

## AGENDA

REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, TO BE HELD JUNE 20, 2017, AT 6:00 PM., AT THE COUNCIL CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. BRIEF SUMMARY OF CURRENT EVENTS BY MAYOR, CITY COUNCIL AND/OR CITY MANAGER -- THE PUBLIC BODY DOES NOT PROPOSE, DISCUSS, DELIBERATE OR TAKE LEGAL ACTION ON ANY MATTER BROUGHT UP DURING THIS SUMMARY UNLESS THE SPECIFIC MATTER IS PROPERLY NOTICED FOR LEGAL ACTION.
- V. PRESENTATIONS
  - KIM MCKINSTRY, REGIONAL EDUCATION AND OUTREACH SPECIALIST FROM THE SOUTHWEST FAIR HOUSING COUNCIL, WILL PRESENT INFORMATION REGARDING GENERAL FAIR HOUSING RULES AND NEW HUD UPDATES.
  - DOUG HULSE, PARKS & RECREATION COMMISSION CHAIRMAN, WILL PRESENT AN UPDATE ON THE COMMISSION'S ACTIVITIES.
- VI. CALL TO THE PUBLIC--This portion of the agenda is set aside for the public to address the Council regarding an item that is not listed on the agenda for discussion. However, the Council cannot engage in discussion regarding any item that is not officially listed on the agenda for discussion and/or action (A.R.S. §38-431.02(H).) Comments are limited to a 5 minute time period.
- VII. APPROVAL OF MINUTES
  - BUDGET WORK SESSION OF APRIL 24, 2017, AND REGULAR MEETING OF JUNE 6, 2017.

***Comments regarding items listed on the agenda are limited to a 5 minute time period per speaker.***
- VIII. CONSENT AGENDA--The following items are considered to be routine and non-controversial by the Council and will be approved by one motion. There will be no separate discussion of these items unless a Council Member or a citizen so requests, in which case the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.
  1. ACQUISITION OF CONTROL LIQUOR LICENSE  
APPLICATION FOR OLD TOWN RED ROOSTER CAFE,

LLC., (SHANE SMITH & JAMES ARIOLA) LOCATED AT 901 NORTH MAIN STREET.

2. ACQUISITION OF CONTROL LIQUOR LICENSE APPLICATION SUBMITTED BY ANDREA D. LEWKOWITZ, AGENT FOR WALGREENS #05567, LOCATED AT 550 SOUTH MAIN STREET.
3. APPLICATION FOR EXTENSION OF PREMISES LIQUOR LICENSE PERMIT SUBMITTED BY TAMARA MORKEN FOR THAT BREWING COMPANY, LOCATED AT 300 EAST CHERRY STREET, FOR AN EVENT SCHEDULED FOR JULY 4, 2017.
4. ACCEPTANCE OF AN AVIGATION EASEMENT OVER THE VINEYARDS SUBDIVISION LOCATED AT THE NORTHEAST CORNER OF STATE ROUTE 89A AND GROSETA RANCH ROAD.
5. PROFESSIONAL SERVICES AGREEMENT WITH LUMBARD & ASSOCIATES PLLC, FOR FISCAL AUDITING SERVICES.
6. REQUEST FOR CONSENT TO COLLATERAL ASSIGNMENT OF LESSEE'S LEASEHOLD INTEREST IN LOT 122 OF THE REPLAT OF COTTONWOOD AIRPARK TRACT ONE - PARTS B & C FROM BACKUS FAMILY INVESTMENTS, LLC, TO COUNTRY BANK.
7. RESOLUTION NUMBER 2891 - AUTHORIZING APPLICATION FOR MATCHING GRANT FOR BACKWASH TREATMENT PILOT PROGRAM

IX. NEW BUSINESS—The following items are for Council discussion, consideration, and possible legal action.

1. ORDINANCE NUMBER 624-AMENDING SECTION 406 OF THE CITY'S ZONING ORDINANCE CONCERNING PARKING AND LOADING REQUIREMENTS-FIRST READING.

X. CLAIMS AND ADJUSTMENTS

XI. ADJOURNMENT

Pursuant to A.R.S. 38-431.03.(A) the Council may vote to go into executive session on any agenda item pursuant to A.R.S. 38-431.03.(A)(3) and/or A.R.S. 38-431.03(A)(4) Discussion or consultation for legal advice with the attorney or attorneys of the public body.

The Cottonwood Council Chambers is accessible to the disabled in accordance with Federal "504" and "ADA" laws. Those with needs for special typeface print or hearing devices may request these from the City Clerk (TDD 634-5526.) All requests must be made 24 hours prior to the meeting.

Members of the City Council will attend either in person or by telephone conference call.

Notice is hereby given that pursuant to A.R.S. 1-602.A.9 , subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the City Council are audio and/or video recorded, and, as a result, proceedings in which children are present may be subject to such recording. Parents in order to exercise their rights may either file written consent with the City Clerk to such recording, or take personal action to ensure that their child or children are not present when a recording may be made. If a child is present at the time a recording is made, the City will assume that the rights afforded parents pursuant to A.R.S. 1-602.A.9 have been waived.

MINUTES OF THE BUDGET WORK SESSION OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, HELD APRIL 24, 2017, AT 5:30 P.M., AT THE CITY COUNCIL CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

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CALL TO ORDER AND ROLL CALL

Mayor Elinski called the work session to order at 5:30 p.m. Roll call was taken as follows:

COUNCIL MEMBERS PRESENT

Tim Elinski, Mayor  
Ruben Jauregui, Vice Mayor  
Deb Althouse, Council Member  
Tosca Henry, Council Member  
Karen Pfeifer, Council Member  
Linda Norman, Council Member

COUNCIL MEMBERS ABSENT

Kyla Allen, Council Member

STAFF MEMBERS PRESENT

Doug Bartosh, City Manager  
Marianne Jiménez, City Clerk  
Steve Horton, City Attorney  
Kirsten Lennon, Accounting/Budget Manager  
Rudy Rodriguez, Administrative Services General Manager  
John Carter, IT Manager

OVERVIEW OF THE CITY'S 2018 FISCAL YEAR BUDGET

Mr. Rodriguez stated we are here to present the 2018 proposed budget. He briefly explained the budget process and how department heads were asked to give a base budget of what it will take to run the city and open our doors five days a week, 24/7 for those that are 24/7. When we got all said and done, we were negative \$196,000. During the time we were putting the base budget together we were getting forms from department heads with requests for new staff members, new reclassifications, equipment and so forth, and we compiled all of that and we have a listing of them in your budget. Also included is a list of the details of all the capital requests that staff asked for. Some were budgeted in and some were not. We take all this information and sit down with the City Manager, and this year we had the Mayor sit in with us. We went through all personnel and capital requests staff wanted and still tried to stay true to our operational budget. By the time we were done with that, we knew we were sitting at a \$784,000 worth of deficit. We had to go back and make some sort of adjustments, and we requested department heads to come up with a three percent cut from their budget. We realize that the smaller departments, such as the City Clerk, Finance Department and Administration, there is only so much you can cut without cutting staff. Currently, we are probably sitting on an \$84,995,470 budget. The city always budgets all of our reserves and all of our grants that could potentially happen. If the department head is going to go after a grant, we usually put in the revenue of this grant, any offsetting, and any required in-kind



compensation and then we also put in the expenditure of the grant itself. We include all anticipated capital improvements we would like to see, and then we put in any type of financing that we might have on our books. This year we have no financing on our books and we don't have any lease purchases planned. Our new budget, all of our revenue, all of our reserves, potential grants and any type of financing, whether it is happening or not, we have to have that budget authority. In the State of Arizona if you don't have the budget authority you cannot spend it. There are certain things that Council has set as policy. One of them is the 60-day coverage. Every year we go back and look at the previous year to figure out what exactly we planned to spend and the expenditures and we get a 60-day coverage meaning that this is not necessarily cash; it is accounts payable and assets we could turn into liquid if there was an emergency. So when people look at the fund balance and they think you've got all that cash on hand, that is not necessarily a fact. The \$1,000,000 we have kept in the capital accumulation fund, and we used to put money into that fund. During the tight economy the council instructed us to cap it at \$1,000,000 and it has been sitting there at \$1,000,000 ever since. That is actual cash in the bank. Lastly, the council has asked us in the past to try to keep our undesignated reserves at \$100,000. This year we tapped into that 100,000, so we are just sitting at about just \$30,000 available beyond our designated reserves.

## DEPARTMENTS

Mr. Rodriguez then reviewed the departmental budget cuts.

Mayor Elinski asked if he could go over the Focus on Success from Economic Development and what was being cut there.

Mr. Rodriguez stated just the amount he (Casey Rooney) can spend. He did not detail what he would be cutting out of it. All he said was he would reduce his Focus on Success by \$7,700. We asked for a cut and that is where he trimmed off.

Mayor Elinski asked where that money is being spent.

Mr. Bartosh stated it is generally used in ways to further the strategic directives and the Focus on Success, so if we need to go out and do a study he may use it for that or to do some marketing.

Mr. Rodriguez continued reviewing the departmental budgets and stated with the city having so many small departments they took a bit of a hit. There are other areas—contractual services, legal billing, park building maintenance, and we've had to trim down some of our vehicle maintenance. In Parks and Recreation some of the rec programs are going to get trimmed out—softball programs and their temporary employees are getting cut. The Police Department has taken two police officers off of their rosters. They have two vacancies still available and they are going to go ahead and remove those two.

Mr. Rodriguez reviewed the personnel requests, which were \$594,000 worth of salaries for new employees, and including benefits, that totaled up to \$891,000 for new employees. What

was budgeted was only grant funded positions. For the Business Assistance Advisor, if funds come through we will go ahead and put that position in. For the GIS intern for 6 months we are also looking for grants for that, and the Community Service Specialist will be a grant funded position. There are two ways to treat grant funded positions; when the grant disappears hopefully we're in a better position, then if we still need it we go ahead and bring them on board. The other option is when we get a grant like this there are no assurances that they will be around after the grant has gone away or is no longer being funded. When we do something like this, we bring them in temporarily, unless there is a sign the funding may pull through the city or funds available through additional grants, so these can disappear.

Council Member Althouse stated so we get the grant money for the salary, but you have benefits listed up there, and questioned if we provide benefits.

Mr. Rodriguez stated we have to.

Mr. Rodriguez reviewed the requested personnel reclassifications, and stated some of the reclassifications that were changed were only those that were of no additional cost for the city. Traditionally in most cities we have the fire and police departments that are never at the same salary level. We always find that PD is always just a little bit higher. When we had the last full blown compensation study that changed. We had general managers, we had managers and they all had their own levels of compensation. At that time we wanted to get PD and fire at the same level, causing us some compression issues, especially with fire because it has a lot bigger staff there is different hierarchy, and they have compression issues. Most cities, if not all, have a differential between fire and the Police Department. We do want to make this, the Police Department, a little bit more like other departments having that range difference between the Fire Department. We also made some changes to the Fire Department and made some adjustments to make sure they were in the ranges, but not a single one was costing us any money. We have fire captains that are going to be switched over to fire captain/battalion chiefs. In other organizations, especially the bigger districts, you can't be a fire chief unless you have had chief in your title somewhere. We don't want to take away the fire captain name so we will do the fire captain/battalion chief and these captains will now have full authority much like the chief does if he happens to be out of town. All it is, is we are giving them a little more responsibility to ease some of the pressure off the fire chief and at the same time giving them that title so if they want to go look for another job somewhere else they can. It is not going to cost us anything. It changes the range and many of these guys are already at the top of their range, but it keeps it below the Police Department and gives them an opportunity to still promote somewhere else if they'd like to.

