

"HUB OF THE SOUTHWEST"

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AGENDA
SPECIAL MEETING OF THE
HOLBROOK CITY COUNCIL
FEBRUARY 19, 2019
6:00 P.M.

Pursuant to ARS 38-431.02, notice is hereby given to the Holbrook City Council, and to the general public, that a meeting, which is open to the public, will be held on above-mentioned date, in the City Council Chambers, at 465 First Avenue, Holbrook, Arizona. Some of the members of the City Council may choose to participate in this meeting telephonically. The City Council may adjourn into executive session, which will not be open to the public, to discuss certain matters in accordance with ARS 38-431.03.

The items on the following agenda are for discussion or consideration and possible action.

PUBLIC HEARING:

- A. Proposed water, sewer and sanitation rate increase.

NEW BUSINESS:

- A. Resolution19-05, amending the fees for users of the City water and sewer systems and sanitation.
- B. Discussion/possible action regarding ADA Improvements bid results-Interim Manager Reyes.

ADJOURNMENT:

Dated this 13th day of February 2019


Cher Reyes, CMC CPM, City Clerk

MINUTES OF THE HOLBROOK CITY COUNCIL SPECIAL MEETING
HELD ON
February 19, 2019

CALL TO ORDER:

The meeting was called to order at 6:00 p.m. by Mayor Cobb.

Roll Call: Mayor Phil Cobb, Vice-Mayor Richard Peterson, Councilmembers Tim Dixon, Earl Kester, Adam Marsh, Mike Nilsson and Francie Payne.

CITY STAFF:

Interim City Manager Cher Reyes, Finance Director/Water/Waste Water Supervisor Randy Sullivan and Administrative Assistant Lisa Maestas.

PUBLIC HEARING:

Councilmember Marsh made a motion to adjourn into a Public Hearing. Vice-Mayor Peterson seconded the motion. The Public Hearing began at 6:01 p.m.

- A. Proposed water, sewer and sanitation rate increase: Interim Manager Reyes stated that the last sanitation rate increase was in 2003 and the last rate increase for Water/Wastewater was in 2011. Interim Manager Reyes stated that she and Finance Director Sullivan talked about separating Sun Valley utilities from Holbrook utilities, saying that it can be done but it will be difficult and time consuming. Interim Manager Reyes stated that separating the two utilities can be discussed during the budget meetings. Councilmember Payne asked about landscaping meters and asking if they are separate meters. Interim Manager Reyes stated that anyone can buy their own meters and put them in and get the landscape rate just for water. Vice-Mayor Peterson asked to verify that in the past the amount of water that a resident used in the summertime was assumed

to be used toward landscaping so it was not added into the sewage. Interim Manager Reyes explained that the sewer average will still be done on the months of December thru March. Councilmember Marsh asked if the City is irrigating the Golf Course with grey water. Interim Manager Reyes replied, yes.

Councilmember Marsh asked if the Golf Course has a landscape rate. Interim Manager Reyes replied that the water comes from the Treatment Plant and that the City does not charge itself for water. Councilmember Nilsson asked if the City meters the schools. Interim Manager Reyes replied, yes. Interim Manager Reyes stated that there are a few residential accounts that have landscape meters, the Mormon Church, the Schools, NPC and ADOT. Councilmember Payne asked if the County Complex uses City water. Mr. Sullivan replied that they have their own water system. Councilmember Kester requested that the word "residential" be added in Resolution No. 19-05 under number 1, next to "commercial".

Councilmember Marsh asked Finance Director Sullivan to go over the CPI adjustment and state what he anticipates over the next 10 years. Finance Director Sullivan stated that historically the CPI is a combination of the consumer rate of inflation and price index that the Federal Bureau of Labor Statics calculates to place a value on a dollar according to the inflation factors. The CPI runs around 2%, some years it is a little lower and some years it is a little higher. Vice-Mayor Peterson stated that anyone can go to the website for the Bureau of Labor and Statistic and it shows back to 1982 or 1984 when a dollar was a dollar. Councilmember Nilsson stated that he stands opposed to the reduced summer rate being discontinued because each year more and more green yards turn to

