

**Minutes of a Special Session of the Common Council of the Town of Clarkdale
Held on Tuesday, April 23, 2013**

A Special Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, April 23, 2013, at 3:00 p.m. in the Clark Memorial Clubhouse, Men’s Lounge, 19 N. Ninth Street, Clarkdale, Arizona.

CALL TO ORDER – Meeting was called to order at 3:02 P.M. by Mayor Von Gausig.

Town Council:

Mayor Doug Von Gausig
Vice Mayor Richard Dehnert

Councilmember Reynold Radoccia
Councilmember Curtiss Bohall
Councilmember Bill Regner (absent)

Town Staff:

Town Manager Gayle Mabery
Town Clerk Kathy Bainbridge
Community Development/Economic Director Jodie Filardo
Community Services/Human Resources Director Janet Perry
Utilities/Public Works Director Wayne Debrosky
Police Chief Randy Taylor
Deputy Clerk Mary Ellen Dunn

Others:

Jonathan Millet, Town Attorney

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.

It was noted for the record that Councilmember Regner is not present.

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

- Capital Improvements Report – March, 2013
- Magistrate Court Report – March, 2013
- Clarkdale Fire District Report and Mutual Aid Responses Report – March, 2013
- Police Department Report – March, 2013
- NAIPTA Transit Report – March, 2013

B. Proclamation Declaring May 1 through May 7, 2013 as Elks National Youth Week in Clarkdale, Arizona – Approval of a Proclamation declaring May 1 through May 7, 2013 as Elks National Youth Week as designated by the Benevolent and Protective Order of Elks, Jerome Elks Lodge # 1361.

Councilmember Radoccia moved to accept Consent Agenda items A and B as presented. Vice Mayor Dehnert seconded the motion. The motion was approved unanimously.

NEW BUSINESS

FISCAL YEAR 2013-2014 PRELIMINARY BUDGET WORKSESSION– A work session with the Council regarding the Preliminary Budget for FY 2013-2014.

A Power Point presentation of the 2013-2014 Fiscal Year Preliminary Budget will show the combination of projected expense and revenue reductions/increases throughout the operational funds of the General Fund, HURF (Streets) Fund, Sewer Fund, Sanitation Fund, Water Fund, Cemetery Fund, and Capital Improvement Fund. These projections will be fine-tuned as we continue to receive additional information over the next two months.

Several dates should be kept in mind during the budgeting process. State law requires that, on or before the third Monday of July of each fiscal year, the Town Council must adopt a preliminary budget. Functionally though, the Town of Clarkdale adopts a preliminary budget prior to June 30th so that the staff has a guideline for expenditures on July 1st, which is the beginning of the fiscal year. The preliminary budget sets the maximum “limits” for expenditures.

There is no specific date set by state law for adoption of the final budget. However, the deadline for adoption of a property tax levy is the third Monday in August. Since state law requires a period of at least fourteen days between adoption of the final budget and adoption of the tax levy, the deadline for adoption of the final budget becomes the first Monday in August.

Proposed Timeline:

April 23, 2013	Preliminary Budget Worksession
May 28, 2013	Preliminary Budget Worksession
June 25, 2013	Approval of Preliminary Budget
July 23, 2013	Public Hearing for: Regarding Final Budget Property Tax Levy Truth In Taxation Resolution on Primary Property Tax Rate Adoption of Final Budget
August 13, 2013	Adopt Property Tax Levy

Kathy Bainbridge presented information and data for this agenda item. The three budget categories covered in this evening’s presentation were General Fund, Street Fund, and Sanitation Fund.

Preliminary Budget Assumptions:

- ASRS retirement contribution rates to 11.54%, a raise of .40% for employer contribution.
- PSPRS retirement contribution rates to 24.63%, a raise of 4.47% for employer contribution.
- 6.5% health insurance premium increase.
- Workers Compensation Experience Modification held at 2.22 until we receive updated rates. Has been calculated with new wage amounts.
- 9.16% Increase in State Shared Income Tax.
- .19% Increase in Motor Vehicle Tax.
- 3.33% Increase in State Sales Tax.
- 3.18% Increase in HURF Tax.
- 9.20% Increase in Local Sales Tax.
- 0% Increase in Construction Tax.

The tax revenues are based on estimates set by the Arizona League. The percentages are based on last year's budget and not representative of actual collections.

