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

TUESDAY, JUNE 11, 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, June 11, 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; Senior Accountant Cindy Sandlin; Police Chief Chuck Wynn; Police Lieutenant Vince Schaan; Police Officer Deana Winn; Court Administrator Ronda Apolinar; Town Engineer/Public Works Director Ron Grittman; Civil Engineer Richard Straub; Utility Supervisor Chris Bartels; Utilities Crew Leader Joe Grassi; Associate Planner Dennis Price; Senior Center Supervisor Cyndi Thomas; 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 6:01 p.m.

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

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 speaker remarks.

Edith Spain, resident, asked about the funding source for reinstating the employees' 40-hour work week and possibly delaying it another year.

Steve Chontos, Town business owner, asked Council to consider reconfiguring the proposed Road 1 East extension so that it turned at Road 4½ South instead of at the proposed location.

Craig Brown, Yavapai County Supervisor, asked for the Town's input on the draft plan for a connector road between Williamson Valley and the Town via Center Street.

Pat McKee, resident, spoke about Council disallowing accusatory speeches against its members in the future.

Tom Payne, representing the Chino Valley Area Chamber of Commerce, thanked Vice-Mayor Tenney and Councilmember Echols for their service, and welcomed the newly-elected mayor and councilmembers.

Chris Bartels, representing the Chino Valley Recreational Foundation, spoke about the upcoming 4th of July celebration.

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 matters raised on May 28, 2013:

- Unnecessary Town spending, interest only loans, and SR89 Committee membership (Norma Bennett) – Council and staff were attempting to keep the budget conservative; consolidating debt and deferring principal to improve cash flow was a common practice; the SR89 Committee was to be disbanded or its membership possibly modified.
- Council Code of Ethics as it related to an incident between a councilmember and a Town employee (Dave Mazy) – Councilmember Hatch had an opportunity to address that during the meeting.
- Incident between a Town employee and a councilmember (Ron Grittman) – Mayor Marley hoped to address that at a future meeting.
- Funding source for the Perkinsville roundabout (Pat McKee) – ADOT had proposed a private-public partnership between ADOT, the Town, certain gravel pit owners, and possibly the future purchaser of the ADOT yard.
- Vendors collecting sales tax at public events (Robert McCaullay) – Mayor Marley read a statement from the town clerk regarding the Town's protocol for event vendors and sales tax.
- Council and staff putting their differences to rest (Paul Eguina) – Mayor Marley will be addressing that in the next mayor's 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 Croft reported on the annual Flag Day ceremony on June 14, sponsored by the Chino Valley Elks.

Councilmember Hatch reported that she had been asked to serve on a nominating committee for NACOG's executive committee.

Mayor Marley spoke about the lack of decorum at the previous meeting and reviewed the procedures for Call to the Public and meeting decorum. He also read the monthly Mayor's Report, which pertained to future business with the new Council.

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 7b and 7c.

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

Vote: 7 - 0 PASSED - Unanimously

a) Consideration and possible action to approve the May 28, 2013 regular meeting minutes. (Jami Lewis, Town Clerk)

b) Consideration and possible action to approve Agreement for Professional Services between the Town of Chino Valley and Mayday Consulting, LLC for HUD Home Owner Occupied Housing Rehabilitation Program and Consulting Services for fiscal year 2013/2014. Funds to come from Contingency. (Cecilia Watts, General Services Director)

Staff report:

- On May 28, 2013, Ruth Mayday, Planner/Housing Rehabilitation Manager for the Town of Prescott Valley, and principal of Mayday Consulting, LLC ("Mayday"), presented information to Council regarding the Owner Occupied Housing Rehabilitation Program (Grant) offered through the HOME Investment Partnership Act.
- The Town would like to submit a proposal for such grant, with Mayday preparing, writing, and administering the grant.
- Funding will be: (a) $50.00 / hour for pre-application activities, not to exceed $1,500.00; funds to come from the General Fund; (b) $50.00 / hour for composition of application, not to exceed $2,500.00; funds to come from the General Fund; and (c) if the Town received an award, an hourly rate for program design and contract management, not to exceed ten percent (10%) of HOME funds awarded; funds to come from grant funds.
- Ms. Mayday will work with Town staff and the community in qualifying persons for the grant; coordinate property inspections, prepare the necessary RFPs and perform all the necessary postings for any consideration of repairs to any properties; submit the grant in timely fashion to the Department of Housing; and if the grant was funded, she will administer the grant and maintain all project files during the duration of the grant.
- If awarded, the Town could receive up to $400,000.00 of funding for housing rehabilitation for qualified, owner-occupied housing in Chino Valley.

