

**Minutes of a Regular Session of the Common Council of the Town of Clarkdale
Held on Tuesday, November 13, 2012**

A Regular Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, November 13, 2012, at 6:00 P.M. in the Men's Lounge of the Clark Memorial Clubhouse, 19 N. Ninth Street, Clarkdale, Arizona.

CALL TO ORDER – Meeting was called to order at 6:00 P.M. by Vice Mayor Dehnert.

Town Council:

Mayor Doug Von Gausig (absent)
Vice Mayor Richard Dehnert
Councilmember Rennie Radoccia

Councilmember Bill Regner (by telephone)
Councilmember Curtiss Bohall

Town Staff:

Town Manager Gayle Mabery
Town Clerk/Financial Director Kathy Bainbridge
Community Development Economic Director Jodie Filardo
Community Services/Human Resources Director Janet Perry
Police Chief Randy Taylor
Fire Chief Joe Moore
Deputy Clerk 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.

Fire Chief Joe Moore – gave thanks to the Town for assisting in the Memorial Service held in the Park on November 3rd for Steve Burroughs. Gave special thanks to Guss Espolt for providing the video of the event.

REPORTS

Current Events – A brief summary of current events. The Council will not propose, discuss, deliberate or take legal action on any matter in the summary.

Mayor's Report – no report.

Vice-Mayor's Report – This evening Vice Mayor and other Town council and staff were in attendance at open house at Yavapai College;

Focus Future II is about to wrap up.

Councilmember Bohall's Report – attended Memorial Service for Steve Burroughs.

Councilmember Radoccia's Report – attended Yavapai College French Flair event in the new Pavilion;

Attended the monthly Verde Valley Land Preservation Group meeting.

Councilmember Regner's Report – attended the Memorial Service for Steve Burroughs;

Attended the Yavapai College French Flair event.

Town Manager's Report – Reminders: November 27th is the decorating day for gazebo and lights on Main Street, fire truck for parade; December 1st is the Cottonwood Christmas parade and Santa is coming to Clarkdale; December 7th is the Made in Clarkdale opening night; December 14th is caroling in the park; December 15th is the Historical Building Tour and the Time Capsule dedication.

Organizational Reports – Reports regarding regional organizations.

CAT/ VVTPO – Cottonwood Area Transit and the Verde Valley Transportation Planning Organization & other transportation affiliations. Councilmember Bohall - VVTPO: – no report; CAT: No official meetings yet – ridership is up throughout the system; planning on more and bigger buses.

NACOG - Northern Arizona Council of Governments. Vice Mayor Dehnert attended regional council meeting in October. Executive Director Chris Spencer talked to council about NACOG's revolving loan fund and discussion of how to proceed with this program. Terry Drew gave update regarding extending broadband coverage in rural Arizona. Verde Valley area would remain as a 'stand-alone' in the planning process due to the diligent work of the community.

NAMWUA - Northern Arizona Municipal Water Users Association. Councilmember Radoccia stated the last regular meeting was on October 19th in Flagstaff. The letter written by the Town to the CAP was briefly discussed. Discussion followed regarding funding for re-allocated water in the State of Arizona in the future up to 200 years from now. The issue of providing water to Arizona to meet its growing needs included possible funding mechanisms as \$1.5 billion needs to be raised. NAMWUA was in support of process moving forward. On November 30th there is a Legislative Day and topic will be discussed then. (Councilmember Radoccia will be representing Clarkdale at that meeting.

VRBP – Verde River Basin Partnership. No report.

WAC - Yavapai County Water Advisory Committee. No report.

VVREO – Verde Valley Regional Economic Organization. Councilmember Regner – Guests Keith Watkins and Ben Bronson of the Arizona Commerce Authority made a presentation to the board on ACA's mission and programs at the November 2, 2012 meeting.

YCL – A report from the Yavapai College Liaison. Councilmember Regner – November 13, 2012 was the grand opening event of the Verde Valley Yavapai College campus that included five campus buildings and classrooms with the latest technology and incorporated “green building” elements.

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. **Approval of Minutes of the Common Council** - Approval of the minutes of the Regular Meeting held October 9, 2012 and Special Sessions held October 23, 2012 .
- B. **Claims** - List of specific expenditures made by the Town during the previous month. October, 2012 check log and PPE dated 10/8, 10/11 & 10/22/2012.
- C. **Board and Commission Minutes** – Acknowledgement of receipt of minutes and draft minutes of the previous month’s Board and Commission Meetings.
Board of Adjustments – Notice of Cancellation of meeting October 24, 2012
Design Review Board minutes of the meeting held October 3, 2012; Notice of Cancellation of Meeting November 7, 2012
Planning Commission minutes of the meeting held October 16, 2012
- D. **Amendments to the 2012 Holiday Schedule** – Approval of an adjustment to the approved holiday schedule for 2012, by removing the holiday on November 23rd and replacing it with a holiday on December 24th.

