

**Minutes of a Special Meeting of the Common Council of the Town of Clarkdale
Held on Tuesday, October 28, 2008**

A Special Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, October 28, 2008, at 3:00 PM at Clark Memorial Clubhouse, 19 North Ninth Street, Men's Lounge, Clarkdale, Arizona.

Town Council:

Mayor Doug Von Gausig - absent
Vice Mayor Jerry Wiley

Councilmember Patricia Williams
Councilmember Curtiss Bohall
Councilmember Richard Dehnert

Town Staff:

Town Manager Gayle Mabery
Public Works Director Steve Burroughs
Finance Director Carlton Woodruff
Town Clerk Kathy Bainbridge
P&R Supervisor Dawn Norman

Assistant Town Manager Janet Perry
Community Development Director Sherry Bailey
Police Chief Pat Haynie
Utility Director Wayne Debrosky
Deputy Town Clerk Walt Good

CALL TO ORDER – 3:02 PM by Vice Mayor Wiley

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.

Robyn Prud'homme Bauer – speaking on behalf of the Clarkdale Chamber of Commerce thanked the Town staff for their assistance on the successful Economic Tour by NACOG. Also on behalf of the Verde Valley Chapter of the Yavapai College Foundation, Ms. Prud'homme invited all Council and staff to attend the Yavapai College Book Scholarship Fund “Celebrate Education in Sedona!” that will celebrate the College's 40 years of serving the Yavapai County and the special Guest is Governor Janet Napolitano. The event will be Tuesday, November 18 from 4:30 to 6:30 PM. The Foundation is also supporting the “Thirty Little Secrets” an art exhibit at the Verde Valley Yavapai College Verde Art Center on Friday, November 14 from 5:30 to 7:30 PM.

NEW BUSINESS

BUDGET UPDATE – A worksession to discuss the first quarter of the 2008-2009 Budget year.

Budget Update moved to end of the Agenda.

SETTLEMENT AGREEMENT BETWEEN THE TOWN OF CLARKDALE AND ARCH INSURANCE COMPANY – Discussion and consideration of a Settlement Agreement with Arch Insurance Company to accept payment of \$150,572.04 as payment for the outstanding balance due by ARCH Insurance Company under that subdivision bond issued on behalf of Empire Residential Construction, LLP, to the Town of Clarkdale as payment in full.

Deputy Town Clerk Good advised Council that there had been some minor changes made to the proposed settlement agreement given to Council in their packets. Item 16 Notices - the ARCH contact address for Ronald W. Hopkins, Esq. had been changed to 1801 Avenue of the Stars Suite 230, Los Angeles, CA 90067, and in Item 18 Authorized Representative – changed the Attorneys for, to Attorney for Town of Clarkdale and included signatures from ARCH Insurance Company.

Community Development Director Bailey informed Council the process that had been followed to come to the settlement with ARCH. Town Attorney Pecharich has worked with staff and ARCH on the settlement and has submitted this document to Council for acceptance. Town Manager Mabery stated that the settlement will not cover the cost of everything on this phase of construction list but will enable the Town to complete the items that Town has identified as safety hazards. The amount of the settlement is equal to the remaining amount of the bond. Covered items will cost more than the amount the Town will receive due to an increase in cost of materials and unacceptable quality of workmanship and items not up to code. The balance of the items on the list will have to be paid for by the party that purchases the project and continues the construction.

Councilmember Williams motioned that the Council accept the Settlement Agreement with ARCH Insurance Company for the amount of \$150,572.04 as payment for the outstanding balance due under the subdivision bond issued on behalf of Empire Residential Construction, LLP, to the Town of Clarkdale as payment in full. Seconded by Councilmember Dehnert, Motion approved unanimously.

CONSIDERATION OF RESOLUTION NUMBER _____, AUTHORIZING THE MAYOR AND COUNCIL TO APPROVE THE RECEIPT OF PAYMENT FROM ARCH INSURANCE COMPANY – Discussion and consideration of Resolution # _____, a Resolution authorizing the Mayor and Council to receive payment from Arch Insurance Company in the amount of \$150,572.04 and authorization to release and exonerate the ARCH insurance bond.

Councilmember Williams motioned to approve Resolution # 1284, a resolution authorizing the Mayor and Council to receive payment from ARCH Insurance Company in the amount of \$150,572.04 and authorize the release of the ARCH Insurance Bond. Councilmember Bohall seconded the motion. Motion was approved unanimously.

RESOLUTION RESCHEDULING THE NOVEMBER 11, 2008 COUNCIL MEETING DATE – Discussion and consideration of Resolution # _____, rescheduling the November

11th Regular Council Meeting date which falls on Veterans' Day.

Council held a discussion on the possible dates to move the November Regular Council Meeting since it falls on a legal holiday. It was also decided to cancel the Special Meeting in November due to a conflict with Thanksgiving week.

Councilmember Bohall moved that Council approve Resolution #1285 moving the Town of Clarkdale Regular Meeting of the Common Council to Monday, November 17, 2008, at 3:00 PM. Motion seconded by Councilmember Williams. Motion approved unanimously.

TOWN MANAGER 2008 EVALUATION REVIEW PROCESS – Discussion of the review of the process for the 2008 Town Manager Evaluation.

Town Manager Mabery explained the process that Council had utilized for the last Town Manager Evaluation.

Councilmember Dehnert motioned for the Town Manager to move forward with the process last utilized by the Council for the Town Manager Evaluation. Motion seconded by Councilmember Bohall. Motion approved unanimously.

BUDGET UPDATE – A worksession to discuss the first quarter of the 2008-2009 Budget year.

