

**TOWN OF PRESCOTT VALLEY
REGULAR COUNCIL MEETING
MINUTES
SEPTEMBER 13, 2007**

*Magistrate Court/Council Chambers
Civic Center
7501 E. Civic Circle
Prescott Valley, Arizona 86314*

1. *CALL TO ORDER*
2. *INVOCATION*
3. *PLEDGE OF ALLEGIANCE*
4. *ROLL CALL*

The meeting was called to order by Mayor Skoog at 5:30 p.m. in the Magistrate Courtroom/Council Chambers. Pastor Troy Powers, Prescott Free Methodist Church, gave the invocation after which the Pledge of Allegiance was said in unison. The following council members were present for roll call:

<i>Harvey Skoog</i>	<i>Mayor</i>
<i>Harold Wise</i>	<i>Vice-Mayor</i>
<i>Mike Flannery</i>	<i>Council member</i>
<i>Mary Baker</i>	<i>Council member</i>
<i>Lora Lee Nye</i>	<i>Council member</i>
<i>Bob Edwards</i>	<i>Council member</i>

Absent: Fran Schumacher Council member

5. *ANNOUNCEMENTS & PRESENTATIONS*

a. *Recognition of Rick Hartner – Kinetic Sculpture Race Trophy*

Parks and Recreation Director, Brian Witty, reported that on behalf of the Arts and Culture Commission and the Kinetic Sculpture Race Committee, they would like to recognize Mr. Rick Hartner, a metal sculptor and owner of the Sitting Duck Studio in Kirkland. Mr. Hartner's sculpture, Dances of Whimsy, adorns the Civic Center. Mr. Hartner has created and donated trophies in the form of nine original sculptures for the upcoming Kinetic Sculpture race on September 15, starting at 10am. Mr. Hartner founded the Kinetic Sculpture Race twenty years ago in Boulder, Colorado. Mr. and Mrs. Hartner have agreed to be the judges of the race. Mr. Hartner was then presented with a certificate of appreciation.

b. *Chamber of Commerce introduction of new businesses*

Marnie Uhl, Director of the Prescott Valley Chamber of Commerce, introduced Matt Dyer of Freelance Contracting Incorporated, a residential electric company. The phone number of his business is 775-9049.

The other business owner introduced was Cindy Holt, owner of Holt Holistic Healing. Ms Holt's specialty is helping people who are in pain. Her office is located in the Country Club, next to the property owners' association. The phone number is 928-273-8576.

6. *PROCLAMATION*

a. National Alcohol & Drug Addiction Recovery Month

The proclamation was read by Town Clerk, Diane Russell. Mayor Skoog presented the proclamation to the General Manager of Chapter Five, which operates three highly structured men's recovery homes. There are three in Prescott and one in Cottonwood. There will be a fourth annual event of Voice for Recovery held on September 15 in the Prescott Courthouse Square from 10am to 1pm.

b. Yavapai County Fair 2007

The proclamation was read by Town Clerk, Diane Russell. Mayor Skoog presented Jim Grundy the proclamation for the Yavapai County Fair 2007. Mr. Grundy announced that the county fair will be held September 20 through 23 and invites everyone to attend.

7. *CERTIFICATES*

a. Certificate of Appreciation to Jennifer Miller for 10 years of service

Town Clerk, Diane Russell, read the notes of appreciation for Officer Jennifer Miller. All of the council members relayed their appreciation to Jennifer for her enthusiasm and dedication to all of the programs she has been involved in. She is a real asset to the community. Officer Miller stated that she has been so fortunate to be able to participate in the DARE and Neighborhood Watch Community programs. She looks forward to another ten years working for the Town. Mayor Skoog presented her with a plaque and a pin.

b. Certificate of Appreciation to Kenneth Bowman for 5 years of service

c. Certificate of Appreciation to Julia Bowers for 5 years of service

Town Clerk, Diane Russell, read the notes of appreciation for Kenneth Bowman and Julia Bowers, after which Norm Davis and Richard Parker expressed their appreciation for their service. Mayor Skoog presented the certificates of appreciation and pins.

8. *MAYOR RECOGNITION AWARD*

a. Mariela Bean, HUSD Director of ELL/Public Relations

Town Clerk, Diane Russell, read the Mayor Recognition Award for Mariela Bean recognizing all of her teaching experience both in the United States and South America. Mariela's background and expertise in speaking Spanish has afforded her opportunities to speak professionally on State and local levels. She has been active in assisting with the educational needs of the Hispanic community. With her expertise in the Spanish language she has acted as a liaison between the school and Spanish speaking parents to assist them in being able to participate in parent-teacher conferences and school meetings. She coordinated an after-school snack program for students giving them a safe place to stay until parents could pick them up.

She also facilitated and organized an alternative prom night activity that would give students a fun and safe place to socialize. She went out into the business community and solicited scholarships to assist with the costs for students who could not otherwise afford to attend. Mayor Skoog presented the award to Mariela Bean.

b. Joey Bowman, youth leadership & service in the community

Town Clerk, Diane Russell, read the Mayor Recognition Award for Joey Bowman. This award was presented to Joey Bowman for his example of youth leadership and his contributions to the local community and, most recently, receiving a distinguished National Spirit of Service Award. Joey serves as president of the Prescott Valley Charter School Youth Chamber of Commerce, a service learning club. The club members increased the Yavapai food drive from an annual event to ten monthly drives. Last year more than 1600 food items were collected in 10 days at the school. He also chaired the Special Olympics village activities, the PVCS career faire and co-chaired teaching volunteerism to kids, leading youth chamber members as they presented classes in service learning to fourth graders. Joey Bowman was selected out of 1.5 million eligible students to receive the Spirit of Service award. It was presented to him in Philadelphia at the National Conference on Volunteering and Service by the President of Learn and Serve. Joey then attended a private reception with ex-President, George Bush. Mr. Bush nominated Joey for a student visitation program to Europe called People to People. If anyone is interested in helping to sponsor Joey Bowman to go on this trip, the Prescott Valley PTO would be very happy to accept donations. Mayor Skoog presented the award to Joey Bowman.

9. COMMENTS/COMMUNICATIONS

- Community Development Director, Richard Parker, introduced three new employees: Ruth Mayday, Planner; Jeff Wilson, Building Inspector; and Randall Burton, Building Inspector/Plans Examiner.
- Council member Flannery wanted to announce there is a survey being conducted by the Central Yavapai County partnership, which is a coalition of the City of Prescott, Town of Prescott Valley, Chino Valley and Yavapai County. The survey is being funded by the US Bureau of Reclamation. Shawn Rydell, Water Conservation Coordinator for the City of Prescott, applied for and received a grant. A questionnaire has gone out in the local newspapers and is also available on our website, www.pvaz.net and also the County website which is www.co.yavapai.az.us. It is an extensive questionnaire but will help us get our hands around the water issue for the purpose of better water management. He would encourage anyone to fill out the questionnaire. John Munderloh also spoke to let people know that the Central Yavapai Water Conservation partnership is sponsoring a booth at the Yavapai County Fair.
- Council member Nye wants to remind everyone about the World Arts Festival which is being held on September 15 & 16 at the Civic Center. This is a free event. There will be world class entertainment.
- Council member Edwards hopes that everyone gets out and enjoys the youth football program which started two weeks ago. They play games on Saturdays at Bradshaw Mountain High School. The attendance for the first jamboree had about 3000 people in attendance.

