

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, HELD JANUARY 5, 2010, AT 6:00 P.M., AT THE CITY COUNCIL CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

CALL TO ORDER AND ROLL CALL

Mayor Joens called the regular meeting to order at 6:00 p.m. Roll call was taken as follows:

COUNCIL MEMBERS PRESENT

Diane Joens, Mayor
Karen Pfeifer, Vice Mayor
Tim Elinski, Council Member
Duane Kirby, Council Member
Linda Norman, Council Member
Terence Pratt, Council Member
Darold Smith, Council Member

STAFF MEMBERS PRESENT

Doug Bartosh, City Manager	Marianne Jiménez, City Clerk
Steve Horton, City Attorney	Rudy Rodriguez, Finance Director
Richard Faust, Parks & Recreation Director	Tim Costello, City Engineer
George Gehlert, Community Development Director	Jody Fanning, Police Chief
Kyla Allen, Executive Assistant to the City Manager	Charlie Scully, Planner

PLEDGE OF ALLEGIANCE TO THE FLAG

The Pledge of Allegiance was led by Millard Meccia, former Chairman of the Planning and Zoning Commission. Mayor Joens presented Mr. Meccia with a certificate of appreciation for his participation.

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

Mr. Bartosh announced the passing of accounting technician Sarah Laird. A memorial pot luck would be held at the American Legion Hall on January 29, from 11 a.m. to 4 p.m.

This year was the city's fiftieth birthday year. The official date was November 7. Planning had begun for events to take place throughout the year. Special additions have been made to the city's website for related promotional purposes.

Council Member Kirby stated he would attend and chair the Area Agency on Aging meeting which advises NACOG.

Vice Mayor Pfeifer stated her son, who has been in the military for 20 years, would be visiting home in Cottonwood on January 17.

Mayor Joens stated on Friday, Cottonwood would host the Greater Arizona Mayors' meeting to which all Council Members were invited. Discussion would continue as to how the mayors of northern Arizona could work together to affect legislation which would benefit rural Arizona. The meeting would be held at the Public Safety Building at 1 p.m. The agendas for that meeting would be made available shortly.

Mr. Bartosh stated there were two new "Inside Cottonwood" programs which would be aired on channel 1 on Cable ONE cable television and VerdeValleyTV.com. The discussion topics would be the city budget and the new recreation center.

Mayor Joens stated Catholic Charities was looking for volunteer tax preparers for their program geared toward low income families. Their contact is Tanya Sims who can be reached by telephone at 634-4254.

Council Member Kirby stated the Senior Center also offered tax preparation assistance through AARP volunteers.

INTRODUCTION OF NEW EMPLOYEES

Chief Fanning introduced new police officers Richard Hicks, Corby Rice, Ryan Gibson, Aaron Scott, Tate Stearley, and ordinance enforcement officer Mickael McMaster.

CALL TO THE PUBLIC

Mr. Bob Oliphant, of Cottonwood, stated the city annually distributed grant funds to various non-profit organizations. He suggested guidelines for the Council to follow when making such awards.

Mayor Joens directed the City Clerk to provide Mr. Oliphant with a copy of the city's policy regarding non-profit grant applications.

RECOGNITION OF BETH CARRIGAN'S SERVICE ON THE SENIOR COMMISSION

Mr. Skip Thomas discussed the activities of Beth Carrigan with the LightHeart Foundation and the community, and accepted the recognition award on behalf of Ms. Carrigan.

PRESENTATION OF THE EMPLOYEE OF THE QUARTER AWARD TO MICHAEL UTZ

A certificate and a check were presented to Mr. Utz in recognition of his being selected as the employee of the quarter.

PRESENTATION OF THE QUARTERLY SAFETY AWARD TO CLAUDE LANKFORD

The award to Mr. Lankford was postponed due to his absence.

APPROVAL OF MINUTES—Work Session of 12/8/09

Council Member Kirby moved to adopt the minutes. Council Member Elinski seconded the motion which carried unanimously.

