

**MINUTES OF TOWN COUNCIL MEETING
TOWN OF SNOWFLAKE
HELD 05/13/2014**

WORK SESSION

1. CALL TO ORDER/ROLL CALL at 6:04 p.m.

Vice Mayor Jason Whiting, Bev Kay, Tom Poscharsky, Stuart Hensley, Lynn Johnson, Kerry Ballard STAFF: Paul Watson, Barbara Flake, Lyndsay Lyman, Brian Richards, Cathie McDowell, Don Camacho, Terry Cooper

2. Discussion of Draft Town Budget.

Richards presented the following highlights of the Tentative Budget for FY2014/15:

Revenues

General Fund

- City Sales Taxes are flat to slightly declining, budget amount has been reduced by \$30,000 or 3%. (Line item 10-31-30)
- State Shared Sales Taxes are expected to rise \$22,085 or 4.57% according to the League of Cities. (Line item 10-33-40)
- State Shared Income Taxes are expected to increase by \$53,016 or 8.5%, according to the League of Cities. (Line item 10-33-41)
- State Shared Vehicle License Taxes are expected to increase by \$17,485 or 6.08%, according to the League of Cities. (Line item 10-33-42)
- The above four revenue items account for around 60% of the General Fund operating revenues, and combined are up a combined \$62,586, or around 3%.
- Line item 10-33-52 has been reduced because CDBG grant program revenues will not be received next fiscal year.
- All other revenue line items have been adjusted based on economic trends.
- Overall, General Fund operating and capital revenues are lower by approximately \$500,000, or 7.4%, mainly due to grant revenues that are expected to be received and are lower than the previous year.

Highway User Revenue Fund (HURF)

- HURF revenues are up by \$35,428, or 5.6%. Original estimates before the state budget was passed had the Town receiving \$638,934 in HURF revenues, which would have been an increase of only \$5,859 from the previous year. After the state restored \$30 million to cities and towns with the state budget, the Town is expected to receive \$29,569 of that amount, for total HURF revenues expected next year of \$668,503.

Utility Fund

- Metered water sales are expected to come in lower this year based on usage. We believe that this will correct by this next budget year, and with a proposed water rate increase, achieve the amount we have currently budgeted, which is no change from the previous year.

Golf Course Fund

- Budgeted Golf Course Fund revenues are \$42,000 lower or 10.43%, due to a challenging economic environment for golf.

Expenditures/Expenses

- Throughout the budget for next year, we have implemented a 3% cost of living adjustment to wages for all employees. In addition, we have increased the percentage that each employee pays for dependent health insurance coverage. This increase has been partially offset by an additional wage adjustment to all employees based on length of service with the Town (\$200 per year, up to 10 years). These wage increases and dependent insurance coverage increases are reflected throughout the entire budget.
- The costs for health insurance for employees is expected to increase by around 6.5% for next year. We have instituted various changes that reduce the overall effect and cost to the Town and these effects and changes have reduced the costs of health insurance benefits to the Town by approximately \$50,000.
- Benefits such as workers compensation, state retirement contributions, and public safety retirement contributions have all increased slightly and are incorporated into the overall budget.
- Overall Salary expenditures increased by \$114,100 or 4.8%. \$48,000 of this increase is due to adding two new positions, one in water, and one in sewer.
- Total expenditures/expenses were reduced by \$717,047, or 6.89%, mainly due to capital items related to the water department and southern solution flood control project.

Richards explained the Line Item Summary charts regarding Expenditures and Revenues. The Line Item Details for the General Fund, Highway User Revenue Fund, Utility Fund, and Golf Course Fund were provided to Council for their review. Projected Capital Projects for FY14-15 were also presented to Council.

Watson said that the golf industry as a whole is suffering and looking at ways to increase play. He said he has met with Steve Schneider to discuss the operations at the golf course and has met with other individuals to discuss the need to reduce the Town's subsidy to the golf course. Watson said he is committed to reducing the subsidy by \$50,000 each year for the next 3 years. He welcomed any ideas of how to cut the subsidy. He said recreation services are subsidized in this community and staff will work on getting the services closer to self-sufficiency.

Johnson asked staff to explain "downtown traffic calming" and Cooper said that pavement preservation costs can be reduced with narrower streets. Watson said that striping could be done to designate pedestrian and bike lanes which reduces speeds and preservation costs. Ballard said that the Post Office is complaining that 1st St. West is getting bad. Cooper said a scrub seal application is being looked at for that street. Watson added that there is not a plan within the 5-Year Plan to pave dirt roads. He said the first priority is to take care of the roads that are in fairly good shape. He said an increase of HURF monies in the future could allow for improvements on other roads. He said the Town can assist in the forming of improvement districts to address dirt roads.