- Mayor Skoog announced that County Supervisor, Tom Thurman, is in attendance at tonight's meeting.

10. CONSENT AGENDA.

- a. *Approval of Minutes – August 23, 2007*
- b. *Liquor Licenses & Permits*
 - i) *Approving a Series 12 (restaurant) liquor license application for Azteca Grill located at 8116 Spouse Dr., Martin G. Calderon applicant*
 - ii) *Approving a new Series 10 (beer & wine store) liquor license application for Highway 69 Market located at 8470 E. Highway 69, Hamid A Kazi applicant*
- c. *Approving Final Reversionary Plat (RP07-007) combining Lots 604 and 605, Prescott Valley Unit 3, located at 4129 and 4143 Robert Rd as requested by Loren and Bonnie Varvais*
- d. *Authorizing the Mayor to sign Resolution No. 1531 applying for a grant on behalf of the Volante Academy of the Arts from the Gila River Indian Community*
- e. *Approving Accounts Payable for August 17 thru September 6, 2007*

Council member Nye made the MOTION, seconded by Council member Baker, to approve the consent agenda as read, by electronic vote. MOTION carried with 6 ayes and 0 nays.

11. NEW BUSINESS (FOR REVIEW, COMMENT, AND/OR POSSIBLE ACTION)

- a. *Consideration of approving an Intergovernmental Agreement with Yavapai County for the Glassford Hill Interceptor Channel Project, Phase II (CIP#E100.2)*

Public Works Director, Norm Davis, reported that the Glassford Hill Interceptor Channel Project has been a multi-year partnership between the Yavapai County Flood Control District (YCFCD) and the Town for a storm water management project at the base of Glassford Hill to protect existing homes in the Castle Canyon Mesa area. This partnership involves the Town as the lead for project management with project funding provided by YCFCD. Project design began in September 2004 with the construction portion of the project being split into two phases due to funding availability over several budget years. Phase I of the project cost \$1.2 million and was completed in June 2006.

Funding has been made available in the Fiscal Year 07/08 Flood Control District budget to complete Phase II of the Glassford Hill Interceptor Channel Project. An Intergovernmental Agreement (IGA) with YCFCD in the amount of \$316,176.00 (similar to the IGA approved by Town Council for Phase I in September 2005) will be required prior to the Town moving forward with construction. Project bidding for Phase II construction will begin once the IGA is approved by Town Council and the Yavapai County Board of Supervisors. Phase II of the project is anticipated to be completed by June 2008.

County Supervisor, Tom Thurman, was presented. He stated how he appreciates our council meetings and applauds the Town of Prescott Valley for still maintaining a small town feel and positive attitude and outlook.

Vice-Mayor Wise made the MOTION, seconded by Council member Edwards, to approve the IGA with Yavapai County for Phase II of the Glassford Hill Interceptor Channel Project, by electronic vote. MOTION carried with 6 ayes and 0 nays.

b. Public Hearing

Open Public Hearing

Minor General Plan Amendment (GPA07-005) changing the designation of Lot 6649, Prescott Valley Unit 16, from medium high density residential to regional commercial as requested by Roy Mills

Close Public Hearing

Mayor Skoog declared the public hearing open. Planner, Joe Scott reported that he would be presenting information for this public hearing and for the next council item (c) to take comment on a request by Roy Mills for a Minor General Plan Amendment (GPA) to change the designation on Lot 6649, Prescott Valley Unit 16, from Medium-High Density Residential to Regional Commercial, located on the west side of Robert Road, approximately one hundred (100) feet north of Pecos Drive. The subject lot is vacant and partially impacted by the one hundred (100) year FEMA Floodplain. Town policy and code allows property in the Floodplain to be developed for use as parking or screened storage in conjunction with the primary use (subject to Town Engineering requirements); however, no structures are permitted or additional land fill allowed within the Floodplain.

At the March 12, 2007 meeting, the Planning and Zoning Commission approved a request by the present applicant for a similar General Plan Amendment (GPA) for adjacent Lots 6647, 6674, 6650, 6651, 6670, 6671, 6672 & 6673 to Regional Commercial as shown on the attached General Plan Map. That request (GPA07-001) was approved by Resolution 1493 at the April 12, 2007 Council meeting. The applicant has now acquired adjacent Lot 6649 and would like to establish the same land use designation on this lot so that all nine (9) lots can then be considered for rezoning to C3 (Commercial; Minor Industrial). There is a separate Zoning Map Change application (ZMC07-010) for all nine (9) lots that will be scheduled for Council consideration at a later meeting should this General Plan Amendment (GPA07-005) be approved.

There have been a number of other prior General Plan amendment requests involving Unit 16 to Regional Commercial, as well as rezoning requests to C3 and PM for lots that are not in the Floodplain, or are used in conjunction with a primary use not in the Floodplain. The property is located adjacent to the proposed future Santa Fe Loop Road extension following the Agua Fria along the north side of Unit 16. Future development of the Santa Fe Loop will also include some channeling of the Floodplain increasing the availability of property in Unit 16 for commercial and industrial use. The location between a major industrial area to the south and the future arterial to the north makes this area well suited for such uses.

The Owner's intent is to utilize the vacant lots not in the Floodplain for commercial buildings and to use the lots that lie in the Floodplain for parking in conjunction with the primary uses and permanent buildings. The rezoning process will afford the opportunity to consider specific zoning districts and look at the specific development details and possible impacts. Design standards and stipulations to mitigate any impacts resulting from development can be considered at the rezoning stage.

The applicant contacted approximately three hundred (300) property owners by first class mail within a one thousand (1,000) foot radius in order to notify them of a scheduled Neighborhood Meeting on February 8, 2007 regarding the proposed land uses. Three (3) persons attended that meeting with none voicing objections. Roy Mills spoke about his plans for this property.

There being no further comments, Mayor Skoog closed the public hearing.

- c. Consideration of authorizing the Mayor to sign Resolution No. 1528 adopting a Minor General Plan Amendment (GPA07-005)*

There were no further comments.

Council member Nye made the MOTION, seconded by Council member Baker, to authorize the Mayor (or, in his absence, the Vice Mayor) to sign Resolution No. 1528 adopting a Minor Amendment to the Prescott Valley *General Plan 2020* (GPA07-005), by electronic vote. MOTION carried with 6 ayes and 0 nays.