OLD BUSINESS

ORDINANCE NUMBER 557--AMENDING THE MUNICIPAL CODE BY DELETING SECTION 2.40.090 MUNICIPAL COURT ENHANCEMENT FUND; AND ADDING A NEW SECTION 2.40.090 MUNICIPAL COURT ENHANCEMENT FUND; TO CHAPTER 2.40, MUNICIPAL COURT; SECOND & FINAL READING

Mayor Joens stated this item had been discussed in depth at previous work sessions. She asked if anyone from the public wished to address this issue. No one from the public chose to speak.

Council Member Smith moved to approve Ordinance Number 557. Council Member Norman seconded the motion, which carried unanimously.

Mayor Joens asked the City Clerk to read Ordinance Number 557 by title only.

ORDINANCE NUMBER 557

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, AMENDING THE MUNICIPAL CODE BY DELETING SECTION 2.40.090 MUNICIPAL COURT ENHANCEMENT FUND; AND ADDING A NEW SECTION 2.40.090 MUNICIPAL COURT ENHANCEMENT FUND; TO CHAPTER 2.40, MUNICIPAL COURT.

CONSENT AGENDA

LIQUOR LICENSE APPLICATION FOR ERIC STEVEN GLOMSKI, AGENT FOR ARIZONA STRONGHOLD VINEYARD, LLC, LOCATED AT 1021 & 1023 NORTH MAIN STREET IN OLD TOWN COTTONWOOD

CONSIDERATION AND APPROVAL OF ARIZONA DEPARTMENT OF HOMELAND SECURITY MOBILE COMPUTING AND INCIDENT LIGHTING GRANT CONTACT 333513-05 FOR THE PURCHASE OF MOBILE AND COMMAND LIGHTING, AND AUTHORIZATION FOR THE POLICE CHIEF AND POLICE ADMINISTRATIVE TECHNICIAN TO SIGN THE CONTRACT

CONSIDERATION AND APPROVAL OF ARIZONA DEPARTMENT OF HOMELAND SECURITY NIGHTTIME OPERATIONS GRANT CONTRACT 444504-03 FOR THE PURCHASE OF NIGHT VISION GOGGLES, AND AUTHORIZATION FOR THE POLICE CHIEF AND POLICE

ADMINISTRATIVE TECHNICIAN TO SIGN THE CONTRACT

CONSIDERATION AND APPROVAL OF ARIZONA DEPARTMENT OF HOMELAND SECURITY NIGHTTIME OPERATIONS GRANT CONTRACT 333513-06 FOR THE PURCHASE OF NIGHT GOGGLES, AND AUTHORIZATION FOR THE POLICE CHIEF AND POLICE ADMINISTRATIVE TECHNICIAN TO SIGN THE CONTRACT

Mayor Joens asked Council Members and the public if anyone wished to have an item from the consent agenda pulled for discussion. No Council Member or member of the public chose to do so.

Council Member Kirby moved to approve the consent agenda. Council Member Smith seconded the motion, which carried unanimously.

NEW BUSINESS

RESOLUTION NUMBER 2490 APPOINTING A MEMBER TO THE PLANNING & ZONING COMMISSION

RESOLUTION NUMBER 2491 APPOINTING A MEMBER TO THE PLANNING & ZONING COMMISSION

RESOLUTION NUMBER 2492 APPOINTING A MEMBER TO THE PLANNING & ZONING COMMISSION

Mr. Lueder stated staff requested that the Council appoint three members to vacant seats on the Planning and Zoning Commission. Two of the seats, those of Vice Chair Diane Lovett and Richard Kevin, were for terms that had expired as of year end. These two members had expressed their interest in being reappointed. All three terms would be for three years. Six additional applications had been received. Of those candidates, Ms. Jean Ellen Wilder and Mr. Philip Rosen were unable to attend the meeting.

Discussion confirmed that the current commission members had earned the Council's trust and deserved to be reappointed.

Council Member Kirby moved to approve Resolution Number 2490 appointing Diane Lovett a member of the Planning and Zoning Commission for a term which expires December 31, 2012. The motion was seconded by Council Member Elinski, and carried unanimously.

Mayor Joens asked the City Clerk to read Resolution Number 2490 by title only.

RESOLUTION NUMBER 2490

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, APPOINTING

DIANE LOVETT A MEMBER OF THE PLANNING AND ZONING
COMMISSION AND ESTABLISHING HER TERM OF OFFICE.

