

A Special Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, October 25, 2011 at 3:00 P.M. at Clark Memorial Clubhouse, Men's Lounge, 19 N. Ninth Street, Clarkdale, Arizona.

**CALL TO ORDER - Meeting was called to order at 3:00 PM by Mayor Von Gausig.**

Town Council:

Mayor Doug Von Gausig	Councilmember Patricia Williams - absent
Vice Mayor Richard Dehnert	Councilmember Curtiss Bohall
	Councilmember Bill Regner

Town Staff:

Town Manager Gayle Mabery  
Utilities Director Wayne Debrosky  
Human Resources/Community Services Director Janet Perry  
Town Clerk/Finance Director Kathy Bainbridge  
Administrative Assistant Mary Ellen Dunn

**PUBLIC COMMENT** – The Town Council invites the public to provide comments at this time. Members of the Council may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. §38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. Persons interested in making a comment on a specific agenda item are asked to complete a brief form and submit it to the Town Clerk during the meeting. Each speaker is asked to limit their comments to five minutes.

**There was no public comment.**

**CONSENT AGENDA** - The consent agenda portion of the agenda is a means of expediting routine matters that must be acted on by the Council. All items are approved with one motion. Any items may be removed for discussion at the request of any Council Member.

- A. **Reports** - Approval of written Reports from Town Departments and Other Agencies
  - Building Permit Report – September, 2011
  - Capital Improvements Report – September, 2011
  - Magistrate Court Report – September, 2011
  - Water and Wastewater Report – September, 2011
  - Clarkdale Fire District Report and Mutual Aid Responses Report – September, 2011
- C. **Call Of Election** – Approval of a Call of Election for a March 13, 2012, Primary Election for Mayor, two Councilmembers and a Proposition for the Town of Clarkdale 2012 General Plan along with a General Election to be held on May 15, 2012.
- D. **A Resolution of the Clarkdale Town Council to recognize 2011 Cities & Towns Week around the State of Arizona** – approval of Resolution #1382, a resolution to recognize 2011 Cities & Towns Week around the State of Arizona.

**Councilmember Regner pulled Item B.**

**Vice Mayor Dehnert moved to accept Consent Agenda items A, C, and D as presented. Motion seconded by Councilmember Bohall. Motion approved unanimously.**

- B. Proposal for Professional Services to Design the Twin 5s Waterline Replacement Project** – Approval of proposal from Shephard Wesnitzer, Inc. to design the water system infrastructure to replace the Twin 5s water mains located in the Town of Clarkdale.

The above referenced water system improvements would include the replacement of aging above-ground waterlines located in the Town of Clarkdale with approximately 12,350 feet of new 12-inch and 8-inch C-900 PVC water mains, fire hydrants, and provide new customer service connections from the new mains to the water meters. The new water mains would be tied into the existing 12- inch main located on Black Hills Drive on the south end, and the existing 12-inch cast iron water main at Deception Wash at the northern end. These improvements would reduce service outages, reduce water loss through system leaks, improve system pressures and resolve volume issues, and improve fire protection for system service areas along Minerich Road and the north end of Old Jerome Highway.

The work included in this proposal would be to provide engineering services in the design and preparation of engineering plans, drawings, contract documents, bid documents, regulatory submittals required to obtain the Approval To Construct from Yavapai County, preparation of necessary public utility easement descriptions, and the coordination of stakeholder meetings.

The engineering services for the design of this project would be paid for out of bond monies set aside for capital improvement projects during the purchase of the water system. As of September 30, 2011 the balance in this fund was \$936,676.00. Deducting the remaining costs for the Broadway Water Line Project which are \$466,476.00, we would have a balance of \$470,200.00 for future water system related capital improvement projects.

The total projected cost for the design of the Twin 5s Waterline Replacement Project is \$125,055.00. We currently have a WIFA Grant of \$35,000.00 to apply towards the Twin 5s design project leaving a total of \$90,055.00 to come out of the Capital Improvement Fund. The WIFA design grant is due to expire on December 31, 2011.

Town Manager Mabery explained that this agenda item is actually the engineering phase of the project to design and replace the Twin 5s (twin 5-inch water mains that run across the foothills in Clarkdale from Haskell Springs water tank to the 89A water tank). Since the purchase of the water company in 2006, the Twin 5s has been at the top of the list of infrastructure projects. The last construction estimate was approximately \$3.5 million. Although the Town has applied for federal monies, none have been received to date, however the project must move forward. The engineering for the project are moving ahead in order to be more prepared if and when funds become available. Application for funds for the engineering phase of the project has been made through the Water Infrastructure Finance Authority and the \$35,000 grant was received. That grant expires

at the end of the year. The Town wishes to move forward with the design using that grant money with the rest of the funds coming from system improvement monies and the water company funds. Further upgrades to the water system will include the need for raising construction funds in the foreseeable future; however that portion of the project can wait without risk of changes in technology.

