

**TOWN OF PRESCOTT VALLEY
REGULAR COUNCIL MEETING
MINUTES
September 13, 2012**

Library Auditorium
7401 E. Civic Circle
Prescott Valley, Arizona 86314

1. CALL TO ORDER

Mayor Skoog called the meeting to order at 5:30 p.m.

2. INVOCATION

Pastor Charles Folkner of the Mile High Worship Center, gave the invocation.

3. PLEDGE OF ALLEGIANCE

Council member Rick Anderson led in the recitation of the Pledge of Allegiance.

4. ROLL CALL

Present: Vice Mayor Tjiema, Mayor Skoog, Council Member Lasker, Council Member Nye,
Council Member Anderson, and Council Member Whiting.

Absent: Council Member Mallory.

5. SCHEDULED ANNOUNCEMENTS & PRESENTATIONS

a. Chamber of Commerce

Chamber of Commerce CEO Marnie Uhl introduced Shanna Naasz owner, along with her husband Ben, of Fusion of Movement - a dance, fitness, karate studio. She presented information pertaining to services offered and noted that the first class is free. Some of her students will be presenting at the 2nd Street Fair on Saturday, September 22 between 12:00 and 2:00 p.m. Marnie also reminded everyone that this Saturday, September 15 is the Chambers Business Health and Community Showcase at Tim's Toyota Center 9:00 a.m. – 3:00 p.m. No admission fee.

6. PROCLAMATIONS

a. Constitution Week

Town Clerk Diane Russell read the proclamation after which it was presented to the Yavapai Chapter of National Society of the Daughters of the American Revolution representatives Kathy

Machmer and Carole Feingold. Carole stated that the group is the world's largest women's patriotic organization with over 170,000 members in all 50 states, 11 countries and with nearly 3,000 chapters. All of their ancestors served some patriotic service during the Revolutionary War. They promote historic preservation, education and patriotism.

7. COMMENTS/COMMUNICATIONS

On behalf of Council member Mary Mallory and herself, Council member Nye thanked all the volunteers for their participation in the Healing Fields especially Cmdr. Edelstein and Brian Witty (Parks & Recreation Director) for their leadership and hard work. We really need to thank Mary Mallory because of the blessings that field brought. In addition, she noted that on Saturday they cancelled the second shift of volunteers as they had so many volunteers in the morning that they didn't have anything left for the second shift to do. It has been a blessing for the entire community.

8. CONSENT AGENDA

- a. *Approval of Minutes of August 16 Work Study & August 23, 2012 Regular*
- b. *Approving the Adopt-a-Park Letter of Understanding with the Mid-Day Lions Club*
- c. *Approving Accounts Payable for August 14 through August 28, 2012*

Council Member Anderson made the MOTION, seconded by Council Member Whiting, to approve all items listed on the consent agenda, by electronic vote. MOTION carried with 6 ayes and 0 nays.

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

- a. *Public Hearing Open Public Hearing Revised Town Water and Wastewater Rates, Fees and Service Charges Close Public Hearing*

Mayor Skoog opened the public hearing.

Management Services Director Bill Kauppi gave a brief power point covering the changes and emphasizing the purpose of the study. This study is done each year to ensure the integrity of the water/wastewater funds, that it is self sufficient, and to promote conservation. The study takes into account many factors affecting rates such as customer volumes, customer totals, revenues/expenses, bond covenants and fund balance requirements. He pointed out that water and wastewater funds are Enterprise Funds which are not co-mingled with any other funds including the General Fund. The slide show indicated trends in volumes used, numbers of customers and the average monthly residential usage since 2003/2004. Additional slides showed the annual operating expenses and annual debt service obligations. There are no proposed changes in the water/wastewater base fees (\$9.00 and \$5.07 respectively). Water system rates will not change, however wastewater rates will be increased by \$.06 per thousand gallons. PV

rates are just slightly below the middle of the pack with other similarly sized communities and about \$2.00 below the average rate. Any changes will go into effect November 1, 2012.

Public Comment:

Marty Grossman asked when the last rate increase was. Why does it appear as if residents are being punished for conserving water?

