

**Minutes of a Special Meeting of the Common Council of the Town of Clarkdale
Held on Saturday, May 20, 2006 at 8:00 a.m. in Conference Room A of the
Verde Valley Medical Center, 269 S. Candy Lane, Cottonwood, Arizona.**

A Special meeting of the Common Council of the Town of Clarkdale was held on Saturday, May 20, 2006 at 8:00 a.m. in Conference Room A of the Verde Valley Medical Center, 269 S. Candy Lane, Cottonwood, Arizona.

Town Council:

Mayor	Doug Von Gausig
Vice Mayor	Jerry Wiley
Councilmember	Pat Williams
	Tim Wills
	Frank Sa

Town Staff:

Gayle Mabery	Town Manager
Joyce Driscoll	Admin. Services Dir./ Town Clerk
Sherry Bailey	Community Development Director
Steve Burroughs	Public Works Director
Carlton Woodruff	Finance Director
Pat Haynie	Police Chief
Jerry Doerksen	Fire Chief
Janet Perry	Assistant to the Town Manger
Anna Young	Town Attorney

Others in Attendance: Curt Bohall, Councilmember Elect.

AGENDA ITEM: CALL TO ORDER - The meeting was called to order at 8:10 a.m. by Mayor Von Gausig. All members were present.

AGENDA ITEM: STRATEGIC PLANNING WORKSESSION

A. Welcome and Introductions

Mayor Von Gausig made sure that Councilmember Elect Bohall knew everyone at the meeting.

B. Updates on priorities established at the November 15, 2005 meeting.

Develop a Reclaimed Water Master Plan

Public Works Director Burroughs presented the following staff report:

Working in conjunction with the Town's engineers, Willdan Consultants and Stantec Engineering, information is being compiled to incorporate and link newly proposed reclaimed water infrastructure current developers building within the Town will be installing, as directed by ADEQ, for discharge from their package plants.

Empire Builders will be installing a section of "purple line" through out their property, tying their parks to their package plant and linking to a main line running along Centerville Road. Highlands LLC development will also be installing line within their development connecting their park system to their package plant and installing a line from their development along the west side of Highway 89A to the Town's cemetery. A holding tank with pumps for irrigation of the cemetery will be included.

This plan will also be incorporated into the Town's designs for the upcoming new Waste Water Treatment Plant scheduled for late spring of 2008.

Currently no formal information has been published.

The following issues were discussed:

- Need to set pricing for effluent usage
- It makes sense to use effluent to water public places.
- The Town has an agreement with an industrial user to use effluent in their process.
- The current plant produces Class B effluent; the new plant will be Class A.
- It does not make sense to serve individual homes with effluent.
- Installing reclaimed water lines where others are paying for it first.
- Highlands is watering parks and all landscaping in commercial areas with reclaimed water.
- Purity of Class A reclaimed water.

- Uses for Class B effluent as opposed to Class A.

Develop short and long-term Water policies.

Town Manager Mabery presented the following staff report:

During the November 2005 Strategic Planning Session, the Council identified the development of short and long term water policies as a priority for the upcoming year. While there are a significant number of policy issues that will have to be addressed with our ownership of the utility, our focus to date has been on the most pressing issues. Progress that has been made on those pressing issues includes:

- 1) *What originally started as the Water Company Acquisition Work group has now transitioned into a Work Group for discussions of water policy issues and ways in which Clarkdale and Cottonwood can work together on issues. Our intent is to meet every two weeks and continue to explore issues and policies.*
- 2) *Clarkdale and Cottonwood completed an evaluation process of the system rates and fees for the two systems and have individually taken amendments to those fees to their respective Councils so that the rate and fee structures and policies can be more closely aligned. The Clarkdale Council adopted the Notice of Intent to take action on these issues at their May 9th Council meeting, and will hold a Public Hearing in July with regard to the new proposals.*
- 3) *Clarkdale and Cottonwood have been working together to develop a Drought and Water Shortage Contingency Plan that can be adopted by both communities and will solidify our compliance with statewide drought planning requirements. The Plan has been reviewed in worksessions by both Councils, and will come before the Clarkdale Town Council again at the May 23rd Council meeting. Once adopted, this Plan will become a part of our water policy in the Clarkdale Town Code. Staff anticipates bringing a draft for adoption to the Council in June, 2006.*
- 4) *As discussed at the March 14, 2006 Council meeting, Clarkdale and Cottonwood will be working together to have a Water Utility Operations policy drafted that will meet the needs of both communities. Our plan is*

to have one of our consultants prepare the draft policy for review by the Work Group, and bring drafts to the Councils in the next 3-4 months.

