

AMENDED
AGENDA

REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD,
ARIZONA, TO BE HELD AUGUST 20, 2013, AT 6:00 PM., AT THE COUNCIL
CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. 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.
- V. 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(H).) Comments are limited to a 5 minute time period.
- VI. APPROVAL OF MINUTES

SPECIAL MEETING OF JUNE 18, 2013, & REGULAR MEETING OF JULY 16, 2013.

Comments regarding items listed on the agenda are limited to a 5 minute time period per speaker.
- VII. UNFINISHED BUSINESS
 1. ORDINANCE NUMBER 598--AMENDING THE COTTONWOOD MUNICIPAL WATER SYSTEM'S RATES, FEES, AND CHARGES; SECOND AND FINAL READING.
 2. ORDINANCE NUMBER 599--AMENDING THE CITY'S WASTEWATER UTILITY'S RATES, CHARGES & FEES; SECOND AND FINAL READING.
- VIII. 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. APPROVAL OF A ONE-YEAR RENEWAL OPTION WITH

NORTHERN ARIZONA WASTE SYSTEMS FOR CITY FACILITIES'
WASTE AND RECYCLING SERVICES.

2. APPROVAL OF RENEWING AGREEMENTS WITH SMARTWORKSPPLUS AND EDUCATIONAL SERVICES, INC., FOR PHASED RETIREMENT SERVICES.
- IX. NEW BUSINESS—The following items are for Council discussion, consideration, and possible legal action.
1. RESOLUTION NUMBER 2711 & RESOLUTION NUMBER 2712-- APPOINTING MEMBERS TO THE PARKS AND RECREATION COMMISSION.
 2. RESOLUTION NUMBER 2713--APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH YAVAPAI COUNTY FOR PUBLIC TRANSPORTATION SERVICES FOR YAVAPAI COUNTY RESIDENTS & APPROVING ADJUSTMENTS FOR THE VERDE VILLAGE ROUTE PLAN AND SCHEDULE.
 3. AWARD OF BID FOR A WASTEWATER TREATMENT PLANT HEADWORKS ODOR CONTROL SYSTEM.
 4. AWARD OF BID FOR SANITARY SEWER AND STORM SEWER CLEANING AND TELEVISIONING SERVICES.
- X. CLAIMS AND ADJUSTMENTS
- XI. ADJOURNMENT

Pursuant to A.R.S. 38-431.03.(A) the Council may vote to go into executive session on any agenda item pursuant to A.R.S. 38-431.03.(A)(3) Discussion or consultation for legal advice with the attorney or attorneys of the public body.

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.

Members of the City Council will attend either in person or by telephone conference call.

Notice is hereby given that pursuant to A.R.S. 1-602.A.9 , subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the City Council are audio and/or video recorded, and, as a result, proceedings in which children are present may be subject to such recording. Parents in order to exercise their rights may either file written consent with the City Clerk to such recording, or take personal action to ensure that their child or children are not present when a recording

may be made. If a child is present at the time a recording is made, the City will assume that the rights afforded parents pursuant to A.R.S. 1-602.A.9 have been waived.

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date:	August 20, 2013
Subject:	Ordinance Number 598 - Amending Water Rates, Charges, and Fees
Department:	City Clerk
From:	Jesus R. Rodriguez, C.G.F.M. Administrative Service General Manager

REQUESTED ACTION

Second Reading and Adoption of Ordinance Number 598 - Amending Water Rates, Charges, and Fees as presented.

SUGGESTED MOTION

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

I move to approve Ordinance Number 598.

BACKGROUND

A rate committee consisting of a couple of local residents, utility personnel, management staff, our financial adviser, Council Member Pratt, Mayor Joens, and an occasional county representative has been meeting over the past several months. The committee was formed to review the operational, capital and financial needs of both the water and wastewater utilities. This group has been instrumental in moving the rate setting process forward to this point.

The last time the City adjusted its water rates was October 2010 after going six years without an adjustment. It is important to note that the original rate study at the time of acquisition of the first three water companies back in 2004 contemplated annual increases.

The City acquired the fourth and largest of the systems, Cottonwood Water Works, in 2007. It was recognized at that time that the City would need to raise the rates in order to cover the debt service on the acquisition (which was funded through the issuance of revenue bonds); improve, maintain and operate the system; increase fire flows in areas of the system where they were unacceptably low; and comply with the new arsenic standards promulgated by the Environmental Protection Agency under the Clean Water Act. The City, however, did not increase those rates until 2010, which created a financial strain on the system that continues to this day.

The delays in adjusting the rates were due to the difficult economy, and the Council's concern for increasing rates on our citizens during hard times. Consequently, the City has found itself in violation of its bond covenants which provide that the City would maintain rates at a level which would provide a minimum of 1.35 times annual debt service after operational and maintenance expenses. This violation has prompted all three major bond rating agencies to downgrade the City's bonds.

Moreover, on June 7, 2013, Syncora Guarantee, the insurer of our bonds issued a Letter of Non-compliance to the City and the Bond Trustee, The Bank of New York Trust Company. That prompted the BYN Trust Co. to issue a separate Letter of Non-compliance on June 25, 2013.

The City has responded to each and every request by these entities and we have been as transparent as possible with them, however, the only real solution to this problem (and the only way to avoid potential litigation against the City to compel an increase in rates, which the bond trustee is entitled to initiate) is to raise the rates.

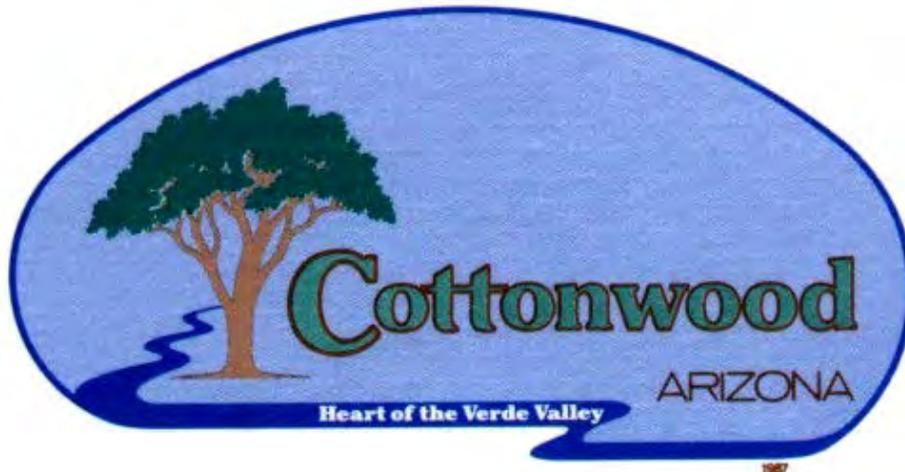
JUSTIFICATION/BENEFITS/ISSUES

Staff recommends that the Council adopt the proposed Ordinance increasing the City's water rates, fees and charges as presented, so that the City can continue to provide a reliable supply of safe drinking water to its customers; to comply with the City's bond covenants; and to prevent further downgrades in the City's credit rating - which affects both the availability and the cost of issuing bonds to fund essential City projects in the future.

COST/FUNDING SOURCE

ATTACHMENTS:

Name:	Description:	Type:
 COC Rate Study 2014 - Rev 07-02-2013.pdf	Water & Wastewater Rate Study	Exhibit
 ord598.doc	Ordinance Number 598	Cover Memo



CITY OF COTTONWOOD, ARIZONA
WATER AND WASTEWATER RATE STUDY AND
LONG-TERM FINANCIAL FORECAST
2013 UPDATE

July 2, 2013

Prepared by:
City of Cottonwood Administrative Services
816 North Main Street
Cottonwood, Arizona 86326
(928) 340-2710

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ACKNOWLEDGEMENTS

The compilation of this rate study required hours of time and effort by a Rate Review Committee consisting of City employees, citizens from the community, and county representatives. These committee members included:



City Employees

- Diane Joens, Mayor,
- Terrance Pratt, City Council member,
- Douglas Bartosh, City Manager,
- Dan Lueder, Developmental Services General Manager,
- Kirsten Lennon, Accounting & Budget Manager,
- Carol Brown, Budget Analyst,
- Helen Bartels, Utilities Accountant,
- Tom Whitmer, Water Resources Director
- Tawni Fanning, Utility Billing Supervisor,
- Sharon Caldwell, Utility Administrative Coordinator,
- Roger Biggs, Utilities Administrative Manager,
- Morgan Scott, Public Work Operations Manager
- Scott Mangarpan, Projects Manager
- Deborah Breitreutz, Wastewater Utility Operations Manager
- Administrative Services Staff, and
- Utilities Staff.

○



City Representatives

- Ed Kiyler, Citizen Advisor,
- Jake Gonzales, Citizen Advisor.

○



County Representative

- Chris Moran, Yavapai County Representative.

The City also included the City's financing consultant, Grant Hamill, Managing Director, Stifel, Nicolaus & Company. The Administrative Services staff is very appreciative of all of the assistance from everyone involved in this report. Without their input this report would not have been possible.

Respectfully submitted,

Jesus R. Rodriguez, C.G.F.M.
Administrative Services General Manager
City of Cottonwood, Arizona

CITY OF COTTONWOOD MISSION AND VISION STATEMENTS

Mission Statement

The City of Cottonwood, through ethical, accountable, professional leadership and collaboration, enhances quality of life for our diverse community while preserving our unique environment and character.

Vision Statement

The City of Cottonwood strives to maintain a uniquely desirable and sustainable community.

We are unique because of our people, our grand natural resources, public amenities, leadership, diversity and home town atmosphere.

We will continue to conserve, preserve and manage our precious resources, including the Verde River and its unique riparian habitat.

We will enhance our position as the economic center for the Verde Valley, providing retail, medical, education, transportation, recreation and tourism.

The City of Cottonwood provides leadership and solutions to ensure a prosperous community where a diversity of people and nature thrive.

CITY OF COTTONWOOD PROFILE¹

Regional Setting

The Verde Valley includes about 714 square miles located in the geographic center of Arizona, about 100 miles north of the Phoenix metropolitan area. The Verde River runs through the valley from northwest to southeast and is augmented by flows from Sycamore Canyon, Oak Creek, Beaver Creek and West Clear Creek. The area is unsurpassed in its variety of physical beauty with the red rocks and Mogollon Rim to the north and east and the Black Hills and Mingus Mountain dominating the western and southern portions of the valley.



The City of Cottonwood is located adjacent to the Verde River at elevations ranging from 3,300 feet to 3,900 feet above sea level and experiences a mild climate which, together with its proximity to an abundance of natural amenities such as the Grand Canyon, Sedona, Dead Horse Ranch State Park, Tuzigoot National Monument and the historic mining communities of Clarkdale and Jerome, continues to attract steady growth and tourism.

Early History

As with other communities in the Verde Valley, the City shares a rich and lengthy history. The region has long been home to Native Americans, particularly the Sinagua and later the Yavapai and Apache. The first Anglo settlers in the area farmed and provided goods for the soldiers at Camp Verde and for the miners in Jerome beginning in the late 1870's. William Clark and Jimmy Douglas developed major smelters and the mining communities of Clarkdale (1912) and Clemenceau (1917), respectively. Clemenceau located near the intersection of Willard Street and Mingus Avenue was a complete company town with thousands of residents, a school and other community facilities. Today, few people recognize the size and complexity of the original "Smelter City".

During this period, mining companies that closely regulated commerce, industry, employment and even housing opportunities administered Jerome, Clarkdale and Clemenceau.

Old Town Cottonwood became a haven for those seeking to be free from the prejudice and regulation of nearby company towns. Main Street was created in 1908 when Charles Stemmer and Alonzo Mason used a mule team to pull and drag through brush. The Mason Addition, Willard Addition, Hopkins Ranch No. 2 and other tracts were platted during the

¹ Information for this profile was taken from the City of Cottonwood website - www.cottonwoodaz.gov

next decade coinciding with the development of Clemenceau on higher ground about one mile to the south.

The Clemenceau smelter closed on December 31, 1936 with a great loss of jobs and disruption to the area's economy. The Cottonwood Women's Club organized to feed those in need and raised money to build the Cottonwood Civic Center (1939) with labor provided through the Works Progress Administration. The copper industry continued its decline culminating with the closure of the Phelps Dodge operation in the 1950's. Population plummeted in the region as the mining industry declined. Jerome's population declined from about 8,000 to nearly 0, while Clarkdale went from nearly 4,000 to several hundred.

Recent History

The City of Cottonwood incorporated in 1960. During this period area roads were improved, particularly the Highway 89A "Bypass" and SR 260 to serve the needs of the Phoenix Cement Plant located in Clarkdale. This facility supplied the cement for the Glen Canyon Dam project near Page. During the early 1970's about 4,500 lots were platted outside the Cottonwood City Limits by Ned Warren - the Queen Creek Land & Cattle Company. These lots, known as Verde Village, have limited infrastructure but have been built upon over time and few vacant parcels remain today. With road development and an increasingly large residential base, commercial development moved south from Old Town to SR89A intersections at Main Street and at SR260 during the 1970's and 1980's.

In 1990, the City constructed a wastewater treatment plant and collection system, the first in the Verde Valley. This plant was expanded in 2000 to treat 1.5 million gallons per day and allow discharge of reclaimed water into Del Monte Wash. The availability of a modern sanitary sewer system has assisted the City to attract and accommodate growth.

Since 2001 the City has pursued the acquisition of the private water companies serving the area. Between 2004 and 2006 those acquisitions came to fruition and the City of Cottonwood became a full service municipality.

Cottonwood has experienced a major expansion of the Verde Valley Medical Center,



development of new residential projects such as Cottonwood Ranch and many commercial and office projects. More recent improvements include the expansion of the Public Library nearly doubling its size as well as the opening of the 56,000 sq. ft. Cottonwood Recreation Center providing state of the art fitness equipment and additional indoor recreation opportunities.

City Government

The City of Cottonwood operates under a Council–Manager form of government. The Council consists of a Mayor, Vice Mayor, and five Council members. The City Manager reports to the Mayor, Council and the citizens of Cottonwood. There are three General Managers that assist the City Manager with the responsibility for the day-to-day operation of the City. Any and all changes to the City’s Water and Wastewater rates and its structure must be approved by a vote of the City Council.

City of Cottonwood Officials	
<u>Mayor & Council</u>	<u>Senior City Staff</u>
Diane Joens, Mayor	Douglas Bartosh, City Manager
Karen Pfeifer, Vice-Mayor	Rudy Rodriguez, Administrative Services General Manager
Tim Elinski, Council Member	Dan Lueder, Developmental Services General Manager
Jesse Dowling, Council Member	Richard Faust, Community Services General Manager
Randy Garrison, Council Member	
Ruben Jauregui, Council Member	
Terence Pratt, Council Member	

The City utilizes Generally Accepted Accounting Principles (GAAP) for its governmental as well as its proprietary funds. Cottonwood also has a July 1st through June 30th fiscal year.

Weather²

Moderate weather makes Cottonwood an excellent place to visit year round.

<u>Month</u>	<u>Average Daily Temperature (F)</u>		<u>Average Total Precipitation (inches)</u>
	<u>Maximum</u>	<u>Minimum</u>	
January	58.1	28.1	0.8
February	63.3	31.7	0.8
March	68.3	35.6	0.9
April	76.6	41.9	0.5
May	84.8	49.2	0.4
June	94.8	57.8	0.5
July	98.5	65.9	1.9
August	95.5	63.8	2.2
September	91.3	57.4	1.1
October	81.2	46.4	1.0
November	68.1	35.6	0.7
December	58.6	28.7	1.1
Annual Average	78.2	45.2	1.0

² Source: Arizona Department of Commerce – Community Profile for Cottonwood, AZ and Western Regional Climate Center

PURPOSE OF THIS RATE STUDY

The primary purpose of this Water and Wastewater Rate Study is to develop multi-year financial projections for the City of Cottonwood Water and Wastewater Utilities, and to establish the maintenance and operational rates at a level related to the total cost of providing those services.

On August 16, 2011, the City of Cottonwood City Council met with City Staff to begin preliminary discussions about possible rate adjustments to the two City utilities, water & wastewater. That presentation, provided by the City staff, centered on the various economic issues specifically facing the Water Utility owned by the City of Cottonwood. However, since many of the same issues affect the both utilities, this report will include the Water and Wastewater Utilities.

The economic problems facing the area, unemployment, foreclosures, and lack of growth have affected the two system's ability to continue to thrive by reducing its ability to fund reserves, and borrow money for future projects. These same economic factors have adversely impacted the debt service coverage ratio imposed by covenant in the Cottonwood Municipal Property Corporation Senior Lien Water System Revenue Bonds, Series 2004 and Series 2006 – MPC Bonds. Current requirements are that the City should maintain a 1.35:1x debt service coverage ratio. This debt service coverage deterioration has prompted Moody's Rating Service to downgrade the City's MPC Bonds.³

With the gradual decline of the debt service coverage ratio and the subsequent lowering of the City's water bond rating; the City has initiated measures to correct the deficiencies and provide a long term roadmap to fiscal viability of both the Water and Wastewater Utilities.

Part of the corrective measures to counter the negative effects of the downgrade and the economic decline is to conduct and complete a rate study and subsequent report comprehensively updating the City's rate analysis conducted by Economists.com in 2009. Some of the following issues will be considered when establishing the various rate options:

-  Cost of service,
-  Conservation of water resources using a tier rate structure, and
-  Fiscal performance measurements to ensure all bond covenants are adequately met and sufficient cash reserves are available for major repairs and replacement.

Any proposed increases to service and treatment rates must consider the following principles:

-  Adequacy – any rate increase should be adequate to recover the full cost of operations and administration;
-  Efficient – rates should be designed for easy, low-cost administration and compliance with all customers paying the said rates; and
-  Straightforwardness – rates should be easily understood by all customers limiting the opportunity of subjective interpretations.

³ Appendix A - News Release - Moody's Ratings Update

SCOPE OF STUDY

The City Staff and Council have identified several objectives that shall be included in this study, including but not limited to the following:

-  Analysis of the historic and current cost of service and revenue requirements for both the Water and Wastewater Utilities
-  Forecast operating expenses over the next five years, taking into consideration such factors as the local economy, inflation, system growth, and increased staffing levels requirements.
-  Project future accounts, volumes and billing units for the five year forecast.
-  Review future Water and Wastewater capital infrastructure requirements, as well as narrowing down the financing options available.
-  Develop a rate structure that encourages conservation and discourages waste.
-  Review available options and narrow down to a recommendation:
 - Using the current tiered rate structure
 - Using an expanded tiered rate structure
 - Rate differentials between commercial, residential and multi-residential
 - Rate differentials for customers located inside and outside of the corporate City limits
 - A gradual adjustment over several years to eventually meet our covenants
 - An across the board increase to all classes to meet the debt services covenants
-  Evaluate various rate structure options to comply with the debt service coverage covenants imposed by the City's 2004 & 2006 MPC Bonds, and bring a recommendation to the Council.

BACKGROUND

Water

Another historic period for the City of Cottonwood was entering into the water business on October 1, 2004 with the purchase of three area water companies; Verde Santa Fe, Clemenceau, and the Cordes Lakes Water Systems for a price tag of \$13,580,000. Less than two short years later the City acquired one of the largest systems in the area, the Cottonwood Water Works System for \$23,965,000.



Part of the original 2004 projections for the system was

Current Rate Structure	
<u>Percent Adjustment</u>	
<u>Base Charge</u>	
5/8"	\$18.36
1"	\$30.24
1 1/2"	\$61.56
2"	\$97.20
3"	\$194.40
4"	\$302.40
6"	\$615.60
<u>Volume Charge (per 1,000 gal)</u>	
0 – 1,000	
1,001 – 4,000	\$2.90
4,001 - 10, 000	\$3.19
10001 – 20,000	\$4.55
20,000 +	\$6.48
<u>Water Resource Development Fee</u>	
Water Resource Development	\$4.32
Water Assurance	\$0.35
Gila River Adjudication	\$0.44
Water Conservation	\$0.27
<u>Total Development Fee</u>	<u>\$5.38</u>

to increase rates in November 2005 and November 2007. Both were postponed with the acquisition of the Cottonwood Water Works System. Additional increases were also planned for November 2010 through and November 2015. Unfortunately, the only increase since Cottonwood entered the water business was in September 2010. The increase was 8% increase and a change in the tiered volume structure to accommodate small water users.

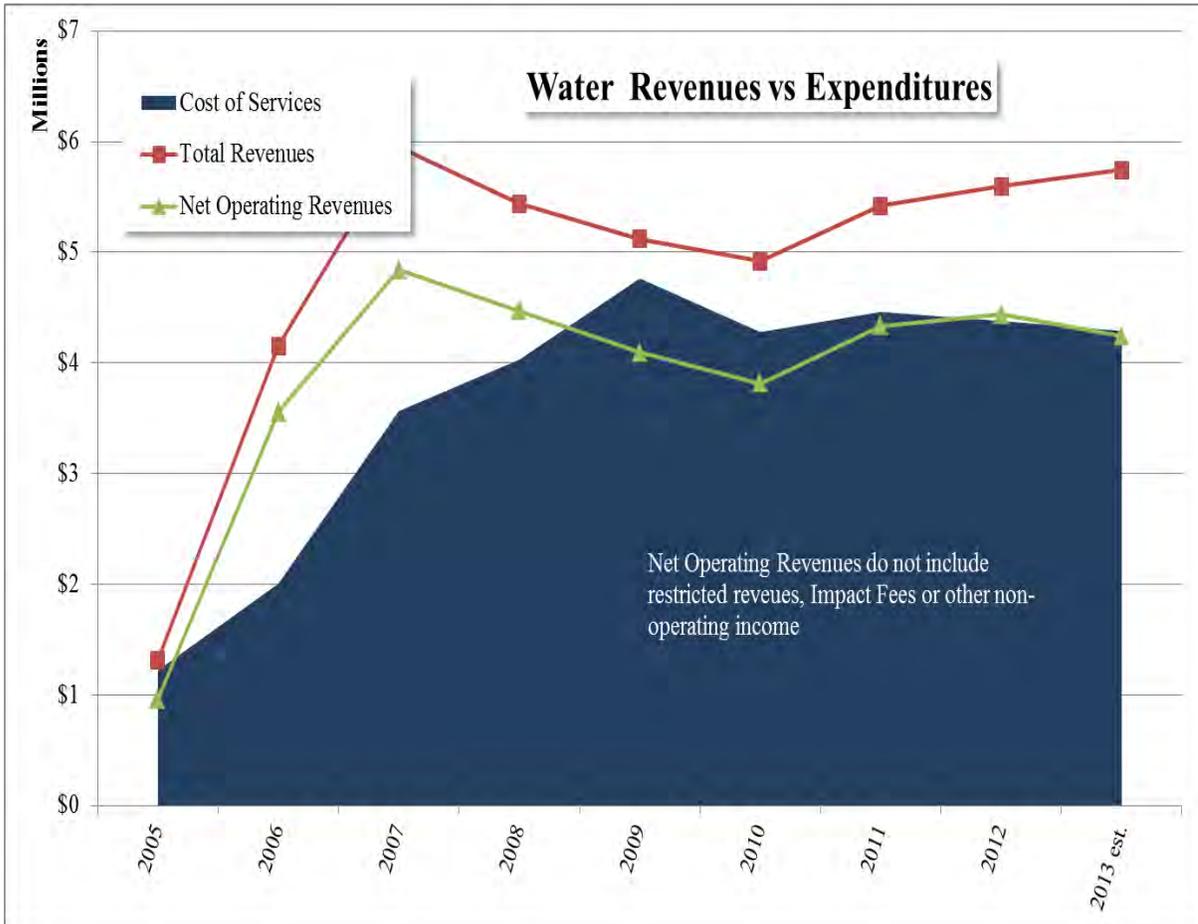
Concerns continue to mount as more issues become apparent that affect the System directly as well as indirectly. Item such as rising costs, as well as meeting stringent water standards continue to place extreme pressures on the current rate structure.

The table on the left presents the City's current water rate structure in place since October 2010:

Monthly service charges are based on 1,000 gallons of usage. Volume charges are based on the schedule included on the previously page and prorated to actual usage. Resource Development Fees are a fixed amount on all billings.

Below is an illustration of the user fees, cost of services and total revenues by the Water Utility since it was placed into service as it exists today. The system is an enterprise fund and should be run as a business. As such it has its own revenue sources and should be self-sufficient.

Unlike the Wastewater Utility, this Utility has two bonds which have specific covenants that require the City of Cottonwood to generate enough revenues to not only cover its operations and maintenance cost, but also provide a minimum of a 1.35X debt service coverage.



This Water Utility has various sources of revenue besides user fees to draw from, such as interest income. Unfortunately, returns on City investment have been less than stellar as there has been a heavy deterioration in interest rates along with the decline in reserves. Fiscal year 2007 had one of the highest return rates we have seen in nearly a decade topping out a nearly 5.3%. This high interest rate along with the purchase of the Cottonwood Water Company and its bonding for system improvements caused a spike in revenues in fiscal year 2007. Rate of returns have slowly waned over the years.

Wastewater

The decision to build a sanitary sewer system (Wastewater System) for the City of Cottonwood began after some planning and a meeting on March 24, 1987 calling for an election seeking three things:

1. The construction of a sanitary sewer system to be owned by the City of Cottonwood,
2. Provisions for the issuance and sale of bonds to construct, improve, operate and maintain a sanitary sewer system, and
3. Increase the City's transaction privilege tax (sales tax) by 1% to provide funds for the construction, improvement, operation and maintenance of a City owned sanitary sewer system.



An election was held on April 28, 1987 on the aforementioned three topics with the results all being in favor of the City constructing a sanitary sewer system. On May 5, 1987 there was a canvassing of election results making it official, Cottonwood was getting into the sewer business.

In the 24 years since those historic dates, the City of Cottonwood has increased sanitary sewer, now known as wastewater, rates 5 times:

Initial 1987	\$6.75	10/01/1995	\$13.20
10/01/1991	\$10.07	10/01/2000	\$14.25
10/01/1992	\$11.40	10/01/2001	\$16.75

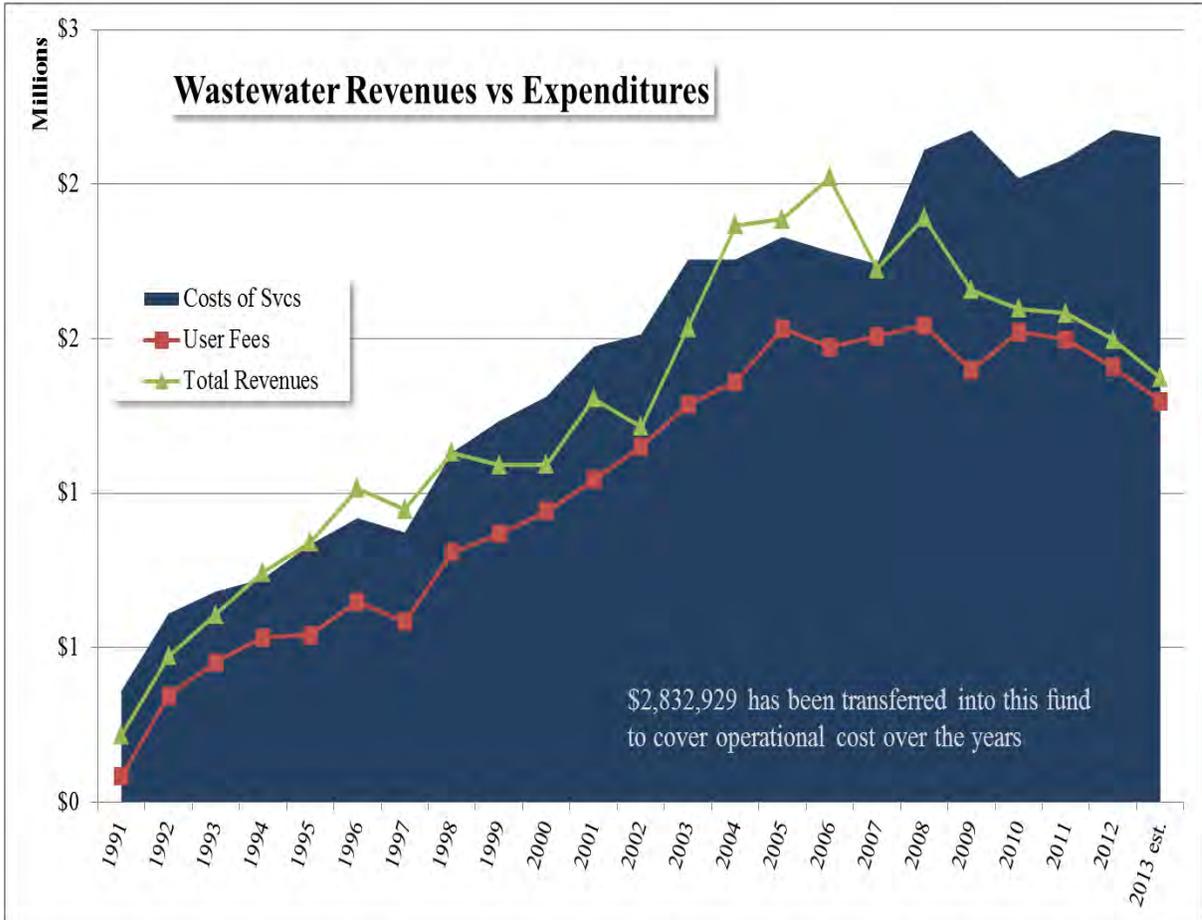
Throughout the two plus decades, the Wastewater system had support from a 1% sales tax which sunset on July 1, 2007. After that date, sales tax was no longer available for operations and maintenance of the Wastewater System and has since been using accumulated reserves to continue operations. Though the usage of reserves is minor, it is something that needs to be rectified sooner rather than later.

Current Wastewater Rates

Residential	Monthly Service Charge	\$16.75
Multi Residential	Monthly Service Charge (per unit)	\$16.75
Commercial	Monthly Service Charge	\$16.75
Commercial Usage Charge	Per 1,000 Gallons	\$2.60

All charges for residential and multi-residential accounts are a flat monthly wastewater rate and don't carry any additional usage charge. Commercial accounts pay the \$16.75 flat monthly rate plus an additional \$2.60 per 1,000 gallons of water usage.

Below is an illustration of the user fees, cost of services and total revenues by the Wastewater Utility since it was placed into service. The System is an enterprise fund and should be run as a business. It has its own revenue sources and should be self-sufficient; however, since the loss of the sales tax to support the fund, it has been running at a deficit and has used accumulated reserves to continue its operations to date.



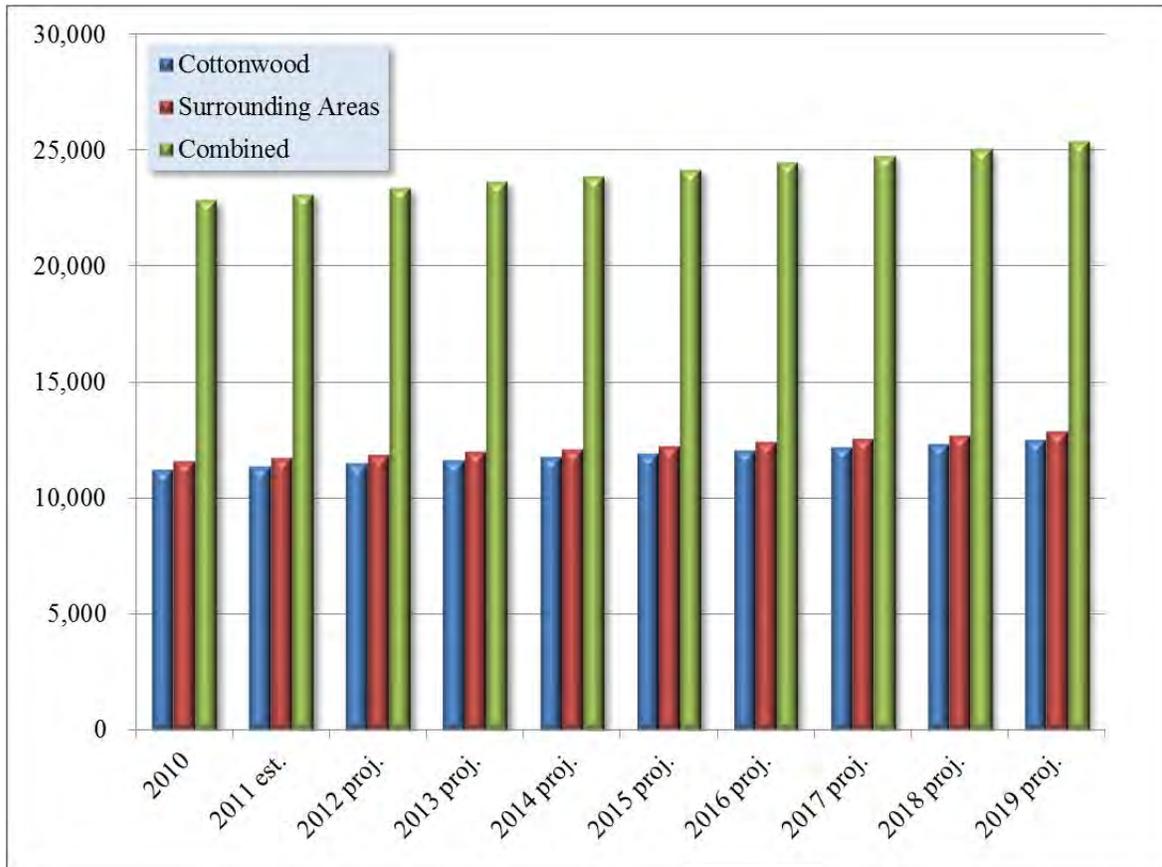
Currently, this System does not have any debt service. The Utility, however is showing its age and is in need of some major repairs which are contemplated in this study.