Preliminary Operational Budgets:

Fund	Budget
■ Streets	\$ 380,670.00
■ Sanitation	\$ 291,500.00
■ General	\$ 2,122,096.72

Town Manager Mabery explained that the Workman's Compensation Experience Modification should decrease, however had been high due to on-the-job injury.

Vice Mayor Dehnert commented on staff returning to the 40-hour work week. Town Manager Mabery stated that staff will be remaining at the four 9-hour days and one-half day on Fridays.

Mabery further stated that the transfer of 10% of sales tax to streets for 2014 projects is an amount of approximately \$65,000.00. Ultimately, the goal is to transfer \$250,000.00 each year to street projects. This progression will take time.

Mabery stated that when we finished the audit last year we ended with a fund balance that was more than was anticipated so there will be choices for the Council on where that money is to be spent.

Mabery reminded Council that the police budget confronts staffing constraints that differ from the rest of the Town. The Police Department is really operating on a very fine line of staffing. If someone is out sick or on vacation it puts us in a pinch. It is a difficult time and recruitment takes a long time. This is an ongoing concern.

The preliminary budget proposed increasing the property tax levy half way to the allowable levy limit. There was an 11% decrease in net assessed values in 2013. The 2012/2013 property tax levy was \$412,395 with the 2013/2014 proposed property tax levy set at \$438,220, an additional levy of \$25,825 which is halfway to the 2013-2014 allowable levy limit of \$461,665. For

residential properties the proposed levy increase would mean a \$10.00 increase for every \$100,000 of property value (\$300,000 home increase about \$30.00). In discussing the property tax comparison portion of the budget, Mabery noted that on a typical property tax bill, the Town is at about 8% of that tax. Mayor Von Gausig stated that the Town doesn't impact the bill very much; the significant impacts come from the Fire District and Yavapai College.

Councilmember Radoccia opined that the perception is that values are going down but citizens are still paying more per year. It looks like this year the Town has an opportunity to do better and stated his personal preference is to decrease this rate. The public perception is that the Town is doing its best for the residents and the Town's livelihood will not be adversely affected.

Town Manager Mabery stated that the Town's rates have held over the last years and have not increased. Over the last five years there was only one year where the tax levy increased.

Councilmember Bohall said we don't know what the future will bring and we can't predict that.

Mayor Von Gausig stated that a significant amount of our income comes from property tax. It is the least regressive type of tax. We don't have the opportunities to generate a great amount of sales tax in Clarkdale at this time. He stated his preference would be that most of the tax that cities and towns collect would come from property tax rather than sales tax and feels Finance Director Bainbridge's recommendation is sound. Getting back to the maximum levy is a good strategy.

Radoccia stated that the fire district had an election and the candidates wanted to raise the rate to the maximum. They didn't get elected. He expressed his belief that it would be a political mistake to raise the rate and lowering it would generate good will. He stated the feeling that \$26,000 would not make or break the Town.

The Mayor stated that a decrease doesn't make sense from an economic standpoint.

Vice Mayor Dehnert stated the understanding that nobody wants to pay more taxes than they have to. However, the last five years when economy was bad and revenues were dropping this council held the line on the property tax rate when everyone else was raising them. We were losing positions and employees and people were cut back in their salaries. He stated that the Town has shown remarkable restraint in passing on the opportunity to maximize it in the past. After five years, if this levy can restore them to where they were four years ago, that was worth the increase as well as any political ramifications.

Radoccia said the increase per family on the minus side will make a big difference to the citizens. Getting staff to full time is high priority but doesn't feel the property tax is what is tipping the scales.

Councilmember Bohall stated agreement with the Vice Mayor. He pointed out that no public attends the Council meetings until something happens and then they will write a letter to the newspaper.

Mayor Von Gausig noted that this is a worksession and there needs to be some surety that the council is leaning in one direction or the other. Radoccia stated that his position was in the minority.

Town Manager Mabery noted that when Council begins the discussion about the one-time money available, the \$25,000 does not seem like a lot of money, but there is not a lot built into the operating increases other than salaries and benefits. Mabery stated that she was unsure if there was an additional \$25,000 to cut other than in those areas. They always have the option of replacing the opportunity to do some of the one-time projects, taking that fund balance and using it to offset next year's budget.

There was also some discussion about the possibility that Council could authorize the transfer of funds from the Sanitation Capital Fund to street projects during the year.

Town Manager Mabery explained the grid to the Council, describing the different pools of available funds for the next fiscal year that are considered funding sources for one-time projects. The "Park Impact Fees" (\$13,780) are for new parks according to statute.