3. ADJOURNMENT at 6:50 p.m.

REGULAR SESSION

1. CALL TO ORDER/ROLL CALL at 7:03 p.m.

Vice Mayor Jason Whiting, Bev Kay, Tom Poscharsky, Stuart Hensley, Lynn Johnson, Kerry Ballard STAFF: Paul Watson, Barbara Flake, Lyndsay Lyman, Brian Richards, Cathie McDowell, Don Camacho, Terry Cooper

2. PRAYER/PLEDGE Ballard/Johnson

3. MAYOR'S PROCLAMATIONS & ANNOUNCEMENTS

Proclamation recognizing "Drug Court Month"

Proclamation read by Hensley.

Presentation to Town of Snowflake/Brian Richards—Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association
Poscharsky said this certificate has been awarded to the Town by the GFOA for its comprehensive annual financial report (CAFR). He stated that it is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. He said an Award of Financial Reporting Achievement has been awarded to Brian Richards, Finance Director, as the individual/department primarily responsible for preparing the award-winning CAFR. Poscharsky said that this award has been received for 8 years in a row and saves the Town \$5,000 yearly. Vice Mayor Whiting presented the award to Richards.

Presentation to Fire Chief Patrick Hancock—Certificate of Appreciation of valuable Contributions to the Arizona Public Safety Communications Advisory Commission
Chief Hancock is not in attendance.

4. CALL TO PUBLIC No comments

5. CONSENT AGENDA

A. Approval of Council Meeting minutes dated 04/08/2014 & 04/29/2014.

B. Approval of Invoice from Emmett Engineering dated February 2014.

C. Approval of Invoice from Brown & Brown Law Offices, P.C. dated April 2014.

Motion by Ballard, 2nd by Johnson, to approve the Consent Agenda. Motion passed; unanimous

6. DISCUSSION/ACTION ITEMS

A. Consideration & Possible Approval of 1st Reading of Ordinance No. 14-04 Rezone property Residential 4500 ft. lot (R-45//PAD) and Residential 1 acre (R-1A) to Agricultural (AG). Property is located at approximately 1450 South Centennial Blvd, Snowflake, Arizona. (West of Centennial & South of McLaws Ave) Owner is JP Cattle Company LLC. (Dale Call)

Call stated that JP Cattle Company is requesting the rezone of their property. The Planning & Zoning Commission heard the request on April 15, 2014. Johnson explained that the intended use of the property is to place cattle for grazing. Call stated that adjacent property owners were notified and no opposition was voiced at the meeting. Planning & Zoning and staff recommends approval of the rezone.

Motion by Poscharsky, 2nd by Kay to approve 1st reading of Ordinance No. 14-04 Rezone—J P Cattle Company, LLC. Motion passed; unanimous

B. Consideration & Possible Approval of 1st Reading of Ordinance No. 14-05 Rezone multiple properties Agricultural 5 acre (AG) to Residential 2 acre (R2A). Properties are located in the Snowflake Heights area approximately ¼ to ½ mile past the cattle guard. Owners are Dunlap, Backus, and Smith. (Dale Call)
Call stated that the property owners are requesting the rezone of their properties to allow them to return a portion of their lots to avoid foreclosure. Call said that according to state law, properties located in municipalities are allowed to be split into as many as 3 separate parcels. These properties are located in Snowflake Heights. Call said that the Planning & Zoning Commission found the rezone request for all parties to be within the legal requirements of state law and to be appropriate for the area. He said that the Commission determined that circumstances existed that made the owners attendance at the meetings an extreme hardship.

Motion by Ballard, 2nd by Kay, to approve 1st reading of Ordinance No. 14-05 Rezone—Dunlap, Backus, Smith. Motion passed; unanimous

C. Consideration & Possible Approval Variance Request to place manufactured office building on Residential/Transitional (RT) zoned property. Property is located at 76 W. Snowflake Boulevard, Snowflake, Arizona. (Dale Call)
Call said the Navajo County Sheriff's Office is requesting a variance to allow a 1999 manufactured office building to be relocated from a Pinedale Road location to this property. He said the owner of the property Duane Hamblin has authorized the variance request to be processed. He said the adjacent owners were notified of the request and a few of the residents attended the Planning & Zoning meeting. He said no opposition was expressed. Call stated that the property would be used as a sub-station for writing reports and/or interviewing detainees but that no incarcerated persons would be housed at the facility. He said that an office for the area County Supervisor, Sylvia Allen, would also be located on the property. Poscharsky said the Planning & Zoning minutes state that a WIC office would also be on the property. He said he has concerns regarding the drainage on the property because the property drops off in the back going toward a residential area. Call said that the request meets the zoning and that there were no plans submitted regarding the drainage. Watson said it is important to not create drainage problems. Poscharsky asked if the number of parking spaces required had been calculated. Watson said that a site plan showing drainage, a barrier between the neighboring lots, and the required number of parking spaces determined, should be addressed before approval of the variance. Poscharsky said that a comment was made at the Planning & Zoning meeting about Navajo County Sheriff's Office purchasing the building after approval of the variance. Call said the stated stipulations could be placed in a motion to approve the variance.

