

**Minutes of a Regular Session of the Common Council of the Town of Clarkdale
Held on Tuesday, June 9, 2015**

A Regular Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, June 9, 2015, 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 Mayor Von Gausig.

Town Council:

Mayor Doug Von Gausig

Vice Mayor Richard Dehnert

Councilmember Scott Buckley

Councilmember Bill Regner - Absent

Councilmember Curtiss Bohall

Town Staff:

Town Manager Gayle Mabery

Town Clerk/Finance Director Kathy Bainbridge

Community Services/Human Resources Director Janet Perry

Community Development/Economic Director Jodie Filardo

Utilities/Public Works Director Wayne Debrosky

Police Chief Taylor

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.

Karen Daniels, Clarkdale resident – read a statement regarding mandamus claim she filed naming the Town as a party.

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 Von Gausig's Report –

- 05/15/2015 – Telephonically attended Executive Committee meeting with Arizona League of Cities and Towns
- 05/21/2015 – Attended Soil Remediation team meeting
- 05/27/2015 – Went to Bisbee with Town staff members to meet with Freeport representatives as well as representatives from Conestoga Rover (group performing testing and remediation in Bisbee)
- 05/28/2015 – Spent the day with Bisbee Town staff regarding remediation project

- 06/03/2015 – Met with Jodie Filardo, Gayle Mabery and Evelyn Casuga (Arizona We Want) regarding town management;
 - checked well in Town for citizen concerned about well

Vice-Mayor Dehnert's Report –

- 05/16/15 – Presented welcome to Arizona League of Women Voters for their state conference;
 - attended League of Women Voters dinner
- 05/20/15 – Attended meeting of community Health Improvement Plan at VVMC
- 05/27/15 – Attended MATForce steering committee meeting
- 05/28/15 – Attended intergovernmental meeting in Jerome
- 06/02/15 – Telephonically attended Yavapai County Board of Health meeting;
 - attended quarterly meeting of Verde Valley networking group (health care providers and government entities on services)

Councilmember Bohall's Report –

- 05/20/15 – Attended ADOT presentation regarding Hwy 260
- 05/21/15 – Attended CAT/LYNX advisory meeting
- 05/27/15 – Attended VVTPO meeting
- 05/28/15 – Attended intergovernmental council meeting in Jerome
- 06/06/15 – Attended retirement party for Officer Nester

Councilmember Buckley's Report –

- 05/19/15 – Attended soil remediation meeting
- 05/27/15 – Attended Spirit of Clarkdale committee meeting
- 06/02/15 – Attended downtown Business Alliance meeting
- Attended multiple meetings with Jodie Filardo regarding way-finding signs.
- Helped to plan “Dog Days of Summer” event to be held June 20, 2015

Town Manager Mabery's Report –

- 06/13/15 – South by Southwest Adventure Company will be presenting “Essentials of River Kayaking” class at lower Tapco RAP – open to public
- 06/13/15 – Concert in the Park (Jonathan Levingston and Jay White); Habitat for Humanity is holding fundraiser
- 06/20/15 – Downtown Business Alliance is hosting “Dog Days of Summer” in the park from 8:30 a.m. to noon; that evening final Verde Valley Open Air Cinema (Casablanca) from 6 – 10 p.m.
- 06/27/15 – Concert in the Park (Missouri Opera Duo)
- 07/03/15 – Town offices closed for July 4th holiday
- 07/04/15 – Fourth of July celebrations

- Registration is now open for Arizona Rural Economic Development Conference to be held in Clarkdale this year.

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 May 12, 2015, 2015 and Special Meetings of May 12th, May 19th and May 26th, 2015.
- B. Claims** - List of specific expenditures made by the Town during the previous month. May, 2015 check log and PPE dated May 2, 2015 and May 16, 2015.
- 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 May 27, 2015
Design Review Board Notice of Cancellation of meeting May 6, 2015
Planning Commission minutes of the meeting held May 19, 2015
Parks and Recreation Committee minutes of the meeting held May 13, 2015
- D. Civil Traffic Hearing Officer Appointment** – Approval of appointing Court Supervisor Cynthia Tinnall as Civil Traffic Hearing Officer.
- E. Intergovernmental Agreement for Establishment of Unified Emergency Management** – Approval of the Intergovernmental Agreement between Yavapai County and the Town of Clarkdale for Emergency Management Services.