- d. Public Hearing*

Open Public Hearing

Zoning Map Change (ZMC07-001) changing the zoning of 9.1 acres located west of Lone Cactus Dr. between Spouse Drive and Santa Fe Loop from R1L-10 PAD to R2-PAD

Close Public Hearing

Mayor Skoog declared the public hearing open. Planner, Joe Scott reported that he would be presenting information for this public hearing and for the next council item (e) to take comment on a request by Edward Ruwalt, Applicant, for a Zoning Map Change from R1L-10 PAD (Residential; Single Family Limited - Planned Area Development) to R2-PAD (Residential; Multiple Dwelling Units - Planned Area Development) on approximately nine (9.1) acres located west of Lone Cactus Drive, between Spouse Drive and Santa Fe Loop Road.

An approximately twelve (12) acre parcel designated for Multi-Family housing existed at the northeast corner of Glassford Hill Road and Spouse Drive and has since been developed as the Glassford Hill Apartments, comprising one hundred fifty (150) units.

The original plan intended for development of single-family residences on the subject property adjacent to Lone Cactus Drive to serve as a buffer between the existing neighborhoods, zoned R1L-10, and the Multi-Family use. The current R1L-10 zoning of the subject property would allow for residential dwellings to back up to Lone Cactus Drive; however, with no access allowed off of Lone Cactus, as well as other buffering and screening requirements that were conditions of the original Granville rezoning. The developer now wishes to develop an additional sixty-eight (68) units on the approximately nine (9) acres situated between the current apartment complex and Lone Cactus Drive. It is intended that any new development plan will meet the intent of original conditions of Ordinance No. 428 regarding development adjacent to the Lone Cactus area.

The proposed development plan for the additional sixty-eight (68) unit apartment complex indicates primary access via an extension of the Santa Fe Loop Road, which is now signaled

at Glassford Hill Road. With the required improvements the original one hundred fifty (150) units will also be able to access the signalized intersection at Santa Fe Loop Road and Glassford Hill Road instead of the single access at Spouse Drive. An emergency access drive will be provided onto Lone Cactus; however, will be gated and locked. Due to the topography of the site, the developer has proposed placing the units down in the valley, with rooftops being at approximately the same level as the road height of the adjacent Lone Cactus Drive, with the structures being placed approximately seventy-five to one hundred (75-100) feet away from Lone Cactus Drive; thus, further mitigating some of the original concerns with development of the site.

Prior to this request for rezoning the applicant again conducted follow up Neighborhood Meetings on April 23, 2007 and June 12, 2007. The main issues discussed to the satisfaction of the surrounding property owners were that: 1) Improvements would be made to, and traffic directed to the Santa Fe Loop Road, 2) There will be no access onto Lone Cactus Drive, except to emergency vehicles, 3) Building pads would be below Lone Cactus Drive height, and, 4) Buildings will be setback approximately seventy-five to one hundred (75-100) feet from Lone Cactus Drive and a walking path will be established at the Lone Cactus Drive connection to the Santa Fe Loop Road. Ed Ruwalt and the architect gave additional information on this project.

Doug Rogers, architect, reported most of the 68 unit apartments will be one-bedroom. There will be a lot of open space, especially along the Santa Fe Loop Road. The site has been designed to minimize the impact to the neighbors to the east. View corridors will be kept open. The ridge lines of the buildings will be about 4-5 feet above Lone Cactus. There will be a 6 foot wide asphalt trail along Lone Cactus with extensive landscaping and a 4 foot high split-rail fence.

Ed Ruwalt added that there was compliance with all the input received from the neighborhood meetings. The patios have been moved and the lights have been placed very low so that the lights would not shine into nearby homes.

Council member Nye stated that she felt that Mr. Ruwalt and the architects have been very sensitive to the citizens and she's delighted about the changes and adjustments that have been made.

Council member Edwards asked about the pathway and whether the issue of skateboarders has been addressed. There should be dg between the fence and the pathway.

Council member Baker asked Community Development Director, Richard Parker, if the approval of this item automatically approves the 6 foot path. The response was that the Final Development Plan would delineate this but this action will only set the tone for the final plans.

Vice-Mayor Wise was pleased that all issues have been worked through by these neighborhood meetings. This has turned out to be a very good looking project that will fit right in to the neighborhood.

Council member Flannery also appreciates the neighborhood involvement. He has concerns about the trail. This trail will be a regional trail with connectivity to the park below on Lone Cactus. He has concerns about the trail going from 10 foot to 6 foot to 10 foot. He would think that Parks and Recreation would feel the need for uniformity in trail design throughout the Town. Community Development Director, Richard Parker, suggests this be referred to the

Parks and Recreation Commission for their consideration before it is brought back as a Final Development Plan.

There being no further comments, Mayor Skoog closed the public hearing.

- e. Consideration of approving the first reading of Ordinance No. 695 by title only, approving Zoning Map Change (ZMC07-001) as requested by Edward Ruwalt*

There were no further comments.

Vice-Mayor Wise, made the MOTION, seconded by Council member Baker, to read Ordinance No. 695 by title only on two separate occasions, and then place the same on final passage, by electronic vote. MOTION carried with 6 ayes and 0 nays.

Town Clerk, Diane Russell, read Ordinance No. 695 by title only.

f. Public Hearing

Open Public Hearing

Zoning Map Change (ZMC07-007) changing the zoning of 52 acres located at the northeast intersection of Glassford Hill and Lakeshore Drive from RCU-70 to C2-PAD

Close Public Hearing

Council member Baker stated that she would have to abstain from Items f, g, h and i due to possible conflict of interest. Mayor Skoog declared the public hearing open. Planner, Joe Scott, reported that he would be presenting information for this public hearing and for the next council item (g). The subject property was recently annexed (ANX07-003) into the Town as a result of the passage of Ordinance 692 on July 12, 2007. The current RCU-70 zoning is the most similar zoning district to the Yavapai County Zoning of RCU-2A that existed at time of annexation. The attached Project Narrative discusses the project overview, including the General Plan consistency, which was outlined as a result of approval of Resolution No. 1483 (GPA06-002) on February 8, 2007 for various changes to land use text descriptions and the land use map designations on approximately fifty-seven (57) acres, located in the Town Center. The narrative also provides the development guidelines which will serve as the Preliminary Development Plan. The Planned Area Development (PAD) overlay, Section 13-19-060(M) of Town Code, allows the Council to amend certain underlying zoning regulations that might otherwise be applicable to the proposed development. Such waivers may apply to: 1) lot size, 2) height restrictions, and 3) yard and setback requirements. The Preliminary Development Plan narrative provides recommendations on parking, signage, landscaping, densities, and potential building heights to a maximum height of sixty (60) feet. Approval of conditions of rezoning and the Preliminary Development Plan, with recommended standards, will provide guidance for approval of the subsequent Final Development Plans that would be approved by the Town Council.