Council Member Pratt moved to approve Resolution Number 2491 appointing Richard Kevin. The motion was seconded by Vice Mayor Pfeifer, and carried unanimously.

Mayor Joens asked the City Clerk to read Resolution Number 2491 by title only.

RESOLUTION NUMBER 2491

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY
OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, APPOINTING
RICHARD KEVIN A MEMBER OF THE PLANNING AND ZONING
COMMISSION AND ESTABLISHING HIS TERM OF OFFICE.

The candidates in attendance for the remaining position, Paula Kelly, Edward James Knight, Jr., and Robert Williams were interviewed by the Council.

Council Member Kirby moved to approve Resolution Number 2492 appointing Robert Williams a member of the Planning and Zoning Commission for a term which expires December 31, 2012. The motion was seconded by Council Member Elinski, and carried unanimously.

Mayor Joens asked the City Clerk to read Resolution Number 2492 by title only.

RESOLUTION NUMBER 2492

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY
OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, APPOINTING
ROBERT WILLIAMS A MEMBER OF THE PLANNING AND ZONING
COMMISSION AND ESTABLISHING HIS TERM OF OFFICE.

PRESENTATION BY THE FINANCE DIRECTOR OF POSSIBLE BUDGETARY UPDATES FOR
FISCAL YEAR 2009/2010

Mr. Rodriguez stated this would be a budgetary overview illustrated by a PowerPoint presentation. The State of Arizona had notified cities of a reduction in State Shared Income Tax revenues which would total about \$680,000 over the next two years for Cottonwood. The city wished to maintain core services and quality of life for its citizens as best it could, which included protecting staffing the best as could be done. This discussion would not have anything to do with capital projects, construction projects, acquisitions, or capital expenditures. It centered on the ability to provide basic core services and maintenance of those services. State Shared Income Tax revenue would be reduced this year by \$220,000 and next year by \$360,000 and in the year 2012 by \$104,000. State Shared Sales Tax revenue was expected to show improvement next year but would still be less than in 2006.

The last increase in local sales tax had allowed the city to weather this crisis better than would otherwise have been the case. Neighboring cities had since increased their sales taxes to the level of Cottonwood's. Projections for 2011 predicted revenues equal to those of 2007, prior to the last increase in sales tax.

It had been anticipated that reserves would be tapped for about \$268,000 for the approved budget. Projections now showed a budget deficit of \$1,700,000. Cutbacks had reduced that deficit to \$841,000. Further cuts needed to be made.

Currently the city had instituted a hiring freeze, excluding the recreation center, as directed by the Council. Existing openings in various departments were not being filled. Capital equipment purchases had been postponed by at least one fiscal quarter and may be deferred further. Continuing education for employees had been postponed. Overtime had been reduced and contractual services had been eliminated or postponed. Some services were to be brought in-house. Travel and training had also been reduced.

Additional measures to be taken included reducing the Council contingency fund. Consideration would be given to partnering with other agencies for some services, such as those with the court. Some services could be outsourced, such as building maintenance. Minor utilities savings could be achieved by going to a 4-day work week. Recreational programming could be reduced along with custodial services and funding of outside agencies. The sales tax distribution formula could be modified. Currently, \$450,000 was directed to the street department and could be applied to the general fund and staffing for a few years until revenues recovered to prior levels.

Council Member Kirby asked if current street improvement projects would be abandoned.

Mr. Rodriguez stated current projects would be continued. There could be a suspension on allocating sales tax money toward street projects until the economy recovered and major new projects would then be postponed for a two year period. The Mingus Avenue and 12th Street projects would continue toward completion.

If after taking all the above measures, a deficit remained, other options for cost reduction would include the possible suspension of the city's merit pay program, increasing the employee portion for dependent insurance, reductions made in staffing, furlough days mandated to be taken without pay, salaries reduced, workweek hours reduced, and reserves could be tapped for essential expenditures. This latter option should be a last resort to be used only when core services began to become affected. Once used, reserves were difficult to replace.

Currently there was \$2.2 million set aside in an emergency fund to cover 60 days of operations. The capital acquisition fund stood at \$1 million but has not been added to for the last two years.

