

**Minutes of a Special Session of the Common Council of the Town of Clarkdale  
Held on Tuesday, March 22, 2016**

A Special Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, March 22, 2016 at 3:00 P.M. in the Clarkdale Administration Building, Community Room, 39 N. Ninth Street, Clarkdale, Arizona.

**CALL TO ORDER – Meeting was called to order at 3:28 P.M. by Mayor Von Gausig.**

Town Council:

Mayor Doug Von Gausig

Councilmember Bill Regner

Vice Mayor Richard Dehnert

Councilmember Curtiss Bohall

Councilmember Scott Buckley

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

Police Chief Randy Taylor

Utilities/Public Works Director Wayne Debrosky

Senior Planner Beth Escobar

Utilities Supervisor Ellen Yates

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.

**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 – February, 2016
  - Capital Improvements Report – February, 2016
  - Magistrate Court Report – February, 2016
  - Water and Wastewater Report – January, 2016
  - Police Department Report – January and February, 2016
  - NAIPTA Transit Report – February, 2016

- B. **“RiverFest Month” Proclamation** – Approval of a proclamation that declares April, 2016 as “RiverFest Month”.
- C. **“Arizona Gives Day” Proclamation** - Approval of a proclamation designating April 5, 2016 as Arizona Gives Day, a day for Arizonans to come together to make donations to as many nonprofits as possible in 24 hours.
- D. **Proclamation Declaring April 10 to April 16, 2016 As Volunteer Appreciation Week** – Approval of a Proclamation declaring April 10 to April 16, 2016 as Volunteer Appreciation Week in the Town of Clarkdale.
- E. **Mutual Aid Agreement between the Yavapai-Apache Nation and the Town of Clarkdale** – Approval of a Revised Mutual Aid Agreement with the Yavapai-Apache Nation for mutual use of law enforcement personnel and resources.
- F. **Call of Election** – Approval of a Call of Election for an August 30, 2016, Primary Election for Mayor, two Councilmembers, a Proposition for the Permanent Base Adjustment and a General Election to be held on November 8, 2016.
- G. **SciTech STEAM Week Proclamation** – Approval of a proclamation designating April 2-9, 2016 as SciTech STEAM Week.

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

### **NEW BUSINESS**

**SBA TOWERS IX, LLC OPTION AND LAND LEASE WORK SESSION:** Discussion and consideration of authorization to begin negotiations regarding an Option and Land Lease with SBA Towers IX, LLC for a wireless facility.

Upon approval of the conditional use permit for the wireless facility proposed to be located on Town-owned property at 555 Miller Road, staff conducted an internal review of the ‘Option & Land Lease’ document submitted by SBA Towers IX. Upon compilation of several edits, the document was sent to the Town attorney for review.

Senior Planner Beth Escobar presented overview and recap of this agenda item.

**Councilmember Regner moved to authorize staff to continue negotiations with SBA Towers IX per instructions given during Executive Session. Vice Mayor Dehnert seconded the motion and the motion carried unanimously.**

**CONSTRUCTION MANAGER AT RISK (CMAR) CONTRACTING PRESENTATION WORKSESSION** – A worksession to discuss the Construction Manager At Risk (CMAR) process.

Procurement Methods – Arizona Revised Statutes 34-602 details a number of project delivery methods that are available for design and construction services for public entities in Arizona. Under the statute, a

public procurement officer agent may procure design services, construction and construction services, as applicable, under any of the following project delivery methods:

1. Design-Bid-Build (D-B-B).
2. Construction-Manager-At-Risk (CMAR).
3. Design-Build (D-B).
4. Job-Order-Contracting (JOC).

While the Town of Clarkdale has frequently used three of the above methods, we have not (to this point) utilized the Construction-Manager-At-Risk (CMAR) process. The Town Attorney has determined that the CMAR process can be used by the Town of Clarkdale as an approved procurement method for Town projects to obtain construction services.

CMAR provides both consulting and construction services to an owner. The CMAR procurement process allows the owner (public entity) to select a design professional and a contractor separately. But, instead of designing the entire project and then bringing on a contractor, CMAR lets the public entity bring a contractor on board early in the design process. The relationship among the three key parties (owner, design professional, and CMAR contractor) are collaborative, trusting, and non-adversarial. This kind of relationship produces a more manageable, predictive project which saves time, money, and change orders.

The CMAR works with the design engineer as the owner's consultant during the design phase. The CMAR will provide these pre-construction services as a fixed fee or based on percentage.

Consulting services provided by the CMAR during the design phase would include:

- Value engineering and providing constructability review comments which are incorporated into the project design.
- Advice regarding material selections, material costs, and cost escalations.
- Detailed construction cost estimates and cost model that validates the project budget.
- Construction sequencing and scheduling.
- Utility company coordination, utility conflict identification, and the resolution of any identified utility conflicts.
- Early establishment of the contractor's indirect costs such as general conditions, fees, bonds, insurance, taxes, and overhead.

