**Minutes of a Regular Meeting of the Common Council of the Town of Clarkdale Held on Tuesday, January 12, 2010.**

A Regular Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, January 12, 2010, at 6:00 PM at Clark Memorial Clubhouse, Men's Lounge, 19 North Ninth Street, Clarkdale, Arizona.

## CALL TO ORDER 6:09 PM

Town Council:
Mayor Doug Von Gausig
Vice Mayor Jerry Wiley
Councilmember Patricia Williams
Councilmember Curtiss Bohall
Councilmember Richard Dehnert

Town Staff:
Town Manager Gayle Mabery
Assistant Town Manager Janet Perry
Police Chief Pat Haynie
Deputy Town Clerk Walt Good
Town Clerk/Finance Director Kathy Bainbridge
Community Development Director Sherry Bailey
Public Works Director Steve Burroughs

**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.

Ellie Bauer, Clarkdale, requested that Councilmember's speak into their microphones so that the public can hear.

## INFORMATIONAL REPORTS

MAYOR'S REPORT – A report from the Mayor on current events.

1. Mayor attended Yavapai Association of Governments meeting in Prescott.
2. Mayor had meeting with Tom Jan Meuss discussing water wars in the west.
3. Mayor did Clarkdale Sustainability Park Presentation for APS. Will make another APS presentation for company heads in future.
4. Mayor did Clarkdale Sustainability Park presentation with Freeport in Phoenix to discuss possibilities on Verde Ranch.
5. Mayor attended the Public Clarkdale Sustainability Park presentation and about 60 individuals attended.
6. Mayor met with Greg Ruland to discuss the Clarkdale Sustainability Park project.
7. Mayor had lunch with Councilmember Dehnert to discuss Town of Clarkdale issues.
8. Mayor met with Vernon Woolf and Rennie Radoccia to discuss sustainability projects.
9. Mayor had lunch with Tom Taylor to discuss the Clarkdale Sustainability Park.
10. Mayor did Clarkdale Sustainability Park presentation at Orme School, students were very involved in the presentation and asked probing questions.
11. Mayor attended the Town of Clarkdale Board and Commission training on Open Meeting

Law and Records Management.

12. Mayor attended the Verde Valley Regional Economic Organization presentation at Yavapai College Verde Campus.
13. Mayor attended the Greater Arizona Mayors organizational meeting where bylaws were discussed.
14. Mayor did Clarkdale Sustainability Park presentation at Northern Arizona University (NAU). NAU wanted to know what they could do to help and support the project.

TOWN MANAGER'S REPORT – A report from the Town Manager on current events.

1. Town Manager Mabery and Mayor Von Gausig attended the Planning Commission December meeting and a proposed February Joint Council/Planning Commission Meeting was discussed.
2. Town Manager Mabery informed Council that the Town Offices will be closed on January 18 in observance of Martin Luther King Day.
3. Town Manager Mabery informed council that at the January 26, Special Council Meeting Finance Director Kathy Bainbridge will be making a budget update report on the Town of Clarkdale 2nd quarter and Tom Piccioli update the Council on the Clarkdale Metals project.
4. The next Public Clarkdale Sustainability Park meeting is scheduled for January 27, at 3 PM. There will also be a February 22, at 6 PM and a March 20 at 10 AM presentation allowing residents different times and days to attend the presentation and learn about the Clarkdale Sustainability Park.
5. Town Manager Mabery informed Council the Court Consolidation Meetings are continuing. The discussions are in the analyzing stages now and the Town Manager will bring this item to Council with an update at a future Council Meeting.
6. Town Manager Mabery reminded Council that there is a Consent Item Addendum on tonight's agenda.
7. Town Manager Mabery stated that the State Budget issues continue to bring the Town new challenges daily.

CAT – A report regarding the Cottonwood Area Transit – Councilmember Williams had no report.

COCOPAI – A report regarding the Coconino Yavapai Resource Conservation District – Councilmember Williams had no report.

VVLPI – A report regarding the Verde Valley Land Preservation Institute – Councilmember Williams had no report.

NACOG - A report regarding the Northern Arizona Council of Governments – Vice Mayor Wiley reported that they had held their annual retreat and there is money available for weatherization and that individuals would have to qualify. Town Manager Mabery has the forms and information.

