

CITY OF SOMERTON
MINUTES
REGULAR COUNCIL MEETING
OF THE CITY COUNCIL

7:00 P.M.

Tuesday, December 21, 2010

Council Members:

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|-----------------------|---|
| M. Porchas, Mayor | P |
| A. Magaña, Vice-Mayor | P |
| L. Ramirez | P |
| G. Anaya | P |
| M. Villalpando | P |
| L. Galindo | P |
| J. Yepez | P |

Staff:

| | |
|------------------------------------|---|
| B. Lee, City Manager | P |
| L. Galaviz, Park & Rec. Dir | P |
| B.B. Cotman, Int. Chief of Police | P |
| S. Palacios, Int. Public Works Dir | P |
| G.W. Hunt, City Attorney | P |
| M. Figueroa, City Magistrate | A |
| G. Halford, Admin. Svcs. Dir | P |
| VACANT, Com. Dev. Dir | A |
| P. De Anda, Fire Chief | P |

Mayor Porchas called the meeting to order at 7:03 P.M.

Pledge of Allegiance was led by Council member Ramirez and recited in unison.

The City Clerk took Roll Call. Council member Galindo arrived at 7:29 P.M. and Council member Villalpando arrived at 10:08 P.M.

PETITION OR COMMENTS BY THOSE CITIZENS PRESENT

Call to the Public:

Javier Pana-1111 W. Yucca Street-I'm here representing ASU Club and thank the City of Somerton for all the support in doing the Tamale Festival.

Mayor Porchas-Commented that we did get a recognition from the Tamale Festival from the ASU to the City of Somerton. I'd also like to recognize Planning & Zoning Board members Mr. Ronald Rice and Agustin Tumbaga for all their support.

Andrea Perez-The update on the outrage is there are issues on two separate lines that feed the City of Somerton and those two issues have been identifies and have been fixed.

CONSENT AGENDA

1. Minutes for Regular Council Meeting of December 21, 2010.
2. Arizona's State Treasure's Report LGIP for November 2010.
3. Cash Balances for November 2010.

Mayor Porchas requested a motion on the consent agenda. Vice-Mayor Magana moved to approve the Consent Agenda as presented. Councilmember Anaya seconded the motion. All voted in favor of the motion. Motion passed.

OLD BUSINESS

All items are for discussion and possible action

1. Sales Tax, Status of General Fund.

Gary Halford-Want to talk a little bit about the General Fund and how it is performing to date. For the month of November sales tax was \$94,263. For the month of December, \$59,240 and we expect to collect more before the end of the month and to date, we've collected \$505K in sales taxes.

Mayor Porchas-Is this is for fiscal year for the month of December 2011, to what date?

Gary Halford-As of today. I checked today and there were no more deposits. I think we've had two deposits for the month of December and we'll probably have one to two more before the month is over.

Vice-Mayor Magaña-In the legend for fiscal year 2011, is the projected sales tax is \$1.2M?

Gary Halford-It is. We have approximately 6 ½ months left in the fiscal year. **Vice-Mayor Magaña**-And we're still \$700 under that, right? **Gary Halford**-That's correct.

Gary Halford-The next one if the General Fund Revenue. For the month of November we collected \$367K for the month. As of today, in December, we've collected \$190K in General Fund Revenue and to date, it's been \$1.6M. If you take a look at fiscal year 2011 in the last two and a half years this is the first time we've ever touched that blue bar.

Vice-Mayor Magaña-Is there any potential short-fall based on revenue? **Gary Halford**-We're doing well and the primary reason why we're doing well is because we have a much smaller budget. My only concern is that the state, what they're going to do is state share revenue there might be some potential there because they have a huge short-fall at state revenue and they might take it from the municipalities.

Vice-Mayor Magaña-What is the Furlough percentage? **Gary Halford**-4.6% is what it equates to. For both General fund and the Enterprise Fund, that equates to about \$200K savings for the City.

2. Discussion and possible approval to hire a consulting firm to assist the City with redevelopment planning efforts along Somerton Main Street.

Bill Lee-We've had three presentations. Tonight, we're here to discuss the possibilities to hiring one of those firms. Staff has made a recommendation that we hire Dave Fackler's group based on the fact that he was the lowest, pricewise. Take advantage of various incentive tools offered by state by putting this plan together. We would then be able to use our Community Development Block Grant to assist in our downtown area if we move forward with this planning. There are other incentives available as well through the state legislature. We are looking to use some of the funds from the Cocopah donation. We're hopeful that we'll receive another round of funding and then that will put us very close.

