

**AGENDA
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
December 17, 2014
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CAÑADA DRIVE**

REGULAR SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

UPCOMING MEETING ANNOUNCEMENTS

COUNCIL REPORTS

DEPARTMENT REPORTS

The Mayor and Council may consider and/or take action on the items listed below:

ORDER OF BUSINESS: MAYOR WILL REVIEW THE ORDER OF THE MEETING

INFORMATIONAL ITEMS

1. Letter of Appreciation - Oro Valley Police Department

CALL TO AUDIENCE – At this time, any member of the public is allowed to address the Mayor and Town Council on any issue *not listed on today's agenda*. Pursuant to the Arizona Open Meeting Law, individual Council Members may ask Town Staff to review the matter, ask that the matter be placed on a future agenda, or respond to criticism made by speakers. However, the Mayor and Council may not discuss or take legal action on matters raised during "Call to Audience." In order to speak during "Call to Audience" please specify what you wish to discuss when completing the blue speaker card.

**CONSENT AGENDA
(Consideration and/or possible action)**

- A. Minutes - December 3, 2014
- B. Fiscal Year 2014/15 Financial Update through October 2014
- C. Resolution No. (R)14-65, approving a Facility Lease Agreement between the Town of Oro Valley and the Friends of the Oro Valley Public Library

REGULAR AGENDA

1. RESOLUTION NO. (R)14-66, APPROVING THE ACQUISITION OF THE EL CONQUISTADOR COUNTRY CLUB, GOLF, AND TENNIS FACILITIES AND AUTHORIZING THE TOWN MANAGER TO TAKE THE NECESSARY ACTIONS TO COMPLETE THE ACQUISITION
2. PUBLIC HEARING: ORDINANCE NO. (O)14-17, AMENDING THE TAX CODE OF THE TOWN OF ORO VALLEY TO INCREASE THE LOCAL TRANSACTION PRIVILEGE TAX (TPT) RATE FROM 2% TO 2.5% IN VARIOUS CATEGORIES
3. DISCUSSION AND POSSIBLE ACTION TO INITIATE THE 60-DAY PUBLIC NOTICE PROCESS FOR A FUTURE DISCUSSION REGARDING NEW AND INCREASED RECREATION FEES

FUTURE AGENDA ITEMS (The Council may bring forth general topics for future meeting agendas. Council may not discuss, deliberate or take any action on the topics presented pursuant to ARS 38-431.02H)

CALL TO AUDIENCE – At this time, any member of the public is allowed to address the Mayor and Town Council on any issue ***not listed on today's agenda.*** Pursuant to the Arizona Open Meeting Law, individual Council Members may ask Town Staff to review the matter, ask that the matter be placed on a future agenda, or respond to criticism made by speakers. However, the Mayor and Council may not discuss or take legal action on matters raised during “Call to Audience.” In order to speak during “Call to Audience” please specify what you wish to discuss when completing the blue speaker card.

ADJOURNMENT

POSTED: 12/10/14 at 4:30 p.m. by mrs

When possible, a packet of agenda materials as listed above is available for public inspection at least 24 hours prior to the Council meeting in the office of the Town Clerk between the hours of 8:00 a.m. – 5:00p.m.

The Town of Oro Valley complies with the Americans with Disabilities Act (ADA). If any person with a disability needs any type of accommodation, please notify the Town Clerk's Office at least five days prior to the Council meeting at 229-4700.

INSTRUCTIONS TO SPEAKERS

Members of the public have the right to speak during any posted public hearing. However, those items not listed as a public hearing are for consideration and action by the Town Council during the course of their business meeting. Members of the public may be allowed to speak on these topics at the discretion of the Chair.

If you wish to address the Town Council on any item(s) on this agenda, please complete a speaker card located on the Agenda table at the back of the room and give it to the Town Clerk. **Please indicate on the speaker card which item number and topic you wish to speak on, or if you wish to speak during “Call to Audience”, please specify what you wish to discuss when completing the blue speaker card.**

Please step forward to the podium when the Mayor announces the item(s) on the agenda which you are interested in addressing.

1. For the record, please state your name and whether or not you are a Town resident.
2. Speak only on the issue currently being discussed by Council. Please organize your speech, you will only be allowed to address the Council once regarding the topic being discussed.
3. Please limit your comments to 3 minutes.
4. During "Call to Audience" you may address the Council on any issue you wish.
5. Any member of the public speaking must speak in a courteous and respectful manner to those present.

Thank you for your cooperation.



Town Council Regular Session

Item # 1.

Meeting Date: 12/17/2014

Submitted By: Catherine Hendrix, Police Department

Information

Subject

Letter of Appreciation - Oro Valley Police Department

Attachments

[Corr Letter of Appreciation](#)

Chief Danny Sharp
Oro Valley Police Department

Nov. 24, 2014

Dear Chief,

I recently completed the OVPD Citizen Academy. I wanted to let you know how valuable and worthwhile it was, not only as a town citizen, but more importantly, as a new citizen volunteer for the police department.

All major areas of the department were covered, introducing us to the many areas of responsibility which are superbly handled by your employees.

I would like to commend Officer Jodi Stevens for her work in putting this program together and making it work seamlessly for the 12 weeks of the course. I have conducted many dozens of police training sessions during my time as a prosecutor and FBI agent, and I know how logistically challenging things can get when trying to coordinate other speakers. There was never any "down time" and I very much enjoyed the presentations and the effort expended to make this happen.

The Citizen Academy allowed me to meet several members of the department with whom I had not yet met during my duties as a citizen volunteer. This was very valuable to me and I very much enjoyed this.

As part of the OVPD Citizen Academy, I had the opportunity on November 12 for a ride-along with Officer Mike Kelley. I wanted to let you know that I found him to be very professional, dedicated, courteous and helpful. He took the time to explain the workings of his vehicle's computer and answered all of my questions. I observed him interact with several citizens during the calls he received during my four hours with him, and he is most certainly a credit to the profession and to your department. I would like to commend him for his work and for putting up with an old, retired guy for several hours.

I would also like to commend Lead Police Officer Trey Smith, for taking the time to elaborate on certain police actions taken while I was riding along with Officer Kelley. I appreciated the consideration shown to me.

In short, thank you for leading such an outstanding police department and for allowing mere citizens to attend the Citizen Academy to learn the inner workings of your department. It was time well spent and it was greatly appreciated. I'm sure I speak for the many members of the class who thank you for making it happen for us. Please convey my special thanks to Officers Stevens, Smith and Kelley.

Sincerely,



Kevin Corr
CVAP 548



Town Council Regular Session

Item # A.

Meeting Date: 12/17/2014

Requested by: Julie Bower **Submitted By:** Michelle Stine, Town Clerk's Office

Department: Town Clerk's Office

Information

SUBJECT:

Minutes - December 3, 2014

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

N/A

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to (approve, approve with the following changes) the December 3, 2014 minutes.

Attachments

12-3-14 Draft Minutes

**MINUTES
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
December 3, 2014
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CANADA DRIVE**

REGULAR SESSION AT OR AFTER 5:00 PM

CALL TO ORDER

Mayor Hiremath called the meeting to order at 5:00 p.m.

ROLL CALL

PRESENT:

Satish Hiremath, Mayor
Lou Waters, Vice Mayor
Brendan Burns, Councilmember
Bill Garner, Councilmember
Joe Hornat, Councilmember
Mary Snider, Councilmember
Mike Zinkin, Councilmember

EXECUTIVE SESSION

MOTION: A motion was made by Councilmember Zinkin and seconded by Councilmember Snider to go into Executive Session at 5:01 p.m. pursuant to A.R.S. 38-431.03(A)(7) for the purpose of discussing the purchase or lease of real property.

MOTION carried, 7-0.

Mayor Hiremath said the following individuals would join Council in Executive Session: Town Manager Greg Caton, Town Attorney Kelly Schwab, Town Clerk Julie Bower, Legal Services Director Tobin Sidles, Finance Director Stacey Lemos, Development and Infrastructure Services Director Paul Keesler and the Parks and Recreation Director Kristy Diaz-Trahan.

REGULAR SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

Mayor Hiremath reconvened the meeting at 6:00 p.m.