VVTPO – Report regarding the Verde Valley Transportation Planning Organization & other transportation affiliations – Councilmember Bohall handed out a Regional Transportation Advocacy Council report. Side effects of the State Budget cuts and the closing of the highway rest areas is that those drivers still need to stop and still need to relieve themselves. This is causing a trash and health issue on the side of the road and at rural overpasses.

NAMWUA - A report regarding the Northern Arizona Municipal Water Users Association – Mayor Von Gausig reported that NAMWUA is working on correspondence to the State on the Arizona Department of Water Resources budget cuts.

VRBP – A report regarding the Verde River Basin Partnership – Mayor Von Gausig attended a coordinating committee meeting in Jerome.

WAC - A report regarding the Yavapai County Water Advisory Committee – Mayor Von Gausig attended WAC meeting, discussed was federal legislations dealing with lower Colorado water allocations and the Arizona Department of Water Resources State budget cuts, and what those cuts will mean to Yavapai County.

**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 12/8/09.

**B.** **Claims** - List of specific expenditures made by the Town during the previous month.
December Check Log, PPE 12/5/09 & 12/19/09

**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 minutes of the meeting 12/23/09 Cancelled
Design Review Board minutes of the meeting held 12/9/09
Heritage Conservancy Board minutes of the meeting held 12/16/09
General Plan Update Committee minutes of the meeting held 12/21/09
Library Advisory Board minutes of the meeting held 12/03/09
Parks and Recreation Board minutes of the meeting held 12/9/09
Planning Commission minutes of the meeting held 12/17/09 & 12/24/09 Cancelled

**D.** **Reports** - Approval of written Reports from Town Departments and Other Agencies
Building Permit Report – November 2009
Capital Improvements Report - November 2009
Magistrate Court Report – November 2009
Police Department Report – November 2009
Water and Wastewater Report – November 2009
Clarkdale Fire District Report and Mutual Aid Responses Report – November 2009
Cottonwood Area Transit (CAT) Operations Report – No Report
Verde Valley Humane Society – November 2009

**E.** **Verde River Basin Partnership Allocation Of Funds** – Approval for allocation of $100.00 to Verde River Basin Partnership.

**F.** **Resignation of Jesus Valdez From the Heritage Conservancy Board** – Acceptance of the letter of resignation from Jesus Valdez from the Heritage Conservancy Board.

**ADDENDUM**

**Letter Of Support To Ralph Costa, Bureau of Land Management Recommending Freeport-McMoRan Corporation For The 2009 BLM Reclamation Mineral Development Award** – Approval of a letter of support to Ralph Costa, Bureau of Land Management recommending Freeport-McMoRan Corporation for The 2009 BLM Reclamation Mineral Development Award.

Councilmember Bohall requested Consent Item F be pulled for discussion.

Vice Mayor Wiley moved to accept the Consent Agenda items A, B, C, D, E, and the Addendum as prepared by staff. Motion seconded by Councilmember Williams. Motion approved unanimously.

Councilmember Bohall read the letter of resignation of Jesus Valdez into the record and commended Mr. Valdez for his service to the Town.

Town of Clarkdale
Assistant Town Manager
Janet Perry

December 16, 2009

Dear Janet,

I am writing this letter to give notice of my resignation as a member of the Heritage Conservancy board.

I have been a member for a long time. I have forgotten when I first joined the board.

During these many years, I was involved in several interesting and challenging projects. It has been a productive and pleasant endeavor. I have enjoyed myself.

Now my life style does not permit me to enthusiastically participate in the current activities. I am not able to attend meetings on a regular basis.

It is time for me to step down and give someone else the opportunity to serve the Town of Clarkdale with new energy and enthusiasm.

Sincerely,

Jesus S. Valdez

Councilmember Bohall moved to accept Consent Item F. Councilmember Williams seconded the motion. Motion was approved unanimously.

**NEW BUSINESS**

**LIQUOR LICENSE FOR LAS CARRETAS MEXICAN RESTAURANT** – Discussion and consideration of a recommendation to the Arizona Department of Liquor License and Control for approval of a new liquor license application from Las Carretas Mexican Restaurant, 1481 Paloma Way, Clarkdale, Arizona.

Deputy Town Clerk Good reported to Council that the applicant had made their fee payment to the Town and were not in attendance.

Councilmember Williams moved to recommend to the Arizona Department of Liquor License and Control for approval of a new liquor license application from Las Carretas Mexican Restaurant, 1481 Paloma Way, Clarkdale, Arizona. Motion was seconded by Councilmember Bohall. Motion approved unanimously.