Another option is doing one half of the plan and then come back and do the other half of the plan if money was tight.

Councilwoman Ramirez-You said we can use the donation from the Cocopah, which is \$39,267.20. We haven't touched that money? **Bill Lee**-That's what we have available.

Vice-Mayor Magaña-Has there been a decrease in their donation? **Bill Lee**-There was a decrease of a few thousand dollars from the previous year to this last year.

Councilman Yopez-What was the money from the Cocopah's originally assigned to? **Bill Lee**-I think one was for a K-9 Unit and last year we didn't assign that money anywhere. They usually ask us what we might spend the money on.

Mayor Porchas-Not knowing what the legislators are going to do, I would like to wait, maybe to the end of January. I do want to do it, but I would like to hold off on it.

Vice-Mayor Magaña-In addition to that, I believe that all the presenters that we had they indicated that we needed to have a dedicated person to handle the redevelopment. I have a concern about the planning department not being fully staffed, not having a director. Consequently, the burden will, again, fall on Carmen. I think we need to address our staffing. We haven't addressed the staff issue yet. It's being going on for two years. We've raised sales tax and we still not addressing that. I agree with the Mayor.

Paul De Anda-An adoption of a plan is what opens the door for the community to pursue additional funding. Without the plan, we're not able to capture that money. Adopting a plan is very important to pursuing the dollar that we need.

3. *Possible approval of entering into a lease agreement with Campesinos Sin Fronteras, for property owned by City of Somerton.*

Bill Lee-This is coming back to you as a result of a previous meeting where Council directed staff to develop a lease agreement with Campesinos. Our attorney signed off on the formality and we just need an approval for the lease. It is for both the existing facility that they have on Main Street, which is right next to City Hall and the Old Community Development Building.

Vice-Mayor Magaña-Did you go by the square foot to determine the rate? **Bill Lee**-We went by the square foot on the building on the Community Development. We went by their proposal that they presented to you on the building on West Main Street a couple years ago around \$700 for both buildings. **Vice-Mayor Magaña**-Could I assume that we used the same rate that was applied to the other building? **Bill Lee**-No. The rates aren't the same. The proposal that they've given was a flat rate for the other building, which is the building that they're in currently and have been for the last three (3) years. **Councilman Yopez**-Will this be in a Year-to-Year basis? **Vice-Mayor Magaña**-Up to three (3) years.

Mayor Porchas-Commented that the contract was a little bit too aggressive, too much, too intense.

Mayor Porchas-Are we going to do the one with Salvation Army? **Bill Lee**-They're Council is still reviewing the proposal. We anticipate that we'll have that one back before you on January the 4th.

Mayor Porchas requested a motion on Campesinos' Lease Agreement. Councilman Yopez moved to approve the proposal by Campesinos Sin Fronteras as presented. Councilwoman Ramirez seconded the motion. All voted in favor of the motion. Motion passed.

NEW BUSINESS

All items are for discussion and possible action

1. *MCAS Presentation of the High Noise and Accident Potential Zone and Noise Contours Rules and Restrictions.*

Major Combs-I want to focus on the Az Revised Statute, specifically 28-8481 and 28-8461 which are the definitions. The last time that we had a representative come out and brief that, was back in 2004. My intent in the future is to stay in touch and provide the information that you all request. The two signatories are City of Yuma and Yuma County way back in 1996. It's time to take a look as time, interests, development and economics have changed. We need a more current plan. This is what we've all been working on. December 31st is when ARS actually became effective and Arizona put that in the state law, which now MCAS has to comply with. The Arizona Revised Statute, the elements of the Joint Land Use Plan, was used to help develop the ARS. It was also used to help develop the Joint Land Use Study. In early 2004, Somerton was considering annexing east of Ave. E, which puts it in the vicinity of an airport. Shortly after that, Somerton annexed east of Ave. E and essentially what that did that annexed into this Arizona Revised Statute.

Major Combs-The point I wanted to bring your attention to is a political subdivision that has territory in the vicinity of an airport. If you do have territory that is in that vicinity of the airport, this applies to that political subdivision. If you don't, even though there's development going on in that area, it doesn't apply to that development unless it's a political entity.