Councilmember Radoccia moved to accept the Consent Agenda Items A – D as presented. Councilmember Bohall seconded the motion. The motion was approved unanimously.

NEW BUSINESS

PUBLIC HEARING REGARDING A WASTEWATER RATE INCREASE –A public hearing to gather information regarding increasing wastewater rates for the Wastewater Treatment Plant construction.

At Council’s direction, the Town Staff requested funding from WIFA for a new wastewater treatment plant and to work with SEC to complete the design of the new WWTP. Felix Construction was selected as the prime contractor for this project and is working for the Town of Clarkdale under a JOC with Peoria.

WIFA is an independent agency of the State of Arizona and is authorized to finance the construction, rehabilitation, and/or improvement of drinking water and wastewater. On July 26, 2011 the Town Council approved debt authorization for the new WWTP in the amount of \$5,500,000 during a Special Council Meeting.

The Clean Waters funding application for the WWTP Project was submitted to WIFA on August 18, 2011. WIFA approved the Clean Waters funding application for \$5,500,000.00 at their September 18, 2011 WIFA Board Meeting and the first draw on the WIFA loan was submitted to WIFA on January 5,

2012. The amount to be financed from WIFA would be \$5,500,000.00 which will represent a rate increase of approximately \$25.00 over a five (5) year period to cover the additional debt.

There was a Public Hearing on the initial wastewater rate increase at the October 25, 2011 Council Meeting. Council approved that wastewater rate(s) increase at the November 8, 2011 Council Meeting with the first new wastewater rate increase of \$5.00 going into effect with the January 2012 Utilities billing. There are up to four (4) additional wastewater rate increases of \$5.00 each slated to go into effect over the next four years. The final sewer rate increase of \$5.00 may not be necessary depending on the actual amount of money financed through WIFA. After the construction is finished, the Town will be reviewing the need for that final rate increase based on the actual amount of money financed through WIFA.

The Notice of Intent to Impose or Increase Fees or Taxes, as required by A.R.S. 9-499.15, was posted on September 8, 2012 in order to comply with providing notice at least sixty days prior to the date the proposed new or increased fee or tax is scheduled to be approved or disapproved at a meeting of the Clarkdale Town Council.

The Notice of Intent to Set Wastewater Rates will satisfy WIFAs initial requirements concerning commitment by the Town of Clarkdale to the repayment of the Clean Waters Loan that the Town has to fund the design and construction of this new WWTP.

The Notice of Intent to Set Wastewater Rates schedules the 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.

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| September 8, 20-12 | Post Notice of Intent to Impose or Increase Fees or Taxes
(60 days prior to action by Council) |
| October 9, 2012 | Council Adopts Notice of Intent to Set Wastewater Rates at a Regular Council meeting. |
| October 9, 2012 | File report with data supporting the increase of rates with Town Clerk at least 30 days prior to the Public Hearing. |
| October 14, 2012 | Public Hearing Notice published in newspaper.
(Not less than 20 days prior to the public hearing.) |
| November 13, 2012 | Hold Public Hearing & Consider Adoption of Rates by Resolution.
(Not less than 30 days after adoption of Notice of Intent.) |
| December 13, 2012 | Rates become effective. (30 days after the adoption of the Resolution or upon specific future date) |

Finance Director Bainbridge presented background information on this agenda item. The public hearings need to be completed each year as part of the legal process. Vice Mayor Dehnert opened to public comment. There was no public comment and the Vice Mayor closed public comment.

Public Hearing only, no action necessary.

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CLARKDALE, ARIZONA AMENDING RESOLUTION #1416, SETTING FEES FOR THE TOWN OF CLARKDALE BY INCREASING WASTEWATER UTILITY RATES - Discussion and consideration of Resolution #1417, a resolution increasing the wastewater rates for the construction of a Wastewater Treatment Plant in the Town Fee Schedule.

Pursuant to A.R.S. 9-499.15, The Town of Clarkdale has posted notice at least sixty days prior to this meeting, the proposed new or increased fees scheduled to be approved or disapproved at a meeting of the Clarkdale Town Council on the Town of Clarkdale website.

On September 8, 2012, the Notice of Intent to Set Wastewater Rates and the report with the data supporting the increased rate was submitted to the Town Clerk as required by A.R.S. 9-511.01.