ROLL CALL

PRESENT: Satish Hiremath, Mayor
Lou Waters, Vice Mayor
Brendan Burns, Councilmember
Bill Garner, Councilmember
Joe Hornat, Councilmember
Mary Snider, Councilmember
Mike Zinkin, Councilmember

PLEDGE OF ALLEGIANCE

Mayor Hiremath led the audience in the Pledge of Allegiance.

UPCOMING MEETING ANNOUNCEMENTS

Communications Administrator Misti Nowak announced the upcoming Town meetings and events.

COUNCIL REPORTS

Councilmember Zinkin reported that he attended the National League of Cities where they discussed the Marketplace Fairness Act.

DEPARTMENT REPORTS

Town Clerk Julie Bower announced that new artwork was on display in the Council Chambers by artists Anne Palmer, Kay Mitman and Pat Shattuck.

ORDER OF BUSINESS

Mayor Hiremath said the agenda would stand as posted.

INFORMATIONAL ITEMS

1. Councilmember Zinkin - NLC Congress of Cities Conference Trip Report

CALL TO AUDIENCE

No comments were received.

CONSENT AGENDA

Councilmember Snider requested that item (D) be removed from the Consent Agenda for a comment.

- A. Minutes - November 19, 2014

- B. Approval of 2015 Regular Town Council Meeting Schedule
- C. Approval of Council liaison assignments
- E. Reinstatement of the December 17, 2014, Regular Session Town Council Meeting
- F. Resolution No. (R)14-59, authorizing a Memorandum of Understanding (MOU) with the City Court of the City of Tucson for the Regional Municipalities Veteran's Treatment Court
- G. Resolution No. (R)14-60, providing notice of intent to increase water rates, fees and charges for the Oro Valley Water Utility

MOTION: A motion was made by Vice Mayor Waters and seconded by Councilmember Zinkin to approve Consent Agenda items (A)-(C) and (E)-(G).

MOTION carried, 7-0.

D. (Re)appointments to various boards and commissions

Councilmember Snider and Councilmember Hornat recognized the newly appointed Boards and Commission members.

MOTION: A motion was made by Councilmember Hornat and seconded by Councilmember Snider to approve item (D).

MOTION carried, 7-0.

REGULAR AGENDA

1. NOMINATION AND ELECTION OF VICE MAYOR

Councilmember Hornat nominated Vice Mayor Lou Waters to serve as Vice Mayor for 2015, seconded by Councilmember Snider.

Councilmember Garner nominated Councilmember Hornat to serve as Vice Mayor for 2015, seconded by Councilmember Zinkin. Councilmember Hornat declined the nomination.

MOTION: A motion was made by Councilmember Hornat and seconded by Councilmember Snider to approve the nomination of Vice Mayor Lou Waters as Vice Mayor for 2015.

MOTION carried, 7-0.

2. PRESENTATION AND ACCEPTANCE OF THE TOWN'S ANNUAL FINANCIAL

AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2014

Town Finance Director Stacey Lemos gave an overview of the Town's annual financial audit for fiscal year ending June 30, 2014 and introduced Mr. Corey Arvizu, CPA and Partner with Heinfeld, Meech & Co., P.C.

Mr. Arvizu discussed the highlights of the completed financial audit for the Town for fiscal year ending June 30, 2014.

Discussion ensued amongst Council, staff, and Mr. Arvizu regarding the annual financial audit for fiscal year ending June 30, 2014.

MOTION: A motion was made by Councilmember Hornat and seconded by Councilmember Snider to accept the Town's financial audit for the fiscal year ending June 30, 2014.

MOTION carried, 7-0.

3. DISCUSSION AND POSSIBLE DIRECTION REGARDING QUESTIONS CONCERNING POLICE DEPARTMENT BUDGET ITEMS

Discussion ensued amongst Council and Town Attorney Kelly Schwab regarding the procedure for allowing Councilmembers to show a PowerPoint presentation.

MOTION: A motion was made by Councilmember Burns and seconded by Councilmember Zinkin to suspend the rules of the presiding officer and to allow the PowerPoint.

MOTION failed, 3-4 with Mayor Hiremath, Vice Mayor Waters, Councilmember Hornat, and Councilmember Snider opposed.

Councilmember Zinkin expressed his concerns regarding various Police Department budget items.

Discussion ensued amongst Council and staff regarding the Police Department budget items.

Mayor Hiremath suggested that all questions regarding Police Department budget items be submitted to the Town Manager for future discussion during the Town's Budget Session.

4. AMENDING SECTION 16-1-2 PARK OPERATIONS OF THE ORO VALLEY TOWN CODE

a. RESOLUTION NO. (R)14-61, DECLARING THE PROPOSED AMENDMENT TO THE ORO VALLEY TOWN CODE SECTION 16-1-2, PARK OPERATIONS,

PROVIDED AS "EXHIBIT A" WITHIN THE ATTACHED RESOLUTION AND FILED WITH THE TOWN CLERK, A PUBLIC RECORD

MOTION: A motion was made by Councilmember Zinkin and seconded by Councilmember Burns to approve Resolution No. (R)14-61, declaring the proposed amendments to the Oro Valley Town Code section 16-12, Park Operations, provided as "Exhibit A" within the attached resolution and filed with the Town Clerk, a public record.

MOTION carried, 7-0.

b. PUBLIC HEARING: ORDINANCE NO. (O)14-16, AMENDING TOWN CODE 16-1-2 PARK OPERATIONS

Parks and Recreation Director Kristy Diaz-Trahan gave an overview of item 4b.

Discussion ensued amongst Council and staff regarding amending Town Code 16-1-2 Park Operations.

Mayor Hiremath opened the public hearing.

No comments received.

Mayor Hiremath closed the public hearing.

Discussion ensued amongst Council and staff regarding item #4b.

MOTION: A motion was made by Councilmember Snider and seconded by Councilmember Hornat to approve Ordinance No. (O)14-16, amending Town Code 16-1-2 Park Operations with the provision that public feedback is monitored through Constituent Services and revisited quickly if needed.

MOTION carried, 6-1 with Councilmember Burns opposed.

5. RESOLUTION NO. (R)14-62, AUTHORIZING AND APPROVING THE PURCHASE OF LONG-TERM STORAGE CREDITS FROM THE BUREAU OF RECLAMATION

Water Utility Director Philip Saletta gave an overview of the purchase of Long-Term Storage Credits from the Bureau of Reclamation that included the following:

- Bureau of Reclamation Letter
- Current & Projected Town of Oro Valley Water Utility Storage Credits
- Storage Accounts Management and Use
- Cost Comparison
- Purchase of Long-Term Storage Credits

Discussion ensued amongst Council and Mr. Saletta regarding item #5.

MOTION: A motion was made by Vice Mayor Waters and seconded by Councilmember Garner to approve Resolution (R)14-62, authorizing and approving the purchase of Long-Term Storage Credits from the Bureau of Reclamation.

MOTION carried, 7-0.

6. PUBLIC HEARING: REQUEST FOR A REVISION TO AN APPROVED REZONING FROM R1-144 TO R1-7 FOR A 120-LOT SINGLE-FAMILY DEVELOPMENT ON APPROXIMATELY 45 ACRES, LOCATED EAST OF IRONWOOD RIDGE HIGH SCHOOL ON THE SOUTH SIDE OF NARANJA DRIVE, BY REQUESTING TO UTILIZE THE BUILDING SETBACK REDUCTION ENABLED BY THE ENVIRONMENTALLY SENSITIVE LANDS (ESL) SECTION OF THE ZONING CODE

Interim Planning Director Bayer Vella gave an overview of item #6 that included the following:

- Environmentally Sensitive Lands Flexible Design Options
- Conservation Subdivision Design
- Public Input

Discussion ensued amongst Council and staff regarding item #6.

Mayor Hiremath opened the public hearing.

No comments received.

Mayor Hiremath closed the public hearing.

Discussion continued amongst Council and staff regarding item #6.

MOTION: A motion was made by Councilmember Zinkin and seconded by Councilmember Hornat to approve the applicant's request to reduce minimum side yard setbacks from 7.5 feet to 5 feet, finding that the request is not consistent with the objectives of the Environmentally Sensitive Lands section of the zoning code.

MOTION carried, 7-0.

7. DISCUSSION AND POSSIBLE DIRECTION REGARDING THE ACQUISITION OF REAL PROPERTY FOR RECREATIONAL PURPOSES

Town Manager Greg Caton gave a presentation regarding the acquisition of real property for recreational purposes that included the following:

- Opportunity
- Community Survey Results June 2014 FMR Associates, Inc.