Staff's goal is to complete items 2, 3 and 4 of the above list prior to the November 2006 Strategic Planning session.

We also expect that our efforts under item 1 will result in our ability to provide another comprehensive list of water policy issues to present to the Council for prioritization at the November 2006 Strategic Planning session.

The following issues were discussed:

- Provisions of Drought and Water Shortage Contingency Plan.
- That the Council will almost always have water issues on its agenda.
- The Drought and Water Shortage Contingency Plan will be adopted into the Town Code.
- Who polices compliance with the Plan?
- The Town will probably take on its own billing by the end of the calendar year.
- Ways to educate the public regarding conservation. One idea is public signs similar to fire danger signs.
- Need for monitoring mechanisms on well sites.
- The goal is to be as consistent with Cottonwood as possible so that if one goes to a certain strategy level, so does the other. All customers will receive a consistent message.

Adopt Policies for use of a 1% Construction Sales Tax Revenue and "One-Time" Construction Generated Revenues.

Finance Director Woodruff presented the following staff report:

An additional 1% Construction Tax was adopted on May 24, 2004, and the funds are distributed to the Town through the State of Arizona Sales Tax Distribution system. Monies have and will continue to accumulate and earn interest until expenditure policies are adopted by Council. As one of the priorities established at the November 15, 2005 Strategic Planning Worksession, policies should be adopted directing the expenditure of the 1% Construction Sales Tax Revenue as well as any "One-Time" construction generated revenues.

The following issues were discussed:

- The 1% sales tax is specific to Clarkdale.
- It became effective August 1, 2004.
- The Council designated some of the tax to go toward MPC payments.
- The MPC payments are approximately \$40,000 per year.
- The Town has not yet seen the income from Mountain Gate.
- The tax is paid when the home is sold.
- Auditing sales tax reports to make sure reporting is being done correctly.
- The State has a new auditing system which gives them more incentive to audit.
- Recommendation that the impact fees be adopted prior to developing a policy as to how to designate the 1% construction tax.

Initiate a Study on Development Impact Fees and adopt a set of Impact Fees.

Community Director Bailey presented the following staff report:

The Development Impact Fee Study by MuniFinancial covering the five areas of interest selected at the Council [water, waste water, streets and roads, parks, and civic/community facilities]. is underway. Each study area requires significant research and analysis in order to meet the requirements specified by Arizona Revised Statutes § 9-463.05. Each individual fee area requires its own study and report based on the following criteria:

1. Prepare growth projections;
2. Identify facility standards;
3. Determine the amount and cost of facilities required to accommodate new development based on facility standards and growth projections;
4. Calculate the public facilities fee by allocating the total cost of facilities per unit of development.

The water and wastewater areas are about ¾ done. Civic and community facilities are about ½ done. Parks and streets and roads are the two areas where the Town staff are having to generate the information and develop the supporting reports in order to meet the requirements in state statute. The Public Works department has conducted traffic counts and we now need to correlate that information with the General Plan's Circulation Element.

Another item on your agenda will provide additional information to the MuniFinancial team on Parks and Recreation and long-term facilities planning.

Since we have to generate additional supporting studies the project has taken longer than was originally anticipated. Our original estimate was based on MuniFinancial's expectation that the Town would have more corroborating information. However, by having to conduct this fact finding exercise, staff is getting a better picture on Clarkdale's needs generated by growth and development.