The Notice of Intent to Set Wastewater Rates that scheduled the required public hearing in order to officially consider the new rate as required by A.R.S. 9-511.01 was adopted on October 9, 2012. The Public Hearing Notice was published in the Verde Independent on October 14, 2012, as required, not less than 20 days prior to the public hearing.

PROPOSED AMENDED WASTEWATER USER RATE

	Effective Date	Rate Increase	Total Base Rate
Residential	December 13, 2012	\$5.00 Per Month	\$38.00 Per Month
Commercial	December 13, 2012	\$5.00 Per Month	\$38.00 Per Month Minimum base rate, plus a usage fee of \$2.25 per one thousand gallons of water in excess of 5,000 gallons per month.

Rates become effective 30 days after the adoption of the Resolution.

Councilmember Radoccia asked if the citizens who use the system received notices. Town Manager Mabery explained that newsletter notices have been provided with the bills.

Councilmember Bohall moved to approve Resolution #1417, a Resolution of the Mayor and Common Council of the Town of Clarkdale, Arizona amending Resolution #1416, Setting Fees for the Town of Clarkdale, by increasing wastewater utility rates. Councilmember Radoccia seconded the motion. The motion was approved unanimously.

PERSONNEL POLICY & PROCEDURE MANUAL SUPPLEMENTAL BENEFITS PLAN – Discussion and consideration of Section 7 – Employee Benefits, 7.4 Supplemental Benefits Plan of the Personnel Policy & Procedure Manual.

A.R.S. §38-961 requires any political subdivision or state agency that employs a public safety employee on a full-time basis to have in place a supplemental benefits plan (SBP or “plan”) for public safety employees. A.R.S. §38-961 takes effect on August 2, 2012 and is set for repeal September 30, 2014.

The draft policy attached was a combined effort between Arizona Municipal Risk Retention Pool (AMRRP) and Gene Neil, Town Attorney and will be established as part of the Personnel Policy & Procedure Manual as Section 7 – Employee Benefits, 7.4 Supplemental Benefits Plan.

To become eligible for benefits under the plan, the public safety employee must have been injured in the line of official duty to the extent he or she cannot perform the functions of the position and must be receiving workers' compensation benefits pursuant to A.R.S. §23-1041.

The plan must be structured to provide wage reimbursement and other benefits from the employer to approximate the public safety employee's pre-injury base salary, minus taxes, for up to a six-month period. The employer can choose to extend the supplemental benefits for up to an additional six months for a total of one calendar year. A.R.S. §38-961 is specific as to certain benefits that must be provided under the plan.

Plan components relevant to municipalities under A.R.S. §38-961 include the following:

1. Payment by the Town of the difference in salary (or hourly rate, as applicable) between the employee's base salary pre-injury, less taxes, and the workers' compensation benefit paid to the employee.
2. Continued payment by the Town of the employer's portion of premium for health care benefits as is paid for other similarly enrolled employees. The employee remains responsible for paying the same portion of his/her health care benefits as was paid pre-injury and/or as is paid by similarly enrolled employees.
3. Payment of both the employer and employee contributions to the PSPRS based upon the employee's pre-injury salary.
4. Credit for service in the public safety retirement plan at the same accrual rate as pre-injury.
5. Maintenance of accrued leave balances at pre-injury level, including sick and vacation leave, and/or Paid Time Off ("PTO").
6. No PTO will accrue while a qualified employee is participating in this Supplemental Benefit Plan.

Finance Director Bainbridge presented background information on this agenda item.

Councilmember Bohall moved to approve Section 7 – Employee Benefits, 7.4 Supplemental Benefits Plan of the Personnel Policy & Procedure Manual. Councilmember Radoccia seconded the motion. The motion was approved unanimously.

NOTICE OF INTENT TO CREATE CAPACITY FEES FOR THE WASTEWATER AND WATER SYSTEMS AND WASTEWATER CONNECTION FEES – Discussion and consideration of creating capacity fees for the wastewater and water utilities and creating wastewater connection fees.

At the January 10, 2012 Council meeting, staff was given direction to identify alternative methods for funding the impact of development on Town infrastructure.

In 2007, Clarkdale adopted development impact fees to fund the cost of infrastructure necessary to support new development. As of January 1, 2012, the Town suspended collection of these fees in response to new state legislation, A.R.S. 9-46.05, which creates additional administrative burdens for the

Town regarding the collection and disbursement of impact fees. The new legislation requires development impact fees be directly related to the proportionate impact of the new development.

