

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, HELD APRIL 6, 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
Duane Kirby, Council Member
Linda Norman, Council Member
Darold Smith, Council Member
Terence Pratt, Council Member

COUNCIL MEMBER ABSENT

Tim Elinski, Council Member

STAFF MEMBERS PRESENT

Doug Bartosh, City Manager	Steve Horton, City Attorney
Marianne Jiménez, City Clerk	Iris Dobler, Human Resource Manager
Tim Costello, Public Works Director	Scott Mangarpan, Project Manager
Rudy Rodriguez, Administrative Services General Manager	
Dan Lueder, Development Services General Manager	
Richard Faust, Community Services General Manager	

PLEDGE OF ALLEGIANCE TO THE FLAG

The Pledge of Allegiance was led by Andrew Hickey, a sophomore at Mingus Union High School. Mayor Joens presented Andrew with a certificate of appreciation for his participation.

READING OF COUNCIL'S MISSION & VISION STATEMENT

Vice Mayor Pfeifer read the Council's Mission Statement and Vision Statement.

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 made the following announcements:

- The first soft opening of the Recreation Center last Saturday brought in 650 people
- There was an Easter Egg Hunt in the Lazy River at the Recreation Center
- The regular Easter Egg Hunt at Riverfront Park, sponsored by Mr. Ledbetter, attracted 500 people

- Sunday would be the grand opening of Arizona Stronghold Vineyards' wine tasting room in Old Town
- The Brian Mickelsen Half-Marathon would be held April 17 starting at Riverfront Park
- Former Council Member Dick Bridgewater passed away last weekend
- Mr. John Uidenich, a former teacher at Mingus Union High Scholl was killed last weekend in a tragic accident
- The *Arizona Republic* ran a story Saturday about Old Town Cottonwood
- Saturday night the *Arizona Highways* show featured Old Town Cottonwood
- Two weekends ago the fourth annual MATForce March Against Meth Parade was held ending at Riverfront Park. At the park was a prescription drug disposal site for the safe disposal of unwanted medicines
- The move into the new utilities building was expected to take place April 16

Mayor Joens asked Mr. Bartosh to explain how members of the public could dispose of unwanted prescription medicine.

Mr. Bartosh stated people could bring prescription medicines or over the counter medicines to the Police Department, Monday through Friday, between the hours of 8 a.m. and 5 p.m. who would see to their safe destruction at no cost to those submitting items.

Council Member Pratt made the following announcements:

- He had worked at the Easter Egg Hunt with local Kiwanis Club members

Council Member Kirby made the following announcements:

- He had attended, with other Council Members, Legislative Day in Phoenix and met with State officials
- He also attended the employee recognition pot luck at the Recreation Center
- On March 24 he attended a hearing in Prescott regarding the 3-year plan for the Area Agency on Aging which would be presented next month to the Advisory Council, of which he is the Chair, at its meeting in Flagstaff

Vice Mayor Pfeifer made the following announcements:

- She attended the Saturday Recreation Center events
- She attended the Saturday Coffee Talk at Pine Shadows along with Mayor Joens and Council Members Kirby and Norman and Mr. Bartosh
- She had attended Legislative Day in Phoenix

Mayor Joens made the following announcements:

- On March 20 she walked in the March a Mile for Meals event
- On March 22 she attended a Fit Kids meeting at the Verde Valley Medical Center
- On March 23 she attended the quarterly Chamber luncheon along with Vice Mayor Pfeifer, Council Member Kirby, and Mr. Faust, where they received a plaque for a Beautification Award for the Recreation Center
- On March 26 she and Mr. Bartosh met Prescott Mayor Marlin Kuykendall and an

- economic development contingent touring Verde Valley wineries
- Also on March 26, she attended the employee appreciation potluck
 - On March 30 the Public Safety Board met with Cottonwood police and she then went to the middle school to assist with its water audit
 - On April 1 and 2 she walked at the middle school and Cottonwood Elementary School at the invitation of Ms. Hoover of the Yavapai County Health Department
 - On April 1 she attended the Verde Valley Regional Economic Organization subcommittee meeting for the Verde Valley Renewable Energy Working Group which wanted to determine the economic development potential for Verde Valley renewable energy production, help develop a renewable energy strategy for the Verde Valley, and provide a forum for energy stakeholders to network
 - Mr. Roger Biggs, Utilities Administrative Manager, also attended the Pine Shadows Coffee Talk to update residents on water issues

CALL TO THE PUBLIC

There were no comments from the public.

