

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

**TUESDAY, FEBRUARY 26, 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 26, 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; Town Engineer/Public Works Director
Ron Gritman; Town Clerk Assistant Liz Hart; Town Clerk Jami Lewis (recorder)

Attendees: Utility Supervisor Chris Bartels

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

Mayor Marley called the meeting to order at 6:02 p.m.

Vice-Mayor Tenney gave the invocation and Mayor Marley led the Pledge of Allegiance.

2) INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

- a) Proclamation declaring March 20, 2013 as "Arizona Gives Day," sponsored by West Yavapai Guidance Clinic Foundation.

Mayor Marley read the proclamation and presented to representatives from the West Yavapai Guidance Clinic Foundation, Yavapai County Community Foundation, Prescott Alternative Transportation, and Mayer Elder Club, who spoke about the event.

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.

Herbert Schuermann and Lillian Morales, residents, spoke in opposition to the recent sewer rate increases. Council reported that Town officials had held several meetings over many months addressing this matter and it was important for citizens speak out before Council took action.

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 response to a January 22 comment by Steve Chontos regarding a provision in the 2001 Pre-Annexation Development Agreement with Windy Valley Plaza: Staff reviewed the matter and found that the Town did not create an escrow fund nor monitor the sales tax, but staff had already proposed significant infrastructure improvements in the area that exceeded the \$200,000 provided for in the agreement.

Councilmember Hatch stated that she believed the agreement provided for a water extension, not general infrastructure. Mayor Marley suggested that he continue this discussion with the town manager at a later time.

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.

Mayor Marley read the Mayor's Report, which pertained to the 2013 primary election and Council's responsibilities.

a) Presentation regarding Proposition 424 "Alternative Expenditure Limitation - Home Rule Option." (Joe Duffy, Finance Director)

Mr. Duffy reviewed the Town's Home Rule presentation that was given at a previous meeting and was on the Town's website, as well as Channel 13. Should Home Rule not pass, Council would have the task of determining what services to cut, and the Town could not use the reserved funds to pay off debt or any for other purpose. However, if Home Rule passed two years thereafter and Council so determined, they could designate using funds to pay off debt in the subsequent year's budget.

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 item 6d.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to approve Consent Agenda items 6a, b, c and e.

Vote: 7 - 0 PASSED - Unanimously

- a) Consideration and possible action to approve the January 31, 2013 Joint Study Session minutes. (Jami Lewis, Town Clerk)
- b) Consideration and possible action to approve the February 5, 2013 Special Meeting minutes. (Jami Lewis, Town Clerk)
- c) Consideration and possible action to appoint Robert McCaullay to the Planning and Zoning Commission for a three-year term starting February 1, 2013. (Council Appointments Committee)
- d) Consideration and possible action to approve Amendment Number 2 to the Police Officer's Association Memorandum of Understanding with the Town of Chino Valley, effective January 1, 2013. (Cecilia Watts, General Services Director)

General Services Director Cecilia Watts reported that on December 11, 2012, the Police Officer's Association requested that Council approve a change to its Memorandum of Understanding (MOU) with the Town to provide for overtime starting after 80 hours in a two week work period to allow for more flexibility in scheduling. However, the MOU amendment that Council approved did not accurately reflect the parties' understanding, as it referenced a 40-hour work week, rather than an 80-hour, two-week work period. The second amendment will correct that error.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to approve Amendment Number 2 to the Police Officer's Association Memorandum of Understanding with the Town of Chino Valley, effective January 1, 2013.

Vote: 7 - 0 PASSED - Unanimously

- e) Consideration and possible action to approve Change Order Number 1 to the Professional Services Agreement with Economists.com dated June 12, 2012, in the amount of \$1,750, with \$875 to come from the Water Fund rate study line, and \$875 to come from the Sewer Fund rate study line. (Ron Gritman, Public Works Director)

7) ACTION ITEMS

- a) Consideration and possible action to adopt Resolution No. 13-1006 declaring as a public record that certain document filed with the Town Clerk entitled "2013 Changes to Article IV - Privilege Taxes, of the Tax Code of the Town of Chino Valley;" adopt Ordinance No. 13-765 adopting the same by reference; and amend the Chino Valley Tax Code by increasing the Town of Chino Valley's Transaction Privilege Tax (Sales Tax) rate for certain taxable items from three percent (3%) to four percent (4%), to be effective June 1, 2013. (Joe Duffy, Finance Director)

Mr. Duffy and Consultant Pat Walker reported that:

