

## A G E N D A

REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, TO BE HELD DECEMBER 7, 2010 AT 6:00 P.M., AT THE CITY COUNCIL CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. PRESENTATION OF A RESOLUTION OF RECOGNITION PRESENTED BY THE ARIZONA STATE PARKS BOARD TO THE CITY FOR PROVIDING DISPATCH SERVICE TO THE PARK'S LAW ENFORCEMENT OFFICERS, PROVIDING WATER AND WASTE WATER SYSTEM SERVICES, AND ASSISTING WITH THE MAINTENANCE OF THE SEWER LIFT STATION AT DEAD HORSE RANCH STATE PARK; AND HELPING MAINTAIN THE JAIL TRAIL GATES, BRIDGE AND THE PARK ENTRANCE ROAD.
- V. CERTIFICATE OF APPRECIATION FOR THE CITY'S SPONSORSHIP OF THE 2010 VERDE RIVER DAYS CELEBRATION.
- VI. PRESENTATION OF A PLAQUE OF APPRECIATION TO YAVAPAI BROADCASTING.
- VII. BRIEF SUMMARY OF CURRENT EVENTS BY MAYOR, CITY COUNCIL AND/OR CITY MANAGER—THE PUBLIC BODY DOES NOT PROPOSE, DISCUSS, DELIBERATE OR TAKE LEGAL ACTION ON ANY MATTER BROUGHT UP DURING THIS SUMMARY UNLESS THE SPECIFIC MATTER IS PROPERLY NOTICED FOR LEGAL ACTION.
- VIII. CALL TO THE PUBLIC—This portion of the agenda is set aside for the public to address the Council regarding an item that is not listed on the agenda for discussion. However, the Council cannot engage in discussion regarding any item that is not officially listed on the agenda for discussion and/or action (A.R.S. §38-431.02.A.(H).) Comments are limited to a 5 minute time period.
- IX. APPROVAL OF MINUTES—REGULAR MEETING OF OCTOBER 19, 2010 & SPECIAL MEETING OF OCTOBER 27, 2010.  
  
*Comments regarding items listed on the agenda are limited to a 5 minute time period per speaker.*
- X. UNFINISHED BUSINESS—NONE.
- XI. CONSENT AGENDA—The following items are considered to be routine and non-controversial by the Council and will be approved by one motion. There will be no separate discussion of these items unless a Council Member or a citizen so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.

1. REJECTION OF ALL BIDS RECEIVED FOR PAVEMENT MARKING SERVICES.
  2. RESOLUTION NUMBER 2551–APPROVING OF A MEMORANDUM OF UNDERSTANDING (MOU) WITH OTHER VERDE VALLEY JURISDICTIONS IN SUPPORT OF THE VERDE VALLEY REGIONAL TRAILS CONCEPT PLAN.
  3. NEW LIQUOR LICENSE FOR ANTHONY PUGLIANO, OWNER/AGENT FOR THE 260 SHELL LOCATED 1475 SOUTH HIGHWAY 260.
  4. WINE FESTIVAL/WINE FAIR LIQUOR LICENSE APPLICATION FOR BARBARA PREDMORE, APPLICANT FOR ALCANTARA, LLC FOR EVENTS TO BE HELD AT THE BLAZIN' M RANCH LOCATED AT 1875 MABERY RANCH ROAD, ON DECEMBER 8, 11, 15, 18, 22, 26, 27 AND 28, 2010.
- XII. NEW BUSINESS—The following items are for Council discussion, consideration, and possible legal action.
1. CONSENT OF ASSIGNMENT OF LEASEHOLD RIGHTS TO HIGH FIVE HANGARS CONDOMINIUMS UNIT NO. 5 FROM BACKUS FAMILY INVESTMENTS, LLC, TO BARBAROSSA ENTERPRISES, LLC (“LESSEE”); AND COLLATERAL ASSIGNMENT OF LESSEE’S LEASEHOLD INTEREST TO COUNTRY BANK OF PRESCOTT, ARIZONA.
  2. RESOLUTION NUMBER 2547–ADDING A NEW SECTION, SECTION XVII, FUND BALANCE POLICY, TO THE CITY’S FINANCIAL OPERATIONS GUIDE (FOG).
  3. AWARD OF THE CITY’S TRANSACTION PRIVILEGE TAX (TPT) AUDITING SERVICES CONTRACT BID TO DON ZELECHOWSKI, CPA.
  4. AWARD OF THE CITY’S GASOLINE AND DIESEL FUEL OFFSITE REFUELING STATION(S) BID TO SC FUELS.
  5. RESOLUTION NUMBER 2552–APPROVING PARTICIPATION BY THE CITY IN THE GREATER ARIZONA MAYOR’S ASSOCIATION (GAMA) AND PAYMENT OF ANY MEMBERSHIP DUES.
- XIII. CLAIMS & ADJUSTMENTS
- XIV. ADJOURNMENT

Pursuant to A.R.S. § 38-431.02(B) the Council may vote to go into executive session on any agenda item pursuant to A.R.S. § 38-431.03(A)(3) and (4) (7) for discussion and consultation for legal advice or negotiations for the purchase, sale or lease of real property with the City Attorney.

The Cottonwood Council Chambers is accessible to the disabled in accordance with Federal “504” and “ADA” laws. Those with needs for special typeface print or hearing devices may request these from the City Clerk (TDD 634-5526.) All requests must be made 24 hours prior to the meeting.

City of Cottonwood, Arizona  
City Council Agenda Communication



Meeting Date: December 7, 2010  
**Subject: Pavement Marking Bid**  
Department: Public Works  
From: Tim Costello, Public Works Director

**REQUESTED ACTION**

It is requested that the bids received for pavement marking services be rejected.

**The suggested motion is:** "I move to reject all bids for pavement marking services."

**BACKGROUND**

Pavement markings, such as double yellow centerline stripes and bike lanes, are painted by an outside vendor twice a year. Staff received five bids for pavement marking services, the results of which are attached. The bid documents did not include a contract for services therefore it is in the City's best interest to reject all bids and re-bid the work with a more complete set of documents.

**JUSTIFICATION/BENEFITS/ISSUES**

Pavement marking is a critical component of traffic safety and ensuring the markings are updated and visible is crucial.

**COST/FUNDING SOURCE**

This is a routine line item expense in the Street Department budget.

**REVIEWED BY:**

City Manager: \_\_\_\_\_

City Attorney: \_\_\_\_\_

**ATTACHMENTS**

Bid Results



City of Cottonwood, Arizona  
City Council Agenda Communication



Meeting Date: December 7, 2010

**Subject: Resolution Number 2551--Approval of a Memorandum of Understanding (MOU) with other Verde Valley jurisdictions in support of the Verde Valley Regional Trails Concept Plan.**

Department: Community Development

From: Charles Scully, AICP, Long-Range Planner

**REQUESTED ACTION**

Discussion and Possible Action regarding approval of a Memorandum of Understanding (MOU) with other Verde Valley jurisdictions in support of the Verde Valley Regional Trails Concept Plan.

**If the Council desires to approve this item the suggested motion is:**

"I move to approve Resolution Number 2551 which approves a Memorandum of Understanding between the City and the Towns of Camp Verde, Clarkdale, and Jerome, the City of Sedona, and Yavapai County, supporting the Verde Valley Regional Trails Concept Plan.

**BACKGROUND**

The MOU is to be entered into between the City of Cottonwood, the Town of Camp Verde, the Town of Clarkdale, the Town of Jerome, the City of Sedona and Yavapai County, in support of the objective of improving non-motorized trails and trail programs in the Verde Valley region, as generally expressed in the Verde Valley Regional Trails Concept Plan. In addition, inter-agency cooperation is recognized between these jurisdictions and other local, state, and federal land management agencies, including, but not limited to, Arizona State Parks, United State Forest Service and National Park Service.

The City Council heard input from the public and discussed the regional trails plan at their meeting of November 9, 2010. The Regional Trails Concept Plan was created through the collective effort of many individuals, agencies and organizations from throughout this region

over a two year period from January 2008 through 2010. Meetings were conducted at various locations throughout the region so as to get input from all areas. In addition to monthly meetings at various locations, there were three special presentations conducted with unincorporated community groups in Cornville, Beaver Creek and Big Park to consider the draft plan. Through October-December 2010 the final plan is being presented in a series of public meetings to Councils and Commissions in Cottonwood, Camp Verde, Clarkdale, Jerome and Sedona. The Board of Supervisors will consider the plan in January 2011. After that it will be up to the various agencies and individuals to plan and implement specific proposals through the internal procedures of the applicable land agencies.

### **Project Implementation**

The plan provides policy guidelines and serves as a practical resource for improving trail facilities in the Verde Valley region. Implementation of any trails described in this plan or any future projects to be proposed will be subject to the procedures and standards of the applicable land management agencies or jurisdictions involved. No portion of this plan takes away any property rights or due process for any private property owner regarding the use of their property nor does it imply any rights for use or development. Project implementation will still need individuals from the agencies and the public to take on specific projects and work them through the standard procedures for development of such facilities.

### **Verde Valley Regional Trails Concept Plan**

The regional trail plan defines a long-range vision for how trails and open space networks could fit into the future vision for the Verde Valley and serves as a practical resource and guide for all of the communities and land agencies. This plan represents the best effort to date to document and map both existing trails and potential future trails throughout the region. The result provides an invaluable resource for anyone considering developing any new trails in this region, including any new proposals that may be developed.

### **Verde Valley Regional Trails Concept Plan**

#### **Table of Contents**

- I. Introduction**
- II. Planning Area and System Map**
- III. Agencies and Jurisdictions**
- IV. Recommendations for Implementation**
- V. Implementation Strategies**
- VI. Impacts of Trails**
- VII. Open Space Planning**
- VIII. Enforcement and Education**
- IX. Trail Funding Opportunities**
- X. Trail Liability and Risk Management**
- XI. Trail Design Guidelines**
- XII. Trailhead Design**

**XIII. Glossary of Trail Terms**

**XIV. References**

**XV. Appendices**

Historic Trails and Map

List of Proposed Trails, Trailheads, and map

**MEMORANDUM OF UNDERSTANDING**

The various jurisdictions are being asked to sign a voluntary, non-binding Memorandum of Understanding (MOU) that acknowledges the common interests and benefits of supporting non-motorized trails within our communities and throughout the region. The Plan provides a framework for understanding the possibilities, interests and benefits for working together to achieve these common goals in ways that support the objectives of healthy natural environments, strong economies and sustainable communities. The MOU is an expression of this common interest and can serve as a reminder to help move the process forward. The MOU encourages the communities to participate on a voluntary basis, to the extent permitted by law, with the implementation of trails and trail-related programs in the Verde Valley region for the benefit of all.

**REVIEWED BY**

City Manager: \_\_\_\_\_

City Attorney: ✓SH

**ATTACHMENTS**

- Resolution Number 2551
- MOU pertaining to the Verde Valley Regional Trails Concept Plan / Cottonwood.

RESOLUTION NUMBER 2551

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND THE TOWNS OF CAMP VERDE, CLARKDALE, AND JEROME, THE CITY OF SEDONA, AND YAVAPAI COUNTY, SUPPORTING THE VERDE VALLEY REGIONAL TRAILS CONCEPT PLAN.

WHEREAS, the Cottonwood City Council has reviewed the proposed Verde Valley Regional Trails Concept Plan; and

WHEREAS, the Cottonwood City Council supports the objectives of improving non-motorized trails and trail facilities in the Verde Valley region of Arizona as generally expressed in the Verde Valley Regional Trails Concept Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA:

THAT, the Memorandum of Understanding with the Towns of Camp Verde, Clarkdale, and Jerome, and the City of Sedona and Yavapai County, to support the objectives of improving non-motorized trails and trail facilities in the Verde Valley is hereby approved.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, THIS 7TH DAY OF DECEMBER 2010.

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Diane Joens, Mayor

APPROVED AS TO FORM:

ATTEST:

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Steven B. Horton, Esq.  
City Attorney

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Marianne Jiménez, City Clerk

# **MEMORANDUM OF UNDERSTANDING**

## **Regarding the Verde Valley Regional Trails Concept Plan**

This Memorandum of Understanding (MOU) is entered into between the Town of Camp Verde, the Town of Clarkdale, the City of Cottonwood, the Town of Jerome, the City of Sedona, and Yavapai County, for the purpose of supporting the objectives of improving non-motorized trails and trail facilities in the Verde Valley region of Arizona, as generally expressed in the Verde Valley Regional Trails Concept Plan. Support for interagency cooperation is also recognized between these jurisdictions and other local, state and federal land management agencies, including but not limited to, Arizona State Parks, United States Forest Service, and National Park Service.

In consideration of the mutual agreements expressed herein, it is hereby agreed as follows:

### **I. PURPOSE:**

The purpose of this Memorandum of Understanding (MOU) is to encourage a voluntary association of jurisdictions and agencies to work together for the improvement of non-motorized trails and trails-related programs throughout the Verde Valley region of Arizona. For the purposes of this Agreement, trail development includes planning, design, enhancements, construction, interpretation, preservation, management and maintenance. Representatives of Local, State and Federal agencies, including elected officials, staff members, volunteers and others working together for mutual benefit will be able to better manage this rich heritage of non-motorized trails, in ways that will support the objectives of healthy natural environments, strong economies and sustainable communities. The signatories agree to support the development of trail opportunities within the mandates of the applicable jurisdictions. They share a vision that community trails should be readily accessible throughout the region in a manner that addresses public needs and desires, as well as relevant environmental, economic, and social considerations. This MOU encourages that the signatories participate on a voluntary basis, to the extent permitted by law, with the implementation of trails and trail-related programs in the Verde Valley for the benefit of all.

### **II. PARTIES:**

The parties to whom this MOU shall apply shall be identified by the signatures attached herein, which shall include the Town of Camp Verde, the Town of Clarkdale, the City of Cottonwood, the Town of Jerome, the City of Sedona, and Yavapai County.

### **III. RESPONSIBILITIES OF THE PARTIES:**

The parties to this MOU agree to cooperate in accomplishing the purpose and goals of the Verde Valley Regional Trails Concept Plan including, but not limited to, the following principles:

1. Support efforts to work together to foster broad collaboration in the development of non-motorized trails within their communities and throughout the region.
2. Identify existing trail opportunities and support efforts to implement the goals.
3. Identify contact person or persons within agencies for trail-related matters.
4. Where applicable, develop and provide informational materials to the public to further the goals of the Regional Trails Plan.
5. Support public input and involvement with the ongoing planning and development of trails in each community and throughout the region.
6. Support volunteer involvement with trail issues, including planning, design, construction, management and maintenance of trails.
7. Increase opportunities for access to trails for persons with disabilities.
8. Work to raise the visibility, awareness, appreciation, and support of trails in all communities throughout the region.

#### **IV. GENERAL PROVISIONS:**

1. **Additional Signatories.** Additional agencies may be added to this MOU with the concurrence of all the parties to the MOU. Concurrence may be given in writing, including e-mail; or by vote of the parties at a meeting of authorized representatives of the parties. When accepted, the addition of a new jurisdiction or agency will be effected by attaching to the MOU a signature page with the Agency representative's dated signature.
2. **Amendments.** This MOU may be modified or amended upon written request of any party to the MOU and with the concurrence of all the parties to the MOU. Concurrence may be given in writing, including by e-mail; or by vote of the parties at a meeting of authorized representatives of the parties. If approved, the modification or amendment will be affected by attaching the document with the change, including the date of the approval, to the MOU.
3. **Non-Fund Obligating and Non-Binding Document.** This MOU is neither a fiscal nor a funds obligation document. Any endeavor involving reimbursement or contribution of funds between parties to the MOU will be handled in accordance with applicable laws, regulations, and procedures. This Agreement does not provide such authority. This MOU does not obligate any party to spend funds on a particular project or purpose at any time.
4. **No Right of Action.** This MOU is not intended to, and does not create any right, benefit, or trust responsibility, substantive or procedural, enforceable by law or equity, by a party against any agency or any person.
5. **Participation in Similar Activities.** This Agreement in no way restricts any signatory from participating in similar activities with any other public or private agencies, organizations, and individuals.

**V. LIABILITY:**

This is not a legally binding or enforceable agreement. The matters covered in this memorandum are intended only to trail conditions in the Verde Valley and are not intended to create any right or benefit, substantive or procedural, enforceable at law by a party against any agency, jurisdiction, organization, or any party to this agreement, or any person.

**VI. TERMS:**

The term of this MOU shall be ongoing or until such time as the parties agree to amend, replace or dissolve the agreement or the instrument to which it pertains. This agreement may be amended at any time by unanimous consent of the parties. Any party to this MOU may officially terminate their involvement in the instrument in whole, or in part, without cause, at any time by submitting a written notice of termination to all parties.

**VII. LIMITATIONS:**

Nothing in this MOU shall be construed as limiting or affecting the legal authorities or decision-making of any of the parties to this MOU, or require expenditure of any funds or any specific actions by any party. Nothing in this Agreement abrogates the responsibility of any jurisdiction or land managing agency to manage its trail resources according to the agency's governing laws, rules, and regulations. Any party to this MOU may withdraw its participation in the implementation of this plan at any time at their discretion.

**VIII. FUNDING:**

Each party is responsible for their own expenses associated with this plan. Any agreements or partnerships established between any parties related to funding shall be a matter between those parties solely.

**IX. SIGNATURES:**

The Parties hereto have executed this MOU on the dates shown below:

<b>Agency</b>	<b>Signature</b>	<b>Date</b>
<b>City of Cottonwood</b>	_____	_____
	<i>Mayor</i>	
	_____	_____
	<i>City Attorney</i>	
	_____	_____
	<i>City Clerk</i>	

City of Cottonwood, Arizona  
City Council Agenda Communication



Meeting Date: December 7, 2010

Subject: New Liquor License Application for Anthony Pugliano, Owner/ Agent of the 260 Shell

Department: City Clerk

From: Marianne Jiménez, City Clerk

**REQUESTED ACTION**

Council consideration of recommending approval or denial of a new Liquor License Application for Anthony Pugliano, Owner/ Agent of the 260 Shell located at 1475 S. Hwy 260.

**If the Council desires to approve this item the recommended motion is:**

"I move to recommend approval of the new liquor license application for Anthony Pugliano, Owner/ Agent of the 260 Shell located at 1475 S. Hwy 260."

**BACKGROUND**

A new Liquor License Application was received from the Arizona Department of Liquor Licenses & Control for Anthony Pugliano, Owner/ Agent of the 260 Shell located at 1475 S. Hwy 260 in Cottonwood. The application notice was posted for 20 days and no comments for or against the application have been received.

**JUSTIFICATION/BENEFITS/ISSUE**

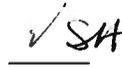
All Liquor License applications that are submitted to the Arizona Department of Liquor Licenses & Control (ADLLC) for establishments located within the City of Cottonwood are presented to the Council for its recommendation of approval or denial of the application. The Council's recommendation is taken into consideration by the ADLLC prior to their final approval of the application.

**REVIEWED BY:**

City Manager:



City Attorney:



**ATTACHMENTS**

- Copy of the Liquor License Application for Anthony Pugliano.

\*10 NOV 5 Liq. Dept PM12:26

Arizona Department of Liquor Licenses and Control  
800 West Washington, 5th Floor  
Phoenix, Arizona 85007  
www.azliquor.gov  
602-542-5141

**APPLICATION FOR LIQUOR LICENSE**  
TYPE OR PRINT WITH BLACK INK

Notice: Effective Nov. 1, 1997, All Owners, Agents, Partners, Stockholders, Officers, or Managers actively involved in the day to day operations of the business must attend a Department approved liquor law training course or provide proof of attendance within the last five years. See page 5 of the Liquor Licensing requirements.

**SECTION 1** This application is for a:

- MORE THAN ONE LICENSE
- INTERIM PERMIT *Complete Section 5*
- NEW LICENSE *Complete Sections 2, 3, 4, 13, 14, 15, 16*
- PERSON TRANSFER (Bars & Liquor Stores ONLY)  
*Complete Sections 2, 3, 4, 11, 13, 15, 16*
- LOCATION TRANSFER (Bars and Liquor Stores ONLY)  
*Complete Sections 2, 3, 4, 12, 13, 15, 16*
- PROBATE/WILL ASSIGNMENT/DIVORCE DECREE  
*Complete Sections 2, 3, 4, 9, 13, 16* (fee not required)
- GOVERNMENT *Complete Sections 2, 3, 4, 10, 13, 15, 16*

**SECTION 2** Type of ownership:

- J.T.W.R.O.S. *Complete Section 6*
- INDIVIDUAL *Complete Section 6*
- PARTNERSHIP *Complete Section 6*
- CORPORATION *Complete Section 7*
- LIMITED LIABILITY CO. *Complete Section 7*
- CLUB *Complete Section 8*
- GOVERNMENT *Complete Section 10*
- TRUST *Complete Section 6*
- OTHER (Explain) \_\_\_\_\_

**SECTION 3** Type of license and fees LICENSE #(s): 10133170 10133225

1. Type of License(s): Beer and wine
2. Total fees attached: \$ Department Use Only

**APPLICATION FEE AND INTERIM PERMIT FEES (IF APPLICABLE) ARE NOT REFUNDABLE.**  
The fees allowed under A.R.S. 44-6852 will be charged for all dishonored checks.

**SECTION 4** Applicant

1. Owner/Agent's Name: <sup>Mr</sup> Ms. Pugliano Anthony James  
(Insert one name ONLY to appear on license) Last First Middle
2. Corp./Partnership/L.L.C.: AMP Enterprises LLC B1639250  
(Exactly as it appears on Articles of Inc. or Articles of Org.)
3. Business Name: 260 Shell B1626002  
(Exactly as it appears on the exterior of premises)
4. Principal Street Location: 1475 S. Hwy 260 Cottonwood Yavapai 86326  
(Do not use PO Box Number) City County Zip
5. Business Phone: Pending Daytime Contact: 928-699-0651
6. Is the business located within the incorporated limits of the above city or town?  YES  NO
7. Mailing Address: PO Box 20007 Seebna AZ 86341  
City State Zip
8. Price paid for license only bar, beer and wine, or liquor store: Type \_\_\_\_\_ \$ \_\_\_\_\_ Type \_\_\_\_\_ \$ \_\_\_\_\_

**DEPARTMENT USE ONLY**

Fees: 100 100 — — 248 248  
Application Interim Permit Agent Change Club Finger Prints \$ **TOTAL OF ALL FEES**

Is Arizona Statement of Citizenship & Alien Status For State Benefits complete?  YES  NO

Accepted by: J.W. Date: 11-5-10 Lic. # 10133225

**SECTION 5 Interim Permit:**

1. If you intend to operate business when your application is pending you will need an Interim Permit pursuant to A.R.S. 4-203.01.
2. There **MUST** be a valid license of the same type you are applying for currently issued to the location.
3. Enter the license number currently at the location. 10133047
4. Is the license currently in use?  YES  NO If no, how long has it been out of use? 8-31-10

**ATTACH THE LICENSE CURRENTLY ISSUED AT THE LOCATION TO THIS APPLICATION.**

I, MamaLjit Kaor, declare that I am the CURRENT OWNER, AGENT, CLUB MEMBER, PARTNER, MEMBER, STOCKHOLDER, OR LICENSEE (circle the title which applies) of the stated license and location.