Council Member Smith asked what was considered an emergency.

Mr. Rodriguez stated something such as the destruction of Old Town by fire. A bad economy and budgetary cutbacks did not constitute an emergency.

Mayor Joens stated one need only look at the State budget where reserves had been exhausted and now consideration was being given to selling off capital assets such as prisons and the State Capitol.

Mr. Rodriguez stated once reserves were utilized, bonds could be downgraded. Additional departmental discussions would be held regarding further cutbacks and a Council work session would be scheduled so direction could be given regarding additional cutbacks.

Mr. Bartosh stated there was no way to know what the future would bring, and a conservative approach was what was required at this time in order to ensure essential services continued to be provided and employees continued working. The city did not want to emulate the State's example. The money being used to purchase buildings could not be used for day-to-day operation expenses. This was a time when the money for capital expenditures yielded the most return if utilized. The departmental reorganization would assist utilizing staff resources efficiently and to their fullest extent. Staff response for a work week of four 10-hour days was lukewarm and would not apply to public safety personnel.

A discussion ensued regarding bond ratings and the types of action that affected rating downgrades. These included an inability to generate revenue compared to operational expenses and maintaining fiscal viability. Tapping into reserves for maintaining employment was not a viable option. Personnel issues needed to be determined first. There was also a need to maintain appropriate fees for utilities to meet our covenants with our bonding company. Bond holders had already made inquiries regarding necessary utility rate increases and they did have the right to impose such increases if the city took no action to do so itself. Tapping into reserves to cover day-to-day expenses would exhaust those reserves within a short period and not relieve the long-term underlying expense requirements. It was determined that a utility rate increase would be considered at a future work session.

Mr. Bob Oliphant, of Cottonwood, stated the current budget had been adopted in July. He suggested the Council reserve be considered for the current budget review and using capital funds for the general funds.

Mr. Rodriguez stated he had already discussed the need to preserve reserves. Predicting revenue shortfalls was impossible. Most neighboring communities budgeted for a 3 percent drop. Cottonwood had budgeted for a 6 percent drop. The actual drop was double that. Discussions had been held regarding enterprise funds. Although they could be used for operational expenses, the funds had to be made up for by increased user fees. The existing reserves were intended for one-time system improvement expenditures, not on-going maintenance and operations costs. Enterprise funds were never intended to support the general fund. In fact, the general fund was supposed to be able to support deficits in other funds. The budget figures of July, like any budget figures were estimates and were made

with the best available information at the time. If items were not budgeted they could not be funded.

CONSIDERATION AND APPROVAL OF AN ADOT AERONAUTICS GRANT FOR THE AIRPORT APRON PAVEMENT PROJECT AND AUTHORIZATION FOR THE MAYOR TO SIGN THE AGREEMENT FOR THE CITY

Mr. Costello stated this was a grant from the State for \$12,885 which staff recommended the Council accept.

Council Member Elinski moved to accept the grant. Council Member Kirby seconded the motion, which carried (Council Member Pratt was absent during the vote.)

CONSIDERATION AND APPROVAL OF AMENDMENT NUMBER 1 TO THE AGREEMENT WITH SHEPHARD WESNITZER FOR ENGINEERING SERVICES FOR THE MINGUS AVENUE/WILLARD STREET ROUNDABOUT

Mr. Costello stated this matter had been discussed at a work session to cover basic road services for design of Willard Street from Mingus Avenue to Highway 89A. The intersection of Willard and Mingus was left as a study task before a final recommendation was made for it. Traffic analysis had determined the intersection should be converted into a roundabout. The amendment was to cover the additional costs involved in its design and development.

Council Member Pratt stated he welcomed the change to a roundabout while Council Member Kirby stated he did not see one as a reasonable alternative to a conventional intersection.

Mr. Costello stated professional designers and planners felt that a roundabout was a better alternative than a traffic signal. A signal would require more land to accommodate turning lanes and would be less safe than a roundabout for both vehicles and pedestrians. A roundabout provided shorter crossings for school age children and other pedestrians and provided safety islands as well.

Mayor Joens asked for public comment.