- A year ago, when Council was beginning the FY 2012/2013 budget process, a structural deficit was identified that would result in the Town's general fund being out of money by 2015.
- In August 2012, Council began a strategic financial planning process to address the immediate and long-term, deficit, with the goal of achieving financial stability and sustainability for the Town.
- They engaged new and existing committees to address finance matters, programs and services, economic development opportunities, revenue options, and a citizen survey.
- Two options for revenue enhancement were identified: property tax and sales tax increase. Per the November 2012 citizen survey, discussed on December 6, 2012, the citizens preferred the sales tax option.
- A one percent sales tax increase would generate an additional \$1,146,000 per fiscal year, which will cover the current \$1 million per year deficit through FY 2015/2016.
- On December 11, 2012, Council noticed its intent to increase the current sales tax rate by 1%, effective June 1, 2013, and instructed staff to post the necessary notice on the Town's website and other appropriate venues.

Council noted that this item had been discussed for a long time and they did not enter into this lightly. There were not many viable options and they would do what they could to make the Town stable and continue stretching every dollar.

Lillian Morales, resident, asked about variables used in staff's calculations. Ms. Walker stated that they kept revenue estimates low at 1% and expenditures at 2%. If these figures changed, Council would re-evaluate the matter.

Herbert Schuermann, resident, spoke in support of the tax increase and suggested that it be used to help homeowners in Chino Meadows.

Tom Payne, business owner, spoke about Council continuing to work on economic development and water and sewer extensions, and encouraging shopping local.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Mike Best Vmt mshb cmb to adopt Resolution No. 13-006 declaring as a public record that certain doc filed with Town Clerk entitled "2013 Changes to Article IV – Privilege Taxes, of the Tax Code of the Town of Chino Valley;" adopt Ordinance No. 13-765 adopting the same by reference; and amend the cv Tax Code by increasing the Town of Chino Valley's Transaction Privilege Tax (Sales Tax) rate for certain taxable items from three percent (3%) to four percent (4%) to be effective June 1, 2013.

Vote: 7 - 0 PASSED - Unanimously

- b) Consideration and possible action to extend the existing month-to-month lease for the Food Bank an additional four months. (Robert Smith, Town Manager)

Mr. Smith reported that the Food Bank had been working on a new operational location but had not yet completed construction. The Town building official estimated that the structure would take about 60 more days to complete, and staff estimated that a four-month extension of the lease will allow the organization time to finish the new building and relocate.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Dean Echols to approve a four month extension to the existing, month-to-month lease for the Food Bank.

Vote: 7 - 0 PASSED - Unanimously

- c) Consideration and possible action to approve Proposal and Contract with Circle C Construction, in the amount of \$12,220.30, plus an additional \$500 for design drawings, to enclose an approximately 98 square foot portion at the southeast corner of the South Campus Town Hall facility. Funds to come from Contingency. (Jami Lewis, Town Clerk; Ron Grittmann, Town Engineer)

Ms. Lewis and Mr. Grittmann reported that:

- On February 12, 2013, staff informed Council about a need to create a storage area for inactive and permanent records in the South Campus facility to accommodate an overflow of records currently being stored at the North Campus, which was to be remodeled for use by the Library.
- Staff obtained several bids for the project and Circle C was the lowest bidder. Although the proposal was provided in December 2012 with a possible five-day withdrawal, Circle C had indicated that they were holding this price.
- Council was also being asked to approve an additional \$500 for the cost of design drawings at the request of the Building Division.
- No formal contract was needed for this work, as it created no liability for the Town and staff will require proof of insurance before they started the project.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to approve Circle C Construction Proposal and Contract and Exhibit "A" thereto, in the amount of \$12,220.30, plus an additional \$500 for design drawings, with the added stipulation that Circle C must demonstrate proof of adequate comprehensive general liability insurance coverage naming the Town as an additional insured and must demonstrate proof of adequate workers compensation insurance coverage in accordance with applicable laws, prior to commencement of work.

Vote: 7 - 0 PASSED - Unanimously

- d) Consideration and possible action to authorize the Mayor and Council to sign a joint letter with other municipal leaders to Senator John McCain with regard to the F-35 training program. (Mayor Marley)

Mayor Marley reported that Coleman Dahm & Associates, a public affairs company that worked with suppliers and vendors for the F-35 Joint Strike Fighter, was recruiting municipal leaders to sign a joint letter to Senator John McCain, thanking him for his efforts in securing the F-35 training program for Arizona. As the economic impact on the state from the F-35 was tremendous, many municipal leaders were showing their support of this program.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Mike Best to authorize the Mayor and Council to sign a joint letter to Senator John McCain with regard to the F-35 training program.

