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

TUESDAY, OCTOBER 8, 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, October 8, 2013.

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

Staff Present: Town Manager Robert Smith; General Services Director Cecilia Watts; Town Attorney Phyllis Smiley; Finance Director Joe Duffy; Police Chief Chuck Wynn; Officer Mike Pereda; Civilian Operations Supervisor Laurie Whisenand; Town Engineer/Public Works Director Ron Grittman; 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.

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

2) INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

a) Proclamation declaring October 20-26 as "Bullying Awareness Week," sponsored by Beth Vicory, Lead Ambassador, The Million Misfit Sock March.

Mayor Marley read the proclamation and presented it to Miss Vicory, who spoke about The Million Misfit Sock March.

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.

Lee Dudley with Bright Star Mini Storage and the Chino Valley Lions thanked Council and staff for their support of the recent Territorial Days 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.

a) Issues with an overabundance of weeds in the Town.

Mayor Marley read his monthly Mayor's Report, which pertained to this matter, the Town's responsibilities, and an upcoming community clean-up day.

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 a recent Northern Arizona Council of Governments Economic Development Committee meeting.

Vice-Mayor Croft reported on a recent Appointments Subcommittee meeting.

Councilmember McKee reported on a recent Upper Verde River Water Protection Coalition meeting.

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 6e.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve Consent Agenda items 6a, b, c and d.

Vote: 7 - 0 PASSED - Unanimously

a) Consideration and possible action to approve the September 10, 2013 regular meeting minutes. (Jami Lewis, Town Clerk)

b) Consideration and possible action to approve the September 24, 2013 regular meeting minutes. (Jami Lewis, Town Clerk)

c) Consideration and possible action to approve Resolution No. 13-1019 disbanding the Town of Chino Valley Transit Advisory Committee. (Phyllis Smiley, Town Attorney)

d) Consideration and possible action to adopt Resolution No. 13-1018 setting a basis for computation of worker's compensation benefits for volunteers involved in public safety. (Cecilia Watts, General Services Director)

e) Consideration and possible action to approve Equitable Sharing Agreement with the Department of Justice to accept and expend RICO proceeds in the amount of $110,000 for development of the Law Enforcement Tactical Range. Funds be disbursed from Grants Fund, Shooting Range Law Enforcement line item. (Chuck Wynn, Police Chief)

Councilmember Turner asked about the Town's obligations upon accepting these monies, the responsible party for maintenance of the facility, and fees for use of the facility being added to the Town's fee schedule. Chief Wynn reported that:

- All Yavapai County law enforcement agencies had a sharing agreement with regard to county seizure funds. The County also held separate federal seizure funds, which the county attorney suggested using for the project.
- The Town will be obligated to use this money only for the range and file additional paperwork with the Department of Justice and county.
- The Police Department had a verbal agreement with the Sheriff's Office to use inmates for general maintenance, and staff was considering renting the facility to private teachers on the weekend and using the fees collected toward maintenance.
- As the facility was new, associated fees were not on the fee schedule, and since the Town was using RICO funds, it could only charge for private uses.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve Consent Agenda item 6e.

Vote: 7 - 0 PASSED - Unanimously

7) ACTION ITEMS

a) Consideration and possible action to approve an Accountability Contract between the Town of Chino Valley and the Chino Valley Chamber of Commerce in the amount of $40,500. Funding source: $38,000 to come from Non-Departmental outside agency line and $2,500 to come from Contingencies. (Robert Smith, Town Manager)

Mr. Smith reported that:

- The standing agreement between the Town and the Chamber was in need of revision. Staff had identified several mechanisms by which the Town and Chamber could cooperatively work together to secure business and economic development improvements for the community, several of which were highlighted in this proposal.
- The proposed contract outlined a set of specific objectives and deliverables, as well as reporting that would be expected from the Chamber. The proposal also offered a range of additional services that the Chamber believed might be beneficial to strengthening the Town's local economy.

- Staff was asking the Economic Development Subcommittee to review these items and provide feedback to Council. Council will then have the opportunity to select those items it would like for the Chamber to pursue, if any, and add them to the proposal offered for consideration.
- The additional $2,500 from Contingencies was to include the Town's Platinum Sponsorship, which in previous years had been paid for separately.

Council asked about the Chamber's tourism logs and budget, and a loss of value from the Platinum Sponsorship since the Council could not accept the associated free tickets and materials.

