

Minutes Town Council Regular Meeting February 14, 2019

Minutes of the Guadalupe Town Council Regular Meeting held on Thursday, February 14, 2019, at 6:00 P.M., at Guadalupe Town Hall, 9241 South Avenida del Yaqui, Guadalupe, Arizona, in the Council Chambers.

Valerie Molina
Mayor

Ricardo Vital
Vice Mayor

Mary Bravo
Councilmember

Anita Cota
Councilmember

Gloria Cota
Councilmember

Elvira Osuna
Councilmember

Joe Sánchez
Councilmember

Agendas available at
www.guadalupeaz.org

Town Council Chambers
9241 S. Avenida del Yaqui
Guadalupe, AZ 85283
Phone: (480) 730-3080
Fax: (480)-505-5368

A. CALL TO ORDER

Mayor Molina announced that Vice Mayor Vital would be officiating the meeting.

Vice Mayor Vital called the meeting to order at 6:00 P.M.

B. ROLL CALL

Councilmembers Present: Mayor Valerie Molina, Vice Mayor Ricardo Vital, Councilmember Mary Bravo, Councilmember Anita Cota, Councilmember Gloria Cota, Councilmember Elvira Osuna, Councilmember Joe Sánchez

Staff Present: Jeff Kulaga – Town Manager / Clerk, Wayne Clement – Fire Chief, Bob Thaxton – Finance Director, Jennifer Drury – Assistant to the Town Manager, Nancy Holguin, Community Development, Catalina Alvarez – Community Action Program (CAP) Director, Veronica Matuz, Senior Center Director, and David Ledyard – Town Attorney

C. INVOCATION/PLEDGE OF ALLEGIANCE

Councilmember Bravo provided the invocation. Vice Mayor Vital then led the Pledge of Allegiance.

D. APPROVAL OF MINUTES

1. Approved the minutes of the Town Council Regular Meeting held on January 10, 2019.
2. Approved the minutes of the Town Council Work Study Session held on January 10, 2019.
3. Approved the minutes of the Town Council Regular Meeting held on January 24, 2019.

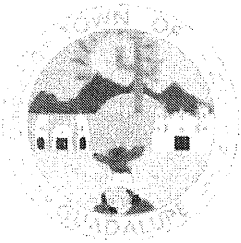
Motion by Mayor Molina to approve agenda items D1, D2, and D3; second by Councilmember Anita Cota. Motion passed unanimously 7-0.

E. CALL TO THE PUBLIC

Socorro Bernasconi discussed how the elderly are vulnerable to homelessness; her name was added to a promotional flyer; property taxes are going to double; and, harassment of community members by door to door repairmen. Ms. Bernasconi requested that harassment of community members be added to a future meeting agenda.

Vice Mayor Vital requested that the Town Manger / Clerk add harassment of community members to an upcoming meeting agenda.

Eliseo Pascua and Michael Varnegas, R & M Towing, discussed concerns about three burglaries at R & M Towing within the past two weeks; and, concerns regarding the Maricopa County Sheriff's Office response times and lack of manpower to increase patrol activity at their business location. In response to the criminal activity,



Valerie Molina
Mayor

Ricardo Vital
Vice Mayor

Mary Bravo
Councilmember

Anita Cota
Councilmember

Gloria Cota
Councilmember

Elvira Osuna
Councilmember

Joe Sánchez
Councilmember

Agendas available at
www.guadalupeaz.org

Town Council Chambers
9241 S. Avenida del Yaqui
Guadalupe, AZ 85283
Phone: (480) 730-3080
Fax: (480)-505-5368

approximately \$6,000 has been invested in the business to install new surveillance cameras. Burglaries have occurred in the businesses to the north and south of this business location; and, car windows have been damaged. Mr. Varnegas requested that community members be aware of their surroundings.

Mr. Varnegas noted that the Town Council approved a three-year conditional use permit for R & M Towing, which is expiring soon. He requested that the conditional use permit be added to the February 28, 2019, Town Council Regular Meeting agenda.

Vice Mayor Vital requested that the Town Manager / Clerk work with Mr. Varnegas on the conditional use permit process.