PROCLAMATION—RELAY FOR LIFE DAYS & WATER AWARENESS MONTH

Mayor Joens read a proclamation declaring April 23-24, 2010, Relay for Life Days and another declaring April as Water Awareness Month.

PRESENTATION OF THE EMPLOYEE OF THE QUARTER AWARD TO IRIS DOBLER, HUMAN RESOURCE MANAGER

A certificate and a check were presented to Ms. Dobler in recognition of her being selected as the employee of the quarter.

APPROVAL OF MINUTES—Work Session of 3/11/10 and Regular Meeting of 3/16/10

Council Member Kirby moved to adopt the minutes as presented. Vice Mayor Pfeifer seconded the motion, which carried unanimously.

OLD BUSINESS

ORDINANCE NUMBER 559—AMENDING THE CITY OF COTTONWOOD MUNICIPAL AIRPORT OPERATING RULES; SECOND & FINAL READING

Mr. Costello stated a discussion and first reading of this proposed ordinance were held at the last Council meeting. Current airport operating rules had been in place about a year during which they were reviewed three times by the Airport Commission which decided 15 changes should be made as presented in the ordinance.

Council Member Pratt moved to approve Ordinance Number 559 amending the City of

Cottonwood Airport Operating Rules. The motion was seconded by Council Member Norman and carried unanimously.

Mayor Joens asked the City Clerk to read the second and final reading of Ordinance Number 559 by title only.

ORDINANCE NUMBER 559

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, AMENDING THE COTTONWOOD MUNICIPAL AIRPORT OPERATING RULES.

CONSENT AGENDA

WINE FESTIVAL/WINE FAIR LIQUOR LICENSE APPLICATION FOR PILLSBURY WINE COMPANY, L.L.C., FOR AN EVENT TO BE HELD APRIL 9-11, 2010, AT THE PILLSBURY WINE COMPANY NORTH LOCATED AT 1012 N. MAIN STREET

WINE FESTIVAL/WINE FAIR LIQUOR LICENSE APPLICATION FOR PILLSBURY WINE COMPANY, L.L.C., FOR AN EVENT TO BE HELD APRIL 16-18, 2010, AT THE PILLSBURY WINE COMPANY NORTH LOCATED AT 1012 N. MAIN STREET

SPECIAL EVENT LIQUOR LICENSE APPLICATION FOR THE VERDE VALLEY SENIOR CITIZENS' ASSOCIATION, INC., FOR AN EVENT TO BE HELD MAY 9, 2010, AT THE VERDE VALLEY SENIOR CENTER LOCATED AT 500 E. CHERRY STREET

RESOLUTION NUMBER 2505--APPROVING A REVISED INTERGOVERNMENTAL AGREEMENT WITH YAVAPAI COUNTY TO PROVIDE TRANSPORTATION SERVICES TO YAVAPAI COUNTY RESIDENTS

AGREEMENT WITH MR. ROBERT GAFFNEY, ESQ., TO PROVIDE CITY PROSECUTION SERVICES

Council Member Smith moved to accept the consent items. Council Member Kirby seconded the motion, which carried unanimously.

NEW BUSINESS

CONTRACT WITH THE STATE OF ARIZONA, DEPARTMENT OF COMMERCE, ENERGY OFFICE, FOR AN AMERICAN RECOVERY AND REINVESTMENT ACT, ARIZONA BALANCE OF STATE ENERGY EFFICIENCY BLOCK GRANT

Mr. Mangarpan stated this was a request for approval to enter into the contract for a grant received from the State Chamber of Commerce for city energy projects. The proposal was to erect photo-voltaic panels on or near a city building. The next step would be to do a review of locations and determine which one would be most feasible for the amount of money

available. The wastewater plant, public safety building, and airport were under consideration for ease of construction and which had electric bills the solar panels could mitigate. The grant specifically excluded recreation facilities from qualification. No matching funds were required. The grant amount was an allocation of available money based on the city's population.

