

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

**TUESDAY, OCTOBER 29, 2019
5:00 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, October 29, 2019.

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

Absent: Councilmember Cloyce Kelly

Staff Present: Town Manager Cecilia Gritman; Town Attorney Andrew McGuire (electronically); Finance Director Joe Duffy; Public Works Director/Town Engineer Frank Marbury; Development Services Director Joshua Cook; Police Chief Chuck Wynn; Economic Development Project Manager Maggie Tidaback; Human Resources Director Laura Kyriakakis; Deputy Town Clerk Vickie Nipper (recorder); (Town Clerk Trainee) Erin Deskins; Administrative Technician Kathy Frohock (videographer)

1) CALL TO ORDER; ROLL CALL

Mayor Croft called the meeting to order at 5:13 p.m.

2) Consideration and discussion regarding the Municipal Building Signage Project. (Maggie Tidaback, Economic Development Project Manager)

Ms. Tidaback presented the following:

- This project was put out to bid and Signs Plus was awarded the bid. The theme used was modern country.
- The leadership team collaborated on sign wording and placement at Municipal buildings. Sign locations included a monument sign for Old Home Manor (OHM), larger Town Hall and Municipal Building signs and other various town signs.
- The signs would help with designation of municipal facilities and also assist with Town branding.

Council, staff and Chris Baxla, Account Executive for Signs Plus, further discussed the item:

- *Design:* The design included rusted steel with Terex decking on the sides. Instead of using Terex, he proposed using aluminum painted to look like faux rustic weathered wood paired with 1/8-inch rusted weathered steel. The lettering would be raised FCO flat letters. The panels would be removable and interchangeable. The pillars could also be interchanged. Other than the monument signs, all the other signs were only J-bolted in place and could be moved.
- *Lighting:* Lighting was not included in the design phase, but could be added in. Reflective vinyl lettering similar to highway signs could be used or low LED landscape flood lights to light up the signs at night was an option. The lighting could be on a timer and completed as part of the irrigation program the Town was putting in.
- *Head Height Concerns:* Staff explained the placement of the signs would not be near

sidewalks and must be at least two feet away from all walkways to avoid possible collisions. Landscaping also would help prevent collisions.

- *Recreation complex sign:* This sign was larger at ten feet tall, was four-sided and would be located on the corner of the sports complex. There were no directional signs included with this sign.
- *Directional signs:* The Trailblazer sign project would include directional signs. The Mayor requested that directional signs for the business park be researched and possibly included in this project.
- *Business Park sign:* The Business Park sign would be placed at two locations, on the corner of Rodeo and Jerome Junction and on Road 4. The number of business name spaces was discussed. Staff questioned if individual names needed to be on the sign, or if it could have bigger lettering for Chino Valley Business Park at OHM. Individual signage would only be on the tenant property. Adding individual names on the main sign would become too busy.
- *Cost:* One Councilmember expressed concerns about the \$132,000 cost of the project and preferred a sign showing the future location of the business park only because the money could be used for sewer extensions, road maintenance, and other Town issues. Staff respectfully disagreed and explained that the signs were part of branding for the Town, which in turn would be part of economic development to help bring new business into Town and keep the Town from looking trashy. Other Councilmembers did have concerns about the cost, but agreed with staff and requested a site plan or an overview of the Town with the sign locations. Staff explained that there had been \$50,000 budgeted for the Town signs and an extra \$35,000 would need to come out of the contingency fund; and there was an additional \$250,000 in the OHM budget that could be used. The Town had the funds to do the project.
- The group discussed future improvements at OHM and future signage as development begins.

3) Consideration and possible action to direct staff regarding proposed improvements at the Chino Valley Regional Business Park at Old Home Manor. (Frank Marbury, Public Works Director/Town Engineer)

Town Manager Gritman presented the following:

- JT Fergis, a commercial broker, was working with a firm that had expressed interest in OHM. The Town was hopeful that the site was a strong consideration for the firm.
- The firm grew vegetable sprouts, had refined the sprout growing process, and was awarded a patent on their process and packaging. Their refrigeration process took three weeks for growth and then distributed the product, which provided an additional three to four-week shelf life. They currently grew their product in Sacramento and had an administrative office in Minneapolis. They hoped to combine the two and the Town was one area that was under consideration.
- There were approximately 30 available jobs with ten on the professional level. The firm also wanted to find more local products for shipping and growing to reduce their costs.