At the June 12, 2012 meeting, Town Council began discussions regarding adoption of capacity fees for the water and wastewater systems. This action is supported by the strategic goal adopted May 22, 2012 to ensure new development does not create a financial burden on current citizens. The new capacity fees are designed to cover the expense incurred by the Town in providing service to new developments.

The Notice of Intent to Set Water and Wastewater System Capacity Fees scheduled the required public hearing to officially consider the rate increase before Council for discussion and consideration as required by A.R.S. 9-511.01

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| October 18, 2012 | Post Notice of Intent to Impose or Increase Fees or Taxes
(60 days prior to action by Council) |
| November 13, 2012 | Council adopts Notice of Intent to Set Water Rates |
| November 13, 2012 | File report with data supporting the increase of rates with Town Clerk at least 30 days prior to the Public Hearing |
| November 18, 2012 | Public Hearing Notice published in the newspaper.
(Not less than 20 days prior to the public hearing.) |
| December 18, 2012 | Hold Public Hearing & Consider Adoption of Rates by Resolution
(Not less than 30 days after adoption of Notice of Intent) |
| January 28, 2013 | Rates become effective. (30 days after the adoption of the Resolution or upon specific future date) |

Current Fees:

Water:

In 2006 the Town of Clarkdale acquired a portion of the Cottonwood Water Works system lying inside the boundaries of Clarkdale. At that time, new water rates and policies were established by the Town of Clarkdale.

Currently the Town collects 'Type A' fees for connection into the Town's water system based on meter size. In addition, the Town collects 'Type B' fees, also based on meter size. Type B fees are passed on to the former owner of the water system, per the Asset Purchase Agreement dated August 2, 2005 between the City of Cottonwood, City of Cottonwood Municipal Property Corporation, and the Town of Clarkdale. This Agreement established a fee of \$1,500.00 for Six (6) years after the purchase date, expiring February 1, 2013.

Current water fees are based on a study completed by Economists.com, dated July, 2005.

Water System Connection Charges

Water Meter Size	¾" or 5/8"	1"* FIRE	1"	1 ½"	2"	3"	4"	6"	8"
Type "A" Connection Fee	\$ 500	\$ 500	\$ 650	\$ 850	\$ 1,150	\$ 2,685	\$ 3,635	\$ 8,485	\$ 11,485
Type "B" Connection Fee**	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Deposits	\$ 100	\$ 100	\$ 125	\$ 200	\$ 300	\$ 400	\$ 500	\$ 600	\$ 700
Totals	\$ 2,100	\$ 2,100	\$ 2,275	\$ 2,550	\$ 2,950	\$ 4,585	\$ 5,635	\$ 10,585	\$ 13,685
Establishment Fee	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25

Wastewater:

The Wastewater Facilities Connection Fees are \$3,242 for a single-family residence. For every other land use, fees are related to water meter size, type and a calculated capacity ratio. The ratio was determined by the amount of water (gallons per minute) that can flow through the various sized meters.

Calculation Example:

5/8" meter = 30 gallons per minute = Ratio of 1.

1" meter = 50 gallons per minute = Ratio of 1.67 (50 gpm/30 gpm)

Current Wastewater fees are based on a study completed by Economists.com, dated November, 2007.

The current fee schedules for connection to the water and wastewater systems are attached to this report. These fees are collected by the Utilities Department when a new system connection is established.

Impact Fees:

In addition to these fees, Water and Wastewater Impact Fees were assessed to new development. The Water and Wastewater Facilities Impact Fees are related to meter size just like the connection fees.

These fees are collected by the Community Development Department upon issuance of a building permit.

Proposed Fees:

The proposed capacity fees would apply equally to all new customers connecting into the system.

Since both the system connection fees and impact fees are tied to past studies, staff is recommending the new capacity fees be a sum of the existing fees.

Water:

The new Water Capacity Fee is based on the impact fee.

The Water Connection Fees will remain the same.

Wastewater:

The new Wastewater Capacity Fees are calculated combining the old connection fee and the impact fee for the 5/8" meter. Fees for all other size meters were calculated using the 5/8" and the determined ratio for each individual meter size.

Example Calculation:

5/8" meter = Connection Fee (\$3,242.00) + Impact Fee (\$1,785.00) = \$5,027.00

1" meter = \$5,027.00 x Ratio (1.67) = \$8,395.09

The new Wastewater Connection Fee is calculated by deducting the difference between the amount based on adding the old connection fee + the old impact fee, and the actual new calculation using ratios.

1" Meter Example Calculation:

Old Connection Fee (5,403.33) + Impact Fee (\$4,462.00) = \$9,865.33 – New Calculation Ratio:

\$8,395.09 = \$1,470.24 (Rounded to \$1,500.00)

Future Studies:

Staff is recommending a portion of the new capacity fee be earmarked for future studies of the fee structures of both the water and wastewater system.