Mayor Joens stated the amount was \$92,995.66.

Council Member Smith stated with a \$20,000 a month electric bill, the wastewater plant seemed the best place to put this money to reduce that as much as possible.

Mr. Mangarpan stated the reduction would be the same regardless of where the panels were erected. Consideration was being made where it would make the most sense from an engineering and maintenance point of view. At the airport there was the possibility we could put in more generating capacity than we could use. We would not be paid for what we didn't use.

Mayor Joens asked if APS couldn't purchase it for its grid.

Mr. Mangarpan stated not if it was more than we used. A net power producer would not be reimbursed, so the Public Safety Building or sewer plant looked to be the best opportunities.

Council Member Smith moved to authorize the City Manager to sign the contract with the State of Arizona, Department of Commerce, Energy Office to accept the American Recovery and Reinvestment Act, Arizona Balance of State Energy Efficiency Block Grant. Council Member Kirby seconded the motion, and carried unanimously.

AWARD OF AN UNDERGROUND PIPING JOB ORDER CONTRACTING BID FOR THE INSTALLATION OF A WATERLINE TO CONNECT THE CROSSING UNDER HIGHWAY 89A AT WILLARD STREET TO THE DISTRIBUTION SYSTEM ON WILLARD STREET

Mr. Lueder stated this was the final piece of a project first presented to the Council in October 2007 to convert the former Clemenceau Water System into a gravity system. Upon installation of this water line, completion of the project, and approval by ADEQ, the Clemenceau System would finally be able to be converted to a gravity system. This would eliminate the old Clemenceau well system. It would also allow the city to comply with the Administrative Order it was under for arsenic mitigation of the Clemenceau System, as the water which would be supplied was already being treated. Bids were received from Arizona Northern Equipment for \$60,400, Tiffany Construction for \$79,525, and Rocky Construction for \$93,142. Based on past experience with the low bidder, staff recommended awarding the bid to Arizona Northern Equipment for \$60,400.

Council Member Smith asked where the work was to be done.

Mr. Lueder stated a line would be run 500 feet down Willard Street near the hospital

entrance to connect to a two-inch line installed at that point in 2005. This would increase fire flows from 800 gallons per minute to 3,000 gallons per minute and allow the hospital to connect to our system. This saved about \$1 million by not having to upgrade the Clemenceau System and eliminated pumping costs as well.

Council Member Pratt moved to award the JOC bid for installation of a waterline to connect the crossing under Highway 89A at Willard Street to the distribution system on Willard Street to Arizona Northern Equipment in the amount of \$60,400. The motion was seconded by Council Member Norman, and carried unanimously.

CONSENT OF ASSIGNMENT FOR LOT 135 OF COTTONWOOD AIRPARK FROM BACKUS FAMILY INVESTMENTS TO HIGH FIVE HANGARS OWNERS ASSOCIATION, INC.

Mr. Bartosh stated this would be a reassignment of one of the airpark land leases. Mr. Backus had received approval to build five hangers at the end of Airpark Road which he was in the process of doing now. This would be a transfer from one family organization to a different organization.

Mr. Bob Backus, of Cottonwood, stated this was a continuation of the project started two years ago to build less expensive hangers at the airport for people to purchase. The transfer would be to a condominium non-profit association whose bylaws would be brought before the Council as soon as the plat was completed.

Council Member Smith asked how this project helped achieve the city's stated goals of economic development.

Mr. Backus stated if Council Member Smith meant the creation of jobs.

Council Member Smith stated, yes.

Mr. Backus stated it had created quite a few jobs just in construction. Once built it was planned people would build their businesses here on sites that had a hanger and allowed for office space as well, creating more jobs.

Council Member Smith stated the tenth amendment to the lease stated a project must increase the tax base of the city. He asked what kind of taxes would be paid since the association was non-profit.

Mr. Backus stated each individual owner would be responsible for their own taxes, like with any other parcel or building. There would be money from the lease for utilities and the lease agreement.

Council Member Smith stated non-profits would pay no taxes.

Mr. Backus stated that applied only to the owners' association. Each individual who

purchased a parcel would pay taxes the same as any other individual. The Association would not own the property. It was the single entity that would pay the city lease money. The property owners paid dues to the condominium association which would handle payments to the city, building maintenance, utilities, runway upkeep, etc. Each unit would have its own tax parcel number and be taxed separately for which they would be individually responsible to pay.