Mr. Rodriguez continued reviewing the personnel reclassifications and stated the Administrative Services General Manager was being reclassified to Deputy City Manager. At the recreation center the head life guard was switching to facility maintenance. That one had no range change and the Administrative Services General Manager changing to Deputy City Manager can go into a range change, but it did not cost the city because I'm (Mr. Rodriguez) already in the range.

Mr. Bartosh stated I pretty much use Rudy as the Deputy City Manager now and when I'm not here, he is the guy in charge. As we move forward in the next year or two Richard is planning to retire and we won't fill that position. We'll have those departments, whoever manages Parks and Rec and the Recreation Center and the Library, report to Rudy and so his role will expand. Yet we'll realize a pretty significant savings by not filling that one position. It is kind of like what happened when Dan Lueder left, we didn't refill his position. Those who reported to him now report directly to me, and so Rudy and I would divide up the city in terms of direct reports.

Mr. Rodriguez stated we're looking at less than \$7,000 to do those reclassifications. It will also help on the PD side with recruiting to have a little bit higher starting range for them. We usually budget our full staff whether they are there or not because we expect them to get filled during the year. Last year we took out one police officer and the year before that we took out another police officer. With these two being removed we will be down 4 police positions totaling \$154,000, and we also removed one communication specialist. Right now we don't need the positions, but it is just more and more difficult to find these police officers. Our communication specialists—we find people, they stay on for a while, train a bit and realize they don't want to do this. It is a high stress job, so since we were have problems, at this time and in order to balance the budget, we went ahead and eliminated it. We would like the City Manager to reserve the right to fill the position only if we get a qualified person and if there is funding available for it.

Mayor Elinski asked how the funding would become available.

Mr. Rodriguez stated it might be a grant, it might be additional sales tax coming in, or it might be a change in our revenue structure. We are just asking for at least one officer. Again, we are having issues finding a suitable candidate but if we do come across one and we do have the funding we would like to be able to fill that spot. It is not in the budget but what we do is we will do a budgetary adjustment and bring that person on board.

Mr. Rodriguez stated over the past three years we have been cutting out positions for one reason or another. We eliminated a building official position, the parks development services general manger, four officers, a communications specialist, and a public works superintendent, so over the year last three years we have cut out over \$700,000 in salaries and benefits. The merit program in the budget is fully funded at \$432,000. There was no cost of living this year or longevity pay.

Council Althouse asked what is the merit funded at—what percentage.

Mr. Rodriguez stated they could, if everything and everyone was perfect, get five percent. Our range goes anywhere between three percent and five percent.

Mayor Elinski asked for clarification if that means every employee in the City of Cottonwood could get a five percent merit increase and what the average has been over the last few years.

Mr. Rodriguez stated it was difficult to ascertain because we have 200 plus employees and they are all over the board. It was obviously less than five percent and well above the three percent.

Council Member Althouse requested if they could get what last year's was funded at and what last year's actual was she could figure it out.

Ms. Lennon stated unless they are at the top of their range and then they get nothing.

Mr. Rodriguez reviewed the health insurance premium which was going to be increasing by four percent. The Arizona Public Employers Health Pool will be merging into its own pool, a much larger pool including Chandler School District and we'll be named Kairos. Employee premiums will continue to be covered at 100 percent and dependent coverage is still subsidized by the city. They have different rates depending on whether it is employee only, employee and child, employee and spouse or employee and family.

Mayor Elinski asked what the range of dependent subsidy is.

Ms. Lennon stated 80 percent covered by the city for children, 70 percent for spouse and 60 percent for family.

Mayor Elinski asked how that compares to some of the other larger employers like the county and the hospital.

Mr. Rodriguez stated we looked not necessarily at the county and the hospital, but we've looked at other municipalities, fire districts and so forth. They are all over the board. There is no real standard out there that we were able to find.

Mr. Bartosh stated it was actually our compensation consultant who came in and studied the market both in terms of salaries and benefits and basically said we are about in the middle of the path.

Mr. Rodriguez reviewed the retirement percentages, and stated the Arizona State Retirement System had a .03 percent increase. Public safety fire is going from 18.3 percent to 26.6 percent and public safety police is going from 37.37 to 47.6 percent in contributions. For public safety this doesn't go with the contribution that we do at the beginning of every fiscal year. We find out what our estimated retirement amount is for public safety and we try to put it through the first two pay periods of the year, so this 1.5-1.6 million dollars we will cut a check to public safety retirement. The reason we do that is to take advantage of the full 12 months of interest they are able to get. If we paid it monthly all year long, we'd only get a percentage every single month so we pay it all up front and try to cut back on our liability.

Mr. Rodriguez reviewed the salaries for each department required to run the city.

Mayor Elinski asked how much do we bring in every year just in sales tax.

Mr. Rodriguez stated sales tax runs close to about \$14,000,000.

Mr. Rodriguez reviewed the project/capital items budgeted for over and under \$35,000 and handed out copies that listed a brief detail of the project or item description.

Mayor Elinski asked if we could we make these copies available to the public.

Mr. Bartosh stated we can make copies and have them available in the back.

Mr. Bartosh stated it is probably also important to state that the largest percentage of those capital requests are contingent upon grant funds and if we don't get the grant funds then obviously they don't get done, but we budget it so we have that spending authority.

Mr. Rodriguez reviewed the funding for outside agencies, and stated we're looking to fund agencies the same as we did last year with the exception of the Chamber of Commerce. They have the 3 percent bed tax so we just let all of it go to the Chamber of Commerce. It is split between the Chamber and the Economic Development Council, 85/15 respectively. We're looking at supporting outside agencies in the amount of \$373,880. This includes the \$15,000 we set aside every year for building community grants.

Mr. Rodriguez reviewed the wastewater department's budget and stated the wastewater rates were supplemented up to July 1, 2007, by a 1 percent sales tax that was instituted because we were building the plant and infrastructure. That supplemental sales tax was used for capital, debt service, repairs and maintenance, which kept our rates artificially low. Our facility is quite old and it really hasn't had a real makeover. We've got some issues with that plant but when the new plant comes online we expect it will take a load off and we can actually do some repairs sporadically and eventually get that plant up to snuff. Realistic rate increases are needed to keep up with the failing infrastructure. This year we are hoping for 1.6 million dollars' worth of repairs at the lift stations, the UV replacement, and for the clarifiers. Next year we're looking at a million dollars. This year alone we're looking at a 1.1 million dollar shortfall. This is for infrastructure, not operations. The cost for the Riverfront facility was thought to be 8.5 million, meanwhile we spent a million in consulting fees. Obviously it is going to go well over the 8.5 and up to 10.5 million dollars. Our proposal for this year, since we cannot budget a rate increase unless it has actually been approved by the Council, is that the 1.1 million dollars shortfall is borrowed through our water utility for a short term, pending the rate increases for the wastewater treatment plant in the future, if the Council does approve them. He did not want the water company to provide any kind of funding unless they were compensated for using that money, and it would be at a reasonable interest rate. It would be 2 percent, or 2.5 percent, or 3 percent at best. If the Council was fine with that, that is in the budget right now. The 1.1 million is in the budget currently as a loan from the water utility.

Mayor Elinski asked why we would pay interest to ourselves to borrow that money.

Mr. Rodriguez state unlike other cities, some cities actually use their water and utilities to supplement their general fund; we don't. We've always kept to that water should be fully self-

sufficient and the wastewater should be fully self-sufficient, so keeping that in mind if we are going to borrow money from one utility for another utility they should rightfully be compensated. It is like going to the bank or you loan money to a son or brother. It's great to go ahead and loan that money out of your pocket or out of your bank account. You should be compensated because that money could be invested and earning an interest rate. You're taking it out to help somebody else and you lost that interest, so you want to make sure you compensate the utility for the use of their money.

Council Member Pfeifer asked if we could choose not to do the interest rate. Like the Mayor said, it is our money.

Mr. Rodriguez stated, yes you could, but again you are taking money out of an investment account to help out another utility so you are losing interest on that. The whole idea is to make the utility whole. This is a philosophical thing. They should be fully compensated for the use of their money.

Mayor Elinski asked what interest rate the water utility's money is making in the bank right now.

Mr. Rodriguez stated right now because of the economy we are running a little over 1 percent. It may not seem like very much at 1 percent to pay back, but in reality you are still borrowing their money. If we had to borrow this money, we are looking at about a 3 percent interest rate. They happen to have a little bit of cash in the bank and this has allowed us to help the other utility until such time as we bring the new rate structure back later this year.

Mayor Elinski stated he was fine with one utility borrowing from the other.

Mr. Rodriguez stated then it will have to come from Council and he thought we would have to sign some sort of approval or agreement. We need to make sure we have a realistic rate that actually keeps this facility up and running. It is kind of like a pay now or pay later and the last thing we want to do is pay later, especially when it comes to water/wastewater as they are usually very costly, catastrophic figures.

Mayor Elinski asked for a review of what the rate increases have been over the last few years, and questioned if we hadn't been incrementally increasing them every year. He thought we increased the wastewater rate 10 percent.

Mr. Rodriguez stated that was right.

Mayor Elinski asked how much have we increased it over the last few years.

Ms. Lennon stated the rate is \$32.

Mr. Rodriguez stated so it doubled in the last few years.

After a brief discussion regarding the presentation of the departmental budgets and the budget work session schedule, a brief break was taken.

#### City Council

Mr. Rodriguez reviewed the City Council's budget.

Mayor Elinski asked what is under subscriptions and memberships for the Council.

Ms. Jiménez stated the League of Arizona fees that they charge per capita, the NACOG per capita charge, and any type of newspaper subscription and those types of things.

Mayor Elinski stated it looks like the Birding Festival gets \$1,000 from Council and they get \$1,000 from water as well.

Mr. Rodriguez stated that is correct.

There was brief discussion regarding the telephone line item, which is divided up per department and includes the Council office in City Hall.

#### Administration

Mr. Rodriguez reviewed the Administration Department's budget and stated the City Manger's contingency fund went from \$8,500 to zero.

#### City Clerk

Mr. Rodriguez reviewed the City Clerk's departmental budget and stated part of the largest expense shown here is the election amount. We planned for \$15,000 but we're actually expecting to come in about \$21,000, and next year we're looking at \$28,000 for a budget expense. Unfortunately those things there's not much we can do about them. When they come through, we have to pay them.

Mayor Elinski asked if that is because we're working with the county

Ms. Jiménez stated yes; it increased our cost to go with an all-mail ballot. They charge us for each ballot that gets mailed out and then for the checking the signatures for the ballots that are returned.

#### Legal

Mr. Rodriguez reviewed the Legal department's budget and stated we're looking at a 1.2 percent increase.

Mayor Elinski asked if under contractual services, is that for every time we have to go to outside counsel and if that would come out of that contractual services.

Mr. Horton stated yes.

#### Natural Resources

Mr. Rodriguez reviewed the Natural Resources departmental budget and stated we're looking at a decrease of about 4.8 percent. That budget is relatively smaller than the others.

#### Finance

Mr. Rodriguez reviewed the Finance department's budget.

Mayor Elinski asked what would be an expense under computer support.

