could it be reviewed after the expiration date. Ms. Ronan replied it was the Council's discretion, but if the Council extended the deadline it would still cause a gift clause issue. Council Member Higgins asked if the developers could submit a letter of intent for plans before the April deadline. Ms. Ronan replied it would be the Council's discretion.

Vice-Mayor Hughes noted the Town had already extended the deadline for one developer and felt the precedent was set. Ms. Ronan replied if the precedent was set and if there was a good reason to deviate from the precedent Council could work to find that. Mayor Evans noted the Council was the final arbiter of whether the Town received value. Council Member Croy asked if the other developers would have to submit a plan to the Town and then the Council would give them the same three year extension as the other party. Ms. Ronan replied the project may determine what the extension length would be. The Town could establish a formula.

Motion: to leave the expiration date for the Tower Well Water Credits at April 17, 2015.

Moved by Council Member John Wilson, seconded by Council Member Su Connell.

Council Member Wilson believed this way had the least hazard for the Town. Council Member Higgins asked if it was legal to extend the deadline if certain parameters were met. Ms. Ronan responded that was correct. Council Member Higgins noted the Town had to get value for the credits or it would be a gift clause violation. Ms. Ronan replied if the Town purchased the credits or extended the timeline the Town would have to receive value. Council Member Higgins asked if an extension was given when the project was brought forward. Mr. Garrett responded yes. Council Member Higgins noted then the Town would receive value and if the credits were redeemed in the extension period the Town would receive a certain amount of value, not the full amount. Mayor Evans noted the Town was not vested in the credits. Council Member Higgins noted if the project had a value and the credits were extended the revenue would be received. Mayor Evans noted the Town could not offer an extension to a third party. Council

Member Higgins felt there would be an opportunity for the developer to submit a project. Vice-Mayor Hughes asked if the redemption of the credit could only be done at the time of the permit. Mr. Garrett replied yes. Vice-Mayor Hughes noted the developer could not prepay ahead of time. Mr. Garrett replied that was correct. Council Member Carpenter asked how much of an extension the developer was granted for the road. Mr. Garrett replied three years. Mayor Evans noted that was about \$3000 per credit to extend it for three years. Mr. Garrett replied that was correct. Ms. Ronan noted it was a formula that could be used as a bench mark. Council Member Croy asked if the Town, to show intent to help, could amend the motion to say "prior to the expiration date the developer could submit a plan the Council would vote on by April 17, 2015, and the Town would send a notice to all the developers that they could propose a project." Ms. Ronan suggested the amendment be modified that developers make a proposal with adequate specificity that the Council can vote on by April 16th.

Motion: to Amend to allow notice between now and April 17th to be given to the Town that a developer wants to propose a proportional benefit (project) to the Town in exchange for an extension of the credits for a proportional amount of time and that the developer make a proposal with adequate specificity that the Council can vote on the proposal by April 16th. Moved by Council Member Richard Croy, seconded by Council Member Fred Carpenter.

Mayor Evans called for the vote on the amendment.

Vote: Motion carried 6 - 1

Yes: Mayor Kenny J. Evans, Vice-Mayor Michael Hughes, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, and Council Member Chris Higgins.

No: Council Member John Wilson.

Mayor Evans called for the vote on the main motion as amended.

Vote: Motion carried 7 - 0

Yes: Mayor Kenny J. Evans, Vice-Mayor Michael Hughes, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, Council Member Chris Higgins, and Council Member John Wilson.

J. CLAIMS

1. * **List of checks.** Council approved, on the Consent Agenda, a list of checks paid from January 30, 2015, through February 20, 2015, Check No.s 028829 through 029084, except Check No.s 028869 and 028890, and authorization to file the checks for audit.

***CONSENT* APPROVED**

2. * **Check No. 028869.** Council approved, on the Consent Agenda, Check No. 028869 and authorization to file the check for audit. (Note: due to a perceived and/or possible conflict of interest, Council Member Croy was considered to have abstained from voting on this item).
***CONSENT* APPROVED**

3. * **Check No. 028890.** Council approved, on the Consent Agenda, Check No. 028890 and authorization to file the check for audit. (Note: due to a perceived and/or possible conflict of interest, Council Member Higgins was considered to have abstained from voting on this item).
***CONSENT* APPROVED**

K. MISCELLANEOUS

1. * Council approved, on the Consent Agenda, the approval of **Jim Hunt as Chair and Bill Day as Vice-Chair of the Airport Commission.**
***CONSENT* APPROVED**

L. PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

Mayor Evans adjourned the meeting at approximately 6:27 p.m.

APPROVED:

_____ Date: _____

Kenny J. Evans, Mayor

ATTEST:

Silvia Smith, Town Clerk

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Town Council of the Town of Payson held on this day the 5 of March, 2015. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this ____ day of _____, 2015.

Tracie Bailey, Chief Deputy Town Clerk