Major Combs-We're not expecting the first airplanes until May of 2012. Just wanted to let you all be aware of that that's going to push more inside the range and become less of an impact outside of the range.

Major Combs-The regional plan that we're working on applies to some of that. The clear zone starts at the end of the runway it is 3,000 ft. wide and it goes 3,000 ft. long. Somerton has no property in the clear zone. APZ1 starts at the end of the clear zone and it goes 3,000 ft. wide by 5,000 ft. long. As you can see, APZ from the end of the runway ends in 8,000 ft. from the end of the runway.

Major Combs-In the future, what we're looking as a regional development plan, what was designed originally, to protect the three corners of economic, which is the military. Just Yuma alone pumps direct dollars about \$420M a year into this area. The actual economic impact is \$538M. So, it became very important to the state that we're able to maintain those pillars of economics for future development and viability.

Major Combs-The Joint Strike Fighter is the next airplane that's coming in. We're going to have five (5) Operational Squadrons of sixteen (16) aircrafts and what that is up to sixteen (16) aircrafts. The sixteen aircrafts supports our ability to take six (6) aircrafts put them on a mute and still have a full viable squadron here. What this means is economically, we're getting more people, getting more families, so that 538 is going to increase. The anticipated arrival is at 2012. The first 28 or 29 airplanes are already purchased. That's not going to be delayed. We're going to have our first airplane 2012. After that, we're supposed to have a full operational squadron of ten (10) aircrafts by December of 2012.

Bill Lee-Can you explain to Council why we have different numbers that they're looking at tonight? **Bruce**-I didn't have much to say about what was presented. My apologies. APS is going up at an average of 8.89% annually for the last 13 years. They don't tell you that your electricity is not coming down.

2. Presentation of the Yuma Regional Development Plan.

Paul M.-I'm the County Director for Yuma County. The reason I'm here tonight is to update the City Council on the Yuma Regional Development Plan we've been working on. The City and the County have been operating under that since 1996 and for me to go back and give you all the history this is just to give you an overview of kind of what we're doing here and why we're going through this Regional Development Plan. The purpose for the Regional Development Plan though is to update the Joint Land Use Plan. The Plan includes all the regional municipal county and military entities. We include YPG now as a partner. We also included the air fields of local significance. We're focusing more on local land control of maps. We're also looking into making all of our plans more common. We're also looking at economic development policies in common. I understand that each entity has its own interest in heart, especially when it comes to economic development.

Paul M.-What we're doing is soliciting comments back in general since we haven't sent out the draft document for any discussion. We're just putting, at least the essential, out of what we will expect out of the document, to discuss with the Councils and Boards. Just to get some feedback. That way we know if there's something in general that councils and board would object to. Initially, we can go back and address that.

Paul M.-Seeing what the responses we've gotten so far, what we're going to do we'll go back tweak the draft a little bit and then look to get public comment for it. After we would get the public comment, we would look to have some type of common or joint adoption through a Resolution by all the respected Councils and the Board. After we get the adoption, then we'll start setting up the parameters for the annual meeting.

Councilman Yopez-What's the process for expansion for housing? What does that do for us as far amendments? **Paul M.**-You still have independent control of whatever gets planned into your area. What the county has is that our typical planning stance for this area here is that until such time, as it becomes part of your planning area, unless there's a desire to change into something else from the members of the residence of that area, we're going to leave that in holding so that way as the City of Somerton expands you can deal with those on your own.

Councilman Yopez-As far as the citrus, up on Mesa, I didn't see any green. I saw all white. What is that? **Paul M.**-The reason why we left it as white is that originally we were going to change it to show all the prime Ag definitions. If you can get the salts out of the soils, you can grow things there. What the Joint Land Use Plan looks at is that the Mesa is more suitable for continue industrial, commercial or residential development. At this time, what we're saying is that unless there is sewer, municipal services in that area, it'll continue an Ag and that'll be the most likely place for continue development.

Councilman Yopez-Is that going to continue to be 2 and a half acre minimum? **Paul M.**-In a lot of those areas there're ten and five acre parcels, especially as you get toward County 19th, Ave. 3E in that general area and then north. You get more into the 2 acres if it's around the vicinity of MCAS, outside the 65 decibel noise contours.