ASSUMPTIONS

Population Data

Despite the growth rates of the past, this study takes a very conservative approach to the community’s growth with an average of slightly more than a 1% growth per year using the 2010 census year as a base year. Please note that this illustration depicts both the populations within the corporate limits of the City of Cottonwood as well as the population outside the City corporate limits. The Water Utility services areas outside its boundaries such as Bridgeport, the Verde Villages, and Verde Santa Fe.

Calendar Year	Population		
	Cottonwood	Surrounding Areas	Combined
2010	11,265	11,605	22,870
2011 est.	11,392	11,736	23,128
2012 proj.	11,521	11,869	23,390
2013 proj.	11,651	12,003	23,654
2014 proj.	11,783	12,139	23,922
2015 proj.	11,916	12,276	24,192
2016 proj.	12,059	12,423	24,482
2017 proj.	12,204	12,572	24,776
2018 proj.	12,350	12,723	25,073
2019 proj.	12,523	12,901	25,424



Projected Water Usage

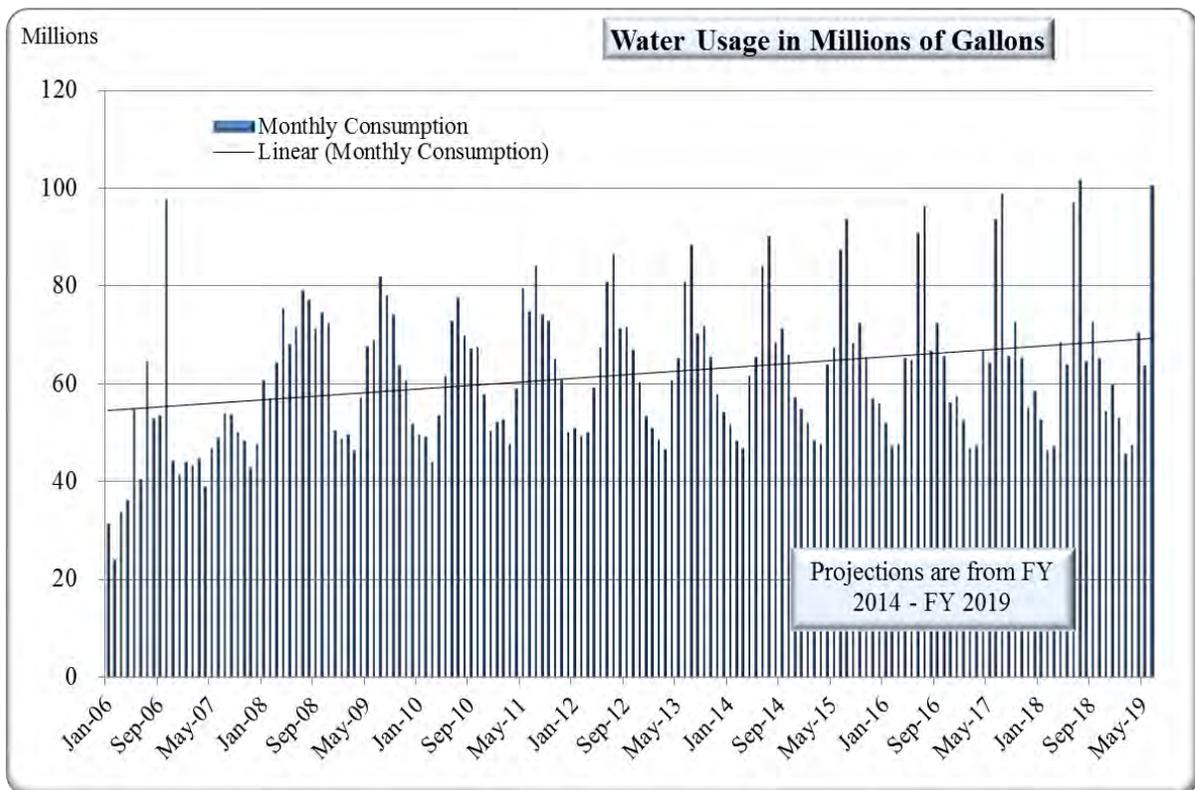
The City of Cottonwood Municipal Water Utility now tracks monthly water usage by the various cycles and by month. This is helpful in understanding the community's usage patterns, in order to improve system and utility's service capabilities. The first couple of

Fiscal Year	Annual Consumption	inc. / (dec.)
2007	621,788,315	
2008	693,762,525	11.58%
2009	764,102,212	10.14%
2010	741,502,903	-2.96%
2011	756,472,785	2.02%
2012	764,884,941	1.11%
2013 est.	763,489,440	-0.18%
2014 proj.	766,384,544	0.38%
2015 proj.	774,937,097	1.12%
2016 proj.	781,205,949	0.81%
2017 proj.	786,106,678	0.63%
2018 proj.	792,543,193	0.82%
2019 proj.	799,873,811	0.92%

years the Water Utility struggled to get a handle on all of the meters that needed to be replaced due to faulty low readings. Since that time most, if not all, of the faulty meters have been replaced and are periodically checked for accuracy.

With more accurate meters it has become apparent that usage levels have been on the rise slightly. The trend is very slight and for the purpose of this study we are projecting minimal growth through fiscal year 2019.

One big factor to water usage is the weather. This is not taken into account for this report.



PROJECTIONS FOR FY 2013 – 2019

Water

The projections depicted in the chart below take into consideration the projected rates being proposed. Note that it is critical that the Water Utility increase its rates to meet the minimum bond covenant requirements. Afterwards it may take two to three years before the City of Cottonwood is able to get their bonds upgraded; giving the City the ability to approach the bond market for capital improvement funding.

	ESTIMATED	PROJECTED					
	2013	2014	2015	2016	2017	2018	2019
Sources of Revenue							
Operating Revenues							
User Fees	\$5,150,500	\$6,546,282	\$6,709,940	\$7,565,459	\$7,754,600	\$7,948,470	\$8,147,180
Reimbursements From Clarkdale	312,120	312,120	319,920	327,920	336,120	344,520	353,130
Meter Installation Charge	6,600	6,770	6,940	7,110	7,290	7,470	7,660
Service Turn Ons	58,300	59,760	61,250	62,780	64,350	65,960	67,610
Collections / Late Fees	76,075	77,980	79,930	81,930	83,980	86,080	88,230
Other Income	142,000	10,000	10,250	10,510	10,770	11,040	11,320
Operating Revenues	\$5,745,595	\$7,012,912	\$7,188,230	\$8,055,709	\$8,257,110	\$8,463,540	\$8,675,130
Non-operating Revenues							
Interest Income	8,817	9,047	9,278	9,520	9,763	10,017	10,272
Sale of Property	3,000	5,000	5,000	5,000	5,000	5,000	5,001
Building Rental	7,615	7,810	8,010	8,210	8,420	8,630	8,850
Non-operating Revenues	\$19,432	\$21,857	\$22,288	\$22,730	\$23,183	\$23,647	\$24,123
Revenues Available	\$5,765,027	\$7,034,769	\$7,210,518	\$8,078,439	\$8,280,293	\$8,487,187	\$8,699,253
Expenses							
Personnel	\$1,090,470	\$1,207,238	\$1,270,600	\$1,333,820	\$1,400,410	\$1,470,090	\$1,543,270
Operating Supplies	379,575	397,330	417,470	438,560	460,700	483,910	508,260
Contractual Services	133,535	138,720	147,780	154,670	161,910	169,510	177,490
Other Services and Charges	1,700,680	1,758,135	1,843,540	1,933,400	2,028,240	2,127,290	2,231,310
Equipment Purchases	10,000	169,570	78,500	98,500	43,000	65,000	0
Total Operating Expenses	3,314,260	3,670,993	3,757,890	3,958,950	4,094,260	4,315,800	4,460,330
Income or (Loss)	2,450,767	3,363,776	3,452,628	4,119,489	4,186,033	4,171,387	4,238,923
Debt Service							
Debt Service P&I	2,500,550	2,484,315	2,521,180	2,987,910	3,054,115	3,050,400	3,050,400
DS Coverage - 35%	875,193	869,510	882,414	1,045,768	1,068,940	1,067,640	1,067,640
Total Debt Service Needed	\$3,375,743	\$3,353,825	\$3,403,594	\$4,033,678	\$4,123,055	\$4,118,040	\$4,118,040
	98.0%	135.4%	136.9%	137.9%	137.1%	136.7%	139.0%
Other Financing Sources							
Bonds	\$0	\$0	\$5,000,000	\$0	\$0	\$0	\$0
Transfers In-CIP Fund	0	0	0	0	0	0	0
Total Other Financing Sources	\$0	\$0	\$5,000,000	\$0	\$0	\$0	\$0
Capital Improvements							
Capital Improvement	\$2,060,660	\$3,084,000	\$795,200	\$1,226,460	\$797,783	\$899,172	\$800,631
Total Capital Improvements	(\$2,060,660)	(\$3,084,000)	\$4,204,800	(\$1,226,460)	(\$797,783)	(\$899,172)	(\$800,631)

Water capital improvements are focused on maintaining and improving the City’s current infrastructure as well as extending lines throughout the City’s SR 260 corridor. The SR 260 corridor project has been in the works for several years and would open up some great opportunities for the City of Cottonwood by having more commercial properties available for businesses.

The Water Utility also continues to improve fire suppression throughout the entire system by strategically locating fire hydrants as well as improving water quality through arsenic mitigation and improved pumping capabilities.

CAPITAL PROJECTS	ESTIMATED	PROJECTED					
	2013	2014	2015	2016	2017	2018	2019
Legal Advertising	-	-	-	-	-	-	-
Investment Expense	-	24,000	25,200	26,460	27,783	29,172	30,631
Arsenic Mitigation	500,000	500,000	250,000	250,000	250,000	250,000	250,000
Aid in Lieu of Construction	-	-	-	-	-	-	-
Well Booster Station	500,660	250,000	-	100,000	-	100,000	-
Line Extensions	-	-	-	-	-	-	-
Water System Upgrades	170,000	170,000	170,000	500,000	170,000	170,000	170,000
Well Improvements	100,000	150,000	100,000	100,000	100,000	100,000	100,000
Fire Hydrant Improvements	500,000	500,000	250,000	250,000	250,000	250,000	250,000
SR 260 System Upgrades	-	1,250,000	-	-	-	-	-
W. Mingus Constructions	130,000	-	-	-	-	-	-
12th Street 89A to Fir Waterline Improvements	160,000	240,000	-	-	-	-	-
Annual Capital Improvements Needs	2,060,660	3,084,000	795,200	1,226,460	797,783	899,172	800,631

The debt service detailed below takes into account the possibility of a \$5,000,000 bond issue late in FY 2015 to continue improvements to the system in and out of the corporate City limits. With the additional debt service, the City will need to maintain additional funds to cover any debt service bond covenants as is the current situation.

DEBT SERVICE	ESTIMATED	PROJECTED					
	2013	2014	2015	2016	2017	2018	2019
Debt Service							
2004 MPC Bond thru 2029	954,480	953,995	963,210	963,215	967,140	964,860	964,860
2006 MPC Bond thru 2035	1,546,070	1,530,320	1,557,970	1,544,695	1,606,975	1,605,540	1,605,540
2015 Issue thru 2030	-	-	-	480,000	480,000	480,000	480,000
Total Debt Service	2,500,550	2,484,315	2,521,180	2,987,910	3,054,115	3,050,400	3,050,400
Coverage							
2004 MPC Bond thru 2029	334,068	333,898	337,124	337,125	338,499	337,701	337,701
2006 MPC Bond thru 2035	541,125	535,612	545,290	540,643	562,441	561,939	561,939
2015 Issue thru 2030	0	0	0	168,000	168,000	168,000	168,000
Total Coverage Requirement	875,193	869,510	882,414	1,045,768	1,068,940	1,067,640	1,067,640
Total DS & Coverage Requirement	3,375,743	3,353,825	3,403,594	4,033,678	4,123,055	4,118,040	4,118,040

Wastewater

The projections depicted in the chart below take into consideration the projected rates being proposed. It is not as critical that the Wastewater Utility rate increase dramatically as it is with the Water Utility. This is due to not having any debt load at this time, thus no minimum bond covenant requirements. The rates being proposed have been smoothed out over the five year period beginning FY 2014. This was done to prevent a large spike in the rates this coming year.

Also included in the projections are the costs for the Riverfront Water Reclamation Facility projected to be operational mid to late FY 2014. A full year's costs are calculated into FY 2015. This plant, once fully operational, may provide some efficiency that may curb future costs. This will be reviewed in the future once the plant has been operating for a couple of years.

	ESTIMATED	PROJECTED					
	FY 2013	FY 2014 ₁	FY 2015 ₂	FY 2016	FY 2017	FY 2018	FY 2019
User Fees	\$1,257,638	\$1,970,971	\$2,050,598	\$2,112,116	\$2,167,031	\$2,230,958	\$2,330,905
Other Income	39,640	40,840	42,070	43,340	44,640	45,990	47,370
Operating Revenues	\$1,297,278	\$2,011,811	\$2,092,668	\$2,155,456	\$2,211,671	\$2,276,948	\$2,378,275
Non-operating Revenues							
Interest Income	15,260	15,640	16,030	16,430	16,840	17,260	17,690
Capacity Fees	60,000	61,800	63,650	65,560	67,530	69,560	71,650
Sale of Property	0	0	0	0	0	0	0
Building Rental	0	0	0	0	0	0	0
Non-operating Revenues	75,260	77,440	79,680	81,990	84,370	86,820	89,340
Revenues Available	\$1,372,538	\$2,089,251	\$2,172,348	\$2,237,446	\$2,296,041	\$2,363,768	\$2,467,615
Expenses							
Personnel	\$641,650	\$707,875	\$768,160	\$808,550	\$851,120	\$895,980	\$943,270
Operating Supplies	222,145	233,400	256,060	268,890	282,330	296,450	311,280
Contractual Services	114,925	127,865	140,020	147,030	154,390	162,130	170,240
Other Services and Charges	672,310	698,045	756,620	794,470	834,220	875,940	919,760
Equipment Purchases	34,500	9,000	84,000	15,000	37,500	54,000	0
Total Operating Expenses	1,685,530	1,776,185	2,004,860	2,033,940	2,159,560	2,284,500	2,344,550
Income or (Loss)	(312,992)	313,066	167,488	203,506	136,481	79,268	123,065
Debt Service							
	ESTIMATED	PROJECTED					
	FY 2013	FY 2014 ₁	FY 2015 ₂	FY 2016	FY 2017	FY 2018	FY 2019
Debt Service P&I	0	0	240,000	240,000	624,000	624,000	624,000
DS Coverage - 35%	0	0	84,000	84,000	218,400	218,400	218,400
Total Debt Service	0	0	324,000	324,000	842,400	842,400	842,400
Other Financing Sources							
	ESTIMATED	PROJECTED					
	FY 2013	FY 2014 ₁	FY 2015 ₂	FY 2016	FY 2017	FY 2018	FY 2019
Bonds	0	2,500,000	0	4,000,000	0	0	0
Transfers In-CIP Fund	0	4,500,000	4,000,000	0	0	0	0
Total Other Financing Sources	0	7,000,000	4,000,000	4,000,000	0	0	0
Capital Improvements							
Capital Improvement	467,900	5,553,450	6,207,960	695,090	327,330	714,680	350,140
Total Capital Improvements	(467,900)	1,446,550	(2,207,960)	3,304,910	(327,330)	(714,680)	(350,140)

Wastewater capital improvements are also focused on maintaining and improving the City's current infrastructure as well as extending lines throughout the City's SR 260 corridor. There is also a need to install reclaimed water lines to provide reclaimed water to parks, schools, and possibly the public in the future.

CAPITAL PROJECTS	ESTIMATED	PROJECTED					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
LEGAL ADVERTISING	\$500	\$520	\$540	\$560	\$580	\$600	\$620
INVESTMENT EXPENSE	400	410	420	430	440	450	460
260-DESIGN	40,000	0	0	0	0	0	0
260-CONSTRUCTION	0	0	1,900,000	0	0	0	0
LINE EXTENSIONS	130,000	136,500	0	150,000	0	165,000	0
CONSTRUCTION WWTP	0	4,500,000	4,000,000	0	0	0	0
LIFT STATION	150,000	0	165,000	0	180,000	0	198,000
RECL H2O PUMP SYSTEM UPGRADE	0	40,000	42,000	44,100	46,310	48,630	51,060
CONSTRUCTION - GENERAL	90,000	500,000	0	500,000	0	500,000	0
WWTP UPGRADES	0	0	100,000	0	100,000	0	100,000
12th Street: Fir-89A Reclamation Lines	0	376,020	0	0	0	0	0
PARKING LOT RECONSTRUCTION	57,000	0	0	0	0	0	0
Annual Capital Improvement Needs	\$467,900	\$5,553,450	\$6,207,960	\$695,090	\$327,330	\$714,680	\$350,140

The debt service detailed below takes into account the possibility of a \$2,500,000 bond issue late in FY 2014 and a \$4,000,000 issue in FY 2016 to continue improvements to the System in and out of the corporate City limits. As with the Water Utility, with any future debt service there will be the need to maintain additional funds to cover any debt service bond covenants.

Debt Service	ESTIMATED	PROJECTED					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
2014 Issue thru 2030			\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
2016 Issue thru 2032					\$384,000	\$384,000	\$384,000
Total Debt Service	\$0	\$0	\$240,000	\$240,000	\$624,000	\$624,000	\$624,000
Coverage							
2014 Issue thru 2030			\$84,000	\$84,000	\$84,000	\$84,000	\$84,000
2016 Issue thru 2032			\$0	\$0	\$134,400	\$134,400	\$134,400
Total Coverage Requirement	\$0	\$0	\$84,000	\$84,000	\$218,400	\$218,400	\$218,400
Total DS & Coverage Requirement	\$0	\$0	\$324,000	\$324,000	\$842,400	\$842,400	\$842,400

WATER AND WASTEWATER RATE PROJECTIONS

Water

The Water Utility rates proposed provide for a different rate for those inside and outside the City corporate boundaries. The rate committee struggled with this decision and ultimately came to the conclusion that it was the best option for the City of Cottonwood based on several factors:

-  The distances are far greater when servicing lines as well as pumps and other equipment outside the corporate limits.
-  The terrain in much of the Verde Villages is very different than that inside the City limits which makes repairs more costly.
-  The Cottonwood Municipal Water Utility is a public utility owned by the citizens of Cottonwood. When the Utility borrows money for infrastructure, whether inside or outside the City limits, the citizens of Cottonwood bear the risk of the new debt and infrastructure.
-  Inside the City, about 70% of the distribution system is fed by gravity versus booster pump. This means that the electrical cost to provide water within the City limits is significantly less per account because the only electrical cost is for the well pumpage into the gravity system. The Verde Village system and Verde Santa Fe (VSF) are 100% pressure distribution systems thus requiring a substantial amount of electricity to operate..
-  Approximately 60% of the leaks that the City repairs are in the County (mainly the Villages since VSF is a relatively new system) and Staff has to deal with three 7200 volt direct bury APS electrical lines that are joint trenched with the water lines whenever they dig there.
-  The meters in the Villages are primarily in small overgrown backyard easements which makes meter reading significantly more labor intensive.
-  There are more small wells (14) outside the City limits as opposed to larger wells inside the City limits (7); all require daily monitoring and regular maintenance regardless of size.
-  There are thirteen arsenic systems outside the limits as opposed to seven arsenic systems inside the corporate boundaries. Each of these systems require regular maintenance regardless of the size of the well.
-  The leak repair figures outside the City limits used to be higher until the City invested in new pumps and variable speed controllers in the Villages. This has reduced the pressure variations, associated water hammer, and reducing the amount of leaks.
-  The City purchased the Quail Canyon Water system exclusively to service Verde Village #6 & #7 at a cost of \$889,107
-  The Quail Canyon system will cost the City over \$200k to run the lines, including pumps and other equipment to VV #6 & #7

There was a minor change in the tiers to accommodate low usage and low income customers and shift cost to higher users:

<u>Volume Charge (per 1,000 gal)</u>	<u>Volume Charge (per 1,000 gal)</u>
0 – 1,000	0 – 1,000
1,001 – 4,000	1,001 – 5,000
4,001 - 10, 000	5,001 - 10, 000
10,001 – 20,000	10,001 – 15,000
20,000 +	15,000 +

The following tables reflect current, proposed and projected rates through FY 2019.

INSIDE CORPORATE CITY LIMIT RATE PROJECTIONS

Base Charge	CURRENT	PROPOSED	PROJECTED				
	2013	2014	2015	2016	2017	2018	2019
5/8"	\$18.36	\$23.36	\$23.83	\$24.31	\$24.80	\$25.30	\$25.81
1"	\$30.24	\$37.80	\$38.56	\$39.33	\$40.12	\$40.92	\$41.74
1 1/2"	\$61.56	\$76.95	\$78.49	\$80.06	\$81.66	\$83.29	\$84.96
2"	\$97.20	\$121.50	\$123.93	\$126.41	\$128.94	\$131.52	\$134.15
3"	\$194.40	\$243.00	\$247.86	\$252.82	\$257.88	\$263.04	\$268.30
4"	\$302.40	\$378.00	\$385.56	\$393.27	\$401.14	\$409.16	\$417.34
6"	\$615.60	\$769.50	\$784.89	\$800.59	\$816.60	\$832.93	\$849.59
<u>Volume Charge (per 1,000 gal)</u>							
0 – 1,000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1,001 – 5,000	\$2.90	\$2.90	\$2.96	\$3.02	\$3.08	\$3.14	\$3.20
5,001 - 10, 000	\$3.19	\$3.99	\$4.07	\$4.15	\$4.23	\$4.31	\$4.40
10,001 – 15,000	\$4.55	\$5.69	\$5.80	\$5.92	\$6.04	\$6.16	\$6.28
15,000 +	\$6.48	\$8.10	\$8.26	\$8.43	\$8.60	\$8.77	\$8.95
<u>Water Resource Development Fee</u>							
Water Resource Development	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32
Water Source Assurance	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
Gila River Adjudication	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44
Water Conservation	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27
Total Development Fee	\$5.38						
Connection Fees	\$25.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00

5,000 Gallons	CURRENT	PROPOSED	PROJECTED				
	2013	2014	2015	2016	2017	2018	2019
Base Fee	\$18.36	\$23.36	\$23.83	\$24.31	\$24.80	\$25.30	\$25.81
1,000 - 5,000 Rate	8.70	\$11.60	\$11.84	\$12.08	\$12.32	\$12.56	\$12.80
5,001 - 10,000 Rate	3.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10,000 - 15,000 Rate	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
15,001- Rate	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WRDF	5.38	\$5.38	\$5.38	\$5.38	\$5.38	\$5.38	\$5.38
	\$35.63	\$40.34	\$41.05	\$41.77	\$42.50	\$43.24	\$43.99

OUTSIDE CORPORATE CITY LIMIT RATE PROJECTIONS

Base Charge	CURRENT	PROPOSED	PROJECTED				
	2013	2014	2015	2016	2017	2018	2019
5/8"	\$18.36	\$30.37	\$30.98	\$31.60	\$32.24	\$32.89	\$33.55
1"	\$30.24	\$49.14	\$50.13	\$51.13	\$52.16	\$53.20	\$54.26
1 1/2"	\$61.56	\$100.04	\$102.04	\$104.08	\$106.16	\$108.28	\$110.45
2"	\$97.20	\$157.95	\$161.11	\$164.33	\$167.62	\$170.98	\$174.40
3"	\$194.40	\$315.90	\$322.22	\$328.67	\$335.24	\$341.95	\$348.79
4"	\$302.40	\$491.40	\$501.23	\$511.25	\$521.48	\$531.91	\$542.54
6"	\$615.60	\$1,000.35	\$1,020.36	\$1,040.77	\$1,061.58	\$1,082.81	\$1,104.47
<u>Volume Charge (per 1,000 gal)</u>							
0 – 1,000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1,001 – 5,000	\$2.90	\$3.77	\$3.85	\$3.93	\$4.00	\$4.08	\$4.16
5,001 - 10, 000	\$3.19	\$5.19	\$5.29	\$5.40	\$5.50	\$5.60	\$5.72
10,001 – 15,000	\$4.55	\$7.40	\$7.54	\$7.70	\$7.85	\$8.01	\$8.16
15,000 +	\$6.48	\$10.53	\$10.74	\$10.96	\$11.18	\$11.40	\$11.64
<u>Water Resource Development Fee</u>							
Water Resource Development	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32	\$4.32
Water Source Assurance	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
Gila River Adjudication	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44
Water Conservation	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27	\$0.27
Total Development Fee	\$5.38						
Connection Fees	\$25.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00
<u>5,000 Gallons</u>							
	CURRENT	PROPOSED	PROJECTED				
	2013	2014	2015	2016	2017	2018	2019
Base Fee	\$18.36	\$30.37	\$30.98	\$31.60	\$32.24	\$32.89	\$33.55
1,000 - 5,000 Rate	8.70	\$15.08	\$15.40	\$15.72	\$16.00	\$16.32	\$16.64
5,001 - 10,000 Rate	3.19	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10,000 - 15,000 Rate	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
15,001- Rate	0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WRDF	5.38	\$5.38	\$5.38	\$5.38	\$5.38	\$5.38	\$5.38
	\$35.63	\$50.83	\$51.76	\$52.70	\$53.62	\$54.59	\$55.57

Note: These projections based on the best information at the time of compilation and are subject to change.

The rate committee also considered the concept of keeping the rates the same for both inside and outside the corporate City limits. Below are the results of those calculations:

<u>Base Charge</u>	Non- Differential Rates		
	Current	Non-differential	Differential
5/8"	\$18.36	\$26.86	\$23.36
1"	\$30.24	\$45.00	\$37.80
1 1/2"	\$61.56	\$90.00	\$76.95
2"	\$97.20	\$140.00	\$121.50
3"	\$194.40	\$280.00	\$243.00
4"	\$302.40	\$435.00	\$378.00
6"	\$615.60	\$885.00	\$769.50
<u>Volume Charge (per 1,000 gal)</u>			
0 – 1,000	\$0.00	\$0.00	\$0.00
1,001 – 5,000	\$2.90	\$3.46	\$2.90
5,001 - 10, 000	\$3.19	\$4.77	\$3.99
10,001 – 15,000	\$4.55	\$6.81	\$5.69
15,000 +	\$6.48	\$9.70	\$8.10
<u>Water Resource Development Fee</u>			
Water Resource Development	\$4.32	\$4.32	\$4.32
Water Source Assurance	\$0.35	\$0.35	\$0.35
Gila River Adjudication	\$0.44	\$0.44	\$0.44
Water Conservation	\$0.27	\$0.27	\$0.27
<u>Total Development Fee</u>	<u>\$5.38</u>	<u>\$5.38</u>	<u>\$5.38</u>
Connection Fees	\$25.00	\$40.00	\$35.00
<u>R A T E S</u>			
5,000 Gallons	Current	Non-differential	Differential
Base Fee	\$18.36	\$26.86	\$23.36
1,000 - 5,000 Rate	11.60	13.84	11.60
5,001 - 10,000 Rate	0.00	0.00	0.00
10,000 - 15,000 Rate	0.00	0.00	0.00
15,001- Rate	0.00	0.00	0.00
WRDF	5.38	5.38	5.38
Monthly 5,000 Gallon Bill	<u>\$35.34</u>	<u>\$46.08</u>	<u>\$40.34</u>

After reviewing the additional burden and the factors behind differential rates, the committee consensus was to implement a differential rate program.

Wastewater

The Wastewater Utility has a simple formula for calculating proposed rates. Below is the calculation for the FY 2014 proposed rate. Council members with some tenure have probably seen this in previous Wastewater rate increase requests.

CHARGE CALCULATIONS			
			Recommendation
			\$26.25
			\$26.25
<u>Administrative Charge</u>			
Formula: Administrative operating budget / # of users = cost per user / 12 months = monthly charge			
\$423,125	/	5,343	= \$79.19 / 12 = \$6.60 (cost per month)
			Recommendation
			\$6.60
			\$6.60
<u>Depreciation of Equipment</u>			
Formula: Net annual depreciation / annualized usage of gallons (in thousands) = cost per thousand			
\$543,985	/	458,943	= \$1.19 /1000 (cost per thousand)
			Recommendation
			\$5.95
			\$5.95
<u>Maintenance & Operations (M & O)</u>			
Formula: Net M & O operating budget / annualized usage of gallons sold (in thousands) = cost per thousand			
\$1,225,780	/	447,000	= 2.74 /1000 (cost per thousand)
<u>Net Maintenance & Operations Budget Calculations</u>			
FY 2014			\$1,344,060
Less:	Miscellaneous Revenue Items (non-operational revenues)		
	Interest Income		(15,640)
	Tap Fees		(210)
	Effluent Revenue		(13,600)
	Interest Charges & Collection Fees		(27,030)
	Impact Fees		(61,800)
	Building Rental		0
	Net M & O Fee Recovery		<u>\$1,225,780</u>
			Recommendation
			\$13.70
			\$13.70

The result of the calculations is shown below along with rounding to the nearest quarter. Annual increases varied depending on the needs of the Utility. Consequently, some years have spikes rather than a gradual increase in rates as recommended by the City Council in past meetings.

Calculated Rates	ESTIMATED	PROJECTED					
	FY 2013	FY 2014 ₁	FY 2015 ₂	FY 2016	FY 2017	FY 2018	FY 2019
Administrative Rate	\$3.75	\$6.60	\$6.86	\$7.13	\$7.41	\$7.71	\$8.09
Depreciation Rate (per 1,000)	0.35	5.95	5.90	5.85	5.75	5.70	5.75
O&M Rate (per 1,000)	12.65	13.70	14.55	15.15	15.70	16.30	17.20
DS Rate	0.00	0.00	4.95	4.90	12.62	12.50	12.37
Total Monthly Residential Rate	\$16.75	\$26.25	\$32.26	\$33.03	\$41.48	\$42.21	\$43.41
Calculated Monthly Rate	\$16.75	\$26.25	\$32.26	\$33.03	\$41.48	\$42.21	\$43.41
Proposed Monthly Rate	\$16.75	\$26.25	\$32.25	\$33.00	\$41.50	\$42.25	\$43.50

The result of smoothing out the rate increases from year to year is represented below. Also depicted below is a breakdown of charges. Below is an explanation of the rates:

1. The administrative and operation and maintenance charges are a direct allocation to expenses by the Utility.
2. The debt service charges go into effect only when there is long term debt outstanding. Lease purchases, traditionally are paid by administrative & operations and maintenance funding.
3. The depreciation rate is a fluctuating variable in the rate calculation because depreciation can easily be varied and compensated for in future years.

Calculated Rates	ESTIMATED	PROJECTED					
	FY 2013	FY 2014 ¹	FY 2015 ²	FY 2016	FY 2017	FY 2018	FY 2019
BASED ON SMOOTHING RATE							
Adjusted Monthly Rate	\$16.75	\$26.25	\$29.58	\$33.34	\$37.57	\$42.34	\$47.72
Proposed Monthly Rate	\$16.75	\$26.25	\$29.50	\$33.50	\$37.50	\$42.50	\$47.75
Dollar increase		\$9.50	\$3.25	\$4.00	\$4.00	\$5.00	\$5.25

Proposed Smoothing Rates	ESTIMATED	PROJECTED					
	FY 2013	FY 2014 ¹	FY 2015 ²	FY 2016	FY 2017	FY 2018	FY 2019
Administrative Rate	\$3.75	\$6.60	\$6.85	\$7.15	\$7.15	\$7.70	\$8.10
Depreciation Rate (per 1,000)	0.35	5.95	\$3.15	\$6.30	\$2.58	\$6.00	\$7.91
O&M Rate (per 1,000)	12.65	13.70	\$14.55	\$15.15	\$15.15	\$16.30	\$19.37
DS Rate	0.00	0.00	\$4.95	\$4.90	\$12.62	\$12.50	\$12.37
Total Monthly Residential Rate	\$16.75	\$26.25	\$29.50	\$33.50	\$37.50	\$42.50	\$47.75

As a reminder, the operational portion of the overall rate is a base charge using 5,000 as a minimum. Commercial and industrial customers are additionally charged \$2.74 per 1,000 gallons above that amount of water usage.