The following issues were discussed:

- State law requires specific studies to be tied to the impact fee.
- Do not have very much data regarding projected park facilities.
- May want to re-think taking over maintenance of parks and trails.
- Impact fees cannot include maintenance costs.
- May want to have parks built by developers and maintained by homeowners associations.
- Many homeowners associations if they are maintaining the parks will not allow the park to be open to the public.
- Discussion of possible regional park sites.
- The study takes into account that new infrastructure is needed because new people are coming into town, but existing residents will use it and benefit from it.
- Impact fees must be spent on specifically what they were collected for.
- Flexibility to negotiate for parks with a PAD.
- Very little flexibility with subdivisions.
- Development community feels that the 1% construction tax is in essence an impact fee because it can be used for the same things an impact fee could be used for.
- 1% sales tax is for a different and separate purpose compared to impact fees.
- Staff hopes to have remaining information to MuniFinancial in 30 days.
- Adoption of impact fees takes 6 months.
- In order to increase impact fees, supporting studies must be updated.

Finalize and adopt a 5-Year Staffing Plan.

Following is the staff report:

During the Strategic Planning Session for 2005 the Council discussed staffing issues. One priority in this area was to develop a 5-year Staffing Plan.

Each Department Head was asked to evaluate their current staffing levels and anticipated staffing needs. Most departments based their staffing projections on "trigger points", i.e. the Police Department maintaining a ratio of sworn officers to population of 1/500. Using this example, if population growth is faster or slower than what the Plan predicts, the Plan can be adjusted accordingly based on the maintaining of the ratio rather than being "tied" to a projected fiscal year.

The Town Council had a worksession on this Plan at its January 10th Council meeting and adopted the Plan on January 24, 2006.

Staff recommends the Plan be evaluated annually, and updated accordingly, with respect to where the departments are on the trigger points.

The Plan will also need to be adjusted annually based on available funding. For instance, although Staff will use the Plan to request funding for the positions in fiscal year 2007-2008, there may not be the resources to fund them all. Decisions for which positions to fund will be dealt with annually during the budget process and the plan will be amended accordingly.

Discussion included the following:

- The Plan is completed and approved.
- The Plan is based on trigger points.
- Employees are requesting that the IT position be created sooner than what is reflected in the 5-year staffing plan.
- The Plan will need to be reviewed annually.

Analyze staff compensation and make adjustments to remain competitive in the regional (Verde Valley) market.

Following is the staff report:

At the November 2004 Strategic Planning Session the Council discussed that the Town needed to be able to attract and retain professional staff. It was noted Clarkdale needed to have a regionally competitive salary

schedule. The Council directed staff to conduct a salary study and, based on the study, recommend a revised salary schedule and changes to existing employee pay.

In early 2005 Staff completed the first study and the Council subsequently adopted a new salary schedule. The Council also authorized the funds to bring existing employees up to at least the new starting rate, and an additional tenure adjustment based on years of service. In this way, for example, an employee who had worked for the Town for five years was making slightly more than a new employee hired in the same or similar position. Both the Staff and the Council recognized that the goal of having a competitive salary schedule would not be accomplished all in one year.

At the November 2005 Strategic Planning Session the Council directed Staff to conduct another Employee Compensation Study. A summary of this study is attached. Like the first study, the second study compared current Town starting hourly rates to regional starting rates for similar positions. The new salary study was adopted by the Council on April 24, 2006 and becomes effective July 1, 2006. This makes Clarkdale's salary schedule competitive with the salary schedule of other municipalities in the region; however, it is important to note that other municipalities may or may not be hiring at the starting rates in their adopted schedules.

Also at the April 24th council meeting, it was noted that the 2006-2007 budget, which the Council is currently reviewing, includes bringing existing staff up to the proposed new starting salary rates with adjustments for tenure.

The following issues were discussed:

- The Compensation Study is completed and the Council adopted a new salary schedule.
- Some municipalities are having difficulty attracting people to open positions not just because of pay, but also cost of living in the Verde Valley.
- Discussion that the problem of attracting employees is not just specific to government.
- Salaries in general are not keeping up with housing costs.

Complete the upgrades to the current Wastewater Plant; construct an Effluent Delivery Line to the

New Disposal Location; embark on design, permitting and construction of a new Wastewater Treatment Facility.