"Yavapai-Apache Nation Funds" (\$13,750) were received earlier this year, were collected from their gaming industry, and were required to be distributed to cities, towns and counties. The funds had no restrictions placed on them by the Nation, however the Town described four different projects:

- 1) Solar lighting, energy efficiency;
- 2) Verde River @ Clarkdale;
- 3) Economic development/marketing
- 4) Centennial Plaza permaculture projects.

"Designated Park Funds" (\$10,250) has been in the designated fund for many years. This money has been set aside for future park acquisition.

"Pool Plastering" (\$14,100) - Council has discretion on how this is used.

"Fund Balance" (\$140,000) – no restriction on how this is used however, staff advises that it should be used for one-time benefit.

"CIP Fund" (\$92,800) – should be for capital projects.

Staff Highest Priority items: IT Town wide Upgrade – 10 PCs (\$15,353), Sewer Jet (\$40,000), Microphones/IT Upgrades in Men's Lounge (\$5,000), Clark Memorial Clubhouse Upgrades (\$40,000), Streetscape – Main between Broadway and 9th (\$40,000), Mongini Park Improvements (\$25,000).

Council decisions:

Mayor Von Gausig stated that the projects that will create revenue for the Town should be funded.

Council agreed with the Staff Priority items and added the following projects for funding:

- Main Street Park improvements
- Economic Development Marketing seed funding

- Go Local Platform
- Wayfinding signage
- Verde River @ Clarkdale – General Site development
- TuziRAP Park improvements
- TapcoRAP Park improvements

This is scheduled as a worksession only. No Council action is required.

SECOND RE-STATEMENT OF SUBDIVISION AGREEMENT FOR MOUNTAIN GATE SUBDIVISION – Discussion and possible action regarding the Second Re-statement of Subdivision Agreement.

On April 9, 2013, Town Council and staff conducted a work session regarding the Second Amendment to the Development Agreement regarding the Mountain Gate Subdivision. The Council's final approval of the Second Amendment to the Development Agreement requires the prior approval of the Second Re-Statement of Subdivision Agreement. The provisions of the Second Re-Statement of Subdivision Agreement are included in this item.

For purposes of simplifying paperwork, the Subdivision Agreement recorded with the Yavapai County Recorder on August 23, 2005, Book 4302, Page 338 is combined with the First Re-statement of Subdivision Agreement recorded with the Yavapai County Recorder on My 24, 2006, Book 4399, Page 475 and with the new provisions of this Second Re-statement of Subdivision Agreement. This creates a document reflecting all the subdivision-related agreements.

The following items were updated in this Second Re-statement of Subdivision Agreement:

1. A variety of numbering, grammatical and clarifications were corrected in this document.
2. RECITALS F. To the extent this Second Re-statement of Subdivision Agreement conflicts with any provision in the First Re-statement of Subdivision Agreement or the Subdivision Agreement, this Second Re-statement of Subdivision Agreement prevails.
3. AGREEMENT 1. The appropriate blanks were completed to reflect the correct dates and book and page numbers of referenced documents.
4. AGREEMENT 7. Notices. The Clarkdale Town Attorney's address was updated.
5. EXHIBIT A. The Construction Punch List was updated to correspond with the punch list in the Second Amendment to the Development Agreement.
6. EXHIBIT B-1 AND B-2. The Final Development Phasing Schedule and the Final Development Phasing Depiction were updated to correspond to those in the Second Amendment to the Development Agreement.

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

Vice Mayor Dehnert moved for the approval of the Second Re-statement of Subdivision Agreement for Mountain Gate Subdivision. Councilmember Bohall seconded the motion. The motion was approved unanimously.

SECOND AMENDMENT TO THE DEVELOPMENT AGREEMENT FOR MOUNTAIN GATE SUBDIVISION – Discussion and possible action regarding the Second Amendment to

the Development Agreement for Mountain Gate Subdivision.

On April 9, 2013, Town Council and staff conducted a work session regarding the Second Amendment to the Development Agreement regarding the Mountain Gate Subdivision.