(Print full name)

State of \_\_\_\_\_ County of \_\_\_\_\_

X \_\_\_\_\_  
(Signature)

The foregoing instrument was acknowledged before me this

My commission expires on: \_\_\_\_\_

\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
Day Month Year

See attached

\_\_\_\_\_  
(Signature of NOTARY PUBLIC)

**SECTION 6 Individual or Partnership Owners:**

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE (FORM LIC0101), AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$24 PROCESSING FEE FOR EACH CARD.

1. Individual:

Last	First	Middle	% Owned	Mailing Address	City State Zip

Partnership Name: (Only the first partner listed will appear on license) \_\_\_\_\_

General-Limited	Last	First	Middle	% Owned	Mailing Address	City State Zip
<input type="checkbox"/>						
<input type="checkbox"/>						
<input type="checkbox"/>						
<input type="checkbox"/>						

(ATTACH ADDITIONAL SHEET IF NECESSARY)

2. Is any person, other than the above, going to share in the profits/losses of the business?  YES  NO  
If Yes, give name, current address and telephone number of the person(s). Use additional sheets if necessary.

Last	First	Middle	Mailing Address	City, State, Zip	Telephone#

10 NOV 5 Ligr. Dept PM1226

TO WHOM IT MAY CONCERN:

THE PREVIOUS OWNERS HAVE VACATED THE PREMISES AND DID NOT LEAVE THE CURRENT ORIGINAL LICENSE. I AM THE NEW OWNER OF THE PROPERTY AND I AM LEASING IT TO ACP ENTERPRISES, LLC. THEY WILL BE APPLYING FOR AN INTERIM PERMIT.

10-5-2010

JEFF PUGHANO, MEMBER

VERDE VACUES HOLDINGS, LLC

P.O. BOX L

FLAGSTAFF, AZ 86002

**SECTION 7 Corporation/Limited Liability Co.:**

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE (FORM LIC0101), AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$24 PROCESSING FEE FOR EACH CARD.

\*10 NOV 5 Ltr. Dept PM1226

- CORPORATION Complete questions 1, 2, 3, 5, 6, 7, and 8.  
 L.L.C. Complete 1, 2, 4, 5, 6, 7, and 8.

1. Name of Corporation/L.L.C.: AMP Enterprises LLC  
 (Exactly as it appears on Articles of Incorporation or Articles of Organization)
2. Date Incorporated/Organized: 01-03-08 State where Incorporated/Organized: Arizona
3. AZ Corporation Commission File No.: \_\_\_\_\_ Date authorized to do business in AZ: \_\_\_\_\_
4. AZ L.L.C. File No: L-1415700-0 Date authorized to do business in AZ: 01-03-08
5. Is Corp./L.L.C. Non-profit?  YES  NO
6. List all directors, officers and members in Corporation/L.L.C.:

Last	First	Middle	Title	Mailing Address	City State Zip
Pugliano	Anthony	James	member	PO Box 20007 Sedona	AZ 86341
Pugliano	Kristen	Nicole Autumn	member	PO Box 20007 Sedona	AZ 86341

(ATTACH ADDITIONAL SHEET IF NECESSARY)

7. List stockholders who are controlling persons or who own 10% or more:

Last	First	Middle	% Owned	Mailing Address	City State Zip
Pugliano	Anthony	James	50	PO Box 20007 Sedona	AZ 86341
Pugliano	Kristen	Nicole Autumn	50	PO Box 20007 Sedona	AZ 86341

(ATTACH ADDITIONAL SHEET IF NECESSARY)

8. If the corporation/L.L.C. is owned by another entity, attach a percentage of ownership chart, and a director/officer/member disclosure for the parent entity. Attach additional sheets as needed in order to disclose personal identities of all owners.

**SECTION 8 Club Applicants:**

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE (FORM LIC0101), AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$24 PROCESSING FEE FOR EACH CARD.

1. Name of Club: \_\_\_\_\_ Date Chartered: \_\_\_\_\_  
 (Exactly as it appears on Club Charter or Bylaws) (Attach a copy of Club Charter or Bylaws)
2. Is club non-profit?  YES  NO
3. List officer and directors:

Last	First	Middle	Title	Mailing Address	City State Zip

(ATTACH ADDITIONAL SHEET IF NECESSARY)

**SECTION 9 Probate, Will Assignment or Divorce Decree of an existing Bar or Liquor Store License:**

1. Current Licensee's Name: \_\_\_\_\_  
 (Exactly as it appears on license) Last First Middle
2. Assignee's Name: \_\_\_\_\_  
 Last First Middle
3. License Type: \_\_\_\_\_ License Number: \_\_\_\_\_ Date of Last Renewal: \_\_\_\_\_
4. ATTACH TO THIS APPLICATION A CERTIFIED COPY OF THE WILL, PROBATE DISTRIBUTION INSTRUMENT, OR DIVORCE DECREE THAT SPECIFICALLY DISTRIBUTES THE LIQUOR LICENSE TO THE ASSIGNEE TO THIS APPLICATION.

**SECTION 10 Government: (for cities, towns, or counties only)**

1. Governmental Entity: \_\_\_\_\_
2. Person/designee: \_\_\_\_\_  
 Last First Middle Contact Phone Number

**A SEPARATE LICENSE MUST BE OBTAINED FOR EACH PREMISES FROM WHICH SPIRITUOUS LIQUOR IS SERVED.**

**SECTION 11 Person to Person Transfer:**

Questions to be completed by CURRENT LICENSEE (Bars and Liquor Stores ONLY-Series 06,07, and 09).

1. Current Licensee's Name: \_\_\_\_\_ Entity: \_\_\_\_\_  
 (Exactly as it appears on license) Last First Middle (Indiv., Agent, etc.)
2. Corporation/L.L.C. Name: \_\_\_\_\_  
 (Exactly as it appears on license)
3. Current Business Name: \_\_\_\_\_  
 (Exactly as it appears on license)
4. Physical Street Location of Business: Street \_\_\_\_\_  
 City, State, Zip \_\_\_\_\_
5. License Type: \_\_\_\_\_ License Number: \_\_\_\_\_
6. If more than one license to be transferred: License Type: \_\_\_\_\_ License Number: \_\_\_\_\_
7. Current Mailing Address: Street \_\_\_\_\_  
 (Other than business) City, State, Zip \_\_\_\_\_
8. Have all creditors, lien holders, interest holders, etc. been notified of this transfer?  YES  NO
9. Does the applicant intend to operate the business while this application is pending?  YES  NO If yes, complete Section 5 of this application, attach fee, and current license to this application.

10. I, \_\_\_\_\_, hereby authorize the department to process this application to transfer the  
 (print full name)  
 privilege of the license to the applicant, provided that all terms and conditions of sale are met. Based on the fulfillment of these conditions, I certify that the applicant now owns or will own the property rights of the license by the date of issue.

I, \_\_\_\_\_, declare that I am the CURRENT OWNER, AGENT, MEMBER, PARTNER  
 (print full name)  
 STOCKHOLDER, or LICENSEE of the stated license. I have read the above Section 11 and confirm that all statements are true, correct, and complete.

\_\_\_\_\_  
 (Signature of CURRENT LICENSEE)

State of \_\_\_\_\_ County of \_\_\_\_\_  
 The foregoing instrument was acknowledged before me this

\_\_\_\_\_  
 Day Month Year

My commission expires on: \_\_\_\_\_

\_\_\_\_\_  
 (Signature of NOTARY PUBLIC)

**SECTION 12 Location to Location Transfer: (Bars and Liquor Stores ONLY)**

APPLICANTS CANNOT OPERATE UNDER A LOCATION TRANSFER UNTIL IT IS APPROVED BY THE STATE

1. Current Business: Name \_\_\_\_\_  
(Exactly as it appears on license) Address \_\_\_\_\_
2. New Business: Name \_\_\_\_\_  
(Physical Street Location) Address \_\_\_\_\_
3. License Type: \_\_\_\_\_ License Number: \_\_\_\_\_
4. If more than one license to be transferred: License Type: \_\_\_\_\_ License Number: \_\_\_\_\_
5. What date do you plan to move? \_\_\_\_\_ What date do you plan to open? \_\_\_\_\_

**SECTION 13 Questions for all in-state applicants excluding those applying for government, hotel/motel, and restaurant licenses (series 5, 11, and 12):**

A.R.S. § 4-207 (A) and (B) state that no retailer's license shall be issued for any premises which are at the time the license application is received by the director, within three hundred (300) horizontal feet of a church, within three hundred (300) horizontal feet of a public or private school building with kindergarten programs or grades one (1) through (12) or within three hundred (300) horizontal feet of a fenced recreational area adjacent to such school building. The above paragraph DOES NOT apply to:

- a) Restaurant license (§ 4-205.02)
- b) Hotel/motel license (§ 4-205.01)
- c) Government license (§ 4-205.03)
- d) Fenced playing area of a golf course (§ 4-207 (B)(5))

1. Distance to nearest school: .7 mile ft. Name of school Mingus Union High School  
Address 1701 E. Fir Street Cottonwood AZ 86326  
City, State, Zip
2. Distance to nearest church: .25 mile ft. Name of church Verde Valley Church of The Nazaren  
Address 1710 S. Hwy 260 Cottonwood AZ  
City, State, Zip 86326
3. I am the:  Lessee  Sublessee  Owner  Purchaser (of premises)
4. If the premises is leased give lessors: Name Jeff Puglicano  
Address PO Box L Flagstaff AZ 86002  
City, State, Zip
- 4a. Monthly rental/lease rate \$ 2500 What is the remaining length of the lease 1 yrs. 0 mos.
- 4b. What is the penalty if the lease is not fulfilled? \$ \_\_\_\_\_ or other termination  
(give details - attach additional sheet if necessary)
5. What is the total **business** indebtedness for this license/location excluding the lease? \$ \_\_\_\_\_  
Please list debtors below if applicable.

Last	First	Middle	Amount Owed	Mailing Address	City State	Zip

(ATTACH ADDITIONAL SHEET IF NECESSARY)

6. What type of business will this license be used for (be specific)? Convenience store

**SECTION 13 - continued**

7. Has a license or a transfer license for the premises on this application been denied by the state within the past one (1) year?  
 YES  NO If yes, attach explanation.
8. Does any spirituous liquor manufacturer, wholesaler, or employee have any interest in your business?  YES  NO
9. Is the premises currently licensed with a liquor license?  YES  NO If yes, give license number and licensee's name:

License # 10133170 (exactly as it appears on license) Name Nama Jeet Maur

**SECTION 14 Restaurant or hotel/motel license applicants:**

1. Is there an existing restaurant or hotel/motel liquor license at the proposed location?  YES  NO  
 If yes, give the name of licensee, Agent or a company name:

\_\_\_\_\_ and license #: \_\_\_\_\_  
 Last First Middle

2. If the answer to Question 1 is YES, you may qualify for an Interim Permit to operate while your application is pending; consult A.R.S. § 4-203.01; and complete SECTION 5 of this application.
3. All restaurant and hotel/motel applicants must complete a Restaurant Operation Plan (Form LIC0114) provided by the Department of Liquor Licenses and Control.
4. As stated in A.R.S. § 4-205.02.G.2, a restaurant is an establishment which derives at least 40 percent of its gross revenue from the sale of food. Gross revenue is the revenue derived from all sales of food and spirituous liquor on the licensed premises. By applying for this  hotel/motel  restaurant license, I certify that I understand that I must maintain a minimum of 40 percent food sales based on these definitions and have included the Restaurant Hotel/Motel Records Required for Audit (form LIC 1013) with this application.

\_\_\_\_\_  
 applicant's signature

As stated in A.R.S. § 4-205.02 (B), I understand it is my responsibility to contact the Department of Liquor Licenses and Control to schedule an inspection when all tables and chairs are on site, kitchen equipment, and, if applicable, patio barriers are in place on the licensed premises. With the exception of the patio barriers, these items are not required to be properly installed for this inspection. Failure to schedule an inspection will delay issuance of the license. If you are not ready for your inspection 90 days after filing your application, please request an extension in writing, specify why the extension is necessary, and the new inspection date you are requesting. To schedule your site inspection visit [www.azliquor.gov](http://www.azliquor.gov) and click on the "Information" tab.

\_\_\_\_\_  
 applicants initials

**SECTION 15 Diagram of Premises: (Blueprints not accepted, diagram must be on this form)**

1. Check ALL boxes that apply to your business:  
 Entrances/Exits  Liquor storage areas Patio:  Contiguous  
 Service windows  Drive-in windows  Non Contiguous
2. Is your licensed premises currently closed due to construction, renovation, or redesign?  YES  NO  
 If yes, what is your estimated opening date? \_\_\_\_\_  
 month/day/year
3. Restaurants and hotel/motel applicants are required to draw a detailed floor plan of the kitchen and dining areas including the locations of all kitchen equipment and dining furniture. Diagram paper is provided on page 7.
4. The diagram (a detailed floor plan) you provide is required to disclose only the area(s) where spiritous liquor is to be sold, served, consumed, dispensed, possessed, or stored on the premises unless it is a restaurant (see #3 above).
5. Provide the square footage or outside dimensions of the licensed premises. Please do not include non-licensed premises, such as parking lots, living quarters, etc.

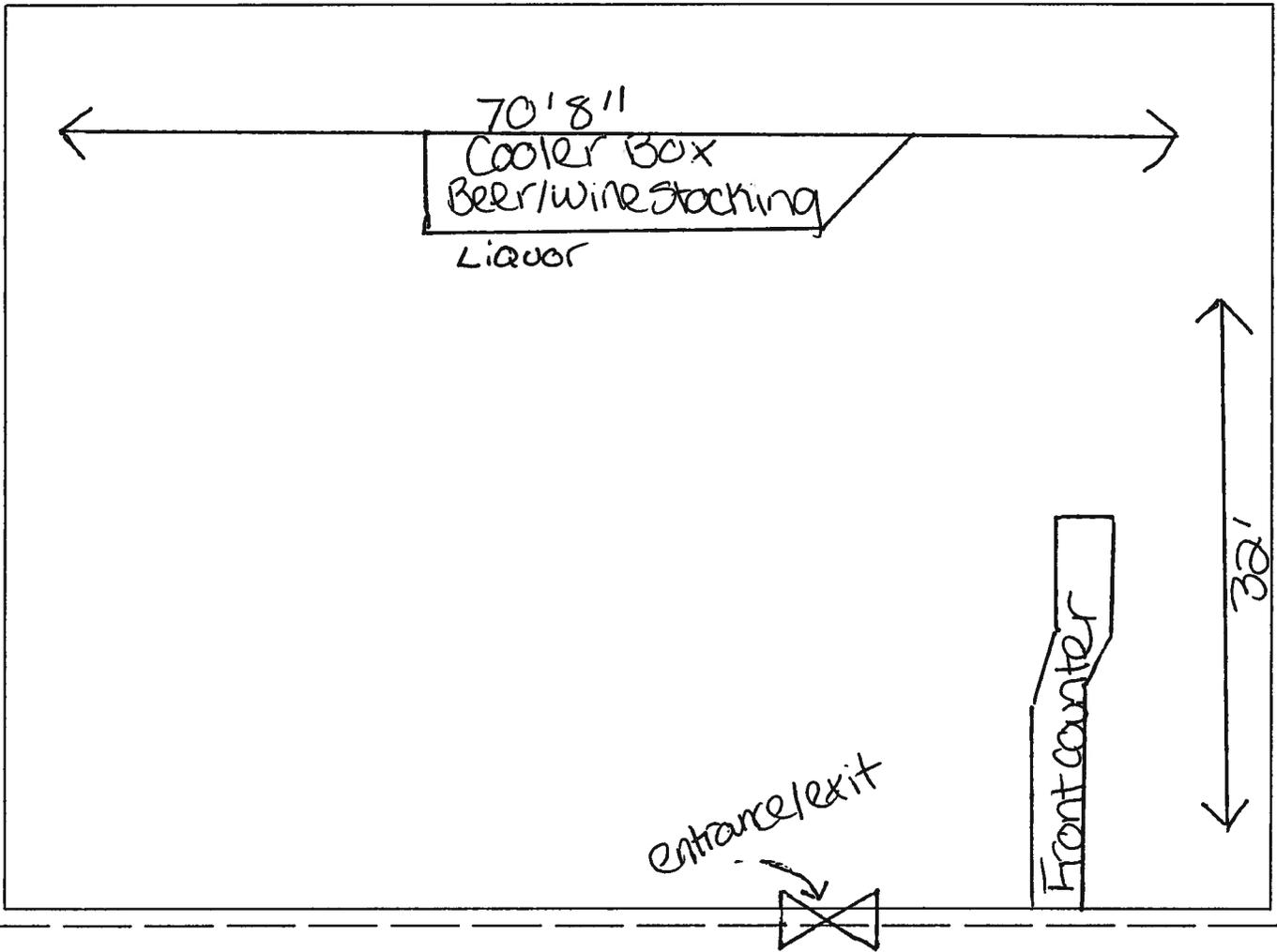
As stated in A.R.S. § 4-207.01(B), I understand it is my responsibility to notify the Department of Liquor Licenses and Control when there are changes to boundaries, entrances, exits, added or deleted doors, windows or service windows, or increase or decrease to the square footage after submitting this initial drawing.

  
 applicants initials

**SECTION 15 Diagram of Premises**

4. In this diagram please show only the area where spirituous liquor is to be sold, served, consumed, dispensed, possessed or stored. It must show all entrances, exits, interior walls, bars, bar stools, hi-top tables, dining tables, dining chairs, the kitchen, dance floor, stage, and game room. Do not include parking lots, living quarters, etc. When completing diagram, North is up ↑.

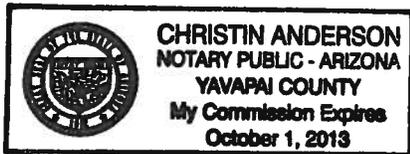
If a legible copy of a rendering or drawing of your diagram of premises is attached to this application, please write the words "diagram attached" in box provided below.



**SECTION 16 Signature Block**

I, <sup>James</sup> Anthony & Pugliano, hereby declare that I am the OWNER/AGENT filing this application as stated in Section 4, Question 1. I have read this application and verify all statements to be true, correct and complete.

*[Handwritten signature]*  
(signature of applicant listed in Section 4, Question 1)



State of AZ County of Yavapai

The foregoing instrument was acknowledged before me this 3<sup>rd</sup> of Nov 2010  
Day Month Year

My commission expires on: Oct 1<sup>st</sup> 2013  
Day Month Year

*[Handwritten signature]*  
signature of NOTARY PUBLIC

City of Cottonwood, Arizona  
City Council Agenda Communication



Meeting Date: December 7, 2010

Subject: **Wine Festival/Wine Fair Liquor License Applications for Barbara Predmore (Alcantara).**

Department: City Clerk

From: Marianne Jiménez, City Clerk

**REQUESTED ACTION**

Council recommendation of approval or denial of Wine Festival/Wine Fair Liquor License Applications submitted by Barbara Predmore (Alcantara) for events scheduled December 8, 11, 15, 18, 22, 26, 27 and 28, 2010.

**If the Council desires to approve this item the recommended motion is:**

"I move to recommend approval of the Wine Festival/Wine Fair Liquor License Applications for Barbara Predmore (Alcantara) for events scheduled December 8, 11, 15, 18, 22, 26, 27 and 28, 2010."

**BACKGROUND**

Barbara Predmore has requested approval of six Wine Festival/Wine Fair Liquor License Applications for wine festivals scheduled for December 8, 11, 15, 18, 22, 26, 27 and 28, 2010, at 1875 Mabery Ranch Road.

**JUSTIFICATION/BENEFITS/ISSUES**

All Wine Festival/Wine Fair Liquor License applications that are submitted to the Arizona Department of Liquor Licenses & Control (ADLLC) for events held in the City of Cottonwood are presented to the Council for its recommendation of approval or denial of the application. The Council's recommendation is taken into consideration by the ADLLC prior to their final approval of the applications.

**COST/FUNDING SOURCE**

N/A

**REVIEWED BY**

City Manager:  City Attorney: 

**ATTACHMENTS**

- Applications from Barbara Predmore

State of Arizona Department of Liquor Licenses and Control  
800 W. Washington, 5th Floor  
Phoenix, AZ 85007  
www.azliquor.gov  
(602)542-5141

**APPLICATION FOR WINE FESTIVAL LICENSE/WINE FAIR LICENSE**

FEE = \$15.00 per event

A service fee of \$25.00 will be charged for all dishonored checks (A.R.S. 44-6852)

A separate license is needed when days are not consecutive. Only twenty-five (25) licenses per calendar year for up to seventy-five calendar days may be issued, excluding sanctioned county or state fair licenses.

1. Applicant's Name: Predmore Barbara A  
Last First Middle

2. Business Name: Alcantara LLC D.F.W. Lic#: 13133010  
(Domestic Farm Winery License #)

3. Location of Festival: Blazin' M Ranch 1875 Maybery Ranch Rd. Cottonwood Yavapai 86326  
(Physical location - Do not use PO Box) City County Zip

4. Mailing Address: PO Box 64 Cottonwood AZ 86326  
City State Zip

5. Date and hours of festival:

<u>DATE</u>	<u>DAY OF WEEK</u>	<u>HOURS FROM</u>	<u>HOURS TO</u>
<u>12/08/10</u>	<u>Wednesday</u>	<u>5 PM</u> a.m./p.m.	<u>7PM</u> a.m./p.m.
<u>_____</u>	<u>_____</u>	<u>_____</u> a.m./p.m.	<u>_____</u> a.m./p.m.
<u>_____</u>	<u>_____</u>	<u>_____</u> a.m./p.m.	<u>_____</u> a.m./p.m.
<u>_____</u>	<u>_____</u>	<u>_____</u> a.m./p.m.	<u>_____</u> a.m./p.m.
<u>_____</u>	<u>_____</u>	<u>_____</u> a.m./p.m.	<u>_____</u> a.m./p.m.
<u>_____</u>	<u>_____</u>	<u>_____</u> a.m./p.m.	<u>_____</u> a.m./p.m.
<u>_____</u>	<u>_____</u>	<u>_____</u> a.m./p.m.	<u>_____</u> a.m./p.m.
<u>_____</u>	<u>_____</u>	<u>_____</u> a.m./p.m.	<u>_____</u> a.m./p.m.
<u>_____</u>	<u>_____</u>	<u>_____</u> a.m./p.m.	<u>_____</u> a.m./p.m.
<u>_____</u>	<u>_____</u>	<u>_____</u> a.m./p.m.	<u>_____</u> a.m./p.m.

