MINUTES OF THE REGULAR COUNCIL MEETING
OF THE TOWN COUNCIL OF THE TOWN OF CHINO VALLEY

TUESDAY, JANUARY 11, 2011
6:00 P.M.

The Town Council of the Town of Chino Valley, Arizona met for a Regular Meeting in the Chino Valley Council Chambers, located at 202 N. State Route 89, Chino Valley, Arizona, on Tuesday, January 11, 2011.

Mayor Bunker called the meeting to order at 6:01 p.m.

Council Present: Mayor Jim Bunker, Vice-Mayor Ron Romley, and Councilmembers Joel Baker, Dean Echols, Linda Hatch, Gloria Moore, and Carl Tenney.

Staff Present: Town Manager Michael Scannell, Management Assistant Cecilia Watts, Town Attorney Tom Kack, Finance Director Vera Smith, Police Commanders Mark Garcia and Chuck Wynn, Development Services Director Pat Clingman, Town Engineer/Public Works Director Ron Grittman, Community Services Director Jason Kelly, and Town Clerk Jami Lewis (recorder).

Councilmember Baker gave the invocation and led the pledge of allegiance.

2) Introductions, Presentations and Proclamations

2a) Announcement by Ab Jackson, CEO, Chino Valley Area Chamber of Commerce, regarding the **Citizens Academy**.

Ab Jackson announced that the newly-established Citizens Academy had begun on January 10, and he spoke about the curriculum, attendees, and opening ceremonies.

2b) Presentation by Norm Freeman, Bob Posey, Jay Cook, and Anthony Chavez with the Arizona Game & Fish Commission to the Town of a $50,000.00 grant for improvements to the Police Department's **shooting range**.

The above-mentioned parties spoke about the grant process and plans for the Police Department's shooting range improvement project and formally presented the $50,000.00 check to the Town.

3) Call to the Public

No one from the public spoke.

4) Mayor/Council/Manager Report

Mayor Bunker reported on upcoming meetings: Open Night with the Mayor on January 12 and Mayor's Safe Yield Committee on January 20.

Councilmember Moore and Councilmember Echols reported on the Chamber of Commerce's Citizens Academy and the good information provided.

Consent Agenda

Council set down item 9.

5) Approve August 31, 2010 Regular Meeting **minutes**.

6) Approve September 9, 2010 Regular Meeting **minutes**.

7) Approve September 23, 2010 Regular Meeting **minutes**.

8) Authorize staff to dispose of various pieces of exercise equipment, free weights, tractor, and other miscellaneous items that are located on the **Cameron Property** at 24400 Troy Lane in Paulden through the Town of Chino Valley Surplus Auction website.

Vice-Mayor Romley MOVED, seconded by Councilmember Echols, to accept Consent Agenda items 5–8. The motion PASSED unanimously 7-0.

9) *Continued from November 9, ~~2011~~ 2010:* Adopt **Resolution No. 10-942** declaring the "Unified Development Ordinance – Amendments Dated January 11, 2011" a public record, and adopt **Ordinance No. 10-738** relating to the following sections in the Chino Valley Unified Development Ordinance (**UDO**):

1. Add subparagraphs incorporating regulations for Greenhouses;
2. Amend Subsections 4.22.4: Parking Design Standards and 4.22.8: Determination of Required Spaces (Handicap Parking Spaces).

Vice-Mayor Romley pointed out an error in the above 'continued from' date.

Jim Klein, resident, asked if restaurants had been added to the Table of Permitted Uses in Section 4.3 Commercial Greenhouse Standards to favor activities of the Windmill House restaurant. Ms. Clingman explained that greenhouse growers had requested the change to accommodate a recent trend to allow a small space in the greenhouse to provide patrons with samples of baked goods created from greenhouse products, as well as possibly include a small coffee shop.

Councilmember Moore commented that she had attended some nice charity events in other locales that had been catered in greenhouses.

