

**TOWN OF PAYSON
TOWN COUNCIL MEETING
MINUTES OF THE SPECIAL MEETING
March 1, 2011**

CALL TO ORDER

Mayor Evans called the special meeting to order at approximately 4:00 p.m. at the Town Hall Council Chambers, 303 N. Beeline Highway, Payson, Arizona.

PLEDGE OF ALLEGIANCE

PRESENT: Mayor Kenny Evans, Vice-Mayor Michael Hughes, Council Member Ed Blair, Council Member John Wilson, Council Member Su Connell, and Council Memeber Fred Carpenter.

STAFF PRESENT: Council Member Richard Croy, Debra Galbraith - Town Manager, LaRon Garrett - Public Works Director, Tim Wright - Town Attorney, Don Engler - Police Chief, Marty deMasi - Fire Chief, Terry Morris - Library Director, and Cameron Davis - Parks, Recreation & Tourism Director.

(Council Member Blair departed the meeting at approximately 5:54 p.m.)

OTHERS PRESENT: Colin P. Walker - Water Superintendent; Ray Erlandsen - Community Development Director, Hope Cribb - Finance Manager, Tomi Huddlestun - Human Resources Manager, Viki Holmes - Water Resources Specialist, Bethany Beck - Housing Programs Manager/Grants Coordinator.

PURPOSE OF MEETING

Discussion/possible action concerning the Town's Capital Improvement Plan.

Mayor Evans opened the meeting with brief remarks concerning the Capital Improvement Plan and its relationship to the budget process. He said capital improvement projects are on a 5-year sliding scale. There are several meetings to decide on what needs our focus from the input from the community. The budget is tailored to take advantage of future projects.

Mayor Evans gave the gavel to Vice-Mayor Hughes and went to the floor to describe proposed water treatment plants for the C.C. Cragin project.

Mayor Evans presented a video of a pumping station near his house. He conceded this was only a pumping station and not a filtration system, but he explained they are similar in noise generated, etc. Mayor Evans explained that decisions made for the C.C. Cragin project are not done in a vacuum, but are decided through negotiations with the Forest Service and other entities involved. The Forest Service required a matrix of 19 criteria to be evaluated for each proposed sight. Water treatment plants do not produce loud noises or extensive outside lighting. All systems are located inside a concrete building.

Buzz Walker, Water Superintendent, displayed a model of the microfiltration systems that will be in building. He said there will be no noise outside the building. The site layout near Mesa Del was designed to be especially sensitive to its close proximity to neighbors. In Mr. Walker's 40 years of experience with water storage tanks, wells, water treatment plants, booster plants, etc., he has never received a complaint about noise. Most facilities are on residential size lots and the buildings are designed to be sensitive to the area. He showed an architect's rendition of a possible design for the Mesa Del location. It was shorter than a two story house and would not impede the view of the Mogollon Rim. For engineering and aesthetic reasons, there would be a tree buffer.

In answer to Mesa Del Caballo residents in the audience asking questions, Mr. Walker explained that there was approximately 200 feet between the proposed water treatment facility and the closest property. There would not be a need to remove a lot of trees and some would be replaced. There should only be one or two people in light trucks visiting the facility daily. The type of fencing was not yet determined, but an eight foot fence would be barbed wire. The lighting would be a porch light and possible motion activated lighting. He explained a ten acre site would allow the buildings to be low construction and not obstruct views.

Kandis Mueller, Mesa Del Caballo resident, disputed the measurement of 200 feet from the fenceline. Mayor Evans explained he had walked it and it was 75 of his steps. Ms. Miller said property values would fall without direct forest land access.

Bear Sherfey presented Mayor Evans with petitions and letters from Mesa Del Caballo residents. Mr. Sherfey said he talked with Larry Henniger from the Forest Service and Mr. Henniger said the original comment list didn't include the disputed proposed water treatment facility. Mary Evans explained that Mr. Henniger was not a party to the series of meetings held with the Forest Service concerning proposed water treatment facilities. The Forest Service required a "score sheet" that was produced in August of 2010. Previous narratives about the different proposed sites included the priority of water service to Mesa Del Caballo. The Shoofly Ruins site was the preferred site by the Town, but was dismissed by the Forest Service because that site would be totally surrounded by Forest Service land with no private land adjacent. The other sites would not provide the same access to water for Mesa Del Caballo. Mayor Evans suggested Mr. Henniger speak with him if, indeed, he made that statement. The newspaper was notified and publicised these meetings. All major players were there to get everyone on the same page.

