

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, HELD AUGUST 20, 2013, 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 meeting to order at 6:00 p.m. Roll call was taken as follows:

COUNCIL MEMBERS PRESENT

Diane Joens, Mayor
Karen Pfeifer, Vice Mayor
Jesse Dowling, Council Member
Tim Elinski, Council Member
Randy Garrison, Council Member
Ruben Jauregui, Council Member
Terence Pratt, Council Member

STAFF MEMBERS PRESENT

Doug Bartosh, City Manager
Steve Horton, City Attorney
Matthew McLean, Deputy Clerk
Richard Faust, Community Services General Manager
Tom Whitmer, Water Resources Administrator
Morgan Scott, Development Services Operations Manager
Hezekiah Allen, Recreation Services Supervisor (Aquatics, Youth & Special Events)
Scott Mangarpan, Project Manager
Michael Kuykendall, Fire Chief

PLEDGE OF ALLEGIANCE

Jake Gonzalez led the pledge of allegiance.

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 that Arizona Secretary of State Ken Bennet will be at Library on September 10th; September 23rd J.A. Jance will be at the library; October 11th the Fire Department will host an open house.

Council Member Pratt announced the college has started the fall semester.

Mayor Joens stated she has been meeting with Elva Coor to talk about Speak Out Arizona, which is for citizens to become more engaged in government; August 8th and 9th, City Manager Doug Bartosh, Casey Rooney and she attended Kimber Lanning's Rural Development Policy Forum; August 10th was the 3rd Annual Luau at the pool; August 11th she attended the Verde Valley Humane Society ice cream social; August 13th she met the Habitat for Humanity Bike and Build group and they work on housing for the needy; August 16th, City Manager, Casey Rooney, Lana Tolleson and she took a river boat ride; she met with Debbie Corshack to talk about fund raising for the Jordan Maynard home; yesterday she spend the day with Doctor Jeremy Babendure who is the director of the Arizona Sci-Tech Festival.

CALL TO THE PUBLIC

John Martinez, from the Sedona City Council and the co-chair of Yavapai Water Advisory Council and the chair of the Middle Verde Water Advisory Council, requested that the council reconsider the vote taken with regard to funding of the Yavapai WAC and Middle Verde WAC. He disputed the letter that they received from Cottonwood about not joining the WACs.

Mayor Joens stated she appreciated his comments but was surprised that he chose this forum to discuss it with the council since they cannot respond to it.

APPROVAL OF MINUTES—Special Meeting of June 18, 2013 and Regular Meeting of July 16, 2013

Mayor Joens stated on page 4 of the July 16th meeting, Cindi Battisti offered to host a fund raiser for the Mingus Union swim team.

Mr. McLean pointed out that Council Member Garrison earlier in the day pointed out that the heading for June 18th meeting was incorrect and has since been corrected.

Council Member Pratt moved that we approve the Special Meeting minutes of June 18, 2013 and the Regular Meeting Minutes of July 16, 2013. The motion was seconded by Council Member Dowling and carried unanimously.

OLD BUSINESS

ORDINANCE NUMBER 598—AMENDING THE COTTONWOOD MUNICIPAL WATER SYSTEM'S RATES, FEES, AND CHARGES; SECOND AND FINAL READING.

Mr. Rodriguez stated the two items had been discussed before and this will be the second and final reading on both. This has been worked on for the past 18 months with the water rate committee. The last wastewater rate increase was in 2007. The proposed wastewater rate will be \$26.25 starting in 2014. He reviewed the current water rate structure and proposed new rate structure. The proposed outside rates are 30 percent higher than the inside rates. The new rates would take effect on October 1, 2013. He reviewed the reasons

for the differential rates.

Council Member Pratt stated we did spend a fair amount of money putting in fire hydrants outside of the city limits for people.

Mr. Rodriguez stated that is something we have done inside and outside the corporate limits.

Mayor Joens stated private water companies are not required to install fire hydrants and it is quite a challenge with residents when they don't get adequate fire protection.

Mr. Bartosh stated we have installed 13 new fire hydrants in the Verde Villages.