Vice-Mayor Romley MOVED, seconded by Councilmember Baker, to accept Consent Agenda item 9 as written. The motion PASSED unanimously 7-0.

Action Items

10) Presentation of Operational Review and Report on the **Water and Sewer Systems** by Ms. Gayle Whittle, CPA; and discussion and possible action relative to the report presented.

Acronym used in this item:
FY (Fiscal Year)

Finance Director Vera Smith and Michael Scannell reported that in September 2010, Council approved a professional services agreement with Dr. Whittle for an operational review of the Town's water and sewer systems, due to a troubling number of uncollected receipts and the need to improve the utility systems' financial performance.

Dr. Whittle told Council that she had 13 years of experience with Arizona municipal utilities, specializing in management, policy, and procedures. A summary of her report follows.

Background. The Town's wastewater treatment plant was constructed in 2003-2004 and when the Chino Meadows area was added to the sewer system a few years later, the Town went from 600 customers to 1,700. Currently there were approximately 1,170 sewer and 550 water customers.

Rate comparison. Based on a usage of 7,500 gallons per month, the Town's water bills were comparable with state averages and a little lower than those of Yavapai County, while its sewer bills were a little higher than state and county averages, creating some rate pressure for the Town's sewer customers.

Accounts receivables. Based on figures from September 27, 2010:

- The outstanding accounts receivable for all water and sewer accounts was $183,549.58, a large amount of money for a community of this size. These balances were owed by 56% of the Town's customer base, with 43% owing more than $100, another high percentage.
- The average delinquency of residential and commercial accounts was 2.4 months with an average delinquent amount of $199.08.
- The outstanding balance on sewer only accounts was $160,871.38, with 47% of these customers owing more than $100 and 94.5% of sewer only balances being more than $100.
- 156 closed accounts from FY 2008/2009 through September 2010 had total balances owing $33,260.88.

5 significant problems and recommended solutions.

(1) The most significant issue facing the utility funds was that accounts receivable balances were increasing at a rapid rate. This was due to the economy and the number of foreclosures, and the fact that the Town's sewer system was new, with the customers having a new bill.

Problem.

- 70% of all utility delinquencies were from sewer only customers and the sewer accounts receivable ending balance had increased 34% from FY 2008/2009 to FY 2009/2010.
- Days outstanding were at 55.5 days, while nationwide industry averages ranged from 28 to 40 days, making the Town's average 39% longer than the highest average.
- The Town's billing schedule was too extended and confusing.
- The Town's sewer deposit did not cover even one month's bill.

- The longer an account was left on the books without collections, the more remote recovery became.

The Town had already taken some measures to address these problems by allowing staff to file liens for outstanding balances and changing requirements for deposit refunds.

Solutions.

- Revise the Town Code to make sewer service only accounts the property owner's responsibility so that the Town could file liens for unpaid accounts and secure its interest in the outstanding debt.
- Decrease the time allowed for assessing late fees, sending out late and turn-off notices, and turning off the utilities, to accelerate the collection cycle by 10 days and bring the Town more in line with industry averages for days outstanding.
- Increase the sewer deposit to the same amount as the water deposit or decrease the water deposit to $50.00 and increase the sewer deposit to $50.00.
- Stale accounts, those closed more than 60 days, should be written off and turned over to a collection agency, and terminated accounts should be monitored more closely for collection, either with filing liens or writing them off and turning them over to a collection agency.

(2) Utility customers did not have an assurance that their identity could be protected.

Problem. The Federal Trade Commission was now applying rules related to the Fair and Accurate Credit Transactions Act (FACTA) of 2003 to utility accounts, which gave the Town an obligation to protect identifying information of its customers. Staff would now have to verify identity before setting up accounts and releasing information.

Solutions.

- Adopt a "Red Flag" policy to identify and mitigate identity theft regarding utility customers in compliance with FACTA.
- Eliminate postcard bills.
- Review the Town's public information disclosure policies to make sure they conformed to the new rules.