Ms. Lennon stated licensing and software maintenance.

Mr. Rodriguez stated that is in all of our budgets. That is all allocated by the number of computers you have allocated to your department.

#### Personnel

Mr. Rodriguez reviewed the Personnel department's budget and pointed out that our unemployment insurance is up a bit. We don't allocate the unemployment insurance to the departments because we don't pay a fee into their pool; we actually pay on a per case basis. If we do lose a case, then we go ahead and pay for it outside of that.

Mayor Elinski stated I see our recruitment expenses jumping up a bit, and questioned if that is in an effort to fill some of those positions.

Mr. Rodriguez stated that is part of it. It keeps getting more and more expensive to recruit people. In many cases, we end up not necessarily recruiting here locally, we end up recruiting area wide, region wide and state wide, and in some cases, nationwide. Most of our area is just this area. The lower the department, the lower the position, it is easier to recruit close by. Start getting up higher, we go a little wider in the networking spread.

There was a question and brief explanation of what the Safety Personnel Committee's purpose was.

#### Information Technology

Mr. Rodriguez reviewed the IT department's budget and stated they have a spike of 32 percent, which is coming from having been two employees short for most of last year.



Mr. Carter stated one of the bigger spikes comes from the Police Department's technology systems. We're actually taking those over this fiscal year.

Council Member Althouse questioned the clothing budget and stated she hadn't seen that on any other budget.

Mr. Rodriguez stated we don't normally budget for clothing, but PD, fire and public works does. IT has recently started to wear shirts because they were working more and more out in the public.

#### Purchasing

Mr. Rodriguez stated that one has about a 4 percent increase. The big one there is salary and the benefits that go along with it. Total increases are about \$3,900, roughly.

#### Non-Departmental

Mr. Rodriguez reviewed the non-departmental budget and stated our non-departmental is basically something that doesn't fit into all departments and is general to all departments. The Chamber of Commerce 3 percent bed tax that is collected is under here. Outside of that, liability insurance, our lease purchase, equipment that belongs to the general fund or non-enterprise funds are also in here.

#### Debt Service Fund

Mr. Rodriguez stated under the debt service fund there are the reserves we have for the \$13,000,000 refinancing for the GADA loan. As you may recall, we got the loan itself but it wasn't ready to be called and it should be called this year so that is why we put in the expense and put it into an escrow account to pay for the loan.

#### Fiduciary Fund

Mr. Rodriguez stated we have volunteer firemen pension and also employee benefit trust. The alternate pension for firefighters is not being used at all at this point in time. It was once set up to provide some sort of an income and retirement for volunteers but it got to the point where we couldn't keep volunteers for very long. The Council approved dissolving this pool, but he hadn't had time to do it. The employee benefits trust fund was self-funded for years. When we went with the Verde Valley schools we kept this fund open because we can't do anything except write some sort of benefits to employees that are beyond what we would normally provide. We're sitting on a little bit of money. We aren't using it for any purpose and eventually when it gets exhausted, we will probably do away with it.

#### Planning & Zoning

Mr. Rodriguez reviewed the Community Development budget.

Mayor Elinski we're still short a building official and Berrin Nejad is currently filling in as building official, and questioned if there was an opportunity to work with Clarkdale and maybe the county too on inspections and stuff.

Mr. Bartosh stated he was going to make that a task for him to pursue to see if they could somehow share, but in the interim what we do is we do have a contract with a company that will come in and send in a building official when we need it.

#### CIP Fund

Mr. Rodriguez stated for the Civic Center improvement project we are mitigating asbestos in that building. Outside of that, we have a transfer out of the money to Wastewater for the continuation of the Riverfront facility project.

Mayor Elinski asked if there is a situation where that CDBG money that came through from the county in the amount of \$265,000 falls through, what the backup on that would be.

Mr. Rodriguez stated we're probably coming back to visit you and go through our budget to try to figure out what the plan of action is. We set up the liquid authority to move the money around if we need to but we'll probably have to come back to Council to see if we can change the code work or if we can find some other way to go ahead and finish that project.

Mayor Elinski asked so the \$265,000 isn't in the budget anywhere.

Ms. Lennon stated the CDBG grant is.

Mayor Elinski asked if we would have to shuffle money if it falls through.

Mr. Rodriguez stated we'd have to shift some things around to accomplish it.

#### Cottonwood Area Transit/Verde Lynx System

Mr. Rodriguez reviewed the transit budget which included removing the bus stops on both sides of Cottonwood Street, installing handicap accessible sidewalks and replacing the bus stops.

Mayor Elinski asked if the amounts listed for Yavapai County and Clarkdale were the only amounts they give us yearly for this transit program.

Mr. Rodriguez stated yes.

Mr. Horton stated several years ago we calculated what the county's fair share was based on the utilization that was in different portions of the system, and most of the partners paid, but the county said they couldn't afford what we thought was the county's share and they cut it drastically and left it there.

Mr. Rodriguez stated it does seem they have their own formula and it doesn't match with our formula. We would like to impart one of the strategic plans that the Council has set up is a circular through Cornville and the VOC. We have revisited that recently with our county supervisor and we didn't come to an agreement. The cost is the big issue. We have to have funding. The city can't be taking on that kind of responsibility. It is expensive, we'll need new buses, and they need to pay their fair share.

Mr. Horton stated the formula excludes buses and drivers.

#### ADJOURNMENT

Council Member Althouse moved to adjourn. The motion was seconded by Council Member Henry and carried. The budget work session adjourned at 7:52 p.m.

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD,  
ARIZONA, HELD JUNE 6, 2017, AT 6:00 P.M., AT THE CITY COUNCIL CHAMBERS BUILDING,  
826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

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Mayor Elinski called the meeting to order at 6:00 p.m. Roll call was taken as follows:

COUNCIL MEMBERS PRESENT

Tim Elinski, Mayor  
Ruben Jauregui, Vice Mayor  
Tosca Henry, Council Member  
Kyla Allen, Council Member  
Karen Pfeifer, Council Member  
Deb Althouse, Council Member  
Linda Norman, Council Member

STAFF MEMBERS PRESENT

Doug Bartosh, City Manager  
Matt McLean, Deputy Clerk  
Steve Horton, City Attorney  
Rudy Rodriguez, Administrative Services General Manager  
Morgan Scott, Development Services Manager  
Roger Biggs, Utility Manager  
Douglas LaSota, City Magistrate  
Berrin Nejad, Community Development Manager  
Richard Faust, Community Services General Manager

PLEDGE OF ALLEGIANCE

Mayor Elinski led the Pledge of Allegiance.

SUMMARY OF CURRENT EVENTS

The council and staff announced past and current events that they attended.

CALL TO THE PUBLIC

There were no comments from the public.

APPROVAL OF MINUTES OF WORK SESSION OF APRIL 11, 2017, REGULAR MEETING  
OF MAY 2, 2017, AND WORK SESSION OF MAY 9, 2017

Mayor Elinski moved to approve the minutes. The motion was seconded by Council Member Allen, and carried unanimously.

## UNFINISHED BUSINESS

### RESOLUTION NUMBER 2888--DISCUSSION, CONSIDERATION, AND POSSIBLE LEGAL ACTION TO REAPPOINT PRESIDING CITY MAGISTRATE A. DOUGLAS LASOTA TO A NEW TWO-YEAR TERM COMMENCING ON APRIL 13, 2015

Mayor Elinski stated we did his performance evaluation last month, and gave some direction to look at different efficiencies. Judge LaSota send those to the council, and we are here to decide whether or not we want to reappointed him for another two year term. Mayor Elinski stated he has looked over everything and he has had conversations with other municipalities and other courts and there is an opportunity to run our court more efficiently, and doesn't feel comfortable with reappointing the Judge tonight.

Vice Mayor Jauregui asked Mayor Elinski for some examples of those ways that have been looked at to run the court more efficiently.

Mayor Elinski stated we do, and he can provide that information at a work session if the council chooses, and there are many options that he thinks the council would find attractive.

Council Member Althouse stated she thought those were going to be presented before we made a decision. It seems a little odd that we are not getting all the information so we can make a decision.

Council Member Henry stated we need to be fair to our judge who is holding over. With the passage of time, we are in an increasingly unfair situation.

Mayor Elinski stated to approve his contract for another two years will not allow us to provide those efficiencies within that timeframe. It is difficult conversation because we are talking about a real person who has a job and a family, but there are efficiencies we can provide to the public, and he thinks it is our duty to do that.

Council Member Althouse stated the problem is he knew what these things are, and it appears others do, but she doesn't. All she has seen is the stuff Judge LaSota has given, and he has done his part. She feels like she is getting half the story.

Council Member Allen stated there are two separate items. We need to decide whether we want to continue his contract, and a discussion of what we do or do not do if we don't continue his contract, but really the details have to be worked out separately, because they are two different items.

Council Member Pfeifer stated she doesn't have all the details, and thought tonight we were going to get details of what they came up with, and it is not really fair that the rest of the council to not have all the information that a few people have. She is uncomfortable with it also, and thinks we have been kept in the dark on some of the information.

Mayor Elinski stated that is a fair statement. There are lot of moving parts to it, and in fairness to the Judge he doesn't want him holding over. If we reappoint for another two years, then we are two years out, before we can make any decision.

Council Member Althouse asked to hear from Judge LaSota to see if he wanted to holdover.

Judge LaSota stated he is willing to holdover if necessary, and thinks there is enough votes to reappoint him anyway. Directing his comments to Mayor Elinski, Judge LaSota stated the one thing is you say want to be fair to the judge, how are you being fair to the judge when there is no transparency what so ever. You had no transparency about what you were trying to do the last session, and he tried to discuss those things with you, and you refused to give me answer to it, and he had to hear about the first time in executive session. As Ms. Althouse pointed out, Ms. Henry was supposed to come forward with things tonight, and there are things that you have, that she has, apparently Ms. Allen has...

Council Member Allen stated she doesn't have them, and asked Judge LaSota to not make assumptions.

Judge LaSota continued okay, at least two of you have, and the others haven't had it shared with them, and you (Mayor Elinski) want them to make a decision not to reappoint me based on information that they even had a chance to see, and that he isn't even given me a chance to see so I could have a chance to address it. In the past month alone with the two staff changes we have done, we have saved \$17,000. I haven't had a chance to look at anything else, or respond to anything else, because you fail to be transparent and provide that to me or any of your fellow council members.

Mayor Elinski stated to be fair, you are comfortable with holding over until council can make a decision.

Judge LaSota stated unless there are ones that want to vote on reappointing me tonight.

Council Member Henry stated she is not comfortable with that, and that is not a solution. She has had multiple conversations with our city attorney about the timeframe. The preference was when we left things previously, was to report back with some options. She spend considerable time on exploring different options and she does have some information. One thing that was brought to her attention very quickly, was in exploring other options with other public entities, it is not a one week conversation, it is not a two week conversation, it is multi-month conversation, and it has to be in public session. We have to allow the public to weigh in. Is that fair and does that mean we have an impartial court, if it believes that at any minute we could be moving in a different direction. We need to have some finality and have some independence of the court and we need to give clear guidance as a council. Now I can tell you if you want some preliminary information, I reached a certain point with regard to numbers because again we have to look at other entities that we are dealing with, however in discussions and looking at case numbers from other courts, and the ratio of case numbers to full time judicial employees, full time staff, I believe we are at a good position about how we

need to be more efficient with our budget, and there are some very identifiable efficiencies if we move in and explore other directions with other entities, especially with regards to new safety mandates that are coming down that are going to be quite costly. Not just for us, but for other entities. She believes this an appropriate time, and we also need to be fair and have clear guidance, and maintain impartiality at our court.