Parks and Recreation Director Kristy Diaz-Trahan gave an overview of the proposed property that included the following:

- The Property Community & Recreation Center
- The Property Golf, Tennis and Restaurant
- Property Description

Finance Director Stacey Lemos gave an overview of the ownership and management plan that included the following:

- Revenue and Expenses Community & Recreation Center
- Revenue and Expenses Vendor Contract

Town Manager Greg Caton gave an overview of the needed capital improvements that included the following:

- Capital Improvements - Facilities 5-year forecast
- Capital Improvements - Golf 5-year forecast

Ms. Lemos gave an overview of the financing recommendation - acquisition, operations and capital.

Mr. Caton discussed the implementation strategy and timeline for the proposed acquisition of real property for recreational purposes.

Discussion ensued amongst Council and staff regarding item #7.

Senior Vice President of Global Business Development for Troon, Scott Van Newkirk, addressed questions and concerns from Council.

The following individuals spoke on item #7.

Oro Valley resident Chris DeSimone
Oro Valley resident Dick Johnson
Bill Weltschatz

Oro Valley resident Melanie Barrett
Oro Valley resident Donald Bristow

Mr. Caton addressed questions regarding the possible acquisition of the real property.

Discussion ensued amongst Council and staff regarding item #7.

Mayor Hiremath directed staff to continue research until this item is revisited at the December 17th, 2014 Council meeting.

FUTURE AGENDA ITEMS

Councilmember Snider requested a future agenda item to discuss and provide possible direction regarding Councilmembers presentations at a public meeting, seconded by Mayor Hiremath.

CALL TO AUDIENCE

No comments were received.

ADJOURNMENT

MOTION: A motion was made by Vice Mayor Waters and seconded by Councilmember Burns to adjourn the meeting at 8:58 p.m.

MOTION carried, 7-0.

Prepared by:

Michelle Stine
Senior Office Specialist

I hereby certify the foregoing minutes are a true and correct copy of the minutes of the regular session of the Town of Oro Valley Council of Oro Valley, Arizona held on the 3rd day of December, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 2014.

Julie K. Bower, MMC
Town Clerk



Town Council Regular Session

Item # B.

Meeting Date: 12/17/2014

Requested by: Stacey Lemos

Submitted By: Wendy Gomez, Finance

Department: Finance

Information

SUBJECT:

Fiscal Year 2014/15 Financial Update through October 2014

RECOMMENDATION:

This item is for information only.

EXECUTIVE SUMMARY:

In the General Fund (see attachment A), revenues collected through October totaled \$9.9 million, or 30.8% of the budget amount of \$32.3 million. Year-to-date expenditures through October totaled \$9.8 million, or 30.3% of the budget amount of \$32.5 million. The adopted FY 2014/15 General Fund budget included a transfer out of one-time revenues in the amount of \$2.5 million to the General Government CIP Fund for capital projects. Please note that year-to-date expenditures now include approximately one-third of this budgeted transfer out to the General Government CIP Fund of approximately \$883,000.

In the Highway Fund (see attachment B), revenues collected through October totaled \$990,248, or 33.4% of the budget amount of \$3.0 million. Year-to-date expenditures through October totaled \$1,062,635, or 24.4% of the budget amount of \$4.4 million. It is important to note that the Highway Fund budget includes the planned use of \$1.4 million in reserves, as all construction sales tax revenues are now fully accounted for in the General Fund.

In the Bed Tax Fund (see attachment C), revenues collected through October totaled \$246,506, or 26.0% of the budget amount of \$949,000. Year-to-date expenditures through October totaled \$328,656, or 34.2% of the budget amount of \$961,000.

BACKGROUND OR DETAILED INFORMATION:

GENERAL FUND

Attachment A shows General Fund revenues and expenditures through October, as well as year-end estimates for each category. The estimated year-end projections in the General Fund are as follows:

Revenues	\$32,425,324
<u>Less:</u>	
Expenditures	(\$32,305,219)
Est. Increase in Fund Balance	\$ 120,105

General Fund Revenues

- Local sales tax collections in the General Fund total \$4.8 million or 30.4% of the budget amount of \$15.7 million. Sales tax collections in the General Fund are estimated to come in on budget at this time. Please see Attachment E for a monthly tracking of General Fund local sales tax collections, including construction and utility sales tax.
- Federal Grant revenues are estimated to come in over budget by about \$83,000 or 13.9%, due to grant funds received for a Police DUI Tahoe and hosting of collision investigation training classes, funded by the Governor's Office of Highway Safety.
- Charges for Services revenues are estimated to come in over budget by about \$82,000 or 4.9%, due primarily to revenue trends at the Aquatic Center and zoning & subdivision fees.
- Fine revenues are estimated to come in under budget by about \$16,000 or 8.9%, based on current trends and citation filings.

Staff will continue to monitor revenue collections and may adjust the year-end estimates based on actual trends.

General Fund Expenditures

- Expenditures are estimated to come in under budget by nearly \$152,000 or 0.5%, due to projected vacancy savings. Note that these savings are estimates and are subject to change.

HIGHWAY FUND

Highway Fund Revenues

- State shared highway user funds total \$917,180, or 33.3% of the budget amount of \$2.8 million and are estimated to come in on budget at this time.

Highway Fund Expenditures

- Expenditures are estimated to come in under budget by about \$6,000 or 0.1%, due to projected vacancy savings. Note that these savings are estimates and are subject to change.

BED TAX FUND

Bed Tax Revenues

- Bed tax revenues total \$245,091, or 25.9% of the budget amount of \$945,000 and are estimated to come in on budget at this time.

Bed Tax Fund Expenditures

- Expenditures are estimated to come in on budget at this time.

Please see Attachments A, B, and C for additional details on the General Fund, Highway Fund and Bed Tax Fund respectively. See Attachment D for a fiscal year-to-date consolidated summary of all Town funds. In addition, as noted earlier, Attachment E includes a breakdown of monthly local sales tax collections for the General Fund.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

This item is for information only.

Attachments

Attachment A - General Fund

Attachment B - HW Fund

Attachment C - Bed Tax Fund

Attachment D - Summary All Funds

Attachment E - GF Local Sales Tax



Highway Fund

% Budget Completion through October --- 33.3%

REVENUES:

LICENSES & PERMITS
 STATE/COUNTY SHARED
 CHARGES FOR SERVICES
 INTEREST INCOME
 MISCELLANEOUS
TOTAL REVENUES

Actuals thru 10/2014	Budget	% Actuals to Budget
19,947	52,000	38.4%
917,180	2,754,947	33.3%
43,164	129,493	33.3%
7,031	19,250	36.5%
2,926	10,000	29.3%
990,248	2,965,690	33.4%

Year End Estimate *	YE % Variance to Budget
52,000	0.0%
2,754,947	0.0%
129,493	0.0%
19,250	0.0%
10,000	0.0%
2,965,690	0.0%

EXPENDITURES:

ADMINISTRATION
 TRANSPORTATION ENGINEERING
 PAVEMENT MANAGEMENT
 STREET MAINTENANCE
 TRAFFIC ENGINEERING
TOTAL EXPENDITURES

Actuals thru 10/2014	Budget	% Actuals to Budget
170,425	610,478	27.9%
155,355	537,275	28.9%
212,796	1,219,002	17.5%
383,816	1,053,631	36.4%
140,242	934,276	15.0%
1,062,635	4,354,662	24.4%

Year End Estimate *	YE % Variance to Budget
610,478	0.0%
537,275	0.0%
1,219,002	0.0%
1,047,748	-0.6%
934,276	0.0%
4,348,779	-0.1%

SURPLUS / (DEFICIT)

(72,387) (1,388,972)

(1,383,089)

BEGINNING FUND BALANCE **

4,175,161

Plus: Surplus / (Deficit)

(1,383,089)