Mayor Evans said he would get Mr. Sherfey a 17" x 22" copy of the matrix and also an electronic copy if possible.

Mr. Sherfey said that he still didn't think it was fair. He disputed the example of the pumping station near Mayor Evans' house being similar to his own house. He said he would be losing trees and vegetation and changing his view of the Mogollon Rim.

Jackie Lynn Sumak, Mesa Del Caballo resident, was proud of the improvements that have been made to the area including paved roads and better sewage disposal. She understood the concern of those whose property abutted Forest Service land. Her son has a house in that area. She asked if voicing their concerns was "beating a dead

horse" because the Council had already determined the location of a water treatment facility.

Mayor Evans explained this was a process and no decisions have been made. Others are also involved in the decision making process, including the Forest Service. He pointed out they continue to put forward their best efforts for everyone in Mesa Del Caballo. The facility could be built on only five acres of land but decided on more land to bring the height of the buildings lower to be less intrusive. With the Town's dark sky policy, there will be no tall power poles with lights on this facility.

Minnie Norman asked who would make the final decision on the site. Mayor Evans answered that it was a joint one with Forest Service approval of any proposed site. If the Shoofly site were to be approved by the Forest Service, it was the most desirable for the Town.

In answer to questions posed directly from the audience, Mr. Walker explained that smaller communities than Mesa Del Caballo would negotiate a right for water from SRP and Payson. Gila County would help cover costs bringing water to the communities from the raw water source. These communities are small enough to have small water filtration systems of their own where Mesa Del Caballo would require a larger water filtration system for its population. Mesa Del Caballo does have the option of having their own filtration system if they wanted, but it would be very expensive.

In response to claims from the audience that the representatives of the Forest Service they talked to said different things, Mayor Evans explained the Forest Service was the fourth largest agency in the United States. Even though they may have spoken to someone local, they may not have the same information as those involved in the meeting process. Gene Blankenbaker, Larry Vogel and Deldon Lopez were some of the Forest Service representatives mentioned who were present at these meetings.

Dale Mueller said he appreciated the efforts to get water to Mesa Del Caballo but felt that the timing for their input made the Town's comments look suspect and not credible.

Dwight Busbee asked for a buffer zone between the fence of the water treatment facility and the fence of homeowners to allow them to get directly to Forest Service land by horseback, bicycles or by foot.

Mayor Evans explained they were only in the preliminary stages of environmental analysis and modifications can be made. He said that Homeland Security demands certain security measures and may be the determining factor in how high fences were, etc.

Rick Nielson said that he didn't mind paying for improvements to Mesa Del Caballo. He definitely wanted water to reach the community but didn't believe that the water filtration site under discussion was the only place that would serve the purpose. He noted other properties in the area and reiterated he was not in favor of this site.

Mayor Evans asked, since they were in discussion mode, if there were more

questions. A member of the audience asked how much noise the hydroelectric portion of the facility would generate. Mr. Walker explained this was a concrete building and their noise target was "0". He said that both Fountain Hills and northern Scottsdale had such facilities and they could tour them.

Mayor Evans pointed out how hard Mr. Walker had worked over a great length of time to make sure that Mesa Del Caballo would have access to C.C. Cragin water.

Kirk Lively asked how many megawatts would be used for this facility. Mayor Evans replied less than one - more like 235 kilowatts. Mr. Walker said the price of the water to Mesa Del Caballo estimated, from this proposed site, about \$1.50 per thousand gallons. The infrastructure costs to get the water from the pipe to residents would be offset by anticipated help from Gila County.

Vice-Mayor Hughes reminded those present that, as a realtor, he understood the loss of property values as an issue. However, he pointed out to the residents of Mesa Del Caballo that the major issue of the lack of a consistent water supply to that area and the huge negative impact that has on property values. This would need to be disclosed in any sale of property. Assured water supplies is one of the most important ingredients to adding value to a property in Arizona.

There being no further comments from the audience concerning possible water treatment facilities for C.C. Cragin water, Mayor Evans gave the floor to Hope Cribb, Finance Manager, to begin the Capital Improvements Plan Review.

Ms. Cribb gave a brief review of the Capital Improvement Plan as it gives direction for budgeting. The next step in the process, the Corporate Strategic Plan, is scheduled to go before Council on March 15, 2011.