Judge LaSota stated in regards to the safety information that Council Member Henry just mentioned, when it comes down to our court, we are going to have buy a wand for court appearances, and it is not going to cost us an extensive amount of money to do that. We are also going to solicit volunteers to help us use the wand on people coming into the court. If we absorb Clarkdale's cases too, then that would be significant number of cases we would be handling with extra revenues coming into the court, with no additional expense since we would be able to do that with the same staff we have now.

Council Member Henry stated when she was last talking about the safety upgrades, it was possible scanners, cameras, it was key swipe and key access pads, and a whole number of items. She knows we can get some waivers and/or extensions for some items, but that is something that she would want to look at in a meaningful manner with all that information.

Judge LaSota stated the cameras are a separate issue about the requirements coming down for security. Those are things we were already in the process of planning that we already have money set aside with court enhancement fund money which doesn't touch city revenues. The new requirements that are coming down is basically we need to have a wand.

Council Member Allen stated because the last session was under executive session, she is reticent to bring some things up since it was transparent when we were sitting there. She is not sure what we can speak to about out here, because there is two different items.

Mr. Horton stated that is right. There is a lot of what was discussed, and we have approached things and categorized things that were said in executive session. As the council knows, because we have discussed this every time we go into executive session, those discussions are legally privileged and confidential.

Council Member Allen stated it is difficult for her, because she wants to reiterate some the things she brought up under executive session.

Mayor Elinski stated it is a difficult situation that we are in. His contract is up, and Mayor Elinski is of the mind, same as Council Member Henry that now is the time to look at those other options. He very confident that there are many other options that would save our tax payers many thousands of dollars. There is more efficient way to run our court and now is the time. He doesn't feel that having the judge holdover indefinitely while we have these discussions is fair to the judge. There are mechanisms in place right now where we can have a pro-tem fill in as presiding magistrate so the court will run the same as it has, and then we can have those discussions in public.

Vice Mayor Jauregui stated he would like to see us go into executive session at this time to be able to hear what Council Member Allen has to say, and other folks have a few things to add that they would rather say in executive session than in the public right now.

Mr. Horton stated as the agenda reads the council has the prerogative to convene into executive session to obtain legal advice and to discuss contracts, but that can't be a substitute for having a personnel discussion. So what he would advise the council is if they vote to convene into an executive session is to solicit and obtain legal advice.

Council Member Henry moved to convene into executive session for the purpose of consulting with our attorney for purpose of obtaining legal advice. The motion was seconded by Vice Mayor Jauregui, and carried unanimously.

After having a discussion in executive session, Mayor Elinski moved to reconvene back into regular session. The motion was seconded by Council Member Pfeifer, and carried unanimously.

Vice Mayor Jauregui moved to approve Resolution Number 2888, reappointing presiding city magistrate A. Douglas LaSota to a new two year term, with no raise, expiring on April 13, 2019. The motion was seconded by Council Member Pfeifer.

A roll call vote on the motion was then taken as follows:

	<u>Aye</u>	<u>Nay</u>
Council Member Althouse	X	
Council Member Allen		X
Council Member Norman	X	
Council Member Pfeifer	X	
Council Member Henry		X
Vice Mayor Jauregui	X	
Mayor Elinski		X

Mayor Elinski requested the Deputy Clerk to read Resolution Number 2888 by title only.

RESOLUTION NUMBER 2888

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, APPOINTING A. DOUGLAS LASOTA AS CITY MAGISTRATE AND ESTABLISHING HIS TERM OF OFFICE.

CONSENT AGENDA



COOPERATIVE USE OF THE FIRE-RESCUE CPO CONTRACT #VH 11277 FOR THE PROCUREMENT OF A "HURST E-DRAULIC JAWS OF LIFE" RESCUE TOOLS FOR THE COTTONWOOD FIRE AND MEDICAL DEPARTMENT.

MULTI-YEAR PROFESSIONAL SERVICES AGREEMENT WITH FPA LTD, (FIREWORKS PRODUCTIONS OF ARIZONA), TO PROVIDE FIREWORKS DISPLAY SERVICES FOR THE CITY'S FOURTH OF JULY CELEBRATION

Council Member Pfeifer moved to approve the consent agenda. The motion was seconded by Council Member Norman, and carried unanimously.

NEW BUSINESS

APPLICATION FOR MATCHING GRANT FOR BACKWASH TREATMENT PILOT PROGRAM

Mr. Biggs stated the utility department operates 22 water production wells in our system, and associated with those wells are 18 arsenic removal systems. The wells that serve inside Cottonwood drain the effluent directly into the city sewer system. Over time the arsenic levels have risen at the wastewater plant and they effect the disposal costs for the biosolids. Bureau of Reclamation has a small matching grant that is part of the small scale water efficiency program in the amount not to exceed \$75,000. He is trying to replicate a system that is installed at a well site here in the city, which is basically a backend system that takes the effluent from the arsenic treatment system, take the solid arsenic material out of it, and put the water back into the treatment system. If this was installed at all well sites, we would save approximately 33 million gallons a year in potable water. He is asking for the council's approval of the grant application and authorization to provide matching funds not to exceed \$75,000.

Council Member Allen moved to approve the application for a matching grant for a backwash treatment pilot program through the United States Department of Reclamation's WaterSmart Small Scale Water Efficiency Program and authorize the City to provide up to 50 percent matching funds in an amount not to exceed \$75,000.00 if the grant is awarded. The motion was seconded by Council Member Althouse, and carried unanimously.

PUBLIC HEARING REGARDING ADOPTION OF THE CITY'S FISCAL YEAR 2017-18 TENTATIVE BUDGET

Mr. Rodriguez reviewed the tentative budget, and the budget process with the council. At first we were looking at about \$196,000 deficit. After the meeting with the City Manager, when we add in the needed personnel, any necessary capital, and we were at \$784,000 deficit. At that time we asked our department heads to go back to their budgets and review their budgets and decide what needs to be moved out to another year. Our proposed budget includes a lot of our reserves, a lot of grants we don't know if we are going to get, so it is still a bit inflated. The original proposed budget was \$84,995,470, and the new proposed budget has increased by \$59,270 to a total of \$85,054,740. We were able to reduce \$532,000 out of the budget.

There is \$891,000 of personnel were requested, and only a \$121,000 was granted into the budget, and only if grants were available for them. If there are no grants for the new personnel, then the city will not hire them. There was \$6,400 worth of reclassifications for personnel. In order to balance the budget, we eliminated two police officers and one communication specialist, which makes us down four police officers from three years ago. We requested the City Manager fill one of these positions if we got a good candidate and if we could find the funding for it. Our merit program is fully funded. The cost of living allocation was eliminated. In the next couple of years, proposition 206 that forces part time employees to have a regular COLA every year is going to have to change that for us. Our health insurance premiums will be increasing by four percent. The Old Town Association is being funded at \$10,000, the Senior Center is at \$55,000, Humane Society at \$43,900, NACOG for the water bill assistance up to \$15,000, Chamber of Commerce receives the bed tax at almost \$20,000 a month, Old Town Center for the Arts at \$20,000, Building Community Grants at \$15,000, and the Birding Festival at \$2,000. Our general fund reserve status still has a 60 day coverage. From 2007 to now we have had about a three percent increase annually from year to year. The final adoption will be June 20. The tentative budget sets the expenditure limit.

Council Member Allen stated she went through the budget pretty carefully, and there were two items she had questions on: it states under the City Clerk budget that the City Clerk will serve the Mayor, and she thinks it should say Mayor and City Council. Also under the City Clerk's department, it doesn't have any performance measures listed, and her assumption is that they will be included once it's published.

Mr. Rodriguez stated we have been working to update those performance measures.

Mayor Elinski stated we had discussed under that performance measures too about what element of the council's strategic plan it falls in line with, and asked if we could develop that.

Mr. Rodriguez stated certainly, and if you have ideas please sent them over to us and we can make adjustments to it.

Mayor Elinski opened the floor to the public, and no one spoke. Mayor Elinski then closed the floor to the public.

#### ADOPTION OF THE CITY'S FISCAL YEAR 2017-18 TENTATIVE BUDGET AND ESTABLISHING AN EXPENDITURE LIMITATION

Mr. Rodriguez stated this a balanced budget, and this is giving staff the authority to move forward with this budget as of July 1, 2017. Capital items when they are purchased depending on their size will be coming back to council for authorization.

Council Member Norman moved to adopt the City's proposed Fiscal Year 2018 Tentative Budget as presented and to establish the City's Fiscal Year 2018 Expenditure Limitation at Eighty Five Million, Fifty Four Thousand, Seven Hundred and Forty Dollars. (\$85,054,740). The motion was seconded by Council Member Pfeifer, and carried unanimously.

REQUEST FROM DAMIEN BROWNING OF STEPS TO RECOVERY HOMES FOR CO-SPONSORSHIP OF THEIR SECOND ANNUAL "ERASE THE STIGMA EDUCATIONAL AND AWARENESS DAY" EVENT SCHEDULED FOR JUNE 24, 2017, AT THE COTTONWOOD RECREATION CENTER.

Damien Browning reviewed the erase the stigma educational and awareness event, and requested a co-sponsorship from the city to offset the event hosting at the recreation center, and/or day passes for the recreation center, and/or a monetary contribution of \$500 or any other monetary contribution. The event will be at the recreation center on June 24 from 9:00 a.m. to 2:00 p.m.

Council Member Allen asked if the city was not able to provide this would they still be able to afford this.

Mr. Browning stated we will make it work.

Mayor Elinski stated he put one of these events on last year, and this would be his second event. There is just an opportunity for the city to show its support for the event.

Council Member Althouse stated she likes the idea of the day passes, and it promotes the recreation center.

The council discussed the different options to assist with the event, and the council agreed to offset the cost of renting the rooms and set up fee at the recreation center.

Council Member Henry moved to offset the cost of the facility for this event including the setup fees. The motion was seconded by Council Member Allen, and carried unanimously.

REQUEST FROM THE AMERICAN LEGION RIDERS, POST 25, FOR \$200 TO BE USED FOR THEIR ANNUAL PICNIC AND BAR-B-QUE FOR VETERANS TO BE HELD AT THE PRESCOTT VA HOSPITAL AND VA DOMICILIARY

David Haig, director from American Legion Riders Post 25, and asking for \$200 for all the bar-b-que all the patients at the VA hospital in Prescott.

Council Member Althouse stated since she is a member of the American Legion Riders Post 25, and she spoke with Mr. Horton, and confirmed that she does not have a conflict of interest.

Council Member Althouse moved to donate \$200 from the Council contingency fund to the American Legion Riders, Post 25, for their annual picnic and barbecue honoring our veterans. The motion was seconded by Council Member Pfeifer, and carried unanimously.