**CLARKDALE SUSTAINABILITY PARK** – An update on the progress of the Clarkdale Sustainability Park (CSP) project.

Town Manager Mabery updated Council on the Clarkdale Sustainability Park.

Mayor Von Gausig opened the Clarkdale Sustainability Park Update for public comment.

Ellie Bauer, Clarkdale, read a statement to the Council:

To: Mayor Von Gausig
Vice Mayor Jerry Wiley
Councilmember Curt Bohall
Councilmember Pat Williams
Councilmember Richard Dehnert
Gayle Mabery, Town Manager

RE: Sustainability Park – Landownership and Feasibility Study

As the Clarkdale Sustainability Park project is talked of an thought about, it becomes more and more apparent, that the scope and complexity of the concept requires as neutral-based a feasibility study as possible. This seems like an opportune moment to offer this study to Freeport-McMoRan Corporation, as part of a private-public partnership. This corporation owns the property suggested and certainly has the capacity and human power to do a profit-based feasibility study – one that looks to find out if the dollar investment has the probability of producing a profit within a given period of time. Sherry Bailey, at the recent 'State of the Verde Valley' gathering, noted that $100,000 was on the table for such a study to be done, through the Town of Clarkdale. The Sustainability Park venture, is a project that deserves a more in-depth, detailed and at the same time broad-based study, a study that is driven by an objective point of view. A private-public partnership study would give the people of Clarkdale a feasibility study through which they could reasonably discuss, think about and more clearly understand this project's possibilities and constraints.

Cordially,

Ellie Bauer

Town Manager Mabery responded that the Town is seeking grants for the feasibility study in the three to four hundred thousand dollar amount. The Clarkdale Sustainability Park Study Group believes this is the amount needed to perform an extensive feasibility study.

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

Mayor Von Gausig requested that Northern Arizona Mayors organization information and bylaws.

**ADJOURNMENT 6:52 PM**

APPROVED:

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Doug Von Gausig, Mayor

ATTESTED:

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Kathy Bainbridge, Town Clerk

SUBMITTED:

_____

Walt Good, Deputy Town Clerk

**Minutes of a Special Meeting of the Common Council of the Town of Clarkdale Held on Friday, January 22, 2010.**

A Special Meeting of the Common Council of the Town of Clarkdale was held on Friday, January 22, 2010, at 10:00 AM at Clark Memorial Clubhouse, Men's Lounge, 19 N Ninth Street, Clarkdale, Arizona.

**CALL TO ORDER 10:00 AM**

Town Council:
Mayor Doug Von Gausig
Vice Mayor Jerry Wiley
Councilmember Patricia Williams
Councilmember Curtiss Bohall
Councilmember Richard Dehnert

Town Staff:
Town Manager Gayle Mabery
Assistant Town Manager Janet Perry
Utility Director Wayne Debrosky
Deputy Town Clerk Walt Good
Town Clerk/Finance Director Kathy Bainbridge
Community Development Director Sherry Bailey
Public Works Director Steve Burroughs

**NEW BUSINESS**

**FLOOD EVENT** –Update on the current flood conditions in the Town of Clarkdale.

Town Manager Mabery gave brief over view of the recent storm and the process the Town of Clarkdale and Clarkdale Fire District utilized in preparing for flood possibilities. The expected storm had taken a southerly route and missed the Verde Valley. The planning and preparing for the forecasted incident went well because of the experience each member of the team brought to the planning. Lessons were learned, like the unforeseeable loss of the 911 system for 3 hours. Town Manager Mabery reported that Jim Elmer, Clarkdale Fire District Board Chairman, said this Emergency Operations was one of the smoothest he had ever been involved with.

Vice Mayor Wiley congratulated the emergency team for the early notification of residents in the identified at risk area.

**EMERGENCY DECLARATION** – Discussion and consideration of proclaiming an Emergency Declaration in the Town of Clarkdale.

Council discussed the damages sustained during the recent storms. Mayor Von Gausig congratulated the Town of Clarkdale and Clarkdale Fire District staff for everything that was done to notify, prepare for and begin the Emergency Incident process.

Vice Mayor Wiley moved to proclaim an Emergency Declaration in the Town of Clarkdale. Motion seconded by Councilmember Bohall. Motion approved unanimously.