Mr. Bob Williams, of Cottonwood, stated he supported a roundabout.

Council Member Smith moved to approve Amendment Number 1 for engineering services for Shephard Wesnitzer, Inc., in the amount of \$48,100. Council Member Norman seconded the motion. The motion carried with a dissenting vote by Council Member Kirby.

AWARD OF BID FOR CITY WIDE WEED CONTROL SERVICES

Mr. Faust stated all bids for this service had previously been rejected based on the need of a public right to know about chemicals being applied in parks and around the city and better

communication with staff. Bids were again sought in December. Four bids were received for this outsourced service which was estimated to save the city the cost of about 1.5 employees annually, or \$50,000. The most recent bid, made in 2006, for this service was \$7,500. Since that time multiple areas had been added, amounting to an increase of 4-5 acres. Staff recommended awarding the bid to Verde Valley Weed Control for \$9,885. It was a bid for a two-year contract with the possibility of an additional a third year extension.

Council Member Kirby moved to accept the bid for weed control services from J & S Landscape Maintenance, Inc., (Verde Valley Weed Control), in the amount of \$9,885. Council Member Smith seconded the motion, which carried unanimously.

CONSIDERATION AND APPROVAL OF AN APPLICATION THROUGH THE ARIZONA DEPARTMENT OF COMMERCE FOR A RURAL ECONOMIC DEVELOPMENT AND PLANNING ASSISTANCE GRANT TO SUPPORT THE ESTABLISHMENT OF A REGIONAL HOUSING ASSESSMENT FOR THE VERDE VALLEY AND APPROVAL OF A \$2,000 CONTRIBUTION TOWARD A "MATCH" FUND REQUIRED AS PART OF THE GRANT REQUEST

Mr. Scully stated this was a request for the city to participate in a regional effort to pool its resources to provide the matching funds for a grant, which would go to the Department of Commerce, to do a regional housing assessment study. Cottonwood had been actively participating for several years in the Verde Valley Regional Housing Task Force which determined this was what was most needed to create housing solutions. It was similar to the grant requested that was presented to and supported by the Council in July 2009 but which had not been not awarded. The Arizona Department of Commerce was responsible for the grant through its Rural Economic Development and Planning Assistance program. Emphasis was being placed on workforce housing, especially for those people providing essential services and working people in the middle income range. By such direction the grant was designed to promote development. It complemented and updated the 2002 Cottonwood Housing Strategy and added a regional flavor to it.

Mayor Joens noted that Clarkdale wished to participate by providing in-kind services by writing the grant and acting as its agent. The requested \$2,000 had already been funded but had not yet been utilized.

Council Member Smith moved to approve the submittal of a grant proposal through the Arizona Department of Commerce for planning assistance to develop a regional housing assessment for the Verde Valley and to approve the \$2,000 contribution toward the required match fund. Council Member Kirby seconded the motion.

Mayor Joens asked if anyone from the public wished to speak. No one from the public chose to speak.

The motion passed unanimously.

SPECIAL EVENT LIQUOR LICENSE APPLICATION FROM THE COTTONWOOD CHAMBER OF

COMMERCE FOR A BUSINESS NETWORKING EVENT SCHEDULED FOR JANUARY 30, 2010

Vice Mayor Pfeifer declared a conflict of interest and stepped away from the dais.

Council Member Pratt moved to approve the special event liquor license application for the Cottonwood Chamber of Commerce for an event scheduled for January 30, 2010. The motion was seconded by Council Member Elinski, and carried.

CLAIMS & ADJUSTMENTS

Council Member Kirby moved to pay the claims. Council Member Smith seconded the motion, which carried unanimously.

ADJOURNMENT

Council Member Smith moved to adjourn. Council Member Kirby seconded the motion, which carried unanimously. The regular meeting adjourned at 8:48 p.m.

Diane Joens, Mayor

Marianne Jiménez, City Clerk

CERTIFICATION OF MINUTES

I hereby certify that the attached is a true and correct copy of the minutes of a regular meeting of the City Council of the City of Cottonwood held on January 5, 2010. I further certify that the meeting was duly called, and that a quorum was present.

Marianne Jiménez, City Clerk

Date