Tracie Schimikowsky, Chamber Director of Operations and Tom Payne, Past Board Chair, reviewed some statistics and the draft budget, and reported that:

- Statistics from last year were very limited and they had started more detailed tracking last month.
- The budget was still under review as they were all getting accustomed to the new director and direction.
- If the Town desired, they could remove the value of the event tickets from the contract.

Town Attorney Phyllis Smiley advised that while Councilmembers could not accept tickets, they could accept them on behalf of the Town and raffle them off.

Several councilmembers spoke in support of the Chamber, business community, and the proposed contract.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Lon Turner to approve an Accountability Contract between the Town and the Chino Valley Chamber of Commerce in the amount of $40,500.

Vote: 7 - 0 PASSED - Unanimously

b) Consideration and possible action to approve Agreement for Professional Consulting Services with Economists.com for the update to the valuation of the City of Prescott water distribution system in an amount not to exceed $55,160. Funds to come from Water Enterprise Fund, professional services line. (Ron Grittman, Public Works Director)

Acronym used in this item:
CVID (Chino Valley Irrigation District)

Mr. Grittman reported:

- In May 2007, the Town contracted with Economists.com to determine the value of the water distribution system that the City of Prescott had within the Town boundaries. The 2007 valuation also contemplated possibly acquiring the CVID water rights, which proved to be too complicated and convoluted and ultimately were the undoing of further negotiations.
- As both the Town's most recently adopted utility rate structure and the SR89 Utility Committee recommendations for developing infrastructure along the

highway included Prescott's ratepayers coming onto the Town's water system, staff recommended having Economists.com update its 2007 valuation.

- This update will only determine the value of the distribution pipes, not the main lines, and the existing customer base. It will include pipe replacement costs and options for acquiring all or portions of the system. While it will examine pertinent CVID issues, there will be no intent to alter or relieve Prescott of any CVID benefits or obligations.
- The update will allow the Town to begin negotiations with Prescott, whose officials were aware of the study and will work with the Town to obtain a value that both parties could agree upon.
- Should the Town succeed in acquiring the system, current Prescott water customers who were Chino Valley residents will realize a reduction in their water billings by both removing the 30% surcharge that Prescott assessed and bringing them under the Town's rate structure, which was lower than Prescott's.

Town Manager Robert Smith added that the Town needed to obtain at least 435 customers. Chino Meadows I had 435 customers, but the Town may be able to do a cutover at Center Street and pick up the bulk of the system for a total of 650 plus customers. Town Water Attorney Bill Staudenmaier was also working on water rights matters.

Council asked several questions about the above, and generally supported the proposal.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Pat McKee to approve Agreement for Professional Consulting Services with Economists.com for the update to the valuation of the City of Prescott water distribution system in an amount not to exceed $55,160.

Vote: 7 - 0 PASSED - Unanimously

c) Consideration and possible action to approve change order number 1 to contract with Watkins Mendoza Construction Company in the amount of $4,000 for additional work in the construction of the Police Tactical Shooting Range. Funds to come from the Law Enforcement Shooting Range Grant. (Ron Grittman, Public Works Director)

Mr. Grittman reported that:

- On April 23, 2013, the Town awarded construction of the Police Tactical Shooting Range to Watkins Mendoza Construction Company ("WMC") in the amount of $128,578. This change order was the culmination of negotiations between WMC and the Town, in that WMC contended that the design of the slope of the range's berms were not constructible, and they built the range's base wider and moved much more dirt than the quantities called out on the construction documents and the bid schedule. WMC claimed $34,000 of additional costs.
- WMC provided sufficient documentation to support that they moved this additional dirt; however, staff contended that the additional work was a choice based on how the contractor chose to construct the project.
- Since this project was funded with grant monies, the ability to absorb any change

order was extremely limited. On August 28, 2013 staff met with the Police Department, the originator of the initial grant funding, regarding options for additional funding. Department staff felt that they could incur an additional $4,000 without impacting the completion of the overall project. WMC agreed to accept $4,000 as settlement of the claim, provided that the Town release them from the one year warranty period.

- While this was not the best solution, staff believed it was an appropriate settlement, and any necessary repairs to the berms will be performed by the Public Works Department.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to approve change order number 1 to contract with Watkins Mendoza Construction Company in the amount of $4,000.