Town Manager Larry Tarkowski responded to Marty that water fees are not going up; wastewater is. Conservation is very important. John Munderloh has been in charge of our conservation program for which we have been as or more effective in the program than other communities in the state especially since we went to the three tiered rate structure (incentive conservation). The electric rate is one of our biggest bills to run the water system along with the operator of our water system. Those costs are passed along to the consumer.

Kauppi responded it costs to operate a system (fixed costs) – these costs that are not determined by volume. Rates have to be adjusted periodically to match increased fixed operational costs. The last increases were in 2008 for the water district (south of 89A) and 2010 for the municipal system (north of 89A). Those systems are now combined with the same rate.

Council member Whiting commented that looking at the projected usage based on the 6,000 gal per month is averaging about \$30.70 with us being \$2.00 under that rate. Tarkowski added that in 1999 when the system was purchased the community was informed to expect a 36 percent increase in the cost of water. This was due in part to offset the cost of the purchase and make the improvements that were needed. At that time Prescott Valley was within one or two communities of having the highest water rates in northern Arizona. It is gratifying to see that we have completed the redundancy needed with the water storage tanks but also to see that it is so fiscally sound in its operation that we are now in the middle of the pack.

Mayor Skoog closed the public hearing. [A copy of the Water and Wastewater Rates, Fees and Charges slide show are attached.]

b. Consideration of authorizing the Mayor to sign Resolution No. 1807, revising domestic water rates, fees and service charges as recommended

Council Member Whiting made the MOTION, seconded by Council Member Lasker, to authorize the Mayor (or in his absence, the Vice Mayor) to sign Resolution No. 1807 revising domestic water rates, fees and service charges as earlier recommended. MOTION carried with 6 ayes and 0 nays.

c. Consideration of authorizing the Mayor to sign to sign Resolution No. 1808, revising (and, in some cases, increasing) wastewater rates, fees and service charges as recommended

Vice Mayor Tjiema made the MOTION, seconded by Council Member Anderson, to authorize the Mayor (or in his absence the Vice Mayor) to sign Resolution No. 1808 revising Town wastewater rates, fees and service charges, by electronic vote. MOTION carried with 6 ayes and 0 nays.

d. Consideration of authorizing the Mayor to sign Resolution No.1809 adopting the amended Town Administrative Policy No. 1-06, Disposition of Unclaimed Money and Property

Town Attorney Ivan Legler stated this is just a house keeping matter. Legler clarified for Council member Whiting that the majority of the unclaimed property is PD evidence and lost items. Notices are posted of the disposition of these items prior to disposal as required by statute.

Council Member Whiting made the MOTION, seconded by Vice Mayor Tjiema, to authorize the Mayor (or in his absence the Vice Mayor) to sign Resolution No. 1809 adopting the amended Town Administrative Policy No. 1-06, by electronic vote. MOTION failed with 6 ayes and 0 nays.

e. Consideration of authorizing the Mayor to sign Resolution No. 1810 adopting revisions to Town Personnel Policy No. 2-13 "Workers' Compensation Leave" related to a required supplemental benefits plan

Human Resources Director, Karen Reed explained that Town Policy No. 2-13 provides for workers' compensation benefits for Town employees. In the most recent session of the Arizona Legislature, HB 2643 adopted ARS §38-961 to require state and local governments to provide a supplemental benefits plan for full-time public safety workers, effective August 2, 2012. This means that any employees who are injured while on duty and receive approved workers' compensation benefits must receive "approximately their identical base salaries" while they are unable to work for up to six months. In the past, this result usually required employees to use available general leave in addition to the workers' compensation benefits received. Workmen's Comp provides approximately 66 and 2/3 percent of lost wages and employees must then supplement lost time with general leave. Now their general leave time must be frozen, neither increasing nor decreasing, and provide them instead with a regular wage to supplement that difference.

After discussing this new requirement with Police Department command staff and the Human Resources Director, the Town Manager (as Personnel Officer) has proposed that it be expanded to include all Town employees regardless of job duty. Therefore, this revision to Town Policy No. 2-13 is proposed to allow for supplemental benefits to all employees injured while on-duty, and to clear up certain matters generally related to administration of workers' compensation leave. Because this makes use of temporary modified duty ("light duty") even more important in order for the Town to obtain service for benefits paid, in the near future revisions to Policy No. 2-11 will be brought forward for Council consideration. Public Safety Retirement System employees are also entitled to have their employee contributions paid as well as the employer contributions. Based on past trends she estimates this to be about an additional \$5,000 cost to the town. This does not take into consideration overtime and coverage costs for absent police officers.