3. *Discussion and possible approval to enter into Power Purchase Agreement with SPP DG DEVC, LLC. This will provide for salary at City Waste Water Treatment Plant.*

Bill Lee-We're talking about placing 400 kilowatts of solar power at our Waste Water Treatment Plant to help us with our rising utility cost.

Bruce-Your current usage for the year is about 829,680 Kilowatt Hours, total. If you'd have the Solar System in over the last 12 months, you would've saved \$296, but you're locking in your rate and you're keeping your escalation low and the longer you stay in the program then the system produces more and greater savings. We prefer to put the escalation factor as lower than what APS is so that at the end of year it's better than what we forecasted here. Then each year that you stay in the program, at 10 years you'd be at about 150K. The difference would be that you'd be paying a total cost of about \$120 in 10 years. So, it'll be about \$26K-\$30K in savings, that year. After 15 years, your utility bill would be somewhere in the \$206K range. Your bill through the solar would be \$154K. So, your savings would be about \$52K. So, if APS goes up 10% or 11% next year, obviously the savings are going to be substantially more than what we're forecasting. We can't predict that. That's the benefit of this system is that you can predict exactly what you're going to pay based on using the same amount of electricity year to year.

Bruce-A lot of companies would invest in the solar project to get those tax credits and that would offset their income. The Federal Government stepped in and said that instead of a tax credit, the 30% tax credit on the solar system that you're putting in, we will give you a grant. The benefit of the grant would be that it comes out of Treasury and it doesn't show up in the books. It's basically not a revenue item, it's not a sales item it's a non-taxable position.

Jerry Hunt-On this request for an extension, since the feds changed their tax structure and since this expires on the 17th, is there any reason we can't ask APS for an extension right now? **Bruce**-It's been asked and this is actually the second extension that's been granted to this project. They're not real happy about extending the ones that got done a while ago because the amount is a lot higher than what the current rates that they're paying.

Mayor Porchas-Jerry, would you feel more comfortable if he asks for another extension?

Jerry Hunt-Yes.

Mayor Porchas-Bruce, why don't we go ahead and ask and maybe you can get with Mr. Lee and Jerry and see what happens and we'll go from there.

Councilman Yopez-As far as the 30 year contract, is that the minimum that they do? Are they going to be updating cells that produce more energy? **Bill Lee**-My guess is that they would not be adding to this system.

4. *Discussion and possible section of a date to meet with Yuma Union High School Board on either January 19th or January 26th to further plan for a High School in Somerton.*

Bill Lee-At our last retreat, a High School was high priority on everybody's comments. The idea will be that we will invite them to the City of Somerton, give their entire school board a tour of our community and also invite the Cocopah Nation to join us as well. We're looking for a date.

Vice-Mayor Magaña-I'm fine with either one.

Councilwoman Ramirez-I'm fine too.

Councilman Anaya-Will it be in the evening or in the morning? **Bill Lee**-It'll be in the evening. It'll probably be at 6 P.M. or 6:30 P.M. type of event. **Councilman Anaya**-I'm fine with any date.

Mayor Porchas-Should we do it the 26th of January? Nothing important. Just for them to hear us and obviously we know the situation the state is in and there's no money, but at least there're some steps that will be taken and start moving forward and maybe the first part of money there we can create enough pressure that we might start looking this way. **Mayor Porchas**-There's 1,300 students that are transported everyday to Kofa High School from Somerton. Definitely, we need it. Approved for the 26th of January.

5. *Request to hire and replace an outgoing Firefighter Paramedic and Police Officer.*

Paul De Anda-We're here to see if we can get approval to advertize. We're down one Officer and a Firefighter Paramedic.

Mayor Porchas-basically, replacing? **Paul De Anda**-Yes.

Mayor Porchas-Chief Cotman, is this another one? **Chief Cotman**-This is the same one. Council requested to come back when I'm ready to hire and I'm at that point right now.

Mayor Porchas-Did we approve it? **Bill Lee**-Approved it based on certain stances.

Mayor Porchas requested a motion to advertize for both positions. Councilwoman Ramirez moved to approve the advertizing. Councilman Yopez seconded the motion. All voted in favor of the motion. Motion passed.

