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

TUESDAY, FEBRUARY 12, 2013
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 12, 2013.

Present:	Mayor Chris Marley; Vice-Mayor Carl Tenney; Councilmember Mike Best; Councilmember Darryl Croft; Councilmember Dean Echols; Councilmember Linda Hatch; Councilmember Lon Turner
Staff Present:	Town Manager Robert Smith; General Services Director Cecilia Watts; Town Attorney Sharon Sargent-Flack; Finance Director Joe Duffy; Police Chief Chuck Wynn; Town Engineer/Public Works Director Ron Grittman; Town Clerk Assistant Liz Hart; Town Clerk Jami Lewis (recorder)
Attendees:	Utilities Supervisor Chris Bartels, Planning Consultant Dava Hoffman, Police Sergeant Tom King, Chief Building Official Dan Trout

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.

2) INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

a) Proclamation supporting the Prescription Drug Abuse Reduction Initiative, sponsored by MATFORCE. (Chuck Wynn, Police Chief)

Mayor Marley read the proclamation and presented it to Kelly Lee with MATFORCE, who spoke about the Initiative.

b) Recognition of Jack Owen and Gwen Rowitch for their service on the Planning and Zoning Commission. (Jami Lewis, Town Clerk)

Neither of the Commissioners were present.

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 speaker remarks.

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 reported on the Town's responses to public comments made on January 22, 2013:

- Norma Bennett, dog park costs, sewer system fees, and Town employees' salaries –Comments regarding the dog park were addressed during the same meeting; since September, the Town had held six informational meetings on the proposed sewer fee increases; and per a recent wage study, Town employee wages were within the range of other municipalities this size.
- Steve Chontos, provisions for an escrow fund in a 2000 pre-annexation development agreement – Staff was researching the matter and would hopefully have a response in the next two weeks.

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 Croft reported on a recent State Transportation board meeting and the status of the State Route 89 widening from the south of Town.

Councilmember Hatch reported on a Northern Arizona Council of Governments Economic Development Committee meeting cancellation.

General Services Director Cecilia Watts acknowledged several businesses for fully funding the Library's special needs program.

Mayor Marley reported on a Parks and Recreation Advisory Board vacancy and presented the monthly mayor's report, which pertained to Proposition No. 424 "Home Rule Option."

a) Status report regarding the implementation of HB 2826, pertaining to consolidated elections. (Jami Lewis, Town Clerk)

Town Clerk Jami Lewis reported that:

- The legislature had no interest in repealing HB 2826, but will be addressing conflicts in the law created by the new legislation.
- They were also being asked to absolve municipalities of legal repercussions from changing Council term lengths.
- The Town's next Home Rule extension election will need to be placed on the ballot six months early, for which there was no prohibition.
- Yavapai County officials had indicated that HB 2826 will require many procedural changes, thus necessitating changes to its contract with the Town, and will most likely cause the Town's election costs to increase substantially.

b) Report regarding a proposed small construction project for a storage area in the South Campus. (Jami Lewis, Town Clerk)

Town Clerk Jami Lewis reported that staff intended to bring a construction proposal to Council to enclose an approximately 98 square-foot space at the South Campus' southeast corner to store records currently being housed at the old town hall building, which was to be remodeled for use by the Library. Staff estimated that enclosing the space will cost about $12,000 and proposed using contingency funds.

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 items 6b and 6c.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to approve Consent Agenda item 6a.

Vote: 7 - 0 PASSED - Unanimously

a) Consideration and possible action to appoint Tiffany Resendez, Human Resources Analyst, as the Town's alternate member on the Yavapai Combined Trust Board, effective immediately. (Cecilia Watts, General Services Director)

b) Consideration and possible action to authorize the Police Department to apply for, accept, and expend funds from an Arizona Game and Fish Department grant of up to $50,000 for continued development of the shooting range. If a grant is awarded, funds will be disbursed from Grant Funds, with no match required by the Town. (Chuck Wynn, Police Chief)

(Item 6b was heard after item 6c but is retained here for clarity)

Council did not discuss the item.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Dean Echols to authorize the Police Department to apply for, accept, and expend funds from an Arizona Game and Fish Department grant of up to $50,000 for continued development of the shooting range.

Vote: 7 - 0 PASSED - Unanimously

c) Consideration and possible action to approve the Arizona Peace Officer Standards and Training Board Peace Officer Training Fund Grant Agreement in the amount of $30,000 for enhancing the law enforcement shooting range. Funds to be disbursed from Grants fund, with no match required by the Town. (Chuck Wynn, Police Chief)

(Item 6c was heard after item 6a but is retained here for clarity)

Councilmember Hatch asked about the funding source for a $90,000 contribution from the Town referenced in the agreement. Police Chief Chuck Wynn explained that this contribution will consist solely of grant funds received from the Sheriff's Office, RICO funds, grants designated for law enforcement training, and the donation from Pro Force; no Town funds will be included.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Mike Best to approve the Arizona Peace Officer Standards and Training Board Peace Officer Training Fund Grant Agreement in the amount of $30,000 for enhancing the law enforcement shooting range. Funds to be disbursed from Grants fund, with no match required by the Town.