**ADJOURNMENT 10:14 PM**

APPROVED:

_____
Doug Von Gausig, Mayor

ATTESTED:

_____
Kathy Bainbridge, Town Clerk

SUBMITTED:

_____
Walt Good, Deputy Town Clerk

**Minutes of a Special Meeting of the Common Council of the Town of Clarkdale Held on Tuesday, January 26, 2010.**

A Special Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, January 26, 2010, at 3:00 PM at Clark Memorial Clubhouse, Men's Lounge, 19 N Ninth Street, Clarkdale, Arizona.

**CALL TO ORDER 3:00**

Town Council:
Mayor Doug Von Gausig
Vice Mayor Jerry Wiley
Councilmember Patricia Williams
Councilmember Curtiss Bohall
Councilmember Richard Dehnert

Town Staff:
Town Manager Gayle Mabery
Assistant Town Manager Janet Perry
Police Chief Pat Haynie
Utility Director Wayne Debrosky
Court Supervisor Katie Ihnen
Town Clerk/Finance Director Kathy Bainbridge
Community Development Director Sherry Bailey
Public Works Director Steve Burroughs
Building Inspector Paul Grasso
Deputy Town Clerk Walt Good

**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.

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 – December 2009
Capital Improvements Report - December 2009
Magistrate Court Report – December 2009
Police Department Report – December 2009
Water and Wastewater Report – December 2009
Clarkdale Fire District Report and Mutual Aid Responses Report – December 2009
Cottonwood Area Transit (CAT) Operations Report – No Report
Verde Valley Humane Society – December 2009

**B.** **Approval for a Request for Extension of the Financial Assurance Time Requirement for Wildhorse Acres Estates Minor Subdivision** - Approval for a request for extension of the financial assurance time requirement for Wildhorse Acres Estates Minor

Subdivision.

Vice Mayor Wiley moved to accept the Consent Agenda as prepared by staff. Councilmember Williams seconded the motion. Motion unanimously approved.

**NEW BUSINESS**

**CLARKDALE METALS UPDATE** – Update from Tom Piccioli, Clarkdale Metals, on the current and future operations.

Tom Piccioli, Clarkdale Metals, introduced Ian McNeil, Searchlight Minerals, Chief Executive Officer. Searchlight Minerals is the parent company of Clarkdale Metals. Mr. McNeil gave Council an update on the past, current and future operations. This past couple of years Searchlight had amassed $60,000,000 for start up operations. The set-up module is done, and the company is able to grind the slag to a small enough particle so that the gold and other precious metals can be extracted. The company has recently ventured out for $15,000,000 in operating funds to carry them through 2011.

Currently Clarkdale Metals is waiting for some equipment to arrive to begin the next milestone. Clarkdale Metals is now operating 24 hours a day, seven days a week and has about forty employees. This production stage is working with the leach and extraction phase of recovery. The current milestone goal is to have the plant operating in a continuous manner. Searchlight had a Press Release today stating an independent engineer has tested the operation for certification of results. The operation hopes it can reclaim about 0.4 ounces of gold per ton of slag processed. During the current startup stage Clarkdale Metals intends to work about 100 tons a day with an ultimate goal of 200 ton per day of slag processed.

Mayor Von Gausig asked how much assay gold is reclaimed per ton of slag and at what dollar value does gold have to be for the operation to stay profitable. Mr. McNeil responded that from the test boreholes the amount of gold per ton is about 0.5 ounces and the goal is to reclaim 80% or 0.4 ounces per ton. This type of operation is a low cost production. The company does not have to move large amounts of earth and does not have reclamation issues with toxic byproducts. The operation has to process existing slag into a fine grind to be worked. The breakeven point for the company is $200 an ounce for gold and the current price is over $1,100.

Councilmember Williams asked when they intend to be at full employment force. Mr. McNeil explained equipment is coming in and has to be set up and tested before they can get to the 200 tons a day. What Clarkdale Metals is trying to do now is run continuously. Slag is being processed through the pilot plant daily.

Mayor Von Gausig asked if the sample 100 ton test was homogenous equal in amounts of gold throughout the sample. Mr. McNeil stated that all the samples from all 36 test boreholes run have provided five ounces per ton with no noticeable difference.