REQUEST BY MINGUS UNION HIGH SCHOOL FOR REFUND OF THE BUILDING PERMIT FEE PAID TO CONSTRUCT A NEW BUILDING AT THE HIGH SCHOOL AND WAIVER OF THE FIRE SUPPRESSION AND FIRE ALARM PERMIT FEES

Ms. Nejad stated Mingus Union High School is constructing a new building for their wrestling practice area and three classrooms. The building permit fees for a total of \$5,159.23. Out of that \$4,958.37 for the permit is already paid, and they are asking for a refund. \$137.36 is for fire suppression permit which has not been paid, and they would like a waiver. \$63.50 for fire alarm permit, and they are asking for a waiver. This add up to \$5,159.23. Meantime, city hired a third party plan review company for their plans, and we paid \$1,459.10 for the review. So out of that \$5,159.23 we have already paid from the department \$1,459.10. They are requesting a refund for what they have already paid, and also asking for a waiver of the remaining. Meantime we have already paid a third party \$1,459.10.

Council Member Allen asked if this something we typically do for the school.

Ms. Nejad stated in the past years we did. Only difference this year is we paid a third party already for the plan review.

Kirk Waddle, Finance Director from Mingus Union High School District, stated he paid the fees to get the project going, and he was told they would entertain a refund of building permit fees, plus a waiver for the fees we haven't paid. The funds will be just reinvested right into the project.

Mayor Elinski stated he would support anything to support our educational institutions in town.

Council Member Henry moved to approve the Mingus Union High School request for reimbursement and a waiver of building and fire permit fees except for the \$1459.10 that was already spent by city for outside review. The motion was second Mayor Elinski, and carried unanimously.

REQUEST FROM COTTONWOOD-OAK CREEK SCHOOL DISTRICT FOR WAIVER OF BUILDING PERMIT AND INSPECTION FEES FOR RENOVATIONS TO THE COTTONWOOD MIDDLE SCHOOL.

Ms. Nejad stated it is the same situation, this time it is for Cottonwood Middle School. They are doing renovations to the school. This time we did not have a third party plan review in this case, so total amount is \$3,045.69 and they are asking for a waiver.

Joe Snape, from Cottonwood School District, stated last year we came to the council and requested a waiver of fees related to a bond projects. These fees are related to the design review and permit and inspection fees. The city came to us to request a temporary easement along Mingus, and was willing to give us compensation, and the school district waived that compensation.

Council Member Althouse moved to approve the Cottonwood-Oak Creek School District request for a waiver of the building permit fees associated with the completion of the renovations of the Cottonwood Middle School. The motion was seconded by Council Member Norman, and carried unanimously.

NEW LEASE AGREEMENT WITH SANDRA M. BROWN (SEEDS NATURAL FIBER CLOTHING) FOR THE OLD TOWN JAIL FACILITY LOCATED AT 1101 NORTH MAIN STREET

Mr. Rooney stated this a request and award for a lease agreement for the Old Town Jail to Sandra M. Brown. A thorough business plan was included in the council's packet. The Seeds Natural Fiber Clothing has a store front in Jerome right now, and is looking relocate to Cottonwood. Jeff Cook put together a Request for Proposals, and Sandy Brown was the only one to put in a request. A committee consisting of Mr. Rooney, Andrea Harless, Council Member Pfeifer, and Kirsten Lennon, recommends a lease to Sandra Brown for the Old Town Jail at \$800 a month.

Council Member Pfeifer declared a conflict of interest since she was on the selection committee.

Sandy Brown, the owner of the Seeds Natural Fiber Clothing, stated she was looking for an opportunity to come to Old Town, and is bringing an existing clientele. She makes custom clothing.

Mayor Elinski asked Ms. Brown about how she would update the landscaping.

Ms. Brown stated she would like reassemble the garden, and she offered \$3,000 to the previous lessee for the pieces that were not part of the building.

Mayor Elinski stated he really enjoyed that garden space in the back and would like to see it brought back to life. It is a local landmark, so anything Ms. Brown would like to be done to the outside, it should be run by the Historic Preservation Commission.

The council discussed how thorough a proposal Ms. Brown had provided, and her business being the correct fit into Old Town.

Council Member Althouse moved to approve the proposed lease of the historic Cottonwood Old Town Jail to Sandra M. Brown dba Seeds Natural Fiber Clothing, subject to the approval of the final form of the lease by the City Attorney. The motion was seconded by Council Member Allen, and carried unanimously.

CONSIDERATION OF ONE-TIME OPPORTUNITY TO EXTEND THE AMORTIZATION PERIOD FOR FUNDING THE CITY'S ARIZONA PUBLIC SAFETY RETIREMENT SYSTEM LIABILITY

Mr. Rodriguez stated we have a onetime opportunity to make some changes to amortization period. Basically we have a onetime opportunity to expand our current 20 year amortization period of our unfunded liabilities for Public Safety Retirement System from 20 years to 30 years. Going to 30 years would allow the city to pay the same amount of debt with smaller payments over a longer period of time. However where we are right now, is probably going to be close to where it is going to be from here on out. By extending the amount of time, we

could end up paying only the interest and not the principal on the debt, and pension funding becomes more costly over the long run by lengthy amortization period. Staff is not recommending extending the amortization period, and keeping the current 20 year amortization period.

Council Member Allen moved to continue funding the city's Arizona Public Safety Personnel liability on the current 20 year amortization schedule. The motion was seconded by Council Member Henry, and carried unanimously.

#### AWARD OF BID AND APPROVAL OF PROPOSED CONTRACT FOR CUSTODIAL/JANITORIAL SERVICES

Mr. Faust stated we are requesting approval for a proposed contract for citywide custodial/janitorial services to Melton and Sons, LLC. Staff put out a Request for Proposals on April 6, 2017, and they received five proposals. The evaluation committee consisted of the main departments with the largest square footage which included Police, Public Works, and Recreation Center. Melton and Sons received the highest average score from the committee. Melton and Sons will cost \$772,119.80 for a three year contract.

Mr. Horton stated we built into our typical RFP template a protest mechanism in an effort to allow bidders a record of concerns that they had if they believe there were flaws in the process, and give the city an opportunity to correct those flaws before making a decision that would lead to litigation. In this case there was a self-discovered mistake in the criteria in the first cycle of RFP that we corrected and reissued. The flip side of the having this mechanism in place is you can get frivolous protests. At 3:17 p.m. yesterday afternoon, we received an email that meets all the criteria for a protest. He would categorize this a protest that the city has received, and would categorize it on its merits as not well founded. It contains incorrect statements of fact since he was part of the original administrative decision to reissue the solicitation. The allegations and the foundation of the protest is without merit. His recommendation to the protest, the council has the prerogative to either call for a hearing or council can authorize the issuance of a written response to the protest. His recommendation to this particular protest that the council authorize staff to issue a written response denying the protest.

The council agreed to authorize staff to issue a written response denying the protest.

Mayor Elinski moved to award the proposed custodial janitorial services contract to Melton and Sons, LLC, subject to approval of the final form of agreement by the city attorney, and direct the city attorney to deny the protest. The motion was seconded by Council Member Henry, and carried unanimously.

#### AGREEMENT WITH SEDONA NOW AND CLEAR PRODUCTION SERVICES FOR MEDIA COVERAGE TO PROMOTE THE CITY IN EXCHANGE FOR MEDIA COVERAGE PROVIDED BY THE PARKS & RECREATION DEPARTMENT THROUGH IN-KIND RESOURCES

Mr. Allen stated staff was approached by Sedona Now to promote city events via media coverage in Sedona hotels. They would have three 60 second commercials to promote Thunder Valley Rally, Walkin' on Main, the Brian Michelsen Marathon, and other key events in the city.

Mayor Elinski stated on the agreement it only lists one event, and the communication form says many events, and asked which it is.

Mr. Allen stated so if you look at the SNM contract agrees to air three 30 second spots 12 times per day for 12 months. In essence those are three commercials promoting three different programs.

Mayor Elinski stated the contract states it will promote Thunder Valley Rally over SNM television channels.

Council Member Allen asked if the contract can be amended with the desired change.

Mr. Horton stated we can make sure the contract includes the specifics, and can be contingency of the council approval.

Mayor Elinski moved to approve the proposed agreement between Sedona Now and Clear Production Services for media coverage promoting the City of Cottonwood in exchange for media coverage of Sedona Now and Clear Production Services provided by the Parks and Recreation Department through in-kind services with understanding that the agreement is contingent upon promoting other city events. The motion was seconded by Council Member Allen, and carried unanimously.

#### CLAIMS/ADJUSTMENTS

Council Member Allen moved to pay the claims and adjustments. The motion was seconded by Council Member Norman, and carried unanimously.

#### ADJOURNMENT

Council Member Allen moved to adjourn. The motion was seconded by Mayor Elinski, and carried unanimously. The meeting adjourned at 9:00 p.m.

City of Cottonwood, Arizona  
City Council Agenda Communication

☐ Print

Meeting Date:	June 20, 2017
Subject:	Acquisition of Control Liquor License Application for Old Town Red Rooster Cafe.
Department:	City Clerk
From:	Marianne Jiménez, City Clerk

**REQUESTED ACTION**

Consideration of approval or denial of the Acquisition of Control Liquor License Application submitted by Shane Smith, agent for Old Town Red Rooster Cafe.

**SUGGESTED MOTION**

If the Council desires to approve this item the suggested motion is:

"I move to recommend approval of the Acquisition of Control Liquor License Application submitted by Shane Smith, Agent, for the Old Town Red Rooster Cafe, LLC., located at 901 North Main Street."

**BACKGROUND**

The City of Cottonwood has received an Acquisition of Control Liquor License Application for Shane Smith, Agent, for the Old Town Red Rooster Cafe, LLC., located at 901 North Main Street, Cottonwood, Arizona, from the Arizona Department of Liquor Licenses & Control. The Notice of Application was posted for 20 days and no comments for or against the application have been received.

**JUSTIFICATION/BENEFITS/ISSUES**

All applications that are submitted to the Arizona Department of Liquor Licenses & Control (ADLLC) are presented to the Council for its recommendation of approval or denial of the application. The Council's recommendation is taken into consideration by the ADLLC prior to their final approval of the application.

