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

TUESDAY, JUNE 24, 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, June 24, 2014.

Present:	Mayor Chris Marley; Vice-Mayor Darryl Croft; Councilmember Mike Best; Councilmember Linda Hatch; Councilmember Pat McKee; Councilmember Don Wojcik
Absent:	Councilmember Lon Turner
Staff Present:	Town Manager Robert Smith; General Services Director Cecilia Watts; Town Attorney Phyllis Smiley; Finance Director Joe Duffy; Police Chief Chuck Wynn; Lieutenant Vince Schaan; Officer Gary Bruso; Court Administrator Ronda Apolinar; Town Engineer/Public Works Director Ron Grittman; Planner Ruth Mayday; Deputy Town Clerk Liz Hart (recorder)

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

Mayor Marley called the meeting to order at 6:01 p.m.

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

2) INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

a) Town Council and Chino Valley Chamber of Commerce appreciation of businesses that applied for a new business license in the months of March and April 2014. Also, appreciation of long-standing business, Yavapai Title of Chino Valley. (Cecilia Watts, General Services Director)

Tracy Schminisky, Chamber President/CEO, recognized new businesses for March and April, as well as long-standing business, Yavapai Title Agency.

b) Dan Jackson presentation on Connection fees. (Ron Grittman, Public Works Director)

Mr. Jackson presented four rate scenarios analyzed under differing funding methods for the bonds:

- *Scenario 1 – Current rate plan with revenue bonds:* Debt service will increase, so rates must adjust upward every year.
- *Scenario 2 – GO bonds only:* No additional debt will be incurred and rates need not be adjusted for the next four years.
- *Scenario 3 – GO bonds with no buy-in fees in bond areas:* There will be no debt service; non-rate revenues will be less; and sewer rates will have to increase, but not as high as Scenario 1.

- *Scenario 4 – GO bonds with no buy-in fees townwide:* Water rates will note change; wastewater rates will be higher than Scenarios 2 and 3, but not as high as Scenario 1.
- *Summary:* (i) adding extra accounts from Prescott and Wilhoit and new SR 89 expansion will reduce the overall burden on ratepayers; (ii) using GO tax debt will enable the town to eliminate rate adjustments for the next four to five years, but will require taxes to pay for the debt; and (iii) reducing or eliminating buy-in fees will result in loss of revenue that must be made up by additional rate adjustments.

Council asked about fire hydrant water use and the basis for connection fees. Mr. Jackson and Mr. Grittman related that fire hydrant use generally was paid for by everyone, and connection fees were based on average frontages. Buy-in fees only paid for the pipe to the property line and did not include the line back to the septic tank or for tank abandonment. It was Council's decision as to what costs to include in a project. For the town to lay pipe from the property line to the tank was about $2,500.

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.

Ellen Arnold, resident, requested that those already on the sewer system be exempt from the proposed property tax, as they had already paid for the system; and she also asked about out of state property owners voting on the matter.

Ron Romley, resident, spoke about the Yavapai Regional Transit grand opening on June 26 at Frontier Village.

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.

a) Road grading schedule on Aztec between Road 1 North and Road 2 North.

Town Engineer Grittman reported that Aztec was due to be resurfaced within two weeks.

b) Complete, comprehensive, and accurate explanation of the 10.8 million dollar waste water expenditures.

Finance Director Duffy presented an overview of the Town's wastewater indebtedness, incurred in 2007-2008, and associated with the Chino Meadows sewer project, which included two loans from the Water Infrastructure Finance Authority and three loans from the U.S. Department of Agriculture.

c) Discussion about revenue bond, explanation to Town's people what a revenue bond for the water and sewer would be, how it works, and the possibility of a Revenue Bond being on the November ballot.

Mayor Marley reported that Mr. Jackson had addressed a portion of this question under item 2b. In addition, the SR 89 Utility Project Committee had discussed both general obligation (GO) and revenue bonds and had recommended that Council place a GO bond on the November ballot. On May 27, 2014, Council voted to accept this recommendation.

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 the Magistrate Evaluation Subcommittee's activity, as well as local appointments to NACOG's Tourism and Audit Committees.

Councilmember Best reported on a recent Public Safety Subcommittee meeting.

Mayor Marley read his monthly Mayor's Report, which focused on state and local medical marijuana regulations.

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

Town Manager Smith reported that Liz Hart had been sworn in as Deputy Clerk and the Development Services Director position would be filled as of July 1.

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 Darryl Croft, seconded by Councilmember Linda Hatch to approve consent agenda items a, b, c, d, and e.