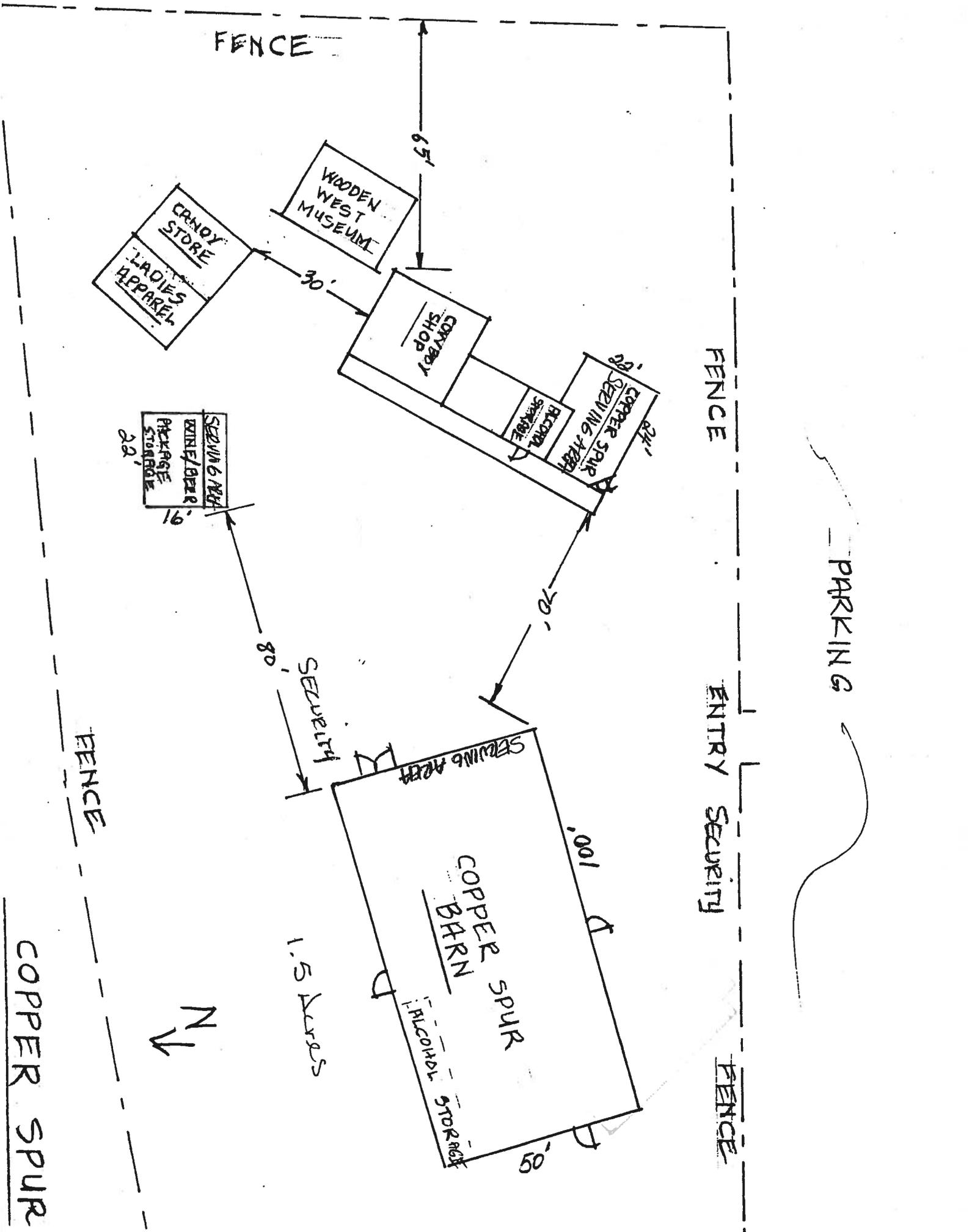
6. Name and address of site owner: Mabery Ranch Company LLC  
Last First Middle

1875 Mabery Ranch Road Cottonwood AZ 86326  
Address City State Zip

7. Phone Numbers: ( 928- ) 301-5958 ( 928 ) 649-8463 ( 928 ) 830-0766  
Site Owner Applicant's Business Applicant's Residence

\* Disabled individuals requiring special accommodation, please call (602) 542-9027.





State of Arizona Department of Liquor Licenses and Control  
800 W. Washington, 5th Floor  
Phoenix, AZ 85007  
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Last First Middle

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(Domestic Farm Winery License #)

3. Location of Festival: Blazin' M Ranch 1875 Maybery Ranch Rd. Cottonwood Yavapai 86326  
(Physical location - Do not use PO Box) City County Zip

4. Mailing Address: PO Box 64 Cottonwood AZ 86326  
City State Zip

5. Date and hours of festival:

<u>DATE</u>	<u>DAY OF WEEK</u>	<u>HOURS FROM</u>	<u>HOURS TO</u>
<u>12/11/10</u>	<u>Saturday</u>	<u>5 PM</u> a.m./p.m.	<u>7PM</u> a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.

6. Name and address of site owner: Mabery Ranch Company LLC  
Last First Middle  
1875 Mabery Ranch Road Cottonwood AZ 86326  
Address City State Zip

7. Phone Numbers: (928- ) 301-5958 (928 ) 649-8463 (928 ) 830-0766  
Site Owner Applicant's Business Applicant's Residence

\* Disabled individuals requiring special accommodation, please call (602) 542-9027.

8. Has the festival site owner given permission for use of the site and for the sale of spirituous liquors? YES  NO

9. Are the spirituous liquors to be sold or served Arizona Domestic Farm Winery Products ONLY? YES  NO

10. How many wine festival licenses have you applied for this calendar year, including this one? 20

Give the total number of days you have held licensed wine festivals this year 28

11. What security and control measures will you take to prevent violations of state liquor laws at this event?  
(List type and number of security/police personnel and type of fencing or control barriers if applicable)

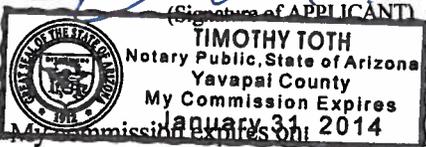
         # Police                                     Fencing  
2 # Security personnel                     Barriers

The event has security and a gate that security will be handling.

12. Your licensed premises is that area in which you are authorized to sell, dispense, or serve spirituous liquors under the provisions of your license. The following page is to be used to prepare a diagram of your wine festival/fair licensed premises. Please show dimensions, serving areas, fencing, barricades or other control measures and security positions.

I, Barbara Predmore, hereby declare that I am the APPLICANT filing this application. I  
(Print full name)  
have read the application and the contents and all statements are true, correct and complete.

X *Barbara Predmore* State of Arizona County of Yavapai  
(Signature of APPLICANT) The foregoing instrument was acknowledged before me this

 1st day of DECEMBER, 2010  
Day Month Year  
*T. Toth*  
(Signature of NOTARY PUBLIC)

\*\*\* FOR USE BY LOCAL GOVERNING AUTHORITY ONLY \*\*\*

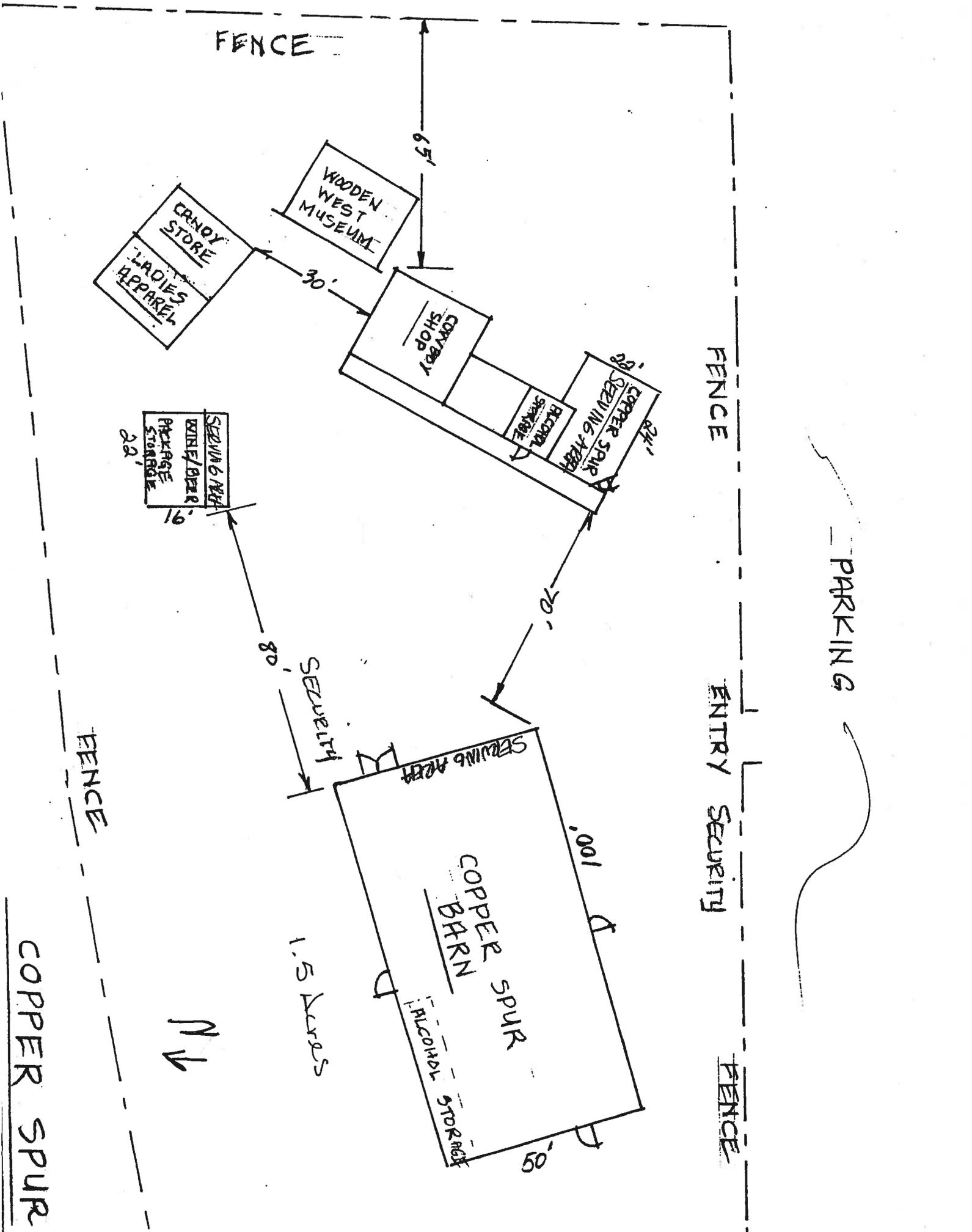
I, \_\_\_\_\_, hereby  APPROVE  DISAPPROVE this application on behalf of  
(Government Official)

\_\_\_\_\_  
(City, Town, or County) (Title) X (Signature of OFFICIAL)

\*\*\* FOR USE BY DLLC ONLY \*\*\*

APPROVED  DISAPPROVED

By: \_\_\_\_\_ Date: \_\_\_\_\_



FENCE

FENCE

ENTRY SECURITY

FENCE

PARKING

WOODEN WEST MUSEUM

CANDY STORE  
LADIES APPAREL

COWBOY SHOP

RECORD STORAGE  
COPPER SPUR  
SEWING AREA

SEWING AREA  
WINE/BEER PACKAGE STORAGE

SEWING AREA  
COPPER SPUR BARN  
RECORD STORAGE

1.5 Acres

N

FENCE

COPPER SPUR

State of Arizona Department of Liquor Licenses and Control
800 W. Washington, 5th Floor
Phoenix, AZ 85007
www.azliquor.gov
(602)542-5141

APPLICATION FOR WINE FESTIVAL LICENSE/WINE FAIR LICENSE

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Last First Middle

2. Business Name: Alcantara LLC D.F.W. Lic#: 13133010
(Domestic Farm Winery License #)

3. Location of Festival: Blazin' M Ranch 1875 Maybery Ranch Rd. Cottonwood Yavapai 86326
(Physical location - Do not use PO Box) City County Zip

4. Mailing Address: PO Box 64 Cottonwood AZ 86326
City State Zip

5. Date and hours of festival:

Table with 4 columns: DATE, DAY OF WEEK, HOURS FROM, HOURS TO. Row 1: 12/15/10, Wednesday, 5 PM, 7PM.

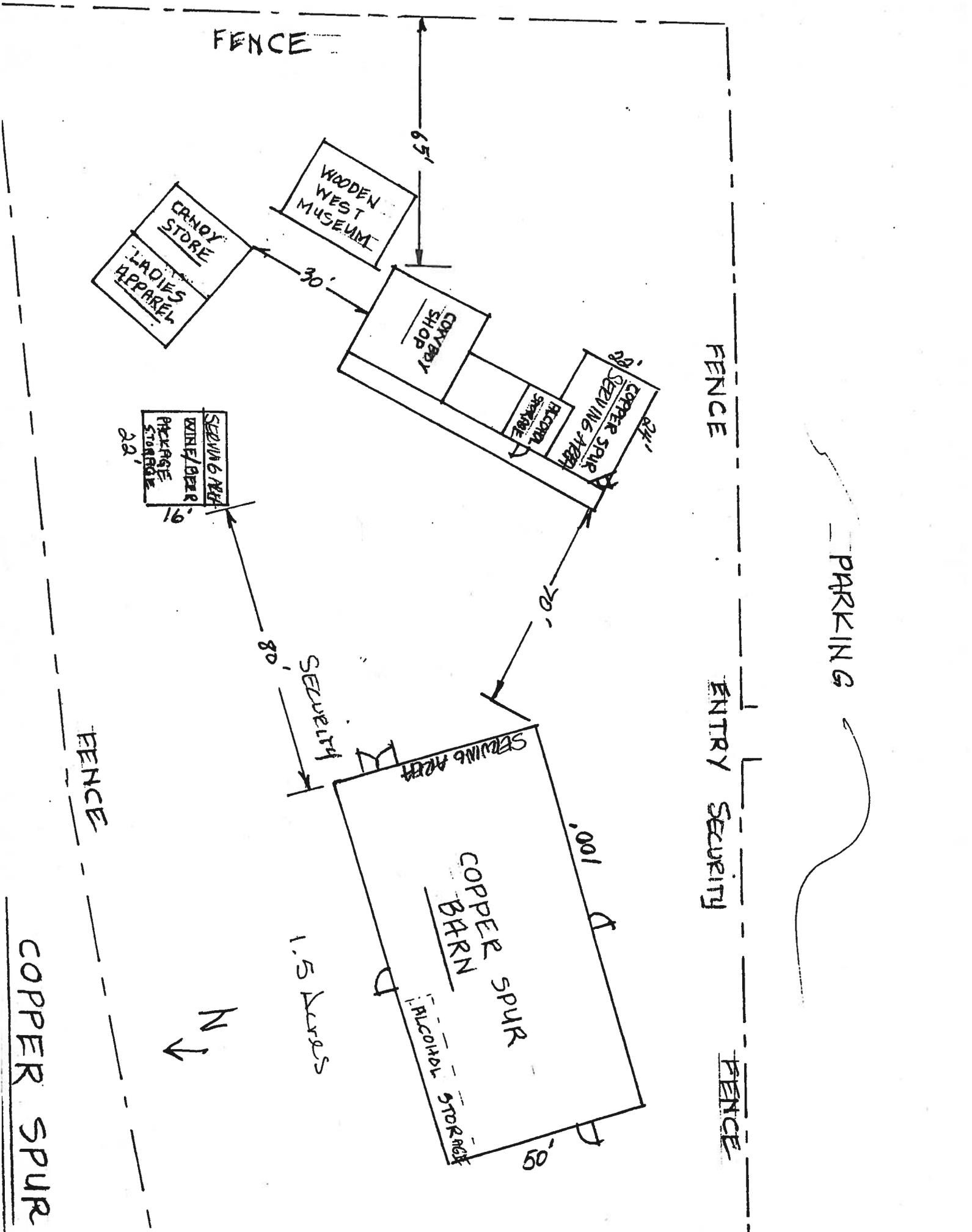
6. Name and address of site owner: Mabery Ranch Company LLC
Last First Middle

1875 Mabery Ranch Road Cottonwood AZ 86326
Address City State Zip

7. Phone Numbers: (928-) 301-5958 (928) 649-8463 (928) 830-0766
Site Owner Applicant's Business Applicant's Residence

\* Disabled individuals requiring special accommodation, please call (602) 542-9027.





COPPER SPUR

State of Arizona Department of Liquor Licenses and Control  
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_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
_____	_____	_____ a.m./p.m.	_____ a.m./p.m.
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Give the total number of days you have held licensed wine festivals this year 30

11. What security and control measures will you take to prevent violations of state liquor laws at this event?  
(List type and number of security/police personnel and type of fencing or control barriers if applicable)

2 # Police  Fencing  
2 # Security personnel  Barriers

The event has security and a gate that security will be handling.

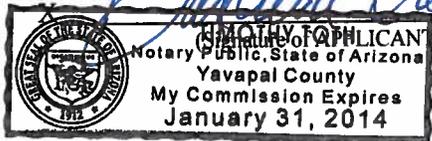
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(Print full name)  
have read the application and the contents and all statements are true, correct and complete.

State of Arizona County of Yavapai

The foregoing instrument was acknowledged before me this

1st day of DECEMBER, 2014  
Day Month Year



My commission expires on: 1/31/2014

[Signature]  
(Signature of NOTARY PUBLIC)

\*\*\* FOR USE BY LOCAL GOVERNING AUTHORITY ONLY \*\*\*

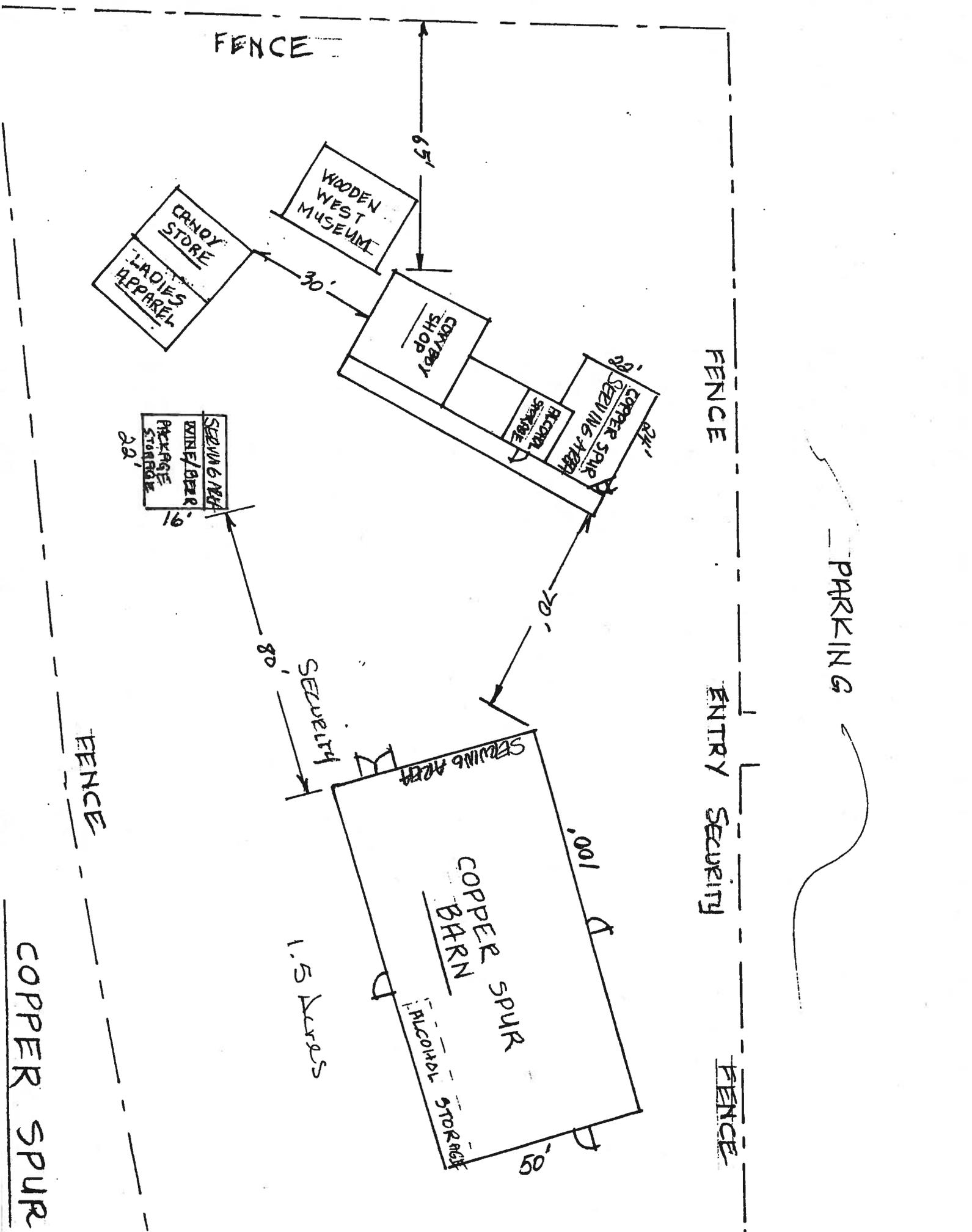
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(Government Official)

\_\_\_\_\_  
(City, Town, or County) (Title) X (Signature of OFFICIAL)

\*\*\* FOR USE BY DLLC ONLY \*\*\*

APPROVED  DISAPPROVED

By: \_\_\_\_\_ Date: \_\_\_\_\_



FENCE

FENCE

ENTRY SECURITY

FENCE

PARKING

WOODEN WEST MUSEUM

CANDY STORE  
LADIES APPAREL

COUNTRY SHOP

COPPER SPUR  
SEWING MACH  
ALCOHOL STORAGE

SEWING & NEED  
WINE/BEER  
PACKAGE STORAGE

COPPER SPUR BARN  
SEWING & NEED  
ALCOHOL STORAGE

FENCE

COPPER SPUR

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Last First Middle

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(Domestic Farm Winery License #)

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Table with 4 columns: DATE, DAY OF WEEK, HOURS FROM, HOURS TO. Row 1: 12/22/10, Wednesday, 5 PM a.m./p.m., 7PM a.m./p.m.

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11. What security and control measures will you take to prevent violations of state liquor laws at this event?  
(List type and number of security/police personnel and type of fencing or control barriers if applicable)

2 # Police  Fencing  
2 # Security personnel  Barriers

The event has security and a gate that security will be handling.

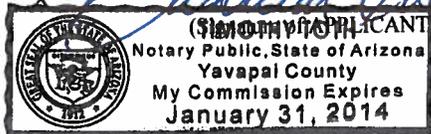
12. Your licensed premises is that area in which you are authorized to sell, dispense, or serve spirituous liquors under the provisions of your license. The following page is to be used to prepare a diagram of your wine festival/fair licensed premises. Please show dimensions, serving areas, fencing, barricades or other control measures and security positions.