RATE COMPARISONS

The following table compares Cottonwood’s monthly proposed water and wastewater rates to thirteen other cities, towns and unincorporated areas throughout central and northern Arizona. For consistency with other rate studies, 5,000 gallons of water and 5,000 gallons of wastewater was used to make the comparison table.

Different from previous reports, more current information was used by pulling current rate sheets and contacting the various communities in the rate survey. It should be noted that this is a snapshot of the rates as of May 22, 2013 and several communities are already considering raising rates in the near future.

As with earlier studies, the numbers presented do not include sales tax, other charges beyond based minimums fees, volume charges, or any resulting resource fees similar to those collected by the City of Cottonwood. Also important to note is that some of the rates are for privately owned water and wastewater companies and districts.

Community	Notes	2010 Census Population	5,000 gallons of water		5,000 gallons wastewater		Combined Charges	
			Inside	Outside	Inside	Outside	Inside	Outside
Cottonwood		11,265	\$40.34	\$50.83	\$26.00	\$26.00	\$66.34	\$76.83
Camp Verde	1	10,873	\$40.50	40.50	35.00	35.00	75.50	75.50
Chino Valley		10,817	\$25.29	25.29	53.37	53.37	78.66	78.66
Clarkdale		4,097	\$49.08	49.08	38.00	38.00	87.08	87.08
Flagstaff		65,870	\$29.60	32.56	18.45	20.30	48.05	52.86
Payson	4	15,301	\$37.88	37.88	20.00	20.00	57.88	57.88
Prescott		39,843	\$31.98	44.43	39.72	39.72	71.70	84.15
Prescott Valley	5	38,822	\$24.10	24.10	27.77	27.77	51.87	51.87
Sedona	2	10,031	\$34.32	34.32	47.34	47.34	81.66	81.66
Show Low		10,660	\$27.39	34.05	27.58	27.58	54.97	61.63
Verde Santa Fe	3		\$40.34	50.83	40.14	40.14	80.48	90.97
Wickenburg		6,363	\$11.04	22.08	20.99	20.99	32.03	43.07
Williams		3,023	\$32.25	32.25	34.00	34.00	66.25	66.25
Winslow		9,655	\$22.99	45.06	29.51	59.02	52.50	104.08
Average			\$31.29	36.34	33.22	35.63	64.51	71.97

Source: Communities websites & personal contacts

1 - Water is privately owned - Camp Verde Water System, Inc. & Verde Lakes Water System & Wastewater

Camp Verde Sanitation District collects property taxes

2 - Water is operated by Arizona Water Company

3 - Wastewater is provided by Verde Santa Fe Wastewater Co.

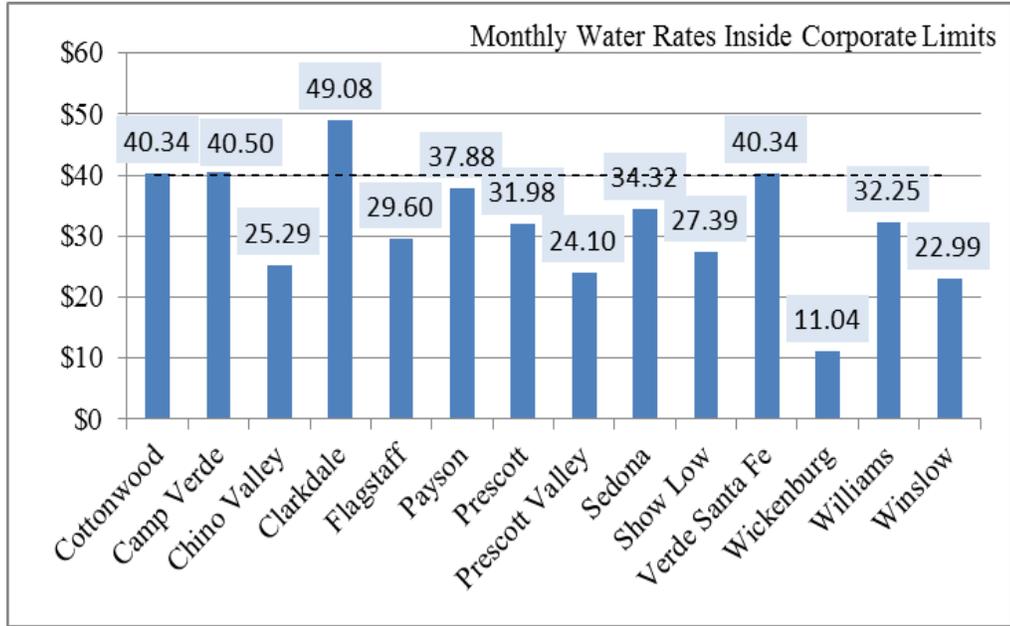
4 - Wastewater is provided by the No. Gila County Sanitary District-collects \$0.60 per \$100 of secondary assessed value

5 - Prescott Valley Sewer not a fixed monthly cost, but based on usage at \$4.54 per 1,000 gallons

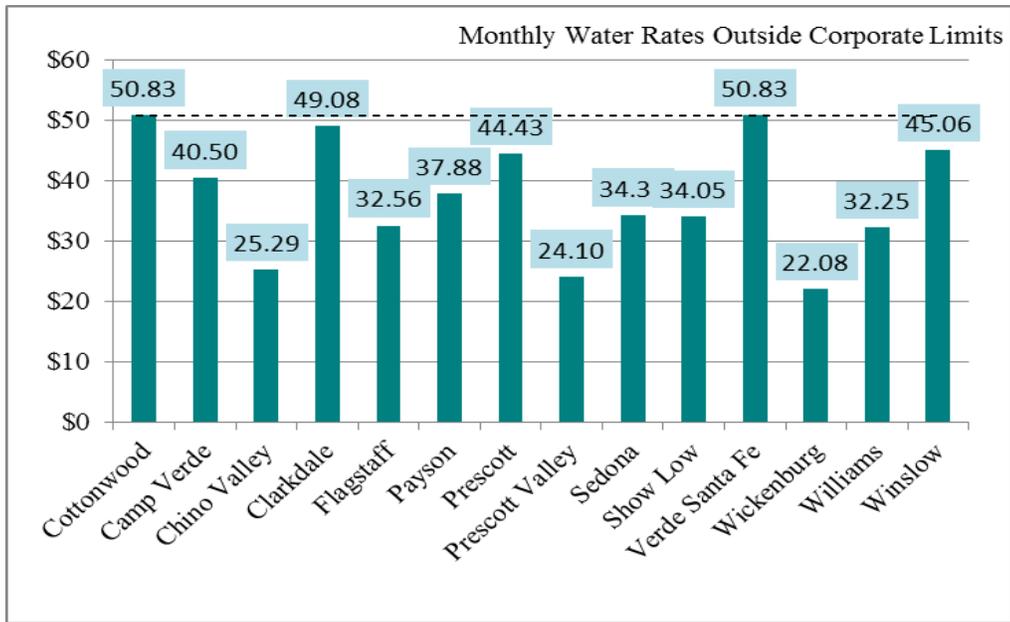
The table clearly depicts this disparity of water rates between inside community corporate limits and outside community corporate limits. In some cases, the rates are doubled. It should be noted that some communities use General Obligation (GO) bonds which are paid through excise taxes, while others, like the City of Cottonwood, use Revenue Bonds which directly impact the rate structure. Traditionally, communities using GO Bonds have lower rates but higher property or other tax rates.

Water Rates Comparison:

The proposed rates take into consideration that the cost of services vary between in and out of the corporate City limits for the reasons previously detailed. The following graphs visually depict where Cottonwood in-limit rates will compare to other northern Arizona communities.

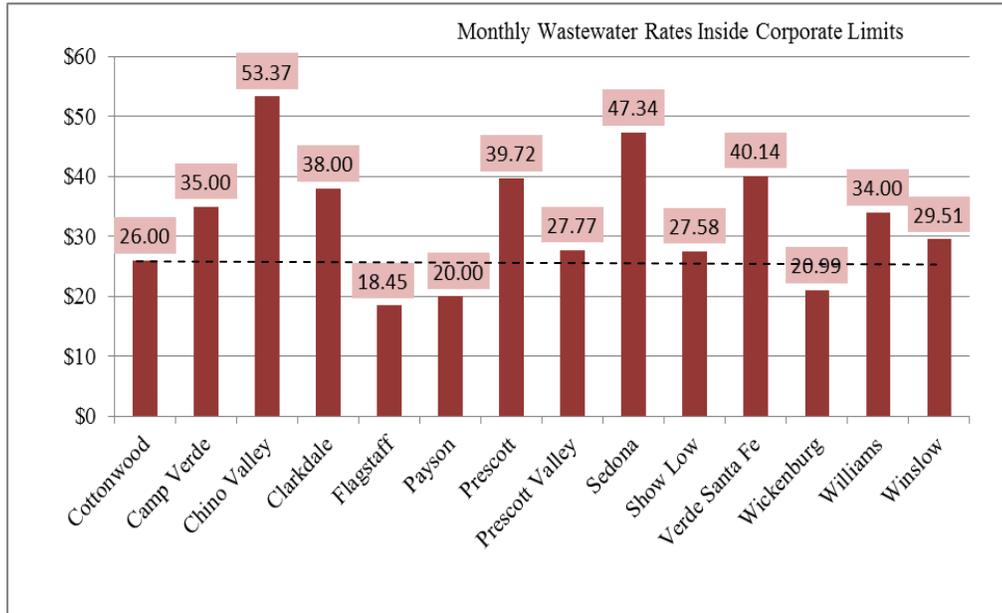


In reality, over 46% of the communities surveyed use higher rates for those water users outside their corporate limits. Some of the communities currently do not provide services outside their boundaries or their coverage is very limited.

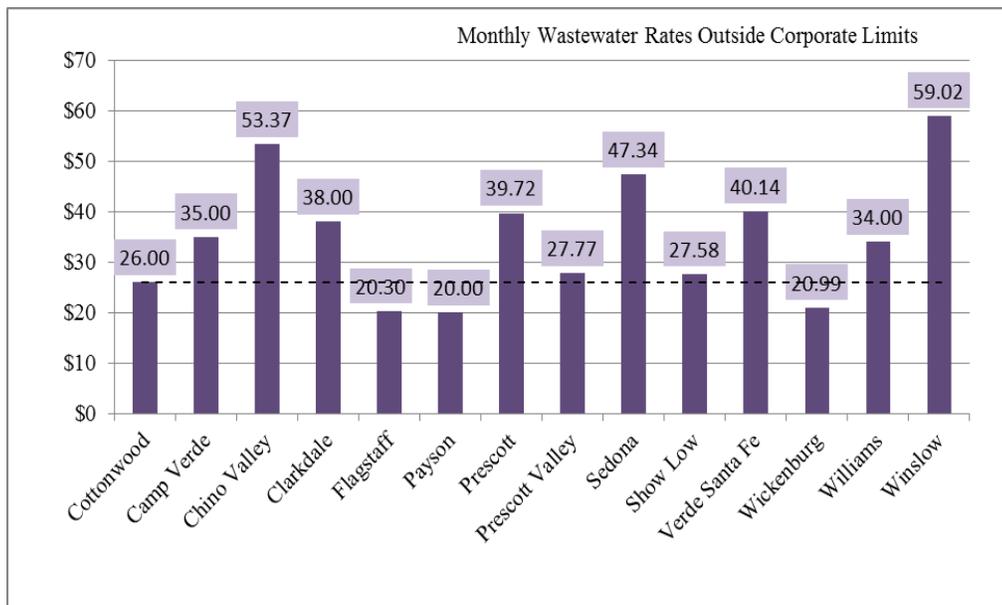


Wastewater Rates Comparison:

Comparing proposed wastewater rates, the variance among all surveyed is more dramatic. The City of Cottonwood ranks as the fourth lowest out of the field of fourteen. At \$26.00, only Flagstaff, Payson, and Wickenburg are lower at \$18.45, \$20.00 and \$20.99, respectively. Chino Valley is more than double the proposed Cottonwood in-limit rates.

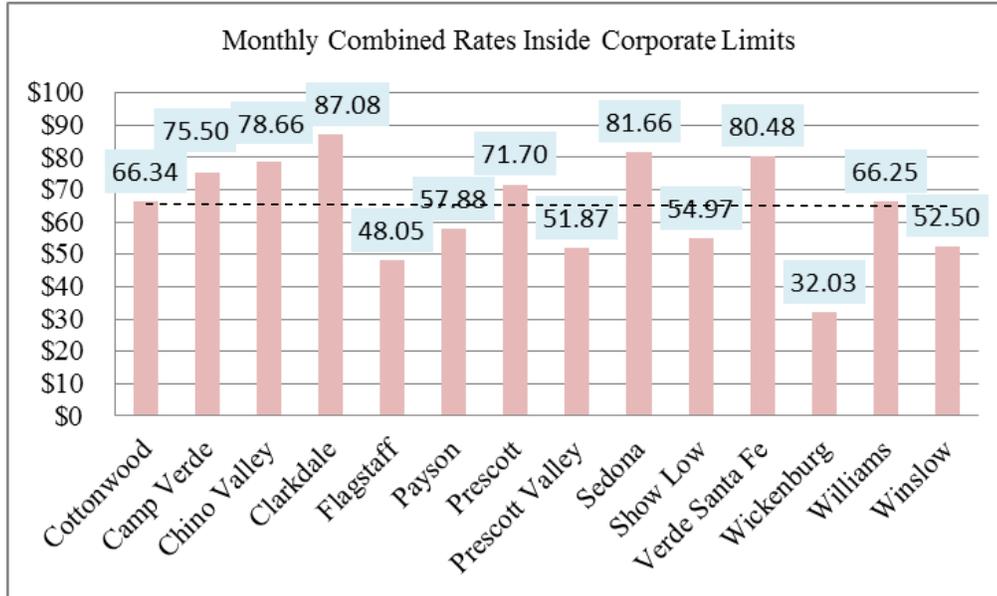


Differential rates in the sample communities are not as prevalent as they are in water rates. Some of these communities do not provide services outside their corporate boundaries.

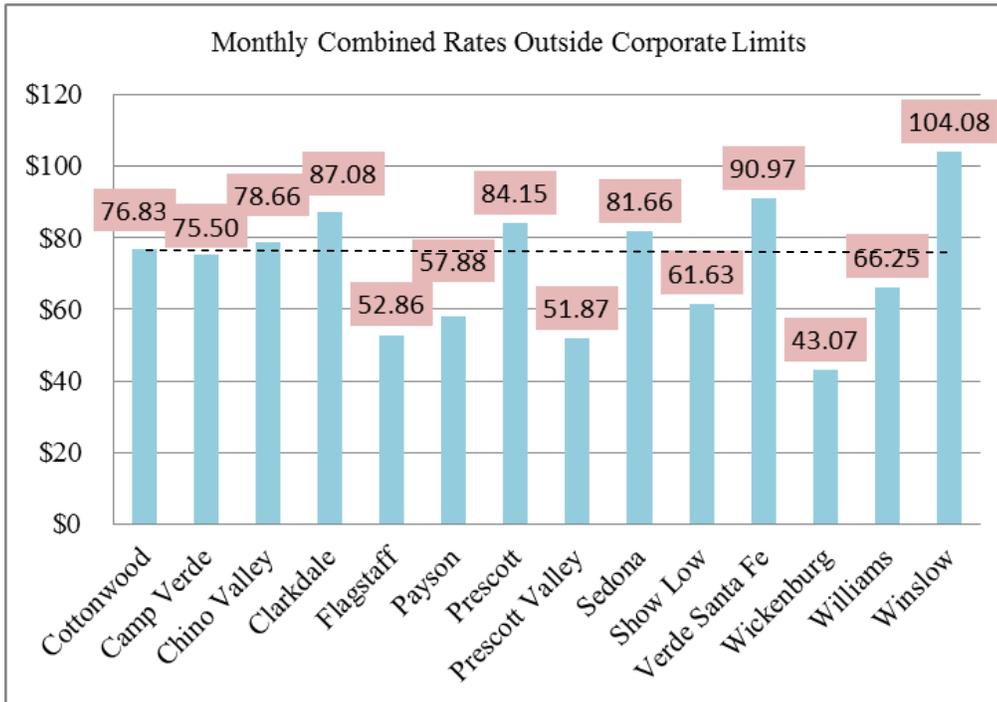


Combined rates:

The following table compares combined rates using 5,000 gallons of water and 5,000 gallons of wastewater at residential rates. Inside City limit rates places the City of Cottonwood in the middle of all those surveyed.



A review of the overall combined out of City limit rates, the City of Cottonwood is again in the middle of all those surveyed.



OTHER RECOMMENDED CHANGES

Staff is proposing a modest increase in water deposits and fees to assist in cost recovery. These fee and deposit amounts have not been altered since the acquisition of the utilities back in November 2004. It is important to also review the utility deposit and fees as part of a comprehensive rate study.

Water Meter Charge:

Water Meter Size (inches)	Current Charge	Proposed New Charge
5/8"	\$275	\$400
1"	\$400	\$475
1 1/2"	\$850	\$970
2"	\$1,150	\$1,250
3"	\$1,700	\$2,000
4"	\$2,500	\$3,000
6"	\$4,850	\$6,000
8"	\$9,400	\$12,000

Account Fees:

Deposits:

	Deposit Amount 1		
	Current Fee	Proposed New Fee - Owner	Proposed New Fee - Tenant
5/8"	\$100	\$100	\$125
1"	\$125	\$125	\$150
1 1/2"	\$150	\$150	\$200
2"	\$200	\$200	\$300
3"	\$300	\$300	\$500
4"	\$350	\$350	\$650
6"	\$400	\$400	\$800
8"	\$600	\$600	\$1,000

1 - If an account is turned off for non-pay, there will be an additional \$25.00 deposit charge per occurrence.

Water Service Establishment Fees

Current Fee	Proposed New Fee - Inside	Proposed New Fee - Outside
\$25	\$35	\$45

OTHER RECOMMENDED CHANGES - CONTINUED

Emergency and Construction Turn-On/Turn Off

	Current Charge	Proposed New Charge - Inside	Proposed New Charge - Outside
Regular Business Hours	\$25	\$35	\$45
Non-Business Hours	\$75	\$95	\$105

Non-metered Fire Sprinkler Line Monthly Standby Fee

Line Size	Current Fee	Proposed New Fee
4" line	\$20	\$25
6" line	\$35	\$40
8" line	\$50	\$60

Reconnections (Per Disconnection For Non-Payment)

	Current Charge	Proposed New Charge - Inside	Proposed New Charge - Outside
	\$25	\$35	\$45

Meter Re-Reading/Test

Determined by cost of test and shipping

Account Delinquencies

	Current Charge	Proposed New Charge
On 11th day past-due	\$5	\$10
Subsequent past-due (per month)	0.833% mo.	

APPENDIX

Rating Update: MOODY'S DOWNGRADES COTTONWOOD MUNICIPAL PROPERTY CORPORATION WATER ENTERPRISE (AZ) RATING TO Baa1 FROM A3

Global Credit Research - 20 May 2011

NEGATIVE OUTLOOK REMOVED; Baa1 RATING AFFECTS \$34.6 MILLION OF RATED DEBT OUTSTANDING

Cottonwood Munic. Prop. Corp., AZ Wtr. Ent.
Water/Sewer
AZ

Opinion

NEW YORK, May 20, 2011 – Moody's Investors Service has downgraded Cottonwood Municipal Property Corporation Water Enterprise (AZ) senior lien debt obligations to Baa1 from A3 affecting \$34.6 million in outstanding debt. The bonds are secured by the lease purchase payments made by the City from net water utility system revenues.

SUMMARY RATING RATIONALE

The Baa1 rating and downgrade reflects the city's weakened financial position, which has contributed to violation of the rate covenant for two consecutive years and a decline in the City's cash margins. The Baa1 rating also reflects the essentiality of the service, stable customer base, weak debt ratio and reluctance to raise rates to generate adequate net revenues for the payment of debt service. The removal of the negative outlook reflects management's commitment to increase coverage levels to comply with the rate covenant through expenditure cuts and rate increases over the next couple years.

STRENGTHS

- Ample liquidity position
- Adequate system capacity to meet future demand

CHALLENGES

- Multiple year rate increases to restore coverage levels to 1.35x rate covenant
- Above average debt ratio

DETAILED CREDIT DISCUSSION

SYSTEM EXHIBITS TREND OF DECLINING COVERAGE AND LIQUIDITY LEVELS

The System's debt service coverage levels have declined in recent years as a result of declining operating revenue and expenditure pressures stemming from increased repair and replacement costs. In fiscal 2009 and fiscal 2010 debt service coverage fell to 1.10x and 1.11x respectively, which fell below the rate covenant of 1.35x coverage on a net revenue basis. Despite an 8% rate increase, which was approved by City Council in fiscal 2010, management projects fiscal 2011 coverage to be 1.08x. Management acknowledges the need to increase coverage levels to satisfy the rate covenant and plans to do so through a collection of expenditure cuts and rate increases.

AMPLE LIQUIDITY DESPITE RECENT DRAWDOWNS

The System's liquidity position has declined in recent years as a result of increased capital expenditures related to needed repairs to existing water lines and costs related to water quality. Management has indicated that arsenic levels have been reduced and is compliance with water regulation standards. Days Cash on Hand declined from 927 days in fiscal 2009 to 504 days in fiscal 2010. Management has indicated that there is no expectation to utilize cash reserves outside of standard repair and maintenance charges. Moody's believes the on-going maintenance of the system's ample liquidity position remains a significant credit factor. In addition, the City has indicated that the system maintains a fully cash funded debt service reserve account.

DIVERSIFIED, MATURE SERVICE AREA WITH ADEQUATE CAPACITY TO MEET FUTURE DEMAND

The City of Cottonwood (UTGO, rated A1) is located 50 miles south of Flagstaff (UTGO rated Aa2) and about 20 miles southwest of the City of Sedona. Recreational tourism and services for retirees are important economic drivers for the region. The system's service area includes the city limits and surrounding areas adjacent to the city limits. The system's capacity includes all above ground storage facilities including 21 reservoirs with a capacity of 3.4 million gallons, which remains sufficient to meet future demand. The system remains diversified with the top ten customers making up 4.19% of the systems total revenues.

WHAT COULD MAKE THE RATING GO UP

- * Demonstrated trend of increasing net revenues and debt service coverage above the rate covenant.

WHAT COULD MAKE THE RATING GO DOWN

- * Further deterioration of the system's coverage levels and cash position.

KEY STATISTICS:

Security: Secured by the lease purchase payments made by the City from net water utility system revenues

Legal Provisions: Slightly stronger than standard with a rate covenant and additional bonds test of 1.35x of annual debt service coverage.

Total Accounts (2009): 9,127

Fiscal 2010 operating ratio: 67%

Fiscal 2010 Debt Service Coverage: 1.11 times

Fiscal 2010 Days Cash on Hand: 504

Debt Ratio: 116.6%

Projected Payout (10 years): 32%

The principal methodology used in this rating was *Analytical Framework For Water And Sewer System Ratings* published in August 1999.

REGULATORY DISCLOSURES

Information sources used to prepare the credit rating are the following: parties involved in the ratings and public information.

Moody's Investors Service considers the quality of information available on the credit satisfactory for the purposes of maintaining a credit rating.

Moody's adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see ratings tab on the issuer/entity page on Moody's.com for the last rating action and the rating history.

The date on which some Credit Ratings were first released goes back to a time before Moody's Investors Service's Credit Ratings were fully digitized and accurate data may not be available. Consequently, Moody's Investors Service provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moody's.com for further information.

Please see the Credit Policy page on Moody's.com for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

Analysts

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Contacts

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Moody's Investors Service
250 Greenwich Street
New York, NY 10007
USA



RatingsDirect®

Summary:

Cottonwood Municipal Property Corp. Cottonwood, Arizona; Water/Sewer

Primary Credit Analyst:

Corey A Friedman, Chicago (1) 312-233-7010; corey.friedman@standardandpoors.com

Secondary Contact:

Robert L Hannay, CFA, San Francisco (1) 415-371-5038; robert.hannay@standardandpoors.com

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Summary:

Cottonwood Municipal Property Corp. Cottonwood, Arizona; Water/Sewer

Credit Profile

Cottonwood Mun Prop Corp, Arizona

Cottonwood, Arizona

Cottonwood Mun Prop Corp sr lien wtr sys

Unenhanced Rating

BBB+(SPUR)/Negative

Downgraded

Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services has lowered its long-term rating on Cottonwood Municipal Property Corp., Ariz.'s water revenue bonds, series 2004 and 2006, to 'BBB+' from 'A', reflecting the city's recent trend of insufficient annual debt service coverage from net revenues while relying on cash reserves to make sufficient coverage. The outlook is negative.

The rating and outlook reflect our opinion of the water system's:

- Inability to meet debt service requirements using net available revenues, which has led to the system using cash reserves to sufficiently cover debt service payments;
- Infrequent rate increases to sufficiently support annual debt service payments and future rate increases, which, while projected, have not been approved;
- Extremely high debt to plant ratios, with the city potentially adding additional debt to support its moderate capital plan; and
- Affordable rates in comparison to the city's underlying economic characteristics.

We view the bond provisions as adequate. The bonds are secured by the net revenues of the water system. Covenants include a 1.35x rate covenant and a 1.35x maximum annual debt service additional bonds test. Impact fees are considered part of the revenues for satisfying the rate covenant, but the system has been insufficient even in recent years to meet the coverage requirements.

In our view, the system's financial performance has been weakened due to rates being insufficient to cover operating expenditures and consequently not satisfying the system's rate covenant on the bonds. Based on audited results, we calculate debt service coverage (DSC) for fiscal 2012 at 0.96x, which we consider insufficient based on the system's rate covenant of 1.35x; this follows weak DSC at 0.87x and 1.16x for fiscal years 2010 and 2011, respectively. Based on the city's fiscal 2013 budget, we estimate that fiscal 2013 DSC will be about 0.98x. The city believes it will be more than 1x annual debt service when including impact fees. Additionally, when the city was below its rate covenant, it had to use reserves to cover some of the debt service as well as to address its capital needs. According to management, pending approval of the city's proposed rates, it is expecting to reach 1.35x coverage in fiscal 2014 and stay between

1.35x and 1.40x for the next five years. To reach this goal, according to management, the city will have to make one substantial increase in fiscal 2014 and then make smaller annual increases to maintain coverage. However, given that rates have been raised infrequently, with the last one in 2010, we believe this creates additional pressure to maintain even sufficiency coverage. Although the city has been in violation of the system's 2004 and 2006 revenue bond covenants, no action has been taken to make the city meet its coverage requirements.

Liquidity has ranged between good and strong during the past four fiscal years and we anticipate that it will remain good. Cash on hand at the end of fiscal 2012 totaled \$7 million. Of this total, the city considers only \$2 million to be unrestricted, which translates to 201 days' unrestricted cash and investments, which we consider good. The remainder is earmarked for water resource development. Based on the city's audited financial statements, liquidity during the past four fiscal years was no lower than 113 days. As of May 30, 2013, unrestricted cash and investments totaled \$5.1 million out of which \$1.56 million is available. Management's goal is to maintain at least 60 days of operating expenditures. Cash has fluctuated in recent years, with levels at more than \$2.3 million in fiscal 2011 (273 days) but just over \$1 million (113 days) in fiscal 2010.

Cottonwood Municipal Property Corp. is part of Yavapai County in central Arizona, 50 miles south of Flagstaff, and borders the Verde River to its north. Cottonwood City's population increased during the past five years from 2008 to 2012 by 7.6% to 11,827. Management reports that it expects moderate growth in the area over the next five years. Yavapai County's unemployment rates were moderately high during the past three years, ranging from 7.9%-11.4% and most recently stood at 8.1% in April 2013. We consider Cottonwood and Yavapai County's income levels to be adequate based on the median household effective buying income (EBI) at 76% and 86% of the national level in 2012, respectively.

The city serves a stable, primarily residential, and very diverse customer base. During the past five fiscal years, water accounts decreased by 0.4% to 9,000 accounts in fiscal year 2012 from 9,040 accounts in fiscal year 2008. We consider the customer base to be primarily residential, with residential customers accounting for about 93% of water meters. The district's customer base is also very diverse, in our opinion, as the 10 leading customers pay about 0.78% of water service charges and the leading customer, Verde Valley Medical Center, pays 0.33% of water service charges annually.

The system provides water treatment, storage, and delivery services to some households and businesses within and adjacent to the city and includes some limited outlying areas of Yavapai County. In 2004, the city entered into the water utility business after acquiring three private water companies. Its only source of supply is groundwater, which is pumped through wells. In fiscal 2012, the average daily demand was 2.1 million gallons per day (mgd) with a peak day demand of 2.7 mgd. According to city management, Cottonwood has ample water supply.

Water rates are moderate but are anticipated to increase in the future, assuming city council approval. Customers pay their water service charges along with their sewer charges monthly. The water charge is \$39.53 per 8,000 gallons for fiscal year 2013. The city last raised rates by 8% in 2010, but continues to review them annually. Total water and sewer bills total \$53.26, which translates to an affordable 2.2% of underlying median household EBI. As of fiscal 2014, monthly water rates are proposed to increase by 16% to \$50.32. Water rates are projected to increase by 2% from fiscal years 2015 through 2019. According to management, the city is still discussing future water rates and will be proposing these plans to council in June and implementing them Oct. 1, 2013 at the earliest. Management is also

planning on scheduling its rate committee to meet regularly on rate issues as well as report to council over the year. The city currently has 3,250 closed accounts that total \$358,610 in delinquencies, which management doesn't believe it will collect. Once a bill is past due, the water is turned off unless the total past due bill is paid.

Cottonwood's capital improvement plan for the next five years is, in our view, moderate but could add to an already highly leveraged debt position at 175% debt to plant with \$33 million of bonds outstanding in fiscal 2012. The city could also seek additional funding for continued improvements to the water system and has plans to refinance through the state's Water Infrastructure Finance Authority. These two actions are dependent on future water rate increases and the city maintaining its rate covenant. In aggregate, over the next five years management anticipates capital project spending about \$8 million, of which \$5 million would be new debt issuance.

Outlook

The negative outlook reflects our view of the city's historical inability to meet debt service requirements from net available revenues and our opinion that this trend could continue if the city does not make timely budget adjustments to meet at least sufficient coverage. If the city still fails to take the necessary budgetary action, whether through the more likely appropriate revenue enhancements or expenditure reductions, to meet its coverage requirements, we could lower the rating during the current two-year outlook. Meeting at least sufficient coverage from net available revenues could lead us to revise the outlook to stable at the current rating level. Upward rating movement is limited during the current outlook period.

Related Criteria And Research

- USPF Criteria: Standard & Poor's Revises Criteria For Rating Water, Sewer, And Drainage Utility Revenue Bonds, Sept. 15, 2008
- USPF Criteria: Key Water And Sewer Utility Credit Ratio Ranges, Sept. 15, 2008

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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June 7, 2013

The Bank of New York Trust Company, N.A.
700 South Flower Street, Suite 500
Los Angeles, CA 90017-4104
Attention: Corporate Trust Services

cc: Jesus "Rudy" Rodriguez
Administrative Services General Manager
City of Cottonwood
816 North Main Street
Cottonwood, Arizona 86326

Re: Notice of Noncompliance with Series 2004 and Series 2006 City Purchase Agreements between City of Cottonwood, Arizona and City of Cottonwood Municipal Property Corporation

Ladies and Gentlemen:

Reference is made to the Bond Indenture dated as of October 1, 2004 (the "2004 Indenture"), between City of Cottonwood Municipal Property Corporation (the "Corporation") and BNY Western Trust Company ("BNY Western"), as trustee, securing the City of Cottonwood Municipal Property Corporation Senior Lien Water System Revenue Bonds, Series 2004 (the "2004 Bonds") and the Obligation Indenture dated as of January 1, 2006 (the "2006 Indenture" and together with the 2004 Indenture, the "Indentures"), among the City of Cottonwood, Arizona (the "City"), the Corporation and The Bank of New York Trust Company, N.A. ("BONY" and together with BNY Western, "BNY"), as obligation trustee, securing the Senior Lien Water System Revenue Obligations, Series 2006 (the "2006 Obligations" and together with the 2004 Bonds, the "Bonds"). Syncora Guarantee Inc. f/k/a XL Capital Assurance Inc. ("Syncora") is the bond insurer on the Bonds. Further reference is made to the City Purchase Agreement dated as of October 1, 2004 (the "Series 2004 Purchase Agreement"), between the City, as purchaser, and the Corporation, as seller, and the Series 2006 City Purchase Agreement dated as of January 1, 2006 (the "Series 2006 Purchase Agreement" and together with the Series 2004 Purchase Agreement, the "Purchase Agreements"), between the City, as purchaser, and the Corporation, as seller. Defined terms used but not defined herein shall have the meanings ascribed to them in the related Indenture or the related Purchase Agreement, as appropriate.

