

MINUTES OF THE STUDY SESSION OF THE TOWN COUNCIL OF THE TOWN OF CHINO VALLEY

**TUESDAY, JUNE 18, 2019
6:00 P.M.**

The Town Council of the Town of Chino Valley met for a Study Session in the Chino Valley Council Chambers, located at 202 N. State Route 89, Chino Valley, Arizona, on Tuesday, June 18, 2019.

Present: Mayor Darryl Croft; Vice-Mayor Jack Miller; Councilmember Mike Best; Councilmember Cloyce Kelly; Councilmember Corey Mendoza; Councilmember Lon Turner

Absent: Councilmember Annie Perkins

Staff Present: Finance Director Joe Duffy; Public Works Director/Town Engineer Frank Marbury; Development Services Director Joshua Cook; Planner Alex Lerma; Economic Development Project Manager Maggie Tidaback; Administrative Technician Kathy Frohock (videographer); Deputy Town Clerk Vickie Nipper (recorder)

1) CALL TO ORDER; ROLL CALL

Mayor Croft called the meeting to order at 6:00 p.m.

2) Review and discussion regarding draft text amending the Town of Chino Valley Unified Development Ordinance, by amending Section 3, by adding Subsection 3.19: BP (Business Park) zoning district. (Alex Lerma, Planner)

Planner Lerma presented on this item:

- *Scope of New District:* The Business Park Zoning District could be used in areas outside Old Home Manor (OHM) but would have to be approved by the Council.
- *Development Standards:* The proposed development standards that set the Business Park Zone apart from other zones and would decrease the impact on surrounding neighborhoods included: property to be at least 20-acres in size; 50-foot setbacks from all perimeter property lines; maximum building heights not to exceed 35 feet without a conditional use permit; required fencing and chain-link fence not permitted; and additional landscaping requirements from UDO Section 4.26.
- *Noise Level Standards:* Staff gave an overview of the proposed noise level standards that had been removed at the request of the Town Attorney. The Town Code already had a provision that commercial and industrial uses were exempt from the noise ordinance. If the district was approved, staff wanted to bring back the noise standards once the Town Code was modified.
- *Version Options:* After Staff drafted the text amendment, the Steering Committee and Planning and Zoning Commission ("Commission") reviewed it. The Commission requested that outdoor uses for animal clinics, hospitals, and kennels become conditional uses instead of prohibited uses. Staff then presented both Staff and Commission versions to Council. Council preferred the Staff version but had concerns with permitted uses.
- *Similar Zoning Districts in Arizona:* Staff researched the goals and purposes of similar zones from other municipalities. The City of Maricopa had a similar situation as the Town and had the same goals. Their three main uses were office buildings, flex manufacturing,

and warehouse distribution.

Council and Staff reviewed the proposed text amendment in detail to get a consensus on the content and address Council's previous concerns.

