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

TUESDAY, MAY 28, 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, May 28, 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 Phyllis Smiley; Finance Director Joe Duffy; Magistrate John Walker; Town Engineer/Public Works Director Ron Grittman; Civil Engineer Richard Straub; Utilities Crew Leader Joe Grassi; Plans Examiner-Inspector Jim Shinost; Building Official Dan Trout; Town Clerk Assistant Liz Hart; Town Clerk Jami Lewis (recorder)

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

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

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

2) INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

a) Presentation by Ruth Mayday, Planner/Housing Rehabilitation Program Manager for the Town of Prescott Valley, regarding the Owner Occupied Housing Rehabilitation Program administered by the U.S. Housing and Urban Development Department (HUD) and the Arizona Department of Housing. (Cecilia Watts, General Services Director)

General Services Director Cecilia Watts reported that the Town had been interested in the Owner Occupied Housing Rehabilitation Program, but had lacked the expertise and resources to apply for the grant. Recently, the Town developed a relationship with Ms. Mayday, who provided a proposal to apply for and administer this grant in partnership with the Town. Staff intended to bring a Professional Services Agreement with Mayday Consulting to the next meeting for this purpose.

Ms. Mayday presented an overview of the Program, which assisted low to moderate income homeowners with home repairs to bring their homes to current adopted building codes and HUD standards. Grants funds could also be used in conjunction with sewer projects for yard line connections. She believed that there was enough demand in the community to apply. The maximum grant amount was $400,000, and in order to apply, the Town would need a list of pre-qualified households.

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.

Norma Bennett, resident, spoke about: the Town curtailing spending until it recovered from its fiscal deficit; unnecessary sewer fees; interest only loans; and a non-resident on the sewer committee.

Dave Mazy, local business owner, read a statement by Town employee Jan Mazy about an incident that occurred between her and a councilmember and asking councilmembers to abide by Ordinance 13-768. Councilmember Hatch stated her point of view on the incident and that she objected to allowing speech that attacked a councilmember. Mayor Marley asked for the town attorney's opinion on the matter. Town Attorney Phyllis Smiley advised that the Open Meeting Law allowed for an open Call to the Public, and this speech related to the Council Code of Ethics.

Ron Grittman, Town Engineer, spoke about a councilmember attacking him and the Engineering Division at a recent SR89 Committee meeting on May 21 and asked the Council to place an item on an agenda to address the matter. Vice-Mayor Tenney and Councilmember Hatch objected to further attacks of a councilmember. Ms. Smiley advised that the Open Meeting Law allowed the Council to respond with no ensuing discussion or to place the item on a future agenda. Councilmember Hatch reported that she and others at the subject meeting believed that Mr. Grittman misinterpreted her statements and also acted inappropriately. Council generally recommended placing the item on an agenda for discussion.

Pat McKee, resident, spoke about ADOT tabling the propsoed roundabout at Perkinsville and the highway due to funding cuts, and asked about the proposed funding source for that project if not ADOT and the Town, and any Town obligations to that source.

Robert McCaullay, resident, spoke about an event at the local winery and asked about the Town collecting sales taxes from vendors at such events.

Paul Eguina, SR89 Committee member, spoke about the parties involved in the May 21 meeting debate putting the incident to rest.

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 Turner commended the members of the SR89 Committee for working through the difficulties of their given project.

General Services Director Cecilia Watts presented to Council, on behalf of Town staff, a Bronze Award of Excellence from the Arizona Municipal Risk Retention Pool for 2012 in recognition of low claim rates.

Mayor Marley reported on the upcoming League of Arizona Cities and Towns annual conference, as well as a study session on June 6 for the SR89 Committee to report on their recommendation. He read the Monthly Mayor's Report, which pertained to the SR89 Committee's work and a potential bond election in Novmeber.

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.

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

Vote: 7 - 0 PASSED - Unanimously

a) Consideration and possible action to approve the May 14, 2013 Regular Meeting minutes. (Jami Lewis, Town Clerk)

b) Consideration and possible action to approve Financial Report for the month ended April 30, 2013. (Joe Duffy, Finance Director)

c) Consideration and possible action to adopt Resolution No. 13-1012, approving the proposed statements and estimates of expenses of the Town of Chino Valley Street Lighting Improvement Districts for fiscal year 2013/2014, pursuant to Section 48-616, Arizona Revised Statutes, as amended; setting a date for public hearing on the proposed statements and estimates as approved; and providing for notice of the hearing and publication of the proposed statements and estimates of the expenses of the district which shall be provided for by the levy and collection of ad valorem taxes on the assessed value of all the real and personal property in the districts. (Joe Duffy, Finance Director)

d) Consideration and possible action to instruct Musgrove, Drutz & Kack to file the proposed stipulated Judgment with regard to *Becker Holdings, LLC v. Hall; Denney; Fitzgerald All-State Bail Bonds, LLC; CitiFinancial, Inc.; Town of Chino Valley; Ross Jacobs; Yavapai County Treasurer,* Case No. CV 2013-00180, Yavapai County Superior Court, pertaining to real property located at 1831 Yvonne Way, Chino Valley, Arizona. (Mayor & Council)

e) Consideration and possible action to approve the Services Agreement between the Town of Chino Valley Municipal Court and nCourt, LLC, to permit citizens to pay their financial obligations on-line with a credit or debit card, with no costs to be incurred by the Court. (Ronda Apolinar, Court Coordinator)

f) Consideration and possible action to approve the creation of permanent drainage easements across Assessor's Parcel Numbers 306-13-006, 306-18-180, 306-08-178, 306-13-010, and 306-13-005, to allow for the Road 3 North Stormwater Project. Funds to come from the stormwater project. (Ron Grittman, Town Engineer)

