

**MINUTES OF TOWN COUNCIL MEETING
TOWN OF SNOWFLAKE
HELD 01/27/2015**

1. CALL TO ORDER/ROLL CALL at 7:00 p.m.

Mayor Tom Poscharsky, Kerry Ballard, Lynn Johnson, Stuart Hensley, Byron Lewis, Cory Johnson, Terril Kay STAFF: Paul Watson, Bob Hall, Barbara Flake, Terry Cooper, Brian Richards, Jerry Van Winkle, Pat Hancock

2. PRAYER/PLEDGE Hensley/Poscharsky

3. MAYOR'S PROCLAMATIONS & ANNOUNCEMENTS

Proclamation of "Hunter Moore Day"

Mayor Poscharsky read the Proclamation of "Hunter Moore Day". Poscharsky stated that Moore has worked on issues tied to Snowflake—Apache Railway, timber mills, developing natural resources to bring jobs to the area. Poscharsky said he appreciates Moore's relationship with the Town and is impressed with his professionalism. Moore said he is an advocate for rural Arizona issues and will serve for Governor Doug Ducey as Policy Advisor for Natural Resources. He said he is tied to Snowflake and will continue to work to bring jobs to the area. He said he appreciates working with his good friend Paul Watson in tourism and area resources. He said he and his family are proud to be lobos and will always be blue. Watson said Moore is an asset that will be deeply missed. He said that Moore is an advocate for this area and in particular for Snowflake. Watson said Moore has been a friend and an asset for him in working to bring jobs to the area.

Swearing in of Newly Appointed Council Member Byron Lewis

Mayor Poscharsky stated that Judge Fed Peterson received a 20 Year Certificate and Pin from the Board of Supervisors of Navajo County this morning. Judge Peterson performed the swearing in of Byron Lewis to the Town Council.

4. CALL TO PUBLIC

Daniel Prestwich expressed concerns regarding the joining of Snowflake and Taylor Fire Departments. He said he is not a firefighter. He said the Town Council and citizens of Snowflake need to look into this decision. He said that when 2 sick people are tied together they will still be sick. He said neither department has funds to operate like they should. He said there is better fire service in surrounding communities. He said it comes down to dollars which means passing a fire district or finding a solution for taxing for fire services. He said that if he calls for an ambulance because of an ill daughter or elderly mother he hopes the ambulance will show sooner than later. He asked that we think about this going forward. He said he knows that we can work together and bring about something that will work.

Margaret White said she hopes Hunter Moore considers our students as natural resources. She thanked the people who attended the listening sessions and said she hopes they will continue to attend the future sessions. She said that she has served on a lot of committees for Northland Pioneer College (NPC) and is sad to see the Snowflake NPC Campus

closing. She said she has served students for years and is concerned whether all students are able to drive to other communities for NPC services and classes.

5. CONSENT AGENDA

- A. Approval of Council Meeting minutes dated 01/13/2015.
- B. Approval of Council Retreat minutes dated 01/20/2015.
- C. Approval of Invoice from Brown & Brown Law Office, P.C. dated 01/14/2015

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

6. DISCUSSION/ACTION ITEMS

A. Consideration & Possible Approval to Request Bids for Citywide Pavement Preservation Crack and Joint Seal Project. (Terry Cooper)

Cooper shared the following:

The basic theory to a Pavement Management Program (PMP) is “If you build it, you must maintain it.” A PMP consists of a series of surface treatment applications to extend the life of asphalt pavements. Asphalt pavements are basically a combination of oil, sand, and rock that bond together with the oil content. Through time, sunlight, moisture, traffic volumes and loading will break down the structure of an asphalt-paved road. Sunlight will dry out the oil content in asphalt pavements causing the asphalt to become brittle and less flexible causing surface cracking. Moisture then penetrates through those cracks and into the sub-base materials which causes more movement and without flexibility in the asphalt pavement additional cracking will develop leading to potholes and further damage to the roadway. Other contributing factors can also cause surface cracking. The first line of defense to pavement preservation is to keep the cracks sealed to eliminate the penetration of moisture through the surface. The concept of a PMP is to save good roads first to prolong their life expectancy. If the focus and monies are put on poorer condition roads then the good roads deteriorate to poor condition and the costs are greater to bring them back to good condition. Staff proposes to request bids for a citywide crack and joint seal project to 18 miles of good condition, bordering on fair condition, roads. The next step after crack sealing will be to apply a different form of surface treatment to these same roads. This treatment would provide additional oil and solids content to bring all these roads up to good or very good condition. Staff will not have to give much attention to these roads for the next 5 to 7 years. There are different types of preservation treatments with different costs and longevity associated with each product. Staff will research the options and bring this next phase back to Council for approval in the next fiscal year. Staff will not ignore all other roads. Funding will be set aside so staff can continue to do what needs to be done to hold these roads together. The condition of the roads that are not selected are not conducive to the proposed treatment processes. Staff will discuss the long-term PMP with Council in a future work session.