Construction services provided by the CMAR during the construction phase would include:

- Serves as the general contractor during construction. This includes the procurement of materials and equipment, awarding and managing all construction related contracts and sub-contracts while meeting the Town goals of including local firms, and dealing with owner issues.
- Coordinates with various Town Departments and other agencies, utility companies, vendors, etc.
- Schedule and maintain site operations.
- Provide quality control and testing.
- Bond and insure the construction, as required by the contract.
- Comply with all federal, state and local permitting requirements.
- Maintain a safe work site for all project participants.
- Prepare and turn over record drawings and as-builts.

Hiring a CMAR Firm requires an owner to publish public notice requesting either a Request for Proposals (RFP) or Request for Qualifications (RFQ). If the owner selects the RFQ process it is qualification based only and price cannot initially be considered. Once responses are received for an RFQ the firms are evaluated and ranked. The owner would then negotiate with the highest ranked firm to secure CMAR services. If no agreement is reached with the highest ranked firm the owner can end those negotiations and move into negotiations with the next highest ranked firm.

When using an RFQ process there is no price at the outset, but an agreement on terms. Once the design is almost complete the design professional and the CMAR firm will prepare a project cost model for the project which reflects the project budget and the construction cost estimate for the project. The owner and CMAR Firm enter into a Guaranteed Maximum Price (GMP) addendum for pricing the construction work once the design work is completed. The GMP will comply with the project cost model and project budget.

Our Public Works/Utilities Director has evaluated our various state approved procurement options, and believes that the Town would be best served utilizing a CMAR process for the Upper Clarkdale Water Line Replacement Project. This work session is meant to brief the Council on this procurement method and discuss benefits in using this procurement option for the Upper Town Water Main Replacement Project.

Public Works/Utilities Director Wayne Debrosky presented information to the Council on this agenda item. Debrosky stated that the contractor assumes the risk upon delivery of the guaranteed maximum price however contingencies might be put in place for protection against any issues that were unknown at the time of contract award and execution.

**This item is scheduled as a worksession only, and no official action is necessary from the council.**

**A RESOLUTION PROPOSING A PERMANENT ADJUSTMENT TO THE 1979-80 BASE EXPENDITURE LIMITATION OF THE TOWN OF CLARKDALE** – Discussion and consideration of Resolution #1515, a resolution authorizing a permanent base adjustment be submitted to the voters of the Town of Clarkdale.

The Arizona Constitution imposes expenditure limitations on all cities and towns in the state. These limitations are based on each municipality's actual expenditures in 1979-80. The Constitution also allows the voters of a city or town to approve a temporary or permanent adjustment to these limitations. Approximately 87 percent of all Arizona cities and towns, including Clarkdale, operate under either a temporary or permanent alternative expenditure limitation. In fact, Clarkdale voters have approved the Town of Clarkdale to operate under a temporary alternative expenditure limitation (Home Rule Option) during elections every four years since 1980.

Similar to Temporary Alternative Expenditure Limitation (Home Rule), a Permanent Base Adjustment is an adjustment to the maximum amount of money the Town would otherwise be allowed to spend under state law. Just like Home Rule, it simply allows the Town to spend the money it already collects on needed services and infrastructure projects. A Permanent Base Adjustment does not increase taxes or allow the Town to spend more money than it has, it simply asks voters to allow the Town to spend the money it collects. Unlike Home Rule, a Permanent Base Adjustment is designed to serve the town for a longer period of time, so the need to hold special elections every four years is alleviated.

Like most municipalities in Arizona, Clarkdale has experienced significant growth since 1979. In fact, the Town's population has more than tripled in that time, from approximately 1,200 residents in 1979 to a current population of approximately 4,093. Moreover, the Town now provides many services it did not provide in 1979.

In 2014, the Town of Clarkdale received voter approval to adopt a Home Rule Option to apply to the town for four years beginning in 2015-2016. The following chart shows the Expenditure Limitation approved by Clarkdale voters in the 2014 election. It also illustrates that a Permanent Base Adjustment does not increase taxes or allow the Town to spend more money than it has, it simply asks voters to allow the Town to spend the money it collects. As you can see on the chart below, the actual budget adopted by the Town Council in 2015-16 was significantly less than the expenditure that was approved by voters:

Year	Expenditure Limitation (Home Rule Option) Currently Approved by Clarkdale Voters	Actual Budget Adopted by Town Council
2015-16	\$21,268,974	\$16,720,460
2016-17	\$22,332,423	
2017-18	\$23,449,044	
2018-19	\$24,570,908	

The 1979/80 original base limit for the Town of Clarkdale was \$255,616 and the 1978 population was 1,200. Those two numbers are still used by the State as the base for Clarkdale's expenditure limitation calculation. The first portion of the calculation divides the the current year population estimate, as provided by the State Demographer, by the 1978 population to determine a population factor. The second portion of the calculation uses the most recent inflation factor, as issued by the Arizona Department of Revenue, which are issued 3-4 times a year. The projected state imposed limitation is calculated by multiplying the 1979-80 base limit of \$255,616 by the applicable population factor and inflation factor.

The question being brought to the voters asks for the expenditure base (\$255,616) to be permanently adjusted by \$3,000,000.