Vice Mayor Dehnert moved to accept Consent Agenda items A – E as presented. Councilmember Bohall seconded the motion. The motion passed unanimously.

Organizational Reports – Reports regarding regional organizations.

CAT/ VVTPO – Cottonwood Area Transit and the Verde Valley Transportation Planning Organization & other transportation affiliations. Councilmember Bohall:

- Paving has been completed on Lower Red Rock Loop Road.
- There will be major northbound I-17 lane restrictions from Middle Verde Road to the McGuireville exit.
- I-17 and 89A and JW Powell Blvd. restrictions and closures for the rest of the summer.
- 89A and Oak Creek Canyon lane restrictions through the end of June for erosion control.
- CAT/LYNX received two new buses on May 27th. They had over 150,000 passengers for the last fiscal year.
- Greyhound is expected to start service with a stop in Camp Verde this summer.

NACOG - Northern Arizona Council of Governments. Vice Mayor Dehnert:

- No meeting. At the last meeting Vice Mayor Dehnert requested that they table the selection of a private sector representative to the regional council from Yavapai County because they hadn't had enough time to consider a nominee. There will be an election held June 25th and as the Town's representative Dehnert made a nomination: Henry McVety for the private sector seat. He is a partner in a contract company that manages water and waste water systems for municipalities and resorts and is a Clarkdale resident. Vice Mayor Dehnert will ask Councilmember Regner to cast his proxy vote for Mr. McVety at the regional council meeting.

NAMWUA - Northern Arizona Municipal Water Users Association. Councilmember Buckley:

- No report.

VRBP – Verde River Basin Partnership. Mayor Von Gausig:

- No General Partnership meeting, however there was a meeting with the Verde River Institute. Water issues and projects collaboration was discussed.

VVLP – Verde Valley Land Preservation. Councilmember Regner:

- No report.

YC Advisory Board – A report from the Yavapai College Advisory Board representative.
Councilmember Regner:

- Town Manager Mabery reported in Councilmember Regner's absence that the Verde Valley Advisory Committee to the Yavapai College Board of Directors has drafted a report of recommendations to the Board.

NEW BUSINESS

2015 SPIRIT OF CLARKDALE AWARD NOMINATIONS – Discussion and consideration of the Spirit of Clarkdale Review Committee recommendations to Council on the 2015 "Spirit of Clarkdale" nominations.

The Council approved the "Spirit of Clarkdale Award" on April 10, 2007 by Resolution # 1224. The Spirit of Clarkdale awards program provides a way for the Clarkdale Town Council to recognize Clarkdale home or business owners, residents, organizations or other individuals that have taken steps in the community that are worthy of recognition. Awards are made by the Council from nominations that have been reviewed by the Spirit of Clarkdale Review Committee. Anyone may nominate a Clarkdale property owner, business owner or other individual they feel deserve recognition for projects or actions that enhance the "Spirit of Clarkdale."

The 2015 Spirit of Clarkdale Review Committee members are: Scott Buckley, Councilmember, John Kinnamon, Board of Adjustment member and Ben Kramer, Library Advisory Board member. The committee met on May 27th, 2015, reviewed the applications and put forward their

recommendation to issue Spirit of Clarkdale awards to the list of nominations attached and provided to Council.

Award winners will be invited to attend and receive their Spirit of Clarkdale Award at the Town of Clarkdale's annual Old-Fashioned Fourth of July celebration.

Moving Forward: It is the goal of the Spirit of Clarkdale committee and Community Services staff to assess and consider changes be made to the Spirit of Clarkdale program, including categories, nomination requirements, and selection/award criteria, in order to enhance its value in the community and give it a more prestigious appeal.

Joni Westcott presented information on this agenda item.

Councilmember Buckley moved to approve the Spirit of Clarkdale Review Committee recommended awards:

Copper Art Museum-Drake Meinke Historical Preservation

Pam Watts Property Beautification

Cliff Pollay Property Beautification

Carol Cain Volunteerism

Carol Engert Volunteerism

John Sherman Volunteerism

Councilmember Bohall seconded the motion. The motion passed unanimously.

INTERGOVERNMENTAL AGREEMENT WITH THE ARIZONA DEPARTMENT OF REVENUE RELATED TO UNIFORM ADMINISTRATION OF THE TOWN'S TRANSACTION PRIVILEGE TAX (TPT) – Approval of an IGA with DOR regarding administration of the local Transaction Privilege Tax.