Michael Edmonds, resident, asked about the contingency fund. Finance Director Joe Duffy reported that these were monies set aside for unexpected expenditures; in fiscal year 2013/2014, all major funds will have a contingency fund.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch, to approve Agreement for Professional Services between the Town of Chino Valley and Mayday Consulting, LLC for HUD Home Owner Occupied Housing Rehabilitation Program and Consulting Services for fiscal year 2013/2014, with funds coming from contingency funds.
Vote: PASSED 7 - 0 - Unanimously

Upon discussing item 6c, Town Attorney Phyllis Smiley recommended that Council reconsider this item.

MOVED by Councilmember Darryl Croft, seconded by Councilmember Linda Hatch, to reconsider item 6b.
Vote: 7 - 0 PASSED - Unanimously

MOVED by Councilmember Darryl Croft, seconded by Councilmember Linda Hatch to table item 6b.

Vote: 7 - 0 PASSED - Unanimously

c) Consideration and possible action to adopt Resolution No. 13-1013 authorizing the Town of Chino Valley to submit an application for State Housing Funds and certifying that said application will meet the Community's Housing and Community Development needs and the requirements of the State Housing programs, and authorizing all actions necessary to implement and complete the activities outlined in said application. (Cecilia Watts, General Services Director)

Ms. Watts' staff report stated that should Council adopt the Agreement with Mayday Consulting, LLC ("Mayday"), the subject resolution will authorize Mayday to prepare and submit a Housing Rehabilitation grant from the Department of Housing for fiscal year 2013/2014, and authorize the Mayor to sign appropriate grant paperwork.

Michael Edmonds, resident, stated that he could not locate Mayday Consulting, LLC, on the Secretary of State's business webpage. Ruth Mayday explained that her LLC was still in process and had not yet cleared the Corporation Commission.

Council expressed some concern about approving a contract with an entity that was not yet legal. Town Attorney Phyllis Smiley advised that it might be wise to table the item until the next meeting, assuming that the LLC will clear by then; and as Council approved the Agreement, they would need to reconsider item 6b.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to table item 6c.

Vote: 7 - 0 PASSED - Unanimously

d) Consideration and possible action to award the construction contract for the remodel of the Town of Chino Valley Library to Jebco Construction in an amount not to exceed $87,866.00. Funds to come from Library Impact Fees, Friends of the Library, Arizona State Library Archives and Yavapai County Library. (Ron Grittman, Town Engineer)

7) ACTION ITEMS

a) ZC 13-001: Consideration and possible action to adopt Ordinance No. 13-769 approving a zone change from "AR-5" Agricultural Residential (5 Acre Minimum) to "SR-1" Single Family Residential (1 Acre Minimum) for a parcel of approximately 5.74 Acres located at 1159 Red Cinder Road, Chino Valley, AZ 86323 and further described as Assessor's Parcel Number 306-18-009P. Owner/Applicant: Donna Jones (Dennis Price, Associate Planner)

Mr. Price reported that:

- The subject property had access from Red Cinder Road and included two single family manufactured homes, barn, and riding arena.
- The applicant desired to split the property into three separate parcels, resulting in a 2.00-acre undeveloped parcel, a 2.00-acre parcel with a residence, and a 1.75-acre parcel with a residence and a barn. All three parcels will have ingress/egress frontage on Red Cinder Road.
- The applicant complied with the required Citizen Participation protocol, holding the neighborhood meeting on May 1, 2013, at which five citizens attended and no opposition was heard.
- The Planning and Zoning Commission held the public hearing on May 21, 2013, with no opposition to the request heard. The Commission voted 4-0 to recommend approval with the findings and stipulations indicated in the Ordinance.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Lon Turner to adopt Ordinance No. 13-769 approving the zone change from "AR-5" Agricultural Residential (5 Acre Minimum) to "SR-1" Single Family Residential (1 Acre Minimum) for Assessor's Parcel No. 306-18-009P.

Vote: 7 - 0 PASSED - Unanimously

b) *Continued from May 28, 2013:* Consideration and possible action regarding Council's annual performance evaluation of Town Manager Robert Smith. (Mayor & Council)

Mayor Marley noted that it was unusual to do an appraisal in public review, but Mr. Smith had requested it. Councilmembers had previously submitted rankings on certain performance factors, and now would be given the opportunity to comment on their rankings.

Councilmember Hatch stated that she did not agree with doing this publicly; Vice-Mayor Tenney agreed, stating that he had reviewed his comments with Mr. Smith privately and would not comment further. The mayor and other councilmembers then commented on their rankings.

Mayor Marley then opened discussion on identifying five major goals for the next appraisal period.