The following items were updated in this version of the Amendment commensurate with Council's direction and with formatting, grammatical and clarification recommendations at the staff level:

1. Numbering and formatting for clarity and ease of use;
2. Reinstatement of previous impact fee agreement pursuant to Paragraph 8 Development Impact and Connection Fees; Development Agreement through removal of Section 3. Development Impact and Connection Fees of this Second Amendment;
3. Clarification of 12.7 Remedy for Failure to Correct Punch List to tighten the definition of "timely basis".
4. Addition of Paragraph 12.8 Water Fee Credits where Town agrees to reimburse water connection fees to be collected up to a maximum amount of \$285,658;
5. Addition of Paragraph 12.9 Reserved Water Connections where Town agrees to reserve a total of 405 water connections and to connect the same to the Town's water system. The water capacity fee applies to each connection, and that fee shall not be reimbursed to the Developer;
6. Clarification of Paragraph 15.1 Roundabout Repair stipulating the repair shall begin prior to the issuance of the 100th building permit and be completed prior to the issuance of the 200th building permit;
7. Clarification of Paragraph 16.2.2 Cost Sharing Additional Wastewater Connections Payment Schedule. Owner/Developer may prepay scheduled payments under Exhibit C without penalty;
8. Clarification of 16.2.3 Wastewater Reservations. Town agrees to reserve 405 wastewater connections for as long as Owner/Developer is not in default. Owner/Developer shall provide to the Town a list of those lots to which each of the 12 scheduled payments is to apply at the time the payments are made;
9. Addition of 16.2.6 Building Permits where Town shall only issue a building permit for those lots for which the wastewater payments are made.
10. Removals of Paragraph 16.2.6 Breach, 16.2.7 Exhibit C, and 16.2.8 Issuance of Building Permits and Wastewater Connection Payments from the previous version of this Second Amendment as they were no longer needed;
11. Addition of a new 16.2.7 Notices for Failure to Correct Punch List where Owner /Developer shall record Exhibit F, Wastewater Connection Notice of this Second Agreement with the Yavapai County Recorder's Office within 10 business days of the Final Approval Date of this Second Amendment. This Notice informs any potential purchasers of lot that the wastewater connection must be paid prior to

issuance of any building permit on a specific lot. With the recording of allocation notices, the General Notice Regarding Wastewater Connections will automatically release the payment obligation without additional action by the Town;

12. Clarification of 18.1 Pocket Parks listing a total of five pocket parks;
13. Clarification of 18.2 Trails acknowledging Owner/Developer's maintenance of the trails for three years following completion of the Trail System;
14. Clarification of 18.5 Park Area to reflect Tracts S and U as those platted for the development of the recreation center within the subdivision.
15. Clarification of 20 School Site to reflect the need for Owner/Developer to finalize agreements with the schools prior to approval of this Second Amendment by Council.
16. Clarification of signature and notice blocks;
17. Replacement of a more legible Exhibit E: Trails and Recreation Plan which includes the development standards for the trails; and
18. Addition of Exhibit F, Wastewater Connection Notice which is required to be recorded separately by the Developer.

Additional Information: Owner/Developer agrees to provide the Town with a large board for ease of viewing the project phases at this Council meeting. In addition, Owner/Developer agrees to provide proof of agreements with the school.

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

Mayor Von Gausig clarified that the items that were discussed at the last council meeting have been incorporated into this second amendment. The Mayor stated he would like BC Land Group to understand about the history of this development in Clarkdale and gave a brief synopsis. He further stated that he has a much better impression of BC Land Group and feels it is important for them to understand that Clarkdale wants to be integrated with Mountain Gate and the more that Mountain Gate can be a part of Clarkdale and vice versa the better off we are. He added that he appreciates BC Land Group's sensitivity to these issues. People of Clarkdale want to see more assimilation and coordination between the Town and Mountain Gate.

Vice Mayor Dehnert commented that he appreciated the phasing aspect of the development. Initially, when 200 acres of pristine desert foothill land was scraped and dust enveloped neighborhoods, gave the Town a negative view of the project. They don't need a gated community to defend themselves from Clarkdale and thanked the developers for cooperation with staff and kudos to staff for understanding council's concerns.

Councilmember Radoccia asked about the houses that are supposed to replicate some of the homes on Clarkdale Parkway. Filardo noted that there was an option to put in duplexes or single family homes. Conversations with the developer have indicated that they are planning to do single family homes as opposed to the duplexes.

Town Manager Mabery stated that the concept of front porches was important in discussion.

Councilmember Bohall stated that when Clarkdale was founded it was class-based and doesn't want to see that happen in Mountain Gate.