Council member Nye stated that the discussion at the Greater Arizona Mayors Association meeting regarding this legislation could be summarized in one word – angst. She thinks the cities and towns will be putting pressure on the League [of Arizona Cities and Towns] to take a stand to address this. She stated that having this additional expense forced on them is very harmful and financially devastating to some communities. Prescott Valley is complying with the law, but it is possible the law will change.

Council member Lasker stated that council tries to do what is best for the town and citizens by studying issues and putting a lot of work into it, we trust our employees, we do our best then the state sticks their nose in where it doesn't belong. It is very frustrating. Mayor Skoog commented that it is called micro managing.

Vice Mayor Tjiema stated that public service employees need to be taken care of at the highest level. The supporters of this house bill commented that this would not be a burden on the towns or cities by passing it not really understanding the financial impact that it does have on the municipalities. He continued with he doesn't know where these people served before they were elected to the House or Senate, but it has obviously been a very black hole there. Tjiema directed the question as to why he is proposing coverage for all employees under this same plan, to Mr. Tarkowski.

Tarkowski responded that everyone should be treated the same with the same benefits and same obligations. No particular part of our employee group should have any more or less benefit than any other. Compensation is a different issue which is evaluated state-wide based on particular tasks. We try to eliminate distinctions between one department and another with the benefits package.

Vice Mayor Tjiema stated that after talking to Chief Fessler following an incident resulting in the injury of 4 policemen in another jurisdiction, he asked Fessler what impact would that same incident have on our department. Fessler responded that it would be devastating financially after hiring the people and paying overtime necessary until the employees recovered. Tjiema framed it with public service employees should be compensated.

Karen Reed added that this is available only when light duty is not available. Many times it is not as impacting in other departments as it is to the police department.

Council member Nye stated, we support our police department at the highest level, but we also totally appreciate all the rest of the staff.

Council member Anderson commented that injured employees still have 100 percent of their bills to pay. He suggested that the town should step up and pay injured employees the supplemental amount (beyond the 66 percent) so they get 100 percent of their wages. The issue is when we are paying the benefits beyond the 100 percent which he does not agree with.

Council member Whiting agreed.

Reed stated that light duty policy will be reviewed to allow injured employees to work in any department that has needs.

Vice Mayor Tjiema said he appreciates Council member Whiting's comments and applauds Mr. Tarkowski for including all employees in this supplemental plan.

Council member Lasker stated she wants all employees to recognize that they are appreciated by council and wants them to be taken care of. She agreed with Council member Anderson's

comments and is outraged with the state mandating this. She continued with, she would much rather have had the council have the opportunity to make these choices rather than the state mandate it.

Council Member Whiting made the MOTION, seconded by Council Member Lasker, to authorize the Mayor (or in his absence the Vice Mayor) to sign Resolution No. 1810 adopting revisions to Town Personnel Policy No. 2-13 "Workers Compensation Leave" related to a required supplemental benefits plan, by electronic vote. MOTION carried with 6 ayes and 0 nays.

f. Consideration of authorizing the Mayor to sign a Grant Agreement with the US Bureau of Reclamation for Smart Irrigation Controllers in town parks

Water Resources Manager John Munderloh stated that this is just the first of a couple of USBR grants that will be brought forward for consideration. As the season's change we use more or less water. Current irrigation timers require substantial manual labor resetting them for the different seasons. Parks staff discovered 'smart clocks' that monitor weather patterns, predict evaporation rates, and calculate and apply the right amount of water. Smart clocks (timers) tie into a command center that can be controlled by a person. They can be purchased with this grant. Parks estimates that the town can save 1.3 million gallons of water and a conservative amount of \$10,000 a year by installing these timers.

Council members commented that they will be happy not to receive phone calls regarding sprinklers running while it is raining. Another positive is our match to this grant is only the manpower needed to install and maintain the system.