weeds as prices go up and up. Councilmember Nilsson stated that the City wants to look good but that they punish those people who put a lot of effort into their lawns. Councilmember Nilsson stated that he thinks if the City rewarded people with a reduced summer rate that the City would actually sell more water. Interim Manager Reyes informed the Council that the summer rate portion can be removed from the Resolution but that it will have to be noted when voting on the Resolution. Interim Manager Reyes stated that if the summer rate remains it would be at the rate of \$1.80 per unit (1000 gallons) instead of \$2.00 per unit. Councilmember Dixon asked when is the beginning and the end of the summer rate period. Interim Manager Reyes answered, from the beginning of June thru the end of September. Councilmember Dixon asked if the increase of the Adjudication Fee from \$1.00 to \$5.00 is just to keep up with the actual costs. Interim Manager Reyes replied, yes. Finance Director Sullivan stated that after two years of tracking this fee the City is in the red and that this rate increase will allow the City to now start breaking even. Finance Director Sullivan stated that last year when this fund ran in the red the auditors had him do a transfer from the regular utility rates fund to zero out the Adjudication Fee Fund for the audit because the City is not allowed to run in the red in a fund. Interim Manager Reyes stated that right now the City is paying \$67,000.00 for adjudication and they are only collecting \$20,000.00. Interim Manager Reyes stated that it is anticipated that the increased rate will generate about \$108,000.00 and that the Attorney fees will keep increasing. The Adjudication Fee is used for fighting the court battle and for future rights. Councilmember Dixon asked, since we are

going to collect \$108,000.00 over the course of the year and the adjudication costs at this time are \$67,000.00 what will be done with the excess money. Finance Director Sullivan replied that it will be a fund balance and/or used to purchase water rights. Interim Manager Reyes stated that if the litigation goes away the fee can go away or be reduced depending on where the City is in their water rights. Councilmember Nilsson asked what the litigation is about. Interim Manager Reyes replied that the City has been in litigation over the water rights since 1978 with the tribes. The litigation is not only with Holbrook it is with many other Cities. All tribes have settled except for the Navajo Tribe and the Hopi Tribe. Interim Manager Reyes explained that most of the litigation cannot be discussed because it has been done in Executive Session. Finance Director Sullivan explained that Holbrook is part of a consortium that includes Winslow, St. Johns, Snowflake, Taylor and Showlow. Vice-Mayor Peterson reminded the Council that the adjudication fee was only started a few years ago to show transparency before that the litigation was paid for out of the General Fund. Vice-Mayor Peterson also stated that not only is the City paying for a private attorney to represent us but the City also has to pay for the attorney that represents the tribe. Councilmember Dixon asked the other Council members if they have heard any comments on the rate increases from their constituents. Councilmember Payne stated that she had seen 2 things on Facebook. The first being comments about the landscape meters for NPC and the School District. Citizens did not understand that they bought their own meter and that it is available for everyone. The second being concerns about the amount of money that needs to be put into

the Sun Valley water system. Interim Manager Reyes shared that during the budget meetings the Council and the Finance Director are going to need to come up with some kind of system to analysis how much it costs to provide water in Sun Valley. Interim Manager Reyes stated that there was one business owner that came in and was concerned about increasing sanitation rates. Interim Manager Reyes explained to the business owner that commercial sanitation rates were not increasing. Finance Director Sullivan reminded that Council that the \$5.00 Capital Improvement Fee that is being collected from that residents of Sun Valley will be used to make some of the improvements that are needed in that area. Finance Director Sullivan stated that the City is collecting about \$5,000.00 per year from Sun Valley residents. Councilmember Nilsson asked if Sun Valley has always been a part of the City of Holbrook's water system. Interim Manager Reyes replied, no that is was taken on by the City years ago when Fern Larson was the City Manager. Finance Director Sullivan explained that the City has tried on several occasions to get other companies to take over the Sun Valley water system, but none have been interested. Interim Manager Reyes reminded the Council of the issues that need to be taken care of in Sun Valley. The City needs to put in a new well, in a better spot, with better water which will cost between \$150,000.00 and \$200,000.00. Interim Manager Reyes stated that the City also needs to replace or refurbish one water storage tank, which should be less than \$50,000.00. Interim Manager Reyes stated that the well needs to be done very soon. Councilmember Dixon stated that the City could apply for grants to help with the tasks. Interim Manager Reyes stated that