Councilmember Dehnert asked if any employment projections are being made for the rest of this year. Mr. McNeil replied that because of the training needed to bring on a new employee, they want to get the system refined and running continuously before adding new staff.

Councilmember Bohall asked what other minerals are being recovered. Mr. McNeil stated that they are getting some copper, silver and zinc. The economics of this project is the gold; they are going after the other base metals for a ferro-silicate (clean byproduct) that can be sold.

Mayor Von Gausig asked what the plan was if the ferro-silicate byproduct was not sold. Mr. McNeil replied that the byproduct is environmentally benign and can be used in a many fashions including spread across the property owned by the company.

Mayor Von Gausig asked about the training and if any training partnership had been formed with Yavapai College in conjunction with Yavapai College mining classes. Mr. McNeil responded that most of their training is safety and proprietary and this type of reclamation is not being done anywhere else in the world.

Mayor Von Gausig asked if they were covered under Mine Safety and Health Administration (MSHA) or Occupational Safety and Health Administration (OSHA). Mr. McNeil replied that they are under discussion with MSHA as they do not consider themselves a mining operation but rather a reclamation operation. The plant had a MSHA inspection last fall and had 8 citations, which were immediately corrected. The plant works to MSHA standards but still believes they should be covered under OSHA.

Mayor Von Gausig asked what the entry level wage was for the plant workers. Mr. McNeil responded the current wage scale is $12.50 to $25.00 an hour for the workers.

Councilmember Dehnert asked what the benefit package was for the workers. Mr. McNeil replied that no package is currently offered but that the company intends to offer a package to retain the experienced workers when the operation is in full continuous production.

Paul Grasso, Building Inspector, asked when the company will move beyond the current 100 ton a day to the 200 ton a day continuous operation. Mr. McNeil stated that when the plant is in continuous operation they will bring in engineers to do a feasibility study and with that they will advance to the next milestone.

Bill Regner, Clarkdale Planning Commission, asked the depth of the boreholes and if the grade varied in the test by elevation. Mr. McNeil replied that there had been tests sent to independent laboratories to assay the amount of gold per borehole at varied elevations within that hole and also that is how they found the product to be homogeneous in gold makeup.

Bill Regner, Clarkdale Planning Commission, asked about the other holdings the company has in the industrial area and what the plans are for that property. Mr. McNeil stated that the company is concerned with the gold reclamation operation project now and no discussions on the other property are currently in process.

Mayor Von Gausig asked what brought Searchlight to Clarkdale and the slag pile. Mr. McNeil replied that he had worked with NANO Industries and Verde Iron put together a package that was worth the venture.

Mr. McNeil concluded his presentation with the statement that there are many good projects throughout the country and what makes this one different is the Town's willingness to work with

the company. Investment bankers look at how secure the company permits and relationship is with the local municipality, and the Town of Clarkdale has worked well with this project. Mayor Von Gausig replied that is a two edged statement in that the Town looks at how well the company works with the Town, and Mr. Piccioli has always worked well with the Town.

**RESOLUTION MAKING ADDITION TO COURT DEPARTMENT FEES IN THE TOWN FEE SCHEDULE** – Discussion and consideration of Resolution #1322 replacing Resolution #1318 - Town Fee Schedule, adding Court Deferral Fee section.

Katie Ihnen, Court Supervisor, informed Council that approval of this resolution would allow the Town to retain the fee instead of sharing it with the State of Arizona.

Mayor Von Gausig asked what was the typical fee now being charged. Ms. Ihnen replied about $195. Mayor Von Gausig asked if that was at the Magistrate or Prosecutor's discretion. Ms. Ihnen stated it is at the Prosecutor's discretion.

Vice Mayor Wiley moved to approve Resolution #1322 replacing Resolution #1318 – Town Fee Schedule, adding Court Deferral Fee section. Councilmember Dehnert seconded the motion. Motion approved unanimously.

**INTERGOVERNMENTAL AGREEMENT FOR WATER SHARING BETWEEN THE TOWN OF CLARKDALE AND THE CITY OF COTTONWOOD** – Discussion and consideration to approve the Intergovernmental Agreement for Water Sharing between the Town of Clarkdale and the City of Cottonwood with an effective date of February 1, 2010.

Utility Director Debrosky explained the need for the IGA for Water Sharing between the Town of Clarkdale and the City of Cottonwood. When the communities joined together to purchase the water company the ultimate goal was to separate the two systems but still be able to share resources as needed.