Councilmember Radoccia asked if it was the developer's intent to sell multiple lots to various builders. John Andreotti commented that one of their partners has already moved here. He stated he hears the Town Council loud and clear and promises to be a good neighbor. They promise to do a great job here because building a great project/home place is to their advantage. They are here to be partners and be a part of the Town. He stated he doesn't know how this will move forward with regard to Councilmember Radoccia's question. It will be dependent on market conditions. The plan is to build houses and they want control over what gets built. They might sell to other builders but if they do they will maintain strict architectural control with Town and staff input.

Town Manager Mabery asked how many houses they think will be built in the next year and Mr. Andreotti stated that they don't have any way of predicting. They have laid out the plan in phases that are manageable in term of giving them the flexibility to build however many houses that the market will support and what can be financed. They are willing to dictate that the phasing goes in such a way to inconvenience existing homeowners as little as possible.

Vice Mayor Dehnert asked if the developers were able to sell 100 houses per year what kind of load will that put on our staff. Filardo stated that they have taken some steps this year to soften that load. They have cross-trained staff and secured services of retired Sedona building inspector to assist with the increased load. They may need to come back before Council for some additional staff if the load becomes difficult to manage.

Mabery stated that the intention is to use contract employees to fill the gaps rather than add permanent full-time since the revenues will be one-time revenues. The contingency funds are set aside and built into the budget.

Councilmember Bohall moved for the approval of the Second Amendment to the Development Agreement for Mountain Gate subdivision. Vice Mayor Dehnert seconded the motion. The motion was approved unanimously.

STATE LEGISLATION – Discussion and possible action relating to legislation being considered by the Arizona legislature that may impact the Town of Clarkdale.

The League of Arizona Cities and Towns reviews drafted legislation prior to introduction to the Arizona legislature and monitors discussions and amendments throughout the legislative process.

Each week the League has phone conferences with various groups such as the Mayors & Managers, Financial departments, and Clerk departments. The pros and cons of pending legislation are discussed during the League's phone conferences with the various groups. Quite often, the League will ask municipalities to contact their legislators in order to let them know the impact legislation being considered will have on their municipality. The majority of these requests are last minute attempts to change legislative outcomes.

Regional Boards and Commissions may also call upon the Town to contact their legislators regarding pending legislation.

Under this portion of the agenda, Council will be able to discuss and take any action necessary to inform the legislature how pending legislation may impact the Town of Clarkdale, or report on those actions taken.

Mayor Von Gausig stated there were still two items on-going:

1) Construction sales tax – the Arizona League feels strongly that we’re going to pass administration and auditing provisions of the proposed amendment but not construction sales tax so that the State can study further.

2) Michele Ugenti was supposed to make amendments to the Consolidated Elections bills that would allow us to operate legally beyond our normal date for home rule and to extend council terms needed to meet consolidated elections. Michelle Reagan was going to make those amendments instead of Michele Ugenti. Andy Biggs assures the League it will get done.

Councilmember Bohall asked if HB 2594 is dead in the water. Mayor Von Gausig stated that it seems dead. Mabery stated that if it isn’t dead we will see it pop up in the budget.

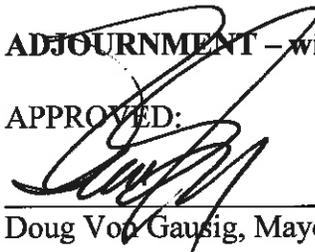
Councilmember Radoccia stated he has been meeting with Blaine Miller with the Energy Office. One of the discussion items was rebates from Corporation Commission. Radoccia stated that Miller is reassuring him that governor is putting pressure on Corporation Commission for energy rebates. Mayor Von Gausig stated that he believes the Governor wants that to happen but doesn’t know how much control she has over that decision.

Action relating to legislation being considered by the Arizona legislature that may impact the Town of Clarkdale.

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

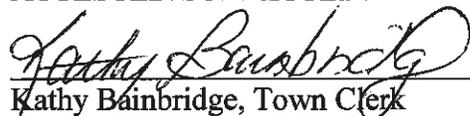
ADJOURNMENT – without objection, the Mayor adjourned the meeting at 5:51 P.M.

APPROVED:



Doug Von Gausig, Mayor

ATTESTED/SUBMITTED:



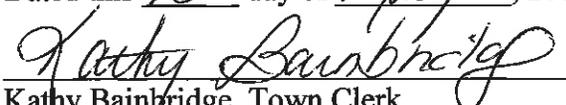
Kathy Bainbridge, Town Clerk

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 23rd day of April, 2013. I further certify that meeting was duly called and held and that a quorum was present.

Dated this 15 day of May, 2013.

SEAL



Kathy Bainbridge, Town Clerk