F. MAYOR and COUNCIL PRESENTATIONS – None.

G. DISCUSSION AND POSSIBLE ACTION ITEMS:

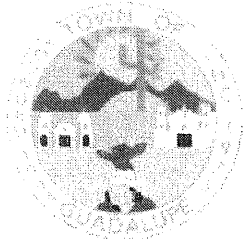
1. **FISCAL YEAR 2018/19 MID-YEAR BUDGET UPDATE:** Jeff Kulaga, Town Manager / Clerk, provided a fiscal year (FY) 2018/19 (July 2018 – December 2018) financial status report that includes Town fund and cash balances, expenditures, and a comparison of FY 2018/19 to FY 2017/18 mid-year financials. Additional budget updates will be provided to the Town Council in the spring, with a final budget recap scheduled for the summer.

Mr. Kulaga noted that the Town continues to use fund balances (savings) to balance the Town operating budget. Town staff has been frugal with expenditures. In keeping with other cities and towns, the Town spends 55-65% of its budget on fire and police public safety. The Town general services budget is \$1.4 million; the current contract with the Maricopa County Sheriff's Office (MCSO) is \$1.7 million; and, the Fire Department budget is \$1.2 million.

Mr. Kulaga discussed various programs and projects that are being funded from the General Fund; and, reviewed the following special revenue fund balances for the Highway User Revenue Fund, Local Transportation Assistance Funding, Senior Center Program, Community Action Program; the Mercado; sewer, and refuse funds; and, fund transfers. Mr. Kulaga noted that bookings for the Mercado facility have increased from last year's bookings.

In response to concerns about the loss of revenue for the sewer and refuse funds and the potential to partner with the City of Tempe for these services, Mr. Kulaga stated that he will be meeting with Waste Management representatives to discuss refuse pick-up rates. With Council direction, staff could approach the City of Tempe (Tempe) to discuss consideration of a partnership with Tempe to provide refuse service to the Town. Partnering with Tempe on refuse collection could result in system efficiencies.

At the request of Council, Mr. Kulaga reviewed the expenses and rental income derived from the Mercado. Councilmembers discussed the possibility of the Mercado tenants being responsible for their electricity and facility repair costs. Mr. Kulaga stated that he will follow up on this and discussed a scenario similar to a homeowners association whereby tenants could pay into a fund that would pay for their electricity usage and facility repairs. Bob Thaxton, Finance Director, stated that Salt River Project has assessed the possibility of tenant's paying for their electricity usage and discovered that the electric meter is shared by multiple tenants, making it challenging to break down electricity usage by tenant. Mr. Kulaga added that the electrical box is over 30 years old. To retrofit the equipment, it would need to be replaced, which could exceed \$1.5 million. Councilmembers discussed the possibility of determining an average total electric bill, and assessing the same amount to all tenants. Mr. Kulaga noted that another option could be to increase the rent. Mr. Kulaga stated that staff will prepare a financial forecast for the Mercado and will factor in various scenarios whereby revenue could be generated. Councilmembers noted that the Mercado has the cheapest rental square footage in the area.



Valerie Molina
Mayor

Ricardo Vital
Vice Mayor

Mary Bravo
Councilmember

Anita Cota
Councilmember

Gloria Cota
Councilmember

Elvira Osuna
Councilmember

Joe Sánchez
Councilmember

Agendas available at
www.guadalupeaz.org

Town Council Chambers
9241 S. Avenida del Yaqui
Guadalupe, AZ 85283
Phone: (480) 730-3080
Fax: (480)-505-5368

No action was take on this agenda item.

2. FIVE-YEAR TOWN FINANCIAL FORECAST: Jeff Kulaga, Town Manager / Clerk, and Pat Walker, Consultant, presented a five-year financial forecast that takes into consideration revenue/expenditure trends, anticipated needs/activities, legislative impacts, anticipated cost of services, and cost of material increases, to project future Town revenues and expenditures. The five-year forecast provides a financial outlook that will assist the Town Council in decision making regarding providing services and programs for the community.

Pat Walker reviewed the purpose of a five year forecast, assumptions used and assumptions not used, financial status overview, and next steps. Ms. Walker discussed the importance of ensuring there are no structural deficits, which occur when expenditures exceed revenues. The financial plan provides for flexibility to make changes, as community needs change.

