

**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 19th 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 27th
4. June 8th 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 22nd 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 27th 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 10/11to 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 30th so that the staff has a guideline for expenditures on July 1st, 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 Bainbridge, Town Clerk

**Minutes of a Special Session of the Common Council of the Town of Clarkdale
Held on Tuesday, May 13, 2010**

A Special Meeting of the Common Council of the Town of Clarkdale was held on Thursday, May 13, 2010 in the Administration Building Conference Room, **39 N. Ninth Street, Clarkdale, Arizona.**

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
Town Clerk Kathy Bainbridge

CALL TO ORDER - Mayor Von Gausig called the meeting to order at 1:30 P.M.

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

EXECUTIVE SESSION - The Council may vote to discuss the following matters in executive session pursuant to A.R.S. § 38-431.03(A)(1) – Discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body, except that with the exception of salary discussions, an officer, appointee or employee may demand that the discussion or consideration occur at a public meeting. The public body shall provide the officer, appointee or employee with written notice of the executive session as is appropriate but not less than twenty-four hours for the officer, appointee or employee to determine whether the discussion or consideration should occur at a public meeting.

**A) PER A.R.S. § 38-431.03(A)(1), DISCUSSIONS REGARDING CANDIDATES
FOR THE POSITION OF TOWN MAGISTRATE.**

Without opposition, the Council recessed to Executive Session at 1:35 P.M.

Without opposition, the Council adjourned the Executive Session at 1:50 p.m.

**AUTHORIZATION FOR MAYOR VON GAUSIG TO NEGOTIATE AN
EMPLOYMENT AGREEMENT FOR THE POSITION OF TOWN MAGISTRATE –**
Discussion and consideration of an Employment Agreement for the position of Town Magistrate.

Councilmember Williams moved to authorize Mayor Von Gausig to negotiate an
Employment Agreement for the position of Town Magistrate. Motion seconded by
Councilmember Dehnert. Motion approved unanimously.

ADJOURNMENT

Without opposition, the Council adjourned at 1:55 p.m.

APPROVED:

Doug Von Gausig, Mayor

ATTESTED/SUBMITTED:

Kathy Bainbridge, Town Clerk

**Minutes of a Special Session of the Common Council of the Town of Clarkdale
Held on Tuesday, May 25, 2010**

A Special Meeting of the Common Council of the Town of Clarkdale was held on Tuesday, May 25, 2010, at 3:00 p.m. in the Clark Memorial Clubhouse, Men's Lounge, 19 N. Ninth Street, Clarkdale, Arizona.

CALL TO ORDER - Mayor Von Gausig called the meeting to order at 3:00 P.M.

Town Council:

**Mayor Doug Von Gausig
Vice Mayor Jerry Wiley**

**Councilmember Patricia Williams
Councilmember Curtiss Bohall
Councilmember Richard Dehnert**

Town Staff:

**Town Clerk/Finance Director Kathy Bainbridge
Utility Director Wayne Debrosky Community Development Director Sherry Bailey
Police Chief Pat Haynie Assistant Town Manager Janet Perry
Public Works Director 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. Invited the Council to the e-Go Gallery Friday evening, May 29th from 7:00 – 8:30 P.M.

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 – April, 2010
 - Capital Improvements Report – April, 2010
 - Magistrate Court Report – April, 2010
 - Police Department Report – April, 2010
 - Water and Wastewater Report – April, 2010
 - Clarkdale Fire District Report and Mutual Aid Responses Report – April, 2010
 - Cottonwood Area Transit (CAT) Operations Report – April 2010

- B. Resignation of William Regner from the Planning Commission** – Acceptance of the letter of resignation from William Regner from the Planning Commission.
- C. Resolution Making Appointments To The Planning Commission** – Approval of Resolution #1332, amending Resolution #1311, making an appointment to the Planning Commission.
- D. Clarkdale Fire District Mechanical Repair Services Agreement** - Approval of the 2010-2011 Intergovernmental Agreement between the Clarkdale Fire District and the Town of Clarkdale for mechanic repair services.
- E. Clarkdale-Jerome School District Mechanical Repair and Maintenance Services Agreement** - Approval of the 2010-2011 Intergovernmental Agreement between the Clarkdale-Jerome School District and the Town of Clarkdale for repair and maintenance services.
- F. Authorizing the Submittal of an Application to the Department of Commerce for an Energy Efficiency and Conservation Block Grant** - Approval to authorize the submittal of an application to the Department of Commerce for an Energy Efficiency and Conservation Block Grant (EECBG).
- G. Approval of Resolution # 1333, Designating the Agent for the Arizona Division of Emergency Management Designation of Applicant's Agent Form** – Approval of Resolution #1333, a Resolution designating the Town's agent for the Arizona Division of Emergency Management.

Councilmember Williams pulled Item E

Vice Mayor Wiley moved to accept the Consent Agenda Items A, B, C, D, F, and G as prepared by staff. Motion seconded by Councilmember Dehnert. Motion approved unanimously.

Item E: Clarkdale-Jerome School District Mechanical Repair and Maintenance Services Agreement - Approval of the 2010-2011 Intergovernmental Agreement between the Clarkdale-Jerome School District and the Town of Clarkdale for repair and maintenance services.

Public Works Director Burroughs informed the Council that the School requested that if the Town could help with small quick projects, they would contact the Town prior to contacting an outside vendor. Councilmember Williams was concerned that since the Town was already short of staff, would we have the time. Public Works Director Burroughs stated that depending on the project, we could decline work if the Department was too busy.

