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

TUESDAY, FEBRUARY 11, 2014
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, February 11, 2014.

Present:	Mayor Chris Marley; Vice-Mayor Darryl Croft; Councilmember Mike Best; Councilmember Linda Hatch; Councilmember Lon Turner; Councilmember Don Wojcik
Absent:	Councilmember Pat McKee
Staff Present:	Town Manager Robert Smith; General Services Director Cecilia Watts; Town Attorney Phyllis Smiley; Finance Director Joe Duffy; Police Chief Chuck Wynn; Police Lieutenant Vince Schaan; Police Sergeant Randy Chapman; Planner Ruth Mayday; Town Clerk Assistant Liz Hart (recorder)

1) CALL TO ORDER, INVOCATION; PLEDGE OF ALLEGIANCE; ROLL CALL

Mayor Marley called the meeting to order at 6:00 p.m.

Mayor Marley gave the invocation and led the Pledge of Allegiance.

(Councilmember Turner arrived at 6:02 p.m.)

2) INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

3) CALL TO THE PUBLIC

Call to the Public is an opportunity for the public to address the Council concerning a subject that is not on the agenda. Public comment is encouraged. Individuals are limited to speak for three (3) minutes. The total time for Call to the Public may be up to 30 minutes per meeting. Council action taken as a result of public comment will be limited to directing staff to study the matter, scheduling the matter for further consideration and decision at a later date, or responding to criticism.

No one from the public spoke.

4) RESPONSE TO THE PUBLIC

Response to the Public is an opportunity for the Mayor to inform the public about how Town officials addressed matters raised during Call to the Public at a previous meeting.

Mayor Marley had nothing to report.

5) CURRENT EVENT SUMMARIES AND REPORTS

This item is for information only. The Mayor, any Councilmember, or Town Manager may present a brief summary or report of current events, or ask a staff member to provide the same. Presentation on information requested by the Mayor and Council will be made and questions answered. No action will be taken.

Councilmember Hatch reported on a recent NACOG Economic Development Committee (EDC) meeting and possible Town involvement on the EDC Tourism Committee.

Mayor Marley gave a status report on the progress of the strategic plan, which will be back before Council on March 5. He then read the Monthly Mayor's Report, which pertained to the status of the sewer fund and current sewer rate structure.

a) Status report by Town Manager Robert Smith regarding Town accomplishments, and current or upcoming projects.

Mr. Smith reported on the status of:

- Road 4 South extension project;
- Prescott water system acquisition and presentation on February 20;
- Funding for the Housing Rehab project;
- Strategic Plan and presentation on March 5.

6) CONSENT AGENDA

All those items listed below are considered to be routine and may be enacted by one motion. Any Councilmember may request to remove an item from the Consent Agenda to be considered and discussed separately.

Council set down Consent Agenda items 6b, c and e.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to accept Consent Agenda items 6a, d and f.

Vote: 6 - 0 PASSED

Mayor Marley recessed the meeting at 6:15 p.m. and called it back to order at 6:30 p.m. Items 6b, c and e were heard after the recess.

a) Consideration and possible action to approve the January 23, 2014 special meeting minutes. (Jami Lewis, Town Clerk)

b) Consideration and possible action to approve the January 28, 2014 regular meeting minutes. (Jami Lewis, Town Clerk)

Councilmember Hatch requested that the minutes be amended to reflect that she did not vote on item 7d.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Linda Hatch to approve item 6b as amended.

Vote: 5 - 1 PASSED

NAY: Councilmember Don Wojcik

c) Consideration and possible action to amend the Town of Chino Valley's Personnel Policy, Policy No. 1000 Performance Appraisals. (Cecilia Watts, General Services Director)

Ms. Watts reported that:

- A former Council adopted the Town's Personnel Policy in September 2002, which provided for prformance appraisals to be performed on an annual basis on an employee's anniversary date.
- When the layoffs and furloughs occurred in 2008 and 2009, employees were not able to receive any merit or cost of living wage adjustments. Supervisors throughout the Town were reluctant to perform appraisals when no wage increases were anticipated. This condition persisted until the present.
- Although it was unclear if the Town will have any funds available for wage or merit increases for FY 2014/2015, management tasked all supervisors to perform appraisals this year on all employees. A new evaluation program provided for supervisor training in January and evaluations to be completed by the end of February.
- This timeframe will allow the Finance Department ample time to perform analyses and modeling for incorporation into the FY 2014/2015 budget cycle, should there be funds available for increases. Any such increases will become effective July 1, 2014.
- As management desired to retain this system of simultaneous appraisals across the organization, staff recommended changing the language in Personnel Policy 1000 to indicate only that appraisals will be done annually. Probationary employees will still be required to have an appraisal after six months.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve Consent Agenda item 6c.