Kay asked when this process was last accomplished. Cooper said that staff did a fog seal in 2011 along with a couple of chip seals. He said that the fog seal was a way to get product on roads quickly. He said the Town owns a crack seal machine but more time is spent to keep it running than can be spent laying crack seal down. Lewis asked if other

communities have similar equipment that could be used to make the Town's machine more useable. Cooper said the company that sells the machine has looked at the Town's machine and the assessment is that it is just old. Kay asked for the costs for the proposed project. Cooper said the crack seal will cost \$80,000 and a surface treatment next year will be \$75,000 to \$175,000. Cooper said that staff asked vendors to look at roads in town and the proposed process will not work on some of the roads. Johnson L. asked if warranties are offered. Cooper said he will have that answer when the bid proposals are brought back to Council. Cooper said the pothole machine owned by the Town will be included in the plan presented to Council in the future work session. He said crack sealing takes a crew—traffic control, drivers, workers on the ground. Lewis asked if local contractors would be used. Cooper said local companies are welcome to bid. Hensley said he supports local first. He said the Town is not in the business of doing business when there are companies that do the same work. Watson said there is bill in the legislature to change it but currently state law does not allow not accepting a low bid.

Motion by Lewis, 2nd by Johnson C., to approve accepting bids for the Citywide Pavement Preservation Crack and Joint Seal Project. Motion passed; unanimous

B. Presentation of Financial Information through December 31, 2014. (Brian Richards)

Richards gave presentation explaining governmental accounting. He presented the following:

- Fund Accounting is a method of segregating resources into categories to identify both the source and use of the funds.
- Government accounting information is used by taxpayers, donors, investors, bond rating agencies, grantors, and political groups.
- Objectives of financial reporting: fulfill government's duty to be publicly accountable to constituents, evaluate operating results for the year, assess level of services provided, assess financial position, disclose restrictions and risk potential loss of revenue sources
- A fund is a self-contained accounting entity with its own asset, liability, revenue, expenditure or expense and fund balance or other equity accounts.
- Fund Types
 - Governmental—General, Special Revenue, Capital Project, Debt Service, Permanent
 - Proprietary—Enterprise, Internal Service
 - Fiduciary—Agency, Pension, Investment Trust, Private Purpose Trust
- Town of Snowflake Funds
 - General Fund: day to day operations; can only have ONE General Fund
 - Highway User Revenue Fund: accounts for proceeds of specific revenue sources that should be used for specific purposes
 - Utility Fund: may be used to report any activity for which a fee is charged to EXTERNAL users for goods and services—must be used if
 - Debt is secured solely by a pledge of net revenues

- Laws or regulations require fees to cover full cost of providing the service
- Pricing policies require full cost recovery
- Golf Course Fund

Richards discussed a comparison showing City Sales Tax of similar size communities in the area:

<u>City/Town</u>	<u>Population</u>	<u>City Sales Tax</u>	<u>Sales Tax Per Capita</u>	<u>Per Capita Rank</u>	<u>County Rank</u>	<u>Population Rank</u>
SHOW LOW	10,660	\$ 9,875,444	\$ 926.40	4	1	3
PINETOP-LAKESIDE	4,282	3,472,008	810.84	5	2	23
HOLBROOK	5,053	3,387,569	670.41	9	3	18
WINSLOW	9,655	6,399,265	662.79	10	4	5
SNOWFLAKE	5,590	965,144	172.66	21	5	13
TAYLOR	4,112	635,675	154.59	23	6	24

Richards gave a financial update for the Town of Snowflake. The update included the following information:

- 6 year Revenues and Expenditures trend information—2009 through 2014
- Comparison of Revenues and Expenditures in the General Fund—2011 through 2014
- Comparison of Revenues and Expenditures in the HURF—2011 through 2014
- Comparison of Revenues and Expenditures in the Utility Fund—2011 through 2014
- Comparison of Revenues and Expenditures in the Golf Course Fund—2011 through 2014

Richards said he does not see any alarms in expenditures but there is need to be cognizant of Golf Course losses. He noted that it should be noted that Revenues shown under Library Fees does not mean Library usage. He said the Flood Control trend is accounting for grant funds with the Southern Solution Project.