Council Member Jauregui stated we have talked about the reasons for the differential rate and the distance to go out to Verde Village and the terrain and some of the difficulties of working out there. Not every job is difficult so to him a lot of the reasons are just the price of doing business. Some jobs take you longer and some jobs don't. He doesn't see it as a reason for having differential rates. He understands the need to raise the water rates, but he would like to see the water rates to be the same across the board. He would rather see that than what we have now, because he does feel that we are distinguishing between inside the city and out, and he is not comfortable with that. His feelings are having the rates the same across the board.

Council Member Garrison stated one of the things that was being brought up were that it is all the same water; we are in the same aquifer and only live across the boundary. When you are buying the water service, you are not buying water, you are buying the privilege of having the water delivered to you, and that comes with a cost and the cost associated with delivering that water should be subjected to the individuals that have that cost associated with them. When the city ended up buying these systems there were five rates. Each of those rates was different for those areas because the cost of delivering service to those areas was different. So having inconsistent rates really has more to do with the cost of providing service to you where you live. It is the same thing right now where he lives, the taxes are different than people who live five doors down because they live on the other side of the city line, they pay different tax rate than he does on his house. While he is not real happy about it, and the complaints he is receiving is about the inconsistent rates, as far as he is concerned it is the cost of doing business. If they live in an area where it costs more to provide that service then that area should be burdened with that cost to deliver that service. There was one stand pipe in the Verde Villages and your fire rate for your insurance was set by tankers coming into the Cottonwood system and trucking water to your house. By the city going in and taking over the responsibilities of that system, putting in arsenic abatement and putting in fire proof suppression systems, and making it a more reliable system your fire rates are going to go down because you know you have a fire system that can provide better protection. So they'll see a benefit on their insurance side, but they pay higher water rates because that cost of providing service to them has to be bourn somewhere. That is where he is going to stand on the differential rates. He is not happy about it, but if we put it all in

the same pool again we will put a much higher burden on the citizens of Cottonwood who live on a system already that takes care of those needs without a lot of new infrastructure of providing that service.

Vice Mayor Pfeifer stated Council Member Garrison brought up the insurance issue and she was an insurance agent for over 20 years and she wrote a lot of homeowner's insurance. The further you are from a fire hydrant, the more the insurance is and the higher the rate is. So the fire hydrants defiantly do bring down rates in any area, whether it is the city limits or outside the city limits.

Council Member Elinski stated he would agree with Council Member Garrison that he is not happy about the differential rates, If it was a perfect world they would not have to charge them, but we are running this utility as a business. After looking at all the facts, he understands the reasons for having differential rates because the cost of providing service outside the city limits is higher. He is comfortable with what we are doing, and he understands the hardship that is associated with it, but he believes this is the responsible thing to do and he stands by it. They are just paying for the transmission of water and that is an important thing to consider. We have a good system here and we have been running it very well and we have been struggling with raising the rates and this is just a hard reality that we have to face because we put it off because of the economy. He has looked at all the facts and he has studied it and he is comfortable with direction they are going.

Council Member Jauregui asked if the cost of repairs and travel and so forth of going out into the villages is 16 percent higher than their rates, which are 30 percent higher and asked if someone can explain that to him.

Mr. Rodriguez stated the distances are greater on that side but we are not going to charge a 100 percent difference of the rates. We looked around and tried to keep it roughly where we thought this thing should be. Sixty percent of the leak repairs are outside in the county.

Mr. Biggs stated about 40 percent to 60 percent of the repairs are outside the city.

Council Member Pratt stated he stands with Council Member Elinski and Council Member Garrison. It is a really hard thing to do, but it is the right thing to do for the City of Cottonwood.

Mayor Joens opened the floor to the public.

Mr. Rodriguez introduced Grant Hamill, the managing director from Stephen Nichols, who stated he has represented the city on its capital debt financing for over 20 years. When a municipality issues bonds in the public market it enters into a variety of covenants to the bond holders.

The following people spoke against the rate increase: Mrs. Roshan and Jo Anna Wakefield from Verde Village; Bill Gibeaut, Stephen Kling, Roger Daignault, and Jerry Fischer from

Verde Santa Fe.

Mayor Joens closed the floor.