Utilities Director Debrosky explained that approximately 60% of the current line is above ground, so security becomes an issue as well.

**Councilmember Regner moved to approve the Proposal for Professional Engineering Services between Shephard Wesnitzer, Inc. and the Town of Clarkdale for the amount of \$125,055.00 for the Twin 5s Waterline Replacement Project. Councilmember Bohall seconded the motion. Motion approved unanimously.**

### **NEW BUSINESS**

**PUBLIC HEARING REGARDING WASTEWATER USER RATE FEE INCREASE** – A hearing to gather comments from the public in order to officially consider the wastewater rate increase before Council on November 8, 2011 for discussion and consideration as required by A.R.S. 9-511.01.

The new wastewater treatment plant (WWTP) replaces an existing aerated lagoon treatment process that was built in the 1920s and updated first in 1978 and again in 2005. The Town currently discharges a Class B effluent to a land application site leased from Clarkdale Metals Corporation (CMC). The existing facility is permitted for a maximum flow of 250,000 gallons per day.

The new WWTP will be permitted for a maximum daily flow of 350,000 gallons per day and produces a Class A+ effluent. Class A+ effluent will give the Town additional disposal options that are not currently available with a Class B effluent. The new WWTP will also prevent the discharge of treated and untreated wastewater to the Verde River during storm events because the flow through the new WWTP processes are contained in elevated tanks and not the current lagoon system.

Resolution # 1367, adopted August 16, 2011 authorized application for funding from the Water Infrastructure Finance Authority of Arizona (WIFA) for the design and construction of a new Wastewater Treatment Plant (WWTP). The amount to be financed from WIFA would be \$5,500,000.00 which will represent an estimated rate increase of approximately \$25.00 over a five (5) year period to cover the additional debt.

Upon review of the WIFA application, WIFA informed the Town that our initial obligation would be to cover the interest debt service in July 2012 of \$165,000 and principal and interest debt service in July 2013 of \$369,000. The town currently has \$800,000 remaining from prior required Highlands development fees. Originally, thoughts were to use these funds first in an effort to reduce the total WIFA borrowing.

WIFA has agreed to allow the Town to supplement an annual rate increase in order to accumulate the required debt service funds. By using the \$800,000 as supplemental funds, the Town would be able to institute \$5.00 annual rate increases. Once the actual loan is established upon completion of the plant and actual interest is determined, the debt service will then be computed based upon actual figures that satisfy the final loan covenant requirements and rates will be formally adopted. In order to accumulate

Effective Date	Rate Increase	Annual Collection	Collections By July	Debt Service \$5.5 Million @ 22yr	Year	Supplement Required	Supplement Balance
December 1, 2011	\$5.00	\$60,600.00	\$30,300.00	2012	2012	\$111,700.00	\$688,300.00
December 1, 2012	\$5.00	\$121,200.00	\$90,900.00	2013	2013	\$255,100.00	\$433,200.00
December 1, 2013	\$5.00	\$181,800.00	\$151,500.00	2014	2014	\$194,500.00	\$238,700.00
December 1, 2014	\$5.00	\$242,400.00	\$212,100.00	2015	2015	\$133,900.00	\$104,800.00
December 1, 2015	\$5.00	\$303,000.00	\$272,700.00	2016	2016	\$73,300.00	\$31,500.00

the funds needed for payment of those obligations using this option, the following rates would be established:

WIFA will also allow the Town, as part of this option, to adopt a rate increase on December 8, 2011 along with authorizing the future adoption of rates that will satisfy the final loan covenant requirements based upon the above outlined plan.

The debt service scenario is based upon the Town borrowing the full \$5.5 million immediately and having to make an initial interest only payment of \$165,000 and first principal/interest payment of \$369,000 based upon that. In reality, the Town will not take the entire \$5.5 million immediately, as it will take time to complete the plant so the actual interest payment will be significantly less. WIFA has also calculated these rates based upon a 4% interest rate, which in reality will be in the 3% range instead, and are based upon a 22 year loan commitment in order to be able to reduce the initial required payments. The Town also does not plan on using the entire \$5.5 million requested, and once the plant is completed debt service will be computed based upon actual figures that satisfy the final loan covenant requirements. The required initial full payments will be taken into consideration when establishing the final debt service schedule. Once the loan passes the ten year mark, it may be paid off early. Future councils could decide to shorten the length of the loan based upon actual revenues at that time. If a future council should want to shorten the length of the loan prior to the ten year mark, they would need to get permission from WIFA.