Section 4.2(b) of the Series 2004 Purchase Agreement contains a rate covenant (the "Series 2004 Rate Covenant") which provides, in part, that the City shall fix fees "to produce Net Revenues in each Fiscal Year which will equal at least 135% of the interest and Principal Requirement for the then current Bond Year on all Senior Lien Obligations then outstanding". Section 4.2(b) of the Series 2006 Purchase Agreement contains a rate covenant (the "Series 2006 Rate Covenant" and together with the Series 2004 Rate Covenant, the "Rate Covenants") which provides, in part, that the City shall fix fees "to produce Net Revenues (excluding, however, from a calculation thereof for this purpose only the amounts received by the City pursuant to the Intergovernmental Utilities Purchase Agreement) in each Fiscal Year which will equal at least 135% of the interest and Principal Requirement (excluding, however, from the calculation thereof for this purpose only the portion of such interest and Principal Requirement allocable to each

Clarkdale Maturity Amount) for the then current Bond Year on all Senior Lien Obligations then outstanding.” The City is not currently and has not been compliant with the Rate Covenants for more than three years (as shown on the attached exhibit from the City’s 2012 financial statement). Section 7.1(c) of each Purchase Agreement provides that an Event of Default occurs when “the City shall fail to perform any other covenant herein for a period of thirty (30) days after written notice specifying such default shall have been given to the City by the Corporation or the Trustee...”.

Section 12.3 of each Indenture provides that “[Syncora] shall be recognized as the registered Holder of each Bond which it insures for the purposes of exercising all rights and privileges available to the Holders.”

Pursuant to Section 6.4 of each Indenture provides that BNY may enforce all rights of the Corporation and all obligations of the City under the Purchase Agreements.

By this letter, Syncora hereby requests that BNY promptly deliver a notice to the City of its noncompliance with Section 4.2(b) of each Purchase Agreement and a demand to correct such noncompliance as soon as practicable.

Please be advised that Syncora reserves all of its rights and remedies in connection with the City’s noncompliance under the Purchase Agreement (including, without limitation, the right to exercise such rights and remedies without further notice), and that no failure or delay by Syncora in exercising any such right or remedy shall operate as a waiver thereof.

Please do not hesitate to contact Mary Rose Kaddo at (212) 478-3620 if you have any questions with respect to this letter.

Very truly yours,

SYNCORA GUARANTEE INC

By:

Name:

Title:


Charles E. Reilly
Managing Director



BNY MELLON

June 25, 2013

City of Cottonwood, Arizona
Attn: Jesus Rudy Rodriguez, Administrative Services General Manager
816 North Main Street
Cottonwood, AZ 86326
(Via Email: rodriguez@cottonwoodaz.gov)

**Re: Notice of Noncompliance with Series 2004 and Series 2006 City Purchase Agreements
Between City of Cottonwood, Arizona and City of Cottonwood Municipal Property
Corporation**

Dear Sirs:

Reference is made to the Bond Indenture dated as of October 1, 2004 (the "2004 Indenture"), between City of Cottonwood Municipal Property Corporation (the "Corporation") and The Bank of New York Mellon Trust Company, N.A., successor-in-interest to BNY Western Trust Company, as trustee (the "Bond Trustee"), securing the City of Cottonwood Municipal Property Corporation Senior Lien Water System Revenue Bonds, Series 2004 (the "2004 Bonds") and the Obligation Indenture dated as of January 1, 2006 (the "2006 Indenture" and together with the 2004 Indenture, the "Indentures"), among the City of Cottonwood, Arizona, (the "City"), the Corporation and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. as obligation trustee (the "Obligation Trustee" and together with the Bond Trustee, the "Trustee"), securing the Senior Lien Water System Revenue Obligations, Series 2006 (the "2006 Obligations" and together with the 2004 Bonds, the "Bonds"). Further reference is made to the City Purchase Agreement dated as of October 1, 2004 (the "Series 2004 Purchase Agreement"), between the City, as purchaser, and the Corporation, as seller, and the Series 2006 City Purchase Agreement dated as of January 1, 2006 (the "Series 2006 Purchase Agreement" and together with the Series 2004 Purchase Agreement, the "Purchase Agreements"), between the City, as purchaser, and the Corporation, as seller. Defined terms used but not defined herein shall have the meanings ascribed to them in the related Indenture or the related Purchase Agreement, as appropriate.

Section 4.2(b) of the Series 2004 Purchase Agreement contains a rate covenant (the "Series 2004 Rate Covenant") which provides, in part, that the City shall fix fees "to produce Net Revenues in each Fiscal Year which will equal at least 135% of the interest and Principal Requirement for the then current Bond Year on all Senior Lien Obligations then outstanding". Section 4.2(b) of the Series 2006 Purchase Agreement contains a rate covenant (the "Series 2006 Rate Covenant" and together with the Series 2004 Rate Covenant, the "Rate Covenants") which provides, in part, that the City shall fix fees "to produce Net Revenues (excluding, however, from a calculation thereof for this purpose only the amounts received by the City pursuant to the Intergovernmental Utilities Purchase Agreement) in each Fiscal Year which will equal to at least 135% of the interest and Principal Requirement (excluding, however, from the calculation thereof for this purpose only the portion of such interest and Principal Requirement allocable to each Clarkdale Maturity Amount) for the then current Bond Year on all Senior Obligations then outstanding". The City is not currently and has not been compliant with the Rate Covenants for more than three years (as shown in the City's 2012 financial statement).

The Bank of New York Mellon Trust Company, N.A., 601 Travis Houston, Texas 77002

Section 7.1(c) of each Purchase Agreement provides that an Event of Default occurs when “the City shall fail to perform any other covenant herein for a period of thirty (30) days after written notice specifying such default shall have been given to the City by the Corporation or the Trustee, provided that if such failure be such that it cannot be remedied within such 30 day period, it shall not be deemed an Event of Default so long as the City diligently tries to remedy the same”.

The Trustee hereby notifies the City of the noncompliance with Section 4.2(b) of each Purchase Agreement, and that such noncompliance could become an Event of Default under Section 7.1(c) of each Purchase Agreement and under Section 7.1(e) of each Indenture. The Trustee hereby demands the City to immediately remedy the potential Events of Default, pursuant to the requirements of the Purchase Agreements and the Indentures.

The Trustee also calls your attention to Section 4.2(d) of the Series 2004 Purchase Agreement which states “If the City fails to comply with the foregoing covenant in any Fiscal Year while the Policy is in effect and the Bond Insurer is not in default there under, the City shall cause a rate study in substantially the form of the ‘Water Rates Study and Long Term Financial Plan’ prepared in connection with the issuance of the Bonds to be prepared within 180 days of the end of such Fiscal Year and shall provide a copy of the same to the Bond Insurer”.

The failure to list other failures, defaults or Events of Defaults that may currently exist or may arise hereafter does not constitute, and shall not be deemed a waiver of any such failures, defaults or Events of Default by the Trustee. The Trustee hereby reserves all of its rights, including the right to take whatever remedial actions it deems necessary at any time after the occurrence and during the continuation of an of an Event of Default. The failure to take immediate action does not constitute and shall not be deemed a waiver of the Trustee’s rights or remedies.

Please advise the Trustee of remedial steps the City is considering. If you have questions concerning this Notice, please contact the Trustee, Attn: J. Chris Matthews, 601 Travis, 16th Floor, Houston, Texas 77002, via phone at (713) - 483-6267 or email to j.chris.matthews@bnymellon.com.

Sincerely,



J. Chris Matthews
Vice President

cc:

City of Cottonwood Municipal Property Corporation
Attn: President
c/o City of Cottonwood, Arizona
827 North Main Street
Cottonwood, Arizona 86326

Syncora Guarantee Inc.
Attn: Mary Rose Kaddo
135 West 50 Street
New York, N.Y. 10020

City of Cottonwood, Arizona.
Attn: City Manager
827 North Main Street
Cottonwood, Arizona 86326

ORDINANCE NUMBER 598

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, AMENDING THE CITY'S MUNICIPAL WATER SYSTEM RATES, FEES AND CHARGES.

WHEREAS, the City has prepared, published, and made available for public inspection a *Water and Wastewater Rate Study and Long-Term Financial Forecast*, the purpose of which was to examine the current and projected revenues and expenses of the City's water and wastewater systems over the next five years, and to recommend rates, fees and charges to adequately support those systems over that period; and

WHEREAS, the City is currently out of compliance with the rate covenants contained within the water system revenue bonds issued by the City's Municipal Property Corporation in 2004 and 2006, which require the City to charge and collect fees equal to 135 percent of the water system's annual operating costs; and

WHEREAS, the City Council has determined that it is necessary to amend the municipal water system's rates, fees and charges in order to generate sufficient revenues to properly maintain and operate the system over the next five years, and to comply with the covenants and requirements of the City's water system revenue bonds; and

WHEREAS, the City Council adopted a Notice of Intent to Adjust Water and Wastewater Rates, Fees, and Charges for the City's water and wastewater utilities on June 18, 2013; and

WHEREAS, the proposed new rates, fees and charges were published in the *Verde Independent* on July 10, 2013; a public hearing was held on August 6, 2013; and other proper and sufficient notice of the proposed increase has been given to the public and to the customers of the City's municipal water system; and

WHEREAS, all of the requirements of Arizona Revised Statutes Section 9-511.01 have been met.

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

ORDINANCE NUMBER 598

Section 1: That, the City of Cottonwood Municipal Water System rates, fees, and charges are hereby amended as follows:

	PROPOSED NEW RATES	
	INSIDE	OUTSIDE
<u>Base Charge</u>		
5/8"	\$23.36	\$30.37
1"	\$37.80	\$49.14
1 1/2"	\$76.95	\$100.04
2"	\$121.50	\$157.95
3"	\$243.00	\$315.90
4"	\$378.00	\$491.40
6"	\$769.50	\$1,000.35
<u>Volume Charge (per 1,000 gal)</u>		
0 - 1,000	\$0.00	\$0.00
1,001 - 5,000	\$2.90	\$3.77
5,001 - 10, 000	\$3.99	\$5.19
10,001 - 15,000	\$5.69	\$7.40
15,000 +	\$8.10	\$10.53
<u>Water Resource Development Fee</u>		
Water Resource Development	\$4.32	\$4.32
Water Source Assurance	\$0.35	\$0.35
Gila River Adjudication	\$0.44	\$0.44
Water Conservation	\$0.27	\$0.27
<hr/>		
Total Development Fee	\$5.38	\$5.38

ORDINANCE NUMBER 598

Water Meter Charge:

Water Meter Size (inches)	Proposed New Charge
5/8"	\$400
1"	\$475
1 1/2"	\$970
2"	\$1,250
3"	\$2,000
4"	\$3,000
6"	\$6,000
8"	\$12,000

Account Fees:

Deposits:

	Deposit Amount 1	
	Proposed New Fee - Owner	Proposed New Fee - Tenant
5/8"	\$100	\$125
1"	\$125	\$150
1 1/2"	\$150	\$200
2"	\$200	\$300
3"	\$300	\$500
4"	\$350	\$650
6"	\$400	\$800
8"	\$600	\$1,000

1 - If an account is turned off for non-pay, there will be an additional \$25.00 deposit per occurrence.

Water Service Establishment Fees

Proposed New Fee - Inside	Proposed New Fee - Outside
\$35	\$45

Emergency and Construction Turn-On/Turn Off

	Proposed New Charge - Inside	Proposed New Charge - Outside
Regular Business Hours	\$35	\$45
Non-Business Hours	\$95	\$105

Non-metered Fire Sprinkler Line Monthly Standby Fee

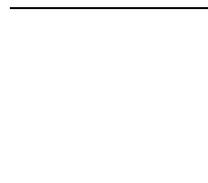
Line Size	Proposed New Fee
4" line	\$25
6" line	\$40
8" line	\$60

Reconnections (Per Disconnection For Non-Payment)

Proposed New Charge - Inside	Proposed New Charge - Outside
\$35	\$45

Meter Re-Reading/Test

Determined by cost of test and shipping



ORDINANCE NUMBER 598

Page 5

Account Delinquencies	Proposed New Charge
On 11th day past-due	\$10
Subsequent past-due (per month)	0.833% month

Section 2: The new water service rates, fees and charges shall be effective beginning on October 1, 2013.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, THIS 20TH DAY OF AUGUST, 2013.

Diane Joens, Mayor

APPROVED AS TO FORM:

ATTEST:

Steven B. Horton, Esq.
City Attorney

Marianne Jiménez, City Clerk

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date:	August 20, 2013
Subject:	Ordinance Number 599 - Amending Wastewater Rates, Charges, and Fees
Department:	City Clerk
From:	Jesus R. Rodriguez, C.G.F.M. Administrative Service General Manager

REQUESTED ACTION

Second Reading and Adoption of Ordinance Number 599 - Amending Wastewater Rates, Charges, and Fees as presented.

SUGGESTED MOTION

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

I move to approve Ordinance Number 599.

BACKGROUND

The City of Cottonwood has been meeting with a rate committee consisting of a couple of local residents, utility personnel, management staff, Mayor Joens, Council Member Pratt, our financial adviser, and an occasional county representative. This committee was formed to review the operational, capital and financial needs of both the water and wastewater utilities. This group has been instrumental in moving the rate setting process forward to this point.

Wastewater rates were last adjusted in 2001. At that time the rate was established at \$16.75 and that rate has not been increased despite annual reports and calculations stating the need to increase the rates. The utility previously received a subsidy from a sales tax increment that covered a portion of the cost of providing services, but that tax expired on July 1, 2007, and since that time the utility has consumed about \$2,000,000.00 of its reserves and is in need of some additional financial support.

Fortunately, the wastewater system does not have any debt at this time. The system, however, is over two decades old and is in need of constant maintenance which requires substantial resources which are currently not available. Any potential debt service fee will be included in future billings, however, not without coming before the City Council for approval.

JUSTIFICATION/BENEFITS/ISSUES

Staff recommends that the Council approve the proposed ordinance increasing the City's wastewater rates, fees and charges, as presented, as the wastewater utility is in need of a rate adjustment to continue to provide the quality wastewater treatment services that our citizens are both entitled and accustomed to.

COST/FUNDING SOURCE

ATTACHMENTS:

Name:	Description:	Type:
 ord599.doc	Ordinance Number 599	Cover Memo

ORDINANCE NUMBER 599

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, AMENDING THE CITY'S WASTEWATER SYSTEM RATES, FEES AND CHARGES.

WHEREAS, the City has prepared, published, and made available for public inspection a *Water and Wastewater Rate Study and Long-Term Financial Forecast*, the purpose of which was to examine the current and projected revenues and expenses of the City's water and wastewater systems over the next five years, and to recommend rates, fees and charges to adequately support those systems over that period; and

WHEREAS, the City Council has determined that it is necessary to amend the municipal wastewater system's rates, fees and charges in order to generate sufficient revenues to properly maintain and operate the system over the next five years; and

WHEREAS, the City Council adopted a Notice of Intent to Adjust Water and Wastewater Rates, Fees, and Charges for the City's water and wastewater utilities on June 18, 2013; and

WHEREAS, the proposed new rates, fees and charges were published in the Verde Independent on July 10, 2013; a public hearing was held on August 6, 2013; and other proper and sufficient notice of the proposed increase has been given to the public and to the customers of the City's municipal wastewater system; and

WHEREAS, all of the requirements of Arizona Revised Statutes Section 9-511.01 have been met.

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

Section 1: That, the City of Cottonwood Municipal Wastewater System's rates, fees, and charges are hereby amended as follows:

ORDINANCE NUMBER 599

Page 2

New Wastewater Rates

Proposed New Rates	
Administrative Rate	\$6.60
Depreciation Rate (per 1,000)	5.95
O&M Rate (per 1,000)	13.70
DS Rate	<u>0.00</u>
 Total Monthly Residential Rate	 <u><u>\$26.25</u></u>

Section 2: The new wastewater service rates, fees and charges shall be effective beginning on October 1, 2013.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, THIS 20TH DAY OF AUGUST 2013.

Diane Joens, Mayor

ATTEST:

Marianne Jiménez, City Clerk

APPROVED AS TO FORM:

Steven B. Horton, Esq.
City Attorney

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date: August 20, 2013

Subject: North American Waste Systems (N.A.W.S.) – Request for Contract Extension/Option for Renewal – Approving City-wide Waste/Recycling Services (2nd and Final Year Extension)

Department: Community Services

From: Richard Faust, Community Services General Manager

REQUESTED ACTION

Council consideration of request to extend Contract Services with “North American Waste Systems – N.A.W.S”, which approves the “Option for Renewal” of the contract agreement for an additional one (1) year period beginning **August 24th, 2013 through August 24th, 2014**. The current Agreement with the contractor provides for an **additional two year contract** clause for Waste/Recycling Services (in one year increments) at the same contract price as requested in 2009. This would be the final year involving the “Option for Renewal”.

SUGGESTED MOTION

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

I move to renew the contract with North American Waste Systems for city-wide Waste/Recycling Services for the period August 24, 2013 through August 24, 2014.

BACKGROUND

In 2009, staff advertised a request for “City Wide – Waste/Recycling Services” pertaining to removal of waste and recycling materials from public buildings and parks facilities throughout the City of Cottonwood. The City of Cottonwood awarded the contract to “North American Waste Systems” due to low bid and the Company’s prior experience with waste and recycling hauling. This company has continued to provide good to average services for the City of Cottonwood over the past four (4) years.

Under Section “A” of Article II – CONTRACT TIMES: it states the following:

“The Effective Term of this Agreement is from August 24, 2009, to August 24, 2012. This contract may be extended for up to two additional one-year terms, subject to the availability of

funds for the period beyond the current fiscal year and at the sole discretion of the Cottonwood City Council. If the Owner exercises its option to renew the agreement for an additional term, the successful bidder shall request in writing the intent to provide services for an additional year at the exact same terms and conditions as specified in this contract and at the option of the City (at the Owner's satisfaction)."

In addition, on page three (3) of the "Request for Bid – Waste Removal & Recycling Services" it states the following under Contract Period:

Contract shall not exceed three (3) years beginning August 24th, 2009, to and including the 24th of August, 2012. This contract agreement may be extended under the following conditions:

Pursuant to an "option for renewal" for a fourth and fifth year, whereby the contractor advises the Department Director, not less than sixty (60) days before the end of the existing yearly term, whether the contractor requests to continue services, shall under the same contract document, under exact same terms and conditions. Should contractor wish to negotiate increased fees for said services, contractor would therefore be required by state law to allow the City to advertise for bids as it pertains to said services. Otherwise, award for continuation of services under this contract would be at the pleasure of the City Council and would be accomplished in a three-year increment based upon said services as outlined in the contract document. Service indicators observed under this contract document shall be observed by the contract representative as to quality assurance standards and performance requirements of this contract, thereby relayed to the City Council at time of request for contract continuation.

JUSTIFICATION/BENEFITS/ISSUES

The City of Cottonwood has had a positive and safe working relationship with the Contractor for over the past four (4) years. This includes all City wide facilities. "North American Waste System" is a regional business and hires many local residents throughout the Cottonwood and upper Verde Valley area.

COST/FUNDING SOURCE

Funding shall continue to come from the General fund in the amount of \$13,200 annually for all city waste removal services and will be deducted from each City department budget line item.

ATTACHMENTS:

Name:	Description:	Type:
NAWS Letter Requesting Final Option year for renewal.pdf	Letter from North American Waste System - Request for Contract Extension/Option for Renewal	Cover Memo
Waste-RecyclingServ2009Agreement.doc	Waste Services Contract Agreement Document - 2009	Cover Memo
Waste Services Contract Signature Page and Exhibit A and B.pdf	2009 Contract Signature Page and Exhibit A and B	Cover Memo

N.A.W.S.

North American Waste Systems

PO Box 360

Rimrock, AZ 86335

Phone: (928)567-0250

Fax: (928)592-0329

July 23, 2013

Richard Faust
City of Cottonwood
Community Services General Manager
827 N Main St.
Cottonwood, AZ 86326

Dear Mr. Faust

After careful review of the current contract with the City of Cottonwood, we have decided to ask for consideration of an option for renewal for "like" terms and conditions. It's been our pleasure to have served the City of Cottonwood over the last several years. We especially like to be involved with City Functions, like 4th of July, Rhythm & Ribs, Thunder Valley Rally Etc. and either donate services or do them at discounted rates. Thank you for your consideration on this matter.

Sincerely



Roger Brown
d.b.a. owner

CITY OF COTTONWOOD
"WASTE/RECYCLING SERVICES"

CONTRACT FOR SERVICES

THIS AGREEMENT, made and entered into this 24th day of August, 2009 by and between the City of Cottonwood, Arizona, a municipal corporation organized and existing under and by virtue of laws of the State of Arizona, hereinafter designated the OWNER, and **NORTH AMERICAN WASTE SYSTEMS**, organized and existing under and by virtue of the laws of the State of Arizona, hereinafter designated the CONTRACTOR.

W I T N E S S E T H : That the said CONTRACTOR, for and in consideration of the sum to be paid him by the said OWNER, in the manner and at the time hereinafter provided, and of the other covenants and agreements herein contained, and under the penalties expressed in the Contract Documents provided, hereby agrees, for him/herself, his/her heirs, executors, administrators, successors, and assigns as follows:

ARTICLE I – SCOPE OF WORK

The CONTRACTOR shall provide waste and recycling services throughout City facilities as identified in the specifications of Exhibit A and B of this Agreement, to the City of Cottonwood as described at all addresses and per number of units specified for each location. All trash, waste shall be disposed of in a proper manner per state guidelines, and recyclable materials shall be taken to a current licensed Recycling center in the state of Arizona.

ARTICLE II – CONTRACT TIMES

- A. The Effective Term of this Agreement is from August 24, 2009, to August 24, 2012. This contract may be extended for up to two additional one-year terms, subject to the availability of funds for the period beyond the current fiscal year and at the sole discretion of the Cottonwood City Council. If the Owner exercises its option to renew the agreement for an additional term, the successful bidder shall request in writing the intent to provide services for an additional year at the exact same terms and conditions as specified in this contract and at the option of the City (at the Owner's satisfaction).
- B. Throughout its term this agreement may be cancelled by either party at the end of sixty (60) days after the receipt of written notice by the other party (written notice shall mean

upon the receipt and signing of return mail). There shall be no penalty to the canceling party for such early termination nor shall the other party be entitled to any damages due to the early cancellation. In the event that the OWNER gives notice of cancellation, it shall only be responsible for paying any outstanding charges for work performed prior to the effective date of cancellation, in accordance with this agreement, no later than 5:00 p.m., on the day following receipt of notice of cancellation.

ARTICLE III -- INDEMNIFICATION AND INSURANCE

- A. The CONTRACTOR assumes and agrees to hold harmless, indemnify and defend the OWNER, its officers, agents and representatives from and against all losses, claims, demands, payments, suits, actions for recovery, judgments and all liability of every kind, nature, and description for injury to persons including wrongful death, or damage to property or both occurring during or in consequence of the performance by the CONTRACTOR where such injury or damage is due to any defect in services delivered hereunder, or to the action or negligence of the CONTRACTOR, its employees, subcontractors, or agents. The OWNER assumes no liability, obligation, or responsibility of any nature, whatsoever, in connection with this contract except for payment of price or consideration as stated or referred to herein or allowed by law. The CONTRACTOR'S obligation under this section shall not extend to any liability caused by the sole negligence of the OWNER or its employees.

- B. The CONTRACTOR shall provide and maintain, and cause its subcontractors to provide and maintain, the following minimum insurance coverage in accordance with the Certificate of Insurance included in the Bid Package:
 - B.1. Comprehensive general liability insurance with a minimum combined single limit of two million dollars (\$2,000,000) each occurrence. The policy shall include coverage for bodily and personal injury, broad form property damage, blanket contractual, CONTRACTOR'S protective, and products and completed operations.
 - B.2. Comprehensive automobile liability insurance with a combined single limit for bodily injury and property damage of not less than one million dollars (\$1,000,000) each occurrence with respect to CONTRACTOR'S vehicles (whether owned, hired, non-owned), assigned to or utilized in the performance of a Contract.
 - B.3. Worker's Compensation (statutory limits), and Employer's Liability Insurance (\$500,000 each occurrence).

- C. Additional insurance coverage may be required at the OWNER'S discretion where the services to be performed are deemed to be hazardous in nature.

- D. The policies required by section B.1. and B.2. shall name the OWNER, and its respective agents, officials, and employees as additional insured, and shall specify that the insurance

afforded CONTRACTOR shall be primary insurance and that any insurance coverage carried by the OWNER or its employees shall be excess coverage and not contributory insurance to that provided by the CONTRACTOR. Said policy shall contain a severability of interests' provision.

- E. Failure on the part of the CONTRACTOR to procure and maintain the required liability insurance and provide proof thereof to the OWNER within thirty (30) days following the commencement of a new policy period, shall constitute a material breach of a Contract upon which the OWNER may immediately terminate the Contract. Prior to the effective date of the Contract, the CONTRACTOR shall furnish the OWNER with copies of the State of Arizona Certificate of Insurance (RM-7200.1), drawn in conformity with the above insurance requirements. The OWNER reserves the right to request and receive certified copies of any or all of the above policies and/or endorsements.

ARTICLE IV -- CANCELLATION OF AGREEMENT

Pursuant to A.R.S. Section 38-511, the provisions of which are incorporated herein by reference, all parties are hereby put on notice that this Contract is subject to cancellation if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Contract on behalf of one of the parties at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity, or a Consultant to any other party of the Contract with respect to the subject matter of the Contract.

ARTICLE V -- NON-DISCRIMINATION

The CONTRACTOR shall comply with Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1975, and Federal Executive Order No. 11246, State Executive Order No. 94-4, and A.R.S. Section 41-1461 et. Seq., which mandates that all persons, regardless of race, color, religion, sex, age, national origin, or political affiliation, shall have access to employment opportunities. The CONTRACTOR shall comply with Section 503 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination in the employment or advancement in employment of qualified persons because of physical or mental handicap. The CONTRACTOR shall comply with Title VI of the Civil Rights Act of 1964, as amended, which prohibits the denial of benefits or participation in contract services on the basis of race, color, or national origin. The CONTRACTOR shall comply with the requirements of Section 504 of the Rehabilitation Act of 1973, as amended, and with the Americans With Disabilities Act of 1990, which prohibits discrimination on the basis of handicap in delivering contract services.

ARTICLE VI -- NOTICE

Any notice given in connection with this Contract shall be given in writing and shall be delivered either by hand to the party or by certified mail, return receipt requested, to the party at the party's address stated below. Any party may change its address stated herein by giving notice of the change in accordance with this paragraph.

North American Waste Systems
c/o _____

City of Cottonwood
c/o _____

ARTICLE VII -- CHOICE OF LAW AND VENUE

Any dispute under this Contract or related to this Contract shall be decided in accordance with the laws of the State of Arizona and filed with the Arizona Superior Court of Yavapai County.

ARTICLE VIII -- SEVERABILITY

If any part of this Contract shall be held unenforceable, the rest of the Contract will nevertheless remain in full force and effect.

ARTICLE IX -- PAYMENT

The CONTRACTOR agrees that this Contract, as awarded, is for the stated work, and understands that payment for the total work will be made on the basis of the indicated amount(s), as bid in the Proposal. The proposal is attached hereto as Exhibit C. Payment for services shall be made by the OWNER within thirty (30) days after receipt of invoice. The CONTRACTOR will be utilized as stated in the bid document with frequency as dictated in Exhibit A and B of the Contract document and as attached.

ARTICLE X – SPECIFICATIONS

1. CONTRACTOR shall furnish all waste and recycling containers as identified in the bid contract document as per gallons or cubic yards specified for containment purposes and for recycling bins as requested and approved by OWNER. Containers shall be placed in locations at various City facilities as directed by OWNER'S staff. The CONTRACTOR will supply plastic, disposable liners where necessary at locations whereby the OWNER has current concrete, metal or plastic containers as specified in Exhibit A and B of the contract.
2. CONTRACTOR must be able to pick-up containers as stated in Exhibit A and B the days described or when requested either weekly, bi-weekly or monthly.
3. Container units and the servicing thereof shall conform to all other applicable laws and regulations as enforced by federal, state and county health department guidelines.
4. All services and cleaning/disinfecting shall be accomplished in the conformance with industry standards and federal, state, county and municipal regulations/statutes.

The CONTRACTOR assumes total liability for the waste materials and recycling materials from the time they are loaded at the OWNER'S site locations as identified up to and through the materials proper disposal. Upon request of the OWNER, the CONTRACTOR will provide proof of the disposal location, method, and quantity.

The CONTRACTOR shall secure and pay for all applicable Federal, State, County, or local permits and licenses, including a CITY BUSINESS LICENSE, and comply with all applicable Federal, State, County, or local laws, codes, ordinances, regulations, and safety standards.

ARTICLE XI-ASSIGNMENT

The OWNER and CONTRACTOR respectively bind themselves, their partners, successors, assigns and legal representatives to the other party hereto and to partners, successors, assigns and legal representatives of such other party in respect to covenants, agreements and obligations contained in this Agreement. Neither party to the Agreement shall assign the Agreement as a whole without written consent of the other. If either party attempts to make such an assignment without such consent, that party shall nevertheless remain legally responsible for all obligations under the Agreement.

North American Waste Systems

Name

Date of Signing

Title

City of Cottonwood, Mayor

By:

Diane Joens

Date of Signing

Attest:

Marianne Jimenez, Clerk City of Cottonwood

Approved as to form:

By:

Steve Horton
City Attorney

North American Waste Systems

Juanita Bacon
Name

1-27-10
Date of Signing

Office Manager
Title

City of Cottonwood, Mayor

By: *Diane Joens*
Diane Joens

September 15, 2009
Date of Signing

Attest:

Marianne Jiménez
Marianne Jiménez, Clerk City of Cottonwood

Approved as to form:

By: *SHH*
Steve Horton
City Attorney

EXHIBIT "A"
SUMMER OPERATIONS

APRIL 1ST THROUGH OCTOBER 31ST.

Facility Location	94 Gallon Waste Container (or Equivalent)	2 Cubic Yard Waste Container (or Equivalent)	94 Gallon Recycling Container (or Equivalent)	2 Cubic Yard Recycling Container (or Equivalent)	Steel/Concrete Waste Containers	Waste Containers emptied 2x per week	Waste Containers emptied 1x per week	Recycling Containers emptied 2x per month
Cottonwood Kids Park	8	0			0	Yes		
Riverfront Little League	8	0			0	Yes		
Tennis Center Courts	2	0			0		Yes	
Aquatics Center/Pool	2	0			0		Yes	
Garrison Park	6	0			0	Yes		
Riverfront Park Ramada's	12	0			0	Yes		
Riverfront Park Host Site	2	0			0		Yes	
Riverfront Park Softball Hub	8	1			0	Yes		
Riverfront Batting Cages	1	0			0		Yes	
Riverfront Skate Park	1	0			0	Yes		
Riverfront Roller Hockey	1	0			0	Yes		
Riverfront Dog Park	3	0			0	Yes		
Cemetery	3	1			0		Yes	
Lions Park	1	0			2	Yes	Yes	Yes
Civic Center	0	0		1	1	Yes	Yes	Yes
City Hall	0	0	1		1	Yes	Yes	Yes
Finance/Human Resources	1	0	1		0	Yes	Yes	Yes
Court/Council Chambers	1	0	1		0	Yes	Yes	Yes
Old Town Field	2	0			0	Yes	Yes	
Old Town Basketball Courts	1	0			0	Yes	Yes	
Recreation Center Offices	1	0	1		0	Yes	Yes	
Buildings & Parks Maint.	0	1		1	0	Yes	Yes	Yes
Public Safety (Police/Fire)	0	2		1	0	Yes	Yes	Yes
Library	1	0		1	0	Yes	Yes	Yes
Airport	0	1			0	Yes	Yes	
Waste Water Plant	0	1		1	0	Yes	Yes	Yes
Old Town Main Street	0	0			6		Yes	
Old Town Jail/OTA	1	0	1		0		Yes	Yes
Grand Total for Units	66	7	5	5	10			

EXHIBIT "B"
WINTER OPERATIONS

NOVEMBER 1ST THROUGH MARCH 31ST.