Council, staff, and Mr. Fergis discussed the following:

- *Location needs:* The new startup company was looking to lease a 35,000 square foot building built for them. They wanted to put their money in their product and not in the building or lot. The company wanted a build to suit option. The business was looking at the corner across from where the Town wanted to place their signs.
- *Building:* Mr. Fergis stated he would consider building and leasing the facility to the company with a five-year option to purchase the building. The building was specially built

and needed to be temperature controlled. The business claimed they would start out with 30 employees, with a building designed at 35,000 square feet with a 10,000 square foot expansion possibility. The business claimed they would be at 50 employees in less than two years.

- *Commitment to the Town:* Mr. Fergis complimented the Town staff for their presentation and stated that the firm was impressed by the Town. Their second option was Houston. He would be meeting with the firm again to discuss construction costs and see if they can get them to commit to Town. He thought the Town was in a great position. He could provide letters of intent to the Town to help move the project forward. If the company chose the Town, it would bring the momentum necessary to bring other businesses in to Town.
- *Product:* They were trying to produce a product for the entire western region of the USA and were currently unable to keep up with the production market they had and the company had not yet tapped into half of the market. There were no greenhouses and the water consumption was minimal. The process was done indoors and the walls were all built out of metal. The bulk of the water was used to wash and hose down the facility for sanitation reasons. The business had four to five different types of sprouts and was looking to expand their product to full salads.
- *Timing:* The sprout company needed the facility by October, 2020. Mr. Fergis would be getting the construction numbers as quickly as possible and would be pressing the Town to move as fast as they could to get the project moving forward.
- *Economic Development Subcommittee recommendation:* The subcommittee had discussed what staff had to work with and how the Town could entice businesses. They had discussed getting a letter of intent (LOI) to staff, who would provide it to the Town Attorney. The Town Attorney would draw up a lease that would be presented to Town Council for a decision.
- *Infrastructure:* Staff detailed the estimated cost of \$2 million for a small 750-foot section of infrastructure improvement at OHM that included roads and utilities, plus another \$650,000 for natural gas. There were residents and businesses that might be able to tap into the natural gas line to help pay for the cost. The area that the firm was interested in leasing was in the area Town wanted utility improvements. Staff stated that they would work with the Town manager to get the infrastructure design process and determine a strategy for moving forward.
- *Other business possibilities at the Park:* Jeff Schull, involved with Green Giant Foods, liked the area and thought it would be good for their employees. He was involved with a number of other businesses and if the Town was able to get the one business, a couple others would most likely follow. They wanted an extra 10 acres to hold for two years in case the other two business followed.

Council members like the agricultural element of the business. Council believed staff needed to do research on lease amounts for the area and the business.

- 4) Consideration and discussion regarding a Request for Qualifications (RFQ) related to the Police facility. (Chuck Wynn, Police Chief; Joe Duffy, Finance Director)

(Councilmember Turner arrived at 5:55 p.m.)

Public Works Director Marbury presented the following:

- The Town Attorney had provided staff with a contract template to assist with an RFP for architectural services for a Police building.
- The contract would cover up to 30% of the schematic design. Three design options would

be considered: current needs, current and possible future needs, or current needs with and the ability to add additional space in the future as necessary.

- The Town would consider using a Construction Manager at Risk (CMAR), similar to be a design-build process. Around 30% and 60% of the design process, a contractor would come on board through a qualification-based process headed by a Town selection committee to finish out the design and team up with the architect. Benefits of the process included a more customized design and a reduction in bidding time and advertising.
- The possible down side to a CMAR was that selection was not based on the lowest bid—the cost was negotiated. The theory around the CMAR process was that there was a mix of quality and price and not just the cheapest price. The process required more oversight to ensure the process was transparent and the contractor was obliging by the requirements of getting the lowest possible costs for the Town. It suited this project because the Town did not have to move beyond the 30% if it was too much or the contract could be amended to extend the contract further and finish out the project.