The Notice of Intent to Set Wastewater Rates adopted September 13, 2011 scheduled this required public hearing in order to officially consider the wastewater rate increase before Council for discussion and consideration as required by A.R.S. 9-511.01.

A.R.S. 9-511.01 governs the process to set rates:

September 13, 2011	Council Adopts Notice of Intent to Set Wastewater Rates.
September 14, 2011	File report with data supporting the increase of rates with Town Clerk at least 30 days prior to the Public Hearing.
October 2, 2011	Public Hearing Notice published in newspaper. (Not less than 20 days prior to the public hearing.)
October 25, 2011	Hold Public Hearing (Not less than 30 days after adoption of Notice of Intent.)
November 8, 2011	Consider Adoption of Rates by Resolution.
December 8, 2011	Rates become effective. (30 days after the adoption of the Resolution or upon specific future date)

Utilities Director Debrosky provided a staff report update: Water rate increase necessary to fund portion of the new wastewater treatment plant infrastructure. Staff has worked with WIFA to satisfy requirements and provide best funding options to users.

Mayor Von Gausig noted that the estimated increases are \$5 per year for 5 years for a maximum of \$25 increase over that time. The increase is not anticipated to go that high.

Town Manager Mabery stated that the WIFA loan is for \$5.5 million which we believe is in excess of what will be needed. The belief that the rate increases would not need to be fully implemented led to the staggering of the rate increases.

Mayor Von Gausig noted that it was important for the public to understand that the initial capacity will be 350,000 gallons per day which is 100,000 more per day than our current capacity. The quality of this effluent will be A+. Once we begin recharging that A+ effluent 1) our future ground water demands will be reduced, 2) the Verde River flows will be enhanced; and 3) even if we spend the full amount allocated for this project, we would have spent \$6.3 million for a plant that produces 350,000 of grade A+ effluent. It is expected that the amount spent will only reach approximately \$4.5 million.

Mayor Von Gausig opened up to public discussion.

**There was no public comment.**

**FISCAL YEAR 2011-2012 BUDGET UPDATE** – A worksession to discuss the first quarter of the 2011-2012 FY budget.

This budget update is designed to provide the Town Council with an overview of the current budget position, discuss current budget and revenue projections, and talk about key areas in the Town's short term economic outlook.

Finance Director Bainbridge presented the first quarter budget comparison to the Council.

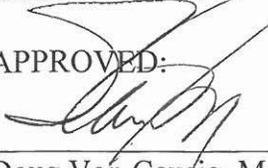
Fund	Expenses	% Budget	Revenues	% Budget
Streets	\$ 66,670.10	9.20%	\$ 76,540.17	10.57%
Wastewater	\$ 72,254.52	21.98%	\$ 74,670.17	22.72%
Sanitation	\$ 44,431.40	16.13%	\$ 70,059.81	25.43%
Water	\$ 272,706.50	19.76%	\$ 363,084.56	26.31%
Cemetery	\$ 13,785.75	34.34%	\$ 16,373.91	40.79%
General	\$ 600,894.42	21.78%	\$ 513,259.54	18.60%

**This was a discussion only. No action was required.**

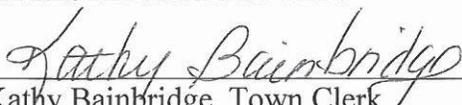
**FUTURE AGENDA ITEMS** - Listing of items to be placed on a future council agenda. There will be no special council meeting November 22<sup>nd</sup> and will be rescheduled to the 5<sup>th</sup> Tuesday of November, November 29<sup>th</sup>. The goal for December meetings is to have only one meeting.

**ADJOURNMENT** Without opposition, the Council adjourned the Special Session at 3:48 P.M.

APPROVED:

  
\_\_\_\_\_  
Doug Von Gausig, Mayor

ATTESTED/SUBMITTED:

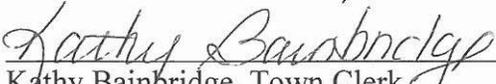
  
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Kathy Bainbridge, Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Town Council of the Town of Clarkdale, Arizona held on the 25<sup>th</sup> day of October, 2011. I further certify that meeting was duly called and held and that a quorum was present.

Dated this 16 day of November, 2011

SEAL

  
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Kathy Bainbridge, Town Clerk