(3) Problem and solution. As the latest monthly sewer service fee increases approved on January 10, 2008 were not adopted by ordinance or resolution as required by A.R.S. §9-511.01(B), Council should adopt those fee updates as required by the statute.

(4) Staff work flow processes were inadequate to provide proper internal controls over billing and collections.

Problem. As the Town did not have a typical utility and more effort was required to turn off a sewer account, care needed to be taken to ensure that one person was not completing the entire workflow processes without review or oversight.

Solution. Revise work flow procedures and processes to increase efficiency and provide adequate controls against fraud and errors, and provide additional staff to process increased workload for liens and increased collection efforts.

(5) Problem and solution. As Town Code sections relating to utilities appeared to have several minor discrepancies, they should be revised to enhance readability and ease of locating specific information by staff and the public. Ideally, there should be separate sections for general provisions and fees, water, and sewer.

Other findings. The Town should also consider:

- Along with a red flag policy, implementing a public awareness campaign regarding the Town's utility challenges, as well as its rules and regulations.
- Reducing the monthly sewer fee for vacant properties, although they could not be eliminated due to debt service and operations requirements.
- Not increasing rates, if at all possible.

She also did not believe the Town would save any money by purchasing the wastewater treatment plant, as the fixed costs were high, and the Town was a small utility.

Council asked about implementing new deposit amounts and the percentage of returns using a collection agency. Dr. Whittle stated that as long as an existing account was current, staff should not require an amended deposit, but if such account had its utility turned off, staff should require the new deposit before turning it back on. She added that unfortunately, in this economy, there were no reasonable expectations for collections.

Councilmember Baker recounted that previous Councils did not refer the Chino Meadows sewer project to the voters as a money-making business for the Town, but to protect the aquifer as mandated by the Arizona Department of Environmental Quality. However, as that area was populated by those least able to afford it, he proposed that the Town research the viability of asking the voters to approve a $15 per month aquifer protection fee for all Town residents in lieu of a property tax to alleviate the rate pressure on those citizens.

Mr. Scannell agreed that the root of the accounts receivable issue was that the entire community voted on a significant expenditure to be repaid by those least capable of doing so. Also, when the system's capacity increased, additional staffing did not seem to be considered, putting current staff in an untenable position without the tools to be successful. As he believed that all Dr. Whittle's recommendations were achievable, he recommended that Council accept the report and direct staff to implement all the recommendations and present any proposed changes to Council for adoption.

Councilmember Moore expressed some concern with adjusting the rates for vacant properties unless the Town could create a way to know when a property was no longer vacant.

Vice-Mayor Romley MOVED, seconded by Councilmember Hatch, to direct the Town Manager to make the changes as noted in the operational review and report on the water and sewer system, including the recommended code changes, along with implementing a red flag policy, as soon as possible, with updated reports to Council on a periodic basis as to its progress. The motion PASSED unanimously 7-0.

11) Presentation by Ms. Amy Ostrander of Ostrander Consulting, Inc. followed by discussion and possible action relative to the Town of Chino Valley **Transit Program**. Funding for Consultant's time and travel to be paid in full by Arizona Department of Transportation.

Acronyms used in this item:

ADA (Americans with Disabilities Act)
ADOT (Arizona Department of Transportation)
CYMPO (Central Yavapai Metropolitan Planning Organization)
FTA (Federal Transit Administration)
LTAF (Local Transportation Assistance Fund)

Town Manager Michael Scannell reported that with the development of the Town's new transit program, he believed it was important to seek the advice and technical support of someone with experience with such systems. CYMPO had recommended Ms. Ostrander, and since the Town had limited funds, ADOT's Section 5311 Program Manager had agreed to fund her review.

Ms. Ostrander told Council that she worked strictly with rural transit systems and she had developed a preliminary work plan for discussion, a summary of which follows.