Mayor Joens stated Mr. Backus was building the project with his own money including streets and other improvements and at the end of the lease the city would own the buildings.

Mr. Backus stated the association would be dissolved at the time the lease expired and everything reverted to the city.

Council Member Smith stated he was concerned about the transfer to a non-profit organization and which didn't say anything about condominiums. The Council was being asked to vote on something that just said High Five Hangers Owners Association.

Mr. Backus stated now he owned all five hangers. Once he got parcel numbers he would start to pay taxes on each unit until they were sold to another individual. The day the country measured the parcels they became taxable.

Council Member Kirby stated owners didn't pay the city any taxes since the city had no property tax. The only people who would generate taxes were those that did business in the city when they made purchases. There wasn't any property tax to lose.

Council Member Smith stated commercial buildings in the city paid more money.

Council Member Kirby asked if Council Member Smith could show him a place in the city where a hanger could be sold. It was airport facilities being talked about.

Council Member Smith stated he was talking about job opportunities. The Tenth Amendment said job opportunities for the citizens of Cottonwood should be provided.

Council Member Kirby asked how many job opportunities he was going to demand.

Council Member Smith stated before it was ever put up it should have been asked how many job opportunities there would be.

Mr. Backus stated last week there were probably 25 people working there.

Council Member Smith stated he was looking long-term.

Mr. Backus stated everybody would love to at this point but we didn't have a lot of people knocking down the doors to move their businesses here. The Recreation Center was put in

to create a lifestyle to hopefully bring in people. He was doing the same thing by putting in something that would hopefully draw people to the area and create jobs that would last longer than a year or so for construction. It was a unique project where people could have a business at the airport with public access to the business and private access to the airport. It was an opportunity to bring businesses here.

Vice Mayor Pfeifer stated another small community in the state obtained a \$1 million grant because they had built the commercial part of the airpark up to the point where it encouraged businesses. The more businesses they enticed, the more their chances for obtaining a grant increased. What Mr. Backus was doing could further the city's chances of obtaining better grants. If such grants could be obtained and businesses came into the city, taxes would not even be an issue.

Mr. Bob Oliphant, of Cottonwood, expressed his displeasure with the hanger project for not creating more benefits for citizens and suggested the Council table the matter.

Mr. Bartosh stated it was important to recognize this was not the approval of the project, it would be an approval of a reassignment. It would be very difficult for the Council to measure the impact in terms of economic development because it would build one on each other. Today's demand was for airport access with hangers because air travel in small aircraft was becoming more and more popular all the time. Just as Mr. Backus related about the Recreation Center, we had to have these amenities in our town if we expected to attract knowledge based jobs to this area. He wasn't here at the time when Brian Mickelsen thought putting hangers along that airport was the right thing to do, but he would certainly agree it made a lot of sense in terms of attracting more economic development to the airpark area.

Dr. Bob Richards, of Cottonwood, stated he was angry. He had been in the hangers and they were basically toy garages for people who could afford to have airplanes to park their airplanes. They didn't employ anybody. The Town of Cottonwood was the landlord. As an Arizona municipality that sought to serve the public interest by providing opportunities for industrial development and by promoting economic development with the creation of new employment opportunities, "landlord and tenant jointly will serve the public interest by providing residents of Cottonwood with access to improved job opportunities on the property". Once they were built there was no economic opportunity associated with them.

Mr. Costello stated, as airport manager, he had been associated with the project since it started, including this segment of the subdivision that created the 13 lots that had access to the airport. The airport had an elaborate five-year plan to do improvements at the airport. Much of that five-year plan was to put more hangers on the ground. When Mr. Backus came forward with the thought of providing some hangers on the east side of the runway it was a great idea. He would be able to provide this aviation use on the east side of the airport and really take some of the heat off the city to produce more hangers on the west side of the airport as well. It would definitely have an offshoot effect on the airport. The airport itself was an economic generator for the city. As the airport manager, he very much supported

this project coming forward and adding more hangers because we really did need them. We currently had a hanger wait list and there really was a demand for this.

Council Member Smith asked what it cost to put a plane in a hanger.