**COST/FUNDING SOURCE**

N/A

**ATTACHMENTS:**

File Name	Description	Type
6-20-17_Red_Rooster_LL_Application.pdf	Old Town Red Rooster Cafe, LLC--LL Application	Cover Memo





State of Arizona  
Department of Liquor Licenses and Control  
800 W. Washington 5<sup>th</sup> Floor  
Phoenix, AZ 85007  
(602) 542-5141

17 MAR 9 Ligr. Dept. 201501 DILL USE ONLY

Date Processed:	5/16/17
CSR:	W
60th Day:	7/15/17

APPLICATION FOR AGENT CHANGE - ACQUISITION OF CONTROL - RESTRUCTURE

NOTE: 1) The fee for an agent change MUST be submitted with this application: \$100.00 for the first application and \$50.00 for each additional application, not to exceed \$1,000.00. (A.R.S. 4-209.H) NOTE 2) the \$100.00 fee for restructure/acquisition of control MUST be submitted with this application. (A.R.S. 4-209.A)

SECTION 1

Check the appropriate boxes

☐ Agent Change  
Complete Sections 1,2,3,4,5 & 7

☒ Acquisition of Control  
Complete Sections 1,2, 3 & 7

☐ Restructure  
Complete Sections 1,2,3,6 & 7

SECTION 2

(COMPLETE THIS SECTION FOR AGENT CHANGE, ACQUISITION OF CONTROL OR RESTRUCTURE)

- Name: Smith, Shane (EXISTING AGENT OR NEW AGENT) Last First Middle Douglas Liquor License # 12133476
- Owner Name: Old Town Red Rooster Cafe LLC Corp File #: L-1622200-1 (Exactly as it appears on Liquor License) (If applicable)
- Business Name: Old Town Red Rooster Cafe Email: n/a none (Exactly as it appears on Liquor License)
- Business Location Address: 901 N. Main Street, Cottonwood, Yavapai County, 86326 (Do not use P.O. Box Number) City COUNTY Zip
- Is the Business located within the incorporated limits of the above City or Town? ☒ Yes ☐ No
- Does the Business location address have a street address for a City or Town but is actually in the boundaries of another City, Town or Tribal Reservation? ☐ Yes ☒ No If Yes, what City, Town or Tribal Reservation is this Business located in: \_\_\_\_\_
- Mailing Address: 901 N. Main Street, Cottonwood, AZ 86326 City State Zip
- Business Phone: (928) 649-8100 Daytime Contact Phone (928) 649-8100
- Does this transaction involve the sale of any portion of the percentage of ownership or corporate stock? ☒ Yes ☐ No If yes, submit a certified copy of minutes.
- Has there been any change of Controlling Persons? ☒ Yes ☐ No If yes, submit a copy of the minutes, amended articles of organization and/or amended operating agreement showing change

SECTION 3

(COMPLETE THIS SECTION FOR AGENT CHANGE, ACQUISITION OF CONTROL OR RESTRUCTURE)

Each new person listed in section III must submit a questionnaire (form LIC0101) and a Department approved fingerprint card which may be obtained at the Department of Liquor. A Controlling Person already disclosed to the Department is not required to submit a questionnaire.

1. List all Controlling Persons to be disclosed, current and new						
New	Last	First	Middle	Title	Address	City State Zip
<input type="checkbox"/>	Smith, Shane		Douglas	manager		Cottonwood, AZ 86326
<input checked="" type="checkbox"/>	Ariola, James	FRANCIS	5th	MANAGER		NY, NY 10011
<input type="checkbox"/>						New York 5th
<input type="checkbox"/>						

(ATTACH ADDITIONAL SHEET(S) IF NECESSARY)

2. List stockholders, percentage owners and/or Controlling Members owning 10% or more						
New	Last	First	Middle	% Owned	Address	City State Zip
<input type="checkbox"/>	Smith, Shane		Douglas	50%		Cottonwood, AZ 86326
<input checked="" type="checkbox"/>	Ariola, James	FRANCIS	5th	50		NY, NY 10011
<input type="checkbox"/>						New York 5th
<input type="checkbox"/>						

(ATTACH ADDITIONAL SHEET(S) IF NECESSARY)

If the ownership is owned by another entity, ATTACH AN OWNERSHIP FLOWCHART SHOWING THE OFFICERS, MEMBERS, CONTROLLING PERSON AND 10% OR MORE OWNERS FOR THE ENTITIES. Attach additional sheets as necessary in order to disclose all persons.



**SECTION 4**

**(COMPLETE THIS SECTION FOR AGENT CHANGE)**

1. As an Agent, will you be physically present and operating the licensed premise? ☐ Yes ☐ No  
 If you answered YES, you must provide a copy of your Basic and Management Training Certificate obtained from a Department approved Liquor Law training provider **BEFORE YOUR APPLICATION FOR AGENT ACQUISITION OF CONTROL OR RESTRUCTURE CAN BE SUBMITTED.** If you answered NO, go to question 2.

2. Is there a current Manager at this license premises disclosed to the Department with the current Basic and Management Training Certificate? ☐ Yes ☐ No

If yes, Name of current Manager: \_\_\_\_\_  
 Last First Middle

Basic Training ☐ Yes ☐ No

Management Training ☐ Yes ☐ No

**If "NO" for 1 and 2, a Manager with a current Basic and Management Training Certificate obtained from a Department approved Liquor Law training provider must be submitted within 30 days after filing the application for Agent Change, Acquisition of Control or Restructure.**

**SECTION 5**

**(COMPLETE THIS SECTION FOR AGENT CHANGE)**

To be completed by the **INDIVIDUAL OR EXISTING AGENT OR CORPORATE OFFICER OR L.L.C. CONTROLLING MEMBER:**

1. License # \_\_\_\_\_

2. Current Agent Name: \_\_\_\_\_  
 (Exactly as it appears on license) Last First Middle

I, (Print full name) \_\_\_\_\_, hereby consent to the appointment of Agent for this license. I agree to immediately assign a new Agent in the event that I am unable to discharge the duties of Agent for this license. I have not been convicted of a felony in the last five (5) years.

X \_\_\_\_\_  
 (Controlling Person/Existing Agent)

State of \_\_\_\_\_ County of \_\_\_\_\_  
 The foregoing instrument was acknowledged before me this

My commission expires on: \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_  
 Day Month Year

\_\_\_\_\_  
 Signature of NOTARY PUBLIC

**SECTION 6**

**(COMPLETE THIS SECTION FOR RESTRUCTURE)**

Is there more than one licensed premises involved? ☐ YES ☐ NO

If YES, **SEPARATE APPLICATIONS** must be filed and fees paid for each license/location.

Type of current ownership:

Type of new ownership:

- ☐ J.T.W.R.O.S.
- ☐ INDIVIDUAL
- ☐ PARTNERSHIP
- ☐ CORPORATION
- ☐ LIMITED LIABILITY CO.
- ☐ MANAGEMENT CO.
- ☐ TRIBE
- ☐ TRUST
- ☐ OTHER (Explain) \_\_\_\_\_

- ☐ J.T.W.R.O.S.
- ☐ INDIVIDUAL
- ☐ PARTNERSHIP
- ☐ CORPORATION
- ☐ LIMITED LIABILITY CO.
- ☐ MANAGEMENT CO.
- ☐ TRIBE
- ☐ TRUST
- ☐ OTHER (Explain) \_\_\_\_\_

**SECTION 7 (COMPLETE THIS SECTION FOR AGENT CHANGE, ACQUISITION OF CONTROL OR RESTRUCTURE)**

To be completed by Controlling Person or existing Agent (if no agent changes) **OR NEW** Agent if applying for Agent change as listed in Section 2 Question 1.

I, (Print full name) **Shane Smith**, hereby declare that I am the APPLICANT filing this application. I have read the application and the contents and all statements are true, correct and complete.

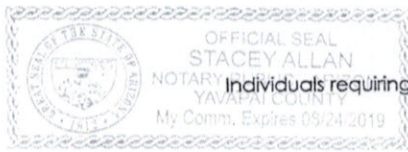
X \_\_\_\_\_  
 (Controlling Person/Existing Agent)

State of AZ County of Yavapai  
 The foregoing instrument was acknowledged before me this

My commission expires on: 8/24/19

8th of March, 2017  
 Day Month Year

\_\_\_\_\_  
 Signature of NOTARY PUBLIC





OCT 06 2014

AUG 27 2014

FILE NO. 4622200-1FILE NO. 4622200-1

17 APR 27 11:48 AM 1148

AZ Corp. Commission



04827834

17 APR 9 11:48 AM 1201

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

## ARTICLES OF AMENDMENT

Read the Instructions L015i

- 1.
- ENTITY NAME**
- give the exact name of the LLC as currently shown in A.C.C. records:

Old Town Red Rooster Cafe LLC

- 2.
- A.C.C. FILE NUMBER:**
- 1-1622200-1

Find the A.C.C. file number on the upper corner of filed documents OR on our website at: <http://www.azcc.gov/Divisions/Corporations>**CHECK THE BOX NEXT TO EACH CHANGE BEING MADE AND COMPLETE THE REQUESTED INFORMATION FOR THAT CHANGE.**

- 3.
- ☐
- ENTITY NAME CHANGE**
- type or print the exact NEW name of the LLC in the space below:

- 4.
- ☐
- MEMBERS CHANGE (CHANGE IN MEMBERS)**
- 
- see Instructions L015i
- Use one block per person - FOR MEMBERS CURRENTLY SHOWN IN A.C.C. RECORDS - list the name of each member being changed, and below that provide any new information for that member (new name and/or address), then check all boxes that apply to indicate the change being made for that member. FOR NEW MEMBERS - in a separate block, list the name in the NEW Name blank and give the address, and check the appropriate box. If more space is needed, complete and attach the Amendment Attachment for Members form L044.

Name currently shown in ACC records			Name currently shown in ACC records		
NEW Name			NEW Name		
Address 1			Address 1		
Address 2 (optional)			Address 2 (optional)		
City	State or Province	Zip	City	State or Province	Zip
Country			Country		
<input type="checkbox"/> Address change	<input type="checkbox"/> Add as 20% or more member		<input type="checkbox"/> Address change	<input type="checkbox"/> Add as 20% or more member	
<input type="checkbox"/> Name change	<input type="checkbox"/> Add as less than 20% member		<input type="checkbox"/> Name change	<input type="checkbox"/> Add as less than 20% member	
	<input type="checkbox"/> Remove member			<input type="checkbox"/> Remove member	
Name currently shown in ACC records			Name currently shown in ACC records		
NEW Name			NEW Name		
Address 1			Address 1		
Address 2 (optional)			Address 2 (optional)		
City	State or Province	Zip	City	State or Province	Zip
Country			Country		
<input type="checkbox"/> Address change	<input type="checkbox"/> Add as 20% or more member		<input type="checkbox"/> Address change	<input type="checkbox"/> Add as 20% or more member	
<input type="checkbox"/> Name change	<input type="checkbox"/> Add as less than 20% member		<input type="checkbox"/> Name change	<input type="checkbox"/> Add as less than 20% member	
	<input type="checkbox"/> Remove member			<input type="checkbox"/> Remove member	



5. ☒ **MANAGERS CHANGE (CHANGE IN MANAGERS)** – Use one block per person – FOR MANAGERS CURRENTLY SHOWN IN A.C.C. RECORDS – list the name of each manager being changed, and below that provide any new information for that manager (new name and/or address), then check all boxes that apply to indicate the change being made for that manager. FOR NEW MANAGERS – in a separate block, list the name in the NEW Name blank and give the address, and check the appropriate box. If more space is needed, complete and attach the Amendment Attachment for Managers form L043.

Jeannie Tennant					
Name currently shown in ACC records			Name currently shown in ACC records		
NEW Name			NEW Name		
Po Box 1012			166 West 22nd Street		
Address 1			Address 1		
Address 2 (optional)		State or Province	Zip	Address 2 (optional)	
Clarkdale		AZ	86324	New York	
City		State or Province	Zip	City	
				NY	
				10011	
Country			Country		
<input type="checkbox"/> Address change <input type="checkbox"/> Add as manager <input type="checkbox"/> Name change <input checked="" type="checkbox"/> Remove manager			<input type="checkbox"/> Address change <input checked="" type="checkbox"/> Add as manager <input type="checkbox"/> Name change <input type="checkbox"/> Remove manager		

6. ☐ **MANAGEMENT STRUCTURE CHANGE** – see Instructions L015i – check only one box below and follow instructions:
- ☐ CHANGING TO MANAGER-MANAGED LLC – complete and attach the Manager Structure Attachment form L040. *The filing will be rejected if it is submitted without the attachment.*
- ☐ CHANGING TO MEMBER-MANAGED LLC – complete and attach the Member Structure Attachment form L041. *The filing will be rejected if it is submitted without the attachment.*

7. ☐ **STATUTORY AGENT CHANGE – NEW AGENT APPOINTED** – see Instructions L015i:

<b>7.1 REQUIRED</b> – give the <b>name</b> (can be an individual or an entity) and <b>physical or street address</b> (not a P.O. Box) in Arizona of the NEW statutory agent:			<b>7.2 OPTIONAL</b> – mailing address in Arizona of NEW Statutory Agent (can be a P.O. Box):		
Statutory Agent Name (required)					
Attention (optional)			Attention (optional)		
Address 1			Address 1		
Address 2 (optional)		State	Zip	Address 2 (optional)	
City				City	
				State	
				Zip	
<b>7.3 REQUIRED</b> – the <u>Statutory Agent Acceptance</u> form M002 must be submitted along with these Articles of Amendment.					