Facility Location	94 Gallon Waste Container (or Equivalent)	2 Cubic Yard Waste Container (or Equivalent)	94 Gallon Recycling Container (or Equivalent)	2 Cubic Yard Recycling Container (or Equivalent)	Steel/Concrete Waste Containers	Waste Containers emptied 1x per week	Recycling Containers emptied 2x per month
Cottonwood Kids Park	8	0			0	Yes	
Riverfront Little League	8	0			0	Yes	
Tennis Center Courts	2	0			0	Yes	
Aquatics Center/Pool	0	0			0		
Garrison Park	6	0			0	Yes	
Riverfront Park Ramada's	12	0			0	Yes	
Riverfront Park Host Site	2	0			0	Yes	
Riverfront Park Softball Hub	8	1			0	Yes	
Riverfront Batting Cages	0	0			0		
Riverfront Skate Park	1	0			0	Yes	
Riverfront Roller Hockey	1	0			0	Yes	
Riverfront Dog Park	3	0			0	Yes	
Cemetery	3	1			0	Yes	
Lions Park	1	0			2	Yes	
Civic Center	0	0			1	Yes	Yes
City Hall	0	0	1		1	Yes	Yes
Finance/Human Resources	1	0	1		0	Yes	Yes
Court/Council Chambers	1	0	1		0	Yes	Yes
Old Town Field	2	0			0	Yes	
Old Town Basketball Courts	1	0			0	Yes	
Recreation Center Offices	1	0	1		0	Yes	
Buildings & Parks Maint.	0	1		1	0	Yes	Yes
Public Safety (Police/Fire)	0	2		1	0	Yes	Yes
Library	1	0		1	0	Yes	Yes
Airport	0	1			0	Yes	
Waste Water Plant	0	1		1	0	Yes	Yes
Old Town Main Street	0	0			6	Yes	
Old Town Jail/OTA	1	0	1		0	Yes	Yes
Grand Total for Units	63	7	5	5	10		

City of Cottonwood, Arizona
City Council Agenda Communication



Meeting Date: August 18, 2009

Subject: Award of Bid – Waste/Recycling Removal Services (City Wide Contract)

Department: Parks & Recreation

From: Richard Faust, Parks & Recreation Director

REQUESTED ACTION

Staff is requesting Council consider awarding the “Waste/Recycling Services” contract to North American Waste Systems for a three (3) year contract operation.

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

Motion to approve the awarding of the Waste/Recycling Services contract to North American Waste Systems in the amount of \$13,200.00.

BACKGROUND

Council has authorized services for this city wide contract over the past 17 years pertaining to removal of waste product at all city buildings, facilities and park areas. Council rejected Waste Removal Service Bids on April 7, 2009 and re-directed staff to research combined recycling and waste removal opportunities for all future city-wide operations. Three (3) bids were received in July from advertisements as follows:

Bid Contractor	Amount
Taylor Waste, Inc. P.O. Box 3218 Cottonwood, Arizona 86326	\$16,948.00
North American Waste Systems P.O. Box 602 Cornville, Arizona 86325	\$13,200.00
Waste Management of Arizona 23355 hwy. 169 – mp 11 Dewey, Arizona 86327	\$39,688.05

JUSTIFICATION/BENEFITS?ISSUES

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date: August 20, 2013

Subject: Renewal Agreements with Educational Services, Inc. (ESI) and Smartworksplus for Phased Retirement Services

Department: HR

From: Iris Dobler, Human Resources Manager

REQUESTED ACTION

Approval of the renewal service agreements with ESI and Smartworksplus for phased retirement services for FY 2013-14.

SUGGESTED MOTION

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

I move to approve the renewal service agreements with ESI and Smartworksplus for phased retirement services for FY 2013-14.

BACKGROUND

The City of Cottonwood currently has agreements with both ESI and Smartworksplus for phased retirement services. This type of service may be used if the City has a need for an experienced individual with institutional knowledge. Approving these agreements will extend them for the current fiscal year.

JUSTIFICATION/BENEFITS/ISSUES

It is in the City's best interest to continue working with firms that offer phased retirement programs. The main goal is to reduce the largest budget category, Personnel, while still having the ability to retain experienced, retired personnel with institutional knowledge.

COST/FUNDING SOURCE

It is a cost savings program to keep key personnel, whose knowledge and services may be required, working for the City. These are individuals who have chosen to retire, have skills the City needs, and who want to continue providing a service to the community.

ATTACHMENTS:

Name:	Description:	Type:
 ESI Agreement FY 2013-14.docx	ESI Agreement	Cover Memo
 smartworkplus Agreement FY 2013-14.doc	swp agreement	Cover Memo



AGREEMENT FOR EMPLOYEE STAFFING SERVICES

This Agreement for Employee Staffing Services (“Agreement”) is entered into in the State of Arizona this 9th day of August, 2013 (“Effective Date”), by and between City of Cottonwood (“Client”), and Educational Services, Inc., an Arizona corporation (“Contractor”).

RECITALS

- A. Contractor is a corporation in the business of providing employee-staffing services.
- B. Client is a Client within the State of Arizona that requires qualified staff, and administrators.
- C. Client desires to obtain employee staffing services (“Services”) from Contractor and Contractor is willing to provide Services to Client upon the terms and conditions contained in this Agreement to provide for the allocation between Client and Contractor of responsibilities with respect to covered employees (“Workers” pursuant to Section 2 below), including hiring, discipline and dismissal responsibilities, and other responsibilities required by law and by this Agreement.
- D. The parties acknowledge and agree that Contractor is not a Professional Employer Organization (PEO) as it does not provide Professional Employer Services as such terms are defined respectively in Arizona Revised Statutes (“A.R.S.”) §§ 23-561(8) and (9) and consequently the provisions of A.R.S. §§ 23-561 through 23-576 are inapplicable to this Agreement.
- E. This Agreement shall not (1) offset, modify or amend any Federal, Arizona or local licensing, registration or certification required by the Client or for any Worker employed under this Agreement; (2) diminish, abolish or remove any rights of Workers against the Client or obligations of the Client to any Workers (e.g., retirement benefits, retiree health insurance, etc.), if any, that existed before the effective date of this Agreement; or (3) establish new or additional enforceable rights of a Worker against the Contractor or the Client that are not specifically allocated to the Contractor under this Agreement.

AGREEMENT

In consideration of the foregoing premises, and mutual promises contained herein, Client and Contractor agree as follows:

1. Relationship of the Parties

Contractor is an independent contractor and shall perform its obligations under this Agreement as an independent contractor. Contractor agrees that persons performing Services hereunder are not employees of Client. All persons provided by Contractor shall be employees of Contractor. Client has the right to direct and control Workers only to the extent necessary to conduct the Client’s business and operations and to comply with licensing and certification

requirements that apply to the Client or to any Worker. In all other respects, Contractor retains full control over the employment, direction, supervision, compensation, discipline, and discharge of all Workers performing Services under this Agreement.

2. Employee

In this Agreement, the term “Employee” or “Employees” means an individual(s) (a) who is employed by the Contractor in Arizona to work in Arizona, (b) who pursuant to this Agreement is performing Services for Client, (c) who is listed on Contractor’s roster of Workers delivered to Client, (d) who has completed Contractor’s required enrollment forms, and, where applicable, is certified to be an administrator or licensed as required by law for the position in which employed by the Contractor, (e) who has entered into an employment agreement with Contractor, (f) who has provided all data required by Contractor for payroll processing and workers’ compensation coverage, and (g) who has been entered onto Contractor’s payroll system. The parties understand, agree, and acknowledge that no individual will be considered a “Employee” under this Agreement unless and until all of the conditions set forth in this section have been satisfied with respect to such individuals.

ESI will neither hire nor place into employment positions with the Client any employee who has not received all necessary endorsements for the position assigned.

Neglect or failure of an employee to carry out the Client’s policies is sufficient cause for dismissal from employment with ESI and removal from association with the Client.

Employees who are placed with Client through ESI and who have responsibilities including control over personnel decisions shall not take reprisal against an employee because the employee reports in good faith information regarding immoral or unprofessional conduct.

ESI will maintain equal employment opportunity and anti-discrimination policies, including complaint procedures that address discrimination and/or harassment claims. ESI will strive to assign or place employees based on diversity.

3. Contractor Employment Agreements

Contractor has entered into employment agreements with Employees. A copy of a Client Service Agreement is attached as **Exhibit A**, and fully executed employment agreements are available for review by Client at any time. Contractor shall be solely responsible for guaranteeing that an Employee performs in accordance with the Contractor’s employment agreements.

4. Term of Agreement

The initial term of this Agreement will be one (1) year following the Effective Date. Upon the expiration of the initial term, this contract may be renewed annually upon mutual agreement by both parties. This contract does not automatically renew at the end of each year.

5. Non-Appropriation Clause

This contract may be cancelled by Client if funding is not available due to budget constraints.

6. Termination

- a. Notwithstanding any other provision of this Agreement, Contractor or Client may terminate this Agreement with respect to any or all Employees at any time without cause upon the submission of at least thirty (30) days' written notice to the other party, or for non-appropriation at the end of Fiscal Year for lack of funds.
- b. Notwithstanding any other provision of this Agreement, Client may terminate this Agreement at any time with respect to any or all Employees by written notice to Contractor upon the occurrence of any of the following:
 - i. A material breach by Contractor or an Employee of any of Contractor's or Employee's obligations under this Agreement or under an Employee's contract of employment.
 - ii. If an Employee embezzles or misappropriates Client funds or property, defrauds Client, is convicted of a felony or of any crime involving moral turpitude, has his or her licensing required for the position for which employed by Contractor revoked or suspended, commits an act or omission which constitutes a breach of the Employee's contract of employment, violation of the policies of the Client applicable to Client's own employees, unprofessional conduct or which adversely affects the reputation of Client.
 - iii. Death or permanent disability of an Employee occurring any time during the term of this Agreement, in which event this Agreement (as it relates to that employee) shall terminate as of his or her death or permanent disability.
 - iv. If an Employee is unwilling, unable or fails to satisfactorily comply with Client rules, guidelines, policies, procedures and regulations. Termination of the Agreement under this provision shall not occur unless written notice of the alleged non-compliance is first given to Contractor and Contractor fails to cure the non-compliance within ten (10) days following receipt of such written notice. Notwithstanding this notice period, Client may at any time require that any Employee be immediately removed from any Client worksite or assignment. Furthermore, the Client will have complete discretion in deciding whether an employee is immediately terminated for violation of Client policy per subsection 6(b)(ii) or given ten (10) day notice and opportunity to cure the violation per this subsection.
 - v. If it is later discovered that an Employee has made any material misrepresentations or has failed to provide any material representations in connection with the information provided to Contractor.

7. Scope of Services

The Contractor shall supply Employees and shall perform the following services and/or activities in fulfillment of its obligations under the terms of the Agreement. Specifically, but without limitation, the Contractor shall:

- a. Recruit, hire, train, evaluate, replace, supervise, discipline and terminate Employees.
- b. Maintain a recruiting and hiring program that is in compliance with federal and state laws, rules and regulations, equal opportunity and anti-discrimination policies applicable to, and restricting, the hiring and selection process, including, but not limited to, Title VII of the Civil Rights Act of 1964 (“Title VII”), the Americans With Disabilities Act (“ADA”), the Age Discrimination in Employment Act (“ADEA”), the Fair Credit Reporting Act (“FCRA”), the Arizona Civil Rights Act (“ACRA”) and the Arizona Employment Protection Act (“AEPA”).
- c. Maintain a system of statewide personal background checks on all Employees provided to Client to include pre-screening, credentialing, licensure, personal history, qualifications, work history, references, statewide criminal background check, and fingerprinting, the results of which shall be made available to Client upon request to the extent permitted by law. Contractor shall ensure that all Employees possess all certifications, licenses and qualifications necessary to enable them to perform their assignments.
- d. Maintain a system of performance evaluation for each Employee provided to the Client.
- e. Maintain a program of supervision that enforces the policies and procedures of the Client and of the Contractor. In order to maintain the program, Contractor shall designate one or more on-site Contractor employees as the supervisor and/or Contractor contact that will be responsible for addressing and responding to Employees. The designated on-site supervisor and/or Contractor contact shall be trained by Contractor in regard to (i) applicable workers’ compensation laws, (ii) applicable equal employment opportunity laws, regulations and policies, including reporting procedures (iii) workplace violence prevention; including the detection of early warning signs of violence and the proper reporting of threats and acts of violence and (iv) the policies of the Client regarding its own employees which govern the conduct and performance of Employees under this Agreement. The supervisor and/or Contractor contact shall promptly notify Client of any human-resource-type issue raised by an Employee that may affect Client, such as threats of violence, harassment, discrimination or retaliation.
- f. Provide the Employee with information regarding his or her obligation to comply with all of Client’s safety, drug/alcohol, work policies, anti-harassment, anti-discrimination, anti-retaliation and conduct policies. Contractor will establish a complaint and/or reporting procedure for violations of policies and instruct Employees on the use of the procedure. Contractor shall obtain written acknowledgement from the Employee that s/he has read, understood and agrees to abide by those policies and procedures.
- g. Provide annual harassment, discrimination, retaliation, abuse and neglect training for all Employees, or ensure Employee participates in similar training provided by the Client. Contractor shall maintain a record of all such training.
- h. Inform the Employee in writing that s/he is employed by Contractor and not employed by the Client.
- i. Inform the Employee in writing that job related illness/injury reports are to be made to the supervisor or Contractor contact and provide information on where and how reports are to be made to the Contractor contact.

- j. Provide the Employee with an Employee Handbook that will identify and explain Contractor's policies and procedures, as well as the policies and procedures of the Client that will be followed during the course of the Employee's employment with Contractor.
- k. Inform the Employee in writing that other than the liability indemnity protection specifically delineated in this Agreement the only salary, wages and benefits the Employee will receive will be from Contractor, and that the Employee is not entitled to any benefits from Client.
- l. Pay Employees in compliance with applicable wage and hour laws, including, but not limited to the Fair Labor Standards Act ("FLSA") and Arizona Labor Code. Contractor shall maintain complete and accurate records of all wages paid to an Employee assigned to provide services to Client. Contractor shall be exclusively responsible for and will comply with applicable law governing the reporting and payment of wages, payroll-related and unemployment taxes attributable to wages paid to Employees assigned to provide services to Client. **Hourly employees will not be allowed to accrue comp time and will be paid at overtime rate, 1 ½ times their regular hourly rate for any hours worked over 40 hours in a work week. The ESI work week runs from Sunday through Saturday.**
- m. Be responsible for the quality, adequacy and safety of the services provided by Employees pursuant to this Agreement, and the acts, errors or omissions of Employees at all times.
- n. Be responsible for, and hold the Client harmless from, claims of Employees arising from any act, error or omission of Contractor allocated to Contractor or shared by Contractor and Client under this Agreement.
- o. The Contractor shall perform all other responsibilities with respect to Employees otherwise required of an employer and not assumed by Client pursuant to this Agreement.

8. Approval of Supplied Employees

Client has the right, but not the obligation, to pre-approve or decline to pre-approve, any employee hired by Contractor to fill a position for which the Client has contracted with the Contractor to provide an Employee. The Client has the right to reject any Employee prior to or at the time of placement or at any time thereafter. If the Client rejects an Employee at the time of initial placement or thereafter, Contractor agrees, upon Client's request, to use best efforts to provide in a timely manner a professionally and technically qualified replacement Employee. Client may recommend or decline to recommend that Contractor impose discipline upon any Employee, and Contractor may, in its own right, impose discipline, up to and including dismissal, upon any Employee.

9. Service Fees

Client will pay Contractor a service fee in accordance with the Fee Schedule, attached as **Exhibit B**. With written notice of change, Contractor may adjust the service fee for statutory increases in payroll taxes and insurance, including but not limited to increases in FICA (OASDI/Medicare), federal or state unemployment taxes (but not for increases in income taxes of Contractor), workers' compensation premiums/experience modifier, as declared annually by the National Council on Compensation Insurance, Inc., and other insurance premiums (excluding increases in premiums for liability insurance carried by Contractor), or any changes

in job functions or positions of Employees, and any such adjustments will be effective on the date of the increase or change. No up front payment required by members with signed purchase order. Any invoices not paid by the due date, 60 days from the date of invoice, will be charged an 8% late fee.

10. Workers' Compensation

- a. Except as otherwise provided in this Agreement, Contractor will be considered the "employer" of all Workers for the purposes of providing workers' compensation insurance within the meaning of A.R.S. § 23-901. Contractor shall provide workers' compensation and employer's liability insurance in accordance with the statutory requirement of the State of Arizona, including Employer's Liability insurance with limits of liability of not less than \$500,000 each accident and \$500,000 bodily injury or disease. The workers' compensation policy shall be endorsed to include the Alternate Employer Endorsement and shall include a waiver of subrogation in favor of Client from the workers' compensation insurer. Contractor shall, upon Client's request, upon termination of this Agreement, provide to Client records regarding the loss experience for workers' compensation insurance provided to Employees pursuant to this Agreement.
- b. Client and Contractor understand, agree, and acknowledge that no individual will be covered by Contractor's workers' compensation insurance, or be issued a payroll check unless and until that individual has, prior to commencing work for the Client, satisfied the requirements and definition of an "Employee" under Section 2 of this Agreement.
- c. Client understands, agrees, and acknowledges that the workers' compensation insurance that Contractor will provide under this Agreement will only cover individuals who are listed on the Contractor's roster of Employees provided to the Client as set forth in Section 2 of this Agreement, and that such Contractor's workers' compensation insurance will not cover other individuals who might perform services for Client, whether as employees, independent contractors, or otherwise. The parties agree that a percentage of the service fee paid by Client shall be for payment of workers' compensation insurance premiums. Client agrees to provide workers' compensation insurance or maintain a program of approved self-insurance covering Client's own employees.

11. Client's Liability Insurance

Client will provide liability indemnity protection to the Employees performing Services under this Agreement to the extent that the Employee is providing services for the Client, and the Employee is acting within the course and scope of the authorization granted. The coverage provided will be made available to the Employee as an additional covered party under the terms of the Client's participation agreement with the Arizona Municipal Risk Retention Pool (AMRRP). Coverage will be made available by the Pool to the Employee on the same terms and conditions as coverage is made available to employees of the Client. The Contractor shall be added as an additional covered party to the Pool coverage agreement, but only to the extent that the Contractor is vicariously liable for the acts of an Employee while the Employee is performing the services on behalf of the Client, but not for any actual or alleged wrongful act, error or omission of the Contractor in its own right (e.g., claims of negligent hiring, supervision or retention, employment discrimination, etc.). In no event, however, shall the provision of liability indemnity protection be construed as evidence that the relationship between the parties

and Employee is other than specifically provided for and agreed to in this Agreement.

12. Contractor's Liability Insurance

Contractor shall maintain in full force and effect at all times during the term of this Agreement Commercial General Liability ("CGL") insurance with limits of liability of not less than one-million dollars (\$1,000,000) per occurrence, if such Commercial General Liability insurance contains a general aggregate limit of liability, the limit of liability shall be at least two-million dollars (\$2,000,000). The CGL policy shall be written on an occurrence form and shall cover liability arising from the independent negligence or other wrongful act, error or omission of the Contractor and its employees that is not the direct consequence of the Services provided by Employees under the terms of this Agreement. The Client shall be added as an additional insured to the CGL policy, but only to the extent that the covered liability-causing event is not related to the Services provided by Employees under the terms of this Agreement.

13. Administration

- a. All Employees assigned to fill positions with the Client are employees of Contractor. Contractor is thereby responsible for administrative employment matters such as payment of all federal, state and local employment taxes, providing workers' compensation insurance, as well as fringe benefit programs for its employees, including those employees who are Employees under the terms of this Agreement. Contractor agrees to pay and hold harmless Client from any and all taxes, assessments or governmental charges in connection with all or any of the Services provided under the terms of this Agreement.
- b. Client will immediately forward to Contractor any garnishment orders, involuntary deduction orders, notices of IRS liens, and other forms of legal process received by Client affecting payment of wages to Workers and will cooperate with Contractor in responding thereto.
- c. Employees will receive wages solely through Contractor. It is a material breach of this Agreement for Client to pay any Employee in cash or by any other means for any Services rendered. Any individual whom the Client pays directly for any Services rendered will not be considered an Employee under this Agreement as to the Services for which the Client provides payment.
- d. Contractor shall warrant compliance with all federal immigration laws and regulations that relate to Employees and that it has verified employment eligibility of each Employee through the e-verify program. Contractor shall acknowledge that a breach of this warranty shall be deemed a material breach of this Agreement subject to penalties up to and including termination of the Agreement.
- e. Contractor further acknowledges that Client retains the legal right to inspect the papers of any Employee of Contractor who works under this Agreement to ensure compliance by Contractor. Contractor shall facilitate this right by notice to Employees and their supervisors.

14. Safe Work Environment

- a. Contractor and its Employees will comply with all health and safety laws, regulations, ordinances, directives, and rules imposed by controlling federal, state, or local governments, and will immediately report all work related accidents involving the Employee within 24 hours to Client.
- b. Contractor will provide or ensure that all Employees use personal protective equipment as required by federal, state, local law, regulations, ordinance, directive, or rule.
- c. Contractor or its workers' compensation carrier has the right to inspect the Client's premises and operation, but is not obligated to conduct any inspections. Contractor reserves the right to audit safety activities. Contractor or its insurers may give reports to Client on the conditions found at Client's worksites. Client will supply documentation related to safety activities as prescribed by law (e.g., safety meeting, training, maintaining OSHA log). Neither the Contractor's insurer nor Contractor warrants the result of the inspections or the absence thereof, or that the operations or premises are in compliance with any laws, regulations, codes, or standards.

15. Supervision

- a. Contractor will provide direction, supervision, training and control of each Employee in the performance of the Services. The Client will provide only daily monitoring of the Employees and will report to Contractor. Contractor may designate at least one (1) on-site supervisor from among the Employees assigned to complete the Services. This on-site supervisor shall direct the operational and administrative matters relating to the Services, and shall be under the direct supervision of the Contractor. If Contractor fails to designate an on-site supervisor, Employees assigned to perform Services for the Client shall remain responsible to the Contractor or designee.
- b. Contractor shall determine the procedures to be followed by Employees regarding the time and performance of the Employees' job functions and duties, and these will coincide with Client requirements regarding time and performance of same. Client agrees to cooperate with Contractor in the formation of such policies and procedures and permit Contractor to implement its policies and procedures relating to the Employees.
- c. Client may make all non-routine directives through the Contractor's on-site supervisor, or if an on-site supervisor is not provided, then through the Contractor or designee.
- d. Contractor shall have no authority to bind the Client to any contract, promise, statement, or representation or incur any other liability unless specifically authorized in writing by the Client. Should Contractor incur costs or expense on behalf of the Client without the specific authorization of the Client, the Contractor shall pay such cost or expense and shall hold harmless the Client from any and all claims assessments or charges in connection with such unauthorized costs or expenses.
- e. Contractor shall not be liable to the Client for any costs or expense incurred by the Contractor with the specific written authorization of the Client. Should Contractor incur costs on behalf of the Client and claims or assessments be incurred by the Client as a result, Client shall pay such cost or expense and shall hold harmless the Contractor from any and

all claims, assessments or charges in connection with such authorized costs or expenses.

16. Indemnification

Contractor expressly and unequivocally agrees to defend and indemnify Client and its governing board members, officers, directors, employees, insurers, indemnitors, and agents for and hold them harmless from all claims, actions, suits, proceedings, costs, expenses, damages, and liabilities, attorney's fees, including injuries to Contractor's employees (including Employees) ("Claims"), arising from, connected with, relating to, or resulting from this Agreement and/or Contractor's or Employee's performance of Services under this Agreement, including without limitation all claims arising from, connected with, relating to, or resulting from any actual or claimed negligent acts or omissions of Contractor or its officers, directors, shareholders, employees, and agents, provided that this indemnification agreement shall only be applicable to the extent that Claims are not covered under the terms and conditions of the coverage provided to the Contractor and the Employee by the Arizona Municipal Risk Retention Pool, and that such Claims are not the sole result of any act, error or omission of the Client.

17. Adjudication of Agreement

If any court or arbitrator of competent jurisdiction holds that any provision of this Agreement is invalid or unenforceable, the parties desire and agree that the remaining parts of this Agreement will nevertheless continue to be valid and enforceable.

18. Modification or Waiver of Agreement

No modification or waiver of this Agreement will be valid unless the modification or waiver is in writing and signed by the designated representative of the Client and a principal of Contractor. The failure of either party at any time to insist upon the strict performance of any provision of this Agreement will not be construed as a waiver of the right to insist upon the strict performance of the same provision, at any future time.

19. Notices

All notices or other communication required or permitted under this Agreement shall be in writing and shall be made by hand delivery or overnight courier, or prepaid first class certified mail addressed as follows:

Contractor: 21819 N. Scottsdale Road, Suite 100, Scottsdale, AZ 85255

Client: Iris Dobler, Human Resources Manager
City of Cottonwood
816 N. Main Street, Cottonwood AZ 86326

Stephen B. Horton, City Attorney
City of Cottonwood
827 N. Main Street, Cottonwood AZ 86326

20. No Rule of Strict Construction

Both parties have approved the language of this Agreement, and no rule of strict construction will be applied against either party.

21. Entire Agreement

This Agreement contains all of the agreements between the parties relating to the matters set forth in this Agreement. The parties have no other agreements relating to those matters, written or oral. The parties will execute and deliver to each other any and all such further documents and instruments, and will perform any and all such other acts, as reasonably may be necessary or proper to carry out or effect the purposes of this Agreement. Usage of the Mohave Educational Services Cooperative, Inc. contract necessitates compliance with the Mohave contract terms.

22. Headings

The descriptive headings of the paragraphs and subparagraphs of this Agreement are intended for convenience only, and do not constitute parts of this Agreement.

23. Counterparts

This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

24. Choice of Forum

The parties agree that the proper and exclusive forum for any action or arbitration arising out of or relating to this Agreement is the county in which Client is located or Maricopa County, Arizona, at the Client's sole election, and that any such action or arbitration will be brought only in that county. The parties consent to the exercise of personal jurisdiction in any such action or arbitration by the courts or arbitrators of that county. This shall not be construed as a waiver for a jury trial.

25. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without regard to the conflict of law provisions thereof.

26. Validity

This Agreement shall be valid and enforceable only after the designated representative of both Client and Contractor has signed it.

27. Cancellation for Conflict of Interest

Pursuant to A.R.S. § 38-511, the Client may, within three (3) years after its execution cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Client is, at any time while the contract or any extension of the contract is in effect, an employee or agent

of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

28. Mandatory Sudan and Iran Provision

Pursuant to Arizona Revised Statutes § 35-397, the Contractor certifies that it does not have a scrutinized business operation in either Sudan or Iran.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates indicated at their respective signatures below.

*****Please note: Due to the Patient Protection and Affordable Care Act (PPACA), this Client Services Agreement will be revised during the 2013-2014 fiscal year.**

DATED

City of Cottonwood

By: _____

Its: _____

DATED this 9th day of August, 2013

Educational Services Inc.

By: Phil Tavasci

Its: President

EXHIBIT B

COMPENSATION AGREEMENT

The undersigned agrees to perform the services each period described in the Client Service Agreement between Educational Services Incorporated and **City of Cottonwood** for a total administration fee as shown below and in accordance with:

JULY 1, 2013 TO JUNE 30, 2014

☐ Mohave Educational Services Cooperative (Mohave Contract No. 12E-ESI-0517)

- 1.00% fee to District
- Standard Fee to Employee: 2.50% of gross salary
- Volume Discount to Employee (50+ leased employees): 2.00% of gross salary
- High Salary Discount to Employee (\$80,000+ annual salary): 2.00% of gross salary
- The district is always charged a 1.00% fee. The variable fee is what we will charge the employee. Discounts do not stack.

AGENCY NAME: Educational Services, Inc.
21819 N. Scottsdale Road Suite 100
Scottsdale, AZ 85255

Phil Tavasci
Signed By
President
Title

August 9, 2013
Date
(928) 634-7639 (928) 634-5639
Telephone **Fax**

EXHIBIT C

ESI employees are required to follow the Client Calendar and adhere to Client Policies with the same standards of conduct as regular employees. Daily activities are closely monitored by the Client's supervisor. If the supervisor has any concerns with the performance of one of our employees or their conduct we wish to be notified immediately so that we can, in collaboration with the Client, take any necessary action. Since we are the employer of record it is important that we are accountable for and responsive to any ESI employee concerns.

Please notify supervisors that monitor ESI employees so that they, too, understand the relationship and accountability of ESI employees to the Client. Employee behaviors detrimental to the workplace will not be tolerated and immediate action for removal will be instigated by placing the employee on administrative leave until an investigation has been completed and a collaborative decision made by the Client and ESI.

If there are any complaints of sexual harassment or discrimination based on sex, race, color, national origin, religion, age, or disability report it immediately to Dr. John Tavasci at 877-303-7639.

Thank you for collaborative participation in this venture with E.S.I.

SERVICE AGREEMENT

This SERVICE AGREEMENT (this "AGREEMENT") is entered into as of this 18th day of June, 2013 between smartschoolsplus, inc, an Arizona corporation, d/b/a smartworksplus ("Provider"), and City of Cottonwood ("Entity").

RECITALS

A. Provider is a corporation engaged in the business of providing professional services, including employee staffing services, to governmental entities;

B. Provider's employees include qualified personnel able and willing to perform work needed by the City;

C. City is a governmental entity within the State of Arizona that requires the services of qualified personnel;

D. City is authorized to enter into this Agreement pursuant to the City/State of Arizona Procurement Code;

E. City desires to obtain services, as more fully described in Exhibit A, attached hereto ("Services") from Provider and Provider is willing to provide Services to City upon the terms and conditions contained in this Agreement, pursuant to RFP #14-06MP and the associated contract issued by the Strategic Alliance for Volume Expenditures (SAVE) available to District/State Entities.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and intending to be legally bound, Provider and Entity agree as follows:

1. Services. Provider shall provide the Services set forth in this Agreement and in the Scope of Services attached as Exhibit A (collectively, "Services").

2. Provider Employees.

A. Employment Agreement. Provider shall enter, or has previously entered, into employment agreements ("Employment Agreements"), substantially in the form of Exhibit B, attached hereto, with staff, administrators, [insert other classifications of Provider Employees] (collectively, "Provider Employees") to provide Services required by Entity. A roster of Provider Employees, and their daily pay rates, are set forth in Exhibit C. A copy of each Employment Agreement shall be provided to Entity as soon as available. Provider shall (i) take steps to assure that each Provider Employee performs in accordance with his or her Employment Agreement, and (ii) provide general direction, supervision and control of each Provider Employee in the performance of his or her duties, as more fully described in the Scope of Services.

B. Payroll. Provider, and not Entity, shall be solely responsible for administrative employment matters regarding Provider Employees including, but not limited to, all payroll and payroll income tax withholding matters, payment of workers' compensation premiums and funding of appropriate fringe benefit programs. Provider agrees to hold harmless Entity for failure to remit to the appropriate governmental authority any and all taxes, assessments or governmental charges in connection with its employment of Provider Employees. Entity shall immediately forward to Provider any garnishment orders, involuntary deduction orders, notices of IRS liens and other forms of legal process received by Entity affecting payment of wages to Provider Employees and shall cooperate with Provider in responding thereto.

C. Health and Safety. Provider shall, and shall require Provider's Employees to, comply with all health and safety laws, regulations, ordinances, directives and rules imposed by controlling federal, state or local governments, and shall immediately report all work-related accidents involving the Provider Employee within 24 hours to Entity. Provider shall provide where necessary, and shall require that all Provider Employees use, personal protective equipment as required by federal, state or local law, regulation, ordinance, directive or rule.

D. Compensation of Provider Employees. Provider shall pay Provider Employees in compliance with applicable wage and hour laws including, but not limited to, the Fair Labor Standards Act ("FLSA") and Arizona Labor Code. Provider shall maintain complete and accurate records of all wages paid to a Provider Employee assigned to provide services to Entity. Provider shall be exclusively responsible for, and shall comply with, applicable law governing the reporting and payment of wages, payroll-related and unemployment taxes attributable to wages paid to Provider Employees assigned to provide services to Entity.

E. Legal Arizona Worker's Act. Provider, and not Entity, shall be responsible for compliance with the Legal Arizona Worker's Act (2007), as amended from time to time. Compliance shall include, but not be limited to, verification of employment eligibility for all new employees through the E-Verify program, as defined in A.R.S. § 23-211.

F. Termination. Provider or Entity may terminate this Agreement, with respect to any or all of the Provider Employees, without cause or justification of any kind, by providing the other party with written notice of such termination at least 30 days prior to the effective date of termination. Entity and Provider shall each have the right to terminate the service of, and therefore cease to have any obligation with respect to, any particular Provider Employee, upon written notice to the other (or its successor in interest) upon the occurrence of any of the following:

(1) if the Provider Employee: (i) embezzles, steals or misappropriates funds or property of Entity or Provider or defrauds Entity or Provider; (ii) is convicted of a felony; (iii) has a necessary certification revoked or suspended; or (iv) commits an act or omission which constitutes unprofessional conduct or which adversely affects the reputation of Entity or Provider;

(2) the death of the Provider Employee occurring any time during the term of this Agreement, in which event this Agreement (as it relates to that employee) shall terminate as of his date of death;

(3) the permanent disability of the Provider Employee occurring at any time during the term of this Agreement. For purposes of the foregoing, a Provider Employee shall be deemed to be permanently disabled if, by reason of any physical or mental condition, the Provider Employee is unable to substantially perform his duties hereunder during either (i) any continuous period of 30 days, in which event this Agreement shall terminate as of the first day following the end of such 30-day period, or (ii) an aggregate of 45 days within a 12-month period, in which event this Agreement shall terminate as of the first day following the 45th such day;

(4) in the event that Provider sells or disposes of all or substantially all of its assets or permanently discontinues operating its business;

(5) in the event that a Provider Employee is unwilling, unable or fails to satisfactorily comply with any rules, guidelines, policies, procedures or regulations promulgated by Employer or Entity during the term of the Provider Employee's Employment Agreement; provided, however, that termination for cause shall not occur unless written notice of the alleged non-compliance is first given to Provider and Provider fails to cure the non-compliance within 10 days following receipt of such written notice; or

(6) if it is later discovered that a Provider Employee has made any material misrepresentations or has failed to provide any material information in connection with the application for employment that was previously submitted to Provider.