Grant Writer Foutz attended a Webinar last week for available grants but that he has not reported back to her yet. Finance Director Sullivan stated that it would be a good idea to hire an area Hydrologist to help to find a good source of water in Sun Valley. Vice-Mayor Peterson stated that this Public Hearing was for the citizens to come in and give input and since no citizens attended the Public Hearing he feels that they trust the Council to do the right thing. Vice-Mayor Peterson made a motion to adjourn from Public Hearing into Regular Session. Councilmember Dixon seconded the motion. The motion passed with the following results: Councilmember Dixon "Aye", Councilmember Kester "Aye", Councilmember Marsh "Aye", Councilmember Nilsson "Aye", Councilmember Payne "Aye", Vice-Mayor Peterson "Aye" and Mayor Cobb "Aye". The Public Hearing adjourned at 6:30 p.m.

NEW BUSINESS:

- A. Resolution 19-05, amending the fees for users of the City water and sewer systems and sanitation; Interim Manager Reyes stated that she will correct the Resolution to have the word "residential" added to number one next to "commercial", and if the Council would like, she stated that she can add the summer rate to the Resolution. Councilmembers Dixon, Payne, Marsh, Kester, and Nilsson all voiced that they would like to keep the summer rate in effect.

Mayor Cobb read Resolution No. 19-05 by heading:

CITY OF HOLBROOK RESOLUTION NO. 19-05

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF HOLBROOK, ARIZONA, AMENDING THE FEES FOR USERS OF

THE CITY WATER AND SEWER SYSTEMS AND SANITATION

Councilmember Dixon made a motion to adopt Resolution No. 19-05 with the amendments mentioned above. Vice-Mayor Peterson seconded the motion. The motion passed with the following roll call vote: Councilmember Dixon "Aye", Councilmember Kester "Aye", Councilmember Marsh "Aye", Councilmember Nilsson "Aye", Councilmember Payne "Aye", Vice-Mayor Peterson "Aye" and Mayor Cobb "Aye".

- B. Discussion/possible action regarding ADA Improvements bid results: Interim Manager Reyes requested that the Council award the bid to the one and only bidder, Bushman and Bushman Construction in the amount of \$78,000.00 for the electric doors. CDBG NAGOG has also requested that the bid be awarded to Bushman and Bushman Construction. Councilmember Payne asked where the doors will be installed. Interim Manager Reyes replied that there will be 2 doors at City Hall, 1 at the Police Department, 2 at the Senior Center and 1 at the Fire House. Interim Manager Reyes stated that if there is money left over there will also be 1 at the Swimming Pool and 1 at the Recreation Center. Vice-Mayor Peterson made a motion to award the contract to Bushman and Bushman Construction for ADA improvements. Councilmember Dixon seconded the motion. Mayor Cobb stated that this will make the buildings look a lot better. Interim Manager Reyes stated that there will be a lot of change at the City Hall Building, the bathrooms aren't ADA compliant and the front entryway is not ADA compliant. Councilmember Dixon asked when Bushman and Bushman Construction could begin. Interim Manager Reyes replied that the contractor

needs 30 to 45 days to get the doors. Bushman and Bushman is only doing the doors the City will be doing the rest of the work such as the restrooms, counters and walls. The motion passed with the following results: Councilmember Dixon "Aye", Councilmember Kester "Aye", Councilmember Marsh "Aye", Councilmember Nilsson "Aye", Councilmember Payne "Aye", Vice-Mayor Peterson "Aye" and Mayor Cobb "Aye".

EXECUTIVE SESSION:

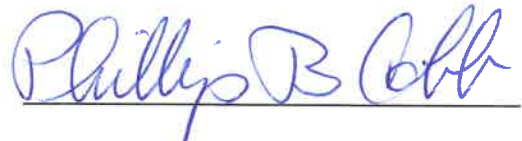
None

POST EXECUTIVE SESSION:

None

Adjournment:

There being no further business to come before the Council, the Special Meeting was Adjourned at 6:43 p.m.



Phil Cobb, Mayor

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting of the Holbrook City Council held on the 18th day of February 2019. I further certify that the meeting was duly called and held and that a quorum was present.



Cher Reyes, CMC, CPM, City Clerk