ENDING FUND BALANCE **

2,792,072

* Year-end estimates are subject to further revision

** Beginning and ending fund balance amounts are estimates and are subject to further revision



Consolidated Year-to-Date Financial Report through October, 2014

Fund	FY 14/15 Begin Bal.	Revenue	Other Fin Sources/Tfrs	Total In	Capital Leases/ Transfer Out	Personnel	O&M	Capital	Contingency	Debt Service	Total Out	Left in Accounts Thru Oct 2014
General Fund - Unassigned	9,925,988	9,926,796	-	9,926,796	1,046,982	6,482,587	2,246,850	64,250	-	-	9,840,670	10,012,114
General Fund - Assigned	1,608,035											1,608,035
Highway Fund - Restricted	4,175,161	990,248	-	990,248	-	556,964	182,149	323,522	-	-	1,062,635	4,102,774
Seizure & Forfeiture - State	526,901	2,583	-	2,583	-	-	42,225	20,157	-	-	62,382	467,102
Seizure & Forfeiture - Justice	349,724	184	-	184	-	35,471	5,612	3,465	-	-	44,547	305,361
Bed Tax Fund - Committed	425,099	246,506	-	246,506	167,543	72,548	88,565	-	-	-	328,656	342,948
Impound Fee Fund	7,346	10,650	-	10,650	-	8,156	-	-	-	-	8,156	9,840
Municipal Debt Service Fund	533,928	59,296	329,627	388,923	-	-	5,553	-	-	667,200	672,752	250,098
Oracle Road Debt Service Fund	281	-	2,000	2,000	-	-	695	-	-	-	695	1,586
Alternative Water Resources Dev Impact Fee Fund	3,336,099	430,674	-	430,674	-	-	39,127	67,416	-	-	106,543	3,660,230
Potable Water System Dev Impact Fee Fund	4,505,635	222,660	-	222,660	-	-	-	-	-	-	-	4,728,295
Townwide Roadway Development Impact Fee Fund	2,791,166	170,680	-	170,680	-	-	-	107,029	-	-	107,029	2,854,817
Parks & Recreation Impact Fee Fund	21,555	43,783	-	43,783	-	-	-	-	-	-	-	65,338
Library Impact Fee Fund	114,798	-	-	-	-	-	-	-	-	-	-	114,798
Police Impact Fee Fund	205,936	17,077	-	17,077	-	-	-	-	-	-	-	223,012
General Government Impact Fee Fund	3,502	1	-	1	-	-	-	-	-	-	-	3,503
Naranja Park Fund	737,056	-	-	-	-	-	-	216,614	-	-	216,614	520,442
General Government CIP Fund	1,500,000	-	883,333	883,333	-	-	-	193,425	-	-	193,425	2,189,908
Water Utility	11,823,342	5,078,408	-	5,078,408	3,119	865,652	1,846,466	974,762	-	-	3,689,999	13,211,751
Stormwater Utility	503,474	192,905	-	192,905	1,919	102,359	124,547	11,766	-	-	240,590	455,788
Fleet Fund	84,949	350,832	-	350,832	-	24,543	229,621	31,995	-	-	286,159	149,622
Benefit Self Insurance Fund	584,509	729,245	-	729,245	-	-	914,125	-	-	-	914,125	399,629
Recreation In-Lieu Fee Fund	6,190	-	-	-	-	-	-	-	-	-	-	6,190
Total	43,770,673	18,472,528	1,214,960	19,687,488	1,219,563	8,148,280	5,725,535	2,014,400	-	667,200	17,774,978	45,683,184



General Fund Local Sales Tax Collections

FY 2014/2015

CATEGORY	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	TOTAL
Construction Sales Tax	353,257	365,877	343,071	317,595									1,379,800
Utility Sales Tax	269,772	299,154	292,456	261,333									1,122,715
All Other Local Sales Tax *	624,020	415,665	384,822	841,011									2,265,518
TOTAL	\$ 1,247,049	\$ 1,080,696	\$ 1,020,349	\$ 1,419,939									\$ 4,768,033

* Note: Does not include cable franchise fees or sales tax audit revenues



Town Council Regular Session

Item # C.

Meeting Date: 12/17/2014

Requested by: Stacey Lemos

Submitted By: Stacey Lemos, Finance

Department: Finance

Information

SUBJECT:

Resolution No. (R)14-65, approving a Facility Lease Agreement between the Town of Oro Valley and the Friends of the Oro Valley Public Library

RECOMMENDATION:

The Friends of the Oro Valley Public Library Board approved this lease agreement at their November 13, 2014, board meeting, and staff recommends approval.

EXECUTIVE SUMMARY:

Staff requests Town Council approval of the Facility Lease Agreement between the Town and the Friends of the Oro Valley Public Library for 408 square feet of space located within the recently placed triple-wide modular building on the Town Hall Campus just south of the Library. Town Council authorized the purchase of this modular building at their July 2, 2014, regular Council meeting to address space needs requested by the Friends of the Oro Valley Public Library, several Town departments (Development and Infrastructure Services and Water Utility) and space needed to operate the Town's on-site health clinic. The Friends will use this leased space primarily for book storage in support of their fundraising efforts for the Oro Valley Public Library.

BACKGROUND OR DETAILED INFORMATION:

Earlier this year, the Friends of the Oro Valley Public Library approached Town staff requesting additional book storage space, preferably located in close proximity to the Library. Staff considered this request in conjunction with other Town space needs in the Development and Infrastructure Services (DIS) and Water Utility departments, as well as the need for space to operate the on-site health clinic that is expected to open in early January 2015. As a result, the Town Council authorized the purchase of a refurbished triple-wide modular building to address these needs at the July 2, 2014, regular Town Council meeting. This modular building is located on the Town Hall campus just south of the Oro Valley Library and north of the Development and Infrastructure Services Building.

The proposed lease agreement has been negotiated between the Town and the Friends to lease 408 square feet of space to the Friends. The initial term of this lease shall commence on January 5, 2015, and shall be for a period of six (6) years with the option to renew for three (3) additional terms of five (5) years each for a total of 21 years.

The lease cost for the initial 6-year term is \$25,200 payable in annual installments of \$4,200 and increases to \$4,500, \$4,700 and \$5,000 annually in renewal periods 1, 2 and 3 respectively.

This is a mutually beneficial lease that will allow the Friends to have convenient book storage space in close proximity to the Library, and the Town receives a competitive lease rate that will help offset a portion of the modular building costs over time.

FISCAL IMPACT:

The Friends will pay annual lease payments to the Town of \$4,200 for the first six years of the lease term totaling \$25,200. These annual lease payments increase to \$4,500, \$4,700 and \$5,000 annually in renewal periods 1,2 and 3 respectively.

SUGGESTED MOTION:

I MOVE to approve Resolution No. (R)14-65, approving a Facility Lease Agreement between the Town of Oro Valley and the Friends of the Oro Valley Public Library.

or

I MOVE...

Attachments

(R)14-65 Friends of OV Library Lease Agreement
Lease Agreement

RESOLUTION NO. (R)14-65

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, APPROVING THE LEASE AGREEMENT BETWEEN THE TOWN OF ORO VALLEY AND THE FRIENDS OF THE ORO VALLEY PUBLIC LIBRARY FOR THE 408 SQUARE FEET OF SPACE WITHIN THE TRIPLE WIDE MODULAR BUILDING LOCATED TO THE SOUTH OF THE ORO VALLEY PUBLIC LIBRARY AND NORTH OF THE DEVELOPMENT INFRASTRUTURE SERVICES BUILDING

WHEREAS, the Town desires to lease space to the Friends of Oro Valley Public Library; and

WHEREAS, the available space is approximately 408 square feet of a triple wide modular building located to the south of Oro Valley Public Library and north of the Development Infrastructure Services building; and

WHEREAS, Friends desire to use the modular space for storage and related purposes integral to the business operations and purposes of Friends; and

WHEREAS, it is in the best interest of the Town to enter into the Lease Agreement, attached hereto as Exhibit "A" and incorporated herein by this reference, with the Friends of the Public Library to lease the space of approximately 408 square feet of a triple wide modular building located to the south of the Oro Valley Public Library and north of the Development Infrastructure Services building.