I, Barbara Predmore, hereby declare that I am the APPLICANT filing this application. I  
(Print full name)  
have read the application and the contents and all statements are true, correct and complete.

State of Arizona County of Yavapai

The foregoing instrument was acknowledged before me this

1st day of DECEMBER, 2010  
Day Month Year



My commission expires on: 1/31/2014

[Signature]  
(Signature of NOTARY PUBLIC)

\*\*\* FOR USE BY LOCAL GOVERNING AUTHORITY ONLY \*\*\*

I, \_\_\_\_\_, hereby  APPROVE  DISAPPROVE this application on behalf of  
(Government Official)

\_\_\_\_\_  
(City, Town, or County)

\_\_\_\_\_  
(Title)

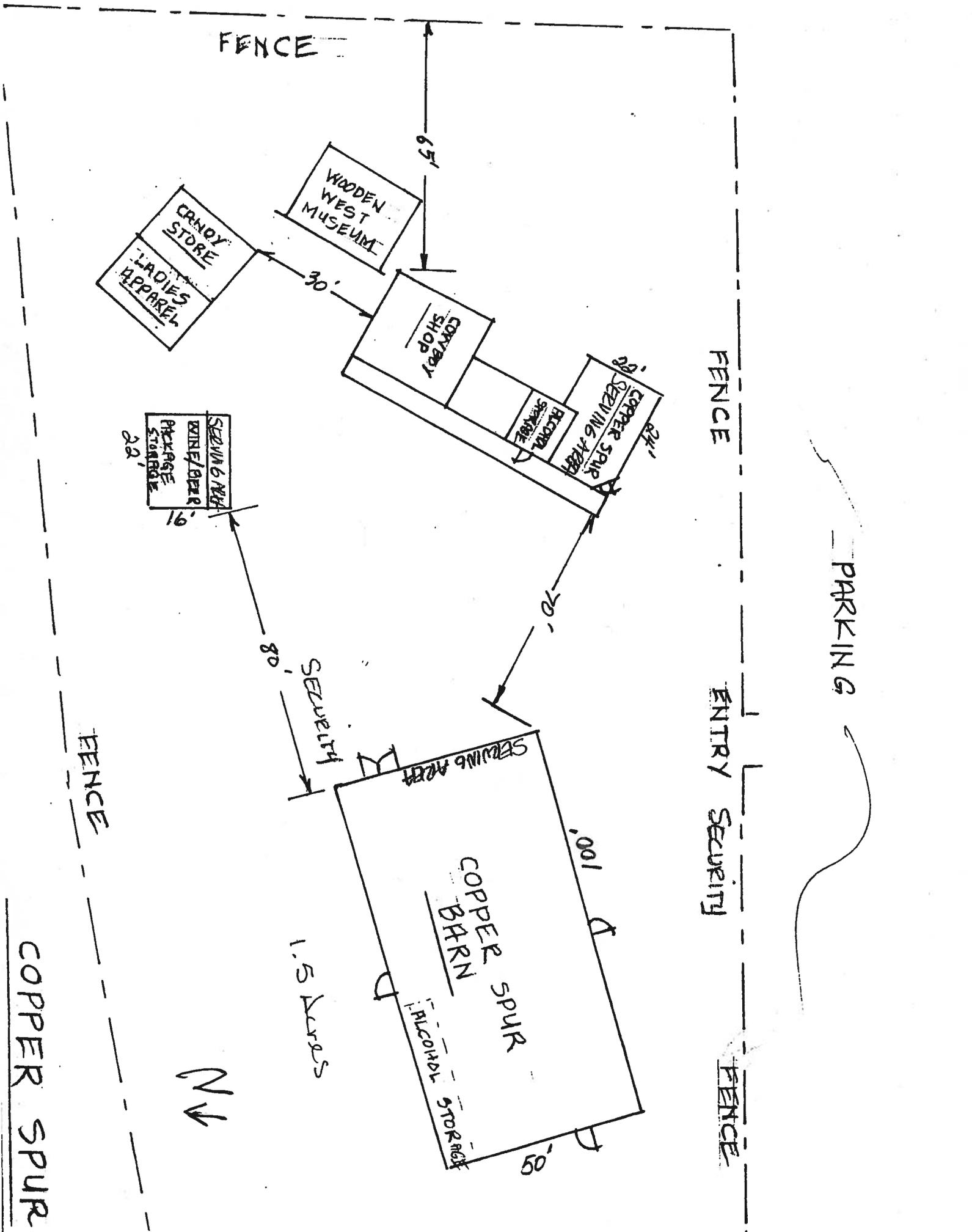
X \_\_\_\_\_  
(Signature of OFFICIAL)

\*\*\* FOR USE BY DLLC ONLY \*\*\*

APPROVED  DISAPPROVED

By: \_\_\_\_\_

Date: \_\_\_\_\_



State of Arizona Department of Liquor Licenses and Control
800 W. Washington, 5th Floor
Phoenix, AZ 85007
www.azliquor.gov
(602)542-5141

APPLICATION FOR WINE FESTIVAL LICENSE/WINE FAIR LICENSE

FEE = \$15.00 per event

A service fee of \$25.00 will be charged for all dishonored checks (A.R.S. 44-6852)

A separate license is needed when days are not consecutive. Only twenty-five (25) licenses per calendar year for up to seventy-five calendar days may be issued, excluding sanctioned county or state fair licenses.

1. Applicant's Name: Predmore Barbara A
Last First Middle

2. Business Name: Alcantara LLC D.F.W. Lic#: 13133010
(Domestic Farm Winery License #)

3. Location of Festival: Blazin' M Ranch 1875 Maybery Ranch Rd. Cottonwood Yavapai 86326
(Physical location - Do not use PO Box) City County Zip

4. Mailing Address: PO Box 64 Cottonwood AZ 86326
City State Zip

5. Date and hours of festival:

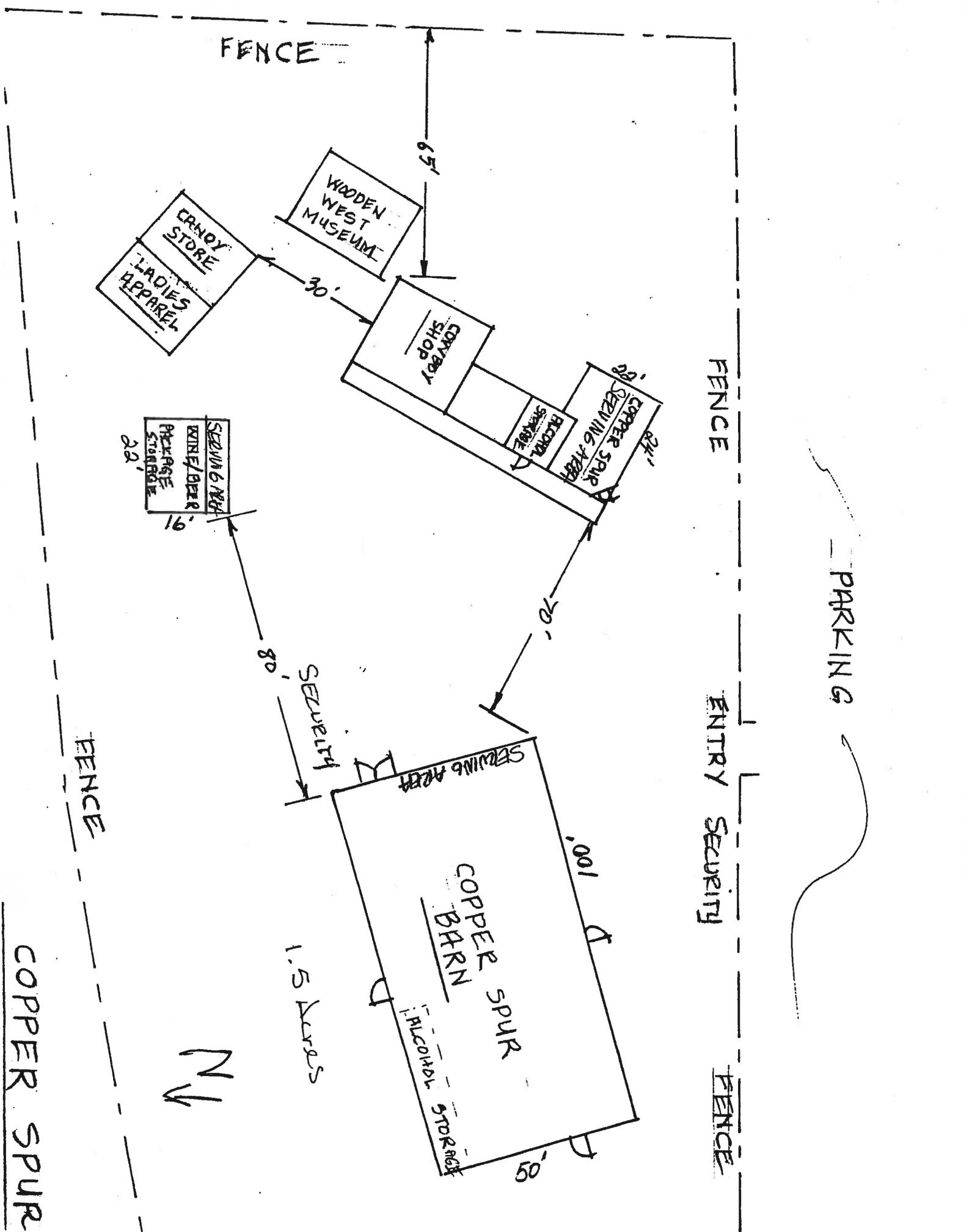
Table with 4 columns: DATE, DAY OF WEEK, HOURS FROM, HOURS TO. Rows include dates 12/26/10, 12/27/10, 12/28/10 and corresponding days and times.

6. Name and address of site owner: Mabery Ranch Company LLC
Last First Middle
1875 Mabery Ranch Road Cottonwood AZ 86326
Address City State Zip

7. Phone Numbers: (928-) 301-5958 (928) 649-8463 (928) 830-0766
Site Owner Applicant's Business Applicant's Residence

\* Disabled individuals requiring special accommodation, please call (602) 542-9027.





PARKING

FENCE

ENTRY SECURITY

FENCE

FENCE

COPPER SPUR

N

City of Cottonwood, Arizona  
City Council Agenda Communication



Meeting Date: December 7, 2010

**Subject: Consent of Assignment of Leasehold Rights to High Five Hangars Condominiums Unit No. 5 from Backus Family Investments, LLC, to Barbarossa Enterprises, LLC ("Lessee"); and Collateral Assignment of Lessee's Leasehold Interest to Country Bank of Prescott, Arizona**

Department: Legal

From: Steve Horton, City Attorney

**REQUESTED ACTION**

Council consideration of a proposed Consent of Assignment of High Five Hangars Condominiums Unit No. 5 from Backus Family Investments, LLC, to Barbarossa Enterprises, LLC ("Lessee"); and Collateral Assignment of Lessee's Leasehold Interest in Favor of Country Bank of Prescott, Arizona.

**If the Council desires to approve this item the suggested motion is:**

"I move to approve the proposed Consent of Assignment of High Five Hangars Condominiums Unit No. 5 from Backus Family Investments, LLC, to Barbarossa Enterprises, LLC ("Lessee"); and the Collateral Assignment of Lessee's Leasehold Interest in Favor of Country Bank of Prescott, Arizona.

**BACKGROUND**

By prior action, both the Council and the Planning and Zoning Commission have approved the conversion of a 5-unit hangar development located on Lot 135 of Cottonwood Airpark Tract One, Parts B and C into a condominium-style development. The project was constructed by Backus Family Investments ("BFI"). Under this arrangement, BFI was allowed to transfer its leasehold rights to the common areas of the project (which is everything but the interior space of the individual condominium units) to a newly formed entity known as the High Five Condominium Association, which will have a Board of Directors that will manage the development in a manner that is similar to a residential condominium. BFI now intends to sell the individual condominium units (including the leasehold rights associated with those units)

to subsequent purchasers, who will then become members of the Association, and Lessees of the City under the Ground Lease.

In accordance with the Council's previous direction, the documents have been drafted so as to require Council approval of all transfers of individual condominium units, both from BFI to the initial purchasers, and from initial purchasers to subsequent purchasers throughout the Term of the Lease. This is the first of those proposed transfers.

Specifically, the *Consent of Assignment* authorizes BFI to transfer its lease rights in Condominium Unit No. 5 to purchaser Barbarossa Enterprises of Roslindale, Massachusetts. The *Collateral Assignment* gives Country Bank of Prescott, Arizona a security interest in Barbarossa's leasehold rights (and certain other rights) in exchange for providing financing for Barbarossa's purchase of the Unit.

### **JUSTIFICATION/BENEFIT/ISSUES**

Both the Council and the Planning and Zoning Commission have approved the conversion of the High Five Hangars project to a condominium-style project, and these documents will allow the developer of the project to sell the first of the five condominium units created pursuant to that conversion, subject to the City's continuing rights as Owner and Lessor of the real property on which the project sits.

### **COST/FUNDING SOURCE**

N/A

### **REVIEWED BY**

City Manager: AB

City Attorney: ✓SH

### **ATTACHMENTS**

*Assignment of Tenant Rights from BFI to Barbarossa Enterprises*  
*Proposed Consent of Assignment*  
*Proposed Collateral Assignment*

**When recorded return to:**  
**City of Cottonwood**  
**827 North Main Street**  
**Cottonwood, AZ 86326**

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**ASSIGNMENT OF TENANT RIGHTS IN  
COTTONWOOD AIRPARK**

**This “Assignment” is legally binding between the parties described below as of \_\_\_\_\_, 2010 (the “Effective Date”).**

**BACKGROUND**

**The Ground Lease**

**A.** The City of Cottonwood, formerly known as the Town of Cottonwood, an Arizona municipality, is the “Landlord” under a Ground Lease Agreement dated May 5, 1983 to encourage economic development of the Cottonwood Airport industrial property to further economic development within the City of Cottonwood.

**B.** Cottonwood Airpark L.C. is the successor in interest to Cottonwood Airpark I, L.C. as successor in interest to Cottonwood Airpark, Inc., which was originally named as “Tenant” under the Ground Lease Agreement.

**C.** A memorandum of the Ground Lease dated May 23, 1983 was recorded January 4, 1984 in Book 1597 Pages 576-581 and thereafter corrected by an instrument recorded July 1, 1985 in Book 1734, pages 11-15 of the records of the Yavapai County Recorder (the “Memorandum of Ground Lease”).

**D.** The Ground Lease Agreement was amended by the First Amendment dated November 30, 1983; the Second Amendment dated March 12, 1985; the Third Amendment dated August 21, 1985; the Fourth Amendment dated February 7, 1989; and the Fifth Amendment dated January 1, 1993; the Sixth Amendment dated July 5, 1994; the Seventh Amendment dated September 16, 1997; the Eighth Amendment recorded December 22, 1998, in Book 3626, Page 140; the Ninth Amendment recorded October 1, 2001, in Book 3867, Page 214; the Tenth Amendment recorded March 17, 2003, in Book 4011, Page 367; the Eleventh Amendment recorded July 20, 2005, in Book 4288, Page 640; the Twelfth Amendment recorded July 20, 2005, in Book 4288, Page 644; the Thirteenth Amendment recorded July 20, 2005, in Book 4288, Page 649; the Fourteenth Amendment recorded January 20, 2006, in Book 4356, Page 475; the Fifteenth Amendment recorded August 21, 2006, in Book 4427, Page 538; the Sixteenth Amendment which was recorded September 3, 2008, in Book 4619, Page 633; and the Seventeenth Amendment which was recorded on February 27, 2009, in Book B-4651,

Page 879.. The Ground Lease Agreement and all Amendments are collectively referred to as the "Ground Lease".

**E.** Thereafter by Assignment, recorded January 20<sup>th</sup>, 2006, in Book 4356 , page 473 of Official Records, CALC assigned an interest as Tenant under the Ground Lease of approximately 8.91 acres located south of Lot #122 of the Replat Cottonwood Airpark Tract One Parts A&B described on the Results of Survey performed by SEC dated June 16<sup>th</sup>, 2005, together with all rights, privileges, easements, appurtenances and improvements thereon to Backus Family Investments, L.L.C. an Arizona Limited Liability Company

**F.** The CITY OF COTTONWOOD and BACKUS FAMILY INVESTMENTS thereafter subdivided the above mentioned parcel of land which is now legally described as COTTONWOOD AIRPARK TRACT ONE -PARTS B & C, recorded in the offices of the Yavapai County Recorder at Book 58, Page 57. Dated, March 13<sup>th</sup>, 2007

**G.** Backus Family Investments, LLC, hereafter referred to as ("BFI") with the consent of the City of Cottonwood, as Recorded in the Official Records of Yavapai County, Book 4758 Page 624, has submitted the lease of lot #135 of Cottonwood Airpark Tract One-Parts B&C to the condominium form of ownership, as a Leasehold Condominium, pursuant to A.R.S. # 33-1216, et seq., and has submitted the Lease to the terms and conditions of the Declaration of Leasehold condominium, Recorded in the official records of Yavapai County Book 4758, Page 623. Specifically, the Lease of the Common Areas designated in the Plat attached to the Declaration of Leasehold Condominium has been assigned to High Five Hangars Owners Association, Inc. It is contemplated that in the future, Units 1 through 5, designated in said Plat., shall be transferred to purchasers of said Units from BFI; however, it is specifically understood and agreed that the City of Cottonwood must consent to each of said transfers, and all subsequent transfers.

## **ASSIGNMENT**

**Now, therefore, for valuable consideration received, the parties agree that:**

**1. Incorporation by Reference.** The facts, circumstances, descriptions and definitions contained in the Background section of this Assignment are hereby incorporated by reference as an integral part of this Assignment, as are all Exhibits.

**2. Assignment.** As of the Effective Date, BFI hereby sets over, assigns and transfers to Assignee all of BFI's rights as Tenant to Unit # 5 of the above mentioned Units designated in said Plat. Specifically Unit # 5, Parcel # 406-08-068E of The High Five Hangars Condominium Plat. BFI hereby specifically reserves all other rights to all other parcels which it possesses as Tenant under the Ground Lease.

**3. Acceptance of Assignment and Indemnity.** By signing below, ASSIGNEE hereby accepts the assignment of all BFI's rights, duties, obligations

and undertakings under the Ground Lease as to the Assigned Unit #5 designated in the Plat attached to the Declaration of Leasehold condominium and agrees to fully and faithfully perform all duties, obligations and responsibilities arising thereunder. Assignee hereby agrees to indemnify, defend and hold Landlord, BFI, its Members, Managers, attorneys and accountants harmless for, from and against all costs, claims or charges arising from the Ground Lease relating to the Assigned unit or from the Assigned unit arising after the Effective Date of this Assignment.

**4. Legal Fees.** If either party finds it necessary to employ legal counsel or to bring an action at law, at equity, or other proceeding against the other party to enforce or interpret any of the terms, covenants or conditions of this Assignment, then the prevailing party shall be paid its costs and actual attorneys' fees by the losing party, including those incurred in mediation, arbitration, on appeal, if any, and those incurred in Federal bankruptcy court. If judgment is secured by the prevailing party, then all costs and fees shall be included in that judgment which judgment shall bear interest at 12% per year until paid in full.

**5. No Other Obligations.** Except as stated herein, there are no other warranties, representations, promises or obligations on the part of BFI to ASSIGNEE. The Assigned Unit, the improvements, if any, located thereon and the Assigned Unit is transferred in "as-is" and "where-is" condition. This transfer and assignment is made without warranty or representation of any kind or nature by BFI or its agents or the City of Cottonwood or its agents. Assignee is relying on its own investigation and evaluation for the suitability of the Assigned Unit for its uses. No statements or promises concerning the condition of the Assigned Unit, the suitability of the Assigned Unit for the intended use, the condition of the air, water, ground, economic conditions, future development of the Airpark, air service, or any other fact have been made by any employee or agent of Backus Family Investments, LLC , or any other agent, member or representative of BFI. Assignee is relying solely and exclusively on its own independent evaluation and investigation regarding the price and terms for acquisition of this Assigned Unit. Assignee acknowledges that its has received a true and complete copy of the Ground Lease as amended and as defined above and that it must deal directly with the City as its Landlord for all matters arising after the Effective Date.

**6. Notices.** All notices, consents, approvals, waivers or other items given or required to be given by one party to the other shall be in writing; these "Notices" shall be delivered by one of these methods:

- a. If personally delivered, then notice is effective on the next business day following receipt; or
- b. If delivered by mail, Notice is deemed given and delivered 72 hours after being deposited in any duly authorized United States mail depository, postage prepaid, registered or certified, return receipt requested; or

- a. If sent by a reputable overnight courier service (e.g., Federal Express), addressed as set forth below, the Notice shall be deemed effective on the next business day following receipt, as evidenced by the receipt obtained by the courier service.
- b. If sent by telecopier to the phone number listed below, then Notice shall be deemed delivered on the next business day following receipt, as evidenced by a successful transmission report.
- c. Notice to an attorney is not complete until the next business day following actual receipt; addresses and fax numbers for an attorney should be confirmed by checking with the Arizona State Bar Association in Phoenix, Arizona. Notice addresses shall be changed by providing the new address to all of the other parties in conformance with these provisions.

All Notices shall be addressed as indicated below:

**If to BFI :** c/o Craig D. Backus, Member- Manager  
841 Lanny Lane  
Clarkdale, AZ 86324  
Fax: 928-639-2890

**If to Landlord:** City of Cottonwood.  
825 North Main Street  
Cottonwood AZ. 86326

**If to Assignee:** Barbarossa Enterprises, LLC  
c/o Fredrick R. Bieber  
110 Newburg Street  
Roslindale, MA 02131

**7. Further Documentation.** Each party agrees in good faith to execute such further or additional documents as become necessary or appropriate to carry out the intent and purpose of this Agreement.

**8. Counterparts and Facsimiles.** This Agreement may be executed by facsimile or in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

**ASSIGNEE:**  
**Barbarossa Enterprises, LLC**

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**By its authorized signatory:**

**By** \_\_\_\_\_  
Fredrick R. Bieber, Managing Member



**“CONSENT”**

**CONSENT OF CITY OF COTTONWOOD TO  
ASSIGNMENT OF TENANT RIGHTS IN  
Unit # 5, OF THE HIGH FIVE HANGARS CONDOMINIUMS  
PARCEL NUMBER 406-08-068E**

When recorded return to:  
City Clerk  
City of Cottonwood  
827 North Main Street  
Cottonwood, AZ 86362

CONSENT OF CITY OF COTTONWOOD TO  
ASSIGNMENT OF TENANT RIGHTS IN  
UNIT #5 OF THE HIGH FIVE HANGARS CONDOMINIUMS  
PARCEL NUMBER 406-08-68E

Once fully executed, this Consent is legally binding as of \_\_\_\_\_, 2010  
(the "Effective Date").