In November 2009 a master meter was installed at Old Jerome Highway and Black Hills Drive. This meter and the meters that supplies upper Cottonwood Ranch and connects all of Pine Shadows, will allow the two systems to be separated and meter flow of water from one municipality to the other municipality.

Mayor Von Gausig asked about the meter at the top of Black Hills that supplies upper Cottonwood Ranch. Utility Director Debrosky replied that meter was installed on September 5, 2009; this supplies the water to that area. The line was in place when the system was purchased in 2006, the same with Pine Shadows. Town Manager Mabery stated the amount of water that has been supplied to City of Cottonwood customers in these two areas is about equal to the amount of water that the Town of Clarkdale has drawn from Cottonwood through the Black Hills/Old Jerome Meter. Mayor Von Gausig asked if the $1.50 per thousand gallons would cover the cost of producing the water. Utility Director Debrosky replied that it was higher than the cost to produce; it cost the Town of Clarkdale about $1.00 to produce that amount. Mayor Von Gausig inquired about feeding water from the Mountain Gate Tank up to the Haskell Springs Tank. Town Manager Mabery replied that was one on the inadequacies of the current system as we can draw from Haskell Spring to Mountain Gate we do not have the capability to flow the other direction. The inter transfer of water from both tanks to the other tank is a long term goal of

the Town of Clarkdale water system.

Vice Mayor Wiley asked what the current production was out of the Haskell Springs Well. Utility Director Debrosky replied that the Town runs about 300 to 325 gallons per minute. With that usage the Town does not see much variance in the static or dynamic levels of the well. In fact the well at times shows an increase in water table levels.

Mayor Von Gausig asked who will do the maintenance of the meters. Utility Director Debrosky replied that this agreement requires the City of Cottonwood to do the maintenance of the meters and that the Town of Clarkdale will share cost on a 50/50 basis.

Councilmember Dehnert asked about the future options for this agreement. Utility Director Debrosky replied that the agreement can be changed; transfer only in case of emergency or adjust the rate. Town Manager Mabery added that this agreement is a year to year agreement and can be automatically renewed if neither party wants any changes. Every year Council has the option to request changes or terminate the agreement.

Mayor Von Gausig asked about the scheduling to read the meters. Utility Director Debrosky informed Council that the meters are read every Monday morning in conjunction with Cottonwood personnel. The Town of Clarkdale has access to the meters at any time to gather any readings that the Town would want.

Councilmember Bohall asked about the reversing of the direction of flow in a pipe. Utility Director Debrosky replied that at the Black Hills booster by doing the reverse flow regularly the pipe does not build up scale in one direction.

Councilmember Bohall moved to approve the Intergovernmental Agreement for Water Sharing between the Town of Clarkdale and the City of Cottonwood with an effective date of February 1, 2010. Vice Mayor Wiley seconded the motion. Motion approved unanimously.

**AN ORDINANCE OF THE TOWN OF CLARKDALE, ARIZONA, AMENDING CHAPTER 7, SECTION 7-3-1 IN THE CODE OF THE TOWN OF CLARKDALE TO ADD SECTION 7-3-1(M)(1) IN ORDER TO DELETE EXCEPTION 1 TO SECTION 608.16.4 OF THE 2006 INTERNATIONAL PLUMBING CODE, REPEALING CONFLICTING ORDINANCES AND PROVIDING FOR SEVERABILITY.** – Discussion and consideration of Ordinance #325, amending Chapter 7, Section 7-3-1; Plumbing Code, by creating Section 7-3-1(M)(1) which deletes reference to Section 608.16.4; Exception #1, of the International Plumbing Code - Connections to automatic fire sprinkler systems and standpipe systems, from the Code of the Town of Clarkdale repealing conflicting ordinances and providing for severability.

Paul Grasso, Building Inspector, explained to Council that when this code was changed, most new construction requiring sprinklers were on the Town of Clarkdale water system. The Town has had four installations that were done by a residential well system, creating potential for backflow issues.

Mayor Von Gausig asked if the potable water system is directly connected to the sprinkler system. Paul Grasso replied that could happen but the Fire District requires a 300 gallon storage tank. This change will ensure that there is no cross contamination.