Council member Anderson made the MOTION, seconded by Council Member Whiting, to authorize the Mayor (or in his absence the Vice Mayor) to sign a Grant Agreement with the US Bureau of Reclamation for Smart Irrigation Controllers, by electronic vote. MOTION carried with 6 ayes and 0 nays.

g. Consideration of accepting the donation of the sculptures by artists Barbara Address (Velocipede Rider) and Cindy DeCecco (Coalescence) into the Prescott Valley's Art at the Center permanent collection

Deputy Town Manager Ryan Judy stated that we had a robust Art at the Center program and periodically purchased two or three items for the permanent collection. Unfortunately, the program was cut the last few years so we have relied on donations for those years. Two artists who have art on display here have offered to donate those items to the town [Barbara Address (Velocipede Rider) valued at \$10,500 and Cindy DeCecco (Coalescence) \$4,000.

Council member Whiting stated he appreciates the job the Arts and Culture commission has done and the due diligence they have done in supporting us over the years when we are not able to include art purchases in the budget. Nancy Smith from the Arts & Culture Commission added that they are excited to receive these pieces and are thrilled that council is willing to accept them too.

Council Member Whiting made the MOTION, seconded by Council Member Nye, to accept the donation of the sculptures by artists Barbara Address (Velocipede Rider) and Cindy DeCecco (Coalescence) into the Prescott Valley's Art at the Center permanent collection, by electronic vote. MOTION carried with 6 ayes and 0 nays.

h. Consideration of approving the Town Facilities Policies and Procedures, Town Facilities Usage, Subsection 5.1.10.D pertaining to Artwork Displays

Deputy Town Manager Ryan Judy gave a brief overview of some of the guidelines for art display in town facilities as discussed at the last Work Study Session.

Council member Nye said this is one of the more difficult issues to write up. This was so well done that no one complained! It covered a variety of issues.

Council member Whiting again thanked the Arts & Culture Commission for their due diligence and support for this program. Nancy Smith thanked Town Attorney Ivan Legler who took their "scratchings" and turned them into a good document. They are excited to get this going and will let council know when the first display occurs.

Council Member Nye made the MOTION, seconded by Vice Mayor Tjiema, to approve the Town Facilities Policies and Procedures, Subsection 5.1.19 D Artworks Displays, by electronic vote. MOTION carried with 6 ayes and 0 nays.

i. Consideration of authorizing the Mayor to accept the grant and to sign a funding agreement with the Arizona Department of Housing for \$485,858 in Community Development Block Grant funding for Loos Drive improvements

Deputy Town Manager Ryan Judy stated that we recently received a letter from the Arizona Department of Housing approving our Loos Drive application for Phase II. The project will entail widening the street, building a sidewalk on the north side from Navajo/Ranger up to the Acorn Montessori School (completing the north side of the road with curb and gutter, sidewalks and drainage improvements). No matching requirements are necessary for this grant. Judy showed slides of the Phase I improvements. The parents of the students at the two schools along there are very grateful for these improvements as are the residents along this road.

Council Member Lasker made the MOTION, seconded by Council Member Anderson, to authorize the Mayor (or in his absence the Vice Mayor) to accept the grant and to sign a funding agreement with the Arizona Department of Housing for \$485,858 in Community Development Block Grant funding for Loos Drive improvements, by electronic vote. MOTION carried with 6 ayes and 0 nays.

10. COMMENTS FROM THE PUBLIC

Marty Grossman Prescott Valley Police Foundation representative reminded everyone about the fundraiser being held on October 13 which is the third annual Mystery Dinner to be held at the

StoneRidge Clubhouse to support the police department. A Silent Auction will be held from 6:00 p.m. to 7:00 p.m. with dinner and show at 7:00 p.m. Tickets are \$40.00 per person. Call 772-9532 for tickets.

Council member Anderson publicly thanked Marty Grossman for the job he has done for the Police Foundation this past year. Marty has done a good job and is a good representative and is thanked for that.