Kimley-Horn and Associates has prepared a Master Circulation Plan for the Prescott Valley Town Center (Section 14) determining projected traffic demands and suggesting required circulation patterns and roadway requirements. The study has been reviewed and approved by the Town Engineer and Public Works Director. The study will serve as an advisory document for this and future Section 14 rezoning actions and provide the basis for review and approval of

circulation and streets in conjunction with Final Development Plan approval within the Town Center.

In conjunction with this public hearing request for a rezoning, the applicant contacted property owners by first class mail within a one thousand (1,000) foot radius in order to notify them of a Neighborhood Meeting conducted on June 26, 2007 in accordance with Town Code requirements. A Citizens Participation Report was submitted by the applicant's agent representing that two (2) persons attended the meeting, were informed of the rezoning request and had no objections. Property owners within proximity of three hundred (300) feet were again noticed of the Commission's public hearing.

The Planning and Zoning Commission reviewed this item during regular session on August 13, 2007 and voted to approve ZMC07-007 and forward to Town Council. Staff suggests that the proposed zoning is in conformance with the *General Plan 2020* and is appropriate with the limitations set forth as conditions of approval in the Ordinance. Council is now being asked to approve same. Mike Withey of Withey and Morris, representing Fain Signature Group, was introduced and briefly commented on this final piece of Section 14.

There being no further comments, Mayor Skoog closed the public hearing.

- g. Consideration of approving the first reading of Ordinance No. 697 by title only, approving ZMC07-007 as requested by Fain Signature Group*

There were no further comments.

Council member Flannery asked Community Development Director, Richard Parker, about the height. Will it come back to anyone? The response was that it would come back before council. There is a not-to-exceed height restriction, however, the Final Development Plans will be presented to council and if the height requirements do not meet approval, the plans could be denied or increased.

Vice-Mayor Wise made the MOTION, seconded by Council member Nye, to read Ordinance No. 697 by title only on two separate occasions, and then place the same on final passage, by electronic vote. MOTION carried with 5 ayes, 0 nays and 1 abstain (Baker).

Town Clerk, Diane Russell, read Ordinance No. 697 by title only.

h. Public Hearing

Open Public Hearing

Zoning Map Change (ZMC07-008) changing the zoning on 14 acres located at the northeast intersection of Civic Circle and Lakeshore Drive from RCU-70 to C2-PAD, and, also 10 acres located south of the Windsong Drive extension and Loos and Civic Drives from RCU-70 to RS-PAD

Close Public Hearing

Mayor Skoog declared the public hearing open. Planner, Joe Scott, reported that he would be presenting information for this public hearing and for the next council item (i). The subject property was part of annexation 93-B approved by Ordinance 314 on June 6, 1994. The current RCU-70 zoning is the most similar zoning district to the Yavapai County Zoning of RCU-2A

that existed at time of annexation. The Project Narrative discusses the project overview and the General Plan consistency, which was outlined as a result of approval of Resolution No. 1483 (GPA06-002) on February 8, 2007 for various changes to land use text descriptions and the land use map designations on approximately fifty-seven (57) acres, located in the Town Center. The narrative also provides the development guidelines which will serve as the Preliminary Development Plan and explain the appropriateness of the location for the C2-PAD zoning and the RS-PAD zoning. The narrative provides the development guidelines which will serve as the Preliminary Development Plan. The Planned Area Development (PAD) overlay, Section 13-19-060(M) of Town Code, allows the Council to amend certain underlying zoning regulations that might otherwise be applicable to the proposed development. Such waivers may apply to: 1) Lot size, 2) Height restrictions, and 3) Yard and setback requirements. The Preliminary Development Plan narrative provides recommendations on parking, signage, landscaping, densities and, potential building heights to a maximum height of sixty (60) feet. Approval of conditions of rezoning and the Preliminary Development Plan, with recommended standards, will provide guidance for approval of the subsequent Final Development Plans that would be approved by the Town Council.

Kimley-Horn and Associates has prepared a Master Circulation Plan for the Prescott Valley Town Center (Section 14) determining projected traffic demands and suggesting required circulation patterns and roadway requirements. The study has been reviewed and approved by the Town Engineer and Public Works Director. The study will serve as an advisory document for this and future Section 14 rezoning actions and provide the basis for review and approval of circulation and streets in conjunction with Final Development Plan approval within the Town Center.

In conjunction with this public hearing request for a rezoning, the applicant contacted property owners by first class mail within a one thousand (1,000) foot radius in order to notify them of a Neighborhood Meeting conducted on June 26, 2007 in accordance with Town Code requirements. A Citizens Participation Report was submitted by the applicant's agent representing that two (2) persons attended the meeting, were informed of the rezoning request and had no objections. Property owners within proximity of three hundred (300) feet were again noticed of the Commission's public hearing.

Mike Withey again thanked staff and requested approval of this council item.

Vice-Mayor Wise asked about the continuation of Windsong. Would this become a dedicated street for the Town? The response was yes.

There being no further comments, Mayor Skoog closed the public hearing.

- i. Consideration of approving the first reading of Ordinance No. 698 by title only, approving ZMC07-008 as requested by Fain Signature Group*

There were no further comments.

Vice-Mayor Wise made the MOTION, seconded by Council member Nye read Ordinance No. 698 by title only on two separate occasions, and then place the same on final passage, by electronic vote. MOTION carried with 5 ayes, 0 nays and 1 abstain (Baker).

Town Clerk, Diane Russell, read Ordinance No. 698 by title only.

j. *Public Hearing*

Open Public Hearing

Zoning Map Change of approximately 12 acres located on the south side of SR 89A two miles east of the intersection of Fain Road in T.15N., R.1E., Sec29, G&SRM from PL to C3-PAD (ZMC07-009)

Close Public Hearing

Mayor Skoog declared the public hearing open. Planner, Joe Scott, reported that he would be presenting information for this public hearing and for the next council item (k). The subject property is part of the approximately one hundred ninety-seven (197) acres originally set aside for the Yavapai County Fairgrounds and Racetrack. The one hundred ninety-seven (197) acres was part of a total of twelve hundred (1,200) acres that was annexed on May 24, 2001 (ANX 01-A). The adopted zoning on all of the twelve hundred (1,200) acres was RCU-70 which was most similar to the Yavapai County zoning of RCU 2A that existed while within Yavapai County jurisdiction.

The one hundred ninety-seven (197) acres comprising the entire fairgrounds site was changed to PL (Public Lands) with approval of Ordinance No. 514 on October 4, 2001 in order to accommodate the Yavapai County Fairgrounds and ancillary uses on the property. The Fairgrounds property, including the subject property, was all designated as Public/Quasi-Public on the *General Plan 2020* when adopted by Resolution No. 1066 and ratified by the voters March 12, 2002.

At the April 12, 2007 meeting, the Planning and Zoning Commission approved a request by Nackard Companies for a Minor Amendment to the *General Plan 2020* (GPA07-004) changing the land use designation of twelve (12) acres from Public/Quasi-Public to PAD 4-I. GPA07-004 was approved by Resolution 1518 at the July 12, 2007 Council meeting.