Councilmember Williams moved to approve the 2010-2011 Intergovernmental Agreement between the Clarkdale-Jerome School District and the Town of Clarkdale for Repair and Maintenance Services. Motion seconded by Vice Mayor Wiley. Motion approved unanimously.

NEW BUSINESS

RESOLUTION PROVIDING FOR THE DEPOSIT OF ACTIVE AND INACTIVE TOWN FUNDS – Discussion and consideration of Resolution #1334, a Resolution providing for the deposit of active and inactive Town funds.

Currently, the Town holds all funds that are not in their checking account in the State of Arizona’s Local Government Investment Pool. At this time, the LGIP 30 day annual yield is at .06%. In an effort to find better rates for our savings, Notice of Bids for an interest bearing savings account were sent out to 5 banks and 2 credit unions in Cottonwood based on the requirements in A.R.S.35-323. Bids were required to be returned by May 11, 2010. Two bids were returned, one from Wells Fargo Bank N.A. and one from the National Bank of Arizona. Comparison based upon the yields only proposed in the returned bids and the yield on the \$5,072,644 currently at the LGIP are:

LGIP 30 day Yield	LGIP Annual Earnings	Wells Fargo 30 Day Yield	Wells Fargo Annual	National Bank 30 Day Yield	National Bank AZ Annual Earnings
.06%	\$3,043	.50%	\$25,632	.20%	\$10,145

Along with Wells Fargo bidding the highest yield return, they also will provide a Depository Pledge Agreement to cover all uninsured funds and have waived monthly and additional service fees.

Councilmen Dehnert questioned the safety of funds versus the higher rate of return. Councilmember Dehnert would like information on what the Wells Fargo collateralized mortgage obligations were and how they are rated by a rating agency along with what portion of the portfolio they are pledging as collateral is in government securities and what portion is in the collateralized mortgage obligations.

Councilmember Dehnert wondered if a better rate of return could be gained by laddering Certificate of Deposits. Finance Director Bainbridge stated that she had not gone out for bids for anything other than an interest bearing savings account and that when the economy was more stable and we had project funds that we would be accumulating for certain lengths of time she would look into other options.

Vice Mayor Wiley moved to approve Resolution #1334, a Resolution providing for the deposit of active and inactive Town funds. Motion seconded by Councilmember Williams. Motion approved unanimously.

MAGISTRATE CONTRACT – Discussion and consideration of an Employment Agreement between the Town of Clarkdale and Ronald Ramsey for the Town Magistrate position.

On March 18, 2010 Harry Cipriano tendered his resignation as Clarkdale's Town Magistrate. In the process following, a committee comprised of two Council members and two staff members ranked the 11 applications received. Based on those results, the six top candidates were interviewed by a different committee comprised of the Mayor, Councilman Dehnert, the Town Manager and the Yavapai County Court Administrator.

The Mayor received authority from Council on May 13th to negotiate an Employment Agreement with a new Town Magistrate. Based on the results of the interview committee's recommendation, the Mayor has since successfully negotiated contractual terms with Ronald Ramsey to serve as Clarkdale's Magistrate. While the 2-year contract will have an effective date of June 1, 2010, Mr. Ramsey will be spending time prior to that date with Judge Cipriano and the Clarkdale Court staff to facilitate a successful transition.

Mr. Ramsey is a long-time resident of Arizona, with most of that time spent in the Verde Valley. He comes to us with a strong legal background, having served as Town Attorney in Camp Verde and Bullhead City, and most recently as Asst. City Attorney in Sedona.

Councilmember Williams moved to accept the terms of the Employment Agreement between the Town of Clarkdale and Ronald Ramsey for the Town Magistrate position as presented. Motion seconded by Councilmember Dehnert. Motion withdrawn.

Councilmember Williams moved to accept the terms of the Employment Agreement between the Town of Clarkdale and Ronald Ramsey for the Town Magistrate position as presented with the correction in Number 6 on Page 3 of "lease" to least". Motion seconded by Councilmember Dehnert. Motion approved unanimously.

FISCAL YEAR 2010 – 2011 PRELIMINARY BUDGET WORKSESSION – A worksession with Council regarding the Preliminary Budget for the 2010-2011 Fiscal Year Budget.

A Power Point presentation of the 2010-2011 Fiscal Year Preliminary Budget on May 11, 2010 reviewed the 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.

Finance Director Bainbridge presented the remaining non-operational funds of Wastewater Development Projects, Wastewater Plant & Equipment Improvements, Water Capital Improvements, Development Reimbursement Fund, Impact Fees, Grant Fund, and Donation Fund.

An additional \$500,000 will be added as a miscellaneous revenue and expenditure to the Development Reimbursement Fund as a safety factor. The Impact Fee fund will be revised to have revenues and expenditures for impact fees on 100 homes in case a development opens along with the Wastewater Impact Fee. The Donation Fund will be revised to include an additional \$70,000 in Parks and Recreation with pool donations along with an additional \$100,000 for miscellaneous.

Mayor Von Gausig would like information included in the Weekly Report regarding the dedicated funds being charged by the Water Utility.

Councilmember Dehnert would like the Town to provide some type of footnote explaining the dollar amount budgeted for anticipated revenues and expenditures budgeted as place holders.

FUTURE AGENDA ITEMS - Listing of items to be placed on a future council agenda
No future agenda items

ADJOURNMENT

Without opposition, the Council adjourned at 3:55 P.M.

APPROVED:

Doug Von Gausig, Mayor

ATTESTED/SUBMITTED:

Kathy Bainbridge, Town Clerk