Town Manager Mabery began the update to Council by reviewing the PowerPoint slides on the status of the budget. This review is for the first quarter of the fiscal year, the period through September 30, 2008. Last year staff updated Council at midyear and discussed possible changes to avoid a budget shortfall. This fiscal year staff felt it appropriate to consult with Council on the budget on a quarterly basis because of the volatile economy.

Street Fund – Revenues are 21.64% of projections and staff believes that this account will continue to be below projection at an increasing percentage level through the rest of the fiscal year. State and local funds for streets are below projections. HURF funds are lagging and the combination of the two revenue account shortfalls, will not allow the Town to make a transfer to the General Fund and the spring chip seal projects may have to be deferred. The Town is on a seven year rotation of areas for chip seal. The Town should be able to continue to perform pothole maintenance. The good news is that expenditure is currently at 17.81% of projection.

Wastewater Fund – Revenues are at 19.98% of projection with operation and maintenance (O&M) expenditures at 24.54%. The Town knew that the sewer fee would have to be revised and staff intends to bring those recommendations to Council about January and if passed it would be about 60-90 days before the Town would start receiving that increase.

Sanitation Fund – This is the trash and recyclable fund. Revenues are at 23.65% with expenditure at 16.67% of projection. Staff believes this account will continue in this fund is in OK shape.

Water Fund – The revenue is at 31.05% and this is because the water use during the first quarter, when it is hotter, is higher. O&M is below at 19.9% and total expenditures at 6.73%. This is good now but cannot guarantee that that the Town will not have a line fail requiring a major purchase. The Town is covering the debt service on the loan.

Cemetery Fund – Cemetery fund revenues are at 13.19% and expenditures at 18.25%. The Town has discussed a change in fees for the cemetery and that will probably be brought to the Council in January. It would go into effect immediately after passage. There is an endowment expected that may be coming to the Town before the end of the year. This would assist the Town in two areas of the cemetery maintenance. Also the Town may be able to construct a columbarium for funeral ashes.

General Fund – This makes up the Town public services with revenues at 17.52% and expenditures at 16.67%. Property taxes are received in November and December along with Library District funding coming in November and May. Finance Director Woodruff believes that the town will have to spend money for supplies and required training will increase the expenditures closer to projected levels as every department worked to trim their budget for the year.

Good News - Finance Director Woodruff stated that building permits are at 50.68% of projection this is because of the construction at Clarkdale Metals while housing is stagnant at the present and expected to stay that way.

Not so Good News – Local sales tax at a 6% current shortfall with no improvement expected. Motor Vehicle License down 2.98% and expected to decline more as resident retain current vehicle rather than buying new. State sales tax at a 1.01 shortfall and not expected to recover.

Finance Director Woodruff led a discussion on the General Fund Sales Tax and the impact that construction has on the Town with a base rate of about \$40,000.00 per month and anything above that would probably be construction tax revenue.

Councilmember Dehnert asked if any departments had major expenditures that are coming. Finance Director Woodruff said the Pool expenditures are heavy in May and June.

Councilmember Williams asked what the Town Wide was comprised of; Finance Director Woodruff said that was the Town's professional services.

Finance Director Woodruff discussed the items he is watching to know where the shortfalls could appear and plan for corrective action. Some of the actions that are

possible are:

- Adjust street transfer from General Fund – some wiggle room
- Cancel Temporary Building - \$25-30,000.00 possible saving, problem is assimilating those offices into existing Town building space.
- Possible closures of services related budget items – Possible \$20,000.00 savings.
- General Fund savings with a reduction in operational hours – If closed one Friday a pay period (10%, the Town could realize a savings of around \$150,000.00 if program began in January).

Town Manager Mabery stated that a reduction in force was the main item the Council wanted to avoid. When Department Heads had discussed this possibility with staff, staff embraced it believing that it would save someone's job. Town Manager Mabery expressed her gratitude for the Town staff on what they have done and what innovated ways of changing how the Town performs work thus creating savings for the Town. Town Manager Mabery is proud of the Town staff. Other municipalities are making reductions in force and reducing services, Queen Creek is reducing hours, Yuma has shut down every Friday and the county is reducing staff. Town Manager Mabery believes the Town is strong because we have a history of working with budget constraints, the attitude of Council and staff, and our creative staff in finding ways to finance the necessities.

Local Government Investment Pools (LGIP) - Finance Director Woodruff explained the needs for government investment as; safety, liquidity and yield. The Lehman Bankruptcy has affected the Town in that \$50,000.00 of the Town's \$2,500,000.00 investments has been frozen until everything is figured out. Mr. Woodruff explained the difference between Pool 5 and Pool 7 and that the Town has been in Pool 5 because of the higher yield. With the volatility of the market the Town may want to change from Pool 5 to Pool 7 or opt out of LGIP altogether into another fund that is safe and has a higher yield.

Vice Mayor Wiley asked if the Town moved from Pool 5 to the lower yield but safer Pool 7 would the Town make enough to cover the interest on the \$700,000 WIFA loan. Finance Director Woodruff informed Council that the Town had not required the WIFA funds and had not yet requested the loan.

Councilmember Dehnert asked how important liquidity was and if the Town could invest in \$250,000.00 certificate of deposit on a revolving basis. Finance Director Woodruff replied that the Town would have to invest in ten different financial institutions and the management of that would be difficult. Liquidity is important in case we have an emergency.

The Town would have to go through a bid process or go with someone already on the state list to opt out our current LGIP investment funds.

Finance Director Woodruff said that he would be bringing items to Council for consideration in the near future. Councilmember Dehnert said that this is very important and a Special Session would be in order if time is essential.

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

ADJOURNMENT at 4:39 PM

APPROVED:

Doug Von Gausig, Mayor

ATTESTED:

Kathy Bainbridge, Town Clerk

SUBMITTED:

Walt Good, Deputy Town Clerk