Steve Burroughs presented the following staff report:

The existing Wastewater Treatment Plant was built in the 20's and upgraded in the 1970s. It currently produces sub-Class C effluent and discharges it onto the mine tailings owned by Phelps Dodge (PD). The development agreement between PD and the Town calls for removal of the effluent and its disposal at an alternate site by the end of 2005. The first step toward fulfilling that agreement involves upgrading the plant so that the effluent achieves Class B quality and is acceptable for other applications. Funding for the first phase was accomplished through a (CDBG) Community Development Block Grant the Town applied for and received in the amount of \$350,000.00

For the first phase of the project that covered the upgrades to the WWTP new pumps, piping, valves, surge tank and chlorination system.

Bids were opened at 3:00 p.m. on June 24, 2005. Four were received; Fann Contracting, Inc., Gantry Constructors, Back Constructing, LLC and Jay Pacific Corporation with Back Constructing, LLC awarded the contract for phase I at a cost of \$247,641.20

The first phase of upgrades to the existing wastewater plant was completed on time in December 2005 without change orders. This upgrade brings the Town's WWTP to produce a class of effluent of "Class B".

For the second phase of the project, which covers the installation of 9000' of 8"OD. forced main pipe, 88,000 gallon holding tank with pumps, valves, surge tank, truck fill station and land application system that encompasses +/- 36 acres.

The Town has leased the site for the land application, approx. 50 acres on Verde River Iron property (Transylvania International). To reach this site an easement was granted along the Verde Canyon Railroad tracks, which run from the existing wastewater facility site North, North West along the track bed.

To continue the line an easement was granted by Verde River Iron (Transylvania International) The easement

granted the Town will allow the continuation of the effluent line construction to move from the Verde Canyon Railroad easement on to Verde River Iron property (Transylvania International) thereby reaching the disposal site approximately 2700' South, Southwest of the Verde Canyon Railroad tracks transition point. This easement will parallel on the North side, the Verde Canyon Railroad tracks until reaching the disposal site.

For the second and final phase bids were opened at 3:00 p.m. on February 1, 2006 Four bids were received: Fann Environmental LLC, Gantry Constructors Inc., Quest Ventures Civil Contractors and Back Constructing, LLC with the contract awarded to Back Constructing, LLC at a cost of \$1,970,000.00

The final phase of the removal of effluent from the mine tailings and WWTP upgrades is scheduled for completion late September 2006. The project is currently on schedule and budget.

Currently the application for the Towns resale permit of effluent is being processed by ADEQ and will be ready to offer Class "B" effluent to contractors for dust control and other uses.

The following issues were discussed:

- During construction railroad tracks were found three feet under the Main Street crossing.
- Bats under the trestle were not disturbed.
- During construction found slag 12 feet deep.
- Worked closely with Verde Canyon Railroad during construction on sections adjacent to their active spurs.
- Have 80,000 gallon holding tank at effluent reuse site.
- Installing truck filling station at the reuse site with a meter.
- Discussion of water trucks traversing Bitter Creek Bridge.
- Must have 100% consumption of the effluent water.
- Park on the effluent disposal site may inadvertently become a riparian area visited by endangered species.

- Gallons per day have gone down at the wastewater treatment plant since the new water rates were put into place.

Schedule worksession with Parks and Recreation Commission to discuss long-term facilities planning.

Administrative Services Director Driscoll presented the following staff report:

At the November 2005 Strategic Planning Session, Council listed holding a worksession with the Parks and Recreation Commission regarding long-term facilities planning this as a priority.

The Commission had a worksession with the Council on March 28, 2006. At this worksession the commission shared with the council that they would be working on the strategic plan.

Parks and Recreation Coordinator Pam Ravenwood, with assistance from Community Development Director Sherry Bailey, has been working to draft a Parks and Recreation Strategic Plan. This Plan will include future goals and evaluate current facilities and programs. The Parks and Recreation Strategic Plan will also integrate applicable General Plan mandates as well as the Parks and Recreation Master Plan which was approved by the Council on September 9, 2005.