3. Compensation. Entity agrees to compensate Provider for work performed, and reimbursable expenses incurred in the performance thereof, by Provider Employees in accordance with the compensation schedule attached hereto as Exhibit D. Provider shall invoice Entity monthly; invoices shall be due and payable within 7 days after receipt by Entity. The parties acknowledge and agree that Provider Employees shall receive wages solely from Provider. Entity shall not pay any Provider Employee in cash or by any other means for any services rendered by such Provider Employee pursuant to his or her Employment Agreement. Any individual whom Entity pays directly for any services rendered shall not be considered a Provider Employee as to any services for which Entity provides compensation.

4. Responsibilities of Entity. In addition to its payment, and other obligations set forth in this Agreement, Entity shall have the following responsibilities:

A. Supervision; Reporting. Entity shall provide daily monitoring of the Provider Employees and shall report to Provider on an ongoing regular basis regarding the Provider Employees' performance of their respective duties.

B. Safety Obligations. Entity shall provide a safe workplace for Provider Employees, shall supply documentation related to safety activities as prescribed by law (e.g., safety meeting, training, maintaining OSHA log), shall include Provider Employees in any specific safety training that Entity offers or requires for its own personnel in the same or similar positions, and shall inform Provider of any necessary protective equipment that Provider Employees must use in the performance of services for Entity. Provider or its workers' compensation carrier has the right to inspect Entity's premises and operation, but is not obligated to conduct any inspections. Provider reserves the right to audit safety activities. Provider or its insurer may, but neither is obligated to, give reports to Entity on the conditions found at Entity's worksites. Neither Provider's insurer nor Provider warrants the result of the inspections or the absence thereof, or that the operations or premises are in compliance with any laws, regulations, codes or standards.

5. Term. The term of this Agreement shall commence as of July 1, 2013 and shall end on June 30, 2014, unless earlier terminated pursuant to the provisions hereof, and shall automatically be renewed annually for four (4) additional fiscal years unless terminated pursuant to the provisions hereof. Entity acknowledges and agrees that prior to any renewal, the Exhibits will be adjusted to account for changes in the duties, responsibilities and wages for Provider Employees. Provider shall provide revised copies of the Exhibits to Entity at least 30 days prior to the end of the then-current term.

6. Insurance.

A. Worker's Compensation.

(i) Except as otherwise provided in this Agreement, Provider shall be considered the "employer" of all Provider Employees for the purposes of providing workers' compensation insurance within the meaning of Arizona Revised Statute ("A.R.S.") § 23-901. Provider shall provide workers' compensation and employer's liability insurance in accordance with the statutory requirement of the State of Arizona, including Employer's Liability insurance with limits of liability of not less than \$500,000 for each accident and \$500,000 for bodily injury or disease. The workers' compensation policy shall be endorsed to include the Alternate Employer Endorsement and shall include a waiver of subrogation in favor of Entity from the workers' compensation insurer. Provider shall, upon Entity's request, upon termination of this Agreement, provide to Entity records regarding the loss experience for workers' compensation insurance provided to Provider Employees pursuant to this Agreement.

(ii) Entity and Provider understand, agree and acknowledge that no individual shall be covered by Provider's workers' compensation insurance, or be issued a payroll check unless

prior to commencing work for Entity that individual satisfies the following requirements: (a) is employed by Provider in Arizona to work in Arizona; (b) is performing Services for Entity pursuant to this Agreement; (c) is listed on Provider's roster of Provider Employees in Exhibit C; (d) has completed Provider's required enrollment forms and, where applicable, is certified or licensed as required by law for the position in which employed by Provider; (e) has completed necessary criminal background checks, including fingerprinting; (f) has entered into an Employment Agreement with Provider; (g) has provided all data required by Provider for payroll processing and workers' compensation coverage; and (h) has been entered onto Provider's payroll system.

(iii) Entity understands, agrees and acknowledges that the workers' compensation insurance that Provider shall provide under this Agreement shall only cover individuals who are listed on Provider's roster of Provider Employees in Exhibit C, and shall not cover other individuals who might perform services for Entity, whether as employees, independent contractors or otherwise. Entity agrees to provide workers' compensation insurance or maintain a program of approved self-insurance covering Entity's own employees.

B. Other Insurance.

Provider and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Provider and subcontractors, their agents, representatives, and employees.

The insurance requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The Court in no way warrants that the minimum limits contained herein are sufficient to protect the Provider from liabilities that might arise out of the performance of the work under this contract by the Provider, its agents, representatives, employees or subcontractors, and Provider is free to purchase additional insurance.

1. MINIMUM SCOPE AND LIMITS OF INSURANCE: Provider shall provide coverage with limits of liability not less than those stated below.

a. Commercial General Liability – Occurrence Form

Policy shall include bodily injury, property damage, personal injury and broad form contractual liability.

General Aggregate	\$ 2,000,000
Products – Completed Operations Aggregate	\$ 1,000,000
Personal and Advertising Injury	\$ 1,000,000
Blanket Contractual Liability – Written and Oral	\$ 1,000,000
Fire Legal Liability	\$ 50,000
Each Occurrence	\$ 1,000,000

The policy shall be endorsed to include the following additional insured language: "The City of Cottonwood, and their agencies, boards, commissions, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Provider".

The policy shall contain a waiver of subrogation against The City of Cottonwood, and their agencies, boards, commissions, officials, agents, and employees for losses arising from work performed by or on behalf of the Provider

b. Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

Combined Single Limit (CSL) \$1,000,000

The policy shall be endorsed to include the following additional insured language: "The City of Cottonwood, and agencies, boards, commissions, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Provider, involving automobiles owned, leased, hired or borrowed by the Provider".

The policy shall contain a waiver of subrogation against The City of Cottonwood, and their agencies, boards, commissions, officials, agents, and employees for losses arising from work performed by or on behalf of the Provider

c. Professional Liability (Errors and Omissions Liability)

Each Claim \$1,000,000
Annual Aggregate \$2,000,000

i. In the event that the professional liability insurance required by this Contract is written on a claims-made basis, Provider warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

ii. The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this contract.

2. ADDITIONAL INSURANCE REQUIREMENTS: The policies shall include, or be endorsed to include, the following provisions:

a. Wherever additional insured status is required, such additional insured shall be covered to the full limits of liability purchased by the Provider, even if those limits of liability are in excess of those required by this Contract.

1. The Provider's insurance coverage shall be primary insurance with respect to all other available sources.

2. Coverage provided by the Provider shall not be limited to the liability assumed under the indemnification provisions of this Contract.

3. All policies shall contain a waiver of subrogation against The City of Cottonwood and their agencies, boards, commissions, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Provider.

7. Independent Contractor. The relationship created by this Agreement shall be deemed and construed to be, and shall be, that of principal and independent contractor. Provider has no authority to enter into any contract or incur any liability on behalf of Entity. Provider's employees are not intended to be and shall not be considered employees of Entity. Except as otherwise provided in this Agreement, Provider retains full control over the employment, direction, supervision, compensation, discipline and discharge of all persons performing Services under this Agreement.

8. Non-Exclusive Use. Provider acknowledges and agrees that Entity may enter into agreements with other provider organizations to supply services to Entity and that Provider is not the exclusive organization with which Entity may contract to provide services.

9. Notice. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when hand delivered to the party addressed or upon the date noted upon the receipt for registered or certified mail, first class postage prepaid, return receipt requested, addressed as set forth below:

If to Provider: smartworksplus
P.O. Box 11618
Tempe, AZ 85284-0027

With a copy to: Perkins Coie Brown & Bain P.A.
2901 N. Central Ave., Suite 2000
Phoenix, AZ 85012
Attention: Judith K. Weiss, Esq.

If to Entity: Jesus R. Rodriguez
Administrative Service General Manager
City of Cottonwood
816 North Main Street
Cottonwood, AZ 86326

With copies to: Doug Bartosh
City Manager
827 N. Main Street
Cottonwood, AZ 86326

Steve Horton
City Attorney
City of Cottonwood
827 N. Main Street.
Cottonwood, AZ 86326

Either party may alter the address or addresses to which communications or copies are to be sent to such party by giving notice of such change of address in conformity with the provisions of this Section 10.

10. Binding Nature of Agreement; Assignment and Nominee. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

11. Entire Agreement. This Agreement constitutes the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified or amended other than by a writing signed by both parties.

12. Waiver. The failure or delay on the part of any party to exercise any right, remedy, power or privilege under this Agreement shall not operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such rights, remedies, powers or privileges with respect to any other occurrence.

13. Costs and Expenses. Each party hereto shall bear its own costs, including attorneys' fees and accounting fees, incurred in connection with the negotiation, drafting and consummation of this Agreement and the transactions contemplated hereby, and all matters incident thereto.

14. Headings. All sections and descriptive headings of sections and subsections in this Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof.

15. Construction; Interpretation. This Agreement is intended to express the mutual intent of the parties hereto and thereto, and irrespective of the identity of the party preparing any such document, no rule of strict construction shall be applied against any party. In this Agreement, the singular includes the plural, and the plural the singular; words imparting either gender include the other gender; references to "writing" include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed by the words "but not limited to." The term "person" shall include an individual, corporation, joint venture, partnership, Pool, estate, association, governmental entity or any other entity.

16. Exhibits and Recitals. All Exhibits referred to herein and the Recitals made and stated hereinabove are hereby incorporated by reference into, and made a part of, this Agreement.

17. Materiality. All covenants, agreements, representations and warranties made herein shall be deemed to be material and to have been relied on by the parties in entering into this Agreement and shall survive the execution and delivery of this Agreement.

18. Governing Law; Forum; Venue. This Agreement is executed and delivered in the State of Arizona, and the substantive laws of the State of Arizona (without reference to choice of law principles) shall govern its interpretation and enforcement. Any action brought to interpret or enforce any provisions of this Agreement, or otherwise relating to or arising from this Agreement, shall be commenced and maintained (i) if applicable, in accordance with the procedures set forth in A.R.S. § 41-2611, *et seq.*, or, if such procedures are not applicable, then (ii) in a federal, state or local court located within Yavapai County, Arizona.

19. Knowing Covenants. The parties hereby represent to each other that the covenants and agreements provided for in this Agreement have been knowingly and voluntarily granted after thorough consultation with counsel as to the binding and irrevocable effect thereof. Based upon consultation with counsel, the parties hereby represent and warrant to each other that this Agreement is binding and enforceable in accordance with its terms.

20. Indemnification. Provider agrees to indemnify, defend and hold harmless Entity, its board members, officers, directors, employees, insurers, indemnitors and agents for, from and against all suits, claims, liabilities, costs, expenses and debt, including reasonable attorneys' fees, incurred by Entity arising from, attributable to or caused by acts or omissions of Provider (or its officers, directors, shareholders or agents) or any Provider Employee in the performance of or related to the performance of the duties of any Provider Employee as described in the Employment Agreement (including, but not limited to injuries to Provider Employees that may or may not be covered by workers compensation insurance); except, to the extent such suits, claims, liabilities, costs, expenses and debt result from acts or omissions of Entity or its board members, officers, directors, employees, insurers, indemnitors or agents. This indemnification provision shall apply to suits, claims, liabilities, costs, expenses and debt that are not otherwise covered by Entity's Liability Insurance provided for by the Pool.

21. Conflict of Interest. The parties expressly acknowledge that Entity has the option of canceling this contract within three years from the date of execution without any further penalty or obligation pursuant to A.R.S. § 38-511 if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of Entity is at any time during the term or any extension thereof, an employee or agent of Provider or a consultant to Provider. Provider acknowledges

the potential for a current Entity employee to become a Provider Employee and recognizes the applicability of A.R.S. § 38-511.

[Signature page to follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and date first above written and effective as of the date hereinabove stated.

“Provider”

smartschoolsplus, inc.
an Arizona corporation, d/b/a smartworksplus

“Entity”

City of Cottonwood
827 North Main Street
Cottonwood, Arizona 86326

By: Sandra McClelland
Its: President

By: _____
Its: _____

EXHIBIT A

Scope of Services

The following Services shall be performed by smartschoolsplus, inc. [d/b/a smartworksplus] in fulfillment of its obligations under the terms of the Agreement.

1. Provider shall recruit, hire, train, evaluate and supervise Provider Employees who are professionally and technically qualified to perform the duties of staff, administrators, [insert other classifications of Provider Employees] and shall discipline and terminate Provider Employees, as appropriate, including the following:

a. maintaining a recruiting and hiring program that is in compliance with federal and state laws, rules and regulations, equal opportunity and anti-discrimination policies applicable to, and restricting, the hiring and selection process, including, but not limited to, Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans With Disabilities Act ("ADA"), the Age Discrimination in Employment Act ("ADEA"), the Fair Credit Reporting Act ("FCRA") and the Arizona Employment Protection Act ("AEPA");

b. maintaining a system of statewide personal background checks on all Provider Employees provided to Entity to include statewide criminal background check and fingerprinting. Provider shall ensure that all Provider Employees possess all certifications and qualifications necessary to enable them to perform their assignments, and that Provider Employees have satisfied any legal prerequisites to the performance of their assignments;

c. maintaining a system of performance evaluation for each Provider Employee;

d. maintaining a program of supervision that enforces the policies and procedures of Entity. In order to maintain the program, Provider shall designate one or more on-site staff as the supervisor and/or Provider contact who shall be responsible for addressing and responding to Provider Employees. The designated on-site supervisor and/or Provider contact shall be trained by Provider in regard to: (i) applicable workers' compensation laws; (ii) applicable equal employment opportunity laws, regulations and policies, including reporting procedures; and (iii) workplace violence prevention, including the detection of early warning signs of violence and the proper reporting of threats and acts of violence. The supervisor and/or Provider contact shall promptly notify Entity of any human-resource-type issue raised by a Provider Employee that may affect Entity, such as threats of violence, harassment, discrimination or retaliation;

e. providing to each Provider Employee information regarding his or her obligation to comply with all of Entity's safety, drug/alcohol, work policies, anti-harassment, anti-discrimination and anti-retaliation policies. Provider shall establish a complaint and/or reporting procedure for violations of policies and instruct Provider Employees on the use of the procedure. Provider shall obtain written acknowledgement from the Provider Employee that he or she has read, understood and agrees to abide by those policies and procedures;

f. providing annual harassment, discrimination, retaliation, abuse and neglect training for all Provider Employees, or ensure Provider Employees participate in similar training provided by Entity. Provider shall maintain a record of all such training; and

g. preparing and distributing an Employee Handbook to Provider Employees that identifies and explains Provider's policies and procedures that are to be followed during the course of the Provider Employees' employment with Provider.

2. Provider shall inform the Provider Employee in writing that he or she is employed by Provider, not Entity.

3. Provider shall inform the Provider Employee in writing that job related illness/injury reports are to be made to the supervisor or Provider contact and provide information on where and how reports are to be made to Provider contact.

4. Provider shall notify Provider Employees in writing that other than the liability indemnity protection specifically delineated in this Agreement the only benefits they shall receive shall be from Provider, and that they are not entitled to any benefits from Entity.

5. Provider shall be responsible for the quality, adequacy and safety of the Services provided by Provider Employees pursuant to this Agreement, and the acts, errors or omissions of Provider Employees at all times.

EXHIBIT B

Form of Employment Agreement

[see attached]

EXHIBIT C

Roster of Provider Employees and Fee Schedule

[see attached]

EXHIBIT D

Provider Compensation Schedule

Compensation: Provider compensation is computed based on the number of days Provider Employees work during designated month, multiplied by their Daily Rate of Pay set forth in Exhibit C. Provider shall invoice Entity monthly (i) at agreed-upon offered contractual salary equal to 70% of Provider Employee's exit salary for Provider Employees that previously worked at Entity, or (ii) at agreed-upon offered contractual salary for Provider Employees that did not previously work at Entity.

Service Fee/Direct Payroll Costs: In addition to the payments for work performed and extra factor/incentive pay, Entity shall pay Provider a service fee equal to four percent (4%) and all applicable direct payroll costs (e.g., Social Security, FICA & Medicare, AZ Unemployment, Federal Unemployment, Worker's Compensation (professional/classified)).

Reimbursement: Entity shall reimburse Provider for mileage, travel, conferences and other out-of-pocket expenses incurred by Provider Employees, but only if such expenses are approved (prior to the expense being incurred) by the Provider and Entity and follow entity policy and reimbursement guidelines. To obtain such reimbursement, Provider Employees must submit a written claim for reimbursement to Entity. Entity shall forward the claim to Provider. Provider shall reimburse the Provider Employee and include the amount of the reimbursement on Provider's invoice to Entity.

Sick Leave Days: Entity shall provide Provider Employees with twelve (12) sick leave days (non-accrual) upon initial placement. Sick days do not accumulate and will not be reimbursed when the contract is completed. Employees of Provider will report their sick leave days according to City guidelines. In the event a Provider Employee exceeds the allotted leave days, the Provider will invoice the City less the daily rate of pay per Provider Employee absence for each day missed greater than the allocated days.

Vacation Days: Entity shall provide Provider Employees with two (2) weeks of vacation time (non-accrual). Provider employees will schedule their vacation days according to City guidelines. In the event a Provider Employee exceeds allocated vacation days, the Provider will invoice the City less the daily rate of pay per Provider Employee absence for each day missed greater than the allocated days.

Electronic Access: Entity shall provide each Provider Employee access to electronic and technological tools allowing for participation and function of normal Entity duties (e.g., Kronos, computer hardware and software, e-mail, internet, cell phone, etc.). Provider Employees agree to follow all Entity guidelines and policies regarding use of the same.

applications:

- Ann Shaw

816 N. 7th Street, Cottonwood, Arizona 86326

- Leonard Filner

1628 E. Birch Street, Apt. 1, Cottonwood, Arizona 86326

Please see the attached copies of Commission/Board Applications from the three (3) applicants for the two (2) open positions.

JUSTIFICATION/BENEFITS/ISSUES

Issue: fill vacancies on the Parks & Recreation Commission according to requirements by City Council for a seven member commission body.

COST/FUNDING SOURCE

N.A.

ATTACHMENTS:

Name:	Description:	Type:
 Parks Recreation Commission Applicant - Applications July 2013.pdf	Commission Applications	Cover Memo
 Resignation Email letter from Tim McKeever Sr..docx	Resignation Email Letter from Tim McKeever Sr.	Cover Memo
 res2711.doc	Resolution Number 2711	Cover Memo
 RES2712.doc	Resolution Number 2712	Cover Memo



17-04-13 P01:57 IN

CITY OF COTTONWOOD
816 NORTH MAIN STREET
COTTONWOOD, AZ 86326
Phone (928) 340-2713
Fax (928) 634-3727
Revised January 11, 2010

APPLICATION FOR PARKS-N-REC.
(BOARD/COMMISSION/COMMITTEE)

NAME BURTON CYNTHIA LEE
(Last) (First) (Middle)

MAILING ADDRESS 21 S. 13th St. Cottonwood Arizona 86326
(Route or Box) (City) (State) (Zip)

STREET ADDRESS SAME AS ABOVE
(Number & Street) (City) (State) (Zip)

HOME PHONE (928) 567-8570 WORK/MESSAGE PHONE (928) 274-4525

EMAIL ADDRESS: NA

PLEASE TYPE OR PRINT CLEARLY IN INK ONLY.

Professional Memberships, Registrations, Licenses, Etc. NA

Education LITTLE COLLEGE (MEDICAL/ACCT.)

Work Experience NURSING ASSISTANT LAST 14 YRS ABLE TO WORK (TILL 1998)
MAINTENANCE SUPERVISOR (PHY), CHILD CARE, GROCERY & DEPARTMENT
STORE CLERK (SMITH'S SCOTTSDALE)

Application for (Board/Commission/Committee)
Page 2

Please describe your qualifications for serving on Board/^{*}Commission/Committee: CURRENTLY ON
COMMISSION (2012-2013) CURRENTLY -
CAN ORGANIZE PEOPLE IN COMMUNITY FOR FUNDRAISERS -
WILLING TO LEARN MORE ON CITY OPERATIONS - HAVE PLENTY OF TIME. SHOWING IT!!

List any community service organizations or projects you have been involved with (include a brief description of activities):

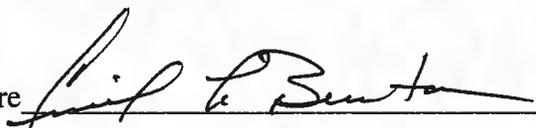
PARKS & REC. COMMISSION (2012-2013), VOLUNTEER ADOPT FOR LIFE/YARD SALE & THRIFTY STORE -
VERDE VALLEY CAREGIVERS COALITION (DRIVE TO AD. ADPTS, SHOPPING & AFTER
CARE FROM VVMC DISCHARGE - 30 DAY MONITOR)
I ARRANGED TO PICK UP FOOD BOXES FOR ELDERLY PEOPLE WHO DON'T HAVE VEHICLES)

Have you ever been convicted of, or pled "no contest" to any crime, including any convictions that were later set aside or expunged? 1991 X YES NO

Does the City of Cottonwood employ any relative of yours? YES K NO

Are you currently a resident of Cottonwood? If so, how long have you been a resident of the City?

YES, 10 YEARS AND GOING

Signature 

Date 17th April, 2013

NOTE: All applicants are strongly encouraged to attend the Council meeting at which their application will be considered. It is important for Council members to be able to assess applicants' qualifications and backgrounds during the selection process, and be able to ask questions for clarification.

Generally, the Council will conduct a brief interview process during the Council meeting.

Council meetings are held the first and third Tuesday of every month. Council agendas can be found under the City Council tab on the City website: www.cottonwoodaz.gov.



CITY OF COTTONWOOD
816 NORTH MAIN STREET
COTTONWOOD, AZ 86326
Phone (928) 634-0060 x217
Fax (928) 634-3727
Revised January 11, 2010

APPLICATION FOR PARKS AND RECREATION COMMISSION
(BOARD/COMMISSION/COMMITTEE)

NAME SHAW ANN M
(Last) (First) (Middle)

MAILING ADDRESS 816 N. 7TH ST. COTTONWOOD, AZ 86326
(Route or Box) (City) (State) (Zip)

STREET ADDRESS SAME
(Number & Street) (City) (State) (Zip)

HOME PHONE 928-639-2258 WORK/MESSAGE PHONE 928-634-7310

EMAIL ADDRESS: nja-ann@cableone.net or annathome@g.com

PLEASE TYPE OR PRINT CLEARLY IN INK ONLY.

Professional Memberships, Registrations, Licenses, Etc. CERTIFIED TEACHER -
ELEMENTARY AND SECONDARY CERTIFICATION
WITH ENDORSEMENTS

Education MASTER OF EDUCATION, ARIZONA STATE
UNIVERSITY

Work Experience TEACHER - 22 YEARS
NEW VISIONS ACADEMY TEACHER - 15 YEARS
NEW VISIONS ACADEMY DIRECTOR - 11 YEARS

Application for (Board/Commission/Committee)
Page 2

Please describe your qualifications for serving on Board/Commission/Committee: PREVIOUSLY
SERVED ON THE PARKS AND RECREATION COMMISSION FOR
12 YEARS. ALSO SERVE AS THE DIRECTOR AND GOVERNING
BOARD PRESIDENT FOR NEW VISIONS ACADEMY, A SMALL CHARTER
HIGH SCHOOL. ACCUSTOMED TO CONSIDERING FISCAL AND PRACTICAL CONCERNS.

List any community service organizations or projects you have been involved with (include a brief description of activities):

ASSISTING IN THE DEVELOPMENT AND DESIGN OF
THE COTTONWOOD RECREATION CENTER.

Have you ever been convicted of, or pled "no contest" to any crime, including any convictions that were later set aside or expunged? _____ YES NO

Does the City of Cottonwood employ any relative of yours? _____ YES NO

Are you currently a resident of Cottonwood? If so, how long have you been a resident of the City?

YES. 20 YEARS

Signature Ami Shaw

Date 1-25-13

NOTE: All applicants are strongly encouraged to attend the Council meeting at which their application will be considered. It is important for Council members to be able to assess applicants' qualifications and backgrounds during the selection process, and be able to ask questions for clarification.

Generally, the Council will conduct a brief interview process during the Council meeting.

Council meetings are held the first and third Tuesday of every month. Council agendas can be found under the City Council tab on the City website: www.cottonwoodaz.gov.



New Visions Academy

Phone: 928-634-7320 ♦ Fax: 928-634-7494

P.O. Box 1539 ♦ 125 S. 6th St.

Cottonwood, AZ 86326

January 25, 2013

City of Cottonwood
816 N. Main St.
Cottonwood, AZ 86326

To Mayor Diane Joens, Members of the City Council and the Parks and Recreation Commission:

I am interested in returning to my seat on the Cottonwood Parks and Recreation Commission. Although I have been absent for the last year and a half, I am confident that I still have a fairly good grasp of the issues and projects that concern the commission and would like to assist if I may.

I continue to be amazed by the scope of the progress made by the City of Cottonwood and the Parks and Recreation Department in the development of our parks and facilities during the 12 years that I was a commissioner and I take pride in having had, however small, a part in it.

Thank you for considering my application. I will be happy to attend a city council meeting to answer any other questions pertaining to the commission seat.

Sincerely,



Ann Shaw



CITY OF COTTONWOOD
816 NORTH MAIN STREET
COTTONWOOD, AZ 86326
Phone (928) 634-0060 x217
Fax (928) 634-3727
Revised January 11, 2010

APPLICATION FOR PARKS AND RECREATION COMMITTEE
(BOARD/COMMISSION/COMMITTEE)

NAME FILNER LEONARD ALLEN
(Last) (First) (Middle)

MAILING ADDRESS 1628 E. BIRCH ST APT 1 COTTONWOOD, AZ 86326
(Route or Box) (City) (State) (Zip)

STREET ADDRESS SAME
(Number & Street) (City) (State) (Zip)

HOME PHONE 928 649-9456 WORK/MESSAGE PHONE 714 337-7706

EMAIL ADDRESS: VIETHROSIK@GMAIL.COM

PLEASE TYPE OR PRINT CLEARLY IN INK ONLY.

Professional Memberships, Registrations, Licenses, Etc. LICENSED LANDSCAPE
ARCHITECT STATE OF CALIFORNIA (EXPIRED)

Education BACHELORS OF LANDSCAPE ARCHITECTURE
PENNSYLVANIA STATE UNIVERSITY 1978

Work Experience SEE RESUME ATTACHED

Application for (Board/Commission/Committee)

Page 2

Please describe your qualifications for serving on Board/Commission/Committee: SEWED ON THE CITY OF ORANGE (CALIFORNIA) DESIGN REVIEW COMMITTEE FOR 4 YEARS.

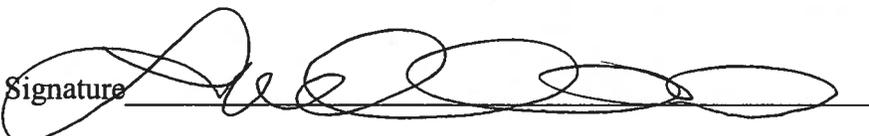
List any community service organizations or projects you have been involved with (include a brief description of activities):

SEWED AS CO-CHAIR ON THE CONSTRUCTION COMMITTEE FOR VENDE VALLEY HABITAT FOR HUMANITY. WAS RESPONSIBLE FOR PLAN SUBMITTAL FOR PERMIT APPROVAL BY ~~CITY~~ COUNTY OF YAVAPAI.

Have you ever been convicted of, or pled "no contest" to any crime, including any convictions that were later set aside or expunged? _____ YES NO

Does the City of Cottonwood employ any relative of yours? _____ YES NO

Are you currently a resident of Cottonwood? If so, how long have you been a resident of the City? 2 YEARS THIS SEPTEMBER

Signature 

Date 7-19-13

NOTE: All applicants are strongly encouraged to attend the Council meeting at which their application will be considered. It is important for Council members to be able to assess applicants' qualifications and backgrounds during the selection process, and be able to ask questions for clarification.

Generally, the Council will conduct a brief interview process during the Council meeting.

Council meetings are held the first and third Tuesday of every month. Council agendas can be found under the City Council tab on the City website: www.cottonwoodaz.gov.

Leonard A. Filner
Cottonwood, Arizona 86326
(714) 337-7706
jethrosix@gmail.com

LANDSCAPE ARCHITECT and CAREGIVER

LANDSCAPE ARCHITECTURAL OBJECTIVE: Find a position with a landscape architectural firm that works on large scale developments for both the private and public sectors. To challenge and utilize my vast experience in the field to serve the people to aid in bringing their dreams to fruition.

SUMMARY OF QUALIFICATIONS

- Many years experience in producing a complete and detail oriented set of construction documents and specifications from conception to installation.
- Strong communication, planning and organizational skills with the ability to direct business affairs with office personnel and Client.
- Reliability with abilities to multi-task and problem solve.
- Proficient in AutoCADD, Microsoft Word and Office, and Adobe.

CAREGIVER OBJECTIVE: To challenge and utilize my strong desire to serve those in need and to improve the quality of life for seniors and those with physical limitations.

SUMMARY OF QUALIFICATIONS

- Completion of the Certified Companions Aid Program (CCA).
- The desire to provide better care giving services by taking on-going continuing education classes for hospice care, Alzheimers, dementia and more.

EXPERIENCE

Volunteer Coordinator, Verde Valley Habitat for Humanity,
Cottonwood, AZ

08/2012-11/2012

To develop and monitor the volunteer coordination of Verde Valley Habitat for Humanity. To recruit, train, schedule, motivate and supervise volunteers in all facets of VVHFH operations to ensure these vital resources remain engaged.

Caregiver, Tender Hearts Senior Care, Inc., Prescott, AZ

11/2011-present

Provide in-home non-medical senior care to the elderly. Services include aid in personal hygiene, meals preparation and housekeeping duties. Company is Christian based and directed.

Project Manager, Site Development Studios, Inc., Costa Mesa, CA 2/2007-6/2009

Prepared mechanical plans for pools, fountains and lake water features for commercial and residential developments. Worked closely with the model department to ensure aesthetic integrity and design and team members responsible for purchasing of materials. Managed construction scheduling with site superintendent and met directly with Client.

Landscape Architect, Hourian Assoc., Dana Point, CA 10/2003-2/2007

Responsible for project management of work prepared by office. Managed office personnel on a day to day basis to meet work deadlines. Responsible for direct Client contact to ensure project success relative to budgets and satisfaction of work.

Project Manager, David Rolfe & Assoc., Irvine, CA 1/2003-10/2003

Responsible for complete project management of commercial and residential developments. Managed office personnel on a day to day basis to meet work deadlines. Developed a manual with architectural and planting guidelines for the builder and prospective homeowners for a large scale single family development.

Landscape Architect/Project Manager, SITESCAPES, Inc., Irvine, CA 7/2002-12/2002

Responsible for project management of work prepared by office. Managed office personnel on a day to day basis to meet work deadlines. Responsible for direct Client contact to ensure project success relative to budgets and satisfaction of work.

Landscape Architect/Project Manager, Wilson Assoc., Riverside, CA 9/1999-12/2002

Responsible for project management of work prepared by office. Managed office personnel on a day to day basis to meet work deadlines. Responsible for direct Client contact to ensure project success relative to budgets and satisfaction of work.

Project Manager/CADD Operator, Cathcart/Begin Assoc., Orange, CA 7/1997-9/1999

Responsible for project management of work prepared by office. Managed office personnel on a day to day basis to meet work deadlines. Responsible for direct Client contact to ensure project success relative to budgets and satisfaction of work. Developed office computer standards and methods of operation for office personnel.

EDUCATION AND CERTIFICATES

Bachelors of Landscape Architecture, Pennsylvania State University, University Park, PA
Certificate courses, University of California at Los Angeles, Westwood, CA

Proclamation, Community Development Dept. Design Review Committee, Orange, CA

VOLUNTEERISM

Donor and volunteer, American Red Cross, Pomona, CA

Volunteer, Verde Valley Habitat for Humanity, Cottonwood, AZ

Volunteer and Care Transitions Program Participant, Verde Valley Caregivers Coalition,
Sedona, AZ

From: Tim McKeever [<mailto:oldmaster@rec-n-cru.com>]

Sent: Monday, June 17, 2013 3:34 PM

To: Diane Joens

Cc: Richard Faust; Robin Babbitt

Subject: COMMISSION RESIGNATION

Please consider this my Resignation from the Cottonwood Parks and Recreation Commission effective immediately. Thank you for the opportunity to serve.