Vote: 6 - 0 PASSED

a) Consideration and possible action to appoint applicants to fill vacancies on the Chino Valley Roads and Streets Committee as recommended by the Appointments Subcommittee. (Liz Hart, Deputy Town Clerk)

Recommended Action: To appoint Robert Johan and James Miller to the Roads and Streets Committee as recommended by the Appointments Subcommittee.

b) Consideration and possible action to to approve the Indigent Legal Services Contract with Bryan Purcell to provide legal defense services for indigent defendants in Chino Valley Municipal Court. (Ronda Apolinar, Court Administrator)

Recommended Action: Approve the Indigent Legal Service Contract with Bryan Purcell in the amount of $15000.00 to provide legal defense services for indigent defendants in Chino Valley Municipal Court.

c) Consideration and possible action to approve the First Amendment to the Lease Agreement between the Town of Chino Valley and Yavapai Community College which renews the current lease to extend it through April 18, 2025. (Cecilia Watts, General Services Director)

Recommended Action: Move to approve the First Amendment to the Lease Agreement between the Town of Chino Valley and Yavapai Community College which renews the current lease to extend it through April 18, 2025.

d) Consideration and possible action to amend the regular meeting agenda format by moving Executive Session after the Action Items. (Vice-Mayor Croft; Councilmember Best)

Recommended Action: Direction to Staff

e) Council will recess to observe Councilmember Turner'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.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Linda Hatch to move the executive session to the end of the action agenda.

Vote: 6 - 0 PASSED

(Item 7a was addressed after item 8e, but is retained here for clarity. Item 7b was not addressed.)

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Linda Hatch to go into executive session to discuss item 7a with the attorney at 8:34 p.m.

Vote: 6 - 0 PASSED

Mayor Marley reconvened the regular meeting at 8:51 p.m.

a) An executive session 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 regarding a Settlement and Release Agreement with Fann Contracting, Inc. related to the construction of the wastewater treatment plant and for discussion or consultation with the Town Attorney in order to consider its position and instruct the Town Attorney regarding the Town's position regarding an Asset Purchase Agreement and Escrow Instructions Agreement with the City of Prescott related to the acquisition of certain water delivery facilities. (Robert Smith, Town Manager)

b) An executive session pursuant to A.R.S. § 38-431.03(A)(3) and (7) for discussion or consultation for legal advice with the Town Attorney regarding right of way easement along the proposed extension of Road 1 East and for discussions or consultations with designated representatives of the Town in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property located along the proposed extension of Road 1 East between Road 4 South and Kalinich and to consider a proposal from property owner Steven Chontos related to Yavapai County Assessor's Parcel Number 102-01-223E, one of the properties located within the project boundaries.. (Councilmember Wojcik; Councilmember Hatch)

8) ACTION ITEMS

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Pat McKee to take a five-minute recess at 7:14 p.m.

Vote: 6 - 0 PASSED

Mayor Marley reconvened the meeting at 7:33 p.m.

a) Consideration and possible action to discuss the proposed General Obligation Bond election language. (Robert Smith, Town Manager)

Recommended Action: Confer and provide feedback and input to staff regarding development of language and materials for the proposed ballot measure.

(This item was heard after item 6c but is retained here for clarity.)

Michael Cafiso, bond counsel, and Mark Reader, financial advisor, reviewed the latest draft of the ballot and voter pamphlet language, and related that:

- They will incorporate Council's and staff's comments into the next draft for Council's review.
- The ballot language required a maximum possible interest rate, and since interest rates could move quickly in a short period of time, they included a maximum interest rate of 7% to allow for flexibility, although they anticipated it being 2%-4%.
- They will submit two separate applications to Water Infrastructure Finance Authority (WIFA) for funding, after which WIFA will contact the Town regarding subsidies and forgivable principal.
- Staff will work with Yavapai County and Elections Operations Services on voting-related language.

MOVED by Mayor Chris Marley, seconded by Vice-Mayor Darryl Croft to instruct staff to place the ballot language and resolution on the next agenda for a vote.

Vote: 6 - 0 PASSED

b) Consideration and possible action to approve changes to Town of Chino Valley, Personnel Policy, dated 9/12/2002, Policy No. 710, "Holidays," effective 7/1/2014. (Cecilia Watts, General Services Director)

Recommended Action: Move to approve changes to Town of Chino Valley, Personnel Policy, dated 9/12/2002, Policy No. 710, "Holidays," effective 7/1/2014.