Vote: 7 - 0 PASSED - Unanimously

7) ACTION ITEMS

a) ZC Case No. 12-003: Consideration and possible action to adopt Ordinance No. 13-764 approving a zone change from "AR-5" Agriculture/Residential (5 Acre Minimum) to "SR-1" Single Family Residential (1 Acre Minimum) for an approximately 2-acre parcel located on the south side of Center Street, at 801 E. Center Street and identified as Assessor's Parcel Number 306-29-002M. Applicant/Property Owner: Ronnie L. Bunker. (Dava Hoffman, Planning Consultant)

Ms. Hoffman reported that:

- The applicant, Mrs. Bunker, was requesting the rezoning to enable her to split the parcel into two lots of approximately one acre each and permit an additional residence to be built. She also requested a waiver of the requirement for an additional 20 feet of right-of-way needed to comply with the 50-foot standard.
- The parcel's General Plan Future Land Use Designation was "Commercial," and the rezone will bring it into better conformance with the General Plan.
- Mrs. Bunker followed the citizen participation procedures. At the neighborhood meeting, one neighbor indicated support and none objected. Staff also received three letters in support and none with objections.
- On January 15, 2013, the Planning and Zoning Commission voted to recommend approval with the findings and stipulations indicated in the Ordinance, which included the right-of-way waiver.
- Staff recommended approval of the zone change with the findings and stipulations in the Ordinance. She also recommended adding a statement under Engineering Stipulation #3 as to whether or not Council approved the right-of-way waiver.

Town Engineer Ron Grittman clarified that Center Street, which had been designated as a collector street a few years ago, required a 50-foot dedication on each side of the roadway. However, he approved the waiver, as there was currently ample right-of-way, no other property owners on the street had yet dedicated the full 50 feet, and Mrs. Bunker had already dedicated more than her neighbors. When the Town widened the road in the future, engineers will then determine the actual amount of additional right-of-way needed.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to adopt Ordinance No. 13-764 approving the zone change from "AR-5" to "SR-1" for Assessor's Parcel Number 306-29-002M, including a waiver from the requirement for an addition of 20 feet of right-of-way.

The Town Clerk asked if Council wanted to amend the Ordinance per Ms. Hoffman's recommendation.

Vice-Mayor Tenney and Councilmember Hatch WITHDREW their motion and second.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to adopt Ordinance No. 13-764, as amended, approving the zone change from "AR-5" to "SR-1" for Assessor's Parcel Number 306-29-002M, including a waiver from the requirement for an addition of 20 feet of right-of-way.

Vote: 7 - 0 PASSED - Unanimously

b) Consideration and possible action to accept the Annual Audited Financial Statements and the Annual Expendture Limitation Report for the fiscal year ended June 30, 2012, as prepared by Hinton Burdick, CPAs & Advisors. (Joe Duffy, Finance Director)

Acronyms used in this item:
GF (General Fund)
HURF (Highway User Revenue Funds)

Robyn Sibley with Hinton Burdick briefed Council on the audit results. Key points were:

- The audit and state compliance reports were clean; three financial control findings were noted; and no compliance findings were noted.
- The three findings pertained to year-end audit adjustments, which were common to most municipalities, and the Court bank reconciliation and capital asset management, both of which should be cleared next year.
- Government wide financial highlights: (i) The Town's total net equity at year-end decreased $1,075,831; (ii) government capital assets decreased $274,382, and asset additions included the South Campus remodel, mobile dispatch units, new town-wide phone system, Aquatic Center renovation, and shooting range; (iii) business-type capital assets decreased by $1,004,312, and asset additions included water rights and wastewater treatment plant solar panels; and (iv) there were no significant changes in long-term debt.
- Fund financial highlights: (i) The GF mostly broke even with a slight increase in expenditures over revenues, and an overall decrease in expenditures, mainly due to outsourcing dispatch services; (ii) there was nothing significant to report in the capital improvements, HURF, and impact fee funds; and (iii) both the water and sewer funds

experienced losses for several consecutive years, resulting in decreased cash balances.
- Fund balances: the GF and HURF increased slightly, roads impact fees and water funds remained about the same; and capital improvements and sewer funds decreased.

Council noted that although the solar panels were listed as a $170,000 asset, the Town only paid about $5,000 for them; and the large deficit in the water and sewer funds demonstrated the need for the rate increases being considered on this agenda.

Councilmember Hatch asked if there was any requirement to prioritize how the increased utility rate money should be spent. Ms. Sibley stated that there was none she was aware of. Mr. Duffy added that all enterprise revenues had to be accounted for in the enterprise funds, and expenses were delineated in the budget.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to accept the Annual Audited Financial Statements and the Annual Expendture Limitation Report for the fiscal year ended June 30, 2012, as prepared by Hinton Burdick, CPAs & Advisors.

