

**Minutes of a Regular Meeting of the Common Council of the Town of Clarkdale  
Held on Tuesday, May 11, 2010.**

A Regular Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, May 11, 2010, at 6:00 PM at Clark Memorial Clubhouse, Men's Lounge, 19 North Ninth Street, Clarkdale, Arizona.

CALL TO ORDER Meeting called to order at 6:00 PM by Mayor Von Gausig

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

Utility Director Wayne Debrosky

Police Chief Pat Haynie

Town Clerk/Finance Director Kathy Bainbridge

Community Development Director Sherry Bailey

Public Works Director Steve Burroughs

Assistant Town Manager Janet Perry

**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

**INFORMATIONAL REPORTS**

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

1. Met with Nature Conservancy State Director Pat Graham and Dan Campbell, the Verde Program Director, regarding various programs in the Nature Conservancy in the Verde Valley and some studies. One study regards expanding the Eco Flow Study, a study that shows the relationship between the flow regimes in the Verde River and how that effects river side and in river habitat. They are also looking at various sustainability items and working on the ecological value of the Verde River study that looks at economic impacts the river has on the surrounding municipalities.
2. Met with Walton Family Foundation representative Margaret Bowman regarding possibilities for the Walton Family Foundation to assist in projects in the Verde Valley.
3. Led bird walking and lectured at the birding festival.
4. Spoke with Margaret Bowman of the Walton Family Foundation on the phone

regarding funding an organization that would act as educational support for the Verde Valley regarding water issues.

5. Held a public Clarkdale Sustainability Park presentation.
6. Met with Ian Mc Neil and Tom Piccioli from Clarkdale Metals regarding their properties and progress in Clarkdale.
7. Met with Steve Biasini regarding the Highlands project.
8. Judged Clarkdale/Jerome School mock congressional hearing which was an explanation of constitutional items, laws etc.
9. Went to Phoenix and was able to fly in a KC135 Air National Guard flight and refueled some F16s in flight.
10. Interviewed Town Magistrate applicants with Councilmen Dehnert and Town Manager Mabery.

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

1. May 19<sup>th</sup> is the final public trail budget presentation.
2. Clarkdale Sustainability Park meeting is on May 27 at 3:00.
3. Intergovernmental Meeting is on May 27<sup>th</sup>
4. June 8<sup>th</sup> meeting will be swearing in of the new Town Magistrate and Councilmembers.

CAT – A report regarding the Cottonwood Area Transit – No meeting.

COCOPAI – A report regarding the Coconino Yavapai Resource Conservation District - No meeting.

VVLPI – A report regarding the Verde Valley Land Preservation Institute. Councilmember Williams reported that minutes will be presented next month. The organization has been meeting with Margaret Bowman of the Walton Family Foundation and has been invited to submit a grant application for funding Verde River studies.

NACOG - A report regarding the Northern Arizona Council of Governments – Vice Mayor Wiley met on April 22<sup>nd</sup> with Councilmember Dehnert and Town Manager Mabery for a Clarkdale Sustainability Park presentation. NACOG endorsed the Sustainability Park's EDA grant which was needed. New committees have been set up to monitor the Head Start Programs.

VVTPO – Report regarding the Verde Valley Transportation Planning Organization & other transportation affiliations – No meeting.

NAMWUA - A report regarding the Northern Arizona Municipal Water Users Association – Mayor Von Gausig attended the Board meeting with the Northern Arizona Water Users Association by conference call which allowed the Director to attend a meeting representing NAMWUA.

VRBP – A report regarding the Verde River Basin Partnership – Mayor Von Gausig attended the Verde River Basin Partnership Coordinating Committee meeting which primarily discussed the structure of the partnership to make it more viable and efficient. A future meeting will look at by-law changes that might affect efficiency along with USGS studies and Walton Family Foundation involvement in those studies.

WAC - A report regarding the Yavapai County Water Advisory Committee – Mayor Von Gausig attended the Water Advisory Committee meeting which is continuing with ongoing studies.

**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 April 13, 2010 and Special Meeting held April 27, 2010.
- B. **Claims** - List of specific expenditures made by the Town during the previous month.
- 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 Cancelled Agenda
  - Design Review Board minutes of the meeting held April 14, 2010
  - General Plan Update Committee minutes of the meeting held April 19, 2010
  - Parks and Recreation Board minutes of the meeting held April 14, 2010
  - Planning Commission minutes of the meeting held April 20, 2010

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

## **NEW BUSINESS**

### **NOTICE OF INTENT TO SET WATER RATES – Discussion and consideration of a Notice of Intent to Set Water Rates.**

A worksession was held at the April 27<sup>th</sup> Council meeting which presented a proposed water rate structure for the Clarkdale Municipal Water Utility. During that meeting,

Council directed the staff to move forward in the process for a water rate increase. On May 3, 2010, the Notice of Intent to Set Water Rates and the report with the data supporting the increase of water rates was submitted to the Town Clerk as required by A.R.S. 9-511.01. The Notice of Intent to Set Water Rates that schedules the required public meeting in order to officially consider a water rate increase is before Council for discussion and consideration as required by A.R.S. 9-511.01.

A.R.S. 9-511.01 governs the process to set rates:

May 3, 2010 - File report with data supporting the increase of rates with Town Clerk

May 11, 2010 - Council Adopts Notice of Intent to Set Water Rates at a Regular Council meeting.

May 14, 2010 - Public Hearing Notice published in newspaper.

(Not less than 20 days prior to the public hearing.)

June 22, 2010 - Hold Public Hearing & Consider Adoption of Rates by Resolution.

(Not less than 30 days after adoption of Notice of Intent.)