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the Town of Oro Valley, that:

1. The Lease Agreement, attached hereto as Exhibit "A" and incorporated herein by this reference, between the Town of Oro Valley and the Friends of the Oro Valley Public Library is hereby approved.
2. That the Mayor and other administrative officials are hereby authorized to take such steps as necessary to execute and implement the terms of the Lease Agreement.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona, this 17th day of December, 2014.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

APPROVED AS TO FORM:

Tobin Sidles, Legal Services Director

ATTEST:

Julie K. Bower, Town Clerk

Date

Date

EXHIBIT “A”

TOWN OF ORO VALLEY
FACILITY LEASE AGREEMENT BETWEEN THE TOWN OF ORO VALLEY (“TOWN”) AND
THE FRIENDS OF THE ORO VALLEY PUBLIC LIBRARY (“FRIENDS”)

This Facility Lease Agreement (“Lease Agreement”) is entered into this ___ day of _____, 20___ by and between the Town of Oro Valley (“Town”) and Friends of the Oro Valley Public Library, Inc., a 501(c)3 non-profit corporation incorporated in Arizona (“Friends”).

RECITALS

WHEREAS, the Town desires to lease space totaling approximately 408 square feet to the Friends in the triple-wide modular building located at 11000 N. La Canada Drive, south of the Oro Valley Public Library and north of the Development Services Building; and

WHEREAS, Friends desires to use the modular space for storage and related purposes integral to the business operations and purposes of Friends; and

WHEREAS, Friends provides a valuable service to the Town of Oro Valley by supporting the local library.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. DESCRIPTION OF PROPERTY AND TERM

- (a) The Town hereby leases to Friends approximately 408 square feet of space within the triple-wide modular building located on the Town Hall campus at 11000 N. La Canada Drive, south of the Oro Valley Public Library and north of the Development Services Building. This leased space is accessed by exterior double doors located in the back (east-facing) side of the building. The floor plan of the modular building showing the leased space for the Friends is attached hereto as “Exhibit A” and made a part of this lease.
- (b) The initial term of this lease shall commence on January 5, 2015 and shall be for a period of six (6) years.
- (c) Friends shall have the option to renew this lease for three (3) additional terms of five (5) years each following expiration of the Initial Term. The terms and conditions of this Lease Agreement shall remain in effect during any subsequent renewal terms, except that the

applicable rent shall be as set forth in Paragraph 3(b) below. Friends shall notify the Town no later than thirty (30) days prior to the expiration of each term whether Friends intends to exercise its option to renew. In the absence of such notification, this Lease Agreement shall terminate at the end of the then current term.

2. DELIVERY OF POSSESSION

The Town shall deliver the leased space to the Friends in sound operating condition upon mutual execution of this Lease and Town’s receipt of the rent for the initial term and certificate of insurance.

3. RENTAL PAYMENTS

(a) Initial Term – Rent for the initial 6-year term shall be a total of \$25,200 payable in annual installments of \$4,200. The first installment shall be due and payable on or before January 5, 2015.

(b) Renewal Terms - If Friends elects to exercise the option to renew as provided in Paragraph 1(c), rent during the renewal term shall be in accordance with the following payment schedule:

<u>Renewal Option</u>	<u>60-Month Period</u>	<u>Lump Sum Rent</u>	<u>Annual Rent</u>
1	1/5/2021-1/4/2026	\$22,500	\$4,500
2	1/5/2026-1/4/2031	\$23,500	\$4,700
3	1/5/2031-1/4/2036	\$25,000	\$5,000

(c) Invoices and Late Charges – Subsequent to the initial rent payment, the Town will prepare and submit to Friends an invoice for the next year’s rent on or before December 15 of each year during the initial term and any renewal term. The annual rent payment for the ensuing year shall be due on or before twenty (20) calendar days from receipt of the Town’s invoice or January 5, whichever is later. The Town shall have the option to charge a late fee equal to 10% of the amount due in the event an annual rent payment is not received within ten (10) calendar days of its due date.

4. USE OF PREMISES

- (a) Friends agrees to use the premises solely for the purposes stated in the Recitals hereto. Further, Friends agrees not to use or permit the use of the premises or any part thereof for any purpose prohibited by law. The Friends shall not sublet the premises or any portion thereof to another party during the initial term of the lease or during any of the subsequent renewal terms.
- (b) No goods, merchandise, or materials shall be kept, stored, or sold by Friends on the premises that are in any way hazardous.
- (c) Friends shall not reconstruct or remodel the premises or install any fixtures therein without the prior written approval of the Town.
- (d) The Town shall have the right at any reasonable time to alter, repair, or improve the premises and the building of which the premises area a part; and the Town and its representatives for that purpose may enter on and about the premises and the building of which the leased premises are a part for the purpose of making such alterations, repairs or improvements, provided that prior notice is given to Friends and such entry does not interfere with the conduct of Friend's business.
- (e) At the end of the term of this Lease Agreement, Friends shall surrender and deliver up the premises in the same condition (subject to any additions, alterations or improvements, if any) as delivered, reasonable wear and tear excluded.

5. INDEMNIFICATION

- (a) Friends and its successors and assigns, hereby indemnifies, defends, and holds harmless the Town of Oro Valley, its agents, representatives, officers, directors, officials and employees from and against all claims, damages, losses, expenses (including but not limited to attorney fees, court costs, and the costs of appellate proceedings), relating to, arising out of, or alleged to have resulted from the negligent acts, errors, mistakes, omissions in the work or services of Friends and their invitees, successors or assigns. Further, the Town shall not be responsible for any damages incurred as a result of Friends' use of the leased modular building space. Friends accepts full responsibility for any and all items stored within the leased modular building space.

(b) The Town hereby indemnifies, defends and holds harmless Friends and its successors and assigns and their respective officers, directors, employees, agents and representatives, volunteers, and invitees from and against all claims, damages, losses, expenses (including, but not limited to, attorney fees, court costs, and the costs of appellate proceedings), relating to, arising out of, or alleged to have resulted from the negligent acts, errors, mistakes, omissions in the work or services of the Town or any of its employees, agents, representatives, contractors, and invitees. Further, Friends shall not be responsible for any damages incurred as a result of the Town's use of the leased modular space or the surrounding environs. The Town accepts full responsibility for any damage, injury, loss, cost and expense associated with use of the building and surrounding environs, except to the extent such damage, etc. is caused by Friends or its employees, volunteers, or agents.

6. ASSIGNMENT

This Contract shall not be assignable except at the written consent of the Parties, and it shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the Parties.

7. INSURANCE

Friends, at its sole expense, shall procure and maintain in full force and effect the required insurance coverage deemed necessary by the Town. Please refer to Exhibit "B" below for required insurance coverage specifications.

8. DEFAULT/TERMINATION

(a) Termination for Default

The Town reserves the right to terminate this Lease Agreement due to the failure of the Friends to carry out any term or condition of the lease. The Town will issue a written notice of default to the Friends for failing to perform the stipulations or conditions required. The Friends shall have ten (10) days from receipt of notice to rectify the default.

(b) Termination for Convenience

This Lease Agreement may be terminated at any time by either party upon giving thirty (30) days written notice to the other party ("termination for convenience"). Upon a termination

for convenience, the Town shall reimburse Friends for the prorated portion of rent paid for periods after the effective date of termination, subject to satisfaction of all other terms and conditions contained herein.

9. ENFORCEMENT OF LAWS

This Lease Agreement shall be construed in accordance with and enforced under the laws of the State of Arizona. Each party must comply with all applicable federal, state, county and Town laws, ordinances and regulations.

10. ENTIRE AGREEMENT

This Lease Agreement contains the entire contract between the parties and it may not be modified amended, altered or extended except through a written amendment signed by all parties.

11. NOTICES

All notices given pursuant to this Lease Agreement shall be given by personal delivery or by first class pre-paid mail to the following persons or any other persons a party may designate in writing:

To the Town of Oro Valley

Town of Oro Valley
ATTN: Finance Director
11000 N. La Canada Dr.
Oro Valley, AZ 85737

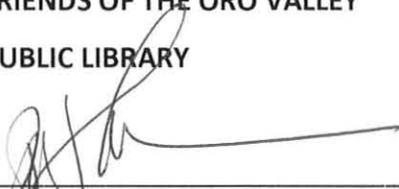
To the Friends

Friends of the Oro Valley Public
Library, Inc.
ATTN: President
P.O. Box 69218
Oro Valley, AZ 85737

IN WITNESS HEREOF, the parties hereto have caused this Agreement to be executed as of the first date appearing above.