- *Conditional Use Permits (CUP)*: Staff explained that CUPs went with the land, not the owners, and timeframes were to review the CUP, which would only be pulled if conditions that had been set by the Town were not met. Building heights were added as a CUP so the Town could attach additional conditions on the building which would add better leverage for Town than buildings that were 35 feet or under.
- *Business Park Uses and Definitions*: Council commented on the uses of other communities' business parks being more commercially oriented than the Town's more foot traffic related businesses. They discussed having the purpose of a business park clearly defined as opposed to a list of business types. The group discussed the differences between a business park and a commercial subdivision. Staff explained that other municipalities had a purpose statement, and included allowed and prohibited uses, conditional uses, and design standards. The Town's purpose statement was short and could be modified to better reflect the Town's desires. Council wanted to see a clearer purpose statement for the zone, like those of the other communities presented.
- *Commercial Zoning and Business Park Zoning*: Council discussed commercial zones with one building not constituting a business park that was made up of multiple buildings and businesses; and each large lot being able to contain a certain business type without mixing business types on to one lot. Staff explained that the Business Park district would also allow businesses that were not allowed elsewhere and a property owner could potentially zone land as a business park to have only one use that was not allowed in any other zone. The new business park zone came with stricter design standards. A business park development could be five 40-acre lots with a separate zoning district for each lot (commercial, commercial light, etc.) and could have multiple buildings on each lot. Council and Staff discussed zoning uses and classifications. Staff explained that the Town needed a strategic plan for OHM that laid out business use types, which would then create a precedent for other business park zones.
- *Spec Buildings*: Staff spoke about the potential opportunities of having spec buildings for interested business owners.
- *Text Amendment*: Staff believed the Business Park Zone was ready for use because it gave the tools needed to create a strategic plan for OHM and it would set a precedent for the Town to require developers to develop future business parks to a certain standard. Council still had issues with the zoning district as it was written.
- *Commission Process*: Council questioned Staff providing their own zoning version along with the version recommended by the Commission. Council discussed the Staff and Commission recommendation process.
- *Business Park Uses*: Council and staff reviewed and discussed the following edits to the uses and standards of the zoning district:
 - Item B Permitted Uses: Remove #11 - Commercial greenhouses and accessory uses; Remove #21 Call Centers (already included in #2);
 - Item C Conditional Uses: Add Hotel/Motel, RV Park; Remove #8 Veterinary Clinic and Animal Hospitals; Remove #9 Commercial Outdoor Kennels
 - Item D Prohibited Uses: Add Greenhouses; Public Works will research #13 Excessive Water Usage and #14 Excessive Particulates to get a clearer idea on the definition of excessive and possibly move both items to conditional uses to be considered on a case-by-case basis; #15 will be readdressed once the noise decibel standard was added back into the code.

- Item E Development Standards: The group discussed setback requirements and the definition of internal circulation systems, which ultimately meant the development's curb/road system. Although OHM lots would not be subdivided and individually sold, private developers of a business park could subdivide and sell off portions of the 20 plus acres of their business park and there would be defined lot lines and rights-of-way. Developers must comply with the development standards despite how the 20 acres were subdivided and used. Building code standards and fire codes stipulated building distances.
- Item G Performance Standards: Move #7 Outdoor Storage to a conditional use because some wholesale businesses stored their products behind their buildings and the storage went above the 6-foot required fencing. These should be reviewed on a case-by-case basis.

3) Review and discussion regarding a fleet vehicle lease proposal. (Frank Marbury, Public Works Director/Town Engineer)

Director Marbury and Finance Director Duffy introduced Tim Warren with Enterprise Fleet Management, who had been working with Staff for over a year regarding the Town's fleet. They reported that:

- The Town had only three vehicles out of 28 that were less than ten years old. The age of the fleet was increasing service and maintenance costs. The proposed program would allow for upgrading the fleet with newer, safer, more fuel-efficient and environmentally friendly vehicles.
- The lease program provided the least cost for the Town and it was a method used by other cities in the area
- This program provided a lower cost of ownership per year of \$1,000 or more per vehicle. It would also alleviate staff time that had been used for maintenance, titling, MVD, and auctioning and selling equipment.

Mr. Warren introduced himself, spoke about Enterprise Fleet Management, a privately owned company, and presented an overview of the vehicle lease program. Key points were:

- Enterprise would help the Town find ways to save money in the future through a personalized program. The focus would be the public works and general fleet vehicles, which were fairly old. Experience had shown that older vehicles had higher maintenance and fuel costs, less safety features and longer down time.
- Previous vehicle replacements in the Town were budget driven, rather than based on strategy or analysis on the right time to replace vehicles when the existing fleet still had value. The Town's fleet was older with higher maintenance and fuel costs with a low overall value. The expense of maintenance and fuel could be used on the acquisition of newer vehicles more often.
- The proposed program would utilize an open-ended equity lease to stretch budget dollars to replace more vehicles with the funding currently available to the Town. The Town would retain all rights of ownership, have no contract mileage, or no wear and tear penalties. At the end of the lease, the book value would enable the Town to have a lower payment and stretch the budget dollars. The key was to sell at the right time and capitalize on the value of the vehicle to help buy down the replacement vehicle cost, which then provided an even lower payment per vehicle. The Town would consistently build equity and at the end of the five-year time period, the Town would get the difference between what the vehicle sold for and the residual book value, which averaged about 20%. On average, for every vehicle the Town purchased, five vehicles could be leased.