Mr. Costello stated a typical rent in a city owned hanger was about \$260 a month.

Mayor Joens stated it might be compared to economic development and trying to bring tourists here with the birding festival. Many people who did bird watching were well-to-do, educated, and had funds to spend in the city. People who flew might be in that same category. They were able to add to the economic viability of the city when they lived here and got their groceries here, like other people did. As the City Manager said, the project was approved quite some time ago. This was just a change of name, essentially. The same family would administer the sales and businesses would be authorized to have their business there.

Vice Mayor Pfeifer stated she didn't understand the confusion. We had an airport and on airport property you put hangers to put airplanes in and to put businesses. There shouldn't be confusion about why we would want to put hangers on an airport.

Vice Mayor Pfeifer then moved to approve the Consent of Assignment of Tenant Rights for Lot 135 of Cottonwood Airpark from Backus Family Investments to High Five Hangers Owners Association, Inc. The motion was seconded by Council Member Kirby, and carried with a dissenting vote by Council Member Smith.

RESOLUTION NUMBER 2506—MAKING KNOWN THE CITY'S COMMITMENT TO THE PRINCIPLE OF FAIR HOUSING AND DESCRIBING ACTIONS IT SHALL UNDERTAKE TO AFFIRMATIVELY FURTHER FAIR HOUSING

Mayor Joens asked that this item be moved to later in the evening.

AGREEMENT WITH SMARTWORKSPLUS FOR PHASED RETIREMENT SERVICES

Mr. Rodriguez stated in November 2009 Mr. Andy McClellan, Director of Operations for Smartworksplus, gave a presentation about a phased retirement program the city had had an interest in for some time. It allowed employees to retire and come back to work under a contract similar to that used by school districts. A contract had been made, but would be modified slightly in the insurance section from that presented to the Council in their packets because the city's current insurance carrier did not cover lease employees. Smartworksplus would cover these employees until legislation allowed the city to do so. This would not be brought back to the Council since the only changes in the contract would affect insurance coverage. He then reviewed the provisions of the agreement and the advantages to the city, some of which were retention of the services of knowledgeable and skilled staff members and cuts in training costs.

Council Member Pratt stated he was familiar with such programs and thought they were a good idea. If someone retired who was a good employee, you not only lost a good employee, if they were hired back, they had institutional knowledge that was valuable. He supported it totally.

Mr. Rodriguez stated the city did not have to go out for bids. We were riding on the Strategic Alliance for Volume Expenditures (SAVE) contract for this.

Ms. Sandee McClelland, of Smartworksplus, stated Dr. Richards had asked her to clarify how they received money to pay employees. The city would be invoiced monthly for the number of work days in the month by the daily rate of pay of the employee along with Social Security, FICA, Workers' Comp., Medicare, unemployment benefits, along with a four percent service fee.

Council Member Smith moved to approve the service agreement with Smartworksplus for Phased Retirement Services. Council Member Pratt seconded the motion, which carried. Council Member Kirby was absent for the vote.

PRESENTATION & ACCEPTANCE OF THE CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2009

Mayor Joens asked that this item be postponed until later in the evening.

WAIVER OF COTTONWOOD MUNICIPAL CODE SECTION 9.12.030 TO ALLOW THE SERVING AND CONSUMPTION OF WINE AT THE CIVIC CENTER FOR THE GRAND OPENING OF ARIZONA STRONGHOLD VINEYARDS TASTING ROOM ON APRIL 11, 2010

Mr. Bartosh stated this and the next item were related. The applicants were requesting a liquor license to serve alcohol in the Civic Center for the event mentioned earlier, the opening of Arizona Stronghold Vineyards, bottle signing, and two showings of *Blood into Wine*. In the cost of the ticket to see the show, recipients also received a glass of wine. There had been good cooperation between staff and the applicants, good police coverage with three officers inside, along with either Civilians on Patrol or the Rangers. There was a contingent of officers and volunteers on the outside as well. It would be a well planned and well patrolled event. It was hoped to get 500 - 1,000 into Old Town to enjoy the festivities.

Council Member Pratt stated the local wine industries were really putting Verde Valley on the map. This movie had been all over the place including PBS. Anything Cottonwood could do to work with the wine industry was good for the wine industry and the city. He supported it without reservations. It was helping lead to the resurgence of Old Town.