July 22, 2010 - Rates become effective. (30 days after the adoption of the Resolution)

When the water company was purchased in 2006, a rate study showed increases in 2007, 2011, and 2014. The Town's current water rates were established in January, 2006, upon the initial purchase of the water system from a private owner, and have not been increased since that time. While the initial rate structure provided a revenue stream to effectively cover operating costs, it did not generate sufficient revenues to cover the costs for system replacement (depreciation costs).

The proposal before the Council includes the following provisions:

- Establishes four new tiers to encourage closer monitoring for water conservation.
- Establishes a "System Replacement Fund" and implements a monthly surcharge that is dedicated for depreciation and system replacement costs.
- Limits the rate impact to the lowest water users (who use under 1,000 gallons per month) to the system replacement surcharge.
- Implements increases in per thousand gallon water pricing in each tier (except the under 1,000 gallon tier), with lowest percentage increases for lower tiers, and highest percentage increase in highest tiers.
- Establishes a pricing incentive for single-meter, multi-family users that meet low water use criteria.
- Provides 50% of the annual funding recommended by the Town's auditor for system replacement (depreciation).
- Relies on presumption that debt will be incurred in the future for the remaining 50% of system replacement.
- Relies on the presumption that any undedicated system revenues at the end of a fiscal year will continue to be transferred to the system improvement funds.

The rate increase will only provide half of what auditors suggested depreciation should be set at. If something comes up in the immediate future we will need to go out for a bond for financing. The impact to customers was taken into account along with the economy and that is why the recommendation is only for \$135,000 instead of the \$270,000. The proposed rates provide a solid first step in a plan for the water company. Any time additional debt is issued, rates will need to cover that debt. Even if bonding for entire projects, you would need to have depreciation costs.

Cottonwood has cheaper water rates due to the economy and their size. They have more efficiencies with a larger population along with many areas that have newer systems than Clarkdale's. Clarkdale is a bit lower than the average for Arizona of \$36.

Mayor opened to public comment.

Elaine Zimmer – Clarkdale. When Clarkdale took over the water company, rates jumped. They are very conservative with water use and cannot afford to live in Clarkdale. Mayor explained that bulk of the proposed increase would be for larger users.

Councilmember Bohall moved to approve the Notice of Intent to Set Water Rates. Motion seconded by Vice Mayor Wiley. Motion approved unanimously.

### **FISCAL YEAR 2010-2011 PRELIMINARY BUDGET WORKSESSION- A worksession with the Council regarding the Preliminary Budget for FY 10-11.**

A Power Point presentation of the 2010-2011 Fiscal Year Preliminary Budget reviewed the proposed combination of projected expense and revenue reductions/increases throughout the General Fund, HURF (Streets) Fund, Sewer Fund, Sanitation Fund, Water Fund, Grant Fund, Cemetery Fund, and Capital Improvement Fund. These projections will be fine tuned as we continue to receive additional information over the next month.

#### **Budget Assumptions:**

- Remain at 36 hour furlough.
- No merit or COLA increases.
- Reduction in Force of 2 positions & 1 voluntary retirement.
- No increase in Property Tax Rate or Sales Tax Rate.
- Use existing Town staff for flood control and grant projects, which offset Town's costs with outside funding sources.
- Grant Funding for School Resource Officer.
- 25% decline in State Shared Income Tax of about \$150,000.
- LTAF - Local Transportation Assistance Fund (AZ Lottery) has been swept for next year and possible future - \$18,000.
- LTAF II (Powerball) funds permanently eliminated by Legislature - \$5,500.
- Locally generated revenues decline (sales tax, building permits, court revenues).
- Summer Concerts 100% run with donations and by volunteers along with July 4th and Halloween.
- Reflects pool closure for 2009 and 2010 seasons.

- Combined Buildings & Grounds with portions of HURF Fund to make Public Works Department in order to clarify HURF spending.
- Transit Contract fully funded by General Fund.
- Park & Recreation facility costs included in Public Works Department operations.
- Local Sales Tax is currently 3%, of that 1% is allocated as Streets/PW Sales Tax and .25% is allocated as Emergency Services Sales Tax. No proposed transfer of Streets/PW Tax, it will offset PW dept in GF. GF will transfer \$61,700 to Capital Projects FUND to cover lease debt. Tax revenue is proposed at 10% below projected year end totals.
- The Local Transportation Assistance Fund (LTAF) was swept by State along with LTAF II funds.
- Transfer in from Sanitation Fund instead of General Fund Street/PW tax for street repairs resulting from garbage truck travel.
- Capital Projects Fund is funded by the 1% Construction Tax. A suggested transfer from the General Fund of \$44,000 transfer to HURF Fund in 10/11 to fund shortage in construction tax shortfall.

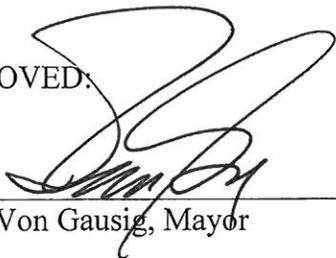
State law requires that, on or before the third Monday of July of each fiscal year, the Town Council must adopt a tentative budget. The Town of Clarkdale adopts a tentative budget prior to June 30<sup>th</sup> so that the staff has a guideline for expenditures on July 1<sup>st</sup>, which is the beginning of the fiscal year. The Tentative 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.

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

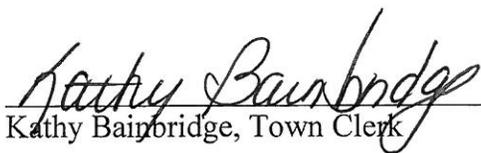
**ADJOURNMENT** Without any further business, the Council adjourned at 8:15 P.M.

APPROVED:



Doug Von Gausig, Mayor

ATTESTED/SUBMITTED:



Kathy Bairbridge, Town Clerk