Vote: 7 - 0 PASSED - Unanimously

- e) Consideration and possible action to authorize the Mayor to sign a Resolution of Support for HB 2338 with regard to Regional Water Augmentation Authorities. (Mayor Marley)

Acronym used in this item:

NAMWUA (Northern Arizona Municipal Water Users Association)

Mayor Marley reported that:

- This month, NAMWUA Board Members were considering a letter of support with regard to HB 2338 (Regional Water Augmentation Authorities).
- Subsequently, Flagstaff's Hydrologist and Utilities Director suggested that each municipality represented in NAMWUA also send a letter of support, focusing their message on their local community's needs.
- Mayor Marley was asking Council to discuss and consider a Resolution of Support similar to that adopted by Prescott Valley's Council.

Councilmembers who spoke on this item stated that although they generally did not support new layers of government, they did support this item, as it allowed for other methods of funding large projects and the Town's participation in determining the region's water future.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to authorize the Mayor to sign a resolution of support similar to that of Prescott Valley.

Vote: 7 - 0 PASSED - Unanimously

- f) Consideration and possible action to authorize the Mayor to sign a letter on behalf of the Council to the State Legislature with regard to the recommendations made in the final report by the Governor's TPT Simplification Task Force. (Vice-Mayor Tenney)

Vice-Mayor Tenney reported that:

- On January 22, 2013, Council approved sending a letter to the Town's legislators regarding its opposition to three particular recommendations in the Governor's TPT Simplification Task Force final report.
- If the recommendations were passed by the legislature, the Town would no longer be able to continue contracting with a local sales tax auditor and would lose all its construction revenue.
- He recommended that the Mayor send the letter again to the legislators to stress the huge impact these changes will have on the Town.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Dean Echols to authorize the mayor to sign a letter on behalf of the Council to the State Legislature to express the Town's concerns of the final report by the Governor's TPT Simplification Task Force.

Vote: 7 - 0 PASSED - Unanimously

- g) Consideration and possible action regarding Council sponsorship of a booth in the amount of \$200, and participation in the annual Chino Valley Area Chamber of Commerce Health and Business Expo on April 20, 2013. Funds to come from Mayor and Council public relations line. (Jami Lewis, Town Clerk)

Ms. Lewis reported that staff had received an invitation from the Chamber for booth-sponsorship at the annual Business Expo on March 20, 2013. Council sponsored a booth at this event in the past and needed to determine whether or not to participate.

Councilmember Croft told Council that the Chamber was considering a change in the payment process for Chamber events and activities, such as the Expo or Platinum Sponsorship (item 7h).

Tom Payne with the Chamber told Council that the Chamber desired to work out a plan with the Town to simplify the two entities' participation in each other's events rather than there being several exchanges of payments during the year.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Mike Best to table items 7g and 7h.

Vote: 7 - 0 PASSED - Unanimously

- h) Consideration and possible action with regard to the Town obtaining a Platinum Sponsorship with the Chino Valley Area Chamber of Commerce in the amount of \$2,500. Funds to come from Mayor and Council public relations line. (Mayor Marley)

On February 14, 2012, Council voted to approve a \$2,500 expenditure for a Platinum Sponsorship with the Chamber as a way of supporting local businesses. Council voted to table this item under item 7g.

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 Arizona Revised Statutes § 38-431.01(A)(3), discussion or consultation for legal advice with the attorney or attorneys of the public body, and/or § 38-431.01(A)(4), discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body's position regarding a pre-annexation development agreement that is the subject of pending litigation, *Cortez Enterprises v. Town of Chino Valley*, CV 2006-1407, Yavapai County Superior Court, including but not limited to the Oct 10, 2012 mediation. (Mayor Marley)

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to go into executive session for items 8a and 8b at 7:23 p.m.

Vote: 7 - 0 PASSED - Unanimously

- b) 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 Marley)

Mayor Marley reconvened the meeting into open session at 8:30 p.m.

- c) Consideration and possible action regarding town attorney appointment.

Council took no action on item 8c.

9) **ADJOURNMENT**

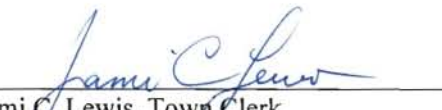
MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to adjourn the meeting at 8:31 p.m.

Vote: 7 - 0 PASSED - Unanimously



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 26th day of February, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 26th day of March, 2013.



Jami C. Lewis, Town Clerk