Fire Chief deMasi reviewed the capital request to complete crew quarters renovations at Station 11. Originally the funds from the bond election of 2003 were not sufficient to complete the project. The Fire Department had applied for grant assistance from the Fire Fighters Facilities grant fund but was not successful. Manager Galbraith explained that the ballot measure of 2003 stated the bond project was for Station 11 and a new fire station. The second part, the new fire station, is almost complete. If there is money left from that project it can be used for Station 11. She reminded the Council that those funds could not be used to staff Station 13.

Council Member Carpenter asked if funds from the bond election were not sufficient, would funds then come from the General Fund. Manager Galbraith replied they could. She explained that this beginning of the budget process gives them the direction in capital, but not all projects will be able to be funded and some things may have to be cut or moved to future years.

Council Member Connell noted that the request to complete Station 11 was \$40,000 less than previous years' requests. Chief deMasi explained that economies had been discovered for the project.

LaRon Garrett, Public Works Director, explained the Streets Capital Improvement requests are the same as last year except for some minor changes. Bonita Street reconstruction is a change. He is waiting to hear if approximately

\$1,000,000 will be coming through CAAG from federal funds. \$200,000 of the expense for Bonita Street reconstruction would be for right-of-way purchases. Added to the capital requests is sign replacement. CAAG should get us \$75,000 for this project through safety funds. These signs are traffic control only at this time. Street names will be a future project. He noted that the Montezuma Castle project would be through an improvement district and the Town would not actually be funding.

Council Member Carpenter asked what funding source Mud Springs Road, Phase 2, would come from. Mr. Garrett said through general funds, not necessarily HURF funds.

Mr. Garrett said that future capital improvements are the same but moved out a year. Council Member Blair asked about McLane Road, Airport Road to Payson Ranchos, but not quite to Saddle. Mr. Garrett said the next phase was from there to Houston Mesa Road. Council Member Blair preferred that Payson Pines and south would be the first priority because of the danger there.

Council Member Carpenter asked what the timeline was for Bonita Street to Beeline Highway. Mr. Garrett said it would be over 3 year.

Council Member Blair asked if American Gulch improvements would be done privately. Mr. Garrett said that pieces of it were scheduled to be done privately, but no progress was made and a plan is not set.

Mr. Garrett said the Parks requests begin with a Master Plan. The largest issue is the replacement of worn artificial turf at approximately \$300,000 per field. He suggested budgeting \$100,000 to \$300,000 per year for replacement costs.

Vice-Mayor Hughes asked, since artificial turf has been in use for some time now, if the cost difference had been determined. Mr. Garrett said that even with the extra manpower and water, natural turf is less expensive to keep up. However, the use of water has always been an issue.

Ray Erlandsen, Community Development Director, said that most Community Development Capital Improvement projects have been moved forward. Some recarpeting has been completed, but the remainder has been moved to the FY2012/2013 budget. He said that all items on the list for his department were basically place holders for when funding became available. The housing rehabilitation projects will only be completed if grant funds are available. The highway landscape project would only begin when funds are available. The Green Valley shoreline protection project is waiting on grant funding.

Council Member Blair left the meeting at 5:54 p.m.

Ray Erlandsen, Community Development Director, addressed the future general plan update. He said that the State mandate requiring an updated plan for 2013 had received a reprieve and is not due until 2015. However, the plan process takes from two to three years. He recommended beginning in 2012. He noted the Senior Center Rehabilitation capital request and described it as a place holder should funds be forthcoming.

Terry Morris, Library Director, said the only capital request her department had was future library expansion. Mayor Evans asked about the computer capacity available at the library. Ms. Morris said there are about 15 computers online now for public use. 10 computers with wireless capacity have been purchased through the government stimulus money are not yet configured and not available for public use yet. Mayor Evans asked Ms. Morris to let him know what the library's capacity was as more computers in use would slow all computers. She agreed to get him that information.

Cameron Davis, Parks, Recreation and Tourism Director, explained that most Parks, Recreation and Tourism capital requests were moved back a year or two. He continued to plan for the future when funds would be available. The Parks Master Plan remains on the FY 2011/2012 budget.

Vice-Mayor Hughes asked when a master plan is finished, how long the information would be useful. Mr. Davis said about 10 years. Mr. Davis continued to explain that the Trails Master Plan Implementation noted as a capital improvement was, in essence, the same as the PATS Continuation. He asked that the reference to Trails Master Plan be removed and just have the PATS Continuation as a capital improvement.

Mr. Garrett said the environmental assessment of the land acquisition for Airport Capital Improvement projects was ongoing. It may be complete before the end of the fiscal year. But, because that was not assured, it will need to be carried over. Other environmental assessments for projects other than land acquisition are for blast pads, taxiway relocation and new hangars.

