

Springerville Town Council  
Minutes  
October 19, 2011  
6:00 p.m.

Present: Dan Muth Mayor, Susan Silva Vice Mayor and Steve Christensen.

Not Present: Connie Hunt and Ron Thebeau

Staff: Steve West Town Manager, Tim Shaffery Legal Counsel, Karen Asquith, Mike Nuttall Police Chief and Brent Slade Public Works Dir.

Public: Fernando Shipley, Jesse R. Bryant, Kevin Burk, Phelps and Kay Wilkins, David Pulsifer, Doug Brimhall, and Becky Christensen Chamber Director.

Mayor Muth called the meeting to order at 6:00 p.m. with a quorum of three present.

Vice Mayor Silva led the Pledge of Allegiance.

3. Public Participation: None

4. Council, Manager and Chamber Reports:

Mayor Muth presented Certificates of Appreciation to Eagle Scouts, Nathan Pulsifer and Dillon Sckabatka, thanking them for the hours they dedicated to the community garden and the park benches for the Town.

Phelps Wilkins was presented with a Certificate of Appreciation for his many contributions as a councilman and for his work in the renovation of the Old School and the Sheriffs Posse was also recognized.

Manager West acknowledged Kay Wilkins who also dedicated her time in getting funds and donations to help rebuild the school and they were responsible for the patio at the side of the school.

Manager West reported the airport project is going well. The pad for the hanger has been leveled, poured the pad for the terminals and working on the pad for the parking lot and building the containment pond. He's hoping they'll get it up and weather in for the winter and pick it up in the spring.

Councilmember Christensen reported he met with Phelps and Kay Wilkins to talk about getting a committee together to work on the front of the building. The goal is to get the project started in the spring. He said they are in the process of converting the old pool into the Boy's & Girls Club Multipurpose Center. They're hoping to have it ready for a concrete slab in a couple of weeks and will be raising money for the concrete. He said he wanted to mention that Springerville has offered in kind services and contributions. He talked with Manager West about the public works department assisting with filling in the pool.

Chamber Director Becky Christensen reported they will be having their annual Chamber Banquet and recognizing businesses and giving awards including a Round Valley Citizen of the Year. The chamber is partnering with Java Blues to do a haunted house for Halloween along with the other events. Ms. Christensen gave an update on the Veterans' Day Parade and luncheon on November

11<sup>th</sup> and the Christmas Parade will be on December 10<sup>th</sup>. The lighted Becker Walk will be December 11<sup>th</sup> through the 18<sup>th</sup>. The White Mountain Events Website publicizing the Winter Jamboree February 17<sup>th</sup> through the 19<sup>th</sup> is being launched.

Chief Nuttall said he gave a presentation to the chamber members regarding watching for shop lifters and educated them on counterfeit money.

Public Works Director Brent Slade reported they have started working on the old school again.

5. Consent Agenda:
  - a. Consider approval of the October 5, 2011 town council meeting held at 6.00pm
  - b. Consider ratification and approval of the accounts payable for the month of Sept. 2011.

Susan Silva/Steve Christensen motion to approve consent items 5a and 5b.

Vote:	Ayes:	Dan Muth
		Steve Christensen
		Susan Silva

6. Old Business: None

Manager West said Mark Reader with Stone & Youngberg wasn't here yet and asked them to move Dan Jackson up on the agenda.

8. Dan Jackson-economist.com: Presentation and discussion of the revised rate plan.

Mr. Jackson gave a presentation on a \$1.6 million dollar debt for water and sewers need for water and sewer infrastructure improvements. He said that in order for the town to be able to fund \$1.6 million dollar debt the Town is going to have to have to do something about the current water and sewer rate structure.

He gave a presentation on what the impact of the bond debt proposal. He said he would talk about the rates and what it costs for water and sewer service, and how much it costs to produce the water and the Capital Improvement Plan. He will then outline the water and waste water plan.

He explained the reasons that rates need to be increased such as inflation, costs associated with water and sewer systems, core components, environmental regulations and finally a capital improvement. He explained that in their study the Town is currently at the state average, more that some and less than others and, the town has made progress in achieving self sufficiency. He explained that in 2008 the town was subsidizing the sewer fund to the tune of \$350 to \$400,000 annually but the subsidy is far less now. The town clearly needs 1.6 million dollars in capital improvement over the next couple of years and the rate adjustments are going to be required to complete the weaning off of the general fund subsidy and to fund the long term capital improvement plan. He explained that the more objectives they want to accomplish the higher the rates will have to be. The rate plan they outlined is designed to achieve the following objectives; 1) it will fund all of the operating expenses, i.e. personnel and operating costs. Objective 2) is to eliminate the \$172,000 subsidy 3) pay the debt service on the capital improvement plan 4) build a repair and replacement fund, to insure we can issue less debt and still get the repairs made 5) this plan will get rid of borrowing from the HURF fund and repay it. This is an aggressive rate plan, but if they achieve all of these objectives the town will end up with a water and sewer fund that is in very good condition.