BACKGROUND

The Ground Lease

- A. The City of Cottonwood, formerly known as the Town of Cottonwood, an Arizona municipality, is the "Landlord" under a Ground Lease Agreement dated May 5, 1983, which seeks to serve the public interest by providing opportunities for industrial development, and by promoting economic development and the creation of new employment opportunities.
- B. Cottonwood Airpark L.C. ("CALC") is the successor in interest to Cottonwood Airpark I, L.C. as successor in interest to Cottonwood Airpark, Inc., which was originally named as "Tenant" under the Ground Lease Agreement.
- C. A memorandum of the Ground Lease dated May 23, 1983, was recorded January 4, 1984 in Book 1597, pages 576-581 and thereafter corrected by an instrument recorded July 1, 1985 in Book 1734, pages 11-15 of the records of the Yavapai County Recorder (the "Memorandum of Ground Lease").
- D. The Ground Lease Agreement was amended by the First Amendment dated November 30, 1983; the Second Amendment dated March 12, 1985; the Third Amendment dated August 21, 1985; the Fourth Amendment dated February 7, 1989; and the Fifth Amendment dated January 1, 1993; the Sixth Amendment dated July 5, 1994; the Seventh Amendment dated September 16, 1997; the Eighth Amendment recorded December 22, 1998, in Book 3626, Page 140; the Ninth Amendment recorded October 1, 2001, in Book 3867, Page 214; the Tenth Amendment recorded March 17, 2003, in Book 4011, Page 367; the Eleventh Amendment recorded July 20, 2005, in Book 4288, Page 640; the Twelfth Amendment recorded July 20, 2005, in

Book 4288, Page 644; the Thirteenth Amendment recorded July 20, 2005, in Book 4288, Page 649; the Fourteenth Amendment recorded January 20, 2006, in Book 4356, Page 475; the Fifteenth Amendment recorded August 21, 2006, in Book 4427, Page 538; the Sixteenth Amendment which was recorded September 3, 2008, in Book 4619, Page 633; and the Seventeenth Amendment which was recorded on February 27, 2009, in Book B-4651, Page 879. The Ground Lease Agreement and all Amendments are collectively referred to as the "Ground Lease".

- E. Thereafter by Assignment, recorded January 20, 2006, in Book 4356, Page 473 of Official Records, CALC assigned an interest as tenant under the Ground Lease of approximately 8.91 acres located south of Lot #122 of the Replat of Cottonwood Airpark Tract One Parts A & B described on the Results of Survey performed by SEC dated June 16, 2005, together with all rights, privileges, easements, appurtenances and improvements thereon to Backus Family Investments, L.L.C. an Arizona Limited Liability Company.
- F. The City of Cottonwood and Backus Family Investments thereafter subdivided the above mentioned parcel of land which is now legally described as Cottonwood Airpark Tract One-Parts B & C, recorded in the office of the Yavapai County Recorder in Book 59, Page 57, dated March 13, 2007.
- G. Backus Family Investments, L.L.C., ("BFI") and with the Consent of the City of Cottonwood, as Recorded in the Official Records of Yavapai County, Book 4758 Page 624, has submitted the Lease of Lot # 135 of the Cottonwood Airpark Track One-Parts B&C to the condominium form of ownership, as a Leasehold Condominium, pursuant to A.R.S. § 33-1216, *et seq.*, and has submitted the Lease to the terms and conditions of the Declaration of Leasehold Condominium, as Recorded in the Official Records of Yavapai County, Book 4758 Page 623. Specifically, the Lease of the Common Areas designated in the Plat attached to the Declaration of Leasehold Condominium has been assigned to High Five Hangars Owners Association, Inc. It is contemplated that in the future, Units 1 through 5, designated in said Plat, shall be transferred to purchasers of said Units from BFI; however, it is specifically understood and agreed that the City of Cottonwood must consent to each of said transfers, and all subsequent transfers.
- H. The Ground Lease requires the written consent of the City of Cottonwood to the assignment by BFI of its rights as Tenant under the Ground Lease to ASSIGNEE. The City of Cottonwood has indicated that it will grant its consent to this transaction by execution and delivery of this Consent, in consideration for and subject to the covenants and conditions recited below.

I. Landlord, BFI and ASSIGNEE hereby specifically reaffirm the following language from the First Amended Ground Lease dated May 5, 1983:

a. The Town of Cottonwood ("Landlord") is an Arizona municipality which seeks to serve the public interest by providing opportunities for industrial development, and by promoting economic development and the creation of new employment opportunities.

b. Landlord and Tenant jointly will serve the public interest by providing residents of Cottonwood with access to improved job opportunities on the property.

### AGREEMENT

Now, therefore, for valuable consideration received, The City of Cottonwood agrees that:

1. Consent. The City of Cottonwood hereby consents to the Assignment by BFI to ASSIGNEE of its rights under the Ground Lease to Unit # 5 of The High Five Hangars Condominiums as designated in the Condominium Plat and Declaration of Leasehold Condominium and further described as parcel number 406-08-068E. Such consent to be effective upon execution of this instrument by ASSIGNEE, provided, however, that during the entire Term of the Lease and any extensions thereof, any and all transfers of individual condominium units shall be subject to review and approval by the Cottonwood City Council.
2. Acceptance of Assignment and Promise to Perform. By its signature below, ASSIGNEE hereby accepts, reaffirms and agrees to faithfully perform all of BFI's duties, obligations and undertakings with respect to the Unit.
3. Release. In exchange for ASSIGNEE's faithful performance hereunder, and as of Effective Date of this Agreement, the City as Landlord under the Ground Lease, hereby:
  - 3.1 Certifies that formal approval of the Assignment to ASSIGNEE is hereby granted by the City;
  - 3.2 Acknowledges and agrees that BFI has assigned its rights, duties and obligations to the Unit as designated in the Condominium Plat and Declaration of Leasehold Condominium to ASSIGNEE. Landlord agrees to look solely to ASSIGNEE and the High Five Hangars Owners Association for collection of all rents and other amounts arising from the Ground Lease for the Unit after the

Effective Date of this Consent and releases BFI (and its predecessors) as Tenant from all obligations or duties arising under the Ground Lease relative to the Unit;

- 3.3 Acknowledges receipt of all rent and other amounts owed by Tenant to Landlord under the Ground Lease with respect to the Unit as of the Effective Date;
  - 3.4 Ratifies, affirms and confirms the validity of all other terms and conditions of the Ground Lease;
  - 3.5 Confirms that, to Landlord's knowledge, there are no uncured defaults or breaches by Tenant under the Ground Lease;
  - 3.6 Agrees that the property taxes for the Unit shall be separately assessed and paid by ASSIGNEE;
  - 3.7 Acknowledges that ASSIGNEE may encumber its leasehold interest in the Unit to Purchase or construct certain improvements which may be subject to an encumbrance in favor of a Lender. Landlord agrees to provide notice to the Lender and in the event of a default by ASSIGNEE under the Ground Lease pertaining to the Unit if requested by such Lender, and will execute a separate instrument to that effect if asked to do so.
  - 3.8 Acknowledges that pursuant to Section 20 of the Ground Lease the address for the Tenant under the Unit is;  
110 Newburg Street, Roslindale MA 02131
  - 3.9 NAME OF ASSIGNEE:  
Barbarossa Enterprises, LLC, c/o Frederick R. Bieber, Managing Member
  - 3.10 Affirms that the Term of the Lease to the Lot runs until December 31, 2033.
4. Ratification of Ground Lease with Respect to the Unit. Except as modified herein, the terms and conditions contained in the Ground Lease with respect to the Unit are hereby ratified, confirmed and continue in full force and effect. The Term Commencement date of December 1983 began a 25-year term as to certain portions of the Lease and a 50- year Term as to certain other portions. The Lease also granted options for renewal. The parties intend to ratify and affirm the length of the Term and of all other rights and obligations under the Ground Lease with respect to the Unit. The parties represent that to the best of their knowledge and belief, there are no other amendments, modifications, supplements or other agreements or understandings with respect to the subject matter of this Consent (i.e., the Unit) except for those identified herein. The City as

Landlord further acknowledges (i) that BFI as Tenant has paid all rent due with respect to the Unit, and (ii) that, to the City's knowledge, BFI has fully performed all of its obligations and is in good standing under the Ground Lease with respect to the Unit.

5. Further Documentation. The City agrees in good faith to execute such further or additional documents as become necessary or appropriate to carry out the intent and purpose of this Consent.
6. Counterparts and Facsimiles. This Consent may be executed by facsimile or in any number of counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

This Consent is legally binding as of the Effective Date regardless of the actual date of signing, provided that it shall not take effect until it is fully executed by both the City and ASSIGNEE.

The undersigned Representatives of the City of Cottonwood hereby personally affirm and certify that there has been full compliance with all requirements for approval of the Assignment by the City and do further affirm and certify that this Consent is hereby approved, ratified and accepted by the City of Cottonwood.

**THE CITY OF COTTONWOOD:**

---

Diane Joens, Mayor

Approved as to Form:

Attest:

---

Steve Horton, Esq.  
City Attorney

---

Marianne Jiménez, City Clerk

The undersigned ASSIGNEE hereby personally affirms and accepts the duties of ASSIGNEE as outlined above.

**NAME OF ASSIGNEE:**

By: Barbarossa Enterprises, LLC

By: \_\_\_\_\_  
Fredrick R. Bieber, Managing Member

Date: \_\_\_\_\_

State of Arizona    )  
  ) ss.  
County of Yavapai )

On this the \_\_\_\_\_ of \_\_\_\_\_, 2010, before me, the undersigned Notary Public, personally appeared \_\_\_Fredrick R. Bieber\_\_\_\_\_, who is personally known to me or satisfactorily proved himself to be the person who executed the foregoing Consent, acknowledging that he executed the same for the purposes therein contained, being authorized so to do.

\_\_\_\_\_  
Notary Public

My Commission Expires:

When Recorded Return To:  
Country Bank  
Attn: Valerie A. Pickering  
107 E. Willis  
Prescott, AZ 86301  
Loan #19203-110188

COLLATERAL ASSIGNMENT OF LESSEE'S LEASEHOLD INTEREST  
AND CONSENT

DATE: \_\_\_\_\_, 20\_\_

BANK: Country Bank  
107 E. Willis  
Prescott, Arizona 86301 ("BANK")

LESSEE: Barbarossa Enterprises, LLC ("LESSEE")

LESSOR: City of Cottonwood, an Arizona Municipality ("LESSOR")

OBLIGATION SECURED: This Collateral Assignment of Leasehold ("Assignment") is granted to secure:

That certain promissory note, (Note) dated \_\_\_\_\_, \_\_\_\_\_, executed by Barbarossa Enterprises, LLC, (Lessee) payable to the order of Bank, which evidences a loan (Loan) to Country Bank in the amount of \$108,000.00 plus interest as provided in the Note, and all extensions, renewals, modifications or substitutions thereof.

Lessee's performance under the terms in the Note. Lessee's performance of any terms in this Assignment, and lessee's performance of any terms in that certain leasehold deed of trust, and security agreement which secures, or otherwise relates to the Note.

LEASEHOLD PROPERTY ("PROPERTY")

That certain real property situated in Yavapai County, Arizona and more particularly described as: Unit #5, of the High Five Hangars Condominiums, which is subject to that certain Declaration of Leasehold Condominium recorded at Book 4758, Page 623, Yavapai County Records, and herein referred to as 668 South Airpark Road Cottonwood Arizona. Parcel #406-08-068E.

RECORDING DATA

COTTONWOOD AIRPARK, L.C., an Arizona Limited Liability Company, formerly known as COTTONWOOD AIRPARK I, L.C., an Arizona Limited Liability Company, Successor by mesne instruments to COTTONWOOD AIRPARK, INC., as Lessee under the terms, conditions and stipulations of that unrecorded lease dated May 5, 1983, as disclosed by Memorandum of Lease by and between the TOWN OF COTTONWOOD, an Arizona Municipality (Lessor) and COTTONWOOD AIRPARK, INC. (Lessee); Term of 25 years for airport related area and 50 years for all other tracts, dated May 23, 1983, recorded January 4, 1984 in Book 1597 of Official Records, page 576-581 and thereafter corrected by an instrument recorded July 1<sup>st</sup>, 1985 in Book 1734, pages 11-15 of the records of Yavapai County Recorder (Memorandum of Ground Lease)

The Ground Lease Agreement was amended by the First Amendment dated November 30, 1983; the Second Amendment dated March 12, 1985; the Third Amendment dated August 21, 1985; the Fourth Amendment dated February 7, 1989; and the Fifth Amendment dated January 1, 1993; the Sixth Amendment dated July 5, 1994; the Seventh Amendment dated September 16, 1997; the Eighth Amendment recorded December 22, 1998, in Book 3626, Page 140; the Ninth Amendment recorded October 1, 2001, in Book 3867, Page 214; the Tenth Amendment recorded March 17, 2003, in Book 4011, Page 367; the Eleventh Amendment recorded July 20, 2005, in Book 4288, Page 640; the Twelfth Amendment recorded July 20, 2005, in Book 4288, Page 644; the Thirteenth Amendment

recorded July 20, 2005, in Book 4288, Page 649; the Fourteenth Amendment recorded January 20, 2006, in Book 4356, Page 475; the Fifteenth Amendment recorded August 21, 2006, in Book 4427, Page 538; the Sixteenth Amendment which was recorded September 3, 2008, in Book 4619, Page 633; and the Seventeenth Amendment which was recorded on February 27, 2009, in Book B-4651, Page 879.. The Ground Lease Agreement and all Amendments are collectively referred to as the "Ground Lease".

Thereafter by Assignment, recorded January 20<sup>th</sup>, 2006, in Book 4356 , page 473 of Official Records, CALC assigned an interest as Tenant under the Ground Lease of approximately 8.91 acres located south of Lot #122 of the Replat Cottonwood Airpark Tract One Parts A&B described on the Results of Survey performed by SEC dated June 16<sup>th</sup>, 2005, together with all rights, privileges, easements, appurtenances and improvements thereon to Backus Family Investments, L.L.C. an Arizona Limited Liability Company

The CITY OF COTTONWOOD and BACKUS FAMILY INVESTMENTS thereafter subdivided the above mentioned parcel of land which is now legally described as COTTONWOOD AIRPARK TRACT ONE -PARTS B & C, recorded in the offices of the Yavapai County Recorder at Book 58, Page 57. Dated, March 13<sup>th</sup>, 2007

Backus Family Investments, LLC, with the CONSENT of the City of Cottonwood submitted the lease of lot #135 of Cottonwood Airpark Tract One-Parts B&C to the condominium form of ownership, as a Leasehold Condominium, pursuant to A.R.S. # 33-1216, et seq., as described in that certain Declaration of Leasehold Condominium recorded at Book 4758, Page 623, Yavapai County Records.

#### RECITALS

- A. Lessor owns the real property described as Unit #5 of The High Five Hangars Condominiums according to the plat of record in the office of the County Recorder, Yavapai County, Arizona, recorded at Book 4758, Page 623, Yavapai County Records.
- B. Lessee has applied for a Loan from Bank. Bank is willing to make the Loan if Lessee collaterally assigns its interest in the Lease to Bank as security for the Loan and if Lessor acknowledges and consents to such an assignment. Such an assignment requires the consent of Lessor.
- C. To induce Bank to make the Loan, continue to extend credit to Lessee, and accept the assignment of the Lease as security for the Note, the parties have entered into the following:

#### AGREEMENTS:

1. To secure the Note, Lessee assigns, transfers, and grants a security interest in and to all of Lessee's rights, title and interest in the Lease and Lessee's leasehold estate in the Property to Bank as security for the Note, with the consent of Lessor, for the remainder of the term of the Lease, together with all renewals, extensions or substitutions thereof. Lessee will not modify, terminate or substitute the Lease without the prior written consent of Bank.
2. Lessor shall not alter, amend or modify the Lease without the prior written consent of Bank. Lessor, without incurring any liability on said Loan to Lessee, consents to the collateral assignment. In the event this assignment is invoked by Bank, it shall become the substitute lessee under the Lease and perform the obligations of the Lessee. Lessor further agrees to allow Bank, after assigning the Lease from Lessee to Bank, to reassign the Lease pursuant to Section 12 of the Lease to another person or entity, subject to the Lessor's approval, which approval shall not be unreasonable withheld. Upon assumption of all of Lessee's obligations under the Lease by a party approved by Lessor, Lessor shall release Bank from any further obligation hereunder.
3. Upon the occurrence of an Event of Default under the Lease, whether it be monetary or non-monetary, Lessor shall notify Lessee and Bank in writing of the nature and occurrence of any Event of Default and of the period of time permitted by the Lease for the remedy thereof pursuant to Section 17 of the Lease. Lessee agrees that an Event of Default under the Lease shall be default under the Loan. Bank agrees that it will notify Lessor of any

default of Lessee under the loan as well as for any foreclosure or other actions taken in response to a default by the Lessee under the Loan.

4. Any lien relative to the Lessee's Leasehold that Lessor may now have or that arises in the future is and shall be subordinate and inferior to Bank's security interest, lien or mortgage on the Lessee's Leasehold interest pursuant to Section 9 of the Lease.

5. This Agreement shall inure to the benefit of and bind the heirs, personal representatives, successors and assigns of the parties; provided however, that Lessee may not assign, transfer or delegate any of the rights or obligations under this Agreement.

BANK: Country Bank, an Arizona corporation

By: \_\_\_\_\_  
Mark Tufte, VP

LESSEE: Barbarossa Enterprises LLC

By: \_\_\_\_\_  
Frederick R Bieber, Manager

LESSOR: City of Cottonwood, an Arizona municipality

By: \_\_\_\_\_  
Diane Joens, Mayor

Attest:

By : \_\_\_\_\_  
Marianne Jiménez, City Clerk

Approved as to Form Only

By: \_\_\_\_\_  
Steven B. Horton, Esq.  
City Attorney

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF YAVAPAI )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 20\_\_ by Mark Tufte as VP on behalf of Country Bank, an Arizona corporation.

My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF YAVAPAI )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2010, by \_\_\_\_\_.

My commission expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF YAVAPAI )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2010, by Diane Joens, Mayor, on behalf of City of Cottonwood, an Arizona Municipality.

My commission expires:

\_\_\_\_\_  
Notary Public

City of Cottonwood, Arizona  
City Council Agenda Communication



Meeting Date: December 7, 2010

Subject: Resolution #2547 - Fund Balance Policy

Department: Finance Department

From: Jesus R. Rodriguez, Administrative Services General Manager

**REQUESTED ACTION**

Staff requests that Council review and approve Resolution #2547 adding a new section, Section XVII - Fund Balance Policy, to the City's Financial Operations Guide (FOG), and establish an effective date.

**If the Council desires to approve this item the suggested motion is:**

I move that the City Council approve Resolution #2547 adding Section XVII - Fund Balance Policy, to the City's Financial Operations Guide (FOG), and establishing an effective date.

**BACKGROUND**

With Governmental Accounting Standards Board (GASB) Statement 54 required implementation date being June 30, 2011, it has become increasingly important to get this policy in place. GASB 54 establishes five categories of fund balance, each having a description and purpose as noted in this statement.

-  Non-spendable
-  Restricted
-  Committed
-  Assigned
-  Unassigned

The policy addresses the requirements, however, will be modified over the course of the next few years as more information becomes available on the topic.

**JUSTIFICATION/BENEFITS/ISSUES**

As a fiscally prudent government, we need to maintain adequate levels of fund balance to mitigate the current economic slump, provide protections for future fiscal risks, and to ensure stable and adequate revenue streams while keeping taxes, rates and fees at reasonable levels.

Maintaining sufficient fund balance is also a critical component of our long-term financial planning process. Additionally, credit rating agencies carefully monitor levels of fund balance and unreserved fund balance in a government's general fund and other funds to evaluate a government's creditworthiness. Ratings agencies favor higher levels of fund balance; however, taxpayers and citizens' groups consider high levels as excessive.

**COST/FUNDING SOURCE**

There are no associated costs with the new policy and all fund balance is to be maintained through responsible fiscal management.

**REVIEWED BY:**

City Manager: DRB

City Attorney: ✓SH

**ATTACHMENTS**

Resolution #2547 - Fund Balance Policy

Attachment "A" - Fund Balance Policy

Attachment "B" - Governmental Accounting Standard Board - Statement #54

RESOLUTION NUMBER 2547

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, AMENDING THE CITY'S FINANCIAL OPERATIONS GUIDE BY ADOPTING A NEW SECTION XVII, FUND BALANCE POLICY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council adopted Resolution Number 975 on December 16, 1986, adopting the "Town of Cottonwood Financial Operations Guide;" and

WHEREAS, the City Council has determined it to be in the best interest of the City to add a Fund Balance Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, THAT:

Section 1: Section XVII, Fund Balance Policy, as set forth in "Exhibit A," attached hereto and incorporated herein, is hereby inserted in the City's Financial Operations Guide.

Section 2: This Resolution shall be effective upon adoption.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, ARIZONA, THIS 7TH DAY OF DECEMBER, 2010.

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Diane Joens, Mayor  
City of Cottonwood, Arizona

APPROVED AS TO FORM:

ATTEST:

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Steve Horton, Esq., City Attorney,  
City of Cottonwood, Arizona

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Marianne Jiménez, City Clerk  
City of Cottonwood, Arizona

SUBJECT: FUND BALANCE POLICY

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**I. Purpose:**

To ensure financial stability, the City of Cottonwood desires to manage its financial resources by establishing fund balance/net asset ranges for selected funds. This will ensure the City maintains a prudent level of financial resources to provide sufficient cash flow for daily financial needs, secure and maintain investment grade bond ratings, offset significant economic downturns and revenue shortfalls, and provide funds for unforeseen expenditures related to emergencies.

**II. Definitions:**

A. **Fund Balance:** Fund balance means the difference between fund assets and fund liabilities as reported in a governmental fund. Furthermore, Government Accounting Standard Board (GASB) Statement 54 establishes the following fund balance classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

1. **Non-spendable fund balance** includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
2. **Restricted fund balance** includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
3. **Committed fund balance** includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
4. **Assigned fund balance** comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
5. **Unassigned fund balance** is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

B. **Net Assets:** Net assets are the difference between assets and liabilities as reported in a financial reporting unit such as proprietary funds and fiduciary funds.

SUBJECT: FUND BALANCE POLICY

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- C. Fund Balance Range: Fund balance range is the range of amounts this policy has set within which the City means to maintain the undesignated fund balance.
- D. Surplus: Surplus is the amount by which the undesignated fund balance exceeds the upper limit of the fund balance range.
- E. Shortfall: Shortfall is the amount by which the lower limit of the fund balance range exceeds the undesignated fund balance.
- F. Expenditures: Expenditures are all uses of financial resources, budgeted for any purpose, and include operating and capital expenses, debt service, and transfers to other funds.
- G. Operating Expenditures: Operating expenditures are uses of financial resources for personnel, supplies, services and materials, and exclude capital expenses, debt service, and transfers to other funds.