FRIENDS OF THE ORO VALLEY

PUBLIC LIBRARY



Richard Johnson
President

Date: 11/23/14



Jane Peterson
Vice-President

Date: 11/23/14

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath
Mayor

Date: _____

APPROVED AS TO FORM

Tobin Sidles
Legal Services Director

Date: _____

Exhibit "A"

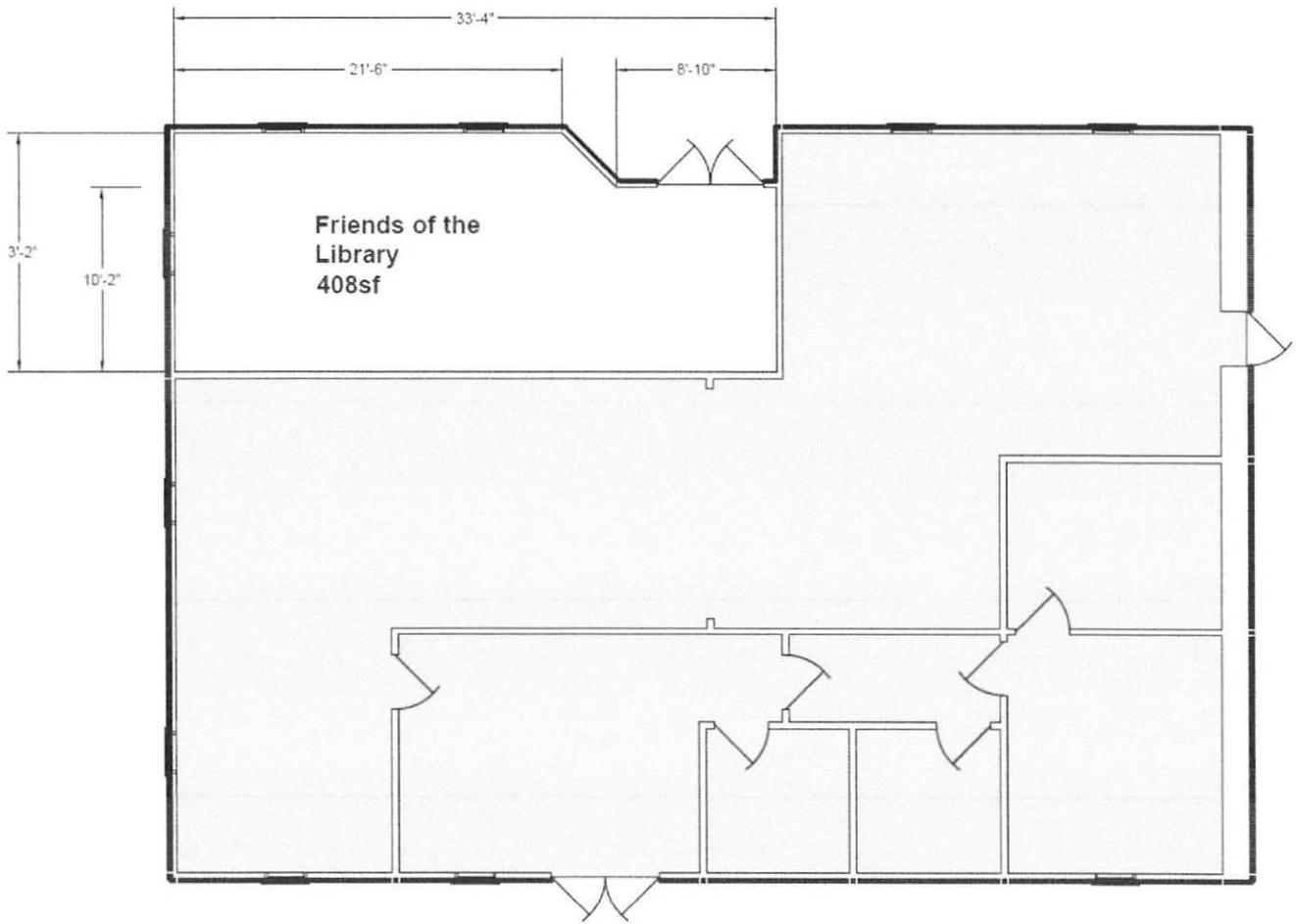


Exhibit "B"

INSURANCE

Friends agrees to obtain insurance coverage of the types and amounts required consistent with the coverage limits shown below.

<u>Coverage Afforded</u>	<u>Limits of Liability</u>
Commercial General Liability Insurance (including blanket contractual and premises/operations)	\$1,000,000 - Bodily Injury Combined Single Limit \$100,000 Property Damage

Friends shall provide satisfactory certificates on the required insurance coverage before the effective date of the agreement. The policy shall contain an endorsement providing that written notice be given to the Town at least thirty (30) calendar days prior to termination, cancellation or reduction in coverage policy. Insurance policies shall remain in force as long as the Friends are occupying the space. If a policy does expire during the life of the agreement, a renewal certificate of the required coverage must be sent to the Town of Oro Valley not less than five (5) business days prior to expiration date.

The Town of Oro Valley shall be included as an additional insured on all policies. Policies for Excess Liability are primary over any insurance available to the Town and as to any claims resulting from the Contract, it being the intention of the parties that the insurance policies so effected shall protect both parties and be primary coverage for any and all losses covered by the described insurance.

In regard to General and Excess Liability, the Friends agree to indemnify, defend and save harmless the Town of Oro Valley, its Mayor and Council, appointed boards and commissions, officials, officers and employees individually and collectively from all losses, claims, suits, actions, payments and judgments, demands, expenses, attorney's fees, defense costs or actions of any kind and nature resulting from personal injury to any person, including employees of the Lessee (including bodily injury and death) or damages to any property, arising or alleged to have arisen out of the negligent acts of the Friends, except any injury or damages arising out of the sole negligence of the Town, its officers, agents or employees. The amount and type of insurance coverage requirements set forth in the Contract will in no way be construed as limiting the scope of indemnity in this paragraph.



Town Council Regular Session

Item # **1.**

Meeting Date: 12/17/2014
Requested by: Kristy Diaz-Trahan
Submitted By: Kristy Diaz-Trahan, Parks and Recreation
Department: Parks and Recreation

Information

SUBJECT:

RESOLUTION NO. (R)14-66, APPROVING THE ACQUISITION OF THE EL CONQUISTADOR COUNTRY CLUB, GOLF, AND TENNIS FACILITIES AND AUTHORIZING THE TOWN MANAGER TO TAKE THE NECESSARY ACTIONS TO COMPLETE THE ACQUISITION

RECOMMENDATION:

Staff recommends approval to acquire the El Conquistador Country Club, Golf, and Tennis facilities located at 10555 N. La Canada Blvd., and the Golf and Tennis facilities located at 10000 N. Oracle Rd.

EXECUTIVE SUMMARY:

Staff requests Town Council approval to purchase the El Conquistador Country Club, Golf, and Tennis facilities as noted below:

- 31,475 sq. ft. building (La Canada location)
- 5,600 sq. ft. building (Oracle location)
- 324 acres of land
- 31 lighted tennis courts (15 at La Canada and 16 at Oracle locations)
- 2 heated pools (La Canada location)

The purchase will include a management contract with Troon, who will manage golf and food & beverage operations. The Country Club will transition into Oro Valley's first ever Community & Recreation Center, which the Town of Oro Valley Parks & Recreation Department will manage, along with the related tennis courts.

BACKGROUND OR DETAILED INFORMATION:

The Hilton El Conquistador Golf & Tennis resort, currently owned by Met Life, Inc., is scheduled to be purchased by HSL Properties, Inc. on December 18, 2014.

HSL Properties is interested in selling the Country Club, Golf, and Tennis facilities to the Town of Oro Valley for \$1,000,000.

The facilities include the following:

10555 N. La Canada Location

- 31,475 sq. ft. building
 - Meeting rooms and classrooms
 - Racquetball and multi-use courts
 - Dance/fitness room

- Cardio and strength equipment
- Children's activity room
- Golf pro shop
- Full service restaurant, bar, and kitchen
- Small café
- 15 lighted tennis courts
- 2 swimming pools
- 2 18-hole golf courses

10000 N. Oracle Location

- 5,600 sq. ft. building
 - Golf and tennis pro shop
 - Small food service area
 - Storage facilities
- 16 lighted tennis courts
- 1 9-hole golf course

These recreational amenities align with the Parks & Recreation Department's mission "To enhance the quality of life for all Oro Valley residents by providing exceptional community facilities and programs for all ages." The programming and management intent is to (1) Transition the Country Club into the Town's first Community & Recreation Center, which will include tennis programming; (2) Retain the golf management contract (Troon) that is included in the sale to manage golf and food & beverage operations.