MOVED by Councilmember Linda Hatch, seconded by Vice-Mayor Tenney, to have the new Council set the goals.
Vote: 3 - 4 FAILED
AYE: Vice-Mayor Tenney; Councilmember Linda Hatch; Councilmember Lon Turner

Mayor Marley reviewed his proposed organizational goals: completing the Prescott IGA; resolving issues with Deep Well Ranch; Highway 89 bond issue; ADOT yard on Highway 89 and Perkinsville Road; and revising the shooting range contract.

Council discussed adding a whistle blower hotline to the list of goals, voting on tasks versus organizational goals, and the new Council identifying performance measures for reaching the goals and/or changing the goals.

As there did not appear to be enough support to add the whistle blower hotline to the list, Mayor Marley asked for a motion on the original five goals.

MOVED by Councilmember Darryl Croft, seconded by Councilmember Dean Echols to set these five organizational goals at this time, plus do the follow up work to make a plan and action steps and identify those things that the town manager can accomplish over the next reporting period, which is the next year.
Vote: 6 - 0 PASSED
OTHER: Councilmember Linda Hatch

c) Consideration and possible action to move up items 8a and 8b to this location on the agenda.

Council invites the public to a brief reception to honor the outgoing and newly-elected Mayor and Councilmembers at this time. The Mayor and Councilmembers will join the reception after holding the executive session. (Mayor & Council)

Town Manager Robert Smith reported that as resolution was still pending on some late comments from Prescott, it was not critical to take comment from Council at this time.

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to move up item 7d.

Vote: 7 - 0 PASSED - Unanimously

d) Recognition of Vice-Mayor Carl Tenney and Councilmember Dean Echols for four years of service and parting comments by the same. (Mayor Marley)

Mayor Marley recognized outgoing Vice-Mayor Carl Tenney and Councilmember Dean Echols. Vice-Mayor Tenney spoke about serving the Town as a town manager and councilmember and the many changes that had occurred in the Town in the past 14 years; and Councilmember Echols also spoke about the Town's many changes.

Mayor Marley recessed the meeting for the reception at 7:31 p.m. and called the meeting back to order at 7:55 p.m.

e) Administer Oaths of Office to Mayor-Elect Chris Marley and Councilmembers-Elect Linda Hatch, Pat McKee, and Don Wojcik. (Jami Lewis, Town Clerk)

Ms. Lewis administered the Oath of Office to Mayor-Elect Chris Marley and Councilmembers-Elect Linda Hatch, Pat McKee, and Don Wojcik, followed by a Roll Call of the new Council:

Present: Mayor Chris Marley; Councilmember Mike Best; Councilmember Darryl Croft; Councilmember Linda Hatch; Councilmember Pat McKee; Councilmember Lon Turner; Councilmember Don Wojcik

f) Consideration and possible action to nominate and elect a Councilmember to serve as Vice-Mayor from June 2013 through a specified time. (Jami Lewis, Town Clerk)

Ms. Lewis reported that per Town Code Section § 30.021, at the first regular meeting in June, following an election, the newly elected mayor shall nominate one of the councilmembers as vice-mayor, followed by a Council vote to elect the vice-mayor. Traditionally, the term for vice-mayor was two years. However, this was not codified in the Town Code, and due to the implementation of HB 2826, staff recommended that Council revisit the vice-mayor appointment at the end of 2014 to be on track with the new election schedule.

Council discussed electing a vice-mayor on a rotating basis.

Town Attorney Phyllis Smiley advised that per the Town Code, Council could elect a vice-mayor and end the term at their pleasure.

MOVED by Mayor Chris Marley, seconded by Councilmember Mike Best to select a vice-mayor to serve as vice-mayor from June 2013 to December 31, 2014, and nominate Darryl Croft to serve in that position.
Vote: 4 - 2 PASSED

AYE: Mayor Chris Marley, Councilmember Mike Best, Councilmember Darryl Croft, Councilmember Lon Turner

OTHER: Councilmember Pat McKee

g) Presentation of report and recommendation of the SR89 Utility Project Citizens Committee, by Gary Warren, Committee Chair; and discussion and possible action regarding the same. (Ron Grittman, Public Works Director; Pat Walker, Consultant)

Acronyms used in this item:
G.O. (General Obligation)
MGD (Million Gallons per Day)

Ms. Walker's staff report stated that:

- The SR89 Utility Project Citizens Committee held their final meeting on May 21, 2013 wherein they discussed and formulated a recommendation to present to Council.
- Council could hear the report, further discuss the matter, and/or direct staff on next steps at this meeting, or refer any or all of these these actions to a study session or special meeting. Staff intended to place an item on the June 25 agenda to give Council the option to call a November 5 bond election, in order to have adequate time to prepare election materials.
- Once Council determined a course of action, the official work of the Committee will be done, and Council will be asked to officially disband it and accept its final minutes.