Council and staff discussed the following:

- *CMAR process:* The CMAR risk assumed that the contractor figured the quantities and supplied the prices with a guaranteed maximum price. The process was supposed to reduce or eliminate change orders. The project had to be scoped well to help eliminate change orders.
- Council requested that staff research the CMAR process at the fire department that had been six months behind schedule and \$160,000 over budget. They also asked if the process could be worked backwards, and Town could tell the contractor how much money they had for the process. The Attorney McGuire explained that the Town would start by giving the design budget, and then as the CMAR contractor came in at 60%, they would have to sign a contract with a guaranteed maximum price proposal, essentially guaranteeing they could build it at the price as designed. Typically, change orders were only used when there was a change in scope or time that was outside of the original scope. The guaranteed maximum price was the contract price in 80% of those types of contracts.
- *Costs:* Staff explained that the preliminary cost estimate for construction was about \$4-6 million. Staff would work to get a price per square foot, and the cost for the initial 30% design would be approximately \$150,000-\$200,000. The full design would be close to \$500,000 to \$1 million for this sized project.
- Staff explained that if the Council thought the project was too expensive after the 30% design process, the Town could either stop the process and lose the initial design cost or they could scale back the project. The Town would need to borrow the money for the project, with a 25-30 year note and the Town could afford between \$4-6 million dollars. The yearly cost would be \$250,000-\$300,000.
- Council stated they were more interested in putting money into the business park, and staff explained that the Town had the money to do the business park, but the Police facility would be a long-term community investment.
- Councilmembers expressed concern that if this project was pursued, no other project could be completed because it would tap out the Town's finances and it would be better to work with what the Town already had than spending millions on a new facility. The Town needed to live within their means. Staff explained that the Town was living on their sales tax, had the reserves built up and the interest rates were very low. If the project was moved several years down the road, the payments could be significantly higher. If the economy became poor and interest rates went up, it would be harder for the Town and the Council would need to make decisions on what needed to be cut. It was a gamble and a risk, but the Council needed to decide if this was the time to make that investment. If the Town stayed

on the current path with revenues growing 2-3% per year, it would not be the only project the Town could pursue but the Town would need to continue that same community growth and would need to continue to spend conservatively within the Town on staffing and current programs.

- Council asked about the cost to add an addition to the current facility. Staff stated that they did not know how that would work, because they were currently at 25% of what was needed and they would continue to need a functioning workplace while an addition was being built. The current facility was also not ADA compliant.

Several Councilmembers thought that moving forward with getting businesses into OHM would help provide the revenue needed for a new Police facility and it was better to hold off until those were established. The cost of the 30% was too high if there was any doubt that the Town was ready to move forward. Other Councilmembers felt optimistic and believed it was the right time to move forward.

- Staff stated the Town was one incident away from a lawsuit that would exceed the cost of a new building and the building should have been replaced many years ago. Staff had researched building replacements for many years and had continually been put off, but now they were having trouble recruiting when other departments had better facilities. The space that was being proposed was not extravagant but met the functional and required needs of the department. The current workspace square footage of the building was at less than 4,000 and the proposed new building was approximately 10,000 square feet with the ability for expansions in the future. The new building would go on the same property as Town Hall.

Staff explained that putting out an RFP would not cost the Town any money. The mayor stated that once Staff had a cost for the initial preliminary design work, staff should bring it to the Council for consideration. Staff explained that would give the Town an idea of the square foot cost of the building.

5) Consideration and discussion regarding the Design Concept Reports (DCRs) for West and East Road 2 North. (Frank Marbury, Public Works Director/Town Engineer)

Mr. Marbury and Richard Aldridge, Principal Engineer/Branch Manager for Civiltech Engineering, presented the following:

East side project

- This was the busiest road in Town that was not State Highway. The East project would start at State Route 89 and run to Road 1 East and all the way to Peppertree to tie in with and straightening out the existing dogleg, and would widen out to three lanes.
- The daily traffic on the road was at approximately 6,700 vehicles. Engineering standards specified that two lanes with a turn lane could handle up to approximately 18,000 cars per day. With that information, staff was confident that they would not need to have four or five lanes any time soon. The turn lane helped with the amount of traffic a road could handle.
- Scope of work would include drainage, utilities, right-of-way, surveys, and geotechnical work. A full design would take 12-18 months and cost approximately \$400,000.
- Mr. Aldridge reviewed the Civiltech proposal, which basically included all the necessary elements to make the three-lane road. It would be a 30% design with cost estimates. The design cost estimate for Road 1 East was \$56,000 for the 30% design production. There

were individual specified tasks within the 30% proposal that made up the entirety of the 30% design phase.