Council Member Kirby stated he had concerns about alcoholic beverage consumption at public affairs. When it came to city property where it has been forbidden for so many years, we were now going to change our policy. He hated to think the city was going into competition with the bars and other facilities available to people here in the city. He did not

believe this was doing the right thing. We'd become so enamored with the wine industry that we'd forgotten we had some responsibility to the citizens of Cottonwood.

Council Member Pratt stated he disagreed. We were not competing with the bars. It was a totally different clientele. The whole culture around these wineries was not based on mass consumption; it was about the taste.

Vice Mayor Pfeifer stated in a way she agreed with Council Member Kirby, but people did not have to come down for the wine tasting if they didn't want to. She would not bring a child to a wine tasting event. People would come to taste the wine, see the movie, and partake in some of the festivities or they could go to the recreation center. They had choices and this was one of them. She had seen the Chamber of Commerce had put the city in for another award for the Wine Trail. The event was being held in a public facility which hadn't been allowed until now, but it was the big thing now and in this economy anything we could do to help Old Town and the city to bring in people would help our businesses.

Mr. Bartosh stated it was important for the Council to recognize this was not the first time for alcoholic beverages on city property. The ordinance did allow beer at softball facilities and the alcohol ban had been waived before at the Civic Center.

Mr. Rod Young, an owner of Arizona Stronghold Vineyards and Page Spring Cellars, stated he thought they could help further develop Old Town Cottonwood. Four people had been hired for their tasting room. The two businesses now employed a total of 40 people. They hoped to take the Arizona wine industry national. This was one of the things they would like to do to continue to grow and to continue to help the Verde Valley. They were planning to plant 12 more acres at Page Spring Cellars. They appreciated the opportunity to be able to use the Civic Center. Discussions with staff ensured it would be well patrolled and safe. It would be to the benefit of everybody in Old Town.

Council Member Smith moved to approve a waiver of Cottonwood Municipal Code 9.12.030 allowing the serving and consumption of wine at the Civic Center for the grand opening of the Arizona Stronghold Vineyards' tasting room in Old Town on April 11, 2010. The motion was seconded by Council Member Pratt, and carried with a dissenting vote by Council Member Kirby.

WINE FESTIVAL/WINE FAIR LIQUOR LICENSE APPLICATION FOR ARIZONA STRONGHOLD, FOR AN EVENT TO BE HELD APRIL 11, 2010, AT THE COTTONWOOD CIVIC CENTER LOCATED AT 805 N. MAIN STREET

Council Member Pratt moved to approve a Wine Festival/Wine Fair Liquor License Application for Arizona Stronghold for an event scheduled for April 11, 2010, at the Cottonwood Civic Center, located at 805 North Main Street. The motion was seconded by Vice Mayor Pfeifer, and carried with a dissenting vote by Council Member Kirby.

ORDINANCE NUMBER 563-AMENDING THE MUNICIPAL CODE BY DELETING SECTION

9.12.030 ALCOHOLIC BEVERAGES, IN ITS ENTIRETY AND ADDING A NEW SECTION 9.12.030 ALCOHOLIC BEVERAGES; FIRST READING

Mr. Faust stated with this item staff requested the Municipal Code regarding alcoholic beverages be amended. The Council had requested information several months ago about how we would authorize or allow alcoholic beverages in the Recreation Center, especially in the banquet room facility for community events and purposes. Staff had reviewed and researched permit policies and regulations of other entities throughout the state. Staff also contacted the State Liquor Board and Southwest Risk regarding their requirements. What came back was the definition of private parties and private parties that were actually associated with city property and local governing boards actually being given the right to control such use for the consumption of alcoholic beverages. They wanted to make sure the Council was aware the sale of alcoholic beverages requests at such facilities would still have to go through the normal channels and requirements of the State Liquor Board. What was requested tonight was the amendment for private parties and the definition of private parties. This gave the city the right, through the local governing board, to address this issue. Mr. Faust then read the suggested change to this section as outlined in the ordinance.

Council Member Pratt stated the proposal was well prepared, similar to those in other communities and for a facility that would be in demand for weddings, anniversaries, etc. The careful restrictions ensured nothing would get out of line even to the point where officers could ask obviously intoxicated people to leave.