Vote: 6 - 0 PASSED

d) Consideration and possible action to approve Ordinance No. 14-780, terminating a Conditional Use Permit for the former Teapot Inn, a bed and breakfast, in the "SR-1" (Single Family Residential - 1 Acre Minimum) zoning district, addressed as 989 West Center Street, and identified as Assessor's Parcel Number 306-29-025B. (Ruth Mayday, Planner)

e) Consideration and possible action to approve Agreements for Towing Services between the Town of Chino Valley and the following Tow Service Providers: ACT Towing, Custom Towing, TNT Towing and Tri-City Towing. (Chuck Wynn, Police Chief)

Lieutenant Schaan reported that:

- The Police Department's Tow Services Agreements expired June 6, 2013. Having agreements with tow providers was standard practice for law enforcement agencies in the area. The Police Department had updated the agreement form with input from the Town Attorney and the rotational tow providers.
- The revised agreement included more detailed instructions and requirements with regard to vehicles impounded pursuant to A.R.S. 28-3511, as well as staffing of tow impound yards.
- All local tow providers were given the opportunity to pass an inspection and meet the requirements of the agreement. The tow providers listed met the requirements, signed agreements, and would be used on a rotational basis.

Councilmember Hatch asked about when these tow companies will be used and the public's options. Lt. Schaan clarified that this pertained to any tow in conjunction with a police function, and the public had the option to select their own tow company.

Councilmember Turner pointed out a scrivener's error in section 1.4.3.

Jerry Clements, owner, Tri City Towing, speaking for himself and Tom Cutlip with Custom Towing, expressed concern over one of the tow companies not having a physical presence in the Town. Mayor Marley advised that as all four companies passed the police department's requirements, any such issues were between the company and the police department.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve Consent Agenda item 6e.

Vote: 6 - 0 PASSED

f) Council will recess to observe Mayor Marley's birthday.

7) EXECUTIVE SESSION

Council may vote to recess the Regular Meeting and hold an executive session, which will not be open to the public, for the following purposes.

a) Pursuant to A.R.S. § 38-431.03(A)(4) for discussion or consultation with the Town Attorney in order to consider its position and instruct the Town Attorney regarding the Town's position in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation in the matter of Cortez v. Town of Chino Valley. (Mayor Marley)

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to hold the executive session at 6:43 p.m.

Vote: 6 - 0 PASSED

Mayor Marley reconvened the regular session at 7:22 p.m

8) ACTION ITEMS

a) Consideration and possible action to approve the proposed agreement with Cortez Enterprises, Inc. in settlement of claims and contemplated litigation. (Mayor Marley)

Council took no action.

b) Consideration and possible action to accept the Comprehensive Annual Financial Report and the Annual Expenditure Limitation Report for the fiscal year ended June 30, 2013, as prepared by Hinton Burdick, CPAs & Advisors. (Joe Duffy, Finance Director)

Recommended Action: Accept the Comprehensive Annual Audited Financial Report and the Annual Expenditure Limitation Report for the fiscal year ended June 30, 2013, as prepared by Hinton Burdick, CPAs & Advisors.

Robin Sibbley with Hinton Burdick presented the results of FY 2013 annual audit:

- Findings – There was one common finding related to internal controls pertaining to audit adjustments at year end, no compliance findings, and a clean state compliance report.
- Assets – There was a total net asset decrease from the last fiscal year. Governmental capital assets increased, while business type capital assets decreased.
- Debt – Government long term debt was $11.5 million and business long term debt was $15.2 million.
- General Fund – The fund balance increased, with revenues greater than expenses. Revenues exceeded budget and expenses were under budget.
- Utility Funds – Both sewer and water had operating losses and their cash balances decreased further. Sewer had an overall decrease in assets, while water had an overall increase.
- The Town issued its first CAFR (Comprehensive Annual Financial Report) and submitted it to the Government Finance Officers of Arizona for a certificate of excellence.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to accept the Comprehensive Annual Audited Financial Report and the Annual Expenditure Limitation Report for the fiscal year ending June 30, 2013, as prepared by Hinton Burdick.

Vote: 6 - 0 PASSED

c) Consideration and possible action to approve Resolution No. 14-1024, authorizing staff to submit an application related to an Arizona Commerce Authority's Rural Economic Development Grant, which may include an application to the Federal Economic Development Authority for an Economic Develop Assistance Grant related to certain sewer and water infrastructure improvements at Old Home Manor; authorizing execution of documents needed for the application, and agreeing to accept and maintain the improvements that are constructed and installed with grant funds. (Ruth Mayday, Planner)

Recommended Action: Approve Resolution No. 14-1024, authorizing staff to submit the grant application, and approving the plan to install sewer and water infrastructure, accepting the completed improvements, and maintaining them in perpetuity.

Ms. Mayday reported that:

- Staff was in the process of applying for both the Arizona Commerce Authority (ACA) Rural Economic Development Grant and the Economic Development Administration (EDA) Economic Development Assistance Program grant.
- The proposed Resolution met the ACA's application requirement for documentation of commitment for going forward with the project, cash match funds, and acceptance of improvements and perpetual maintenance thereof. While the EDA grant did not necessarily require a resolution, submitting such a statement of support further strengthened the application as evidence of broad community support.
- The Resolution authorized the mayor to sign application cover letters when ready and staff to submit the applications when ready and approved by Council.