The Parks and Recreation Commission will review and give input on the plan May 18, 2006. The Planning Commission will review and give input on the plan May 22, 2006. Staff would like Council input on the process and the plan before public input sessions are scheduled. After Council input and at least two public input sessions, the plan will come again before Council for final approval.

The following issues were discussed:

- That the council will have the proposed Strategic Master Plan on their agenda prior to gaining public input.
- Parks within developments should be open to the public.
- Need for volunteer program for trail maintenance.
- The Council needs to back up Parks and Recreation Coordinator Ravenwood with funds.

At 10:30 p.m. a 15 minute break was taken.

C. Review and discussion of proposed presentation for June Water/Growth Forums.

Discussion included the following:

- Issues going before the council are becoming more complicated and technical.
- Issue of growth is very complicated.
- Concept and structure of the forums.
- Limitations on what the council can and cannot do regarding growth.
- Will have 5-7% growth no matter what the town does.
- How much water the town has.
- Owning the water company is the biggest tool the town has for planning growth.
- Can only issue a moratorium for very specific reasons and there are specific legal requirements.
- Active Management Areas
- Challenges in attracting commercial businesses.
- Brining businesses into the town limits rather than the County.
- Density.
- Balance between attracting development and regulations on development.
- Developments may occur inside or outside the town limits. At least if they are inside the town has some control over how the development is done.
- How the General Plan is updated.
- The need to better define in the General Plan when a major amendment is required.

At 11:35 there was a 35 minute break.

- 75% of well capacity is a safe production rate, pumping 13 hours per day.
- Currently producing 450,000 gpd
- Have capacity for 1.95 million gallon.
- Adding Mescal and Mountain Gate wells will increase production to 1.3 million gallons per day with 2.7 million gallons of capacity.
- About 80% of the houses in Clarkdale are on the water system.
- About 3200 persons on the system today.

- Could serve about 9,600.
- People want to think water will inhibit growth.
- If Verde Valley Ranch develops they would be expected to put in wells and turn them over to the Town just as any other developer.
- Probably depleting our aquifer, but have not scientific evidence that is true.
- Water shortages were not due to not having enough water, it was due to not having enough water in parts of the system.
- Explanation of water pressure drop that recently occurred.
- Mescal well water will be pushed up to the Haskell Springs tanks.
- Operations
- The fact that the town did not receive an owner's manual with the water system.
- Infrastructure issues are being addressed as staff is able.
- Problems with fire hydrants, leaking, operation.
- More things will come up, staff hasn't thought of everything yet that will need to be addressed by the Council.
- Other topics of discussion at the forums.
- Importance that the focus of the forums is for the public to be able to ask questions.
- Rates do not have anything to do with water capacity other than the tiered structure encourages conservation.
- Some people tend to relate density and zoning to how the property has been developed, not to the actual zoning in place.
- Some people want to use zoning as a way to control growth.
- The regional land use plan does not address areas on the west side of Clarkdale.

D. Review and discussion of municipal boundaries.

Discussion included the following:

- Jerome has an annexation project underway.
- 95% of the property adjacent to the town limits on the west is owned by 20 people.
- One consideration for annexation is to protect areas where water flows into the aquifer.

- People being able to sink wells in the County that no one is monitoring.
- Legally to annex there must be a plan to service the area.
- Steps as to how to annex property.
- May have annexation agreements with owners where they would agree to the annexation in exchange for some consideration.
- Need to have good vision for the area prior to the annexation.
- State law does not give municipalities the ability to regulate private wells within its water service area.
- Ground water and surface water rights.
- Sand and gravel operations pumping out groundwater and discharging it to a wash where it flows to the river and becomes surface water.
- Recycling of water, possibility of large industrial users sharing the same water.
- Providing transportation infrastructure to annexed areas.

AGENDA ITEM: ADJOURNMENT

With no further business before the Council, and without objection, the meeting adjourned at 2:00 p.m.

APPROVE:

Doug Von Gausig, Mayor

ATTEST:

Joyce Driscoll, Town Clerk