Council Member Kirby stated we were simply admitting that if people couldn't have booze, they couldn't have fun. That was what this amounted to. He did not agree with that and he would continue to oppose it and would not support any change in the policy of the City of Cottonwood for the use of its public facilities.

Dr. Bob Richards, of Cottonwood, asked if city employees would be serving alcohol and whether there would be a city surcharge to recoup costs.

Mr. Faust stated there were specified requirements for the regulation thereof according to the Liquor Board. It had to be at a designated table, with an individual placar solidly for the evening. There couldn't be any changes in that. The city would not charge any additional costs onto that. The costs were borne directly into the rental of the facility itself.

Council Member Kirby stated he wanted to make it clear he was not against people drinking; he was against doing it in our public facilities.

Mayor Joens stated she was excited about the public meeting rooms. We would lose some of the business that would be generated for our recreation center to help pay for it because people would go elsewhere where they could go for weddings and have some beverages.

Council Member Kirby stated she was suggesting we were going into competition with those people who served spirituous liquors at this time.

Mayor Joens stated this was about banquet facilities, not bars. If we could have the business in Cottonwood she would prefer that rather than having it go out of town. That was why there were seven people on the Council so we could hear all the diverse opinions and come to a conclusion when the time came to vote. There would be a decision made on the 20th.

Mayor Joens asked the City Clerk to read the first reading of Ordinance Number 563 by title only.

ORDINANCE NUMBER 563

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, AMENDING THE MUNICIPAL CODE BY DELETING SECTION 9.12.030 ALCOHOLIC BEVERAGES, IN ITS ENTIRETY AND ADDING A NEW SECTION 9.12.030 ALCOHOLIC BEVERAGES.

RESOLUTION NUMBER 2506—MAKING KNOWN THE CITY'S COMMITMENT TO THE PRINCIPLE OF FAIR HOUSING AND DESCRIBING ACTIONS IT SHALL UNDERTAKE TO AFFIRMATIVELY FURTHER FAIR HOUSING

Mr. Bartosh stated this was something that was done every year as a request by the Arizona Department of Housing and the U.S. Department of Housing & Urban Development. It declared our support of Fair Housing Month.

Council Member Kirby moved to approve Resolution Number 2506 declaring April as Fair Housing Month in Cottonwood. The motion was seconded by Council Member Pratt, and carried unanimously.

Mayor Joens asked the City Clerk to read Resolution Number 2506 by title only.

RESOLUTION NUMBER 2506

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, MAKING KNOWN ITS COMMITMENT TO THE PRINCIPLE OF FAIR HOUSING, AND DESCRIBING ACTIONS IT SHALL UNDERTAKE TO AFFIRMATIVELY FURTHER FAIR HOUSING.

The City Clerk asked if she should also read Resolution Number 2505, approved under the Consent Agenda.

Mayor Joens asked her to do so.

RESOLUTION NUMBER 2505

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF

COTTONWOOD, YAVAPAI COUNTY, ARIZONA, APPROVING A REVISED INTERGOVERNMENTAL AGREEMENT WITH YAVAPAI COUNTY, FOR PUBLIC TRANSPORTATION SERVICES FOR YAVAPAI COUNTY RESIDENTS.

PRESENTATION & ACCEPTANCE OF THE CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2009

Mr. Rodriguez stated this was the annual audit and Comprehensive Annual Financial Report (CAFR) for the City of Cottonwood for the year ending June 30, 2009, and reviewed the report with the Council. He indicated the CAFR had been posted on the city's website under the finance department section, and would be sent for disclosure to all bond holders.

Council Member Smith stated in the audit, on Water Impact Fees, it said the audit discovered the city passed an ordinance to change the water impact fees. The ordinance was effective October 17, 2007, however the city did not charge the impact rates until September 2008. He asked how much money was lost in the meantime and why it took virtually a year when it was supposed to be in effect October 17, 2007.

Mr. Rodriguez stated it was a lapse of communication between here and there and they were trying to go ahead and get it resolved so it didn't happen again.

Council Member Smith asked who was responsible.