**III. Fund Balance Range:**

Fund balance ranges are established for each governmental fund type which contains operating expenses, as well as, the proprietary funds. The amounts set for each fund are based on the predictability of revenues, volatility of expenditures, and liquidity requirements of each fund and may need to be reviewed periodically.

The calculation of the various fund balances to proposed expenditures will be established as part of the budget preparation process taking the previous year's revised expenditures and the established fund ratio to determine the ensuing budget year's fund balance requirements.

**IV. Designations for Proprietary Funds:**

Unrestricted net assets in proprietary funds do not necessarily represent resources available for appropriation. This is due to the fact that capital assets are included in proprietary funds and are offset in unrestricted net assets. Since it is not likely the organization will sell the capital asset in order to fund operations, its value is not available for appropriation. In order to take this into account when calculating the ratio related to the fund balance range, staff will identify the portion of unrestricted assets that does not represent resources available for appropriation and consider the amount "designated".

**V. Funds:**

- A. General Fund: The fund balance for the General Fund consists of several balances for multiple purposes. These balances are depicted below.
  - 1. General Fund Balance: The unassigned fund balance range for the General Fund shall be not less than 16.66% and not more than 25% of the total revised budgeted operating expenditures of the General Fund budget.

SUBJECT: FUND BALANCE POLICY

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2. **General Fund Capital Accumulation Fund:** The assigned fund balance range for the GF Capital Accumulation Fund shall be any current accumulation plus not less than 2.67% of the total revised budgeted operating revenues of the General Fund budget. Currently capped at \$1,000,000.
  3. **Public Safety Capital Accumulation Fund:** This restricted fund balance range is an accumulation of the City's .2% sales tax after all current library bonded debt service is satisfied. The fund balance requirement for this fund should not fall below \$100,000 with no upper limit.
  4. The City may establish additional committed, assigned, or unassigned fund balances in any amount as deemed necessary.
- B. **Highway User Revenue Fund (HURF):** The restricted fund balance range for the HURF shall be not less than 5% and not more than 16.66% (60 days) of the total budgeted revenues of the HURF.
- C. **Library Fund:** The assigned fund balance range for the Library Fund shall be not be less than 0% and not more than 5% of the total budget revised expenditures of the Library Fund budget.
- D. **Enterprise Funds:** The fund balance range for the Enterprise Funds, including maintenance, operations and administration shall be not less than 25% (90 days) and not more than 33.3% (120 days) of the total budgeted operating expenses of the Fund. For the purpose of calculation, this reserve shall be in addition to all other required reservation of net assets including, but not limited to, amounts restricted for debt service, amounts reserved for replacement of capital assets, amounts set aside for resource development, and/or required bond covenants.
- E. **Capital Projects Fund:** The capital projects fund was created to account for resources (such as the local government infrastructure sales surtax) designated to construct or acquire general fixed assets and major improvements. Occasionally, these projects may extend beyond a single fiscal year. Therefore, although no specific reserve requirement is established for the capital projects fund, at a minimum, the fiscal year-end assigned and unassigned fund balance, coupled with estimated revenues for the ensuing fiscal year, must be sufficient to fund all outstanding capital fund obligations.
- F. **Debt Service Fund:** The restricted fund balance for the Debt Service Fund is dictated by a bond indenture or similar agreement to be reserved for debt service payments in the event the government defaults on its debt.

SUBJECT: FUND BALANCE POLICY

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**VI. Surplus:**

If it is determined there is a surplus (an amount in excess of the upper limit of the fund balance range for any fund), the funds are to be designated or appropriated at the next budget cycle for the following purposes in order of priority:

- A. Eliminate shortfalls in related funds. Any General Fund surplus shall be transferred to cover shortfalls within HURF, Library Fund, or any other fund initiated by the City to provide City services. Any Utilities Operating Fund surplus shall be transferred to the respective Utilities Capital Improvements Fund.
- B. Reduction or avoidance of debt. If there is short-term debt within the fund the surplus may be applied to reduce or eliminate the debt if financial analysis proves this to be advantageous for the City. If a borrowing is scheduled, the surplus may be used to reduce the principal amount the City needs to obtain if financial analysis proves this to be advantageous for the City.
- C. Applied to a replacement program. Surplus funds may be used to supplement or enhance a capital replacement program such as vehicle, personal computer, or heavy equipment replacement, or any other capital replacement program initiated by the City.
- D. One-time capital needs. Since a surplus does not represent a recurring source of revenue it should not be used to fund a recurring expense; however, if a one-time capital expenditure has been identified, but not already funded through an appropriation, the surplus may be appropriated for this use.
- E. Tax, fee, or rate stabilization. Surplus funds may be designated for stabilization in order to avoid raising taxes, fees, or rates related to the fund in subsequent years.

**VIII. Shortfall:**

If it is determined there is a shortfall (an amount below the lower limit of the fund balance range for any fund), the fund balance is to be replenished through the following mechanisms in order of priority:

- A. With exception of the HURF, Proprietary Fund, and Fiduciary Fund, a distribution of surplus from other related funds as delineated under "Surplus" category.
- B. An appropriation during the next annual budget process of at least 20% of the lower limit of the fund balance range until the lower limit has been reached.
- C. If this is financially infeasible, a written plan shall be forwarded by the Administrative Services General Manager to the City Manager for Council approval in order to restore the fund balance to an amount within the range within a practical time frame. This plan may require reduction of services, increases in taxes, fees, or rates, or some combination thereof.



Governmental Accounting Standards Board  
of the Financial Accounting Foundation

March 2009

## ***GASB Statement Brings Greater Clarity and Consistency to Fund Balance Reporting***

Fund balance refers to the difference between assets and liabilities in the governmental funds balance sheet. This information is one of the most widely used elements of state and local government financial statements.

Of central importance to the credit reviews performed by municipal bond analysts, fund balance information also is used by taxpayer associations, research organizations, oversight bodies, state, county and local legislators and their staffs, and reporters. Financial statement users examine fund balance information to identify the available liquid resources that can be used to repay long-term debt, reduce property taxes, add new governmental programs, expand existing ones, or enhance the financial position of the government.

The Governmental Accounting Standards Board (GASB) has found that, despite its popularity and usefulness, the value of fund balance information is significantly diminished by misunderstandings regarding the messages it conveys and inconsistency in governments' financial reporting practices.

In order to enhance how fund balance information is reported and improve its decision-usefulness, in March 2009 the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

### **How Will Fund Balance Be Reported?**

This Statement is designed to improve financial reporting by establishing fund balance classifications that are easier to understand and apply. In essence, it establishes a hierarchy based largely on the extent to which a government is bound to observe spending constraints that govern how it can use amounts reported in the governmental funds balance sheet.

Statement 54 establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- ***Nonspendable*** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- ***Restricted*** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- ***Committed*** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- ***Assigned*** fund balance comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- ***Unassigned*** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

### **How Have the Fund Type Definitions Been Clarified?**

The Statement also is designed to improve the usefulness of fund balance information by clarifying certain parts of the definitions of governmental fund types that have led to confusion and adversely affected the interpretation of fund balance information. It makes clear, for example, that special revenue funds are created only to report a revenue source (or sources) that is restricted or committed to a specified purpose, and that the revenue source should constitute a substantial portion of the resources reported in the fund.

The basic definition of the debt service fund type remains essentially unchanged. However, the terminology in the definition of the capital project fund type has been clarified to focus on the broader, more consistently understood notion of capital outlays, and to better capture the breadth of capital activities in today's environment.

## **“Rainy-Day” Funds**

The GASB’s research indicates that information about amounts set aside for emergencies is very important to financial statement users. Because of the importance associated with these balances, Statement 54 clarifies how rainy-day amounts can be reported by treating stabilization arrangements as a specified purpose. Consequently, amounts constrained to stabilization will be reported as restricted or committed fund balance in the general fund if they meet the other criteria for those classifications. However, stabilization is regarded as a specified purpose only if the circumstances or conditions that signal the need for stabilization (a) are identified in sufficient detail and (b) are not expected to occur routinely. Governments are required to disclose in the notes key information about their stabilization arrangements, including the authority by which they were established, provisions for additions to the stabilization amount, and circumstances under which those amounts may be spent.

Some governments create stabilization-like arrangements by establishing formal minimum fund balance policies. Because users are interested in information about those minimum fund balance policies and how governments comply with them, governments are required to explain their minimum fund balance policies, if they have them, in notes to the financial statements.

### **What Other Note Disclosures Will Be Required?**

Under Statement 54, governments will disclose their accounting policies that indicate the order in which restricted, committed, assigned, and unassigned amounts are spent, in circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications. For example, a town may have a state grant for public safety activities (restricted), proceeds from a portion of its own property tax that the town council voted could only be used for public safety (committed), and general revenues available for public safety spending (unassigned). The disclosure would identify the order in which the town will spend those resources. Governments already are required to make similar disclosures regarding restricted and unrestricted net assets.

In addition, governments are required to describe the processes through which they commit and assign fund balance amounts. Governments also are required to disclose the purpose for each major special revenue fund—identifying which specific revenues and other resources are authorized to be reported in each.

### **How Did the GASB Incorporate Constituent Feedback?**

During the project that led to Statement 54, the GASB went through two rounds of public comment, beginning with an Invitation to Comment that was issued in October 2006. The input received from constituents in response to that due process document guided the development of changes that the GASB proposed in an Exposure Draft in April 2008.

Though the final standards retain the basic reporting requirements presented in the Exposure Draft, the GASB did make a number of changes based on public feedback and further study that are worth highlighting. With respect to fund balance classifications, the GASB significantly changed its proposal for reporting negative balances (see the earlier definition of unassigned fund balance). The GASB decided that deficits created as a result of overspending for a specific purpose should first reduce amounts assigned to other purposes within the fund. After eliminating those funds, a negative residual balance should be reported as negative unassigned fund balance.

The GASB decided to eliminate the heading *spendable* because constituents were concerned it might incorrectly be inferred that anything not classified as *nonspendable* could be considered spendable for any purpose. Also, the GASB agreed with constituents that the *limited* classification did not sufficiently convey the substance of the classification and determined that the term *committed* would be a better term.

The GASB also clarified how a government should report when it does not have an accounting policy guiding the order in which amounts from various fund balance classifications are spent. For such governments, the Statement establishes a default policy that should be applied, in which restricted amounts are used first, followed by committed, assigned, and unassigned amounts in that order, for purposes of reporting fund balance.

Finally, as mentioned previously, the GASB clarified terminology in the definition of the capital projects fund type largely in response to feedback received from respondents to the Exposure Draft.

### **When Do the Standards Take Effect?**

Governments are required to implement Statement 54 for fiscal years first ending June 30, 2011. Fund balance reclassifications should be applied retroactively by restating fund balance for all prior periods presented in the financial statements. Changes to the fund balance information presented for prior years in the statistical section are not required, although retroactive application is encouraged. Early implementation of Statement 54 is encouraged.

City of Cottonwood, Arizona  
City Council Agenda Communication



Meeting Date: December 7, 2010  
Subject: **Award of Bid - Transaction Privilege Tax Audit Services**  
Department: City Manager  
From: Doug Bartosh, City Manager

**REQUESTED ACTION**

Staff is requesting approval to award bid #FIN – 10-01, Transaction Privilege Tax (TPT) Auditing Services Contract.

**If the Council desires to approve this item the suggested motion is:**

I move to approve the awarding of bid #FIN – 10-01, Transaction Privilege Tax (TPT) Auditing Services Contract to Don Zelechowski, CPA.

**BACKGROUND**

The City of Cottonwood is part of the State of Arizona Department of Revenue collection system. The City, however, also adopted the option to allow independent Transaction Privilege Tax (TPT) auditing to take place. As a result the City of Cottonwood has been doing TPT auditing for nearly sixteen (16) years.

The service not only involves enforcement of TPT regulations, but provides an educational component to the process. Some of the additional services being provided include assistance to taxpayers on a one-to-one basis, as well as assisting the City with TPT related matters. In the past, the auditor has assisted the City with projects such as research on the impacts of the food tax, restaurant and beverage tax, and rental tax collections.

It should be noted that Don Zelechowski, CPA was the only proposer to this RFP. Since he was the only proposer, we did not convene a selection committee to rate the submission, as it is costly to do so with only one qualified proposer. The proposal submitted by Mr. Zelechowski did meet all the requirements of the RFP, including the stringent insurance requirements which are new to this RFP.

Mr. Zelechowski has done an outstanding job for the City of Cottonwood over the past nearly 16 years and continues to work well with his clients and the staff. We have received many favorable comments on the quality of his work and his treatment of taxpayers and their reporting issues.

**JUSTIFICATION/BENEFITS/ISSUES**

There is one issue that needs to be brought up and that is of a conflict of interest on the part of the Administrative Services General Manager. Though they have a professional working relationship, it is only proper that I as the City Manager make the recommendation and allow the City Council to make the final decision.

**COST/FUNDING SOURCE**

The proposal is in compliance with all the requirements of the RFP, at a \$52.50 hourly charge. His hourly rate charge includes all in-state travel expenses and meals.

The annual cost of the services is approximately \$15,000 - \$17,500 and is covered by the General Fund.

**REVIEWED BY:**

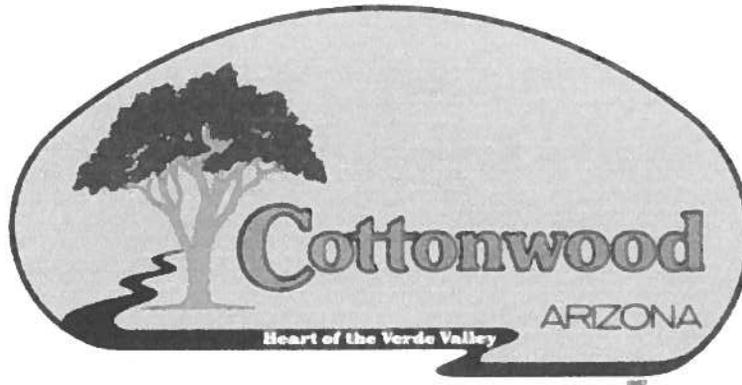
City Manager:     *DAE*    

City Attorney:     *VSH*    

**ATTACHMENTS**

RFP #FIN - 10-01  
Zelechowski Proposal

Request for Proposals  
Transaction Privilege Tax Auditing Services  
RFP # - FIN – 10-01



Due Date is November 12, 2010 at 3:00 p.m.  
City Clerk's Office  
City Hall Building  
827 N. Main St.  
Cottonwood, Arizona 86326

Prepared by:  
Jesus R. Rodriguez, CGFM  
Administrative Service General Manager  
City of Cottonwood  
816 N. Main St.  
Cottonwood, Arizona 86326  
October 27, 2010

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October 27, 2010

**Public Notice**

The City of Cottonwood, Arizona, is accepting sealed proposals for Transaction Privilege Tax Auditing Services for the City of Cottonwood. Bids will be accepted until 3:00 p.m., November 12, 2010 at the City Clerk's Office, located at the Cottonwood City Hall, 827 North Main Street, Cottonwood, Arizona.

Bids will be opened and read publicly at the Cottonwood Finance and Human Resources Building, 816 North Main Street, Cottonwood, Arizona, shortly after close of deadline for submittals.

Proposal specifications and any additional information may be obtained from the City of Cottonwood Administrative Services General Manager, 816 North Main Street, Cottonwood, Arizona 86326, or by going on-line at [www.cottonwoodaz.gov](http://www.cottonwoodaz.gov). For questions, contact Jesus "Rudy" Rodriguez, Administrative Services General Manager, at (928) 634-0060 x202.

The City of Cottonwood reserves the right to reject any and all proposals, and/or waive any informality in the proposal as deemed in the best interest of the City.

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Marianne Jiménez  
City Clerk

Publish Verde Independent: October 31 & November 7, 2010

CITY OF COTTONWOOD  
Request for Proposals

The City of Cottonwood (City) hereby solicits qualified and interested individual/firms (Proposer(s)) to submit proposals and qualifications for providing the City with Transaction Privilege Tax Auditing Services. The intent of the City is to contract with a single individual/firm to provide all services as listed herein; however, the right is reserved by the City to award in part, in whole, or in any combination which, in the sole opinion of the City, is determined to be in the best interest of the City.

1. **GENERAL TERMS AND CONDITIONS OF THE REQUEST FOR PROPOSAL**

1.1 Submittals, in ten (10) copies, marked "**Transaction Privilege Tax Auditing Services**" will be received no later than **3:00 P.M.**, Local Time Prevailing, on November 12, 2010, at the:

City Clerk's Office  
827 North Main Street  
Cottonwood, Arizona 86326

1.2 Should you decide to utilize an express delivery service, please note that we are located at the same address above. **Proposals will not be accepted via Fax machine or Internet E-mail.**

1.3 Mark the outside of envelope with "**RFP - Transaction Privilege Tax Auditing Services.**"

1.4 Please initial each page at the location indicated at the bottom. Failure to do so may deem the proposal to be unresponsive.

1.5 Time is of the essence and any proposal or addenda pertaining thereto received after the announced time and date for submittal, whether by mail or otherwise, will be rejected. It is the sole responsibility of the Proposer to ensure that their proposals are stamped by City Clerk personnel before the deadline indicated in Section 1.1. Proposals and/or any addenda pertaining thereto received after the announced time and date of receipt, by mail or otherwise, will be returned. However, nothing in this RFP precludes the City from requesting additional information at any time during the procurement process.

1.6 If you are an individual with a disability and require a reasonable accommodation, please notify the Finance Department at (928) 634-0060, three working days prior to need.

1.7 Nothing herein is intended to exclude any responsible firm or in any way restrain or restrict competition. On the contrary, all responsible firms are encouraged to submit proposals. The City of Cottonwood reserves the right to award in part or in whole or to reject any or all proposals.

- 1.8 Any proposal submitted **MUST** include the Signature Sheet, which has been signed by an individual authorized to bind the Proposer. All proposals submitted without such signature may be deemed non-responsive.
- 1.9 RFP Process: Proposers are to submit written proposals, which present the Proposer's qualifications and understanding of the work to be performed. The proposal should be prepared simply and economically and should provide all the information, which the Proposer considers pertinent to its qualifications for the services and which respond to the Scope of Services and Evaluation Criteria listed herein. Emphasis should be placed on completeness of services offered and clarity of content. **To assist in the evaluation process, Proposers should limit their response to 3 single sided typed pages.**
- 1.10 If you desire not to respond to this proposal, please forward your acknowledgment of "**NO PROPOSAL SUBMITTED**" to the above address. Failure to comply may be cause for removal of your company's name from any City vendor list.
- 1.11 Minority Bidders: The City of Cottonwood encourages all businesses, including minority-owned and women-owned businesses to respond to all Invitations to Bid and/or Requests for Proposals.

## 2. **SELECTED TERMS AND CONDITIONS OF THE CONTRACT**

- 2.1 **Non-Appropriations:** The continuation of the terms, conditions, and provisions of this contract beyond the fiscal year is subject to approval and ratification by the Cottonwood City Council and appropriation by them of the necessary money to fund said contract for each succeeding year.
- 2.2 **Contract Termination:** This contract may be terminated by either party, without cause, upon 30 days written notice. In the event of termination by the City, with or without cause, there shall be no penalty and the Proposer shall not be entitled to damages. The Proposer shall only be entitled to any outstanding payment in accordance with the Contract.
- 2.3 **Insurance:** Before commencing the work, and as a condition precedent to payment for the work, the Proposer must provide the City, as additional insured, with a copy of Commercial General Liability Certificate of Insurance in the minimal amount of \$1,000,000 combined single limit for bodily injury and property damage per occurrence, with a \$2,000,000 aggregate. Coverage must include broad form contractual, broad form property damage and personal injury, premises operation, and independent contractors and subcontractors coverage. Plus, there must be attached, a copy of the Certificate of Insurance on Auto Liability for all owned, non-owned and hired vehicles in the amount of \$1,000,000 combined single limit for bodily injury and property damage per occurrence, with a \$2,000,000 aggregate.

The Proposer and any subcontractors shall obtain and maintain the Insurance as specified at its expense for the duration of its work. The policies evidencing required Insurance shall contain an endorsement to the effect that cancellation or any material change in policies

adversely affecting the interests of the City and in no event less than thirty (30) days after written notice thereof to the City.

2.4 **Term:** The contract will commence on January 01, 2011, for a three-year period ending December 31, 2013. The City reserves the right to terminate the contract pursuant to Section 2.2 above.

3. **SCOPE OF SERVICES**

3.1 The auditor shall express an opinion on the true Transaction Privilege Tax (TPT) liability for each entity or individual audited.

3.2 Auditor must be available to answer sales tax questions over the telephone when not in the office.

3.3 Auditor must be available to provide sales tax support to finance and administration staff, as well as individuals and businesses.

3.4 **Statements:** Monthly statements must be forwarded to the following address properly itemized: City of Cottonwood Accounts Payable, 816 North Main Street, Cottonwood, AZ 86326

4.0 **PROJECT / CONTRACT DESCRIPTION / PROPOSER QUALIFICATIONS**

4.1 Term of Contract: Any resulting contract shall become effective January 1, 2011 upon approval by City Council and shall be in effect for a period not to exceed three (3) years. The right is reserved to terminate the contract with a 30 day written notice as deemed to be in the best interest of the City.

4.2 The Proposer shall possess the staff (if applicable), experience, equipment and abilities to successfully provide all needed services. The Proposer, and all employees and agents of the Proposer, shall fully comply with all City, state, and federal laws and/or mandates applicable to the services to be furnished.

1. Must have a minimum of a bachelor's degree in accounting, finance, business or related field from an accredited university.
2. Must be a Certified Public Accountant in Arizona and in good standing.
3. Should have five years experience in Transaction Privilege Tax (TPT) audit and review, and at least 3 years of experience in Municipal TPT audit and review
4. Must provide own transportation to and from audit sites.

4.3 **Insurance specifications:** The Proposer shall carry and maintain insurance in the limits and with all requirements listed below:

The Proposer shall carry Commercial General Liability Insurance in the amount specified below, including the contractual liability assumed by the Proposer, and shall deliver Certificate of Insurance from carriers acceptable to the Localities specifying such limits, with The City of Cottonwood named as an additional insured. In addition, the insurer shall agree to give each respective local government 30 days notice of its decision to cancel coverage.

1. Workmen's Compensation and Employer's Liability:  
**Limits of Liability:** Coverage must be in accordance with the laws of The State of Arizona in which the service is to be performed, but the employer's liability limits of at least \$100,000 each occurrence.
  
2. Automobile Liability, including Owned, Non-Owned and Hired Car Coverage:  
**Limits of Liability:**   Single Limit:                   \$1,000,000 each occurrence  
                                  Aggregate                         \$2,000,000
  
3. Comprehensive General Liability (CGL):  
**Limits of Liability:**   Single Limit:                   \$1,000,000 each occurrence  
                                  Bodily Injury or Death Aggregate             \$2,000,000

Contractual Liability covers the following indemnity agreement:  
The Proposer shall indemnify and hold harmless the City against and from all liability, claims, damages and costs, including attorney fees of every kind and nature and attributable to bodily injury, sickness, disease or death or to damage or destruction of property resulting from or in any manner arising out of or in connection with the service and the performance of the work under this contract.