Mr. Jackson then reviewed the Capital Improvement Plan. Of the 1.6 million dollars, \$1,085,000 is water system related and \$571,000 is wastewater related and listed below.

- 1) Repair, replace and rehab the water tanks
- 2) Upgrade to the east booster station and various line replacement.

He explained there will be an interest rate of 3.25% and a 20 year term it would mean annual principal and interest payments of \$115,000 per year. He asked the council to think about this. There is \$115,000 in debt and 700 customer's means that each of them will have to make a certain contribution monthly to pay the debt noting nothing is free, but they will have a better running system with better lines and better pressure and be able to make repairs when they're needed. He said the General Fund transfers will be phased out over the next 2 years making the funds totally self sufficient. The operating expenses are expected to trend up every year, the repair and replacement reserve fund of \$100,000 is established, the debt service is going to go up from \$26,000 to \$141,000 once we issue the Bonds. We would have HURF reimbursement of \$10,000. He said the bottom line is that the cost of service in the year 2012 is forecast to be \$786,000 but is going to go up to \$995,000 over the next four years.

He discussed the rates for they recommend for next five years saying it's important to keep the rates in place. (Rate Study Attached)

7. Mark Reader, with Stone & Youngberg: Presentation and discussion regarding WIFA financing for infrastructure improvement.

Mr. Reader showed a Power Point presentation regarding the financing through the Water Infrastructure Finance Authority explaining that it's their job to work closely with all the parties to find the most cost effective financing. They will be working with the finance director with the lengthy application and review the loan documents and covenants. Mr. Reader said the WIFA Board will meet in December if the Council desires to have the loan application approved at their December 14<sup>th</sup> meeting.

The Council expressed concern with increasing rates as quickly as the plan recommends saying it would put up above state averages at the end.52:00

Mr. Reader explained that if they want to try to cut back the rate adjustments, they could consider subsidizing the general fund for a couple more years and phasing in the repair and replacement reserve.

Vice Mayor Silva said she was concerned with the people who are struggling with paying their bills after the last increase. She said she realizes the town needs to have money for this but this is hard to swallow.

Mayor Muth asked for clarification that by extending this over a longer period of time there is room to soften the blow.

It was explained that the rate plan outlined will achieves a lot of objectives; The council can phases in the capital outlays and replacement reserve over five years, phase in the HURF repayment. He said he and Mark could work back loading some of the debt so the debt service doesn't go to \$141,000 immediately then maybe the rates could be phased in less aggressively.

9. Resolution 2011-R012: Discussion and action regarding adopting Resolution 2011-R012 authorizing the Finance Director to submit an application for a DWSRF loan from the Water Infrastructure Finance Authority of Arizona in the amount of \$1,100,000.

Susan Silva/Dan Muth motion to adopt Resolution 2011-R012 authorizing the Finance Director to submit an application for a loan from the (DWSRF) Drinking Water State Revolving Fund.

Discussion: Mayor Muth clarified that this resolution isn't binding as far as dollar amounts, it's just an intent. He also asked if they decided to take more time instead of trying to make the December deadline would this resolution carry them through.

He was told this was part of the WIFA application process nonbinding resolution that would be submitted with the application.

Vote:	Ayes:	Dan Muth
		Steve Christensen
		Susan Silva

10. Resolution 2011-R013: Discussion and action regarding adopting Resolution 2011-R013 authorizing the Finance Director to submit an application for a CWSRF loan from the water Infrastructure Finance Authority of Arizona in the amount of \$600,000.

Dan Muth/Steve Christensen motion to adopt Resolution 2011-R013 authorizing the Finance Director to submit an application for

a Clean Water State Revolving Fund loan from WIFA.

Vote:	Ayes:	Dan Muth
		Steve Christensen
		Susan Silva

The council members were advised that the rate plan would need to be submitted along with the application, and asked the council to work together toward a February deadline.

11. Mayor Muth announced he would like to move item 12 forward

12. Resolution 2011-R015: Discussion and action regarding adopting Resolution 2011-R015 urging the Arizona Independent Redistricting Commission to Keep Rural Arizona Together by considering and adopting the proposed District maps.

Susan Silva/Steve Christensen motion to adopt 2011-R015 urging the Arizona Independent Redistricting Commission to keep Rural Arizona together by considering and adopting the proposed District maps as provided.

A presentation was given by Mayor Shipley of Globe and Jess Bryant with the Redistricting endorsing keeping Rural Arizona Redistricting as it currently is. If the redistricting takes place there will be little representation for Rural Arizona. Mr. Bryant explained it protects the core of Eastern AZ, adds the rural county of Cochise. It will eliminate the Cities of Flagstaff and Prescott, who have dominated our elections and politics in Eastern AZ. 8 Communities have passed this resolution.



ATTEST:

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Town Clerk

I hereby certify that the foregoing is a true and correct copy of the minutes of the Springerville Town Council in regular session on Wednesday, October 19, 2011. I further certify that the meeting was duly called and a quorum was present.

Dated this 10<sup>th</sup> day of October, 2011

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Town Clerk