Council Member Elinski stated he has heard a lot folks complain that this is a done deal and that we have already made up their minds, but for him it is true, he has been looking at this for years and years and he feels very confident with the decision he is going to make. These conversations have been going on since Cottonwood had purchased the water company. All the meetings have taken place in public and had been opportunity for folks to come in and discussed their concerns with the Council. It is unfortunate that most folks just show up for the hearing, because if we had more input earlier on, he thinks they might feel differently about this process. This conversation has been going on for years and years and this is something we have struggled with.

Mayor Joens stated we are getting chastised for our bond problem, but the Council truly did that because we didn't want to raise rates. When we purchased the water companies the recommendation was to raise the water rates the next year. We have tried to be good stewards in not raising the rates and that is why we are in these circumstances with our bond companies.

Vice Mayor Pfeifer stated she has children and grandchildren that live outside the city limits and she has spoken to them about it too. She decided this year that she wasn't going to water something she couldn't eat to conserve water and everyone should try and conserve water. She always wanted smaller increases over the years.

Council Member Dowling stated raising the rates is something that no one ever wants to do and everyone tried their best to do good by everybody. He does understand the concerns from some people outside the city limits.

Mr. Lueder stated there are seven wells in the city, and fourteen wells in the Villages, yet we have three spots where we send water from the city to the Verde Villages in large amounts. Our seven wells are supplementing them. The Council purchased Quail Canyon, on staff's recommendation, to serve Verde Village unit six and seven. We just finished, at just under \$200,000, a water line that was put in solely to serve just Verde Village six and seven. A lot of the water that goes into the Verde Villages actually comes out of the corporate limits. It doesn't work the other way around. Verde Santa Fe did require substantial upgrades on top of everything else, which was a developer designed system and not up to engineering standards. We invested close to a quarter of a million dollars just in the booster station and controls.

Council Member Elinski moved to approve Ordinance Number 598. The motion was seconded by Council Member Pratt and was carried with a dissenting vote from Council Member Jauregui.

Mayor Joens requested the Deputy Clerk read Ordinance Number 598 by title only.

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.

ORDINANCE NUMBER 599--AMENDING THE CITY'S WASTEWATER UTILITY'S RATES, CHARGES & FEES; SECOND AND FINAL READING.

Mr. Rodriguez stated this is the second and final reading of this ordinance, and went over the new residential rate of \$26.25. There is currently no debt service on the system, however, if we do acquire any debt service it will change. Our commercial rate is based on per 1000 OM rate.

Mayor Joens invited the public to speak about this item, and no one spoke.

Council Member Pratt moved to approve Ordinance Number 599. The motion was seconded by Council Member Dowling and carried unanimously.

Mayor Joens requested the Deputy Clerk read Ordinance Number 599 by title only.

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.

CONSENT AGENDA

APPROVAL OF A ONE-YEAR RENEWAL OPTION WITH NORTHERN ARIZONA WASTE SYSTEMS FOR CITY FACILITIES' WASTE AND RECYCLING SERVICES

APPROVAL OF RENEWING AGREEMENTS WITH SMARTWORKSPLUS AND EDUCATIONAL SERVICES, INC., FOR PHASED RETIREMENT SERVICES

Council Member Dowling moved to approve the consent agenda. The motion was seconded by Council Member Elinski and carried unanimously.

NEW BUSINESS

RESOLUTION NUMBER 2711 & RESOLUTION NUMBER 2712-- APPOINTING MEMBERS TO THE PARKS AND RECREATION COMMISSION

Mr. Faust stated three individuals had put in applications for two vacancies; Cindy Burton, Leonard Filner and Ann Shaw.

Mayor Joens invited Ms. Burton to speak to the Council and thanked her for her service.

Ms. Burton stated she is learning more about how city works and how the recreation center works and would like to continue her service.

Council Member Pratt stated we have set a precedent that when an incumbent reapplies we tend to reappoint them, so reappointing Cynthia is a no brainer.

Mayor Joens stated Ann Shaw served for many faithful years on our commission and somehow she was not reappointed.

Council Member Pratt moved to approve Resolution 2711 appointing Cynthia Burton a member of the Parks and Recreation Commission for a three year term, and he moved to approve Resolution 2712 appointing Ann Shaw a member of the Parks and Recreation Commission to fill an unexpired term which ends August 16, 2014. The motion was seconded by Mayor Joens.