Mr. Grittman recognized the seven Committee members--Paul Eguina, Art Castricone, John Adams, Bud Hanen, Don Wojcik, Karrie Blum, and Gary Warren, Chair.

Mr. Warren presented a summary of the Committee's report and recommendation to Council:

- Committee formation – Council appointed seven members to the committee on April 23, 2013.
- Committee purpose – Review the SR89 Utility Project, revenue sources to fund the project, and the impacts of the various funding sources on the Town's citizens; make a recommendation to Council regarding the project and possible funding sources; and if the recommendation included G.O. bonds as a funding source, advise Council regarding a bond election and proposed amount to bond.

- Proposed project – Extend water and sewer infrastructure along the commercial corridor of State Route 89, as well as prioritize the areas to be developed.
- Committee meetings – Held four meetings in May 2013. Financial information was presented by Financial Consultant Pat Walker, Dan Jackson with economists.com, and Bond Counsel Mark Reader. The Committee's full report outlined their discussions, questions, analyses, and a variety of alternatives.
- Items deemed critical to the project's success – Expand wastewater treatment plant ("Plant") to 1 MGD; complete Plant contract; acquire Prescott water customers; and strict adherence to the Town's mandatory hookup policy. A major concern was the effect upon taxpayers and ratepayers with regard to the wastewater treatment plant.
- Prioritization criteria used – Amount of vacant land; amount of occupied parcels; lowest comparative cost per area; and ranking of areas from north to south, starting at Road 3-1/2 north, and south to north, starting at Kalinich Avenue. The Committee increased the project areas from six to nine due to this criteria.
- Cost estimates, possible funding sources, and issues reviewed – G.O. bonds, the Town's current debt limit, utility revenue bonds, and the financial impact of bond sales on Town residents.
- Committee recommendations – (i) Council call bond election to fund the project from G.O. bonds (vote: 7-0); (ii) ask voters to fund $9.5 million from G.O. bonds (vote: 6-1); and (iii) base area prioritization on staff proposal and Committee input (vote: 4-2-1). Two committee members opposed the recommended prioritization due to the areas proposed; and one abstained due to outstanding concerns and questions. The Committee agreed that something needed to be done, but they believed it would take much more time and much discussion to determine a solution.
- Priorities recommended – (i) only extend transmission lines 12-inch and larger; (ii) smaller distribution piping to be the responsibility of each individual property owner; (iii) construct Area 2 between Perkinsville Road and Road 2 North for $2.6 million; (iv) construct Area 3 between Road 2 North and Center Street for $2.8 million; (v) construct Area 1a between Road 3 North and Perkinsville Road for $3.5 million; (vi) expand Plant to 1 MGD for $4.6 million; and (vii) next priority area to be Area 4 between Center Street and Road 2 South.
- Funding recommended – Although the Town's maximum bonding capacity at this time was $17 million, the Committee felt that the most the Town should consider would be $13.5 million, with $4 million from utility bonds, to be supported by new growth and a property tax of $104 per year per $100,000 of value, and $9.5 million from GO bonds.
- Two items that must be completed prior to the August 12, 2013 bond election deadline – Certainty that the Plant contract and Prescott water customers and system were negotiated. If these were not completed by the deadline, the Committee did not recommend that Council move forward with the bond election. If they were completed, the Committee recommended letting the voters decide.

Council discussed problems with rushing things in the past and further discussing the item in a study session.

MOVED by Mayor Chris Marley, seconded by Councilmember Pat McKee to table the item to a later date.
Vote: 7 - 0 PASSED - Unanimously

h) Consideration and possible action to set a date for an orientation to review the Chino Valley Councilmember Handbook.

Mayor Marley suggested offering the orientation during two separate times to make sure everyone could attend.

MOVED by Mayor Chris Marley, seconded by Vice-Mayor Darryl Croft to have the receptionist set the meetings.
Vote: 7 - 0 PASSED - Unanimously

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) Consideration and possible action to recess the Regular Meeting and hold an executive session pursuant to A.R.S. § 38-431.03(A)(3) &(4) for discussion or consultation with the Town Attorney for legal advice and in order to consider its position and instruct the Town Attorney regarding the Town's position regarding an intergovernmental agreement with the City of Prescott, Arizona, related to payments for the transportation of water that is the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation, including the matter of City of Prescott v. Town of Chino Valley, Yavapai Superior Court No. 46161. (Robert Smith, Town Manager)

Council took no action on item 8a.

b) Consideration and possible action to approve the Intergovernmental Agreement between the Town of Chino Valley and the City of Prescott relating to Payments for the Transportation of Water.

Council took no action on item 8b.

9) ADJOURNMENT

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 June, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 9th day of July, 2013.

Jami C. Lewis, Town Clerk