Ms. Watts reported that

- Personnel Policy No. 710 Holidays stated that non-exempt employees required to work on a holiday be paid at 1.5 times regular pay and in addition, shall accrue holiday hours at the rate of one hour for each actual holiday hour worked up to a maximum of eight (8) hours. The Town observed 80 holiday hours per year, but the policy did not allow an employee to accrue over 48 hours of holiday leave hours.
- Police Officers built up a lot of leave time, due to their particular schedules and staffing shortages, and were unable to deplete their leave time as fast as they were accruing it. Staff reviewed the matter for the police and other departments that occasionally required holiday hours and determined that the impact on the budget to pay that time rather than accrue it was very minimal.
- The proposed policy change would allow the Town to pay all staff members required to work on a holiday at 1.5 times their regular pay, as well as be paid their regular hourly rate for hours worked up to a maximum of 8 hours.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve changes to Town of Chino Valley, Personnel Policy, dated September 12, 2002, Policy No. 710 Holidays effective July 1, 2014.

Vote: 6 - 0 PASSED

c) Consideration and possible action to approve the memorandum understanding with Unisource Energy Services and approve an amount not to exceed $25,534.56 from the current fiscal year and $98,960.64 from FY 14/15. (Richard Straub, Sr Engineer Project Manager)

Recommended Action: Move to approve the memorandum understanding with Unisource Energy Services and approve an amount not to exceed $25,534.56 from the current fiscal year and $98,960.64 from FY 14/15.

Mr. Grittman reported that:

- In 1997, the Town's voters approved a franchise agreement ("agreement") with Citizens Utilities, the natural gas supplier at that time. The agreement called for the Town to pay for the relocation of gas line utility conflicts associated with capital projects, but it did not specify a process by which the utility would inform the Town of utility relocation costs or the sub-standard condition of gas lines. Thus, during the conceptual development stage of a capital project, it was impossible to develop accurate cost estimates.
- Staff consulted with the town attorney, who stated that the town could not challenge the agreement. Staff then developed the subject MOU to better clarify the process and responsibilities set forth in the agreement. It defined a gas line conflict; provided that a conflicting gas line not constructed to industry standard should not be subject to reimbursement; and called for Unisource to begin the design to resolve a gas line conflict at the 30% plan stage rather than their past practice at the 100% plan stage. This will allow staff the ability to determine if the town had enough funds for the project in the first place or to seek additional funds.
- Such conflicts generally occurred with box culverts and drainage projects, such as those on Road 2 North and Road 3 North, which were now incurring change orders due to such gas line conflicts: $98,000 for the Road 3 North project and $28,000 for the Road 2 North project.
- Due to these new costs, the County split the Road 2 North project into two phases over two fiscal years, and resolve the conflict in phase 1.

Town Attorney Smiled advised that as the MOU and the change order expenditures were two separate items, they should be voted on separately.

Vice-Mayor Croft asked staff to provide more information on future agenda item titles with regard to how such monies were spent.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve the memorandum of understanding with Unisource Energy Services.

Vote: 6 - 0 PASSED

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve an amount not to exceed $25,534.56 from the current fiscal year and $98,960.64 from FY 14/15.

Vote: 6 - 0 PASSED

d) PUBLIC HEARING and consideration and possible action to approve Resolution No. 14-1039 adopting a Final Budget for fiscal year 2014-2015, and proposed expenditure limitation for the same year, in the amount of $29,966,774, which includes the statements and estimates of expenses of the Chino Valley Street Lighting Improvement Districts. (Joe Duffy, Finance Director)

Recommended action: (1) Hold public hearing; and (2) Approve Resolution No. 14-1039 adopting a Final Budget and proposed expenditure limitation for fiscal year 2014-2015 in the amount of $29,966,774

Mr. Duffy reviewed the annual budget process and highlights of the final budget:

- On May 27, 2014, Council adopted Resolution No.14-1035, adopting the tentative budget.
- *Total budget:* This was $17 million larger than last year's, mostly due to several grant applications and potential capital improvement projects to be funded through bonds. The total operating budget was mostly unchanged.
- *Highlights in the budget:* Third phase of the comp and class study; equipment acquisition and replacement through lease purchase; general obligation bond projects; Yavapai Flood Control District project; Unisource Gas payment; Roads Impact Fee projects; grants; and other community comparisons.
- *General Fund:* There was a large increase in the general fund fund-balance; reserves will be fully funded.
- *HURF:* FY 2014/2015 will be the last year with any significant funds for roads.
- *Capital Improvement Fund:* This includes bond expenditures, and transfers to the general fund, water enterprise, and debt service.
- *Water/Sewer Enterprise Funds:* Both were still not covering the cost of operations; it was essential that the town acquire new utility accounts either through acquisition and/or system expansion.
- He anticipated that this budget would receive the GFOA award.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Pat McKee to open the public hearing on the budget for 2014/2015.