Mr. Rodriguez stated, again that was one of the reasons they were calling it to our attention because there was a lapse somewhere; be it the Finance Department, or the Building Department, who may not have received it, or forgot about it. They were not sure and were not placing blame. We were trying to correct it from here on out so it didn't happen again.

Council Member Smith stated on Accounts Receivable on the LarsonAllen cover letter it stated "the city has not established a policy for uncollectable accounts and bad debts and had not established a contra account to accounts receivable for uncollected receivables in the water fund". He asked if there was a policy for uncollected accounts.

Mr. Rodriguez stated the policy we had made it difficult to collect on water or utilities. What they were asking us was when we were going to write these bad debts off. What ended up happening with utilities was if someone moved from one place to another and hadn't paid their bill, the water company would find them the next time they applied for service. If someone moved out of the service area it was almost impossible to find them. If they had a forwarding address it would be pursued.

Council Member Smith asked why not turn it over to a debt collector.

Mr. Rodriguez stated it had been done before. We found that in a lot of instances it didn't pay off. They went by a percentage and sometimes it became more work for staff to go ahead and do that. They were asking us to go ahead and set up a write off policy and we would be working that through with our auditors.

Council Member Smith stated it looked like they (the auditors) continued on from last year on a couple of these things.

Mr. Rodriguez stated many of them would continue. The finance department was down one employee and had never asked for additional staffing. They would correct a few of the problems and some of them would remain until such time as they had additional staff.

Council Member Smith stated he thought finance would be an extremely important place to have an additional person.

Mr. Rodriguez stated they were handling the day-to-day operations. Considering the economic times we had, it would behoove us to keep current operations the way they were.

Council Member Smith stated he was curious how much money was lost on the impact fees.

Mr. Rodriguez stated, again, that was an oversight. He was not saying it was his responsibility or the Building Department's or anybody else's, but there was something that got lost in between the time it got adopted and got over there.

Mr. Bartosh stated he would be happy to look at it and see what happened. He wasn't City Manager at the time.

Mayor Joens stated people were human and there would be mistakes made.

Council Member Pratt stated even if we had another person in finance, this probably would have happened. It was a communications thing.

Mr. Rodriguez stated he could add 3-4 people to the staff and the auditors would still find something. That was part of their job. Their job was to make us better and push us year after year.

Council Member Kirby stated he did not think the Council should start micro-managing a department and telling Mr. Rodriguez what he ought to do to hire people. It was up to a manager to make that decision, not the Council.

Mr. Bartosh stated Mr. Rodriguez had pushed all the department heads to cut back and he just didn't feel comfortable filling a position when everybody else in the city wasn't. Based on the staff he had, they really did an outstanding job.

Council Member Smith stated he was not saying he was doing a bad job. He was just asking the questions which should be answered.

Mr. Bob Oliphant, of Cottonwood, stated he had compared information on the website from 2003 to 2009. What was posted there was a document called "Schedule Findings". In

2003 the auditors found nothing inconsistent or to be improved in the accounting. In 2004 they found the same thing; no recommendations for changes. In 2005 and 2006, the same. From 2007 to 2009 what you did see was a series of quite similar problems that they had spotted. When compared to the 3-4 previous years, it was quite different. He encouraged the city to look more carefully into the audit report.

Mr. Rodriguez stated not all the findings were being posted on the website. He was going with a document that now, in recent years, had had accounting practices changing. They changed every year, sometimes massively, sometimes considerably smaller. Prior to 2007 we got a separate notice that said these were the findings we needed to work with and he talked to department heads, went ahead and presented it to them and presented those findings to the Council. In the last few years, especially if there was a single audit, most of those findings were in the single audit document.

Council Member Norman moved to accept the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2009. The motion was seconded by Vice Mayor Pfeifer and carried unanimously.

CLAIMS & ADJUSTMENTS

Mayor Joens moved to pay the claims and adjustments. The motion was seconded by Council Member Kirby and carried unanimously.

ADJOURNMENT

Council Member Smith moved to adjourn. Council Member Kirby seconded the motion, which carried unanimously. The regular meeting adjourned at 8:47 p.m.

Diane Joens, Mayor

ATTEST:

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 March 16, 2010. I further certify that the meeting was duly called, and that a quorum was present.

Marianne Jiménez, City Clerk

Date