Tim McKeever Sr.

RESOLUTION NUMBER 2711

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, APPOINTING _____
A MEMBER OF THE CITY OF COTTONWOOD PARKS AND RECREATION COMMISSION AND ESTABLISHING _____ TERM OF OFFICE.

WHEREAS, the term of Cynthia Burton expired August 16, 2013, and

WHEREAS, it therefore is necessary to appoint a new member to said Commission to maintain the requisite number of seven members;

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

THAT, in accordance with Section 2.68.030 of the City Code, _____, a resident of the City of Cottonwood, is hereby appointed a member of the City of Cottonwood Parks and Recreation Commission for a three year term which expires August 21, 2016.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, THIS 20TH DAY OF AUGUST 2013.

Diane Joens, Mayor

APPROVED AS TO FORM:

ATTEST:

Steven B. Horton, Esq.
City Attorney

Marianne Jiménez, City Clerk

RESOLUTION NUMBER 2712

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, APPOINTING _____, A MEMBER OF THE CITY OF COTTONWOOD PARKS AND RECREATION COMMISSION AND ESTABLISHING ____ TERM OF OFFICE.

WHEREAS, Timony McKeever has resigned as a member of the Parks and Recreation Commission; and

WHEREAS, it therefore is necessary to appoint a new member to said Commission to maintain the requisite number of seven members;

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

THAT, in accordance with Section 2.68.030 of the City Code, _____, a resident of the City of Cottonwood, is hereby appointed a member of the City of Cottonwood Parks and Recreation Commission to fill the remainder of a three year term expiring August 16, 2014.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, THIS 20TH DAY OF AUGUST 2013.

Diane Joens, Mayor

APPROVED AS TO FORM:

ATTEST:

Steven B. Horton, Esq.
City Attorney

Marianne Jiménez, City Clerk

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date:	August 20, 2013
Subject:	Approval of Resolution Number 2713, an IGA between the City of Cottonwood and Yavapai County for Transportation Services with adjustments to Route Plan and schedule changes for Verde Village operations.
Department:	Community Services
From:	Bruce Morrow, Transportation Manager

REQUESTED ACTION

Council consideration of a Intergovernmental Agreement with Yavapai County to provide Transportation Services to unincorporated Verde Village along with a plan of action to reduce costs for transit services to the Verde Village and establishing new route formulas based upon new costs of the proposed agreement. The County has agreed to pay, as its share of the Local Match portion of the 5311 FTA Grant, the sum of \$20,000 per year for the next 5 years. This is less than the approximate \$28,000 as identified in the 2013/14 Grant document, as allocated for cost of services in the Grant Application for previous operations. This will require CAT to reduce the number of trips it will make on the Blue Line to accommodate the reduced funding from the County.

SUGGESTED MOTION

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

I move to approve Resolution Number 2713 approving the IGA with the County for transit services to the Verde Village.

BACKGROUND

The City of Cottonwood took over the CAT/Lynx transit system effective July 1, 2012. At that time, the local share of the cost to operate the transit system were divided among the various stakeholders of Cottonwood, Clarkdale, Sedona, and Yavapai County. Intergovernmental Agreements (IGA) were executed with Clarkdale and Sedona. The IGA with Yavapai County was submitted to the County Supervisors in August, 2012 and to date, is still to be executed. Staff has continually been working with the County to get said agreement signed with multiple meetings. Recently, staff met with the County to get resolution on the IGA whereby the County informed staff that that they would pay \$20,000 annually for transit services to the Verde Villages.

CAT currently makes 11 runs on the Blue Line Route that serves the Verde Villages. In order to reduce costs to the amount that the County is willing to support, staff has determined that CAT will have to reduce the number of trips into the Verde Village to four (4) from eleven (11). This will provide a cost savings of approximately \$8,400, which will be under the amount that the County has agreed to pay. This change will result in the following changes to the Blue Line Schedule:

- * 7:00 a.m. to 8:00 a.m. operations - No change in current services.
- * 9:00 a.m. - 3:00 p.m. - Run an abbreviated route going only to the Verde Valley Manor on Goddard Road. Return to Cottonwood via a new section of route to be determined.
- * 4:00 p.m. to 5:00 p.m. operations - No change in current schedule.

Staff is currently exploring options for how to implement the new schedule using some of the previous Circulator Route stops, plus initiate return services to areas previously identified for elimination when the Circulator was dropped in 2010/11 with State absorption of LTAF funding.

Staff believes that this is the best way to provide for the people that use the bus for going to and coming home from work, while reducing costs attributed to the County reductions. This also gives CAT an opportunity to try out a portion of a new third route that will come before the Council later this year, along with changes to schedules and the Verde Lynx. Primarily, this will not affect current Paratransit Service operations into the Verde Villages as this will still be within the 3/4 mile corridor for ADA compliance.

JUSTIFICATION/BENEFITS/ISSUES

The Blue Line services the Verde Villages 1&2, plus the bulk of the Cottonwood Retail District from Old Town to Walmart. Operating statistics show that on average, CAT provides approximately 825 rides on the Blue Line and 175 rides on Paratransit to people in the Verde Villages each month. The rides can be broken down into the following categories: Job Related, medical related, shopping, and recreation.

Staff is currently working on the scheduling of the new route system with State ADOT staff whereby staff will be making a presentation in Public Forum format as required by ADOT when making a change of this magnitude. ADOT also requires a 30 day period from the time of the public meeting to when the changes can take place.

COST/FUNDING SOURCE

The Primary funding source for CAT/Lynx operations is a 5311 Grant from FTA. The Grant stipulates that the costs must be shared by local match coming from the communities or private sources in the area served. Clarkdale and Sedona, along with Cottonwood and Yavapai County share in the local match required by FTA.

ATTACHMENTS:

Name:	Description:	Type:
Blue Line Maps 20130621.pdf	Blue Line Maps	Cover Memo
City of Cottonwood 2012 Budget Worksheets 5311.xlsx	2012-2013 5311 Grant Budget Worksheet	Cover Memo
FY2013 5311 Budget Worksheets COC Trial.xlsx	2013-2014 5311 Grant Budget Worksheet	Cover Memo

📄 [RES2713.doc](#)

Resolution Number 2713

Cover Memo

📄 [8-20-13_Yavapai_County_Transit_IGA.pdf](#)

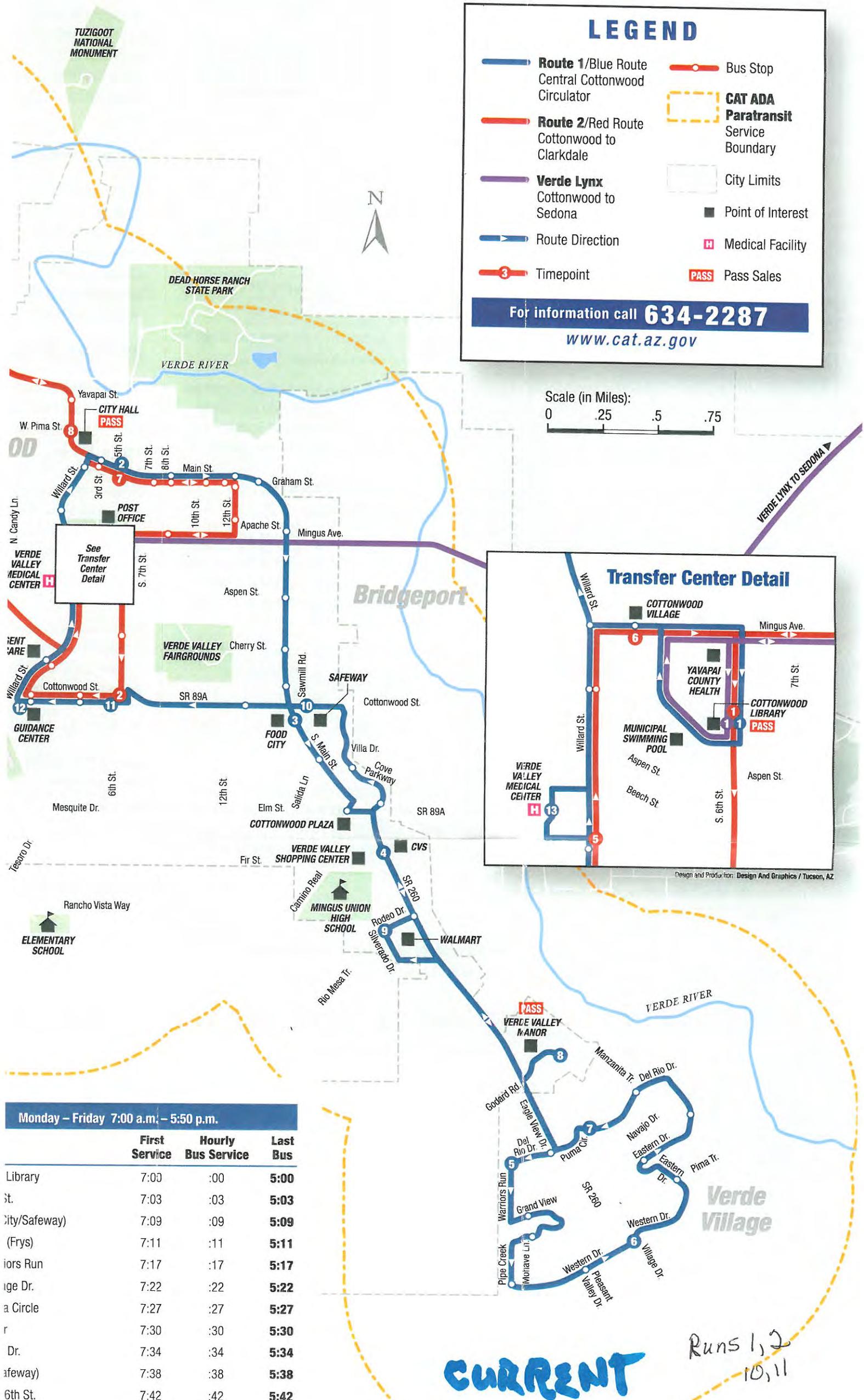
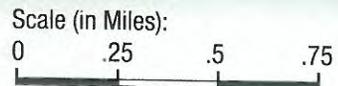
Yavapai County Transit IGA

Cover Memo

LEGEND

- Route 1/Blue Route**
Central Cottonwood Circulator
- Route 2/Red Route**
Cottonwood to Clarkdale
- Verde Lynx**
Cottonwood to Sedona
- Route Direction
- Timepoint
- Bus Stop
- CAT ADA Paratransit Service Boundary**
- City Limits
- Point of Interest
- Medical Facility
- Pass Sales

For information call **634-2287**
www.cat.az.gov



Monday – Friday 7:00 a.m. – 5:50 p.m.

	First Service	Hourly Bus Service	Last Bus
Library	7:00	:00	5:00
st.	7:03	:03	5:03
ity/Safeway)	7:09	:09	5:09
(Frys)	7:11	:11	5:11
iors Run	7:17	:17	5:17
ge Dr.	7:22	:22	5:22
a Circle	7:27	:27	5:27
r	7:30	:30	5:30
Dr.	7:34	:34	5:34
afeway)	7:38	:38	5:38
6th St.	7:42	:42	5:42

CURRENT

Runs 1, 2, 10, 11

Design and Production: Design And Graphics / Tucson, AZ

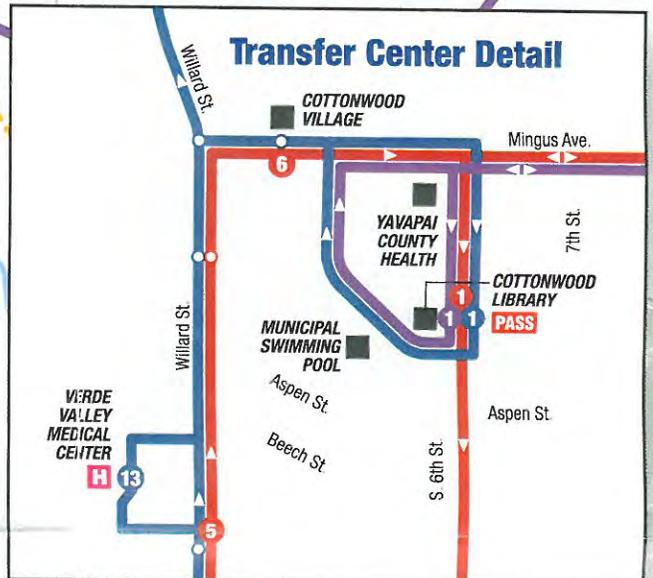
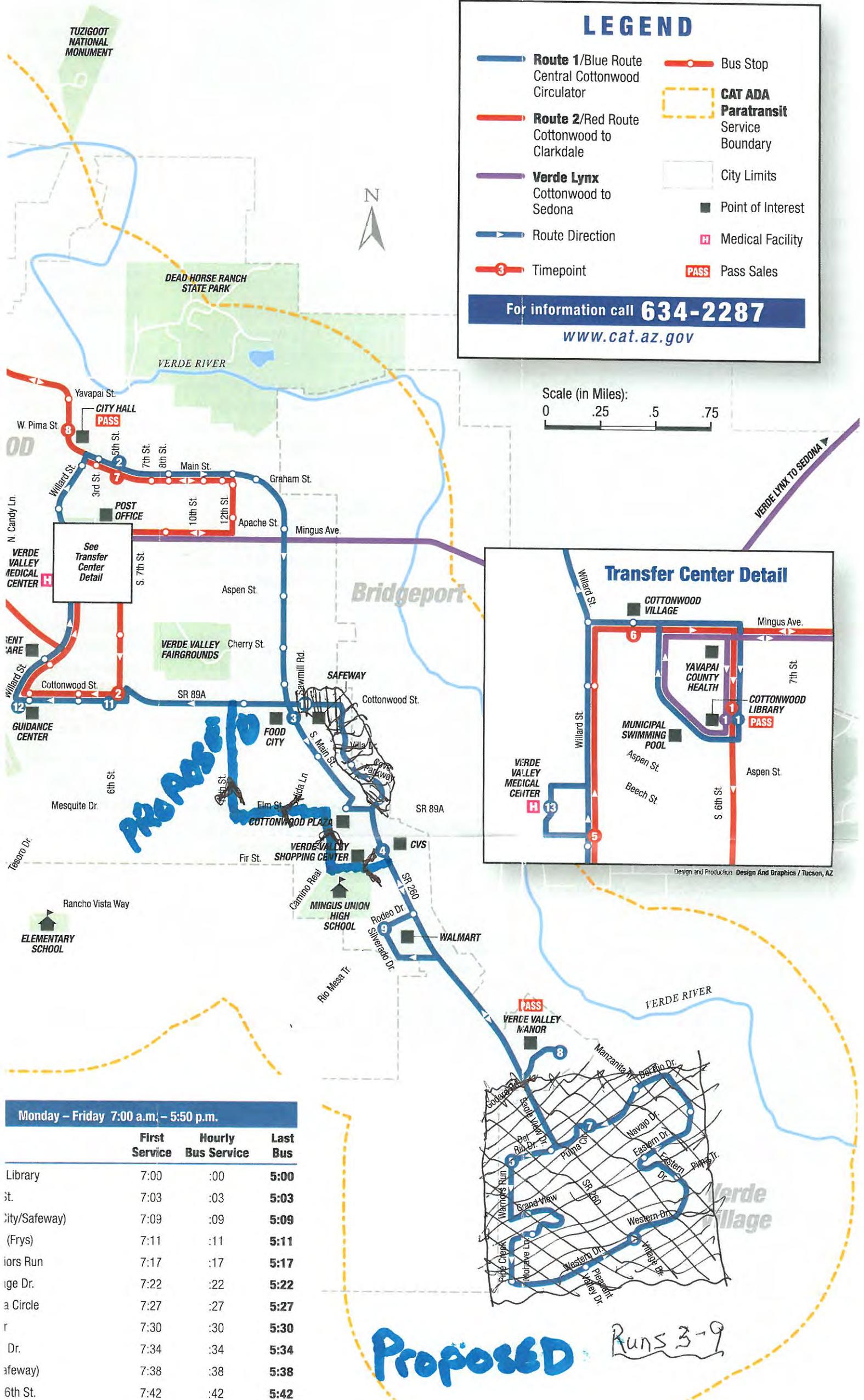
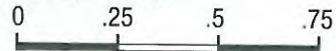
LEGEND

-  **Route 1/Blue Route**
Central Cottonwood
Circulator
-  **Route 2/Red Route**
Cottonwood to
Clarkdale
-  **Verde Lynx**
Cottonwood to
Sedona
-  **Route Direction**
-  **Timepoint**
-  **Bus Stop**
-  **CAT ADA
Paratransit
Service
Boundary**
-  **City Limits**
-  **Point of Interest**
-  **Medical Facility**
-  **Pass Sales**

For information call **634-2287**

www.cat.az.gov

Scale (in Miles):



Design and Production Design And Graphics / Tucson, AZ

Monday – Friday 7:00 a.m. – 5:50 p.m.

	First Service	Hourly Bus Service	Last Bus
Library	7:00	:00	5:00
st.	7:03	:03	5:03
City/Safeway	7:09	:09	5:09
(Frys)	7:11	:11	5:11
ions Run	7:17	:17	5:17
ge Dr.	7:22	:22	5:22
a Circle	7:27	:27	5:27
r	7:30	:30	5:30
Dr.	7:34	:34	5:34
afeway)	7:38	:38	5:38
6th St.	7:42	:42	5:42

Proposed

Runs 3-9

Instructions

- 1 The budget tables for Section 5 and Section 6 of the FY 2012 Application/Contract Package are contained in the Excel file. By using a spreadsheet program for the budget pages, ADOT has been able to include formulas and link the pages together so you only have to enter data once.
- 2 Four worksheets, in addition to this instruction sheet, make up this file. Each of the remaining sheets is a page in the ADOT Section 5311 Application/Contract for FY 2012 funds. There are blank placeholders for these pages in the Word file. Once the forms are completed in Excel, print them out and replace the placeholder pages in the Word document with the appropriate page from this Excel file.
- 3 Please note:
 - Save a copy of the blank worksheet before you begin work. If you accidentally delete a formula or a link to a cell, the copy will provide a reference you can use to replace the formula or link.
 - Rows can be added if more room is needed. Generally the formula will include the new row in the calculations, but please re-check formulas before completing the tables to assure that all numbers are calculated correctly.
 - Each page is set up to print on a single page. If you add rows, or if your printer requires larger print margins than allowed here, you might have to adjust the print settings. If you have added enough rows, you may find that you need to print the form on two pages. If this occurs, please set the page break for the second page at a logical place so the form will be easy to read.
 - Many formula cells state "#DIV/0!". Once numbers are entered in the cells, these formulas will calculate correctly. As long as the cells contains zeros, the error message will be listed.

BUDGET SUMMARY

	As Available	5311 Application Total				
	Capital - 93 / 7	Capital - 80 / 20	Operating	Administration	Training	Total
Fare Revenues			\$157,250			\$157,250
Other Operating Revenues			\$0			\$0
Local Share	\$0	\$0	\$269,924	\$36,230		\$306,154
Federal Share	\$0	\$0	\$372,751	\$144,916		\$517,667
TOTAL	\$0	\$0	\$799,925	\$181,146		\$981,071

PROJECT SUMMARY STATISTICS

	Total Expected	Line Number
Annual Ridership	77,828	(1)
Annual Miles	296,710	(2)
Annual Vehicle Service Hours	25,850	(3)
Total Operating Revenues	\$157,250	(4)
Total Non-Capital Costs (Administrative plus Operating Costs)	\$981,071	(5)
Administration as a percent of non-capital costs	34.99%	(6)
Fare Revenues / Total Operating Revenues	100%	(7)
Cost per Passenger Trip	\$ 12.61	(8)
Cost per Mile	\$ 3.31	(9)
Cost per Vehicle Service Hour	\$ 37.95	(10)
Federal Share of Non-capital costs	\$517,667	(11)
Federal Cost per Passenger Trip	\$ 6.65	(12)
Federal Cost per Mile	\$ 1.74	(13)
Federal Cost per Vehicle Service Hour	\$ 20.03	(14)

ADMINISTRATIVE BUDGET

(Whole \$ Only)

A. EXPENSES			FY 2012
Personnel	Annual \$	% Time	Budget
Transit Manager / Coordinator	81,000	0.75	\$60,750
Other Salaries: (specify below)	208,000	0.14	\$29,120
Administrative Assistant	62,000	0.02	\$1,240
Financial Assistant	42,000	0.04	\$1,680
Human Resources Assistant	58,000	0.05	\$2,900
Fringe Benefits for Admin. Personnel	9,569	0	\$9,569
SUBTOTAL PERSONNEL			\$105,259
Other Administrative Expenses			
Space Rental	0		\$0
Program Audit	14,100		\$14,100
Utilities	21,000		\$21,000
Marketing / Advertising	24,077		\$24,077
Printing	9,000		\$9,000
Rental Equipment	0		\$0
Admin. Supplies	1,800		\$1,800
Office Phone/Cell Phone	1,020		\$1,020
Other (specify below)			\$0
Travel Expenses	3,400		\$3,400
			\$0
SUBTOTAL OTHER ADMIN			\$74,397
Substance Abuse Program			
Collection Site(s)	150		\$150
Medical Review Officer	480		\$480
Laboratory Testing	860		\$860
Related Travel			\$0
SUBTOTAL SUBSTANCE ABUSE			\$1,490
B. ADMINISTRATIVE SUBTOTAL			\$181,146
The Administrative Budget, divided by the Federal share of Administrative Budget plus the Federal share of Operating Budget, cannot exceed a ratio of 40%.			34.99%
C. LOCAL SHARE (at least 20% of subtotal)			\$36,230
D. FEDERAL SHARE* (No more than 80% of subtotal)			\$144,916
E. LOCAL SHARE SOURCE:			
List each source and amount. All in-kind contributions used as part of local match must be listed as cost items in the Administrative expenses above.			
1 City of Cottonwood			\$15,598
2 City of Sedona			\$4,716
3 Town of Clarkdale			\$6,529
4 Yavapai County			\$9,431
5			\$0
SUBTOTAL LOCAL SHARE			\$36,274

OPERATING BUDGET

(Whole \$ Only)

			FY 2012 Budget
A. OPERATING EXPENSES			
Personnel	FT	PT	
Driver Salaries (6 FT/6 PT)	209,000	30,000	\$239,000
Other Salaries (specify below)			\$0
Dispatcher (2 FT)	65,300	0	\$65,300
Driver/Maint. Supervisor (2 FT)	66,000	0	\$66,000
Mechanic	0	0	\$0
Total Fringe Benefits	153,325		\$153,325
SUBTOTAL PERSONNEL			\$523,625
Other Operating Expenses			
Fuel and Oil	122,000		\$122,000
Tires, Parts, Maintenance	88,500		\$88,500
Vehicle Licenses	0		\$0
Vehicle Insurance	41,700		\$41,700
Uniform/Purchase	2,500		\$2,500
Uniform/Cleaning	0		\$0
Vehicle Radio/Cell Phone Service	2,400		\$2,400
Operating Supplies	13,200		\$13,200
Janitorial Contract	5,000		\$5,000
Software/Computer Expenses and Maintenance	1,000		\$1,000
SUBTOTAL OTHER OPERATING EXPENSE			\$276,300
OPERATING EXPENSE SUBTOTAL			\$799,925
B. OPERATING REVENUES			
Fare Revenues	157,250		\$157,250
Other Operating Revenues (includes advertising)			\$0
OPERATING REVENUE SUBTOTAL			\$157,250
C. NET OPERATING COSTS			\$642,675
(Subtract Operating Revenue Subtotal from Operating Expense Subtotal)			
D. LOCAL SHARE (at least 42% of "C")			\$269,924
E. FEDERAL SHARE (no more than 58% of "C")			\$372,751
F. LOCAL SHARE SOURCE			
List each source and amount. All in-kind contributions used as part of local match must be listed as cost items in the Administrative expenses above.			
1 City of Cottownood		\$134,963	\$0
2 City of Sedona		\$86,375	\$0
3 Town of Clarkdale		\$24,293	\$0
4 Yavapai County		\$24,293	\$0
5			\$0
SUBTOTAL LOCAL SHARE			\$0

E. CAPITAL COST ESTIMATES

List cost estimates for all above requested items. Itemize cost estimates for any requests for vehicle rehabilitation.

Requested Item	Quantity	Unit Cost	Subtotal	Discretionary fund application request? * (Answer Yes or No)
Light Duty 20-30 FT Vans	1	125,000	125000	No
Heavy Duty 40 foot - 33 passenger bus units	2	205,000	410000	No
Route Match Software System Purchase	1	24,939	24939	Yes
Telephones for Verde Valley Transit Facility startup operations	7	415	2905	Yes
			0	
			0	
			0	

TOTAL CAPITAL COST: 562844

Please submit information for both Part I and Part II match ratios.

Part I. Sliding Scale / STP Flex match Ratio

	(93% / 7%) Match Ratio
Federal Share	523,444
Local Share	39,400

The formula is set to round down, so this lin

Part II. FTA 5311 Standard Match Ratio

	(80% / 20%) Match Ratio
Federal Share	450275
Local Share	112569

The formula is set to round down, so this lin

The final match ratio will depend on the number of applications and level of funding. ADOT reserves the right to adjust the match ratios between 93% Federal / 7% Local and the standard 5311 match ratio of 80% Federal / 20% Local to provide for equitable distribution of funds.

***Part III. Discretionary Fund**

If funding for the capital requests listed above is not received under either of STP funds, applicants are to mark which capital request (if any) can be considered under a discretionary fund application. Applicants are to identify potential discretionary fund projects per EACH capital request by answering yes or no besides each request.

e may be \$1 more.

e may be \$1 more.

Transit Agency 5 Year Capital Plan

Rolling Stock	Wheel	Additions	Other Additions	Estimated Costs	Purchase	Replacement	Year of vehicle	Replaced Vehicle	
Type of Vehicle	# Seats	chairs	needed	needed	inc. additions	Year	(yes / no)	replaced	Mileage
Heavy Duty 40 FT buses	33	Yes	Lift	Wrap	205,000	Year 2 2013	yes	2010	215,000
Heavy Duty 40 FT buses	33	Yes	Lift	Wrap	205,000	Year 2 2013	yes	2006	200,000
Light Duty 20-30 FT Vans	14	Yes	Lift	Wrap	125,000	Year 2 2013	yes	2010	200,000
Light Duty 20-30 FT Vans	14	Yes	Lift	Wrap	128,000	Year 3 2014	yes	2008	205,000
Light Duty 20-30 FT Vans	14	Yes	Lift	Wrap	130,000	Year 4 2015	yes	2011	205,000
Light Duty 20-30 FT Vans	14	Yes	Lift	Wrap	133,000	Year 5 2016	yes	2008	205,000

Rolling Stock Total Costs	Est. Costs Year 1	Est. Costs Year 2	Est. Costs Year 3	Est. Costs Year 4	Est. Costs Year 5
	926,000	535,000	128,000	130,000	133,000

Other Capital Purchases	Description	Total Costs	Est. Costs Year 1	Est. Costs Year 2	Est. Costs Year 3	Est. Costs Year 4	Est. Costs Year 5
Communication Devices	ADA MDT and AVL's	25,000	8,000	6,000	4,000	4,000	3,000
Computer / Printer / Software	4 Computer Systems	15,000	7,500	3,500	4,000	0	12,000
Other Office Equipment	Office furnishings	12,000	4,000	4,000	4,000	0	10,000
Other Office Equipment	Telephones for Offices	2,850					
Computer / Printer / Software	Route Match Software	24,939					

Facility	Describe the Planned Facility	Phase	Est. Costs Year 1	Est. Costs Year 2	Est. Costs Year 3	Est. Costs Year 4	Est. Costs Year 5
Passenger Shelters	3 shade structures for bt	Construction		13,000	13,000		13,000
Bus Pull-outs	2 bus pullouts for new st	Preliminary Eng. (Environmental) 30%		15,000			
Bus Pull-outs	2 bus pullouts for new st	Design (PS &E)		15,000			
Bus Pull-outs	3 bus pullouts for new st	Design (PS &E)				18,000	
Bus Pull-outs	5 bus pullouts for new stop/pick up locations			195,000		130,000	
Sidewalks	Sidewalks to Shelters fo	Construction		55,000	45,000	25,000	

Total Capital Costs	Based on 80 / 20 Match Ratio	
Year 1 Total	Year 1 Federal Share	Year 1 Local Share
19500	15600	3900
Year 2 Total	Year 2 Federal Share	Year 2 Local Share
631500	505200	126300
Year 3 Total	Year 3 Federal Share	Year 3 Local Share
198000	158400	39600
Year 4 Total	Year 4 Federal Share	Year 4 Local Share
159000	127200	31800
Year 5 Total	Year 5 Federal Share	Year 5 Local Share
171000	136800	34200

Instructions

- 1 The budget tables for Section 5 and Section 6 of the FY 2012 Application/Contract Package are contained in the Excel file. By using a spreadsheet program for the budget pages, ADOT has been able to include formulas and link the pages together so you only have to enter data once.
- 2 Four worksheets, in addition to this instruction sheet, make up this file. Each of the remaining sheets is a page in the ADOT Section 5311 Application/Contract for FY 2012 funds. There are blank placeholders for these pages in the Word file. Once the forms are completed in Excel, print them out and replace the placeholder pages in the Word document with the appropriate page from this Excel file.
- 3 Please note:
 - Save a copy of the blank worksheet before you begin work. If you accidentally delete a formula or a link to a cell, the copy will provide a reference you can use to replace the formula or link.
 - Rows can be added if more room is needed. Generally the formula will include the new row in the calculations, but please re-check formulas before completing the tables to assure that all numbers are calculated correctly.
 - Each page is set up to print on a single page. If you add rows, or if your printer requires larger print margins than allowed here, you might have to adjust the print settings. If you have added enough rows, you may find that you need to print the form on two pages. If this occurs, please set the page break for the second page at a logical place so the form will be easy to read.
 - Many formula cells state "#DIV/0!". Once numbers are entered in the cells, these formulas will calculate correctly. As long as the cells contains zeros, the error message will be listed.