As there is extra land within the Fairgrounds site not needed for Fair and Racetrack uses, the applicant wishes to establish a business park setting for other private business uses on the aforementioned twelve (12) acres, which now requires a change in underlying zoning district to C3.

Access is presently provided by private easement through the Fairgrounds. Given this, no public roadway improvements are required. Further, there is no direct impact on any current or planned residential uses. Future Fain Road improvements will provide for more direct access to the site. Land Use Goal, LU-A6 is to provide for a variety of industrial and/or job-based uses (i.e., light industrial, technology centers, performance manufacturing) to ensure additional employment opportunities are available in the Town. Staff suggests that the location of the site is appropriate for the intended uses and is consistent with the stated objectives of the PAD 4-I. A Traffic Study was done when the Fairgrounds was developed which sent out the required turning lanes and configurations at the Highway 89A intersection. The additional industrial impacts should be minimal compared to the peak Fair and Racetrack traffic.

The Preliminary Development Plan identifies the initial location of a first phase development of a thirty thousand (30,000) square foot distribution building with parking and areas for future expansion. Final Development Plans (FDPs) are required for specific development projects in

the PAD Overlay District and are approved by Council after approval of a Preliminary Development Plan by the Planning Commission. Approval of FDPs are subject to review of plans by all departments for conformance to all Town Codes for specific individual projects.

Prior to the General Plan Amendment, the applicant conducted a Neighborhood Meeting on May 11, 2007 in accordance with adopted Code Section 13-30-012. Four (4) persons attended that meeting with none voicing objections. Peter Burguois, BMA Architects, spoke on behalf of Nackard Companies, distributor of Pepsi products.

Vice-Mayor Wise asked about the roadway coming in from 89a. Who owns and maintains that road? Community Development Director, Richard Parker, answered that this is a private road and is maintained by the Fair Association. There has been discussion with the Fair Association and Yavapai County about what it would take to bring it up to Town roadway standards.

Council member Edwards asked if this includes any landscaping. The answer is that the landscaping would come along with the Final Development Plan as well as the construction documents.

Council member Flannery asked if the 35 trips per day of traffic were based on the current size of this facility or is that expanded because the future site is nearly doubled. Peter Burguois responded that the traffic update is based on the number of employees, which will be anywhere between 25 and 35. What about traffic trips? Yes, those are included. Community Development Director, Richard Parker, added that a new traffic study can be completed on any additional phase.

Council member Nye asked about the direction of traffic on 89a. Do we have any idea about traffic impact on Mingus? There should be no traffic going in that direction.

There being no further comments, Mayor Skoog closed the public hearing.

- k. Consideration of approving the first reading of Ordinance No. 696 by title only, approving ZMC07-009 as requested by Nackard Companies*

There were no further comments.

Council member Baker made the MOTION, seconded by Council member Nye to read Ordinance No. 696 by title only on two separate occasions, and then place the same on final passage, by electronic vote. MOTION carried with 6 ayes and 0 nays.

Town Clerk, Diane Russell, read Ordinance No. 696 by title only.

- l. Consideration of authorizing the Mayor to sign Resolution No. 1526 adopting a Final Development Plan for the Comfort Suites & Hotel to be located on Market Street across from the Kia Dealership (FDP07-018)*

Community Development Director, Richard Parker, stated that this request is for approval of a Final Development Plan related to the development of a four (4) story, one hundred (100) room Comfort Suites and Hotel on an approximate two and one-half (2.59) acre parcel located on Market Street, across from the Kia Dealership. The proposed site is located in a C2-PAD

(Commercial; General Sales & Services – Planned Area Development) zoning district, as established by Ordinance No. 465, (June 10, 1999) for development of the Glassford Regional Shopping Center on approximately eighty-two (81.73) acres. The site is located on Parcel 2, as show on the attached survey. The maximum height of some of the architectural features is that of fifty-five (55) feet.

The Planned Area Development (PAD) overlay, Section 13-19-060(M) of Town Code, allows the Council to amend certain underlying zoning regulations that might otherwise be applicable to the proposed development. Such waivers may apply to: 1) lot size, 2) height restrictions, and 3) yard and setback requirements. This Final Development Plan has been reviewed by Town Staff and meets Town Standards for the C2 District and the Planned Area Development Overlay District. Approval of the maximum height of fifty-five (55) feet is allowed subject to approval of the Final Development Plan by the Town Council per Code Section 13-19-060(M). A representative from PK Architects clarified that the maximum height is 59 feet on the left hand side of the bottom elevation and drops down to about 49 feet.

Vice-Mayor Wise commented about whether it was possible to add a convention and meeting area someday soon. The response was that there is a meeting facility that is approximately 1280 square feet, which will accommodate about 78 people. Council member Nye asked if this could be bumped up to about 100 people. Community Development Director, Richard Parker, concurred that this is a definite need. The response was that there are future plans for a much larger meeting facility in the works.

Council member Wise made the MOTION, seconded by Council member Flannery to authorize the Mayor (or, in his absence, the Vice-Mayor) to sign Resolution No. 1526 adopting Final Development Plan 07-018, by electronic vote. MOTION carried with 6 ayes and 0 nays.

m. Consideration of authorizing the Mayor to sign Resolution No. 1527 adopting a Final Development Plan for the Prescott Valley Library (FDP07-019)

Community Development Director, Richard Parker, reported that this request by the Town of Prescott Valley is for approval of a Final Development Plan related to the development of an approximately fifty one thousand (51,000) square foot, three (3) story multi-use library facility on an approximately four and one-half (4.6) acre site located on the north side of Lakeshore Drive, at the westerly terminus of Civic Circle.

The Town's approved budget for Fiscal Year 2006-2007 included design of the new Library/Classroom Facility, CIP # F207. This project relates to the development of a new building to house the Prescott Valley Public Library, which is proposed to encompass approximately thirty six thousand (35,850) square feet, an auditorium, of thirty one thousand (3,100) square feet, which will also serve as the Town Council Chambers and will seat an audience of approximately two hundred (200), as well as a wing of offices and classrooms for Yavapai College, which is proposed at eleven thousand eight hundred (11,800) square feet. Some of the special features included as part of this building are a café and a virtual reality room. The project is being designed by Richard Bauer, who has completed the design development phase and will be submitting construction plans in September.

The Town Council approved the PL-PAD (Public Lands – Planned Area Development) Use District to accommodate the Civic Center construction by approval of Ordinance No. 416 in May of 1997; however, the site that is planned for the new library facility was not within the

incorporated Town limits when that rezoning took place. The subject site was later annexed by Ordinance No. 448 on December 17, 1998.

On November 13, 2006, the Planning and Zoning Commission initiated a Public Hearing for the purpose of taking public comment related to the proposed Zoning Map Change for approximately four and one-half (4.6) acres to PL-PAD to provide for the expansion of public service related facilities at the Civic Plaza. The Planning and Zoning Commission unanimously approved this request at the December 11, 2006 meeting. At its regular meeting on January 11, 2007, the Council voted to read Ordinance No. 679 twice by title only and then place it on final passage.