FISCAL IMPACT:

The proposed acquisition cost for these facilities is \$1 million to be paid in cash over the next three fiscal years as follows: \$300,000 in July of 2015, \$350,000 in July of 2016 and \$350,000 in July of 2017. It is anticipated that these funds would come primarily from the Town's General Fund and a small portion from the Bed Tax Fund.

Based on financial projections prepared for both the Community and Recreation Center operations and the golf and food and beverage operations, it is estimated that the facility operations will result in an estimated operating deficit of approximately \$1.2 million in the first year; however, it is anticipated that this deficit lowers each year and turns positive by FY 2018/19 as a result of increased capital investment, marketing of the facility and programs, and quality management. Capital investment needs at the facility total about \$5.5 million over the next five fiscal years and address accessibility and life safety improvements, replacement of aging equipment, and golf course upgrades.

To fund these needs, a 0.5% transaction privilege tax (TPT) increase is being proposed, raising our current TPT tax rate from 2% to 2.5% to generate approximately \$2.0 million annually in additional revenues to be dedicated to funding the operating subsidy and capital costs of this facility over time.

Should this property be acquired by the Town, it is estimated that operations of the entire facility would be turned over to the Town from HSL Properties during the first quarter of the 2015 calendar year. In order to accommodate accounting for these new operations into the Town's adopted budget for FY 2014/15, staff anticipates bringing a budget amendment request to the Town Council in early 2015 to amend the budget and allocate funding for the operating costs and any immediate capital needs of this facility through the remainder of the current fiscal year.

SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution No. (R)14-66, approving the acquisition of the El Conquistador Country Club, Golf, and Tennis facilities as presented.

RESOLUTION NO. (R)14-66

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, APPROVING THE ACQUISITION OF THE EL CONQUISTADOR COUNTRY CLUB, GOLF AND TENNIS FACILITIES

WHEREAS, the Town is interested in purchasing the El Conquistador Country Club, Golf and Tennis currently owned by MET Life, Inc., with anticipated ownership being transferred to HSL Properties; and

WHEREAS, the Town is interested in converting the El Conquistador Country Club, Golf and Tennis facilities into a community center for Oro Valley residents and visitors; and

WHEREAS, upon the transfer of ownership to HSL Properties, HSL will be interested in selling the El Conquistador Country Club, Golf and Tennis facilities to the Town for \$1 million; and

WHEREAS, the El Conquistador Country Club, Golf and Tennis facilities includes a 31,475 square foot building located at 10555 North La Canada Drive, a 5,600 square foot building located at 10000 North Oracle Road, approximately 324 acres of land, 31 lighted tennis courts, 2 heated pools at the La Canada Location and 45 holes of golf, one of the golf courses being located at 10700 North La Canada Drive; and

WHEREAS, it is in the best interest of the Town and its citizens to purchase the El Conquistador Country Club, Golf and Tennis facilities for \$1 million to be converted into a community center for residents and visitors;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley, Arizona, that:

1. The Town Manager is authorized to take such steps as are necessary to acquire the El Conquistador Country Club, Golf and Tennis facilities located at 10555 North La Canada Drive, the golf course located at 10700 North La Canada Drive and 10000 North Oracle Road.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona, this 17th day of December, 2014.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director



Town Council Regular Session

Item # 2.

Meeting Date: 12/17/2014

Requested by: Stacey Lemos

Submitted By: Stacey Lemos, Finance

Department: Finance

Information

SUBJECT:

PUBLIC HEARING: ORDINANCE NO. (O)14-17, AMENDING THE TAX CODE OF THE TOWN OF ORO VALLEY TO INCREASE THE LOCAL TRANSACTION PRIVILEGE TAX (TPT) RATE FROM 2% TO 2.5% IN VARIOUS CATEGORIES

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

At the December 3, 2014, regular Town Council meeting, staff presented an opportunity for the Town to acquire the Hilton El Conquistador Country Club, golf courses and tennis facilities from HSL Properties, the anticipated buyer of the Hilton El Conquistador Resort and Hotel. If purchased, it is expected that the operation of these facilities will generate revenues to cover a portion of the annual operating expenses; however, an additional revenue source is necessary to subsidize the operating costs and fund the capital needs of the facility over time.

It is estimated that the facility operations will result in an estimated operating deficit of approximately \$1.2 million in the first year; however, it is anticipated that this deficit lowers each year and turns positive by FY 2018/19 as a result of increased capital investment and marketing of the facility, and quality management aimed at improving the user experience. Capital investment needs at the facility total about \$5.5 million over the next five fiscal years and address accessibility and life safety improvements at the facility, replacement of aging equipment and golf course upgrades.

To fund these needs, staff proposes an additional revenue source in the form of a 0.5% transaction privilege tax (TPT) increase, raising our current TPT tax rate from 2% to 2.5% to generate approximately \$2.0 million annually in additional revenues to be dedicated to funding the operating subsidy and capital costs of this facility over time.

Should the Town Council approve the ordinance to amend the tax code as presented, the Town is required to provide this information to the Arizona Department of Revenue and the Municipal Tax Code Commission within 10 days. The Arizona Department of Revenue requires an additional 60 days to notify the businesses in Oro Valley and update their monthly tax forms with the new tax rate. Therefore, the effective date of the tax rate increase from 2% to 2.5% would be March 1, 2015.

BACKGROUND OR DETAILED INFORMATION:

At the December 3, 2014, regular Town Council meeting, staff presented an opportunity for the Town to acquire the Hilton El Conquistador Country Club and Golf Courses from HSL Properties, the anticipated buyer of the Hilton El Conquistador Resort and Hotel. The Country Club facility provides the following uses: 31 tennis courts, restaurant/café/banquet facilities, a fitness center, 2 swimming pools, and 45 holes of golf. The proposed acquisition cost of the Country Club facility and related golf courses is \$1 million to be paid in cash over the next three fiscal years.

During the presentation, staff indicated that the Town would work with a management company, Troon Golf, to manage the golf courses, a portion of the tennis facilities and the food and beverage operations. Troon would hire their own employees to operate this segment of the operations. HSL Properties, working closely with Town staff, is currently in contract negotiations with Troon for these areas. Should the Town purchase the designated property, the oversight of this management contract would be assigned to the Town of Oro Valley from HSL Properties.

In addition, the fitness center space, swimming pools and 15 tennis courts located at the Country Club site on La Canada Drive would be converted into a Town Community and Recreation Center to be managed and operated by Oro Valley Parks and Recreation employees.

Estimated revenue and expense projections, along with 5-year capital improvement plans, were prepared for both management scenarios. The table below depicts the estimated revenues, expenses and related operating deficits for the first full year of operations of the facility:

	Community & Rec Center (Operated by Oro Valley Parks & Recreation)	Golf and Food & Beverage Operations (Operated by Troon)	Totals
Estimated Revenues	\$ 1,025,000	\$ 4,400,000	\$ 5,425,000
Estimated Expenses	<\$ 1,050,000>	<\$ 5,600,000>	<\$ 6,650,000>
Estimated Loss	<\$ 25,000>	<\$ 1,200,000>	<\$ 1,225,000>

Capital investment needs at the facility total approximately \$5.5 million over the next five (5) years and address accessibility and life saving improvements, replacement of aging equipment and golf course upgrades.

Critical to the purchase of the facilities is the approval of a dedicated additional revenue source to fund the operating subsidy and the capital needs of the facility over time. To fund these needs, a 0.5% increase to the Town's current TPT tax rate of 2% is proposed. It is estimated that this TPT rate increase will generate approximately \$2.0 million annually. These revenues could also be used to pay bond debt service should the Town desire to issue debt in order to complete some of the capital projects on an accelerated pace.

FISCAL IMPACT:

Approval of Ordinance No. (O)14-17, increasing the TPT tax rate from 2% to 2.5% would generate approximately \$2.0 million in additional revenues annually. These revenues would be specifically dedicated to funding the operating subsidy and capital needs of the Community and Recreation Center and golf and tennis facilities. It is assumed that this additional revenue would be generated by both Town residents and non-residents who shop within the Town. Based on the estimate that approximately 2/3 of our local tax revenues are generated by Town residents, it is estimated that approximately \$1.3 million of the total increase would be paid by Town residents. This additional tax equates to approximately \$2.60

per person, per month based on the Town's estimated population of 42,000 residents.