- Review. Review current operations and available planning information, including the Draft Final *Transit Feasibility Study* by Transit Plus dated December 2009, *Operating Policies/Procedures* by Transit Plus dated November 2010, *FTA Compliant Drug/Alcohol Policy* by Precision Compliance dated November 2010, and *Marketing Recommendations* by Transit Marketing dated September 2010. Target date to complete: January 15, 2011.
- Six Month Work Plan. Review and address matters related to: (i) service, such as service times and stop locations; (ii) operations, such as ADA and volunteer driver policies; (iii) management, such as options for oversight; (iv) administration, such as ADOT Section 5311 program compliance and reimbursement; and (v) other matters, such as clarifying a working relationship with CYMPO. This would also include a marketing strategy for the new system and provide a realistic target for ridership that would help Council determine if the program was working. Target date to complete: February 15, 2011.
- Three Year Work Plan. Prior to ADOT Panel Review in March, have available a three-year implementation plan addressing management, operations/service, marketing, coordination, capital plan, and funding. Target date to complete: March 2011.
- If Council agreed to this plan, they were encouraged to allow the fledgling system a few months to grow, as it already had good sound planning and solid support, and changing it too soon would run the risk of taking away the visibility factor.

Council discussed the matter. Reasons to support the program were that it helped seniors and disabled citizens, there might be an even greater need due to increasing gas prices, and the program's 12 volunteer drivers were very committed, having already put in 24-30 hours of training per FTA regulations. Conversely, concerns were expressed about not having the money to fund the program after the LTAF monies were gone, and the system not being able to continue if ridership did not increase.

Ms. Ostrander stated that although there would not be any increase in services for at least another year, LTAF funds did require a local match and once those funds were gone, the Town would have to find another funding source. The Town could identify other in-kind opportunities, but as transit systems were not self-supporting, there was always a point at which cash was needed and the current in-kind services may not be viable in the future. Vice-Mayor Romley added that the Town was only currently using $3,500 in LTAF funds, but if cash was needed or drivers needed to be paid, it would have to find those funds.

Council asked staff to provide them with a detailed financial analysis of current costs to run the program, including in-kind services, operations, personnel, and the like.

Mr. Scannell commended CYMPO officials and Ms. Ostrander for their support, as well as the Town's Transit Coordinator Jason Kelly for addressing all the items discussed by the Transit Advisory Committee at a meeting this morning, including risk management, drug and alcohol testing, and the next grant cycle. As the system was helpful to the citizens and good progress had been made, he recommended implementing Ms. Ostrander's recommendations and working closely with the Transit Advisory Committee on them.

12) Continued from December 9, 2010: Case No. GPMA 10-002: Adopt Resolution No. 10-948, repealing Resolution No. 09-899 related to a General Plan Minor Amendment for a 55+ Master Planned Community associated with Assessor's Parcel Number (APN) 306-05-030V, located at 1460 W. Road 4 North; and approving a Minor Amendment to the Town of Chino Valley 2003 General Plan Future Land Use Map, which will provide the necessary Commercial land use designation on an approximately 5 acre portion of APN 306-05-030V to allow for the continued operation of the Windmill House facility, one guest casita, and the Windmill Farms Nursery. (Owner: La Vacara Trust; Applicant: Joe Cordovana)

Development Services Director Pat Clingman reported that staff received word today that the applicant wished to withdraw this application.

13) Continued from December 9, 2010: Case No. CL- PAD 10-002: Adopt Ordinance No. 10-743, repealing Ordinance No. 09-719 related to the 55+ Master Planned Community associated with Assessor's Parcel Numbers (APN) 306-05-030R, 030U, and 030V, located at 1460 W. Road 4 North; approving a Commercial Light-Planned Area Development (CL-PAD) zoning designation on an approximately 28 acre portion of APN 306-05-030V, which totals approximately 73 acres. The 28 acre PAD shall have 23 acres designated as Open Space / Resource Conservation (OS) zoning and 5 acres designated as CL-Pad zoning, to allow continuance of the existing Windmill House facility, one guest casita, and the Windmill Farms Nursery; and providing that the zoning on the remaining 45 acres of APN 306-05-030V revert back to Agricultural/Residential 5 Acre Minimum (AR-5). (Owner: La Vacara Trust; Applicant: Joe Cordovana)

Development Services Director Pat Clingman reported that staff received word today that the applicant wished to withdraw this application.