5. **RESPONSIBILITIES**

- 5.1 The City shall:
1. Provide to Proposer all information in possession of the City which relates to the City's requirements for the services or which is relevant to the contract.
  2. Examine all reports, analysis, studies, tests, results, proposals and any other documents presented by the Proposer.
  3. Designate a person to act as the City's representative with respect to the services to be performed under any resulting contract. Such person shall have the authority to transmit instructions, receive information, interpret and define locality policy and decisions pertaining to Proposer's services.

5.2 The Proposer shall provide:

1. A statement of its understanding of the work, descriptions of the audit approach and the procedures to be employed.
2. An hourly rate schedule to be charged by all individuals involved for performing the audits. Also indicate the anticipated level of hourly rates to be charged over the next two years.
3. Include any additional out-of-pocket expenses.
4. Biographies, including experience, of the individuals who will be assigned to the audits, and relevant experience of each individual who may be assigned. This would include your experience with performing audits under the Model Tax Code as adopted by League of Arizona Cities and Towns.
5. Names, addresses and telephone numbers of persons who may be contacted for references (minimum of 3 requested). Please direct your references to services you perform for providing audits under the model tax code.

6. **AUDITING STANDARDS TO BE FOLLOWED**

6.1 Audits shall be performed in accordance with generally accepted auditing standards and determine compliance with the City of Cottonwood Model Tax Code.

7. **SPECIFIC TERMS AND CONDITIONS OF THE REQUEST FOR PROPOSAL**

7.1 **EVALUATION CRITERIA**

7.1.1 These criteria are to be utilized in the evaluation of qualifications for development of the shortlist of those Proposers to be considered for interviews and/or potential negotiations. Proposers are required to address each evaluation criteria in the order listed and to be specific in presenting their qualifications.

1. Experience/qualifications of Proposer. Proposer's proposed staff, if any, experience with contracts for services similar in scope. (20 points)
2. Capabilities, features, etc., of the proposed services and the degree to which the proposed service meets the needs of the City. The Proposer's understanding of the scope of services and its approach to providing the Services. (10 points)
3. Overall quality of response. (Quality of services, goods, professional reputation, etc.) (10 points)

4. References of only similar contracts. The Proposer must have a demonstrated history of reliable and dependable service as evidenced by third party references. (10 points)
5. Cost. (50 points)

## 7.2 SELECTION PROCEDURE

- 7.2.1 Selection shall be made on the basis of the factors stated in section 7.1 Evaluation Criteria of this Request for Proposal. The City shall select the Proposer who, in its opinion, has made the best proposal and award the contract to that Proposer, upon approval by the City Council.

## 7.3 REFERENCES

- 7.3.1 All Proposers shall include a list of a minimum of three references, from similar projects only, who could attest to the individual/firm's knowledge, quality of work, timeliness, diligence, flexibility, and ability to meet budget constraints. Include business names, contact persons, and phone numbers of all references.
- 7.3.2 References may or may not be reviewed or contacted at the discretion of the City. Typically, only references of the top ranked short-listed Proposer or Proposers are contacted. The City reserves the right to contact references other than, and/or in addition to, those furnished by a Proposer.

## 7.4 BASIS FOR AWARD

- 7.4.1 Information and/or factors gathered during interviews, negotiations and any reference checks, in addition to the evaluation criteria stated in the RFP, and any other information or factors deemed relevant by the City, shall be utilized in the final award.

## 7.5 NO CONTACT POLICY

- 7.5.1 After the date and time established for receipt of proposals by the City, any contact initiated by any Proposer with any City representative, other than the Finance Department representative listed herein, concerning this request for proposals is prohibited. Any such unauthorized contact may cause the disqualification of the Proposer from this procurement transaction.

## 7.6 FURTHER INFORMATION

- 7.6.1 Any questions which arise as a result of this Request for Proposal may be addressed to Jesus "Rudy" Rodriguez, CGFM, Administrative Services General Manager, (928) 634-0060, ext. 202 or by Internet E-mail to rrodriguez@cottonwoodaz.gov.

**SIGNATURE SHEET**

My signature certifies that the proposal as submitted complies with all Terms and Conditions as set forth in this RFP.

My signature also certifies that the accompanying proposal is not the result of, or affected by, any unlawful act of collusion with another person or company engaged in the same line of business or commerce, or any act of fraud punishable by law.

My signature also certifies that this firm has no business or personal relationships with any other companies or persons that could be considered as a conflict of interest or potential conflict of interest to the City of Cottonwood, and that there are no principals, officers, agents, employees, or representatives of this firm that have any business or personal relationships with any other companies or persons that could be considered as a conflict of interest or a potential conflict of interest to the City of Cottonwood, pertaining to any and all work or services to be performed as a result of this request and any resulting contract with the City of Cottonwood.

I hereby certify that I am authorized to sign as a Representative for the Firm:

**Complete Legal Name of Firm:** \_\_\_\_\_

**Remit to Address:** \_\_\_\_\_

\_\_\_\_\_

**Fed ID No.:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Name (type/print):** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Telephone:** (\_\_\_\_) \_\_\_\_\_ **Fax No.:** (\_\_\_\_) \_\_\_\_\_

**E-mail** \_\_\_\_\_

**Date:** \_\_\_\_\_

To receive consideration for award, this signature sheet must be returned to the City Clerk as part of your response.

# DONALD E. ZELECHOWSKI, CPA

11030 N. 64th St.  
Scottsdale, AZ 85254

Telephone – (480) 367-8421  
E-Mail: TheDonZZ2004@Yahoo.com

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TO : City of Cottonwood– City Clerk’s Office  
827 North Main St.  
Cottonwood, AZ 86326

RE : **RFP – Transaction Privilege Tax Auditing Services**

This letter serves as an offer to contract with your City to provide privilege tax revenue enhancement and auditing services. These services will result in an increase in privilege tax collections for your City, making current budget requests easier to fund. These services will also result in a minimum return of three or more times the contract amount in actual recovered tax revenue. In addition, information projects will assist taxpayers in complying with the Model Tax Code, resulting in an increase in the reporting of City privilege tax revenue. **My fee is \$52.50 per hour of service provided, and I will hold office hours a minimum of two days a month at the offices of the City Finance Dept.**

I operate my business as a sole proprietor and am its only employee. As a Certified Public Accountant in good standing in the State of Arizona, Certificate No. 7536-E, I continue my education through professional education courses in accounting and related areas, and also adhere to a high ethical and moral standard, as required by the State of Arizona Accountancy Board. I am a graduate of Arizona State University with a Bachelor Degree in Accountancy. Arizona State University has been rated as one of the top ten accounting schools in this country for many years. My 24 years of privilege tax auditing experience, including almost 17 years in contract auditing, offers to clients the background and experience that will quickly result in a solid and productive privilege tax audit and enhancement program.

I have been working with the Model Tax Code since its inception in 1987. My first job as a privilege tax auditor began in 1986, as an employee of the City of Scottsdale. I then hired on with the City of Casa Grande where I began their supplemental auditing program in 1988. In 1993, I began this tax auditing business, working with communities throughout the state of Arizona. My client references may be found on the third page.

My audit program emphasizes information projects as well as verification and audit procedures to monitor payment of privilege taxes by area businesses. My comprehensive privilege tax revenue enhancement and audit program has proven results. What is proposed for your community is a program consisting of information projects, tax payment verification, and privilege tax audits. Many businesses often have unreported privilege tax receipts because of a lack of understanding of how the Model Tax Code applies to their activities. **Educating the taxpayer about the tax law applicable to their business activities will result in increased compliance and tax revenue for the City.**

## **Outline of Tax Audit Program**

### **1) Analysis of Businesses Operating in City - to determine the tax reporting status of businesses known to be operating within the City.**

- a) Review business rolls for taxpayer privilege tax account numbers to verify reporting of tax through comparison to tax payment records.
- b) Perform research to determine non-licensed business operators through surveys of physical locations and through review of real property, utility, and building permit records.
- c) Institute license procedures to license non-complying businesses.

### **2) Real Property Rental Analysis - to determine real estate rental properties and verify that the landlords are complying with the tax code.**

- a) Compile a real property rental database from real property ownership records, utility records, building permit records, business registration files, etc.
- b) Review tax payment records to obtain landlord tax account number and confirm tax payments.
- c) Send information letters to property owners to apprise them of real property rental and to verify compliance with tax code.

### **3) Construction Contracting Analysis - to determine taxable construction contracting receipts and to verify contractors are complying with tax code.**

- a) Compile information database on all building permits issued.
- b) Summarize construction permits by contractor and calculate the tax due on construction receipts based on the permit valuation of work performed.
- c) Review tax payment records to obtain contractor tax account number and to compare tax payments on calculation of tax due from estimate based on permit valuation.
- d) Provide information letters to contractors at time of issuance of the building permit to apprise contractors of tax on their business receipts.

### **4) Statistical Analysis of Reporting Businesses - to review and analyze reporting histories of taxpayers for trends and comparative analysis.**

- a) Compare tax payment histories of similar businesses, based upon standard industry codes, for comparative analysis.
- b) Taxpayer information provided upon start of business activities by providing information at initial contact with City, e.g., issuance of building permit or business license.

- c) Brochures and information briefs available to businesses as part of a regular information process of the City, e.g., an information brochure to be sent along with a utility billing.

**6) Privilege Tax Audits of Taxpayer Business Records - to compare the tax liability of the business's receipts to the tax payments made to the City.**

- a) Perform audits of taxpayer businesses that fail to comply with prior City requests for compliance with tax code, following Multi-Jurisdictional Audit Procedures.
- b) Perform audits of taxpayers that appear to be under reporting tax on receipts from available data, e.g., contractor that has been issued permits with work valuations in excess of taxable reported receipts.
- c) Random audits of businesses to establish audit presence and compliance activities.

**Tax Audit Service Client References:**

Diane Archer-Finance Director (Service since 1988)  
City of Casa Grande (520) 421-8600  
510 E. Florence Blvd., Casa Grande, AZ 85222

Betsy Wise-Town Clerk (Service since 1994)  
Town of Carefree (480) 488-3686  
100 Easy St., Carefree, AZ 85377

Rudy Rodriguez-Finance Director (Service since 1994)  
City of Cottonwood (928) 634-0060  
827 N. Main St., Cottonwood, AZ 86326

Mr. Joe Duffy-Finance Director (Service since 1994)  
City of Williams (928) 635-4451  
113 S. First St., Williams, AZ 86046

Mr. Brian M. Wright-Finance Director. (Service since 2007)  
City of Eloy (520) 466-9201  
624 N. Main St., Eloy, AZ 85231

City of Cottonwood, Arizona  
City Council Agenda Communication



Meeting Date: December 7, 2010

**Subject: Award of Bid - Off-site Refueling Services**

Department: Administrative Services

From: Jesus R. Rodriguez, CGFM, Administrative Services General Manager

**REQUESTED ACTION**

Staff is requesting the award of bid #FIN - 10-02, Gasoline and Diesel Fuel offsite refueling stations(s) to SC Fuels.

**If the Council desires to approve this item the suggested motion is:**

**As per bid:**

I move that we award bid #FIN – 10-02, Gasoline and Diesel Fuel offsite refueling stations(s) to SC Fuels for a term of three years beginning January 1, 2011 and ending December 31, 2013.

**As per proposer:**

I move that we award bid #FIN – 10-02, Gasoline and Diesel Fuel offsite refueling stations(s) to SC Fuels for a term of three years beginning January 1, 2011 and ending December 31, 2013, with the option to extend for an additional two (2) one (1) year terms.

**BACKGROUND**

Every three years the City of Cottonwood lets out a Request for Proposal (RFP) for fuel to power all of the City's fleets, including cars, trucks, busses, heavy machinery and equipment. The current contract term ends on September 30, 2010. Currently we are working with the current provide until the new contract is awarded and goes in to effect.

For the past three contract periods (nine years) SC Fuels has been the supplier with no reported unsettled problems. They have always been responsive and capable of resolving any issues promptly. The Commercial Fleet Network (CFN) provided by SC fuels has continued to expand and is readily available throughout the State making it easy to find a CFN provider.

More recently, SC Fuels acquired United Fuel and Energy; however the United staff has remained in place. This was welcome news for the City of Cottonwood, and no major changes were made to how we do business with SC fuels.

As a note, the City of Cottonwood does not go by pump price; it uses the Oil Price Information System (OPIS) as a standard for pricing. OPIS is the most widely accepted fuel price benchmark for supply contracts and competitive positioning. Nearly 100 billion gallons of fuel are pegged annually to OPIS rack, retail and spot prices for U.S. gasoline, diesel, LP-gas, jet fuel, crude, propane, kerosene, ethanol, and biodiesel. OPIS is relied on as the benchmark because OPIS remains completely unbiased and independent. OPIS has no stake in fuel transactions.

The Finance Department sent out three (5) RFPs to Suzy Q, SC fuels, Phoenix Fuels, Trejo Oil Co., and Carter Oil Co. for their participation in the process. Inclusive, it was advertised in the local newspaper, and our website. It is unfortunate that the City received only one proposal from SC Fuels, formerly United Fuel and Energy, which is our current supplier.

We had two bid packages returned undeliverable, Phoenix Fuel and Trejo Oil. Carter Oil and Suzy Q Fuels did not respond.

### **JUSTIFICATION/BENEFITS/ISSUES**

It is unfortunate that no other provider submitted a bid for the offsite fueling services; however, it is not uncommon. SC Fuels has provided excellent services in the past and by keeping them will avoid a transition to another company.

SC fuels has proposed a 3 year agreement with the option to extend for an additional two (2) one year terms if the council so desires.

### **COST/FUNDING SOURCE**

The price for fuel will remain the same as in the past:  
87 Octane Unleaded Gasoline OPIS +\$.12/gallon  
Ultra Low Sulfur Diesel (ULSD) OPIS +\$.11/gallon

Each department pays for their fuel and departments sharing a vehicle have their fuel bill allocated based on department usage.

### **REVIEWED BY:**

City Manager: \_\_\_\_\_

City Attorney: ✓ SH

### **ATTACHMENTS**

RFP #FN - 10-02  
SC Fuels Proposal

**REQUEST FOR PROPOSAL  
RFP# - FIN – 10-02**

**GASOLINE AND DIESEL FUEL  
OFFSITE REFUELING STATION(S)**

Due no later than 3:00 p.m. November 12, 2010 at  
City Clerk's Office  
City Hall Building  
827 N. Main St.  
Cottonwood, Arizona 86326

For inquiries please contact:  
Jesus "Rudy" Rodriguez, C.G.F.M.  
Administrative Services General Manager  
City of Cottonwood  
816 N. Main St.  
Cottonwood, Arizona 86326  
(928) 634-0060 X 202

October 27, 2010

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## **PUBLIC NOTICE**

The City of Cottonwood, Arizona, is soliciting Request for Proposals (RFP) for Gasoline and Ultra Low Sulfur Diesel (ULSD) Fuel Offsite Refueling Station(s). Proposals must be submitted to the City Clerk's Office at 827 North Main Street, Cottonwood, Arizona no later than 3:00 p.m. Friday November 12, 2010. Proposals will be publicly opened and read at the Cottonwood Finance & Human Resources Building, 816 North Main Street, Cottonwood, Arizona.

RFP specifications are on file with the City Clerk and are available for public inspection. RFP documents may be obtained upon request or viewed on the City's website at <http://www.cottonwoodaz.gov>. For questions, contact Jesus "Rudy" Rodriguez, Administrative Services General Manager, at (928) 634-0060 ext. 202.

The City of Cottonwood reserves the right to reject any and all proposals, and/or waive any informality in the proposals as deemed in the best interest of the City.

Marianne Jiménez  
City Clerk

Publish: Verde Independent, October 31 & November 7, 2010

The City of Cottonwood (City) hereby solicits qualified and interested firms (Proposer) to submit proposals and statements of qualifications for providing all supervision, labor, services, equipment, materials, and any assistance necessary to provide the City with Gasoline, and No. 2 Ultra Low Sulfur Diesel (ULSD) Fuel at one or more Offsite Gasoline and Diesel Refueling Station (Services). The intent of the City is to contract with a single company to provide all services as listed herein; however, the right is reserved by the City to award in part, in whole, or in any combination which, in the sole opinion of the City, is determined to be in the best interest of the City.

As described herein, the Services will consist of the Proposer providing 24-hour self-service gasoline and diesel refueling station(s) at strategic locations throughout the City.

1. **GENERAL TERMS AND CONDITIONS OF THE REQUEST FOR PROPOSAL**

1.1 Submittals, in ten (10) copies, marked "Gasoline and Diesel Fuel Offsite Refueling Station(s)" will be received no later than 3:00 P.M., Local Time Prevailing, on November 12, 2010, at the:

City Clerk's Office  
827 North Main Street  
Cottonwood, Arizona 86326

1.2 Should you decide to utilize an express delivery service, please note that we are located at the same address above. **Proposals will not be accepted via Fax machine or Internet E-mail.**

1.3 Mark outside of envelope with **RFP Fuel Bid** and proposal subject, "**Gasoline and Diesel Fuel Offsite Refueling Station(s).**"

1.4 Please initial each page at the location indicated at the bottom. Failure to do so may deem the proposal to be unresponsive.

1.5 Time is of the essence and any proposal or addenda pertaining thereto received after the announced time and date for submittal, whether by mail or otherwise, will be rejected. It is the sole responsibility of the Proposer to ensure that their proposals are stamped by City Clerk personnel before the deadline indicated in Section 1.1. Proposals and/or any addenda pertaining thereto received after the announced time and date of receipt, by mail or otherwise, will be returned unopened. However, nothing in this RFP precludes the City from requesting additional information at any time during the procurement process.

1.6 If you are an individual with a disability and require a reasonable accommodation, please notify the Finance Department at (928) 634-0060, three working days prior to need.

1.7 Nothing herein is intended to exclude any responsible firm or in any way restrain or restrict competition. On the contrary, all responsible firms are encouraged to submit proposals. The City of Cottonwood reserves the right to award in part or in whole or to reject any or all proposals.

- 1.8 Any proposal submitted **MUST** include the Signature Sheet, which has been signed by an individual authorized to bind the Proposer. All proposals submitted without such signature may be deemed non-responsive.
- 1.9 RFP Process: Proposers are to submit written proposals, which present the Proposer's qualifications and understanding of the work to be performed. The Proposer's proposal should be prepared simply and economically and should provide all the information, which it considers pertinent to its qualifications for the project and which respond to the Scope of Services and Evaluation Criteria listed herein. Emphasis should be placed on completeness of services offered and clarity of content. **To assist in the evaluation process, Proposers should limit their response to 10 single sided typed pages.**
- 1.10 Minority Bidders: The City of Cottonwood encourages all businesses, including minority-owned and women-owned businesses to respond to all Invitations to Bid and Requests for Proposals.

## 2. **SELECTED TERMS AND CONDITIONS OF THE CONTRACT**

- 2.1 **Non-Appropriations:** The continuation of the terms, conditions, and provisions of this contract beyond the fiscal year is subject to approval and ratification by the Cottonwood City Council and appropriation by them of the necessary money to fund said contract for each succeeding year.
- 2.2 **Contract Termination:** This contract may be terminated by either party, without cause, upon sixty (60) days written notice. In the event of termination by the City, with or without cause, there shall be no penalty and the Proposer shall not be entitled to damages. The Proposer shall only be entitled to any outstanding payment in accordance with the Contract.
- 2.3 **Right To Audit:** Proposer's records shall be open to inspection and subject to audit and/or reproduction, during normal working hours, by the City to the extent necessary to adequately permit evaluation and verification of any invoices, payments or claims submitted by Proposer. Such records subject to examination shall also include, but not be limited to, those records necessary to evaluate and verify direct and indirect costs (including overhead allocations) as they may apply to costs associated with this contract.

For the purpose of such audits, inspections, examinations and evaluations, the City shall have access to said records from the effective date of this contract, for the duration of the work, and until two (2) years after the date of final payment by the City to Proposer pursuant to this contract.

The City shall have access to Proposer's facilities, shall have access to all necessary records, and shall be provided adequate and appropriate work space, in order to conduct audits in compliance with this article. The City shall give Proposer reasonable advance notice of intended audits.

Proposer shall require all sub contractors, insurance agents, and materials suppliers (payees) to comply with the provisions of this article by insertion of the requirements hereof in a written contract agreement between Proposer and payee. Failure to obtain such written contracts, which

include such provisions, shall be reason to exclude some or all of the related payees' costs from amounts payable to Proposer pursuant to this contract.

If an audit inspection or examination in accordance with the article, discloses overcharges (of any nature) by Proposer to the City in excess of five percent (5%) of the total contract billings, the actual cost of the City's audit shall be paid by Proposer.

- 2.4 **Insurance:** Before commencing the work, and as a condition precedent to payment for the work, the Proposer must provide the City with a copy of Commercial General Liability Certificate of Insurance in the minimal amount of \$1,000,000 combined single limit for bodily injury and property damage per occurrence, with a \$2,000,000 aggregate. Coverage must include broad form contractual, broad form property damage and personal injury, premises operation, and independent contractors and subcontractors coverage. Plus, there must be attached, a copy of the Certificate of Insurance on Auto Liability for all owned, non-owned and hired vehicles in the amount of \$1,000,000 combined single limit for bodily injury and property damage per occurrence, with a \$2,000,000 aggregate.

Inclusive of this requirement are fire and extended casualty coverage for all improvements, equipment and fixtures of the Property, in an amount not less than the full replacement value thereof, to the extent such coverage is available.

Product liability coverage shall be maintained in the amount of \$100,000.00 with Worker's Compensation and employer's liability coverage in the amount required by law.

The Proposer and any subcontractors shall obtain and maintain the Insurance as specified at its expense for the duration of its work. The policies evidencing required Insurance shall contain an endorsement to the effect that cancellation or any material change in policies adversely affecting the interests of the City and in no event less than thirty (30) days after written notice thereof to the City. The Proposer agrees to insert the substance of this clause, including this paragraph, in all subcontracts.

- 2.5 **Indemnification:** The Proposer shall, and hereby expressly agrees, to hold harmless and indemnify the City, all its officers, employees, agents, and representatives, against all losses, claims, actions, judgments, and all liability for injuries to persons, including wrongful death, damage to property, or both, occurring during or in consequence of the performance of this contract. Where such injury or damage is related to or arises out of any mistakes or defect in service delivery or to the actions or negligence of the Proposer, Proposer's employees, subcontractors, or agents of the Proposer.

- 2.6 **Term:** The contract will commence on January 1, 2011, for a three-year period ending December 31, 2013. The City reserves the right to terminate the contract pursuant to Section 2.2 above.