Ms. Walker reviewed assumptions used in the financial forecast. Jeff Kulaga, Town Manager / Clerk, noted that the financial forecast assumes no wage increases for staff over the next five years; however, the forecast also assumes a 15% increase in health and dental insurance, which would result in less take home pay for staff.

In response to questions, Mr. Kulaga stated that the most recent staff raises were approved in fiscal year 2015/16; and, that staff experienced work furloughs in 2008/2009, as a cost savings measure.

Ms. Walker then discussed assumptions not used in the financial forecast and their potential impacts to the budget; reviewed various budget scenarios and their impact to Town operations; and, the funding gap associated with each scenario. The budget update in March will include financial forecast assumptions and scenarios for special revenue funds. Ms. Walker emphasized the importance of the Council understanding the areas and community impacts where the Council may choose to reduce the budget.

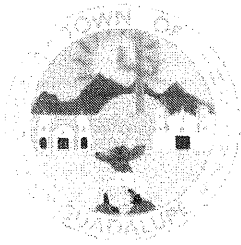
Mr. Kulaga discussed the challenging option of reducing wages 3-5%; evaluating services to determine if there are services that could be eliminated; evaluating and leveraging Town assets; compiling an inventory of Town assets; determining the retail square footage yield on investment; and, determining if vertical development is an option because the Town is landlocked.

Councilmembers discussed the properties in Town that the Pascua Yaqui Tribe (Tribe) owns and exploring partnership opportunities with the Tribe; and, requested that Mr. Kulaga schedule a joint meeting with the Tribe to discuss the Town's financial status and partnership opportunities. Councilmembers emphasized the importance of communicating the Town's financial status and challenges to community members and voiced concern about cutting services. Per the financial forecast, the Town could potentially become bankrupt by 2023. Mr. Kulaga discussed that this could lead to the potential of the Town unincorporating.

In response to concerns raised regarding the Town's 40-year old sewer system, Mr. Kulaga stated that the Town owns the sewer pipes; and discussed concerns about this portion of Town infrastructure posing a public health and safety concern. It is unknown what the life expectancy of the sewer pipes is, including the cost involved to replace the system. An assessment of the condition of the sewer system could cost approximately \$100,000.

In response to a question, Mr. Kulaga provided examples and cost estimates of needed repairs to Town facilities.

Councilmembers discussed the possibility of coordinating a cost sharing agreement with the City of Tempe or the Kyrene Justice Court to provide court services for the Town. Councilmembers expressed concern about how Court clients have historically being mistreated by other jurisdictions. Councilmembers agreed that exploring cost sharing options with surrounding jurisdictions would be helpful; assessing how much the Town receives in



Valerie Molina
Mayor

Ricardo Vital
Vice Mayor

Mary Bravo
Councilmember

Anita Cota
Councilmember

Gloria Cota
Councilmember

Elvira Osuna
Councilmember

Joe Sánchez
Councilmember

Agendas available at
www.guadalupeaz.org

Town Council Chambers
9241 S. Avenida del Yaqui
Guadalupe, AZ 85283
Phone: (480) 730-3080
Fax: (480)-505-5368

property taxes; how property taxes impact the elderly and community members on fixed incomes; assessing how many community members are not paying property taxes; and, ensuring that rental property (landlords) are paying their fair share of taxes.

Mr. Kulaga recapped the Council conversation and direction to staff as follows:

- Schedule a Town Council joint meeting with Pascua Yaqui Tribal Council; include Fire Department data requested at the January 10, 2019, Council Work Study Session
- Begin a community engagement process regarding the budget status
- Explore cost sharing services such as Courts, refuse collection
- Assess property tax models; compile property tax information for Guadalupe residences
- Assess rental properties and confirm rental property tax requirements
- Present a financial forecast for special funds to Council
- Explore the cost of an analysis of the status of the Town's sewer system

Councilmembers discussed a Maricopa County program whereby widows and the elderly may be eligible for property tax reductions. A Councilmember requested a list of municipalities that do not charge property taxes; and, the need for staff to present this budget information to community members. Recurring revenue is needed.

In response to a question regarding the ability for the Town to renegotiate lease agreements for municipal properties, David Ledyard, Town Attorney, stated that the Town could renegotiate, however the tenant does not have to agree to the renegotiated rate. Another opportunity to renegotiate lease agreements is when the leases are ready to be renewed.