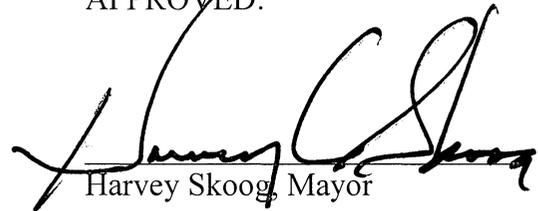
11. ADJOURNMENT

Council Member Nye made the MOTION, seconded by Council Member Whiting, to adjourn the meeting, by electronic vote. MOTION carried with 6 ayes and 0 nays.
Mayor Skoog adjourned at 6:45 p.m.

ATTEST:


Diane Russell, Town Clerk

APPROVED:


Harvey Skoog, Mayor

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

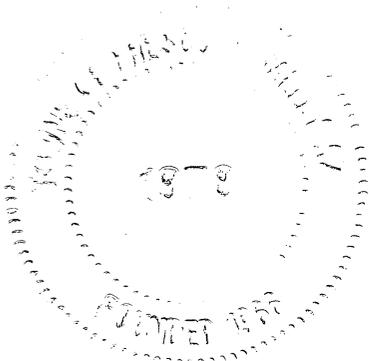
CERTIFICATE OF COUNCIL MINUTES

I, Diane Russell, 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, 2012.

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

Dated this September 17, 2012


Diane Russell, Town Clerk



**Town of Prescott Valley
Public Hearing for
Water and Wastewater Rates,
Fees and Charges**

September 13, 2012

Purpose – Water/Sewer Rate Study

- Town Staff conducts a water/sewer rate study annually to ensure the integrity of the water/wastewater funds.
- Pricing encourages conservation.
- The study takes into account many factors affecting rates such as customer volumes, customer totals, revenues/expenses, bond covenants and fund balance requirements.
- Water and Wastewater funds are Enterprise Funds. These funds are not comingled with any other funds (i.e. General Fund).

Rate Review Process Time Line

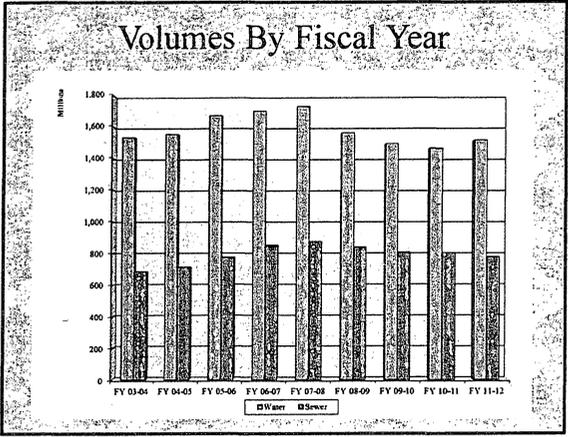
Dec 2011-May 2012 – Staff gathers financial, volume and customer data for entry into the rate study model. This is also part of the annual budgeting process.

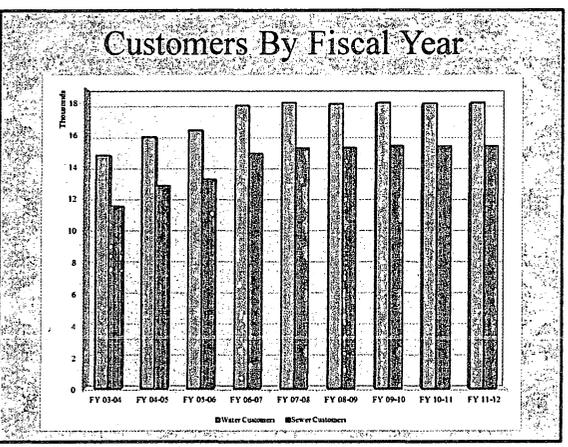
June 21, 2012 – Staff presented findings to and received direction from the Town Council at the work study.