Upgrades to markings and signage will go back out to bid when FAA has the funding for construction. Town matching funds will be 2 1/2%. Mr. Garrett reported that the FAA may be backing off some of the proposed projects from the Airport Capital Improvement Plan for the airport.

Mr. Walker explained some of the changes to the list of Water Improvement Capital Projects. He noted that the C.C. Cragin project might need to go to \$5,000,000 depending on the timing of the pipe delivery. The cost for pipe is approximately \$2,500,000 and he said it would either come from this year's budget or FY 2011/2012. Also he noted that security gates on the list were for current wells and well sites and not for the proposed water treatment plant for C.C. Cragin production. Mr. Walker explained that the State no longer funds groundwater remediation projects and so \$100,000 is budgeted for that expense. The membrane pilot study is a small water treatment plant built to capture water from the C.C. Cragin project as it feeds into the Verde River. This small filtration plant will prove the technology before the large plant is built and give the manufacturer information to produce a guarantee for the filter life. Mr. Walker believed the project would be around \$40,000.

Manager Galbraith asked if the entire \$40,000 would be from the FY 2011/2012 budget or was that the total cost of the project. Mr. Walker said \$20,000 would come from the FY 2011/2012 budget but the total cost would be \$40,000. Mr. Walker continued to explain some of the annual capital improvement projects for

water including water line replacement. He said this budget would begin the first phase of the most extensive water line replacement project undertaken by the Town.

Manager Galbraith raised the question whether to continue to include \$1,800,000 budgeted for a Tonto Apache reclamation pond. Mayor Evans believed the BIA was not very enthused about the project. He said it might be a portion of the Resolution Copper funding though. It was the consensus of the Council to keep this budgeted amount as a place holder in case the funding should come to fruition.

Chief Engler reviewed the Machinery and Equipment projects proposed for the Police Department. The radio upgrade project is moving forward with Homeland Security grant funds. It should be complete within the next couple of months. Portions of grant funding will continue to be used to improve dispatching consoles in future years.

Grant funds are expected for replacing three vehicles this year. The investment by the Town has been reduced to \$25,000. Vehicle replacement programs have been on hold, but daily use vehicles have logged over 100,000 miles and replacement has become important.

In answer to a question by Council Member Carpenter, Chief Engler reported that he was not expecting grant funds for vehicle replacement to be repeated for the FY 2011/2012 and general funds would be needed to cover the cost.

LaRon Garrett, Public Works Director, explained that the Streets Machinery and Equipment requests was to replace things that break. This has not been funded in the last budget and the program needs to begin again. He had not included \$60,000 for a Streets Department larger cable lift. This would be used in the maintenance of Town vehicles.

Ms. Cribb explained that the general government vehicle replacement program was for the two existing vans.

The project list also included upgrades to the financial software and software.

Attorney Wright explained projects for the Legal Department Machinery and Equipment requests: software, copier replacement and carpet replacement. He said these could be moved to future years if necessary, but would like to see them accomplished the sooner the better.

Chief deMasi explained that replacing aging fire utility and command vehicles could be bumped out, but they will continue to look at opportunities with military surplus and help from the Police Department. He explained that his portion of Capital Improvement, Machinery and Equipment projects included the purchase of fire hydrants. The Water Department budgets for the installation costs.

Chief deMasi said the most important project was the cardiac monitors. The current monitors are 10 years old. The Department will apply for the Assistance to Fire Fighters grant funding.

Mr. Walker explained the Machinery and Equipment projects for the Water Department. He noted the eight passenger van the Water Department uses needs to be replaced by a heavier vehicle that can drive Forest Service roads. He noted that well pump replacement costs might be higher than indicated by the list, but he wasn't sure as yet.

Ms. Cribb asked if the Council desired moving anything out a year, changed or added.

Council Member Carpenter suggested going forward with department requests. Council Member Wilson suggested leaving the plan as it is now until they knew what the state of funding would be along with moving out fire engine replacement, attorneys requests and additions.

Manager Galbraith said the CIP would leave everything in now and add items brought forward by departments. This way they could start the process and see where we are at.

Council Member Wilson asked what was the progress of a master plan for the Event Center. Mayor Evans answered that issues are on the table now that would alter the plan. These issues need to be addressed first.

Council Member Carpenter complimented staff on a job well done.

Mayor Evans adjourned the meeting at approximately 6:21 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 special meeting of the Town Council of the Town of Payson held on this day the 1 of March, 2011. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this ____ day of _____, 2011.

Gaye Stidham, Deputy Town Clerk