Vote: 7 - 0 PASSED - Unanimously

d) Consideration and possible action to amend Personnel Policy Numbers 200: "Conditions of Employment," and 245: "Personnel Records and Privacy" to conform to the guidelines for the Town's fingerprint policy and to meet requirements established by the Arizona Department of Public Safety (DPS). (Cecilia Watts, General Services Director)

Acronyms used in this item:

DPS (Arizona Department of Public Safety)
ASC (Agency Security Contact)

Ms. Watts reported that:

- DPS implemented the Noncriminal Justice Fingerprint Compliance Program in January 2013 in response to changes in federal guidelines concerning the dissemination of criminal history record information. DPS required Agencies, which included municipalities for this purpose, to designate an ASC as the primary liaison with DPS and who will be responsible for coordinating Agency compliance with federal and state laws and regulations pertaining to the access, use, handling, dissemination and destruction of criminal justice information and criminal history record information.
- The Town's ASC will be the Human Resources Analyst or Director.
- The proposed changes to the Personnel Policies will incorporate privacy language as required by the Compliance Program, as well as language from Ordinance 405, dated May 20, 2000, which gave the Town the authority to process fingerprints on volunteers or employees who met certain criteria.
- Volunteers that will be affected by these policies were those that worked in departments with seniors and children, or drove a vehicle.

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Lon Turner to amend Personnel Policy Numbers *200: Conditions of Employment*, and *245: Personnel Records and Privacy* to conform to guidelines for the Town's fingerprint policy and to meet requirements established by the Arizona Department of Public Safety.

Vote: 7 - 0 PASSED - Unanimously

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

Mr. Duffy reported that Hinton Burdick, CPAs & Advisors completed the field work portion of the annual audit in September 2013. The subject report included a comparison of FY 2012 and FY 2013 and budget estimates, revenues and expenses for each fund, and fund balance. Key points were:

- General Fund and HURF revenues increased significantly in FY 2013 and exceeded the budget. General Fund expenditures increased slightly, but both funds came in under budget.
- Water Enterprise Fund revenues increased slightly, but fell slightly short of budget, and Sewer Enterprise Fund revenues were $50,000 less than estimated. Expenses for both funds came in significantly under budget.
- Capital Improvement Fund revenues increased and were slightly above budget, while expenses were over budget due to various projects.
- Total revenues increased $1.4 million and were over budget, while total expenses were a little higher than expected.
- Total fund balance in the major funds increased $0.9 million, with the CIP being the only fund that decreased. Total fund balance in the minor funds was lower due to using impact fees.

Town Engineer Ron Grittman added that one reason the Sewer Enterprise Fund had decreased revenues was due to the sewer plant no longer accepting septage as of a year ago as a result of receiving tainted septage that took the plant many months to stabilize.

Town Manager Robert Smith added that while this report gave the Town confidence in short term operations, it did not address the capital asset replacement and infrastructure side of things.

f) Council may recess the meeting to observe Vice-Mayor Croft's and Councilmember Best's birthdays.

Staff reported that this item needed to be postponed.

MOVED by Councilmember Linda Hatch, seconded by Vice-Mayor Darryl Croft to postpone this item to the next meeting.

Vote: 7 - 0 PASSED - Unanimously

8) 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:

a) Pursuant to A.R.S. § 38-431.03(A)(3) and (7) for discussion or consultation with the Town Attorney for legal advice and 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 that is an extension of the existing Road 4 South to the east, in the immediate vicinity of the section line, consisting of approximately 8.6 acres. (Robert Smith, Town Manager)

b) 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 an intergovernmental agreement with the City of Prescott related to payments for the transportation of water that is the subject of negotiations. (Robert Smith, Town Manager)

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Pat McKee to go into executive session at 7:39 p.m.

Vote: 7 - 0 PASSED - Unanimously

9) ACTION ITEMS RESUMED

After the Executive Session, Council will reconvene the Regular Meeting.

Mayor Marley reconvened the regular meeting at 8:31 p.m.

a) Consideration and possible action to approve either or both a revised Letter of Intent and a Purchase Agreement with Deep Well Ranches #1 LLC, related to and setting forth the terms of the purchase by the Town of approximately 8.6 acres of real property, generally located in the vicinity of the section line as an extension of the existing Road 4 South to the east to lands immediately adjacent to the Peavine Right of Way's eastern limit for the purpose of extending the Road 4 South right-of-way to Peavine Road. (Robert Smith, Town Manager)

Council took no action.

b) Consideration and possible action to approve an Intergovernmental Agreement with the City of Prescott related to Payments for the Transportation of Water. (Robert Smith, Town Manager)

Council took no action.

10) ADJOURNMENT

MOVED by Councilmember Linda Hatch, seconded by Councilmember Pat McKee to adjourn the meeting at 8:32 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 8th day of October, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 22nd day of October, 2013.

Jami C. Lewis, Town Clerk