- Benefits were that the Town would get into a cycle of getting newer vehicles with the best technology, higher fuel economy, which was approximately 25% better than 10 years ago, and safer and more reliable vehicles. New vehicles lost most of their value within the first couple of years and fuel economy was best when a vehicle was newer.
- Governments received a significant cost savings from dealers, which helped give credit to the lost value of a vehicle from depreciation in the first few years. Selling the vehicle at the right time allowed local governments to capitalize on that savings. Most local governments did not have a good way to sell vehicles and lost money through the process. Through the Enterprise process, vehicles could be sold at approximately 13% above black book, the nationwide auction index value. Working with Staff, they determined a \$38,519 in annual savings over the inhouse projections.

Council, Mr. Warren, and Staff further discussed the purchase process, pricing, ownership, selling process, and overall costs to the Town:

- *Savings:* Both mileage and age affected the overall value of the vehicle. Leasing would save the Town \$1,000 per vehicle annually because the Town had held on to their vehicles until there was no value left. Staff gave an example and timeline of purchasing a vehicle, the depreciation process and loss of value compared to using the Enterprise package and selling mechanism.
- *Savings Example:* If the Town purchased 27 vehicles on their own, it would cost approximately \$178,000, but to save \$38,000, the vehicles would need to be sold at the end of the first five years. If the Town did not sell the vehicles, they would still have all rights of ownership and retained the equity. The timeline for replacing the 27 vehicles was flexible. Also, Enterprise offered a maintenance program that was a lower cost than most businesses and local governments could do on their own.
- *Costs:* The Town was not obligated to sell any vehicle through Enterprise if it was paid down to zero. Leasing the vehicle allowed the Town to pay down the vehicle in a five-year timeframe and retain the 20% residual instead of the full amount upon purchase. There was also an interest cost built into the lease payment, and it was based on the Sourcewell Cooperative Purchasing's national cooperative contract pricing structure.
- *Staff Recommendation:* While Council had previously discussed purchasing one to two vehicles per year, Staff explained that through the Enterprise package, the current fleet could be replaced faster and recommended starting with replacing three to five vehicles per year.
- *Lemon Law:* If the Town purchased a vehicle that turned out to be a lemon, there was a warranty and Enterprise would help the Town if a vehicle did turn out to be a lemon.

Finance Director Duffy will put together further information on the financial savings of the Enterprise Lease Package based on the purchase of four to five actual Town vehicles.

- 4) Review and discussion regarding a proposal to develop land use engineering and development standards. (Joshua Cook, Development Services Director; Frank Marbury, Public Works Director/Town Engineer)

Staff and Council preferred to continue Item 4 to the next study session in July.

- 5) ADJOURNMENT

MOVED by Vice-Mayor Jack Miller, seconded by Councilmember Cloyce Kelly to adjourn the meeting at 8:10 p.m.

AYE: Mayor Darryl Croft, Vice-Mayor Jack Miller, Councilmember Mike Best, Councilmember Cloyce Kelly, Councilmember Corey Mendoza, Councilmember Lon Turner

Vote: 6 - 0 PASSED - Unanimously

Darryl L. Croft, Mayor

ATTEST:

Jami C. Lewis, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the Town Council of the Town of Chino Valley, Arizona held on the 18th day of June, 2019. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 9th day of July, 2019.

Jami C. Lewis, Town Clerk