This Final Development Plan has been reviewed by Town Staff and meets Town Standards. Approval of the maximum height of eighty (80) feet is allowed subject to approval of the Final Development Plan by the Town Council per Code Section 13-19-060(M). Landscaping and lighting will be installed per requirements of Town Code Articles 13-26 and 13-26a, respectively.

Council member Nye made the MOTION, seconded by Council member Baker to authorize the Mayor (or, in his absence, the Vice-Mayor) to sign Resolution No. 1527 adopting Final Development Plan 07-018, by electronic vote. MOTION carried with 6 ayes and 0 nays.

- n. Consideration of approving an Amendment to the Town Engineer Agreement with Dava & Associates, Inc. for design and bid period services at Mountain Valley Park in a total amount up to \$23,790.00 for refurbishment of the parking lots, and realignment of the Nace Lane entrance (CIP#P303)*

Parks and Recreation Director, Brian Witty, reported that the approved Budget for this Fiscal Year includes the Mountain Valley Park Improvements Project, CIP # P303. These improvements include refurbishment of the parking lots, and realignment of the Nace Lane entrance.

This action is for consideration of an Amendment to the Town Engineer Agreement with Dava & Associates, Inc. to provide design and bid period services for this project in an amount up to \$23,790.00.

Council member Baker made the MOTION, seconded by Council member Flannery to approve an Amendment to the Town Engineer Agreement with Dava & Associates, Inc. for design and bid period services in a total amount up to \$23,790.00, by electronic vote. MOTION carried with 6 ayes and 0 nays.

- o. Consideration of authorizing the Mayor to sign Resolution No. 1532 approving proposed changes to Personnel Policies No. 2-04 (Compensation), 2-07 (On-call Duty), 2-20 (Code of Conduct), 2-21 (Disciplinary Action) and 2-31 (Education, Training & Development)*

Human Resources Manager, Danielle Bowman, reported that from time to time, staff reviews the Town's Personnel Policies to ensure that they are up-to-date from a legal and operational standpoint. Over the past several months, staff has put together a number of proposed Policy revisions as updates. These policies were reviewed in the Work Study of September 6, 2007.

All of the proposed revisions have been reviewed by the department heads and were brought before the Personnel Board on August 22, 2007. The Personnel Board approved the revisions as presented.

Compensation, Policy No. 2-04: Staff recommends adding a Bilingual Pay Program. The need for staff in key customer service positions has become more immediate and we recommend compensating them for this skill. Many of these positions have been filled with a bilingual English/Spanish requirement. This program will ensure that we remain competitive in order to attract the best talent and continue to serve the community at the highest level of service.

On-Call Duty, Policy No. 2-07: Through the budget process, staff has reviewed our policy and compared it to several other agencies within the area and the state. Our policy is not as comprehensive as what is offered in most other law enforcement agencies. This proposed change will make our pay practices more competitive.

Code of Conduct, Policy No. 2-20: These proposed changes reinforce the Town as a customer service oriented organization.

Disciplinary Action, Policy No. 2-21: It is proposed to separate the Reduction in Pay section from the Demotion section so that it is easier to administer and gives the departments another tool to use in order to correct behavior. Several items were added within the Grounds for Disciplinary Action sections that were previously lacking.

Education, Training and Development, Policy No. 2-31: Proposed changes provide a clear benefit for the employees and one that is easier to administer. Staff recommends these changes as a way to encourage continuing growth and development of our employees.

If after tonight, Council directs staff to proceed with these revisions, it is proposed that the "Compensation" Policy No. 2-04 be adopted on September 13, 2007 with an effective date of July 1, 2007 and the "On-Call Duty" Policy No. 2-07, "Code of Conduct" Policy No. 2-20, "Disciplinary Action" Policy No. 2-21, and the "Education, Training and Development" Policy No. 2-31 be adopted on September 13, 2007 with an effective date of September 16, 2007.

Mayor Skoog stated that there seems to be a misunderstanding, based on the number of phone calls that have been received from the public. This is in the area of the Spanish language area. An employee will not be compensated simply because they speak Spanish. The provisions in the policy state that the employee must use this skill on the job at least 10% of their time as determined by the department head in their department. If there is an overabundance of Spanish speaking people in an area, perhaps only two people will be compensated.

Vice-Mayor Wise made the MOTION, seconded by Council member Flannery to Resolution No. 1532, by electronic vote. MOTION carried with 6 ayes and 0 nays.

p. Consideration of approving an agreement with E. L. Montgomery & Associates to provide professional hydrogeologic services for the Water Recharge and Recovery Analysis Project in an amount not to exceed \$485,000.00 (CIP#E206wr)

Water Resources Manager, John Munderloh, reported that the Approved Budget for Fiscal Year 2007/2008 includes professional hydrogeologic services for assisting the Town with water recharge operations, Water Recharge and Recovery Analysis Project, CIP # 206wr.

Reclaiming and recycling effluent produced by the Prescott Valley Water District and Municipal Water System has become a significant aspect of the Town's water portfolio. E. L. Montgomery & Associates (EL Montgomery) has provided professional hydrogeologic services to the Town for the Agua Fria River Recharge Project for the past several years, specifically in the form of obtaining a full-scale permit for the Agua Fria Recharge Project (AFRP).

The Agua Fria Recharge Project is a cornerstone of the Town's water reuse strategy. However, additional recharge facilities are required in the near-term to allow recharge operations to continue when the AFRP is out of compliance (i.e. when berms are destroyed by high flows). The Town will need additional recharge capacity in the long-term as the Town's effluent flow increases and exceeds the AFRP's ability to recharge and store effluent. EL Montgomery will also:

- Examine the hydrologic feasibility of in-lieu recharge projects (groundwater savings facilities that allow the Town to accumulate recharge credits). Two potential groundwater savings facilities exist at the Prescott Country Club and Quailwood golf courses, but the storage potential in the aquifer below the golf courses is unknown.
- Develop a hydrologic report and application to the Arizona Department of Water Resources that will demonstrate the volume of groundwater physically available to existing and potential well fields in the Town's service areas. This Physical Availability Determination will assist the Town in addressing water management and planning needs, and will facilitate permitting of additional effluent recovery wells located more than 1-mile from recharge projects.
- Examine eastern portion town for potential water production facilities, including an exploration well. This portion of the basin has very little hydrologic information and is a likely growth area for the Town.

To accomplish these objectives, Town staff has successfully negotiated an Agreement for Professional Services with EL Montgomery as summarized in Task 1, and offers it to the council for consideration. If approved, the Town will issue a notice to proceed only for Task 1. The Town will issue a Task 2 notice to proceed based on an evaluation of fiscal success of the effluent auction and a mid-year needs assessment.