If approved, the new 1979/80 base limit would be \$3,255,616 and that number would then be used to calculate the annual expenditure limitation by multiplying with the applicable population factor and inflation factor. We feel that the projected state imposed expenditure limitation of \$3,000,000, as calculated annually by the State, will allow the Town of Clarkdale to set annual budgets based upon revenues collected throughout the next decade.

For example:

Fiscal Year	New Proposed 1979-1980 Base Limit	Population Factor	Inflation Factor	Project State Imposed Limitation
2017-2018	\$3,255,616	3.5250	2.9743	\$34,133,204.81

In an effort to determine the dollar amount to increase the original base limit, we projected out our actual 2015-2016 budget of \$16,720,460 by 5% each year to the year 2030, which resulted in a projected budget in 2029-30 of \$33,000,000.

Just like the Home Rule Option, any city or town can permanently adjust its State imposed expenditure limitation base if a majority of the qualified electors voting on the issue at a regular (primary or general) city or town election or the state general election vote in favor of the adjustment. A base adjustment may be referred to the voters of the city or town by an affirmative vote of two-thirds of the members of the council.

Town Clerk/Finance Director Kathy Bainbridge introduced this information to the Council. It was emphasized that there would be no increase in taxes. Town Manager Mabery noted that approval of this proposition by the voters would alleviate the need for elections every four years for Home Rule.

**Vice Mayor Dehnert moved for the approval of Resolution #1515, a Resolution Proposing a Permanent Adjustment to the 1979-80 Base Expenditure Limitation of the Town of Clarkdale being submitted to the voters of the Town of Clarkdale. Councilmember Regner seconded the motion and a roll call vote was taken.**

Voting Member	Aye/Nay
Council Member Curtiss Bohall	Aye
Council Member Scott Buckley	Aye
Vice Mayor Richard Dehnert	Aye
Council Member Bill Regner	Aye
Mayor Doug Von Gausig	Aye

**The motion passed unanimously.**

**FISCAL YEAR 2016-2017 PRELIMINARY BUDGET WORKSESSION**– A work session with the Council regarding the Preliminary Budget for FY 2016-2017.

A Power Point presentation of the 2016-2017 Fiscal Year Preliminary Budget will show the combination of projected expense and revenue reductions/increases throughout the Enterprise Funds which include the Water Fund, Sewer Fund, Sanitation Fund and Cemetery 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 30<sup>th</sup> so that the

staff has a guideline for expenditures on July 1<sup>st</sup>, 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:**

March 22, 2016	Preliminary Budget Worksession
April 26, 2016	Preliminary Budget Worksession
May 24, 2016	Preliminary Budget Worksession
June 14, 2016	Preliminary Budget Worksession (If Needed)
June 28, 2016	Approval of Preliminary Budget
July 26, 2016	Public Hearing for: Final Budget Property Tax Levy Truth In Taxation Resolution on Primary Property Tax Rate Adoption of Final Budget
August 9, 2016	Adopt Property Tax Levy

**2016-2017 Preliminary Operational Budgets:**

<u>Fund</u>	<u>Expense Budget</u>	<u>Revenue Budget</u>
▪ Water O & M	\$ 1,277,775.93	\$ 1,329,701.53
▪ Water Capital Improvement	\$ 1,603,192.00	\$ 1,603,192.00
▪ Water Capacity Fees	\$ 159,435.00	\$ 159,435.00
▪ Wastewater O & M	\$ 388,888.80	\$ 644,730.00
▪ WW Plant & Equipment	\$ 594,673.68	\$ 594,673.97
▪ WW Sludge Removal	\$ 5,010.00	\$ 5,010.00
▪ WW Line Replacement	\$ 527,419.00	\$ 527,419.00
▪ WW Lift Station	\$ 52,958.00	\$ 52,958.00
▪ WW Capacity Fees	\$ 50,473.00	\$ 50,473.00
▪ Sanitation Fund	\$ 291,395.93	\$ 293,000.00
▪ Sanitation Capital Fund	\$ 23,854.07	\$ 23,854.07
▪ Cemetery Fund	\$ 41,656.21	\$ 41,656.21
▪ Cemetery – Perpetual Care	\$ 32,500.00	\$ 32,550.00

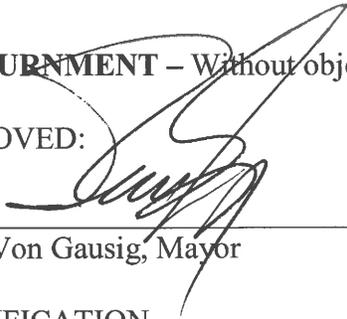
Council directed staff to put line replacement and lift station funds under one depreciation fund and transfer the sludge removal funds to wastewater operations and management. Mayor Von Gausig asked if other vendors were using our facilities for dumping and suggested that as a possibility for generating additional revenue.

**This is a worksession only and no action by Council is required.**

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

**ADJOURNMENT** – Without objection Mayor Von Gausig adjourned the meeting at 4:29 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 22<sup>nd</sup> day of March, 2016. I further certify that meeting was duly called and held and that a quorum was present.

Dated this 13<sup>th</sup> day of April, 2016.

SEAL

  
\_\_\_\_\_  
Kathy Bainbridge, Town Clerk