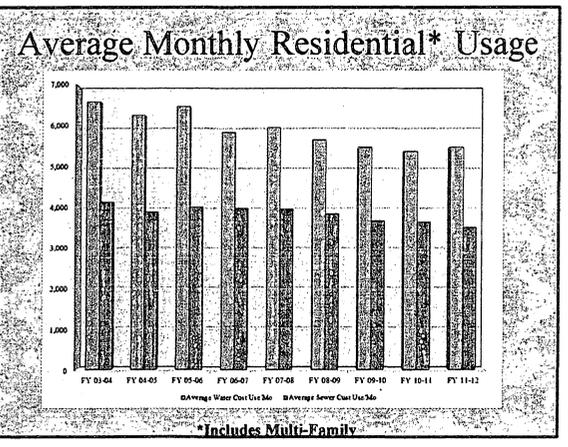
July 26, 2012 – Council adopted Notice of Intent to revise certain fees/charges, wastewater rates and to set a Rate Hearing date.

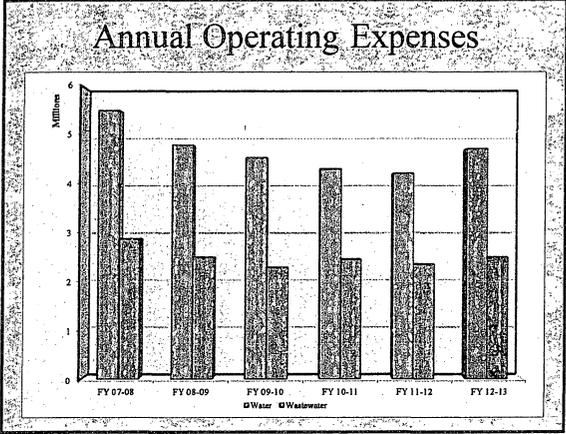
Sep 13, 2012 – Public Hearing. Council receives customer/citizen input and comments regarding proposed rate changes.

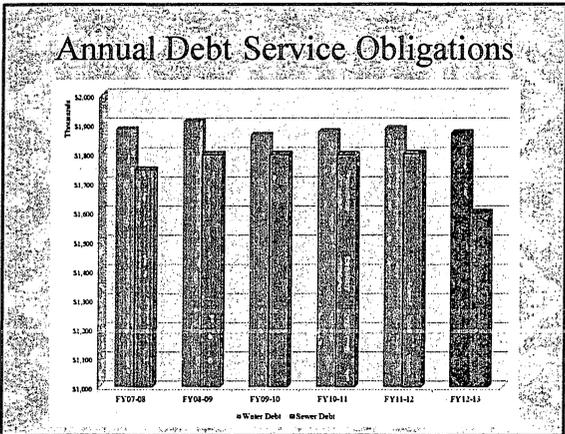
Nov 1, 2012 – If approved, new wastewater rates would become effective after the first billing cycle in November.











Base Meter Charges Water/Wastewater

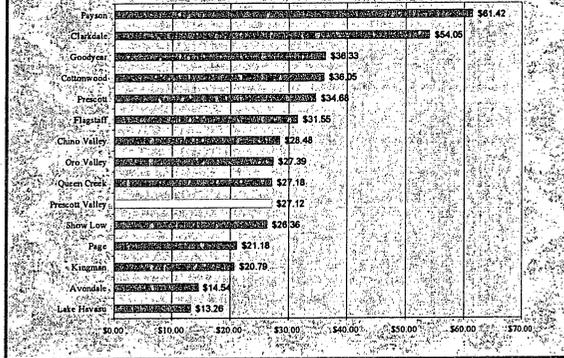
There are no proposed changes in the water/wastewater base fees

Water Base Fee (%, 3/4" meter) -- \$9.00

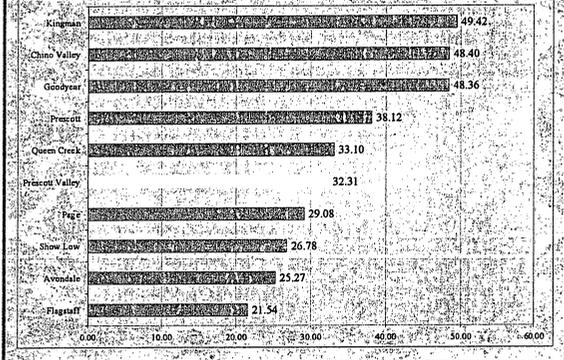
Wastewater Base Fee (%, 3/4" meter) -- \$5.07

Costs increase for larger meter sizes.

Water bills based on 6,000 gallons



Sewer bills based on 6,000 gallons



Comments,
Questions