SUGGESTED MOTION:

I MOVE to approve Ordinance No. (O)14-17, amending the Tax Code of the Town of Oro Valley to increase the local transaction privilege tax (TPT) rate from 2% to 2.5% in the various categories outlined in the Ordinance in Exhibit "A".

or

I MOVE...

Attachments

O14-17 Amending Tax Code - Increase TPT

ORDINANCE NO. (O)14-17

AN ORDINANCE OF THE TOWN OF ORO VALLEY, ARIZONA, AMENDING THE TAX CODE OF THE TOWN OF ORO VALLEY TO INCREASE THE LOCAL TRANSACTION PRIVILEGE TAX (TPT) RATE FROM 2% TO 2.5% IN VARIOUS CATEGORIES AND REPEALING ALL RESOLUTIONS, AND RULES OF THE TOWN OF ORO VALLEY IN CONFLICT THEREWITH; PRESERVING THE RIGHTS AND DUTIES THAT HAVE ALREADY MATURED AND PROCEEDINGS THAT HAVE ALREADY BEGUN THEREUNDER

WHEREAS, all Arizona cities and towns have the authority to levy taxes under ARS § 9-240(B)(26); and

WHEREAS, the Town has adopted the Model City Tax Code (“Code”) pursuant to Arizona law and incorporated the model language into the Tax Code of the Town of Oro Valley; and

WHEREAS, amendments to the Code are required to be made in accordance with ARS § 42-6054; and

WHEREAS, on December 3, 2014, staff presented to Town Council the opportunity to acquire the El Conquistador Country Club, golf and tennis facilities (“facilities”) from HSL Properties and turn them into a community center and use the property for municipal purposes; and

WHEREAS, if the El Conquistador Country Club, golf and tennis facilities are purchased, it is expected that the operation of these facilities will generate revenues to cover a portion of the annual operating expenses; however, an additional revenue source is necessary to subsidize the operating costs and fund the capital needs of the facility over time; and

WHEREAS, to fund the needs of the facilities, the Town proposes an additional revenue source in the form of .50% transaction privilege tax (TPT) increase, raising our current TPT from 2.0% to 2.5% to generate approximately \$1.6 - \$2.0 million annually in additional revenues; and

WHEREAS, it is in the best interest of the Town that Council amend the tax code to increase the local transaction privilege tax (TPT) rate from 2% to 2.5% in various categories with an effective date of March 1, 2015.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA:

SECTION 1.: Sections 8A-405; 410; 425; 427; 430; 435; 444; 450; 455; 460; and 475 of the Tax Code of the Town of Oro Valley, attached hereto as Exhibit A and incorporated by reference, is amended to increase the local transaction privilege tax (TPT) rate from 2% to 2.5%.

SECTION 2. Council hereby directs that the revenue resulting from this amendment to the Tax Code of the Town of Oro Valley shall be used to meet the needs of the operations of the El Conquistador Country Club, golf and tennis facilities as a community center.

SECTION 3. All Oro Valley Ordinances, Resolutions, or Motions and parts of Ordinances, Resolutions, or Motions of the Council in conflict with the provisions of this Ordinance are hereby repealed.

SECTION 4. If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of these amendments to the tax code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. This Ordinance shall not be effective until March 1, 2015, so that the Arizona Department of Revenue will have time to process and implement the terms of this ordinance.

PASSED AND ADOPTED by the Mayor and Council of the Town of Oro Valley, Arizona, this 17th day of December, 2014.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT "A"

**AMENDMENTS TO THE
TAX CODE OF THE TOWN OF ORO VALLEY**

Section 1. Section 8A-4 of the Tax Code of the Town of Oro Valley is amended to read:

8A-405 Advertising

a. The tax rate shall be at an amount equal to two AND A HALF percent (2.5%) of the gross income from the business activity upon every person engaging or continuing in the business of local advertising by billboards, direct mail, radio, television, or by any other means. However, commission and fees retained by an advertising agency shall not be includable in gross income from local advertising. All delivery or disseminating of information directly to the public or any portion thereof for a consideration shall be considered local advertising, except the following:

...

8A-410 Amusements, Exhibitions, and Similar Activities

a. The tax rate shall be at an amount equal to two AND A HALF percent (2.5%) of the gross income from the business activity upon every person engaging or continuing in the business of providing amusement that begins in the Town or takes place entirely within the Town, which includes the following type or nature of businesses:

...

8A-425 Job Printing

a. The tax rate shall be at an amount equal to two AND A HALF percent (2.5%) of the gross income from the business activity upon every person engaging or continuing in the business of job printing, which includes engraving of printing plates, embossing, copying, micrographics, and photo reproduction.

...

8A-427 Manufactured Buildings

a. The tax rate shall be at an amount equal to two AND A HALF percent (2.5%) of the gross income, including site preparation, moving to the site, and/or set-up, upon every person engaging or continuing in the business activity of selling manufactured buildings within the Town. Such business activity is deemed to occur at the business location of the seller where the purchaser first entered into the

...

8A-430 Timbering and Other Extraction

a. The tax rate shall be at an amount equal to two AND A HALF percent (2.5%) of the gross income from the business activity upon every person engaging or continuing in the following businesses:

...

8A-435 Publishing and Periodicals Distribution

a. The tax rate shall be at an amount equal to two AND A HALF percent (2.5%) of the gross income from the business activity upon every person engaging or continuing in the business activity of:

...

8A-444 Hotels

The tax rate shall be at an amount equal to two AND A HALF percent (2.5%) of the gross income from the business activity upon every person engaging or continuing in the business of operating a hotel charging for lodging and/or lodging space furnished to any:

...

8A-450 Rental, Leasing, and Licensing for Use of Tangible Personal Property

...

a. The tax rate shall be at an amount equal to two AND A HALF percent (2.5%) of the gross income from the business activity upon every person engaging or continuing in the business of leasing, licensing for use, or renting tangible personal property for a consideration, including that which is semi-permanently or permanently installed within the Town as provided by regulation in Article 8A-7.

...

8A-455 Restaurants and Bars

a. The tax rate shall be at an amount equal to two AND A HALF percent (2.5%) of the gross income from the business activity upon every person engaging or continuing in the business of preparing or serving food or beverage in a bar, cocktail lounge, restaurant, or similar establishment where articles of food or drink are prepared or served for consumption on or off the premises, including also the activity of catering. Cover charges and minimum charges must be included in the gross income of this business activity.

...

8A-460 Retail Sales: Measure of Tax; Burden of Proof; Exclusions

a. The tax rate shall be at an amount equal to two AND A HALF percent (2%) of the gross income from the business activity upon every person engaging or continuing in the business of selling tangible personal property at retail.

...

8A-475 Transporting for Hire

The tax rate shall be at an amount equal to two AND A HALF percent (2.5%) of the gross income from the business activity upon every person engaging or continuing in the business of providing the following forms of transportation for hire from this Town to another point within the State:



Town Council Regular Session

Item # 3.

Meeting Date: 12/17/2014
Submitted By: Julie Bower, Town Clerk's Office
Department: Town Clerk's Office

Information

SUBJECT:

DISCUSSION AND POSSIBLE ACTION TO INITIATE THE 60-DAY PUBLIC NOTICE PROCESS FOR A FUTURE DISCUSSION REGARDING NEW AND INCREASED RECREATION FEES

RECOMMENDATION:

N/A

EXECUTIVE SUMMARY:

N/A

BACKGROUND OR DETAILED INFORMATION:

Pursuant to A.R.S. 9-499.15, the Town must post a public notice on its website at least 60 days prior to the date any proposed new or increased fee or tax is scheduled to be discussed and approved or disapproved at a meeting of the Town Council.

The only issue to be discussed at tonight's meeting is whether or not to initiate the 60-day public notice process to allow Council to have a future discussion about new and increased recreation fees. The statute does not allow discussion regarding new and increased recreation fees at tonight's meeting. The first regular Council meeting after the 60-day period is February 18, 2015.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to (initiate or not initiate) the 60-day public notice process to discuss new and increased recreation fees at the regular Council meeting on March 18, 2015.