Mayor Bunker called for a break at 7:51 p.m. and called the meeting back to order at 8:07 p.m.

14) Approve the **Financial Report** for five months ending November 30, 2010 for fiscal year 2010/2011.

Finance Director Vera Smith reported that:

- After five months, 42% of the fiscal year, actual revenues were at 38.10% of those budgeted, with expenditures at 38.01%, and $5,908.00 net revenues over expenditures.
- Compared to the first five months of the last fiscal year when the revenue shortfall was $191,043, current revenues were $16,674 higher than those budgeted. Most revenues, except for state shared sales tax and vehicle license tax, were over budget.
- At a prior meeting, Council had requested a comparison of business license revenues. While there were more renewals in FY 2009/2010 than FY 2010/2011, there were more new licenses and less closures in FY 2010/2011.
- Staff was a little concerned about declining HURF revenues and would continue to watch them closely.

Council asked about the lag time for the Town to receive its state shared sales tax and town sales tax revenues. Ms. Smith and Mr. Scannell stated that the Town used to get them the month following their receipt, but now it was about 45 days or longer, as the State was keeping the revenues longer to earn interest.

Vice-Mayor Romley MOVED, seconded by Councilmember Moore, to approve the Financial Report for five months ending November 30, 2010 for fiscal year 2010/2011. The motion PASSED unanimously 7-0.

15) Authorize the Mayor to sign the Intergovernmental Agreement between the Town of Chino Valley and the **Arizona Department of Transportation** for landscaping and transportation enhancements to State Route 89 between Center Street and Road 4 South. Funding for this project will be through Arizona Department of Transportation, Transportation Enhancement Grant and Sidewalk Construction funds.

Acronyms used in this item:
ADOT (Arizona Department of Transportation)
IGA (Intergovernmental Agreement)

Town Engineer Ron Grittman reported that:

- The Town had been awarded a $1.5 million transportation enhancement grant for State Route 89 roadway improvements between Center Street and Outer Loop Road, including $1 million for sidewalks and $0.5 million for landscaping.
- Two governmental agencies jointly participating in a project required execution of an IGA, and while the Town fully anticipated that sidewalk and landscaping maintenance would be its responsibility, the IGA was silent on operation and maintenance pending further negotiations.
- ADOT had also approved the inclusion of an art piece consisting of three life-sized bronze horses on the roundabout, as well as a block wall around the roundabout's truck apron. The Town had proposed welcome lettering on the wall, but to avoid the distraction of people reading the wall, ADOT preferred a separate monument sign, which staff proposed to place north of the roundabout.
- Currently, the sidewalk design was at 100% and landscape design at 99%. There was a little more work to do on the roundabout to be followed by the block wall, plants, and lastly, the sculpture.

Diana Simpson, the artist engaged to design the sculpture, who was also a Town resident, presented a miniature of one of the horses and spoke about the design and casting process. The completed work, which she expected to take six to eight months to complete, would be called "Proud Heritage."

Council asked about the timeframe for the improvements. Mr. Grittman believed that the earliest it could go out for bid would be around April, with construction starting in May or June. As ADOT was overseeing the bidding and administration, the timeframes were not within the Town's purview.

Mayor Bunker stated that he had been asked why the Town was spending this money on enhancements rather than on street repairs and he clarified that the Town's only choice was to use the money for enhancements or not at all.

Vice-Mayor Romley MOVED, seconded by Councilmember Baker, to authorize the Mayor to sign the Intergovernmental Agreement between the Town and the Arizona Department of Transportation for landscaping and transportation enhancements to State Route 89 between Center Street and Road 4 South. The motion PASSED unanimously 7-0.