Mr. Ledyard noted that there are times when cost sharing of services may not be cheaper.

Councilmembers discussed the importance of the Town being appealing to developers. The Town currently has code enforcement and crime rate challenges.

Mr. Kulaga stated that it is unknown whether or not the Town has the capacity to raise enough sales tax revenue to address budget needs. Community improvement investments such as the Avenida del Yaqui Improvement Project and the undergrounding of Salt River Project power poles may be attractive to developers.

A Councilmember discussed the possibility of televising Council meetings.

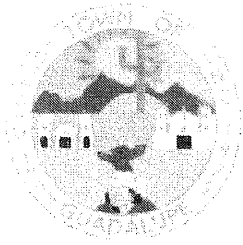
In response to a question concerning the annual \$100,000 revenue that the Town collects from the Arizona Mills Mall contract, Mr. Kulaga stated that he will follow up to determine the status of the mall and the contract terms.

Councilmembers discussed the importance of communicating the status of the budget to the public; seeking out key community members to assist in the process; adding the budget presentation to the Town website; and, ensuring that community members are notified of when the public meetings will be held.

There was no action take on this agenda item.

3. CONTINGENCY BUDGET REQUEST: Jeff Kulaga, Town Manager / Clerk, announced stated that staff is recommending an \$18,000 expenditure allocation from the approved budget contingency to fund three part-time Public Works maintenance employees to assist with maintaining alleys, parks and basins, and graffiti removal for the remainder of this fiscal year. This will replace the discontinued Maricopa County Sheriff's Office Chain Gangs Program.

Councilmembers discussed the possibility of utilizing the services of individuals that have been ordered by the court to perform community services. Mr. Kulaga stated that he will follow up with Judge Garcia to determine if this is an option. David Ledyard, Town Attorney,



Valerie Molina
Mayor

Ricardo Vital
Vice Mayor

Mary Bravo
Councilmember

Anita Cota
Councilmember

Gloria Cota
Councilmember

Elvira Osuna
Councilmember

Joe Sánchez
Councilmember

Agendas available at
www.guadalupeaz.org

Town Council Chambers
9241 S. Avenida del Yaqui
Guadalupe, AZ 85283
Phone: (480) 730-3080
Fax: (480)-505-5368

outlined scenarios whereby community service could be provided in lieu of paying court fines, however, there could be liability placed upon the Town for this activity.

A Councilmember noted that weed height prevented City of Tempe employees from being able to read a utility meter; and, that weeds and graffiti are an issue throughout the community.

Motion by Mayor Molina to approve agenda item G3; second by Councilmember Sánchez. Motion passed unanimously 7-0.

4. **CLAIMS:** Councilmembers approved the check register for January, 2019, totaling \$427,697.12.

Motion by Mayor Molina to approve agenda item G4; second by Councilmember Osuna. Motion passed unanimously 7-0.

5. **ARIZONA DEPARTMENT OF TRANSPORTATION (ADOT) INTERSTATE 10 (I-10) BROADWAY CURVE STUDY:** The Arizona Department of Transportation is initiating the I-10 Broadway Curve Study and Freeway Expansion Project. An informational public meeting is scheduled for Tuesday, February 26, 2019, from 5:30 to 7:30 PM, Rio Salado Conference Center, 2323 W. 14th Street, Tempe, AZ.

Mr. Kulaga Jeff Kulaga, Town Manager / Clerk, stated that with the passage of recent tax code changes, the Town will benefit from increased sales tax revenue for portions of the project. ADOT has indicated that no portions of the project will encroach into the Town.

A Councilmember requested that this public meeting notice be added to Facebook.

No action was taken on agenda item G5.

6. **FINANCIAL SUMMARY OF JANUARY 30, 2019:** Jeff Kulaga, Town Manager / Clerk, announced that the Town of Guadalupe was awarded \$532,795 in Federal Congestion Mitigation and Air Quality Funds through the Maricopa Association of Governments; and, an additional \$94,602 in Maricopa County Community Development Block Grant funds totaling \$627,367. In addition, the Town celebrated the dedication of a new Fire Truck recognizing the Ak-Chin Indian Community and the Tohono O'odham Nation support of \$112,500 and \$62,500 respectively, in 12% revenue sharing grants. In total, \$802,367 in grants to improve the quality of life for community members was awarded or acknowledged on January 30, 2019.