Motion by Ballard, 2nd by Poscharsky, to approve to table Item C. Motion passed; unanimous

D. Consideration & Possible Approval Variance Request to place manufactured home on Agricultural (AG) zoned property with a Residential Reserve Overlay. Property is located at approximately 4315 N. Riggs Street, Snowflake, Arizona. (Dale Call) Call stated that Regine Muller is requesting a variance to place a manufactured home on a 40 acre parcel located at the above stated address. He said the property was purchased 10+ years ago and is located on the Town boundaries. He said adjacent property currently contains multiple manufactured homes and additional manufactured homes are located in the area. He said the Muller home is a new 2014 multi-section manufactured home. Call stated that the adjacent neighbors were notified of the request and Planning and Zoning Commission meeting. He said several area residents were in attendance at the meeting and expressed their support of placing a manufactured home on the property. Call said that the agricultural zoning allows for single and multi-section manufactured homes. Muller is in attendance for questions.

Motion by Poscharsky, 2nd by Hensley, to approve Variance Request to place a new manufactured home on property located at 4315 N. Riggs Street—Muller. Motion passed; unanimous

E. Discussion regarding Draft Fire & Ambulance Inter-Governmental Agreement (IGA). (Paul Watson) Watson said staff is working on the concept of a combined fire and ambulance service for the 2 communities of Snowflake and Taylor. He said the IGA for Police Services was used to craft a draft IGA for Fire and Ambulance Services and that draft is being presented tonight to Council for review. He said the intent is that the Fire and Ambulance Services will be run by the Town of Taylor—Snowflake runs the Police Services. He said there will be an ambulance located in both communities. He said the Administrative (Oversight) Committee for Fire and Ambulance Services will be comprised of the 2 Mayors, 2 Vice Mayors, 2 Town Managers, and 2 Town Attorneys. Watson said when an IGA is approved then the process of combining the services and setting up the administrative structure for the new organization will begin. He said the Administrative (Oversight) Committee will help organize that structure. He said language will be added to the IGA for Fire and Ambulance Services that states liability issues will be handled by the community that the issue takes place in which is the same as the IGA for Police Service.

Johnson asked about the funding for the combined services? Watson said it would be a combined department and any costs after revenues related to fire and ambulance are collected and less expenditures will be split 55/45 based on population. Whiting said the draft IGA allows an adjustment for population changes. Watson said the 2 departments have been working closely together and Snowflake staff is being utilized on the ambulance in Snowflake.

Johnson asked if the departments are working together now and doing fine then why pursue combination? Watson said that by combining the departments there is 1 structure avoiding duplication and dealing costs effectively. He said Snowflake was having discussions about how to improve fire services without increasing costs. He said

maximizing the efficiency of the department from a cost and administrative standpoint dictated talking to our neighbor. Whiting said the biggest benefit is that services will be improved. Watson said combining resources gives the department a greater pool of volunteers. Poscharsky asked about capital contributions? Watson said that existing capital will be inventoried and evaluated. He said new capital will be split on the 55/45 percentage. Watson said this is not a done deal and Council is being given a copy of the draft IGA for review. He said the Town of Taylor is having a work session to discuss this draft IGA and the IGA for Police Services.

7. COUNCIL MEMBER'S SUMMARY OF CURRENT EVENTS

Kay said the Chamber is holding a fundraiser dinner and auction in June. She said businesses will be contacted to help in the event.

Poscharsky said the current potash companies are not finding funding.

Ballard said he attended the Community Values Committee meeting where Don Camacho talked with the committee about the activities available without the pool. Ballard said he and Poscharsky attended the Economic Development Committee meeting and learned that the Town of Taylor is working with Wal Mart and that they are closer to coming.

Whiting said that over \$16,000 was raised in a day and a half for a family involved in a recent tragedy. He said he has seen in the committee meetings he has attended how many give selflessly serving our youth and community. He said he is grateful that his family lives in Snowflake.

8. MANAGER'S SUMMARY OF CURRENT EVENTS AND REPORT

Watson said there was good participation in the "Raise A Barn" service project at the Freeman Home. He said Council's participation is welcomed. He said that staff comes together to do a project with a Town department or participate in a community related project. He said staff will try to do 1 "Raise A Barn" project a month during the summer months.

Watson said that he spends 85% of his time on economic development, specifically, working on industry. He said there are discussions regarding a proposed green energy program that would be done in 3 phases with a related 60 jobs. He said other industries with significantly more jobs looking at the old mill site. He said that the pellet company that leased the Smith Molding site are in the process of bringing in a dryer and that the Town is helping the company get natural gas to the site. He said there could be another 30 to 40 jobs. Watson said it is better to have more companies with 50 employees than 1 company with 500 employees.

Watson said that Wal Mart is moving forward quickly. He said Maverik is replacing their old building with a new building. He said that O'Reilly Auto Parts is moving forward and the Mobile Station was acquired by Alvarez. He said he is optimistic that this will be the last year that sales tax will be down.

9. ADJOURNMENT at 7:51 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the Town of Snowflake Council meeting held May 13, 2014. I further certify that the meeting was duly called and quorum was present.

Barbara Flake, Town Clerk