BUDGET SUMMARY

	As Available	5311 Application Total				
	Capital - 93 / 7	Capital - 80 / 20	Operating	Administration	Training	Total
Fare Revenues			\$154,500			\$154,500
Other Operating Revenues			\$0			\$0
Local Share	\$0	\$0	\$269,582	\$39,608		\$309,190
Federal Share	\$0	\$0	\$372,278	\$158,432		\$530,710
TOTAL	\$0	\$0	\$796,360	\$198,040		\$994,400

PROJECT SUMMARY STATISTICS

	Total Expected	Line Numbe
Annual Ridership	127,000	(1)
Annual Miles	290,601	(2)
Annual Vehicle Service Hours	20,680	(3)
Total Operating Revenues	\$133,000	(4)
Total Non-Capital Costs (Administrative plus Operating Costs)	\$994,400	(5)
Administration as a percent of non-capital costs	37.32%	(6)
Fare Revenues / Total Operating Revenues	100%	(7)
Cost per Passenger Trip	\$ 7.83	(8)
Cost per Mile	\$ 3.42	(9)
Cost per Vehicle Service Hour	\$ 48.09	(10)
Federal Share of Non-capital costs	\$530,710	(11)
Federal Cost per Passenger Trip	\$ 4.18	(12)
Federal Cost per Mile	\$ 1.83	(13)
Federal Cost per Vehicle Service Hour	\$ 25.66	(14)

ADMINISTRATIVE BUDGET

(Whole \$ Only)

A. EXPENSES			FY 2013
Personnel	Annual \$	% Time	Budget
Transit Manager / Coordinator	61,000.00	1	\$61,000
Other Salaries: (specify below)	0	0.14	\$0
Administrative Assistant	35000	1	\$35,000
Financial Assistant	60000	0.08	\$4,800
Human Resources Assistant	58000	0.25	\$14,500
Fringe Benefits for Admin. Personnel	12000	1	\$12,000
SUBTOTAL PERSONNEL			\$127,300
Other Administrative Expenses			
Space Rental	0		\$0
Program Audit	3000		\$3,000
Utilities	22000		\$22,000
Marketing / Advertising	20000		\$20,000
Printing	12500		\$12,500
Rental Equipment	3000		\$3,000
Admin. Supplies	2500		\$2,500
Office Phone/Cell Phone	2200		\$2,200
Other (specify below)			\$0
Travel/Training	3750		\$3,750
			\$0
SUBTOTAL OTHER ADMIN			\$68,950
Substance Abuse Program			
Collection Site(s)	250		\$250
Medical Review Officer	480		\$480
Laboratory Testing	1060		\$1,060
Related Travel			\$0
SUBTOTAL SUBSTANCE ABUSE			\$1,790
B. ADMINISTRATIVE SUBTOTAL			\$198,040
The Administrative Budget, divided by the Federal share of Administrative Budget plus the Federal share of Operating Budget, cannot exceed a ratio of 40%.			37.32%
C. LOCAL SHARE (at least 20% of subtotal)			\$39,608
D. FEDERAL SHARE* (No more than 80% of subtotal)			\$158,432
E. LOCAL SHARE SOURCE:			
List each source and amount. All in-kind contributions used as part of local match must be listed as cost items in the Administrative expenses above.			
1 City of Cottonwood			\$22,973
2 City of Sedona			\$8,714
3 Town of Clarkdale			\$4,357
4 Yavapai County			\$3,565
5			\$0
SUBTOTAL LOCAL SHARE			\$39,608

OPERATING BUDGET

(Whole \$ Only)

			FY 2013 Budget
A. OPERATING EXPENSES			
Personnel	FT	PT	
Driver Salaries (6 FT - 7 PT)	220000	86450	\$306,450
Other Salaries (specify below)			\$0
Dispatcher	45000	13000	\$58,000
Driver/Maint. Supervisor (2 FT)	80000		\$80,000
Mechanic	0		\$0
Total Fringe Benefits	37260		\$37,260
SUBTOTAL PERSONNEL			\$481,710
Other Operating Expenses			
Fuel and Oil	130,000		\$130,000
Tires, Parts, Maintenance	95,000		\$95,000
Vehicle Licenses	0		\$0
Vehicle Insurance	41,700		\$41,700
Uniform/Purchase	3,500		\$3,500
Software/Computer Expenses and Maintenance	4,000		\$4,000
Vehicle Radio/Cell Phone Service (Bus Tablets)	12,250		\$12,250
Operating Supplies	13,200		\$13,200
Other Expenses (specify below)			\$0
Custodial	5,000		\$5,000
Building/Grounds/Bus Shelter Maintenance	10,000		\$10,000
SUBTOTAL OTHER OPERATING EXPENSE			\$314,650
OPERATING EXPENSE SUBTOTAL			\$796,360
B. OPERATING REVENUES			
Fare Revenues			\$154,500
Other Operating Revenues (includes advertising)			\$0
OPERATING REVENUE SUBTOTAL			\$154,500
C. NET OPERATING COSTS			\$641,860
(Subtract Operating Revenue Subtotal from Operating Expense Subtotal)			
D. LOCAL SHARE (at least 42% of "C")			\$269,582
E. FEDERAL SHARE (no more than 58% of "C")			\$372,278
F. LOCAL SHARE SOURCE			
List each source and amount. All in-kind contributions used as part of local match must be listed as cost items in the Administrative expenses above.			
1 City of Cottonwood			\$156,357
2 City of Sedona			\$59,308
3 Town of Clarkdale			\$29,654
4 Yavapai County			\$24,263
5			\$0
SUBTOTAL LOCAL SHARE			\$269,582

E. CAPITAL COST ESTIMATES

List cost estimates for all above requested items. Itemize cost estimates for any requests for vehicle rehabilitation.

Requested Item	Quantity	Unit Cost	Subtotal	Discretionary fund application request? * (Answer Yes or No)
Light Duty 20-30 Ft Van	2	130000	260000	No
Heavy Duty 40 Ft 33 passenger Bus Units	2	330000	660000	No
NotePads for Buses	13	499	6487	Yes
			0	
			0	
			0	
			0	

TOTAL CAPITAL COST: 926487

Please submit information for both Part I and Part II match ratios.

Part I. Sliding Scale / STP Flex match Ratio

	(93% / 7%) Match Ratio
Federal Share	861,632
Local Share	64,855

The formula is set to round down, so this line

Part II. FTA 5311 Standard Match Ratio

	(80% / 20%) Match Ratio
Federal Share	741189
Local Share	185298

The formula is set to round down, so this line

The final match ratio will depend on the number of applications and level of funding. ADOT reserves the right to adjust the match ratios between 93% Federal / 7% Local and the standard 5311 match ratio of 80% Federal / 20% Local to provide for equitable distribution of funds.

***Part III. Discretionary Fund**

STP funds, applicants are to mark which capital request (if any) can be considered under a discretionary fund application. Applicants are to identify potential discretionary fund projects per EACH capital request by answering yes or no besides each request.

» may be \$1 more.

» may be \$1 more.

Transit Agency 5 Year Capital Plan

Rolling Stock									
Type of Vehicle	# Seats	Wheel chairs	Additions needed	Other Additions needed	Estimated Costs inc. additions	Purchase Year	Replacement (yes / no)	Year of vehicle replaced	Replaced Vehicle Mileage
Heavy Duty 40 FT buses	33	Yes	Ramp	Wrap	330000	Year 1 2013	Yes	2010	300000
Heavy Duty 40 FT buses	33	Yes	Ramp	Wrap	330000	Year 1 2013	Yes	2010	300000
Light Duty 20-30 FT Vans	19	Yes	Ramp	Wrap	130000	Year 2 2014	Yes	2008	290000
Light Duty 20-30 FT Vans	19	Yes	Ramp	Wrap	130000	Year 2 2014	Yes	2006	225000
Light Duty 20-30 FT Vans	19	Yes	Ramp	Wrap	130000	Year 3 2015	Yes	2010	300000

Rolling Stock Total Costs	Est. Costs Year 1	Est. Costs Year 2	Est. Costs Year 3	Est. Costs Year 4	Est. Costs Year 5
	1350000	700000	260000	130000	130000

Other Capital Purchases						
Type of Purchase	Description	Total Costs	Est. Costs Year 1	Est. Costs Year 2	Est. Costs Year 3	Est. Costs Year 4

Facility						
Type of Facility	Describe the Planned Facility	Phase	Est. Costs Year 1	Est. Costs Year 2	Est. Costs Year 3	Est. Costs Year 4

Total Capital Costs			Based on 80 / 20 Match Ratio		
Year 1 Total	Year 1 Federal Share	Year 1 Local Share	Year 2 Total	Year 2 Federal Share	Year 2 Local Share
700000	560000	140000	260000	208000	52000
Year 3 Total	Year 3 Federal Share	Year 3 Local Share	Year 4 Total	Year 4 Federal Share	Year 4 Local Share
130000	104000	26000	130000	104000	26000
Year 5 Total	Year 5 Federal Share	Year 5 Local Share			
130000	104000	26000			

Compatibility Report for FY2013_5311_Budget_Worksheets
Preliminary.xls
Run on 12/6/2012 14:32

The following features in this workbook are not supported by earlier versions of Excel. These features may be lost or degraded when opening this workbook in an earlier version of Excel or if you save this workbook in an earlier file format.

Significant loss of functionality

of occurrences

One or more cells in this workbook contain data validation rules which refer to values on other worksheets. These data validation rules will not be saved.

6

[5 Year Capital
Plan!A16:A19](#)
[5 Year Capital
Plan!D22:D24](#)
[5 Year Capital
Plan!A22:A24](#)
[5 Year Capital
Plan!G6:G10](#)
[5 Year Capital
Plan!D6:D10](#)
[5 Year Capital
Plan!A6:A10](#)

Minor loss of fidelity

Some formulas in this workbook are linked to other workbooks that are closed. When these formulas are recalculated in earlier versions of Excel without opening the linked workbooks, characters beyond the 255-character limit cannot be returned.

4

[BudgetProject
Summary!B7:C8](#)

Version

Excel 97-2003

Excel 97-2003

RESOLUTION NUMBER 2713

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH YAVAPAI COUNTY, FOR PUBLIC TRANSPORTATION SERVICES FOR YAVAPAI COUNTY RESIDENTS.

WHEREAS, Yavapai County is desirous of obtaining the services of Cottonwood's public transportation system for the benefit of Yavapai County residents who reside within the service area of the Cottonwood Area Transportation boundaries; and

WHEREAS, Yavapai County is authorized to provide for public transportation pursuant to A.R.S. § 40-1152.(A); and

WHEREAS, Cottonwood is authorized to provide for and regulate public transportation pursuant to A.R.S. § 9-240.B(25); and

WHEREAS, Cottonwood is desirous of providing such services and desires to contract with Yavapai County as an independent contractor for the right to manage, operate, and maintain its own facilities in its own professional manner; and

WHEREAS, Cottonwood is willing to contract with Yavapai County as an independent contractor with the stipulation that Cottonwood may assign to a subcontractor part or all of its duties and responsibilities for the operation and management of the transit system.

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

THAT, the Intergovernmental Agreement with Yavapai County to provide transit service to Yavapai County residents who reside within the service area of the Cottonwood Area Transportation boundaries is hereby approved.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, THIS 20TH DAY OF AUGUST 2013.

RESOLUTION NUMBER 2713

Page 2

Diane Joens, Mayor

ATTEST:

Marianne Jiménez, City Clerk

APPROVED AS TO FORM:

Steve Horton, Esq., City Attorney

**YAVAPAI COUNTY
COTTONWOOD AREA TRANSIT - REGIONAL TRANSPORTATION
SERVICE IGA**

This Intergovernmental Agreement ("IGA") is entered into on the 5th day of August, 2013 (the "Effective Date"), by and between the City of Cottonwood, an Arizona municipal corporation ("Cottonwood"), and Yavapai County, an Arizona political subdivision ("County"). Cottonwood and the County may be referred to in this IGA collectively as the Parties, and each individually as a Party.

RECITALS

- A. Cottonwood is authorized to provide public transportation services, and operates a public transportation system known as the Cottonwood Area Transit ("CAT") System.
- B. The CAT System is capable of providing, and currently provides fixed-route and ADA para-transit services between and within Cottonwood and certain unincorporated areas of the County.
- C. The County desires to continue receiving the services described above, and Cottonwood desires to provide such services, under the terms and conditions set forth below.
- D. The Parties are authorized to enter into this IGA pursuant to A.R.S. 11-952.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Scope of Services. Cottonwood will provide fixed route and ADA para-transit services to and within certain unincorporated areas of the County, as more particularly described in Exhibit A to this Agreement. Services will comply with all applicable federal, state and local laws, regulations, ordinances, policies and program requirements. Cottonwood shall hold harmless and defend the County against any and all claims, actions and judgments, for damages to persons or property resulting in whole or part from Cottonwood's negligence or failure to perform in accordance with the terms and conditions of this agreement.

2. Application for Grant Funding. During the term of this IGA, Cottonwood shall be authorized to and shall apply for grant funding on the County's behalf to support the services to be provided hereunder. Any funds received by Cottonwood on behalf of the County will be credited to the County in the annual budgeting process.
3. Bus Shelters. Each party shall have the option of installing and maintaining any bus shelters located within its jurisdictional boundaries. Maintenance shall include all necessary repairs; litter and trash removal; signage installation; snow removal; and graffiti removal.
4. Compensation. In consideration for the services rendered under this Agreement, and as its "local share" of the associated federal funding for these services, the County shall pay Cottonwood the following amounts at the following times:
 - a. The sum of **\$20,000** by or before July 30, 2013. This amount represents the County's contribution to the operational and administrative costs of the system for the period July 1, 2012 through June 30, 2013.
 - b. The sum of **\$25,000** by or before July 30, 2013. This amount represents the County's contribution to the operational and administrative costs of the system for the period July 1, 2013 through September 30, 2014.
5. Reporting. Cottonwood will prepare and submit joint monthly ridership reports to the County that include, but will not necessarily be limited to passenger counts, ridership, and related budget information for the CAT system. Cottonwood will also provide the County with quarterly budget reports assessing the financial performance and condition of the CAT system, and will comply with any and all reporting requirements of any state or federal granting agency in respect of the CAT system.
6. Transportation Advisory Committee. In accordance with ADOT and FTA requirements, Cottonwood will coordinate meetings of the Cottonwood Area Transit Technical Advisory Committee with the Verde Valley Transportation Planning Organization (VVTPO), which includes representatives from all public agencies participating in the CAT system (as well as other stakeholders). The VVTPO will meet no less frequently than once per quarter to develop and review performance measures, and to recommend and plan for future transportation services in the Verde Valley.
7. Term and Termination. This IGA shall be deemed to have commenced on July 1, 2013, and shall run through June 30, 2018 a 5 year term, unless terminated as provided for herein; and may be amended annually. The rate of compensation will be paid by the County using the County Public Transportation Funding Formula approved by the Board of Supervisors on May 6, 2013 (which is incorporated herein by reference), adjusted annually,

using the most recent annual Consumer Price Index, (CPI), without seasonal adjustment published by the United States Department of Labor, Bureau of Labor Statistics prior to the beginning of each annual amendment. The annual amendment may include changes to the service provided to the County by either route expansion or contraction. Either party may terminate this Agreement by giving the other Party ninety (90) days written notice of termination. Cottonwood will not incur any further obligation on behalf of the County after receipt of written notice of termination, and County shall not be responsible for any costs or expenses except those incurred prior to the effective date of the termination.

8. Non Appropriation Provision. Notwithstanding any other provision of this IGA, the county shall not be obligated for any provision of this IGA during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this IGA in the County's Budget for each such future fiscal year. In the event that the funds are not appropriated for this IGA, then this IGA shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify Cottonwood in writing of any such non-allocation of funds at the earliest possible date.
9. Records and Audit Rights. Each Party's work and accounting records (hard copy, as well as computer readable data), and any other supporting evidence deemed necessary by the other Party to substantiate charges and claims related to this IGA shall be open to inspection and subject to audit and/or reproduction by authorized representatives of the other Party, to adequately permit evaluation and verification of the performance and cost of the work, and to conduct and prepare all audits and reports required by law. Representatives of each Party shall be afforded access, at reasonable times and places, to all of the other Party's records and personnel, pursuant to the provisions of this Section, throughout the term of this IGA (including Renewal Terms), and for a period of five (5) years after last or final payment.
10. Incorporation of Recitals and Exhibits. The Recitals are acknowledged by the Parties to be substantially true and correct, and hereby incorporated as agreements of the Parties. All exhibits referenced herein and attached hereto, are hereby incorporated into this IGA.
11. Entire Agreement. This IGA constitutes the entire understanding of the Parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This IGA may not be modified or amended, except by a written document, signed by authorized representatives of each Party.
12. Arizona Law. This IGA shall be governed and interpreted according to the laws of the State of Arizona.

13. Modifications. Except as otherwise specifically provided in this IGA, any amendment, modification or variation from the terms of this IGA shall be in writing and shall be effective only after written approval of all Parties.

14. Attorney's Fees. In the event either Party brings any action for any relief, declaratory or otherwise, arising out of this IGA, or on account of any breach or default of this IGA, the prevailing Party shall be entitled to receive from the other Party reasonable attorneys' fees and reasonable costs and expenses, as determined by the arbitrator or court sitting without a jury, which shall be deemed to have accrued on the commencement of such action and shall be enforceable, whether or not such action is prosecuted to judgment.

15. Notices. All notices or demands required to be given, pursuant to the terms of this IGA, shall be given to the other Party in writing, delivered in person, sent by facsimile transmission, deposited in the United States mail, postage prepaid, registered or certified mail, return receipt requested or deposited with any commercial air courier or express service at the addresses set forth below, or to such other address as the Parties may substitute by written notice, given in the manner prescribed in this paragraph.

If to the County:

County Administrator
Yavapai County
1015 Fair Street
Prescott, AZ, 86305
Tel: 928-771-3200
Fax: 928-771-3257

If to City of Cottonwood:

City Manager
City of Cottonwood
827 North Main Street
Cottonwood, Arizona 86326
Tel: (928) 634-5526
Fax: (928) 634-5520

A notice shall be deemed received on the date delivered, if delivered by hand, on the day it is sent by facsimile transmission, on the second day after its deposit with any commercial air courier or express services or, if mailed, ten (10) days after the notice is deposited in the United States mail as above provided, and on the delivery date indicated on receipt, if delivered by certified or registered mail. Any time period stated in a notice shall be computed from the time the notice is deemed received. Notices sent by facsimile transmission shall also be sent by regular mail to the recipient at the

above address. This requirement for duplicate notice is not intended to change the effective date of the notice sent by facsimile transmission.

16. Force Majeure. Neither Party shall be responsible for delays or failures in performance resulting from acts beyond its control. Such acts shall include, but not be limited to, acts of God, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures or power failures.

17. Counterparts. This IGA may be executed in one or more counterparts, and each originally executed duplicate counterpart of this IGA shall be deemed to possess the full force and effect of the original.

18. Caption. The captions used in this IGA are solely for the convenience of the Parties, do not constitute a part of this IGA and are not to be used to construe or interpret this IGA.

19. Severability. If any term or provision of this IGA shall be found to be illegal or unenforceable, then notwithstanding such illegality or unenforceability, this IGA shall remain in full force and effect, and such term or provision shall be deemed to be deleted.

20. Authority. Each Party hereby warrants and represents that it has full power and authority to enter into and perform this IGA, and that the person signing on behalf of each has been properly authorized and empowered to do so. Each Party further acknowledges that it has read this IGA, understands it, and agrees to be bound by it.

21. Compliance with Immigration Laws and Regulations. Pursuant to the provisions of A.R.S. §41-4401, each Party warrants to the other Party that the warranting Party and all its sub consultants are in compliance with all Federal Immigration laws and regulations that relate to their employees and with the E-Verify Program under A.R.S. §23-214(A). Each Party acknowledges that a breach of this warranty by the warranting Party or any of its sub consultants is a material breach of this IGA subject to penalties up to and including termination of this IGA or any subcontract. Each Party retains the legal right to inspect the papers of any employee of the other Party or any sub consultant who works on this IGA to ensure compliance with this warranty.

A Party may conduct random verification of the employment records of the other Party and any of its sub consultants to ensure compliance with this warranty. A Party will not consider the other Party or any of its sub consultants in material breach of the foregoing warranty if the warranting Party and its sub consultants establish that they have complied with the employment verification provisions prescribed by 8 USCA § 1324(a) and (b) of the Federal Immigration and Nationality Act and the e-verify requirements

prescribed by Arizona Revised Statutes § 23-214(A). The provisions of this Section must be included in any contract a Party enters into with any and all of its sub consultants who provide services under this IGA or any subcontract. As used in this Section, "services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

28. Prohibition of Doing Business with Sudan and Iran. Pursuant to A.R.S. §§35-391.06 and 35-393-06, each Party hereby certifies to the other Party that the certifying Party does not have "scrutinized" business operations, as defined in A.R.S. §§35-391 and 35-393, in either Sudan or Iran. The certifying Party acknowledges that, in the event either of the certifications contained in this paragraph is determined by the other Party to be false, that Party may terminate this IGA and exercise other remedies as provided by law, in accordance with A.R.S. §§35-391.06 and 35-393-06.

29. Cancellation for Conflict of Interest. This Agreement is subject to cancellation pursuant to the provisions of A.R.S. §38-511, which are hereby incorporated into this Agreement as if fully set forth herein.

CITY OF COTTONWOOD, ARIZONA,

A municipal corporation of the State of Arizona

By: _____
Diane Joens, Mayor

Date: _____

ATTEST:

Marianne Jimenez, City Clerk

YAVAPAI COUNTY, ARIZONA

By: 
A.G. "Chip" Davis
Chairman, Board of Supervisors

Date: 8/5/2013

ATTEST:


Ana Wayman-Trujillo, County Clerk

Pursuant to A.R.S. 11-952.D, the foregoing Agreement has been submitted to and reviewed by the attorney for each party, who has determined that the Agreement is in proper form and is within the powers and authority granted under the laws of the State of Arizona to such party.

Dated this _____ day of _____, 2013

Dated this 5 day of August, 2013

By: _____
City of Cottonwood Attorney

By: 
Yavapai County Attorney

Exhibit A – Cottonwood Area Transit (CAT) Map/Legend & Schedule

Exhibit A – Cottonwood Area Transit (CAT) Map/Legend & Schedule



Bus Stop Bus	First Service	Hourly Bus Service	Last Bus
COTTONWOOD			
1 Depart Cottonwood Library	7:00	:00	5:00
2 Cottonwood St. at 6th Street.	7:02	:02	5:02
3 Black Hills Dr. at Alamos Drive (Dollar Store)	7:07	:07	5:07
4 Yavapai College	7:09	:09	5:09
5 Willard St. at Tres Tigres (Medical Center)	7:14	:14	5:14
		10	

6	Mingus at Willard (Cottonwood Village)	7:16	:16	5:16
7	N. Main St. at 5th St.	7:20	:20	5:20
8	N. Main St. at W. Pima (City Hall)	7:22	:22	5:22

CLARKDALE

9	So. Broadway at Bent River	7:25	:25	5:25
10	Main St. at 9th St. (Clarkdale City Hall)	7:27	:27	5:27
11	Main St. at 16th St. (Oovahs)	7:30	:30	5:30
12	SR 89 A at Lisa St.	7:34	:34	5:34
10	9th St. (Clarkdale Post Office)	7:41	:41	5:41
9	So. Broadway at Bent River	7:43	:43	5:43

COTTONWOOD

Bus Stop Bus	First Service	Hourly Bus Service	Last Bus
1 Depart Cottonwood Library	7:00	:00	5:00
2 N. Main St. & 5th St.	7:03	:03	5:03
3 S. Main St. (Food City/Safeway)	7:09	:09	5:09
4 Hwy. 260 at Fir St. (Frys)	7:11	:11	5:11
5 Del Rio Dr. at Warriors Run	7:17	:17	5:17
6 Western Dr. at Village Dr.	7:22	:22	5:22
7 Del Rio Dr. at Puma Circle	7:27	:27	5:27
8 Verde Valley Manor	7:30	:30	5:30
9 Wal Mart at Rodeo Dr.	7:34	:34	5:34
10 Cottonwood St. (Safeway)	7:38	:38	5:38
11 Cottonwood St. at 6th St.	7:42	:42	5:42
12 Cottonwood St. (Guidance Clinic)	7:44	:44	5:44
13 Verde Valley Medical Center (Main Entrance)	7:46	:46	5:46
1 Arrive at Cottonwood Library	7:50	:50	5:50
7 N. Main St. at 5th St. (Catholic Services)	7:46	:46	5:46
1 Arrive at Cottonwood Library	7:51	:51	5:51

The schedules show only major stops. The buses serve all bus stops shown on the route map.

AM times are shown in regular type. PM times are shown in **boldface type**. Times are approximate and may vary due to weather and traffic conditions.

CAT Fixed Route Buses

Cash Fare	\$1.25
All Day Pass	\$3.00
20-Trip Pass	\$25.00
20-Ride Pass	\$40.00

Cottonwood

CAT Office 340 Happy Jack Way Public Library 100 S. 6th St. City Finance Dept. 816 N Main Street
 Verde Valley Manor 3400 Godard Rd.

The schedules show only major stops. The buses serve all bus stops shown on the route map.

 **Route 1/Blue Route**
Central Cottonwood
Circulator

 **Route 2/Red Route**
Cottonwood to
Clarkdale

Mouse over to view &
click to hide
schedules...



BLUE ROUTE Monday – Friday 7:00 a.m. – 5:50 p.m.

Bus Stop	First Service	Hourly Bus Service	Last Bus
1 Depart Cottonwood Library	7:00	:00	5:00
2 N. Main St. & 5th St.	7:03	:03	5:03
3 S. Main St. (Food City/Safeway)	7:09	:09	5:09
4 Hwy. 260 at Fir St. (Frys)	7:11	:11	5:11
5 Del Rio Dr. at Warriors Run	7:17	:17	5:17
6 Western Dr. at Village Dr.	7:22	:22	5:22
7 Del Rio Dr. at Puma Circle	7:27	:27	5:27
8 Verde Valley Manor	7:30	:30	5:30
9 Wal Mart at Rodeo Dr.	7:34	:34	5:34
10 Cottonwood St. (Safeway)	7:38	:38	5:38
11 Cottonwood St. at 6th St.	7:42	:42	5:42
12 Cottonwood St. (Guidance Clinic)	7:44	:44	5:44
13 Verde Valley Medical Center (Main Entrance)	7:46	:46	5:46
1 Arrive at Cottonwood Library	7:50	:50	5:50

The schedules show only major stops. The buses serve all bus stops shown on the route map.



Route 1/Blue Route
Central Cottonwood
Circulator



Route 2/Red Route
Cottonwood to
Clarkdale

Mouse over to view &
click to hide
schedules...



RED ROUTE Monday – Friday 7:00 a.m. – 5:51 p.m.

Bus Stop Bus	First Service	Hourly Bus Service	Last Bus
COTTONWOOD			
1 Depart Cottonwood Library	7:00	:00	5:00
2 Cottonwood St. at 6th Street	7:02	:02	5:02
3 Black Hills Dr. at Alamos Drive (Dollar Store)	7:07	:07	5:07
4 Yavapai College	7:09	:09	5:09
5 Willard St. at Tres Tiegres (Medical Center)	7:14	:14	5:14
6 Mingus at Willard (Cottonwood Village)	7:16	:16	5:16
7 N. Main St. at 5th St.	7:20	:20	5:20
8 N. Main St. at W. Pima (City Hall)	7:22	:22	5:22
CLARKDALE			
9 So. Broadway at Bent River	7:25	:25	5:25
10 Main St. at 9th St. (Clarkdale City Hall)	7:27	:27	5:27
11 Main St. at 16th St. (Oovahs)	7:30	:30	5:30
12 SR 89 A at Lisa St.	7:34	:34	5:34
10 9th St. (Clarkdale Post Office)	7:41	:41	5:41
9 So. Broadway at Bent River	7:43	:43	5:43
COTTONWOOD			
7 N. Main St. at 5th St. (Catholic Services)	7:46	:46	5:46
1 Arrive at Cottonwood Library	7:51	:51	5:51

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date:	August 20, 2013
Subject:	Award of Bid for Wastewater Treatment Plant Headworks Odor Control
Department:	Development Services
From:	Roger Biggs, Utility Department Administrative Manager

REQUESTED ACTION

Consider awarding the Wastewater Treatment Plant Headworks Odor Control bid to Plasma Air.

SUGGESTED MOTION

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

I move to award the Wastewater Treatment Plant Headworks Odor Control bid to Plasma Air in the amount of \$84,200.00, including the add alternate amount of \$5,000.00.

BACKGROUND

The headworks at the wastewater treatment plant houses the influent automatic and manual solids screening units. The current odor control at the headworks building consists only of an aging exhaust blower. Approximately 1,000,000 gallons per day of influent flow through this building. The raw influent contains odorous mercaptan and sulfur compounds which when combined with atmospheric moisture create hydrogen sulfide gas, H₂S which smells like rotten eggs. H₂S gas is the vapor phase of liquid sulfuric acid. The buildup of H₂S destroys concrete, causes equipment degradation and corrosion and in concentrations as low as 50 parts per million will cause coma and death in humans. H₂S becomes an explosion hazard at a 4.3% concentration with air. This requires the use and additional expense of explosion proof, intrinsically safe lighting, electronics and machinery within the building. Staff takes the required necessary precautions of mechanically ventilating, and real-time monitoring of the atmosphere while working inside the building.

The unit from Plasma Air is a cold plasma ion generation odor control system. Ambient outside air is drawn into the building by an air-handling unit, through the filter and past the ion generators. The ion generators electrically charge the oxygen atoms present in the ambient air to create clusters of oxygen ions. These oxygen ion clusters are sent through the duct system and into the Headworks building where they interact with the pollutants on a molecular level to

neutralize acidic compounds and breakdown the odor causing chemicals. This action is similar to the effects that occur in nature during a lightning and rain storm. The ion generation unit will reduce the odors and bring the H2S concentration down to acceptable levels so staff is able to perform maintenance duties to the equipment installed in the building.

JUSTIFICATION/BENEFITS/ISSUES

Installation of a cold plasma ion generation odor control system will reduce damage to, and extend the operating life of the structure and equipment housed within. Additional benefits include a less hazardous work environment which promotes operator safety and reduces liability. The \$5,000.00 add alternate amount requested is for an additional exhaust air handler with will further increase the atmospheric turnover rate within the enclosed structure.

One responsive bid was received:

<u>Firm Name</u>	<u>Total</u>
Plasma Air International, Inc	\$ 79,200.00 add alternate bid cost is \$5,000.00

The received bid was found to be in compliance with the City's purchasing policies.

COST/FUNDING SOURCE

Wastewater capital funds.

ATTACHMENTS:

Name:	Description:	Type:
No Attachments Available		



**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date: August 20, 2013
Subject: Sanitary Sewer and Separate Storm Sewer Cleaning and Televising
Department: Development Services
From: **Roger Biggs, Utility Department Administrative Manager**

REQUESTED ACTION

Award the Sanitary Sewer and Separate Storm Sewer Cleaning and Televising bid to Hoffman Southwest Corporation dba, Professional Pipe Services.

SUGGESTED MOTION

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

I move to award the Sanitary Sewer and Separate Storm Sewer Cleaning and Televising bid to Hoffman Southwest Corporation dba, Professional Pipe Services at the rate of \$160.00 per hour for Cleaning and \$140.00 per hour for Televising.

BACKGROUND

The City's sanitary sewer collection system contains approximately 50 miles of mainlines. The separate storm sewer system consists of approximately 2,500 feet of corrugated metal drainage pipe. The requested services allow for the cleaning and televising of these lines and/or pipe as well as stormwater culverts, catch basins, manholes, lift stations and process basins at the wastewater treatment plant. Cleaning includes removal of sediment, rocks, debris, grease, scale, encrustations, loose concrete and roots.

JUSTIFICATION/BENEFITS/ISSUES

A scheduled cleaning program of the collection and storm sewer systems can prevent spills and overflows, which can be expensive to remediate, present a liability risk to the City, and carry severe regulatory fines and/or penalties. The televising (video inspection) allows staff to identify and categorize areas that may require attention to prevent operational failures. This contract also allows for emergency response if required, to service plugged lines and manholes.

Funds for these services are a part of the Wastewater -Equipment Operations and Maintenance line item budget

Two bids were received:

<u>Firm Name</u>	Cleaning	Televising
	per hour	per hour
Professional Pipe Services	\$ 160.00	\$140.00
Pipeline Video Inspection LLC	\$ 220.63	\$ 215.00

Both bids were found to be in compliance with the City's purchasing policy.

COST/FUNDING SOURCE

Wastewater O & M line item budget funds.

ATTACHMENTS:

Name:	Description:	Type:
No Attachments Available		



CLAIMS REPORT OF AUGUST 16, 2013			
FUND TOTAL	VENDOR NAME	DESCRIPTION	TOTAL \$0.00
CLAIMS EXCEPTIONS REPORT OF AUGUST 16, 2013			
FUND	VENDOR NAME	DESCRIPTION	TOTAL
All	City of Cottonwood	Payroll 8/16/13	\$471,048.98
All	APS	Electricity	\$95,295.78
Gen	Aquatic Environmental Systems	Pool Chemicals	\$5,604.40
Gen	Arizona State Treasurer	Court Remittance-Fees/Fines	22,036.44
Water	Envirogen Technologies, Inc	Arsenic Remediation	34,760.95
Gen	Gigi Rock Productions	Rhythm & Ribs Entertainment	13,000.00
Water	Larry Green Chevrolet	2011 Ford F-150	29,199.48
Gen	Midway Chevrolet	Two (2) 2013 Chevy Tahoes	93,779.30
HURF	Route Match Software Inc	Transit software	\$12,010.71
All	SC Fuels	July 2013 Fuel	\$17,101.44
Gen	Spillman Technologies	Camp Verde Mobile Modules	\$16,490.00
Capital	Springbrook Software	Software	\$34,175.00
Water	Superior Tank Co Inc	300,000 gallon water tank	\$148,535.66
Gen	The Van Wyck Law Firm	Prosecuting Attorney	\$7,000.00
All	Accurate Building Maintenance	Janitorial Services	\$38,004.50
Gen	Adopt For Life Center for Animals	Kennel Fees	\$6,510.00
Capital	Arrington Watkins Architects LLC	Emergency Communications Center	\$52,068.61
HURF	Blucor Contracting	Mingus Avenue Improvements	\$70,437.72
Gen	Cottonwood Chamber of Commerce	Bed Tax	\$9,858.67
Gen	Dell Marketing LP	Annual Microsoft Licensing-PD	\$16,004.72
Water	Ferguson Waterworks	Misc Water Parts	\$19,027.54
Water	Grand Canyon Pump	Mesquite Hills Variable Frequency Drive	\$5,835.60
Water	HD Supply Waterworks	Gate Valves and Meter Radio Heads	\$25,401.34
Gen	Larry Green Chevrolet	Sales Tax Reimbursement	\$32,327.71
Gen	Sedona Fire District	Fire Dispatching Services	\$16,399.12
Gen	Verde Valley Senior Center	FY 2012-2013 4th Qtr Funding	\$11,250.00
Gen	Waste Management Inc	Transfer Station Hauling & Port-a-jon	\$8,056.91
Capital	Whitewater West Industries LTD	25% Deposit - Indoor Pool Play Apparatus	\$40,774.00
TOTAL			\$880,945.60