West side project

- The West side project was similar to the East side. Road improvements would be to Road 1 West with utility extensions, and a concentration on the Del Rio property past Road 1 West for utility extensions.
- Traffic on the west side was approximately half that of the East side.
- The cost of the 30% design phase for the west side was \$58,000.

Council, staff, and Mr. Aldridge discussed the following:

- *Costs:* Staff explained that the Town could consider an improvement or assessment district to help pay for costs because both sides would be multi-million dollar projects. Mr. Aldridge explained that after the construction costs estimates were determined, the assessments on each parcel would be determined for their portion of the construction costs. That could be determined in a number of ways based on square footage, acreage, zoning, etc. He briefly explained the improvement district process to the Council. Staff added that if improvement or assessment districts were used, the East and West side would need to be split because of the State Highway.
- *Impacts:* Staff explained that the largest parcels impacted to the west were for upcoming big developments and very few small developments on that street would be impacted. The Clayton Homes developer was very interested in getting utilities down to their property and would be willing to participate in an improvement district.
- *Improvement districts:* The Town Attorney explained that improvement districts in the State of Arizona were an opt-out process. The Town would develop a resolution with the intent to form the District and then it would require more than 50% to opt out to cause the district not to be formed.

Council discussed that the East side was already a problem and needed to be fixed. Several Councilmembers agreed that they did not want to do the West side without also addressing the East side. The challenges in both directions were discussed. Councilmembers didn't feel it was fair to implement an improvement district to already existing businesses and residents on the East side.

Council also discussed placing the Police Department facility and OHM options before starting the Road 1 East improvements, and expressed concerns about the cost of the necessary rights-of-way. They preferred to leave the project on hold for the current year. Staff suggested that since the Town had quotes, they could put them in the next fiscal year's budget for consideration. Council agreed with staff's suggestion.

- 6) Consideration and discussion regarding extending Town utilities into Roadrunner Park. (Frank Marbury, Public Works Director/Town Engineer)

Frank Marbury presented the following:

- Initially the utility estimate encompassed the entire park, but after consulting with the finance director, it was determined that once the utilities were at the park, the park took care of the costs. The cost would be approximately \$500,000 for the work, including rebuilding the road.
- There was already water to Juniper, so water utilities would only be extended down Road 1 East. Sewer would need to run down Juniper and then Road 1 East to the Park.
- A 10-acre property from Peppertree to Road 1 East was going before Planning and Zoning for a potential PAD rezone for 45 lots at 5,500 square feet each with a price point below \$200,000 for stick-built homes. If the development were to go through, the developers would be responsible for extending water and sewer to the farthest edge of the development boundaries. That would give the Town water and sewer to the edge of the Roadrunner Mobile Home Park. The developer might run the sewer through the subdivision streets instead of down Juniper, and staff did not think that would be an issue.
- If the project were to move forward and the development went through, the developer would be responsible for all the costs and then those costs would be passed on as part of the purchase price of the home. The Town charged \$6,000 for sewer and \$4,000 for water per lot as a buy in capacity fee to hook to the sewer plant and distribution system. If the Town initially paid for the project, the Town code allowed the Town to require a recapture reimbursement from the developer, but if the developer built first, they had to build the entire system.
- The Roadrunner Mobile Home Park had expressed interest in being hooked up to Town sewer and would pay about 60% of what the normal water and sewer fees were.
- Staff recommended putting the project on hold until a final determination was made regarding the PAD rezone. Staff anticipated that Council would consider the PAD at their first meeting in December. Council could work with the developer on the cost to get the utilities to Road Runner in sooner. Funding for the developer was based on the zoning and they were not sure if the developer had the necessary funding to put in the utilities.

Council discussed the possibility that even if the development received the requested zoning, they may not actually develop. It was suggested that a code change be implemented that if a property does not develop within 24-months after receiving a zone change, they lose the zoning. Council agreed to forward the item to the December Council Study Session.

7) ADJOURNMENT

MOVED by Councilmember Lon Turner, seconded by Councilmember Mike Best to adjourn the meeting at 7:05 p.m.

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

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 29th day of October, 2019. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10th day of December, 2019.

Jami C. Lewis, Town Clerk