This intergovernmental agreement (IGA) was negotiated with the Department of Revenue (DOR) by city representatives included a finance director, a tax administrator, and two attorneys, along with assistance from the League of Arizona Cities and Towns. Additionally, several attorneys and tax experts from many cities and towns reviewed and commented on the language during the process, resulting in a document that provides the maximum level of information and assurances for the cities possible.

Local Transaction Privilege Tax (TPT) administration is governed by A.R.S. § 42-6001. This statute was recently modified for the purpose of tax simplification with the passage of House Bill 2111 in 2013 and House Bill 2389 in 2014. This statute now requires the Arizona Department of Revenue (DOR) to administer the transaction privilege and use taxes imposed by all cities and towns and to enter into a new inter-governmental agreement (IGA) with each city and town to reflect these changes and clearly define the working relationship between DOR and Arizona cities and towns.

State administration for the current self-collecting cities is predicated on DOR having the capability to provide an electronic means for collecting and distributing detailed taxpayer information including specific gross receipts and deductions by classification and by business location. This IGA intends to cover all aspects of administration after DOR takes over for all cities and towns, but it also includes

language allowing self-collecting cities to continue their own tax and license programs until such time that DOR is able to perform the administrative functions documented in statute.

Although tax simplification will have the greatest impact on those cities and towns that are currently self-collecting local taxes, there are also considerable improvements for cities and towns in the State collection program as a result of simplification, particularly in the form of receiving much more detailed taxpayer data.

The IGA covers all aspects of local tax administration. First and foremost, the IGA addresses confidentiality, including the authorized handling of confidential taxpayer information, expectations for the discreet use of taxpayer data to prevent unauthorized disclosure, and the process we will follow in the event of a disclosure. There is also clarified and simplified guidance on the use of aggregated taxpayer data for public reporting and analysis.

The IGA includes clear direction regarding the sharing of general taxpayer license information, legal interpretations and written guidance, rate and fee tables, and any other pertinent tax information that needs to be shared between the cities and towns and DOR.

Importantly, the IGA identifies exactly which license and tax return data fields must be provided by DOR, and identifies in detail a series of new reports DOR will soon provide to all cities, both of which will serve to greatly expand the data available to the city for analysis purposes.

The first changes related to tax simplification that went into effect were new rules dealing with auditing, which DOR and the cities began following in January 2105. The IGA formalizes both the concepts included in statute and the main concepts used in practice by auditors in the field.

Key factors include a commitment to audit for all jurisdictions whenever any audit is being done; the continued authority for any city or town to perform an audit of a taxpayer that is engaged in business only in their town; the general guidance that DOR will lead all multi-jurisdictional audits, coupled with the option for DOR to delegate actual audit performance to a city or town when circumstances indicate it would be the most efficient means of completing the audit.

The IGA also provides guidance for handling voluntary disclosure by taxpayers, closing agreements in lieu of litigation, and sets up the responsibilities and authorities of both parties in terms of code or statute interpretations and legal support for protests.

Most importantly, the new IGA provides for a formal review process using the new "State and Local Uniformity Group" made up of four city and four DOR tax experts who will work together to iron out any problems or conflicts between the cities and the State.

The terms of this IGA run an annual basis from July 1, 2015 through June 30, 2016 and it renews automatically each year. Either party has the right to reopen and renegotiate the terms according to provisions within the agreement.

FINANCIAL IMPLICATIONS:

This agreement will not result in any budgetary impact to the Town.

FAQ's:

1) What is happening?

Your city or town currently has an IGA with the Department of Revenue that controls how they collect your local TPT for you. That agreement is about to expire on June 30, and this package replaces the old IGA with a new one. Every city and town has one (the last one was probably approved around 2004), and every city and town is being asked to approve a new agreement. The IGA is exactly the same for each of the cities and towns. It needs to be approved by your Council and then counter-signed by the Attorney General's office to be a binding contract between the city and the Department of Revenue for tax administration.

2) What happens if the Council does not approve the IGA?

The IGA is required under State statute. Statute also requires DOR to administer TPT for all local jurisdictions, including all of the current program cities and towns, as well as all of the self-collecting cities as soon as DOR can provide the detailed reporting data as required by statute. Regardless of whether your city or town has signed the IGA, DOR is and will continue to provide the statutorily required services and they will do so in the manner described in the IGA. We have already expressed the extent of our influence over DOR's services during the negotiation process. If you Council decides not to approve the agreement, realistically it might only serve to limit your town's ability to enforce its rights and authorities outlined in the IGA.