Council member Nye made the MOTION, seconded by Council member Edwards, to approve this Agreement with E. L. Montgomery & Associates to provide professional hydrogeologic services for the Water Recharge and Recovery Analysis Project, CIP # E206wr, in a total amount of up to \$485,000.00, by electronic vote. MOTION carried with 6 ayes and 0 nays.

q. Consideration of authorizing the Mayor to sign Resolution No. 1529 approving a revised Engineering Fee Schedule

Public Works Director, Norm Davis, reported that on July 25, 1991, the Town Council first adopted an Engineering Fee Schedule by Resolution No. 402, in accordance with Town Code § 06-01-030. Since then, the Council has occasionally revised the Engineering Fee Schedule by resolution. The most recent action was Resolution No. 1398 on December 1, 2005.

Staff has recently reviewed Sections 'C' & 'D' of the fee schedule and found it to be below the average cost compared to other government agencies. This resolution will increase fees for maps and digital data to a more reasonable recovery cost for time and material.

There has been a study of other communities who provide mapping and the GIS Manager has determined that it is time to increase fees for GIS mapping.

Council member Baker made the MOTION, seconded by Council member Wise, to authorize the Mayor, (or, in his absence, the Vice Mayor) to sign Resolution No. 1529 establishing a revised Engineering Fee Schedule, by electronic vote. MOTION carried with 6 ayes and 0 nays.

- r. Consideration of approving a Traffic Signal Needs Study with Dava & Associates for the Viewpoint Drive/Pronghorn Ranch Parkway in an amount not to exceed \$4,860.00 (CIP#A10)*

Public Works Director, Norm Davis, stated that traffic growth in the Viewpoint and Pronghorn Subdivisions has increased to the point that delays are becoming more significant during peak commuter hours at the intersection of Viewpoint Dr./Pronghorn Ranch Parkway. Traffic entering Viewpoint Dr. from Pronghorn Ranch Parkway has difficulty accessing due to the stop sign condition at this intersection and long traffic queue length on Viewpoint Dr. through the intersection. Best solution to this situation would be to install a traffic signal at the intersection of Viewpoint Drive/Pronghorn Ranch Parkway.

The first step in considering a signal installation process is to conduct a warrant study by a qualified professional traffic engineering firm to substantiate the need for a signal. A proposal has been received through the Town Engineer contract with Dava & Assoc. to allow the Town's Traffic Signal Consultant, Lee Engineering, to perform this study on a lump sum basis for \$4,860.00.

Council member Flannery asked if there were any preliminary numbers in terms of warrants. The response was no the detail has not been studied. There has just been field observation and calls from the public.

Vice-Mayor Wise made the MOTION, seconded by Council member Edwards to approve the Amendment to the Town Engineer Agreement with Dava & Associates in the amount of \$4,860.00, by electronic vote. MOTION carried with 6 ayes and 0 nays.

- s. Consideration of approving Traffic Signal Timing Services with Lee Engineering in an amount not to exceed \$35,021.00*

Public Works Director, Norm Davis, reported that roadway improvements performed in recent years to meet increased traffic on Prescott Valley arterial roadways has resulted in additional lanes and intersection traffic signals; namely Glassford Hill Road, Florentine and Robert Road. Good traffic engineering practice is to review roadway geometrics and traffic signal timing periodically for safe and efficient vehicle clearance and pedestrian crossing intervals. Signal timing can also aid in energy efficiency by allowing traffic progression through the traffic signal system.

Traffic signal timing intervals have not been reviewed since 1995 and the Town could realize benefit from an engineering analysis for the nineteen traffic signals currently in operation. The Town's traffic engineering consultant, Lee Engineering, has submitted a proposal in the

amount of \$35,021.00 for professional services to develop traffic signal timings for the Town's traffic signals.

Council member Nye asked if we anticipate many changes to our signaling. What are the expectations of this study? The response is that there will probably be fine tuning of the signal timing and quite a bit of improvement in traffic movement.

Council member Flannery said that he feels that some of the traffic signals on Robert Road will be adjusted, i.e. Robert and Spouse. He totally supports this project and it is well worth the investment.

Council member Baker asked when we can expect the two new signals on Glassford. Public Works Director, Norm Davis, responded the two new signals will be included with the study. The two new signals (at Lakeshore and Sun Dog Blvd) will be operational by the beginning of October.

Vice-Mayor Wise pointed out that the side benefits of doing this study is for safety and also if there is a flow to the traffic signals it will assist in saving gas, providing people follow the speed limits.

Council member Baker made the MOTION, seconded by Council member Flannery to approve the Traffic Signal Timing Services for Lee Engineering in the amount of \$35,021.00, by electronic vote. MOTION carried with 6 ayes and 0 nays.

t. Consideration of authorizing the Mayor to sign Resolution No. 1530 authorizing the rescheduled Town Effluent Auction

Town Manager, Larry Tarkowski, reported that on October 12, 2006, the Town Council adopted Resolution No. 1463 authorizing the Town Manager and the Mayor to take actions necessary to conduct an auction allocating 2,724 acre feet of effluent interests identified by ADWR as part of a Physical Availability Demonstration (PAD). A three-day, two-round, sealed-bid and oral auction was scheduled for November 1-3, 2006. However, on November 2, 2006, the Manager reported that only one bidder had qualified for each of the three groups of water and a bid at the established minimum price wasn't expected. Therefore, based on authority granted in Resolution No. 1463, he had postponed the auction to give potential bidders more time to evaluate the asset in light of market conditions, and to consider auction format changes.

Over the following 9 months, Town staff worked with the bidder who had qualified at the auction (Aqua Capital Management, LP) in order to develop a "price floor agreement" in anticipation of a rescheduled auction. On August 23, 2007, the Town Council entered into an agreement with Aqua Capital which set a price floor of \$19,500.00 per acre-foot. Adding a potential break-up fee that would be paid to Aqua if it does not acquire the water either through the Price Floor Agreement or at auction, plus certain other consultant costs the Town will incur, this established a minimum bid price at auction of \$22,500.00 per acre foot.