3. **SCOPE OF SERVICES**

3.1 **Gasoline and No. 2 Ultra Low Sulfur Diesel (ULSD).** The Proposer will furnish gasoline and No. 2 Ultra Low Sulfur Diesel fuel to the City of Cottonwood as described below.

3.1.1 The gasoline will be reformulated unleaded 87-octane regular gasoline and shall comply with most recent American Society for Testing and Materials "ASTM" D4814 or latest edition standard specifications for automotive gasoline. The anti knock index (RON + MON/2) must be in compliance with ASTM D4814 or latest edition as it relates to unleaded regular gasoline. **THE MINIMUM ANTI-KNOCK OCTANE FOR REFORMULATED UNLEADED REGULAR GASOLINE SHALL BE 87.**

3.1.2 The diesel fuel shall be all purpose ultra low sulfur diesel (ULSD) fuel oil intended for use in all types of diesel engines under all normal conditions of service. The diesel fuel shall comply with ASTM D-975, *Grade No. 1-D S15*—A special-purpose, light middle distillate fuel for use in diesel engine applications requiring a fuel with 15 ppm sulfur (maximum) and higher volatility than that provided by Grade No. 2-D S15 fuel, with a cetane rating of 45. Cetane rating will be computed using the ASTM D-976 method. Using this standard, a required octane rating of 45 has a tolerance, but with this tolerance, it may not be lower than 40 cetane. The calculated cetane method will be used to determine cetane rating of fuel delivered. Please refer to ASTM D-976, latest edition, for test method to ensure cetane rating of 45 is being delivered. No cetane enriching additives are to be used. Only ultra low sulfur No. 2 diesel fuel with sulfur content of 0.0015% or less will be accepted.

3.2 **Gasoline and Diesel refueling station(s).** The Proposer shall furnish gasoline and diesel refueling station(s) at strategic locations throughout the City for refueling of City fleet vehicles and heavy equipment.

3.2.1 The Proposer shall provide refueling station(s) that are operational and open 24 hours a day, seven (7) days per week. If only one station is available, the Proposer shall provide options for providing refueling services meeting all the RFP requirements.

3.2.2 The refueling station(s) must be accessible to all City fleet vehicles and heavy equipment.

3.2.3 The refueling station(s) shall provide product that meets these basic requirements:

- A. Regular unleaded gasoline with a minimum anti-knock octane rating of 87.
- B. Diesel fuel with cetane rating range of 40 to 45 with no cetane enriching additives.

3.2.4 For refueling station(s), the Proposer shall provide a fuel card/fleet card method of payment. The card must identify the following information: vehicle number, mileage, type of product, unit cost, amount of fuel dispensed, and extended cost.

3.3 **Pricing:** All references within the price proposal to a firm discount and/or a firm differential shall remain firm for the duration of any resulting contract. However, a Proposer offering

either method shall still maintain his pricing based on the posted price of his selected producing refiner(s).

- 3.3.1 Price offered shall be based as of the date of January 1, 2011.
- 3.3.2 The Proposers are to use for posting prices a terminal pipe operator doing business in Arizona or refinery postings in Phoenix, Arizona. Prices will escalate or decrease off changes on average weekly product prices for both gasoline and No. 2 ultra low sulfur diesel fuel per Oil Price Information Services (OPIS) for Phoenix, Arizona.
- 3.3.3 Price notification: The Proposer shall, on a weekly basis, notify the City of the delivered price. Attached to each change notification will be a photocopy of the OPIS price sheet for the current week.
- 3.3.4 **As the City is not tax exempt; the Proposer shall include applicable taxes prior to issuing any invoices for product to the City.**
- 3.4 **Invoicing:** Invoices must be provided to the user at the time of fueling. Invoices must include at minimum the department , vehicle number, mileage (as provided by the user), type of product, unit cost, amount of fuel dispensed, and extended cost.
- 3.5 **Statements:** Monthly statements must be forwarded to the following address properly itemized as to the department, vehicle number, type of fuel, number of gallons, price per gallon, tax applicable, and/or point of refueling: City of Cottonwood Accounts Payable, 816 North Main Street, Cottonwood, AZ 86326

4.0 **PROJECT / CONTRACT DESCRIPTION / PROPOSER QUALIFICATIONS**

- 4.1 Term of Contract: Any resulting contract shall become effective January 1, 2011 upon approval from the City Council and shall be in effect for a period not to exceed three (3) years. The right is reserved to terminate the contract with a 30 day written notice as deemed to be in the best interest of the City.
- 4.2 The Proposer shall be an independent, duly licensed and/or certified Proposer and possess the staff, experience, equipment and abilities to successfully provide all needed services. The Proposer, and all employees and agents of the Proposer, shall fully comply with all City, state, and federal laws and/or mandates applicable to the services to be furnished.
- 4.3 Insurance specifications: The Proposer shall carry and maintain insurance in the limits and with all requirements listed below:

The Proposer shall carry Commercial General Liability Insurance in the amount specified below, including the contractual liability assumed by the Proposer, and shall deliver Certificate of Insurance from carriers acceptable to the Localities specifying such limits, with the City of Cottonwood named as an additional insured. In addition, the insurer shall agree to give thirty (30) days notice of its decision to cancel coverage.

1. Workmen's Compensation and Employer's Liability:

**Limits of Liability:** Coverage must be in accordance with the laws of The State of Arizona in which the service is to be performed, but the employer's liability limits of at least \$100,000 each occurrence.

2. Automobile Liability, including Owned, Non-Owned and Hired Car Coverage:

<b><u>Limits of Liability:</u></b>	Single Limit:	\$1,000,000 each occurrence
	Aggregate	\$2,000,000

3. Comprehensive General Liability (CGL):

<b><u>Limits of Liability:</u></b>	Single Limit:	\$1,000,000 each occurrence
Bodily Injury or Death	Aggregate	\$2,000,000

Contractual Liability covers the following indemnity agreement:

The Proposer shall indemnify and hold harmless the City against and from all liability, claims, damages and costs, including attorney fees of every kind and nature and attributable to bodily injury, sickness, disease or death or to damage or destruction of property resulting from or in any manner arising out of or in connection with the service and the performance of the work under this contract.

5. **LOCALITY RESPONSIBILITIES**

5.1 The City shall:

1. Provide to Proposer all information in possession of the City which relates to the City's requirements for the services or which is relevant to the contract.
2. Examine all reports, analysis, studies, tests, results, proposals and any other documents presented by the Proposer.
3. Designate a person to act as the City's representative with respect to the services to be performed under any resulting contract. Such person shall have the authority to transmit instructions, receive information, interpret and define locality policy and decisions pertaining to Proposer's services.

6. **INFORMATION TO BE PROVIDED IN PROPOSALS**

6.1 As part of the proposal, each respondent must include the following. Each respondent shall structure their proposal response so that it contains individual tabs/sections detailing their company policies and practices pertaining to the following areas.

1. Specific qualifications, abilities, capabilities of the respondent to successfully provide all services and products needed for the Service and administer to this contract in a timely and professional manner. This should include: years in business, total number of full time employees, locations for refueling sites.
2. Discuss your fleet refueling management and operations capability. (Fleet card operation)
3. Discuss your experience with similar contracts, preferably contracts with other local governmental entities.
4. Cost proposal. The format for proposing price for product at offsite refueling station(s) shall be at the option of the Proposer as long as a gas card/fuel card/fleet card system is offered.

7. **SPECIFIC TERMS AND CONDITIONS OF THE REQUEST FOR PROPOSAL**

7.1 **EVALUATION CRITERIA**

7.1.1 These criteria are to be utilized in the evaluation of qualifications for development of the shortlist of those Proposers to be considered for interviews and/or potential negotiations. Proposers are required to address each evaluation criteria in the order listed and to be specific in presenting their qualifications.

1. Experience/qualifications of Proposer. Proposer's proposed staff, experience with contracts for services similar in scope. (15 points)
2. Capabilities, features, etc., of the proposed services and the degree to which the proposed Service meets the needs of the City. The Proposer's understanding of the scope of services and its approach to providing the Services. (10 points)
3. Proposer's proposal for furnishing convenient strategically placed off-site refueling station(s) to include a fleet/credit/gas card system that meets the needs of the City. (15 points)
4. Overall quality of response. (services, goods, professional reputation, etc.) (10 points)
5. References of only similar contracts. The Proposer must have a demonstrated history of reliable and dependable service as evidenced by third party references. (10 points)
6. Cost. (40 points)

7.2 **SELECTION PROCEDURE**

7.2.1 Selection shall be made on the basis of the factors involved in the Request for Proposal, including price if so stated in the Request for Proposal. The City shall select the Proposer who, in its opinion, has made the best proposal and award the contract to that Proposer upon approval by the City Council.

7.3 **REFERENCES**

7.3.1 All Proposers shall include a list of a minimum of five references, from similar projects only, who could attest to the firm's knowledge, quality of work, timeliness, diligence, flexibility, and ability to meet budget constraints. Include names, contact persons, and phone numbers of all references.

7.3.2 References may or may not be reviewed or contacted at the discretion of the City. Typically, only references of the top ranked short-listed Proposer or Proposers are contacted. The City reserves the right to contact references other than, and/or in addition to, those furnished by a Proposer.

7.4 **BASIS FOR AWARD**

7.4.1 Information and/or factors gathered during interviews, negotiations and any reference checks, in addition to the evaluation criteria stated in the RFP, and any other information or factors deemed relevant by the City, shall be utilized in the final award.

7.5 **NO CONTACT POLICY**

7.5.1 After the date and time established for receipt of proposals by the City, any contact **initiated by any Proposer** with any City representative, other than the Finance Department representative listed herein, concerning this request for proposals is prohibited. Any such **unauthorized contact may cause the disqualification** of the Proposer from this procurement transaction.

7.6 **FURTHER INFORMATION**

7.6.1 Any questions which arise as a result of this Request for Proposal may be addressed to Jesus "Rudy" Rodriguez, CGFM, Administrative Services General Manager, (928) 634-0060, ext. 202 or by Internet E-mail to rrodriguez@cottonwoodaz.gov.

**SIGNATURE SHEET**

My signature certifies that the proposal as submitted complies with all Terms and Conditions as set forth in this RFP.

My signature also certifies that the accompanying proposal is not the result of, or affected by, any unlawful act of collusion with another person or company engaged in the same line of business or commerce, or any act of fraud punishable by law.

My signature also certifies that this firm has no business or personal relationships with any other companies or persons that could be considered as a conflict of interest or potential conflict of interest to the City of Cottonwood, and that there are no principals, officers, agents, employees, or representatives of this firm that have any business or personal relationships with any other companies or persons that could be considered as a conflict of interest or a potential conflict of interest to the City of Cottonwood, pertaining to any and all work or services to be performed as a result of this request and any resulting contract with the City of Cottonwood.

I hereby certify that I am authorized to sign as a Representative for the Firm:

**Complete Legal Name of Firm:** \_\_\_\_\_

**Remit to Address:** \_\_\_\_\_  
\_\_\_\_\_

**Fed ID No.:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Name (type/print):** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Telephone:** (\_\_\_\_) \_\_\_\_\_ **Fax No.:** (\_\_\_\_) \_\_\_\_\_

**E-mail**  
\_\_\_\_\_

**Date:** \_\_\_\_\_

To receive consideration for award, this signature sheet must be returned to the City Clerk as part of your response.

**ATTACHMENT A  
COTTONWOOD CITY  
FUEL REQUIREMENTS**

<b>Item</b>	<b>Type of fuel</b>	<b>Estimated Annual Gallons</b>
1	Regular Unleaded	20,000
2	No. 2 Ultra Low Sulfur Diesel (ULSD)	9,200
	Total Estimate Annual Fuel Usage	29,200



## BID PROPOSAL

"GASOLINE AND DIESEL FUEL OFFSITE REFUELING STATION(S)"

November 1, 2010

BY

Jeff Seitz, SW Regional Manager

United Fuel & Energy d.b.a. SC Fuels



**BULK FUEL – LUBRICANTS – CARDLOCK FLEET FUELING**

Date: 11-1-2010

To: City of Cottonwood

Re: City of Cottonwood RFP# -FIN-10-02

Gasoline and Diesel Fuel Offsite Refueling Station(s)

Atten: Jesus "Rudy" Rodriguez, C.G.F.M.

Administrative Services General Manager

Dear Mr. Rodriguez,

On behalf of United Fuel & Energy Corp., d.b.a. SC Fuels, I would like to express our appreciation for the opportunity to bid your fuel contract. SC Fuels, established in 1930, is a family owned business and is the oldest and largest independent fuel distributor in the western United States. Our business relationship with the City of Cottonwood began as Reamax Oil Company more than 10 years ago and we have maintained the City's annual fuel supply contract through our fleet card program since. Through mergers and acquisitions we became part of the SC Fuels group in March of 2010.

Although our name has changed and we rebranded our 140+ locations to the SC Fuels brand, our local operations are still managed by the very same people that you have worked with for over a decade. Jill Seitz, General Manager of Arizona Cardlock Operations has been with our local office for more than 12 years. We currently employ 14 people through our Camp Verde branch and offer SC Fuels owned and operated local cardlock fueling stations in Cottonwood, Camp Verde, Prescott Valley and Prescott as well as provide you with access to over 40,000 network sites nationwide. The primary fleet card fuel site for City use would remain at 770 E. Hwy 89A (behind Bedrock Materials) in Cottonwood.

Our CFN fleet cards will provide the City with at least one, if not two backup locations in the City limits that accept our CFN card for use if our SC Fuels owned site is inoperable or fuel is unavailable. Because SC Fuels cannot control the cost of fuel at our backup location(s) offered, we request the backup location(s) are used only when fueling is unavailable at our primary Cottonwood site, not as a convenience. Contract prices will be honored for all out of town travel when the fleet cards are used at accepting locations.

We currently provide our SC Fuels fleet card services to the Town of Prescott Valley, the City of Prescott, Yavapai County Fleet, Mingus Union High School, Humboldt Unified School District and others. Our experience with municipal and government contracts is unsurpassed.

Our fleet card program continues to be part of the CFN (Commercial Fueling Network) family which offers fleet fueling cards branded as CFN, Fuelman or FleetWide. The CFN program is what the City is currently utilizing. We can offer this proposal with the very same fuel management system, fleet tracking and departmentalized invoicing that you now use.

Our Camp Verde bulk plant has the capacity to store an additional 40,000 gallons of fuel allowing us to provide a constant supply to the Cottonwood card lock facility without relying solely upon Phoenix sources and transportation. SC Fuels owns and operates its own fleet of seven tanker trucks through our Camp Verde branch that provides fuel delivery to our own sites eliminating the need to rely on outside carriers to maintain supply.

We have enjoyed and appreciate the business relationship that we have developed with the City of Cottonwood over the years and we look forward to providing you with another term of service and fuel supply that exceeds your expectations. If you have any questions or concerns please feel free to contact me direct at the numbers listed below.

Thank you again for the opportunity,



Jeff Seitz  
SW Regional Manager  
SC Fuels  
United Fuel & Energy Group

Camp Verde Branch Office:  
4850 N. Hayfield Draw  
Camp Verde, Arizona 86322  
PH: 928-567-3346  
FAX: 928-567-3370  
CELL: 928-301-2889  
EMAIL: [seitzje@scfuels.com](mailto:seitzje@scfuels.com)  
WEB: [www.SCFuels.com](http://www.SCFuels.com)



**BULK FUEL – LUBRICANTS – CARDLOCK FLEET FUELING**

### **CFN FLEET CARD FUELING**

CFN (Commercial Fueling Network) is the fleet card currently utilized by the City of Cottonwood. Our SC Fuels, CFN cards provide fleet management with detailed statements that track fuel use by each department of the City fleet. The statements also provide you with information such as Unit, Time of Day, Product Type, Product Gallons and Odometer as entered by the user. It also gives you an accurate MPG efficiency statement for each unit.

CFN's base card is accepted at 80+ locations in Arizona and over 4,000 locations around the country. For your out of town travel we can offer the SC Fuels FleetWide card that expands the available locations to over 40,000 nationwide. All transactions from the FleetWide card are integrated into your monthly statements by department.

One of the key advantages of using the SC Fuels CFN or FleetWide cards is that we control the cards locally. We can make changes to your requirements of individual cards as well as create a new or replacement card in-house. And with the SC Fuels, CFN card, you're in control. You set the limits for each card issued like time of day that the card will be honored, days of the week, number of transactions per day, gallon limits per transaction and more.

Customer service and changes to your fleet cards are handled locally from our Camp Verde branch.



**BULK FUEL – LUBRICANTS – CARDLOCK FLEET FUELING**

**SC FUELS CARDLOCK FLEET FUELING RESUME'**

SC Fuels is pleased to provide the following list of current similar contract customers for reference:

Mingus Union High School – Cardlock and Delivered Fuel  
Dennis Chambers  
928-821-1272

Town of Prescott Valley – Cardlock and Delivered Fuel  
Jeanette Starr  
928-759-3089

City of Prescott – Cardlock and Delivered Fuel  
Dawn Foster  
928-777-1203

Humboldt Unified School District – Cardlock  
Kim Porter  
928-759-4592

Cottonwood Oak Creek Schools – Delivered Fuel  
Debbie Lattimore  
928-634-9679

Camp Verde Unified School District – Delivered Fuel  
Stacey Barker  
928-567-8051



## **BULK FUEL – LUBRICANTS – CARDLOCK FLEET FUELING**

### **PROPOSAL**

SC Fuels respectfully submits the following proposal:

United Fuel & Energy, d.b.a SC Fuels, offers the City of Cottonwood Fleet Card, Fuel Management, Off-Site Fueling in reference to terms and conditions set forth in RFP# FIN-10-02 "Gasoline and Diesel Fuel Off-Site Fueling Station(s) for a period of three (3) years beginning January 1, 2011 and ending December 31, 2013 with two (2), one (1) year options to be exercised upon mutual agreement of both parties.

SC Fuels will provide 87 Octane Unlead Gasoline\* that meets or exceeds requirements of the City.

Contract price of Gasoline will be based on the weekly average of;

**Phoenix OPIS daily rack average "OPIS Gross Clear" posted price PLUS \$.12/gallon**

SC Fuels will provide ULSD EPA Clear, 15ppm, #2 Diesel Fuel\* that meets or exceeds requirements of the City.

Contract price of Diesel Fuel will be based on the weekly average of:

**Phoenix OPIS daily rack average "OPIS Gross Ultra Low Sulfur Distillate No. 2" posted price PLUS \$.11/gallon**

SC Fuels will provide Fleet Cards and invoicing by department that meets or exceeds the requirements of the City.

SC Fuels will provide an alternate, backup fueling location in the City of Cottonwood that accepts the SC Fuels Fleet Card for use when fueling is unavailable at the primary location at the contracted prices stated above.

SC Fuels will provide alternate fueling locations throughout the United States for travel of City vehicles outside of the local Cottonwood market at the contracted prices stated above.

\*Gasoline may contain up to 10% Ethanol

\*Applicable taxes and regulatory fees are additional

City of Cottonwood, Arizona  
City Council Agenda Communication



Meeting Date: December 7, 2010

Subject: **Resolution 2552, Authorizing Membership in Greater Arizona Mayors' Association and Payment of Dues**

Department: Administration

From: Steve Horton, City Attorney

**REQUESTED ACTION**

Approval of Resolution 2552, authorizing membership in Greater Arizona Mayors' Association and the payment of dues in the amount of \$100.00.

**SUGGESTED MOTION**

"I move to approve Resolution 2552, authorizing membership in Greater Arizona Mayors' Association and the payment of dues in the amount of \$100.00."

**BACKGROUND**

The Greater Arizona Mayors' Association ("GAMA") is an informal association of Mayors and other elected and appointed officials from rural Arizona, designed to provide opportunities for collaboration and advocacy for shared goals and interests on behalf of the communities of rural Arizona.

**JUSTIFICATION/BENEFIT/ISSUES**

Membership in GAMA will give Cottonwood another valuable opportunity to collaborate and combine its voice with the voices of other rural Arizona cities and Towns, and to pursue common goals and interests more effectively than each community could do alone.

**COST/FUNDING SOURCE**

N/A

**REVIEWED BY**

City Manager: QAB

City Attorney: ✓SH

**ATTACHMENTS**

Resolution 2552

RESOLUTION NUMBER 2552

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, APPROVING PARTICIPATION BY THE CITY IN THE GREATER ARIZONA MAYOR'S ASSOCIATION (GAMA) AND PAYMENT OF ANY MEMBERSHIP DUES.

WHEREAS, an informal association of cities in Northern Arizona will potentially have a stronger voice at the Arizona State Legislature, and

WHEREAS, the Greater Arizona Mayor's Association (GAMA) currently has participation from the communities of Chino Valley, Cottonwood, Clarkdale, Prescott Valley, Bullhead City, Kingman, Lake Havasu City, Page and Flagstaff, and

WHEREAS, city representatives from these communities have met to formalize the organizational structure and agreed to pay a minimal membership fee of \$100 to defray office costs such as copying, postage, and supplies,

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, THAT:

The City of Cottonwood, through its Mayor and Council, hereby approves participation by the City in the Greater Arizona Mayor's Association (GAMA), including payment of the initial membership fee.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA THIS 7TH DAY OF DECEMBER 2010.

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Diane Joens, Mayor

APPROVED AS TO FORM:

ATTEST:

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Steve Horton, Esq.  
City Attorney

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Marianne Jiménez, City Clerk

**CLAIMS REPORT OF DECEMBER 7, 2010**

<b>FUND</b>	<b>VENDOR NAME</b>	<b>DESCRIPTION</b>	<b>TOTAL</b>
<b>TOTAL</b>			<b>\$0.00</b>

**CLAIMS EXCEPTIONS REPORT OF DECEMBER 7, 2010**

<b>FUND</b>	<b>VENDOR NAME</b>	<b>DESCRIPTION</b>	<b>TOTAL</b>
All	City of Cottonwood	PAY DATE 11/26/10	\$402,640.70
All	Arizona Public Employers Health Pool	November Insurance Prem.	\$134,622.02
Gen	AZ State Treasurer	Court fines	\$15,303.00
Gen	Mike Mulcarie Excavating Inc	Refund of Kendra Heights Bond	\$6,000.00
All	United Fuel	Fuel & Oil	\$8,491.42
All	APS	Utilities	\$12,120.16
Utilities	Hufford, Horstman, Mongini, Parnell & Tucker LLC	Contractual Services	\$5,109.00
Gen	Larry Green Chevrolet	Reimbursement	\$10,755.89
Utilities	UV Doctor, LLC	UV Lamps and Sleeves PO 18883	\$13,433.17
Gen	VV Chamber of Commerce	October bed tax	\$9,604.52
Utilities	HD Supply Waterworks	Supplies	\$5,077.65
Utilities	Hennesy Mechanical Sales	PO 18882 Replacement Sludge Pump	\$14,176.69
Gen	Richardsons LLC	Custodial Services Rec Center and Citywide	\$17,485.92
Gen	Sutton Law, P.C.	Prosecution November	\$7,000.00
<b>TOTAL</b>			<b>\$661,820.14</b>