Vote: 6 - 0 PASSED

No one from the pubic spoke.

Mr. Smith pointed out a scrivenors error in the resolution title.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to close the public hearing.

Vote: 6 - 0 PASSED

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve Resolution No. 14-1039 adopting a Final Budget and proposed expenditure limitation for fiscal year 2014-2015 in the amount of $29,966,774.

Vote: 6 - 0 PASSED

e) Consideration and possible action to to amend the Unified Development Ordinance (UDO) to regulate the manner and placement of Assisted Living Facilities, Assisted Living Homes, Recovery Homes, and related special purpose residences. (Ruth Mayday, Planner)

Recommended Action: Approval of the proposed text amendments to Section 2 Definitions, and Sections 3.5 through 3.11, Sections 3.13 and 3.15, for the purposes of regulating the manner and placement of Sober Homes, Assisted Living Centers, and Assisted Living Homes.

Ms. Mayday reported that:

- Given the growing demand for sober living and/or recovery homes in the region and the impact they might have on residential neighborhoods, implementing regulations to provide separation between these uses, the number of residents allowed per site, and to protect the health, safety, and general welfare of the community was timely. Additionally, there were group living situations, such as elder care facilities, that were not currently defined in the UDO.
- Occupants of Sober Living and Recovery Homes met the definition of "disabled" under the Fair Housing Act (FHA) and Americans With Disabilities Act (ADA), as long as the residents were not using drugs and alcohol, in which case they were no longer considered disabled.
- Sex offenders were not considered disabled as defined by the FHA. Anyone seeking tenancy in a recovery home as part of their treatment for drug or alcohol addiction that was also a registered sex offender was required to comply with all other registry and notification requirements in accordance with state and federal law.
- So that the establishment of Recovery Homes in town was transparent, staff recommended requiring a conditional use permit (CUP) in all residential zoning districts other than MHP (Mobile Home Park) prior to issuing said home a business license. This would mandate a neighborhood meeting, public hearings, and an opportunity for those affected to comment on the proposed use.
- On October 3, 2013, Council discussed this item and directed staff to continue work on it and bring it back for action.
- The Planning and Zoning Commission ("Commission") discussed the text amendments on May 6, 2014. One person supported the proposed amendments as they would enable this person to open an assisted living home. It was suggested that Recovery Homes not be allowed in the MR (Multi Family Residential) zoning district as they could possibly lead to overcrowding in apartments per HUD standards. However, staff explained that HUD only regulated minimum dimensions for a bedroom in units constructed, rehabilitated, or subsidized with HUD funding. As this was not within the town's purview and as nursing homes and convalescent centers were already a permitted use in the MR zoning district, staff stood by its original recommendation to include Recovery Homes as a permitted use in the MR zoning district.
- On June 3, 2014, the Commission held a public hearing, discussed the proposed language, and reviewed how it might affect the Multi-Family (MR-1) and Mobile Home

Park (MHP-4) zoning districts. No one from the public spoke. The Commission voted unanimously to forward this item to Council with a recommendation for approval.

- Currently, the UDO's definition of a nursing home did not meet the current definition of Nursing Care Institution or Residential Care Institution as set forth in ARS 36-401(31) or (39). While the UDO also did not define "Assisted Living Home" or "Assisted Living Center" at all, ARS 36-401 clearly differentiated between these four types of special purpose residences.
- While there was one Assisted Living Home in the town, other forms of congregate care, such as assisted living or nursing homes, were not available. Nursing homes and convalescent homes were allowed as uses by right in Multiple Family (MR) or Mobile Home Parks (MH).
- Staff recommended defining Assisted Living Center(s) and Assisted Living Home(s), and allowing them as conditional uses in residential zoning districts, and as permitted uses in Multiple Family (MH) and Commercial Light (CL) zoning districts.

Councilmember Hatch pointed out a potential conflict due to the legal definitions of 'single family residence' and 'single housekeeping unit,' as single family residence limited the unrelated residents. When Council passed this item, all related language needed to be consistent. Town Attorney Smiley and Ms. Mayday explained that the Single Family Residential zoning district allowed for different uses, and due to a Supreme Court decision, the town might need to change its definition of 'family.'

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Pat McKee to table this item until it is worked out and brought back.

Vote: 6 - 0 PASSED

9) ADJOURNMENT

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Pat McKee to adjourn the meeting at 8:51 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 24th day of June, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 14th day of October, 2014.

Jami C. Lewis

Jami C. Lewis, Town Clerk