Council Member Garrison stated it is kind of troubling to do these because these commissions are created to serve at the Council's pleasure, yet we don't have any real interaction with the committees. He would like to start having some interaction with the committees. It would make it easier for him to reappoint people when he understands the job that they are doing and how they are doing it.

Council Member Pratt stated we do get a monthly report on the meetings and what is going and he read those and who is participating.

Mayor Joens stated she made a request four or five months ago to have a meeting with the Library Board and the Parks and Rec Commission.

Discussion ensued regarding setting up a joint meeting with both boards and who was responsible for setting those meetings up.

The motion was carried unanimously.

Mayor Joens requested the Deputy Clerk to read Resolution Numbers 2711 and 2712 by title only.

RESOLUTION NUMBER 2711

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

RESOLUTION NUMBER 2712

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

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.

Mr. Morrow stated we have worked with the County to approve this IGA for the services we provide to the county residents, primarily in the Verde Villages. We are taking steps to reduce service on the blue line that services the Verde Village. It will now run twice in the morning and two runs in the evening. It will not affect the ADA service in the village.

The Council and staff discussed how the ADA service is really needed for those folks.

Mr. Morrow stated there will be a yellow route that will go out as far as the Verde Valley Manor into town.

The Council and staff discussed the possible route changes that will happen in the future and how many people rode the bus from Verde Village.

Council Member Pratt stated this is a great agreement and it was a long process and is happy that we will still serve the people out there with the limited funding from the county.

Mr. Morrow stated it was a challenge to try and come up with a plan.

Council Member Pratt stated the city serves the greater people of the Verde Valley and not just in the City of Cottonwood.

Mayor Joens stated you also had to fit all the future capital expenses in the county's funding of \$20,000 and that must have been difficult.

Jules Oscher asked what the impact of the Verde Valley Caregivers was on the bus and wondered if they are taking up some of the need for transportation.

Mr. Morrow stated in a lot of cases we almost act like a substitute for them. We are looking for ways to better communicate with them.

Council Member Garrison moved to approve the IGA with the county for transit services to the Verde Village. The motion was seconded Vice Mayor Pfeifer and carried unanimously.

Mayor Joens requested the Deputy Clerk read Resolution Number 2713 by title only.

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.

AWARD OF BID FOR A WASTEWATER TREATMENT PLANT HEADWORKS ODOR CONTROL SYSTEM

Mr. Biggs stated this was for awarding a bid to Plasma Air in the amount of \$84,200 for a unit to be installed in the headworks to naturalize the gas that is a byproduct of the process. There was an add alternate on the bid of \$5,000 for an additional air mover. Plasma Air was the sole respondent for the request for bids.

Council Member Pratt moved to award the Wastewater Treatment Plant Headworks Odor Control bid to Plasma Air in the amount of \$84,200, including the add alternate amount of \$5,000. The motion was seconded Vice Mayor Pfeifer and carried unanimously.

AWARD OF BID FOR SANITARY SEWER AND STORM SEWER CLEANING AND TELEVISIONING SERVICES

Mr. Biggs stated this was for awarding a bid to Hoffman Southwest dba Profession Pipe Services for cleaning and televising of about 50 miles of sewer main lines and about 2,500 feet of corrugated storm drain. Their rates would be \$160 per hour for cleaning and \$140 per hour for televising. Professional Pipe Services was the low bidder.

Council Member Elinski moved to award the Sanitary Sewer and Separate Storm Sewer Cleaning and Televising bid to Hoffman Southwest Corporation, dba Professional Pipe Services, at the rate \$160 per hour for Cleaning and \$140 per hour for Televising. The motion was seconded by Council Member Pratt and carried unanimously.

CLAIMS & ADJUSTMENTS

Mayor Joens moved to pay the claims. The motion was seconded by Vice Mayor Pfeifer, and carried.

ADJOURNMENT

Mayor Joens moved to adjourn. The motion was seconded by Council Member Garrison, and carried unanimously. The regular meeting adjourned at 8:30 p.m.

Karen Pfeifer, Vice Mayor

ATTEST:

Matthew McLean, Deputy 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 August 20, 2013. I further certify that the meeting was duly called, and that a quorum was present.

Matthew McLean, Deputy Clerk

Date