Vote: 7 - 0 PASSED - Unanimously

c) Consideration and possible action to: (i) hold a public hearing to take public comment on the proposed water and wastewater rate structure; and (ii) approve Resolution No. 13-1005 to change and establish certain water and wastewater fees in accordance with scenario 2A of the 2012 Water and Wastewater Rate Study prepared by Economists.com. (Ron Grittman, Public Works Director)

Mr. Grittman reported that:
- On June 12, 2012, the Town entered into a Professional Services Agreement with Economists.com for a utility rate study. On October 2, 2012 and January 8, 2013, the consultant presented his analysis to Council, which contained several rate increase scenarios.
- Council directed staff to prepare a water and wastewater utility rate schedule in accordance with scenario 2A, the provisions of which were contained in the subject Resolution.
- After the public hearing, should Council approve the Resolution as proposed, these rates will become effective on the first billing cycle that is greater than 30 days after adoption, April 1, 2013, in accordance with A.R.S. §9-499.01 and § 9-511.01.

Dan Jackson, Managing Director of Economists.com, reviewed the Town's current utility rates and proposed rate increases. He also reported that:

- Utility rates should fund system operation and capital needs. To raise rates, state law required a formal study and a public hearing to inform the public and solicit their feedback.
- Key findings in the Study included: growth was expected to be minimal in the next decade; operating expenses were forecast to continue to increase in coming years; capital improvements will be required; the utility funds were losing money and by 2015, there will be no money left to continue the subsidy from the general fund and reserves.
- Key objectives of the recommended rate plan were to: phase out the subsidy over four years; allow the Town to pay for all operating expense increases; enable the Town to pay for $300,000 in capital repairs per year beginning in fiscal year 2016; enable the

Town to acquire the wastewater treatment plant and Chino Meadows water accounts; and set consistent rate adjustments for each year to lessen the impact on ratepayers.

- Per this rate plan, rates will increase in March 2013, followed by annual increases in January of $6-$9 per month for the next five years. Even with these increases, the Town's rates were even with or lower than those of Appaloosa Meadows, Chino Meadows, Prescott, and Chino Valley customers on Prescott water.

Mr. Grittman and Mayor Marley added that the Chino Meadows water accounts referenced above included only Unit 1 and the Safeway loop, and no areas with CVID lands. This matter still required negotiations, and if the Town acquired these accounts, customers will see a decrease in their water bill.

Councilmember Hatch expressed a desire to hear from the public affected by the increase, and noted that while she did not oppose the increase, she did object to the Resolution not listing the objectives in priority order, which could allow the additional funds to be shifted to other uses. Mr. Jackson stated that typically, the rate study, not the utility resolution, specified what the funds were to be used for. Councilmembers commented that they also memorialized proposed expenditures through the annual budget process.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to open the public hearing.
Vote: 7 - 0 PASSED

No one from the public spoke.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to close the public hearing.
Vote: 7 - 0 PASSED

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to approve Resolution No. 13-1005 to change and establish certain water and wastewater fees in accordance with scenario 2A of the 2012 Water and Wastewater Rate Study prepared by Economists.com.

Vote: 6 - 1 PASSED

NAY: Councilmember Linda Hatch

d) Consideration and possible action to approve the January 8, 2013 Regular Meeting minutes. (Absent: Councilmember Hatch) (Jami Lewis, Town Clerk)

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to approve the January 8, 2013 Regular Meeting minutes.

Vote: 6 - 0 PASSED

Other: Councilmember Linda Hatch (ABSTAIN)

e) Consideration and possible action to approve the January 22, 2013 regular meeting minutes. (Absent: Councilmember Echols) (Jami Lewis, Town Clerk)

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to approve the January 22, 2013 regular meeting minutes.

Vote: 6 - 0 PASSED

Other: Councilmember Dean Echols (ABSTAIN)

8) EXECUTIVE SESSION

Council may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the Town's attorneys on any of the above agenda items pursuant to A.R.S. § 38-431.03(A)(3).

a) Council may vote to hold an executive session pursuant to A.R.S. §§ 38-431.03(A)(1) to discuss the employment, assignment, appointment, promotion, demotion, dismissal, and/or salaries of the office of town attorney. (Mayor & Council)

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to go into executive session after a five minute break at 7:28 p.m.

Vote: 7 - 0 PASSED - Unanimously

Mayor Marley reconvened the meeting into open session at 9:00 p.m.

b) Consideration and possible action regarding town attorney appointment.

Mayor Marley reported that Council made no firm decisions in the executive session and they were continuing discussions.

9) ADJOURNMENT

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Lon Turner to adjourn the meeting at 9:00 p.m.

Vote: 7 - 0 PASSED - Unanimously

W Carl Tenney

Carl Tenney, Vice-Mayor

ATTEST:

Jami C. Lewis

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 12th day of February, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 12th day of March, 2013.

Jami C. Lewis

Jami C. Lewis, Town Clerk