16) Authorize purchase of one new 2011 Ford Expedition 4x4 XL **Police Unit** as a replacement to one existing unit that is to be retired for mileage in the amount of $28,691.69. Funds to come from a $45,000.00 Arizona Governor's Office of Economic Recovery grant secured by the Police Department in the Grants Fund.

Town Engineer Ron Grittman reported that typically, vehicles over 100,000-120,000 miles were earmarked for replacement and staff proposed to use this grant to replace a police vehicle with 141,664 miles. Since the purchase amount of $28,691.69 was so low, staff proposed to include as much equipment as possible, bringing the total cost of vehicle plus equipment to $39,691.69. To keep the total cost to a minimum, the vehicle would be outfitted by in-house personnel using existing items from salvaged or retired units.

Councilmember Baker commended police staff for their efforts in securing grants.

Vice-Mayor Romley MOVED, seconded by Councilmember Baker, to authorize purchase of a 2011 Ford Expedition 4x4 XL Police Unit as a replacement to an existing unit in the amount of $28,691.69. The motion PASSED unanimously 7-0.

17) Review draft 2011 Council **Meetings Schedule**, reschedule or cancel certain meetings, and adopt final 2011 schedule.

Town Clerk Jami Lewis reported that on August 12, 2010, Council adopted Ordinance No. 10-737, amending Town Code Section 30.065 to change Council's regular meetings to the 2nd and 4th Tuesdays of each month, effective January 2011. The proposed schedule reflected that change and also proposed to change study sessions to the 1st Thursday of each month. As some of these dates conflicted with Town holidays or other scheduled activities, Council may elect to reschedule or cancel the following meetings: (i) March 8 and November 8 regular meetings, due to elections being held those days; (ii) September 1 study session, which conflicted with the annual League Conference; and (iii) November 22 and December 27, which fell near the Thanksgiving and Christmas holidays.

Council discussed the schedule and preferred to not change either of the meeting days coinciding with elections and to cancel the September 1, November 22, and December 27 meetings.

Vice-Mayor Romley MOVED, seconded by Councilmember Tenney, to adopt the 2011 Council Meetings Schedule with revisions as discussed. The motion PASSED unanimously 7-0.

18) Approve September 28, 2010 Study Session **minutes**. (Absent: Councilmembers Baker and Echols)

Vice-Mayor Romley MOVED, seconded by Councilmember Hatch, to approve September 28, 2010 minutes. The motion PASSED 5-0 with 2 abstentions by Councilmembers Baker and Echols.

19a) Council may vote to hold an **executive session** pursuant to A.R.S. § 38-431.03(A)(3) and (A)(7) to obtain legal advice from its attorneys and to consider its position and instruct its attorneys, or other designated representatives, regarding negotiations for the lease of Town property located at 1943 Voss Drive, Chino Valley, AZ, with the Chino Valley Food Bank, a non profit 501(c)(3) corporation.

A citizen asked if the public could address Council about this item to clarify some misinformation. Town Attorney Tom Kack stated that they could after the executive session.

Vice-Mayor Romley MOVED, seconded by Councilmember Hatch, to go into executive session. The motion PASSED unanimously 7-0 at 8:55 p.m. Mayor Bunker reconvened the meeting into open session at 9:37 p.m.

19b) Possible action regarding a Lease Agreement between the Town of Chino Valley and the Chino Valley **Food Bank**, located at 1943 Voss Drive in Chino Valley, for the period beginning January 1, 2011 and ending December 31, 2020.

Mayor Bunker reported that Council had given instruction to the town manager and attorneys in executive session.

20) ADJOURNMENT.

Vice-Mayor Romley MOVED, seconded by Councilmember Echols, to adjourn the meeting. The motion PASSED unanimously 7-0 at 9:38 p.m.

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Jim Bunker, Mayor

ATTEST:

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Jami C. Lewis, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Town Council of the Town of Chino Valley, Arizona held on the 11th day of January, 2011. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 12th day of April, 2011.

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Jami C. Lewis, Town Clerk