Councilmember Dehnert motioned the approval of Ordinance #325, amending Chapter 7, Section 7-3-1; Plumbing Code, by creating Section 7-3-1(M)(1) which deletes reference to Section 608.16.4; Exception #1, of the International Plumbing Code - Connections to automatic fire sprinkler systems and standpipe systems, from the Code of the Town of Clarkdale repealing conflicting ordinances and providing for severability. Councilmember Bohall seconded the motion. Motion approved unanimously.

**GREATER ARIZONA MAYORS ASSOCIATION MEMBERSHIP** – Discussion and consideration of the Town of Clarkdale becoming a member of the Greater Arizona Mayors Association.

Mayor Von Gausig gave Council the information on the Greater Arizona Mayors Association and reasons for the Town of Clarkdale to become a member. This organization has been meeting unofficially for six months. The primary goal of this group would be to promote the Northern Arizona united front on items of mutual interest.

Vice Mayor Wiley asked if the Towns on the Navajo and Hopi reservation be eligible to join. Mayor Von Gausig said they would be eligible to join.

Councilmember Dehnert asked if the group envisioned ever needing to hire their own lobbyist. Mayor Von Gausig replied that he does not foresee any item that would require hiring a lobbyist however, it could be a possibility. Anything that is proposed by the group would have to come back to each Council for approval by each member municipality.

Vice Mayor Wiley moved to approve the Town of Clarkdale becoming a member of the Greater Arizona Mayors Association. Councilmember Williams seconded the motion. Motion approved unanimously.

**BUDGET UPDATE** – A worksession to discuss the second quarter of the 2009-2010 Budget year.

Finance Director/Town Clerk Kathy Bainbridge provided Council a PowerPoint presentation on the 2nd quarter of the Town budget.

The Street Fund shows a surplus of $71,270.08 at mid fiscal year. The Town does not anticipate losing any State funds this year but most likely will next year. None of the street repairs have been scheduled yet this year and probably will not be scheduled.

The Wastewater Fund also has a positive amount at mid-year of $38,890.79. Mayor Von Gausig asked how much of these funds were budgeted for depreciation. Finance Director Bainbridge replied that the Town has not been budgeting for depreciation. The Town intends to add a depreciation line to the budget for water and wastewater to ensure that the current rates are covering the future expenses. Mayor Von Gausig reminded the Finance Director that we also need to include the future resources.

The Sanitation Fund, trash collection, is positive to $35,937.09. Town Manager Mabery informed Council that this fund was to pay for the improvements to the Town computer upgrade but we cannot find where that was done. The Sanitation Fund should reimburse the General Fund

for those expenditures.

The Water Fund is over $72,363.90 at the end of the second quarter. Depreciation is not being budgeted yet in this fund.

The Cemetery Fund is over budget of $7,486.39 this year. The Town made adjustments to the Cemetery Fund to cover expenses. More discussion will be held regarding this fund at Strategic Planning this year. Staff expenses continue to be the largest expense for the cemetery.

The General Fund Revenue is at about 40% of total budgeted revenues. Sales tax collection is the biggest area of deficiency. Building permits are down at about 8% instead of the 50% where they should be at now, creating a shortfall.

The General Fund Expenditure is at about 39% of total budgeted revenues. The reduced revenues are being mirrored by the reduced expenditures as staff identifies a shortfall; we find an area to reduce expenditures to offset the shortfall. In review of revenue versus expenditure ant mid-year the Town is over $26,245.59.

Finance Director Bainbridge reviewed the Good New:

- Motor Vehicle Licenses close but over budget by 1.23%
- Highway Urban Revenue Fund (HURF) close but over budget by 1.5%
- State Sales Tax currently close to budget with a 2.78% shortfall.LTAF Funds were not swept by State

The Not so Good News

- Projected shortfall for Local Sales Tax is at 34% by June 30th which is $303,326.
- Only 10.49% of the $74,119 Construction Tax budgeted to fund the Capital Projects has been received. Projected collection is only $18,530 which leaves a deficit of about $56,000 in the Capital Project Fund.
- We do not have the surplus funds we hoped we would have in order to fund opening the pool.

Mayor Von Gausig thanked Finance Director Bainbridge for the update and for her presentation.

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

No Future Agenda Items

**ADJOURNMENT 4:57 PM**

APPROVED:

_____

Doug Von Gausig, Mayor

ATTESTED:

_____

Kathy Bainbridge, Town Clerk

SUBMITTED:

_____

Walt Good, Deputy Town Clerk