8. ☐ **STATUTORY AGENT ADDRESS CHANGE – ADDRESS OF CURRENT STATUTORY AGENT** – complete 8.1 and/or 8.2:

<b>8.1 NEW physical or street address</b> (not a P. O. Box) in Arizona of the existing statutory agent:			<b>8.2 NEW mailing address</b> in Arizona of the existing statutory agent (can be a P.O. Box):		
Attention (optional)			Attention (optional)		
Address 1			Address 1		
Address 2 (optional)		State	Zip	Address 2 (optional)	
City				City	
				State	
				Zip	



9. ☐ **ARIZONA KNOWN PLACE OF BUSINESS ADDRESS CHANGE:**

9.1 Is the NEW Arizona known place of business address the same as the street address of the statutory agent?

- ☐ Yes - go to number 10 and continue  
☐ No - go to number 9.2 and continue

9.2 If you answered "No" to number 9.1, give the **NEW physical or street address** (not a P.O. Box) of the known place of business of the LLC in Arizona:

Attention (optional)		
Address 1		
Address 2 (optional)		
City	State or Province	Zip
Country		

10. ☐ **DURATION CHANGE** - check one to indicate the **NEW** duration or life period of the LLC:

- ☐ Perpetual  
☐ The LLC's life period will end on this **date**: \_\_\_\_\_ (enter a date - mm/dd/yy)  
☐ The LLC's life period will end upon the occurrence of this **event**: \_\_\_\_\_ (describe an event)

11. ☐ **ENTITY TYPE CHANGE** - If changing entity type, check one and follow instructions:


- ☐ Changing to a PROFESSIONAL LLC - number 12 must also be completed.  
☐ Changing to a NON-PROFESSIONAL LLC (professional LLC becoming a regular LLC).

12. ☐ **PROFESSIONAL SERVICES CHANGE** - describe the **NEW** type of professional services the professional LLC will render:

13. ☐ **OTHER AMENDMENT** - If an amendment was made that was not addressed by the check boxes on this form, then you must attach to these Articles of Amendment a complete copy of the LLC's written amendment.

**SIGNATURE:** By checking the box marked "I accept" below, I acknowledge *under penalty of perjury* that this document together with any attachments is submitted in compliance with Arizona law.

☒ I ACCEPT

Signature:  Printed Name: Shane Smith Date (mm/dd/yy): 10/3/2014

**REQUIRED** - check only one and fill in the corresponding blank if signing for an entity:

<input checked="" type="checkbox"/> This is a <b>manager-managed LLC</b> and I am signing individually as a <b>manager</b> or I am signing for an <b>entity</b> <b>manager named:</b> <u>Shane Smith</u>	<input type="checkbox"/> This is a <b>member-managed LLC</b> and I am signing individually as a <b>member</b> or I am signing for an <b>entity</b> <b>member named:</b> <u> </u>
--	--

Filing Fee: \$25.00 (regular processing)  
Expedited processing - add \$35.00 to filing fee.  
All fees are nonrefundable - see Instructions.

Mail: Arizona Corporation Commission - Corporate Filings Section  
1300 W. Washington St., Phoenix, Arizona 85007  
Fax: 602-542-4100

Please be advised that A.C.C. forms reflect only the **minimum** provisions required by statute. You should seek private legal counsel for those matters that may pertain to the individual needs of your business.  
All documents filed with the Arizona Corporation Commission are **public record** and are open for public inspection.  
If you have questions after reading the Instructions, please call 602-542-3026 or (within Arizona only) 800-345-5819.

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

## MANAGER STRUCTURE ATTACHMENT

1. **ENTITY NAME** – give the exact name of the LLC (foreign LLCs – give name in domicile state or country):  
Old Town Red Rooster Cafe LLC

2. **A.C.C. FILE NUMBER** (if known): 1-1622200-1  
 Find the A.C.C. file number on the upper corner of filed documents OR on our website at: <http://www.azcc.gov/Divisions/Corporations>

3. **MANAGERS / MEMBERS** – give the name and address of each and every **manager** and list all **members who own 20% or more** of the profits or capital of the LLC. **Use one block per person.** Members who own less than 20% may also be listed, but it is not required. Check the appropriate box or boxes below each person listed - *do not check both member boxes*. If more space is needed, use another Manager Structure Attachment form.

<b>1. Shane Smith</b> Name Address 1 Address 2 (optional) Cottonwood AZ 86326 City State or Province Zip Country <input type="checkbox"/> 20% or more member <input checked="" type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member				<b>2. James Ariola</b> Name Address 1 Address 2 (optional) New York NY 10011 City State or Province Zip Country <input type="checkbox"/> 20% or more member <input checked="" type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member			
<b>3.</b> Name Address 1 Address 2 (optional) City State or Province Zip Country <input type="checkbox"/> 20% or more member <input type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member				<b>4.</b> Name Address 1 Address 2 (optional) City State or Province Zip Country <input type="checkbox"/> 20% or more member <input type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member			
<b>5.</b> Name Address 1 Address 2 (optional) City State or Province Zip Country <input type="checkbox"/> 20% or more member <input type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member				<b>6.</b> Name Address 1 Address 2 (optional) City State or Province Zip Country <input type="checkbox"/> 20% or more member <input type="checkbox"/> Manager <input type="checkbox"/> Less than 20% member			



City of Cottonwood, Arizona  
City Council Agenda Communication

☐ Print

Meeting Date: June 20, 2017  
Subject: Acquisition of Control Liquor License Application for Walgreens #05567.  
Department: City Clerk  
From: Marianne Jiménez, City Clerk

**REQUESTED ACTION**

Consideration of approval or denial of an Acquisition of Control Liquor License Application submitted by Andrea D. Lewkowitz, agent for Walgreens #05567.

**SUGGESTED MOTION**

If the Council desires to approve this item the suggested motion is:

"I move to recommend approval of the Acquisition of Control Liquor License Application submitted by Andrea D. Lewkowitz, agent for Walgreens #05567, located at 550 South Main Street."

**BACKGROUND**

The City of Cottonwood has received an Acquisition of Control Liquor License Application submitted by Andrea D. Lewkowitz, agent for Walgreens #05567, located at 550 South Main Street, Cottonwood, Arizona, from the Arizona Department of Liquor Licenses & Control. The Notice of Application was posted for 20 days and no comments for or against the application have been received.

**JUSTIFICATION/BENEFITS/ISSUES**

All liquor license applications that are submitted to the Arizona Department of Liquor Licenses & Control (ADLLC) are presented to the Council for its recommendation of approval or denial of the application. The Council's recommendation is taken into consideration by the ADLLC prior to their final approval of the application.

**COST/FUNDING SOURCE**

N/A

**ATTACHMENTS:**

File Name	Description	Type
6-20-17_Walgreens_LLA.pdf	Walgreens Liquor License Application	Cover Memo



State of Arizona  
Department of Liquor Licenses and Control  
800 W. Washington 5<sup>th</sup> Floor  
Phoenix, AZ 85007  
(602) 542-5141

DLIC USE ONLY

Date Processed:	3-10-17
CSR:	JB/AP
60 <sup>th</sup> Day:	7-9-17

APPLICATION FOR AGENT CHANGE – ACQUISITION OF CONTROL – RESTRUCTURE

NOTE: 1) The fee for an agent change MUST be submitted with this application: \$100.00 for the first application and \$50.00 for each additional application, not to exceed \$1,000.00. (A.R.S. 4-209.H) NOTE 2) the \$100.00 fee for restructure/acquisition of control MUST be submitted with this application. (A.R.S. 4-209.A)

SECTION 1

Check the appropriate boxes

<input type="checkbox"/> Agent Change Complete Sections 1,2,3,4,5 & 7	<input checked="" type="checkbox"/> Acquisition of Control Complete Sections 1,2, 3 & 7	<input type="checkbox"/> Restructure Complete Sections 1,2,3,6 & 7
--	--	---

SECTION 2

(COMPLETE THIS SECTION FOR AGENT CHANGE, ACQUISITION OF CONTROL OR RESTRUCTURE)

- Name: LEWKOWITZ ANDREA DAHLMAN 10133210  
(EXISTING AGENT OR NEW AGENT) Last First Middle Liquor License #
- Owner Name: WALGREEN ARIZONA DRUG CO. Corp File #: 00449518  
(Exactly as it appears on Liquor License) (If applicable)
- Business Name: WALGREENS #05567 Email: ANDREA@LEWKLA.COM  
(Exactly as it appears on Liquor License)
- Business Location Address: 550 S MAIN ST COTTONWOOD YAVAPAI 86326  
(Do not use P.O. Box Number) City COUNTY Zip
- Is the Business located within the incorporated limits of the above City or Town? ☒ Yes ☐ No
- Does the Business location address have a street address for a City or Town but is actually in the boundaries of another City, Town or Tribal Reservation? ☐ Yes ☒ No If Yes, what City, Town or Tribal Reservation is this Business located in: \_\_\_\_\_
- Mailing Address: 2600 N. CENTRAL AVE. STE. 1775 PHOENIX AZ 85004  
City State Zip
- Business Phone: (928)649-3850 Daytime Contact Phone (602) 200-7222
- Does this transaction involve the sale of any portion of the percentage of ownership or corporate stock? ☒ Yes ☐ No If yes, submit a certified copy of minutes.
- Has there been any change of Controlling Persons? ☒ Yes ☐ No If yes, submit a copy of the minutes, amended articles of organization and/or amended operating agreement showing change

SECTION 3

(COMPLETE THIS SECTION FOR AGENT CHANGE, ACQUISITION OF CONTROL OR RESTRUCTURE)

Each new person listed in section III must submit a questionnaire (form LIC0101) and a Department approved fingerprint card which may be obtained at the Department of Liquor. A Controlling Person already disclosed to the Department is not required to submit a questionnaire.

1. List all Controlling Persons to be disclosed, current and new.

New	Last	First	Middle	Title	Address	City	State	Zip
<input type="checkbox"/>	SEE ATTACHED							
<input type="checkbox"/>								
<input type="checkbox"/>								
<input type="checkbox"/>								

(ATTACH ADDITIONAL SHEET(S) IF NECESSARY)

2. List stockholders, percentage owners and/or Controlling Members owning 10% or more

New	Last	First	Middle	% Owned	Address	City	State	Zip
<input type="checkbox"/>	SEE ATTACHED							
<input type="checkbox"/>								
<input type="checkbox"/>								
<input type="checkbox"/>								

(ATTACH ADDITIONAL SHEET(S) IF NECESSARY)

If the ownership is owned by another entity, ATTACH AN OWNERSHIP FLOWCHART SHOWING THE OFFICERS, MEMBERS, CONTROLLING PERSON AND 10% OR MORE OWNERS FOR THE ENTITIES. Attach additional sheets as necessary in order to disclose all persons.