A simplified, two-round auction format is now planned for October 29 and 30, 2007. Purchaser's at auction may obtain the water on essentially the same terms as set forth in the Price Floor Agreement, subject only to the price per acre foot being bid higher than the minimum. Those terms include:

- in addition to the 2,724 acre feet identified by ADWR, ultimate purchasers will have available for use any first-generation effluent that is captured as a result of using these interests (not to exceed 60% of the quantity of the effluent pledged to approved Certificates of Assured Water Supply);
- the initial purchaser may use the effluent interests (including any additional first-generation effluent) directly or may sell some or all of it to subsequent purchasers;
- the initial purchaser will make a down-payment equal to 25% of the Price Floor or final bid price (whichever is higher) times 1,103 acre-feet (the amount recognized by ADWR as being available today as an assured water supply);
- if the purchased interests are used to obtain CAWSs from ADWR, ultimate purchasers pay an additional 25% per acre foot pledged to such CAWSs. The remaining 50% is paid in equal installments based on the number of building permits associated with the CAWSs, payable within 30 calendar days of issuance of each building permit. If the interests will be pledged to a Town-approved alternative use (instead of CAWSs), the ultimate purchaser pays the remaining 75% for the acre-feet pledged to such use;
- it is understood that the initial purchaser may, in turn, enter into assignments and sub-agreements. In cases of time payments under sub-agreements, payments will be apportioned between the Town and the initial purchaser so that each is paid an equivalent percentage of their total sales price. Tracking and apportionment of such payments will be administered by an independent escrow agent in accordance with the terms of a separate escrow agreement;
- since ADWR has agreed to recognize up to 1,621 additional acre feet of effluent interests as the Town builds and permits additional recharge facilities, the initial purchaser will have the option to purchase those additional interests as they are recognized. This option may also be assigned. A down-payment of 25% will be required, followed by the balance upon issuance of CAWSs and building permits, or upon approval of alternative uses. The initial purchaser or assignee has 5 years from the date of receipt of ADWR's annual accounting sheet to exercise its option to purchase the new effluent interests recognized therein;
- to lower the risk to potential purchasers, the Town has agreed to reimburse monies paid if (i) ADWR refuses to issue any CAWSs based on the PAD because of regulatory, policy, administration changes or other reasons unrelated to any action or inaction on the part of the Town; (ii) ADWR suspends issuance of CAWSs due to any action or inaction on the part of the Town which has not been timely cured after notice; (iii) the Town violates the provisions of the Price Floor Agreement or a purchase agreement; or (iv) the initial purchaser still holds uncommitted effluent interests on July 31, 2032 which are unusable or unmarketable despite good faith, commercially-reasonable efforts to use or market them. Except for reimbursement due to Town misconduct (which includes an interest component), any reimbursement is limited to actual amounts paid and isn't expected to exceed the amount of the initial down payment; and
- the Town has agreed not to market any other assured water supply sources during the term of either the Price Floor Agreement or a purchase agreement at auction for less than 10% above the then-current market price of these effluent interests.

This Resolution No. 1530 once again authorizes the Town Manager and the Mayor to take certain actions needed to effectively administer the rescheduled auction, including authority to sign all necessary documents and convey the recognized effluent interests. This Resolution also ratifies any and all documents that will be used at auction, including the final version of the Price Floor Agreement (which includes all final conforming, typographical and format changes that were necessary after formal Council approval on August 23, 2007).

Clay Landry and his team at WestWater Research, L.L.C. will continue to assist Town staff in developing and implementing the auction. WestWater has created a website with general information, auction procedures, instructions and documents. National and local ads are also planned for the auction.

Joanne Olers – representative from the Center of Biological Diversity wants to compliment the council when hearing about concerns with gas usage and the consistency of trails throughout the Town. Looking at the fiscal analysis of the effluent auction she asked about the long term benefits that will come to the Town and the entire Prescott Active Management Area through the Big Chino Project and suggests that maybe long term should take in seven generations versus one generation of water availability. We should also be concerned about the Prescott Active Management Area encompassing the conservation of the flow of the Upper Verde River.

Council member Nye made the MOTION, seconded by Council member Flannery to authorize the Mayor (or, in his absence, the Vice Mayor) to sign Resolution No. 1530 authorizing the rescheduled Town effluent Auction, by electronic vote. MOTION carried with 6 ayes and 0 nays.

- u. Consideration of approving an Agreement with WestWater Research, L.L.C. for professional consulting services for the rescheduled effluent water auction scheduled for October 29 and 30, 2007*

Town Manager, Larry Tarkowski, stated that on January 26, 2006, the Town Council approved a proposal from WestWater Research L.L.C to provide professional consulting services to assist the Town in developing, promoting and conducting an auction of its effluent water resources. On March 9, 2006, the Council approved an amended proposal which covered anticipated costs of an auctioneer, accountant, escrow company and other production expenses associated with the auction. It also provided an alternative compensation structure for WestWater if it secured a whole or partial price floor agreement for the auction. Subsequent discussions with ADWR took longer than anticipated, and the auction was not scheduled until November 1-3, 2006. This resulted in Council approval on October 13, 2006 of a second amended proposal from WestWater that included a payment of up to \$21,725.00 for additional meetings with potential bidders at auction.

In the end, the scheduled auction was postponed by the Town Manager due to no price floor agreement being reached, only one bidder qualifying for the auction, and no expectation of a bid at the established minimum price. Over the ensuing 9 months, Town staff worked with the sole bidder who had qualified (Aqua Capital Management, LP) to develop a price floor agreement in anticipation of a rescheduled auction. On August 23, 2007, the Town Council approved a price floor agreement with Aqua Capital and the auction has now been rescheduled for October 29 and 30, 2007. Purchaser's at auction may obtain the water on essentially the

same terms as set forth in the price floor agreement, subject only to the price per acre foot being bid higher than the minimum.

WestWater introduced Aqua Capital to the Town and has encouraged development of the price floor agreement over the past 9 months. WestWater also continues to make contact with potential bidders at auction. Therefore, the Town desires to enter into an agreement with WestWater for professional consulting services to assist the Town in developing, promoting and conducting the rescheduled auction. This includes a success fee related to the price floor agreement and incentive fees to encourage participation at the auction.

Town Attorney, Ivan Legler, pointed out that the WestWater website has a lot of information about the Town and the concept of the auction. There is also background of the effluent and what it is. He also pointed out that Colleen did an incredible job of negotiating with the lawyers on this project. All of these contracts and paperwork regarding the auction are available on the website.

Council member Flannery made the MOTION, seconded by Council member Edwards to approve the Agreement with WestWater Research, L.L.C. for professional consulting services with regard to the rescheduled effluent water auction to be held October 29 and 30, 2007, by electronic vote. MOTION carried with 6 ayes and 0 nays.

12. COMMENTS FROM THE PUBLIC

There were no comments forthcoming.

13. ADJOURNMENT

Council member Nye made the MOTION, seconded by Council member Baker, to adjourn the meeting, by roll call vote. MOTION carried with 6 ayes and 0 nays. Mayor Skoog adjourned the meeting at approximately 8:25 pm.

ATTEST:

APPROVED:

Diane Russell, Town Clerk

Harvey Skoog, Mayor

STATE OF ARIZONA)
COUNTY OF YAVAPAI) ss:
TOWN OF PRESCOTT VALLEY)

CERTIFICATE OF COUNCIL MINUTES

I, Candice McElhaney, Deputy Town Clerk of the Town of Prescott Valley, Arizona, hereby certify that the foregoing minutes are a true and correct copy of the Minutes of the Regular Meeting of the Town Council of the Town of Prescott Valley, held on Thursday, September 13, 2007.

I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 19th day of September 2007

Candice McElhaney, Deputy Town Clerk