Richards provided Council with the Revised State Shared Revenue—May 1, 2014, published annually by the League of Arizona cities & Towns. Richards compiled a list of 25 cities and their City Sales Tax collected. Snowflake ranked 21st in the amount of Sales Tax collected. Watson said that when comparing Snowflake to other communities it is important to recognize that other communities collecting higher sales tax do not provide fire services. He said Snowflake collects less sales tax and provides this service. He said Snowflake has sales tax leakage. He said he believes that job creation and then recouping sales tax leakage is important for this community. He said that Wal Mart will be used to address that issue. He said the future has potential and it is important to recognize that the Town has very limited resources for all the services that are provided.

C. Consideration & Possible Approval of Committee Assignments for Council. (Paul Watson)

Poscharsky said the committee assignments were discussed at Council's Work Session. He said that if changes are needed they can be made by talking with staff.

*Motion by Ballard, 2nd by Lewis, to approve the Committee Assignments for Council.
Motion passed; unanimous*

7. COUNCIL MEMBER'S SUMMARY OF CURRENT EVENTS

Kay said he has been serving on a committee to better fire services. He said the committee researched how to provide better services and that included looking at new taxation, forming a fire district, and joining with Taylor Fire. He said an Inter-Governmental Agreement (IGA) has been drafted with the Town of Taylor. He said fire volunteers are a strong point in providing fire services and a great thanks is owed to them. He said going forward there will still be volunteers with more individuals on the payroll to serve the people. He said combining will provide better service, better spending of the money, ability to conserve what currently have, and quicker response time by the ambulance (ambulance stationed in Snowflake). He said the plan is to have Taylor manage the Fire and Ambulance Services with Snowflake having equal say, helping each other to control budgets and provide better services. He said this is progressing in the right direction and if, in the future, there could be taxation it would relieve the Town financially.

Johnson C. said he attended the Northland Pioneer College meeting regarding the changes with the Snowflake Campus. He said he was impressed with President Swarthout. He said it appears she had a plan and has stepped back after talking with communities. He is interested in what is said at future meetings.

Poscharsky said he attended the NPC Governing Board meeting. He said he appreciates President Swarthout's openness. He said David Tenney is resigning from Navajo County Board of Supervisors to serve as Director of Residential Utility Consumer Office (RUCO) on Governor Ducey's team. Tenney has served as Supervisor for 10 years. He said the Lumberjack Mill located in west Snowflake has 2 shifts running over 80,000 board feet a day using large logs from the first 4-Fri area by Flagstaff.

Hensley thanked Brian Richards and Terry Cooper for their reports tonight. He said the Snowflake Academy Building has new front doors funded as part of a grant.

Ballard said he appreciates the work done by Terril Kay on the Fire Review Committee and is excited to have ambulance service in Snowflake. He announced Groundhog Day Breakfast, Saturday, February 7th, at 5 a.m. with the Police Department cooking biscuits, Fire Department cooking sausage donated by PFFJ, and Council serving.

8. MANAGER'S SUMMARY OF CURRENT EVENTS AND REPORT

Watson said he and Taylor Town Manager, Gus Lundberg, met with Snowflake and Taylor Fire Departments to discuss the plan for an IGA and combining services.

Concerns that were stated:

- Both departments are woefully underfunded which makes one bigger problem
- Plan does not address the real needs of equipment and personnel
- Plan is just putting a band-aid on it

Watson said that the process started with Snowflake Town Council's concern. The Council appointed the Fire Review Committee to research options for fire services. It was determined that both departments have the same issues and Taylor was invited to join in the process. Watson said he feels good about this first step to improve services but does not think it is an end solution. He said there is no capital budget to address the dire need of replacing equipment and resources are not available to address the need. He said that if there is support in taking this first step and departments are vigilant in showing the public that needs are being efficiently met, then information can be taken to the community to show the departments are still lacking and there is a need to solve the bigger issue of funding.

Watson said that regarding economic development there is a lot in the works but in the meantime the forest industry has added at least 100 jobs to the area which is an important step in the right direction.

Watson announced a Legislative Day sponsored by the League of Arizona Cities and Towns, February 11th, 11 a.m., in Phoenix. He said this is an opportunity for communities go as a region to meet State Legislators to discuss issues concerning our area.

Watson said he has a good working relationship with Navajo County. He said David Tenney, Jason Whiting, Hunter Moore, and the County Manager are advocates in dealing with forest issues and saving the railway. He said he appreciates the human capital that the County provides to help with these issues and is saddened with those that are leaving. He wished them the best and hopes replacements are found that are ready to help with these important issues.

9. ADJOURNMENT at 8:45 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the Town of Snowflake Council meeting held January 27, 2015. I further certify that the meeting was duly called and a quorum was present.

Barbara Flake, Town Clerk