Councilmember Hatch expressed concern about language in the Resolution permitting the mayor to sign documents without Council seeing them and asked for staff to provide the application for Council's review and discussion. Ms. Mayday stated that the ACA required that language in the Resolution, the mayor would only be asked to sign application cover letters, and the application was due February 28.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Lon Turner to approve Resolution No. 14-1024, authorizing staff to submit the grant application, and approving the plan to install sewer and water infrastructure, accepting the completed improvements, and maintaining them in perpetuity.

Vote: 5 - 1 PASSED

NAY: Councilmember Linda Hatch

d) Consideration and possible action to approve Financial Report for the month ended December 31, 2013. (Joe Duffy, Finance Director)

Recommended Action: Approve Financial Report for the six months ended December 31, 2013.

Mr. Duffy reported that, in the first half of the fiscal year:

- General Fund – Revenues were up 6% over last year and overall on track with the current budget; expenses were higher than last year and at 47% of budget.
- Highway User Fund – Revenues were up slightly and expenses were up quite a bit due to the chip seal program. At fiscal year end, the fund balance will be used for the chip seal program. These funds were slowly working their way back up to previous funding levels before the sweeps, and hopefully, the state will restore some.
- Water Enterprise Fund – These were being subsidized by Capital Improvement funds. Revenues barely increased and expenses were down a bit.
- Sewer Enterprise Fund – These had a small increase due to rate increases; expenses were down significantly.
- Contingency Fund – From a starting amount of $321,500, the current balance was $205,000. Expenses were for the gas line repair, Council retreat, and GPREP commitment.
- Although the budget overall was right on track and the Town had a good plan for deficit recovery, the Town had a lot of work to do before it achieved financial health.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve Financial Report for the six months ending December 31, 2013.

Vote: 6 - 0 PASSED

e) Consideration and possible action to approve Ordinance No. 14-781, amending Town Code Sections 30.065 and 30.066 relating to scheduling Council meetings. (Jami Lewis, Town Clerk)

Recommended Action: Approve Ordinance No. 14-781, amending Town Code Sections 30.065 and 30.066 relating to scheduling Council meetings.

Mayor Marley reported that:

- Town Code Section 30.066 provided that the Mayor, four Councilmembers, or the whole Council may call a special meeting. The Town Attorney expressed some concern about a quorum potentially deciding outside of a meeting to hold a special meeting and she suggested revising the code. In addition, there was no rule in either the Town Code or Rules of Procedure with regard to who may call a study session.
- Staff sent a questionnaire to the Mayor and Council concerning these items, and based on the results, drafted an Ordinance amending the Town Code to provide that only the mayor may call special meetings and study sessions. However, staff suggested that Council consider a process wherein councilmembers may request a special meeting or study session when the mayor had no such interest.
- Town Code Sections 30.021 and 30.022 provided for continuation of authority in the mayor's or mayor's and vice-mayor's absence or disability.

Council discussed:

- Three Councilmembers being able to call study sessions and special meetings.
- The mayor not being able to move regular agenda items placed by two Councilmembers to study sessions.
- An Ordinance correction to indicate that Council's regular meetings were on Tuesdays, not Thursdays.
- Study sessions and special meetings being called by a Council majority during regular meetings.

Town Attorney Smiley advised that there be three ways to call such meetings: (i) the Mayor; (ii) any three Councilmembers; and (iii) a majority vote of the Council.

Council asked staff to list those three options in the Ordinance for both study sessions and special meetings.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve Ordinance No. 14-781, amending Town Code Sections 30.065 and 30.066 relating to scheduling Council meetings, as amended.

Vote: 6 - 0 PASSED

f) Consideration and possible action regarding the Council Study Session schedule. (Mayor Marley)

Recommended Action: Direction to Staff

Mayor Marley reported that:

- During the Council's strategic planning sessions, Councilmembers discussed designating one day per month as a standing study session to address detailed and/or long discussion items and to address further strategic planning issues.
- Staff sent a questionnaire to councilmembers asking them to rank their preferred days. Council then considered this matter on January 28, 2014, and voted to postpone the item until all the responses to the questionnaire had come back.
- The questionnaire responses indicated that the preferred days were the first Thursday and third Tuesday of each month.

Council discussed soft and hard scheduling options and preferred days and times.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to soft schedule.

Vote: 6 - 0 PASSED

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to have one soft-scheduled day per month.

Vote: 6 - 0 PASSED

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Lon Turner to soft schedule the first Thursdays and call others as needed.

Vote: 6 - 0 PASSED

9) ADJOURNMENT

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to adjourn the meeting at 8:13 p.m.

Vote: 6 - 0 PASSED

Chris Marley, Mayor

ATTEST:

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 February, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 25th day of February, 2014.

Jami C. Lewis

Jami C. Lewis, Town Clerk