Mr. Kulaga played a video clip of the press coverage of the fire truck dedication ceremony; and, noted that he will e-mail the clip to the Ak-Chin Indian Community and the Tohono O'odham Nation.

In response to a question regarding the Avenida del Yaqui Road Construction Project, the Town would need to receive the Maricopa Association of Governments funding in order for the project to be affordable to the Town.

No action was taken on agenda item G6.

H. TOWN MANAGERS' COMMENTS

Jeff Kulaga, Town Manager / Clerk, reported the following:

- Dia de Guadalupe event – commended staff on their work. Low attendance; cold weather.
- Fire House Subs provided a \$19,000 grant to the Guadalupe Fire Department for the purchase of thermal imaging cameras.



Valerie Molina
Mayor

Ricardo Vital
Vice Mayor

Mary Bravo
Councilmember

Anita Cota
Councilmember

Gloria Cota
Councilmember

Elvira Osuna
Councilmember

Joe Sánchez
Councilmember

Agendas available at
www.guadalupeaz.org

Town Council Chambers
9241 S. Avenida del Yaqui
Guadalupe, AZ 85283
Phone: (480) 730-3080
Fax: (480)-505-5368

I. COUNCILMEMBERS' COMMENTS

Councilmember Bravo

- Thanked audience members for attending the meeting.
- She is enjoying her role as a Councilmember.

Councilmember Anita Cota

- Thanked staff members for attending the meeting; and for the graffiti removal.
- She has received complaints regarding traffic on Calle de Yusuco; speed bumps may be an option.

Councilmember Sánchez

- Glad that pot holes are being fixed.
- Street light on Encinas lit 24-hours a day.
- Volunteers are needed to help with weeds at the cemetery.

Councilmember Osuna

- Taco truck on Avenida del Yaqui is dumping oil into the street drain.
- Thanked Vice Mayor Vital, staff, and the Maricopa County Sheriff's Office for their work on the Dia de Guadalupe event.

Councilmember Gloria Cota

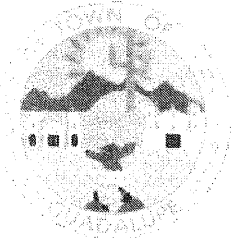
- Thanked audience members for attending the meeting.

Mayor Molina

- Thanked Vice Mayor Vital and staff for their work on the Dia de Guadalupe event.
- Requested that staff include an informational flyer in the water bill regarding the Frank School grand opening ceremony.
- Thanked staff for their work on alleys.
- Graffiti located at San Angelo and Tomi.
- Abandoned vehicle on Calle Saguario.
- Would like to see large trucks prohibited from traveling through the Town.

Vice Mayor Vital

- Sunday, February 24, 2019 – Community of Guadalupe Church Family Day event; prescription drugs can be returned at event.
- Thanked staff for their work on the Dia de Guadalupe event; not well attended. Discussed the possibility of holding this event every five years, to lower costs.
- Requested a flyer regarding the Frank School grand opening ceremony incorporated into an upcoming community newspaper edition.



J. ADJOURNMENT

Motion by Mayor Molina to adjourn; second by Councilmember Bravo. Motion passed unanimously 7-0.

The meeting was adjourned at 8:00 p.m.

Valerie Molina, Mayor

Valerie Molina
Mayor

Ricardo Vital
Vice Mayor

Mary Bravo
Councilmember

Anita Cota
Councilmember

Gloria Cota
Councilmember

Elvira Osuna
Councilmember

Joe Sánchez
Councilmember

Agendas available at
www.guadalupeaz.org

Town Council Chambers
9241 S. Avenida del Yaqui
Guadalupe, AZ 85283
Phone: (480) 730-3080
Fax: (480)-505-5368

ATTEST:

Jeff Kulaga, Town Manager / Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Town Council Regular Meeting of the Town Council of Guadalupe, Arizona held on the 14th day of February 2019. I further certify the meeting was duly called and held and that a quorum was present.

Jeff Kulaga, Town Manager / Town Clerk