3) What if our city does not want to accept the terms exactly as written?

Rather than simply issuing another new IGA with the terms best suited to their operations as usual, DOR agreed to negotiate this agreement based on the stipulation that the negotiators spoke for all cities and towns. This is the final negotiated contract that was reviewed and approved by the finance directors, tax staff, and city/town attorneys representing more than 30 of the 91 cities and towns who responded when we asked for input on the IGA. Again, we have already expressed the extent of our influence over the terms of the agreement during the negotiation process. We ask that you do not attempt to renegotiate terms with DOR or insert or delete any language under any circumstances.

4) Who were the people on the negotiating teams for the cities and DOR?

For DOR: Lisa Neuville, Chief Counsel; Tom Johnson, Asst. Director – Audit; Frank Boucek, Asst. Director – Tax Policy & Research;

For Cities & Towns: Ken Jones, Deputy City Manager/CFO – Tempe; Gary Tasky, Tax, License & Collections Supervisor – Peoria; Deborah Robberson, Deputy City Attorney – Glendale; Kelly Gregan, Asst. City Attorney – Mesa.

5) What if we have a vacancy or have not decided who will be responsible?

You can certainly use a particular person as any of the requested points of contact, but you're probably better off if you don't use a specific person's email address and instead use a generic one like taxaudit@cityaz.gov. This way you don't have to keep changing them if your personnel

change over time. Please note that the preferred contact in Section 19(a) is the city or town Finance Director or the equivalent if you don't have that title.

6) What do I do with this application and tax return?

Those are both exhibits that are part of the IGA – they are considered Appendix C. Your complete IGA package should have the IGA body, the Appendix A and Appendix B document, and finally, the blank application and blank tax return. You do not need to fill in anything on the application or the tax return! At your discretion you can use any part of the proposed Council memo as a cover sheet to explain what is happening. Follow that with the complete IGA package for their review and approval, and once approved, send two complete signed copies to DOR.

Town Clerk/Finance Director Kathy Bainbridge presented information on this agenda item.

Mayor Von Gausig noted that the Arizona League has been working on this by way of Task Force for a long time and hopefully this will work from now on. He recommended it be approved without any kind of change.

Vice Mayor Dehnert moved for the approval of an Intergovernmental Agreement between the Town of Clarkdale and the Arizona Department of Revenue regarding the uniform administration, licensing, collection, and auditing of transaction privilege tax, use tax, severance tax, jet fuel excise and use tax and rental occupancy taxes imposed by the State or cities or towns. Councilmember Bohall seconded the motion. The motion passed unanimously.

FISCAL YEAR 2014/2015 BUDGET TRANSFERS– Discussion and consideration regarding authorization for fund transfers within the fiscal Year 2014-2015 budget.

Each year the Council adopts a balanced budget based on projections of local revenue as well as projections from the State of Arizona revenue (State Shared Revenues and State Sales Tax). Staff uses these projections to budget for expenses expected to be incurred in the following year. During the year, Council may make changes to a budget based on economic factors by authorizing additional transfers when needs are identified.

Exact amounts available for the requested budget balancing transfers will not be available until well after June 30th, when final sales tax collections are distributed by the State of Arizona and yearly closing entries have been completed. The following transfer totals are based on current projections of year end funds available. For audit purposes, these adjustments need to take place before the June 30th end of the Fiscal Year. Actual transfer amounts may differ due to changes in actual revenue received for the remainder of the year and amounts required to balance the General Fund, HURF Fund, Capital Projects Fund, Water Fund, Wastewater Fund, Sanitation Fund, and Cemetery Fund.

Proposed transfers are as follows and are based on total dollars available:

| <u>Transfers out of:</u> | <u>Transfers into:</u> | <u>Amount:</u> | <u>Current Budget</u> |
|-------------------------------------------------------------------------------------------------|-------------------------------|-----------------------|------------------------------|
| <u>Construction Tax Transfer to Capital Projects Fund and General Fund offset amount</u> | | | |
| General Fund – Construction Tax | Capital Projects Fund | \$ 35,000.00 | \$51,500.00 |

General Fund Transfer to HURF Fund

| | | | |
|-------------------------------|--------------------|-------------|-------------|
| General Fund – Street Funding | Street (HURF) Fund | \$81,500.00 | \$87,650.00 |
|-------------------------------|--------------------|-------------|-------------|