Legal Ramifications:

The Town Attorney has previously provided an opinion endorsing the legality of collection of a water and wastewater capacity fee. The new fees do not violate the new state regulations regarding development impact fees because they will apply equally to any project connecting into the existing systems.

Other municipalities have either already adopted capacity fees or are looking at this process as an option to fund new development.

Future Steps:

Staff has begun discussions with an outside consultant to guide the Town in deriving new fees for the remaining categories of impact fees: civic facilities, library, park and police. The consultant's recommendation is to pursue a feasibility study related to collecting fees for these categories first, and then to follow up with design of the actual fee structures themselves should the fees make sense when compared with the cost of fee collection and processing.

With the adoption of capacity fees for water and wastewater, staff will be bringing forward a revised Chapter 20 of the Town Code. The new code will include the process for the collection and disbursement of capacity fees as well as previously collected development impact fees.

Staff will continue to explore possibilities for funding those civic facilities, parks, libraries and police department requirements impacted by new development.

Community Development/Economic Director Filardo presented background information on this agenda item.

Vice Mayor Dehnert asked Filardo to define what is meant by capacity fees. Filardo stated that this money would be used to maintain and enhance infrastructure that it is related to. Town Manager Mabery stated that the fees would be for new infrastructure primarily however could be used toward a

capital project as well. Dehnert further asked what assurance we have that the legislature won't then change to disallow using capacity fees for these purposes. Mabery stated that impact fees will go away entirely and that traditionally the capacity fees will replace those, however, there are no guarantees that this won't be changed.

Councilmember Radoccia compared Cottonwood's fee structure to what we're doing in Clarkdale and asked where the ratio of 1.67 came from. Filardo explained that the study performed by economist.com provided the figures. Mabery added that economist.com worked with the Town through the water acquisition and provided a much more extensive study than we've ever had done on the wastewater side of the system. Radoccia noted that the outlay of money was quite large for a family and is against this fee system and asked for explanation of the difference between the Cottonwood wastewater connection fee versus Clarkdale's. Mabery stated that the difference was partially due to the larger tax base Cottonwood has. Many years ago Cottonwood also instituted a 1% sales tax fee that was used to pay for wastewater treatment. The Cottonwood citizens are not paying the true costs of this, the tourists sales tax revenue helps subsidize Cottonwood. He asked if the 1.67 ratio was something that we have to live by or something we have adopted that we must keep. Mabery stated that the ratio was based on professional advice that this was the appropriate amount to value the impact on a system but are not required to use that figure. Mabery stated that the long term costs for continuing to provide these services to the community, this is the best rate that we have. Councilmember Radoccia asked if there was a deadline to get this in place right or would there be time to review further. Mabery stated that the Council gave direction last January to begin moving forward to eliminate the impact fees and to come up with a method to resolve the wastewater side. She further stated there are steps that can be taken rather than these put forth but there is action required to suspend the impact fees. There are no requirements to adopt these fees at this council meeting.

Mabery stated that impact fees were not charged at the time you actually got service on the system. The fee structure that the staff is recommending will only charge people that connect to the system. Connecting to a well or septic cannot be done for less than what the Town proposes for connection fees.

Councilmember Bohall moved to approve the Notice of Intent to Create Wastewater and Water Capacity Fees and Wastewater Connection Fees and declare a Public Hearing on December 18th for further discussion. Councilmember Radoccia seconded the motion.

Councilmember Radoccia stated that he would like to be present for the hearing and discussion however would not be available for the December 18th meeting and asked if it was possible to postpone it.

Councilmember Radoccia withdrew his second and Councilmember Bohall withdrew the motion for amendment.

Councilmember Bohall moved to approve the Notice of Intent to Create Wastewater and Water Capacity Fees and Wastewater Connection Fees with the amendment that Public Hearing be re-scheduled from December 18th to January 8th. Councilmember Radoccia seconded the motion.

The motion was approved unanimously.

FUTURE AGENDA ITEMS - Listing of items to be placed on a future council agenda.

ADJOURNMENT – Vice Mayor Dehnert adjourned the meeting at 7:26 p.m. without objection.

APPROVED:

Richard Dehnert
Richard Dehnert, Vice Mayor

ATTESTED/SUBMITTED:

Kathy Bainbridge
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 13th day of November, 2012. I further certify that meeting was duly called and held and that a quorum was present.

Dated this 18 day of December, 2012.

SEAL

Kathy Bainbridge
Kathy Bainbridge, Town Clerk