6. *Discussion and possible amendment to Resolution 2010-017 requesting possible consideration to remove meter charges.*

Bill Lee-I've had a number of visitors in my office mostly multi-family owners of properties concerned about the rate increases. We raised the rate for multi-families up to the same level as a single resident home was. It was \$36.50 and now both are now at the same level. One of the multi-family owners pointed out that there was also a meter charge associated with multi-family and that meter charge also escalated as well. So, multi-families are actually paying more for sewer service than a single-family resident because they now have that meter charge. Some property owners have two meter charges associated with their properties. So, there's an additional \$36 on top of their utility fee for sewer.

Vice-Mayor Magaña-Before the new rates, there was a meter charge every month? **Bill Lee**-It was \$21 before we raised the rates. That \$21 would've been spread out by the owner.

Jerry Hunt-The ARS says that anytime you have water rates that goes up you have to have a study on it and you also must have a notice hearing a public hearing and a Resolution on it. I do want to remind you that guys committed yourselves that this would be a self-sufficient entity and if you take that component and reduce it, that loss in revenue has to be made up somewhere in the future. You'll need to make it up next year.

Vice-Mayor Magaña-I think the intent was to have similar rates, right? I think we can justify that.

Mayor Porchas-I remember seeing a letter. So, they were notified. I think they should start paying. If we haven't sent it, we need to send it as soon as possible.

Mayor Porchas entered a motion on amending Resolution 2010-017 as presented. Councilman Yopez moved to approve the amendment of Resolution 2010-017. Vice-Mayor Magana seconded the motion. All voted in favor of the motion. Motion passed.

7. *RESOLUTION 2010-026 A RESOLUTION GRANTING APPROVAL TO THE ISSUANCE OF REVENUE BONDS BY THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF SOMERTON, ARIZONA, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$2,000,000 FOR COMITE DE BIEN ESTAR, INC.; AND DECLARING AN EMERGENCY*

Jerry Hunt-The City of Somerton has industrial development authority. The industrial development authority members are nominated by the City Council. When the IDA has an action it's necessary to come back to City Council to get their approval. As you recall, the primary reason for an IDA is to enable interested parties to take advantage of lower rate government finances, lower rate interest rates. It doesn't mean that the IDA has money, it just means that it is a facilitator of allowing its tax exempt status to use for certain purposes. What happened in this case, there's a bond issue and basically had a few problems. What they've had done is they've worked out a settlement agreement between the bond holders and all the interested parties, including us. What happened yesterday is that all the parties, including the ones who own the bonds, have signed a release basically holding that issues are harmless. We're the issue. So, the purpose of this is to pass the subsequent Resolution. Part of that settlement was that we were going to issue, basically, \$2M worth of bonds. That doesn't mean new bonds. The most important thing is that there's a release. We need this Resolution and we need it in urgency. We're trying to conclude this by the end of the year. As you know, ordinarily, Resolution dates 30 days before it is effective.

Tony Reyes-I just want to clarify a couple of points. One, this are not new bonds. They're bonds that are going to replace the ones that were already there. There are going to be some costs of the reissuance of the bonds. We'll take care of all the costs. The city is not going to be billed for any costs or the IDA won't be billed for any costs. We changed the terms of the loans, but because it's a bond issue it can't be done like a regular loan negotiation. So, what you're actually looking at today is the reissuance of the bond, but not a new bond on top of the old one. It's just us re-negotiating that loan and extending the time.

Mayor Porchas requested a motion on Resolution 2010-026. Councilman Yopez moved to approve Resolution 2010-026 and declared it as an emergency. Vice-Mayor Magana seconded the motion. All voted in favor of the motion. Motion passed.

Summary of current events by Mayor, Council Members, and or City Manager, pursuant to A.R.S. §38-431.02(K) provided that the public body does not propose, discuss, deliberate or take legal action on any matter in the summary.

A motion to ADJOURN was made by Mayor Porchas. Motion approved 6-0.

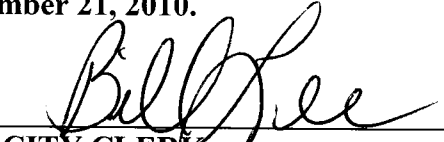
ADJOURNMENT

Meeting was adjourned at 9:46 P.M.


MAYOR MARTIN PORCHAS

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Council Meeting of Tuesday, December 21, 2010.


CITY CLERK