Administration Fee Fund transfers to General Fund

| | | | |
|-----------------|--------------|-------------|-------------|
| Streets Fund | General Fund | \$35,204.76 | \$35,204.76 |
| Wastewater Fund | General Fund | \$34,823.25 | \$34,823.25 |
| Water Fund | General Fund | \$55,635.61 | \$55,635.61 |
| Sanitation Fund | General Fund | \$25,908.38 | \$25,908.38 |
| Grants Fund | General Fund | \$11,282.88 | \$ 7,439.63 |
| Cemetery Fund | General Fund | \$ 4,100.00 | \$ 4,100.00 |

Transfers out of:

Transfers into:

Amount:

Current Budget

| | | | |
|-------------------------------|--------------------------|--------------|--------------|
| Sanitation Fund | General Fund for Streets | \$ 40,000.00 | \$ 40,000.00 |
| Perpetual Care Fund | Cemetery Fund | \$ 25,000.00 | \$ 15,000.00 |
| Water Fund (Equipment Rental) | Streets Fund | \$ 2,000.00 | \$ 2,000.00 |
| WW O&M | WW P&E Improve | \$163,000.00 | \$171,644.26 |
| Water O&M | Water Capital Improve | \$51,925.00 | \$ 51,925.00 |

Town Clerk/Finance Director Kathy Bainbridge presented this agenda item to Council.

Vice Mayor Dehnert moved to authorize the staff to make the necessary budget balancing fund transfers within the Fiscal Year 2014-2015 budget. Councilmember Buckley seconded the motion and the motion carried unanimously.

GENERAL FUND BUDGET ADJUSTMENTS – Discussion and consideration of adjusting the Police Department and Public Works Department 2014-2015 adopted operating budgets for worker’s comp expenditures.

Worker’s Comp has been budgeted as a lump sum in the General Fund budget under the Town Wide Department expenses for General Fund wages. The total Worker’s Comp line item in the Town Wide department was \$43,886.31. With the fluctuating cost of Worker’s Comp over the past few years, the expenditure no longer falls under a “non-material” standing and the Finance Department was requested by the Town auditors to adjust the 2014-2015 budget to reflect the expenditures for Worker’s Comp coverage for the individual departments of Police and Public Works.

General Fund

| <u>Account Number</u> | <u>Description</u> | <u>Current Budget</u> | <u>Reallocation</u> | <u>New Budget</u> |
|-----------------------|---------------------------------------|-----------------------|---------------------|-------------------|
| 01-5-2300-6023 | Town Wide Department Worker’s Comp | \$43,886.00 | (\$36,060.00) | \$ 7,826.00 |
| 01-5-2900-6023 | Police Department Worker’s Comp | \$ 0.00 | \$30,460.00 | \$30,460.00 |
| 01-5-3100-6023 | Public Works Department | \$ 0.00 | \$ 5,600.00 | \$ 5,600.00 |

Worker's Comp

| | | | |
|-------|-------------|------|-------------|
| Total | \$43,886.00 | \$ 0 | \$43,886.00 |
|-------|-------------|------|-------------|

Town Clerk/Finance Director Kathy Bainbridge presented this agenda item to Council.

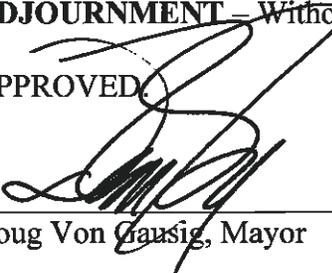
Mayor Von Gausig asked if there was any separation in the general fund categories delineating the amounts charged to each department and Bainbridge stated that the only separation in the categories was for the enterprise funds.

Councilmember Bohall moved for the approval of 2014-2015 General Fund Budget Adjustments in the amount of \$43,886.00. Councilmember Buckley seconded the motion and the motion passed unanimously.

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

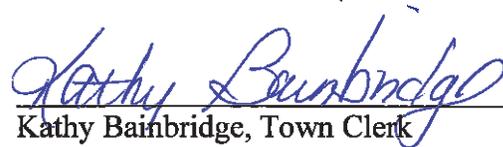
ADJOURNMENT - Without objection, Mayor Von Gausig adjourned the meeting at 6:50 P.M.

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 9th day of June, 2015. I further certify that meeting was duly called and held and that a quorum was present.

Dated this 15 day of July, 2015.

SEAL


Kathy Bainbridge, Town Clerk