7) ACTION ITEMS

a) Consideration and possible action to approve Resolution No. 13-1011 adopting a Tentative Budget for the fiscal year 2013-2014, and proposed expenditure limitation for the same year, in the amount of $16,769,266. (Joe Duffy, Finance Director)

Finance Director Joe Duffy reported that:

- Updates made to the budget after the budget hearings included: revised organizational chart; added five-year revenue and expense summaries; added the number of FTEs to each department budget; increased the Senior Center budget due to a funding increase; added the drainge grant; added state budget forms; and polished the overall document.
- Overall, assumptions for the budget were kept very conservatively, with revenues and expenses mostly flat, no new housing or utility customers, and a projected 6% under budget in the General Fund for the current fiscal year.
- Major initiatives in the budget included: eliminating the 10% furlough; reclassifiying certain police officer positions per the Comp and Class study; increasing road maintenance; and adding three new roads projects, the Chino Meadows V drainage project, and the SR89 water and sewer project design.
- The proposed tentative budget will also establish a limitation on expenditures for the proposed fiscal year.
- Following adoption, the tentative budget will be published once a week for two consecutive weeks and made available for public inspection at Town Hall, the Library, and Town website.
- A public hearing will be held on June 25, 2013, after which Council may adopt the final budget.
- The final version of the budget will be updated with the new fiscal policies (item 7b on this agenda) and any final budget adjustments.

He also noted that two corrections were needed on the subject Resolution with regard to the date and proposition number of the Home Rule election.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Darryl Croft to approve Resolution No. 13-1011 as amended by the Finance Director, adopting the Tentative Budget and proposed expenditure limitation for FY 2013-2014, in the amount of $16,769,266.

Vote: 7 - 0 PASSED - Unanimously

b) Consideration and possible action to approve Resolution No. 13-1010, amending Resolution No. 10-936 and revising the Town of Chino Valley Financial Policies. (Joe Duffy, Finance Director)

Acronyms used in this item:

- GF (General Fund)
- HURF (Highway User Revenue Fund)

Mr. Duffy reported that:

- The Town had an important responsibility to its citizens to carefully account for the public funds within its custody and manage its finances wisely.
- Financial policies established a framework for overall fiscal planning and management, reflected the Town's committment to sound financial management and fiscal integrity, and helped Town officials plan its fiscal strategy with a consistant approach.
- The Council Finance Committee reveiwed the current policies and determined that several updates should be made.
- One major goal was to develop policies consistant for all funds that could be easily calculated and followed, and to establish a trigger to alert Council that the Town's financial situation was deteriorating.
- In the event of an extreme emergency, the mayor had the authority to authorize an expense to later be ratified by Council; if said emergency expense was greater than all available funds, Council would need to call an immediate meeting.

Significant policies included:

- #11 - Set the budget at the fund level; gave Council authority for interdepartmental and capital expenditure reallocations; gave the town manager authority to reallocate operating expenses within each department.
- #16 - Added the consumer price index (CPI) as a benchmark for automatic fee increases; gave Council authority to determine which fees would be adjusted annually.
- #21 & #22 - Increased the threshold amount for capital improvement projects, infrastructure, and equipment purchases in the Capital Improvement Program from $20,000 to $50,000; capital purchases under $50,000 will be budgeted at the department level; and all capital improvements will comply with the Town's procurement policy.
- #37 - Added a separate contingency section to differentiate from reserve funds; contingency will be equal to 5% of combined expense budgets in the GF, HURF, and enterprise funds.
- #39 - Increased reserves to 25% of operating expenses for GF, HURF, and enterprise funds.
- #44 - Added the "red flag rule," in which the town manager and finance director will notify Council if total revenues in the GF, HURF, or enterprise funds are projected to decrease by an amount greater than 10% of budget or if any expenditure will cause the funds to be over budget.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to approve Resolution No. 13-1010, amending Resolution No. 10-936 and revising the Town of Chino Valley Financial Policies.

Vote: 7 - 0 PASSED - Unanimously

Mayor Marley recessed the meeting at 7:16 p.m. and called the meeting back to order at 7:28 p.m.

c) Consideration and possible action regarding Council's annual performance evaluation of Town Manager Robert Smith. (Mayor & Council)

Council discussion:

- The current Council should perform the evaluation, while the new Council should set goals for Mr. Smith one to two months thereafter.
- They preferred to postpone this item to the next meeting to have more time to work on their evaluation forms.
- Councilmembers should fill out and submit their evaluation forms to the town clerk, who will tally the rankings, provide an average, and include the evaluations in the agenda packet.
- During the actual evaluation, Council desired the opportunity for comment.

Mr. Smith stated that his goal was to listen closely and get feedback to enhance his service to the community, and he would accept whatever mechanism Council chose.

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).

9) ADJOURNMENT

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to adjourn the meeting at 7:43 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 28th day of May, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 11th day of June, 2013.

Jami C. Lewis, Town Clerk