## SECTION 4

## (COMPLETE THIS SECTION FOR AGENT CHANGE)

1. As an Agent, will you be physically present and operating the licensed premise? ☐ Yes ☐ No  
 If you answered YES, you must provide a copy of your Basic and Management Training Certificate obtained from a Department approved Liquor Law training provider BEFORE YOUR APPLICATION FOR AGENT ACQUISITION OF CONTROL OR RESTRUCTURE CAN BE SUBMITTED. If you answered NO, go to question 2.

2. Is there a current Manager at this license premises disclosed to the Department with the current Basic and Management Training Certificate? ☐ Yes ☐ No

If yes, Name of current Manager: \_\_\_\_\_  
 Last First Middle

Basic Training ☐ Yes ☐ No

Management Training ☐ Yes ☐ No

If "NO" for 1 and 2, a Manager with a current Basic and Management Training Certificate obtained from a Department approved Liquor Law training provider must be submitted within 30 days after filing the application for Agent Change, Acquisition of Control or Restructure.

## SECTION 5

## (COMPLETE THIS SECTION FOR AGENT CHANGE)

To be completed by the INDIVIDUAL OR EXISTING AGENT OR CORPORATE OFFICER OR L.L.C. CONTROLLING MEMBER:

1. License # \_\_\_\_\_

2. Current Agent Name: \_\_\_\_\_  
 (Exactly as it appears on license) Last First Middle

I, (Print full name) \_\_\_\_\_, hereby consent to the appointment of Agent for this license. I agree to immediately assign a new Agent in the event that I am unable to discharge the duties of Agent for this license. I have not been convicted of a felony in the last five (5) years.

X \_\_\_\_\_  
 (Controlling Person/Existing Agent)

State of \_\_\_\_\_ County of \_\_\_\_\_  
 The foregoing instrument was acknowledged before me this

My commission expires on: \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_  
 Day Month Year

Signature of NOTARY PUBLIC

## SECTION 6

## (COMPLETE THIS SECTION FOR RESTRUCTURE)

Is there more than one licensed premises involved? ☐ YES ☐ NO

If YES, SEPARATE APPLICATIONS must be filed and fees paid for each license/location.

Type of current ownership:

- ☐ J.T.W.R.O.S.  
☐ INDIVIDUAL  
☐ PARTNERSHIP  
☐ CORPORATION  
☐ LIMITED LIABILITY CO.  
☐ MANAGEMENT CO.  
☐ TRIBE  
☐ TRUST  
☐ OTHER (Explain) \_\_\_\_\_

Type of new ownership:

- ☐ J.T.W.R.O.S.  
☐ INDIVIDUAL  
☐ PARTNERSHIP  
☐ CORPORATION  
☐ LIMITED LIABILITY CO.  
☐ MANAGEMENT CO.  
☐ TRIBE  
☐ TRUST  
☐ OTHER (Explain) \_\_\_\_\_

## SECTION 7

## (COMPLETE THIS SECTION FOR AGENT CHANGE, ACQUISITION OF CONTROL OR RESTRUCTURE)

To be completed by Controlling Person or existing Agent (if no agent changes) OR NEW Agent if applying for Agent change as listed in Section 2 Question 1.

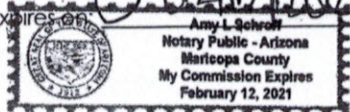
I, (Print full name) ANDREA DAHLMAN LEWKOWITZ, hereby declare that I am the APPLICANT filing this application. I have read the application and the contents and all statements are true, correct and complete.

X \_\_\_\_\_  
 (Controlling Person/Existing Agent)

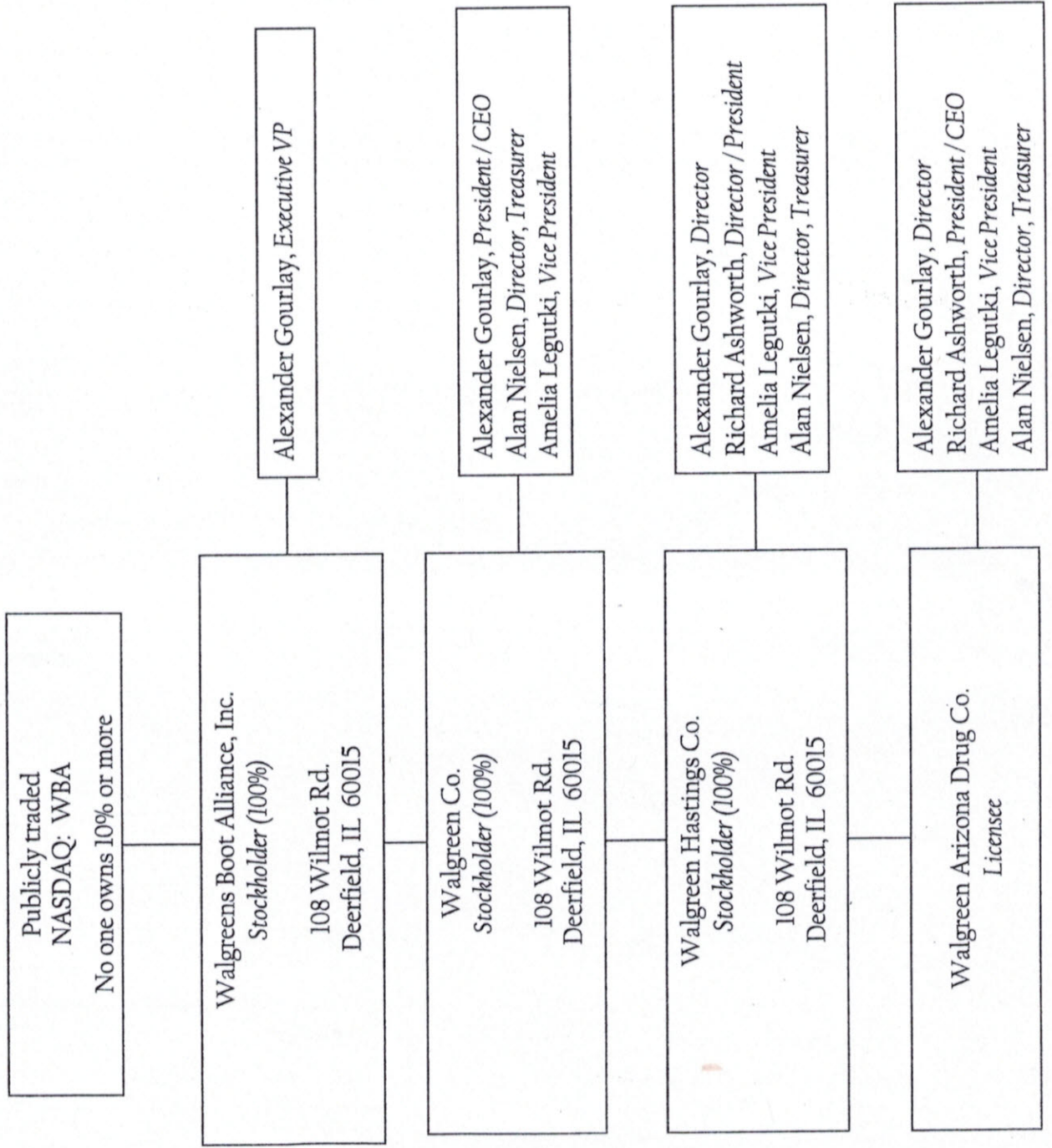
State of ARIZONA County of MARICOPA  
 The foregoing instrument was acknowledged before me this

My commission expires on: \_\_\_\_\_

8 of MAY, 2017  
 Day Month Year



amy l. schrow  
 Signature of NOTARY PUBLIC





City of Cottonwood, Arizona  
City Council Agenda Communication

☐ Print

Meeting Date: June 20, 2017  
Subject: Application for Extension of Premises Liquor License Permit for That Brewing Company for an event scheduled for July 4, 2017.  
Department: City Clerk  
From: Marianne Jiménez, City Clerk

REQUESTED ACTION

Council consideration of recommending approval or denial of an Application for Extension of Premises Liquor License Permit submitted by Tamara Morken for That Brewing Company for an event scheduled for July 4, 2017.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

“I move to recommend approval of the Application for Extension of Premises Liquor License Permit submitted by Tamara Morken for That Brewing Company, located at 300 East Cherry Street, for an event scheduled for July 4, 2017.”

BACKGROUND

An Application for Extension of Premises Liquor License Permit was received from Tamara Morken for That Brewing Company located at 300 East Cherry Street in Cottonwood, for an event scheduled for July 4, 2017.

JUSTIFICATION/BENEFITS/ISSUES

All Applications for Extension of Premises Liquor License Permits that are requested of the Arizona Department of Liquor Licenses & Control (ADLLC) for establishments located within the City of Cottonwood are presented to the Council for its recommendation of approval or denial of the application. The Council's recommendation is taken into consideration by the ADLLC prior to their final approval of the application.

COST/FUNDING SOURCE

N/A

ATTACHMENTS:

File Name	Description	Type
6-20-17_That_Brewing_Company_LLA.pdf	That Brewing Company	Cover Memo



Arizona Department of Liquor Licenses and Control  
800 W Washington 5th Floor  
Phoenix, AZ 85007-2934  
www.azliquor.gov  
(602) 542-5141

DLLC USE ONLY

CSR:

Log #:

APPLICATION FOR EXTENSION OF PREMISES/PATIO PERMIT

\*OBTAIN APPROVAL FROM LOCAL GOVERNING BOARD BEFORE SUBMITTING TO THE DEPARTMENT OF LIQUOR\*

\*\*Notice: Allow 30-45 days to process permanent change of premises\*\*

☐ Permanent change of area of service. A non-refundable \$50. Fee will apply. Specific purpose for change:

☒ Temporary change (No Fee) for date(s) of: 7/4/17 through 7/4/17 list specific purpose for change:

Fourth of July Celebration - Charity event

1. Licensee's Name: Morken Tamara Lynne License#: 03133017

Last

First

Middle

2. Mailing address: Po Box 1751 Pine AZ 85544

Street

City

State

Zip Code

3. Business Name: THAT Brewery

4. Business Address: 300 E. Cherry St, Back Bldg, Cottonwood AZ 86326

Street

City

State

Zip Code

5. Email Address: tamara@that brewery. com

6. Business Phone Number: 928-202-3083 Contact Phone Number: 602-909-4790

7. Is extension of premises/patio complete?

☒ N/A ☐ Yes ☐ No

If no, what is your estimated completion date?     /    /    

8. Do you understand Arizona Liquor Laws and Regulations?

☒ Yes ☐ No

9. Does this extension bring your premises within 300 feet of a church or school?

☐ Yes ☒ No

10. Have you received approved Liquor Law Training?

☒ Yes ☐ No

11. What security precautions will be taken to prevent liquor violations in the extended area? Fencing,

Signage & additional staff training

12. **IMPORTANT:** Attach the revised floor plan, clearly depicting your licensed premises along with the new extended area outlined in black marker or ink, if the extended area is not outlined and marked "extension" we cannot accept the application.



- ☐ Barrier Exemption: an exception to the requirement of barriers surrounding a patio/outdoor serving area may be requested. Barrier exemptions are granted based on public safety, pedestrian traffic, and other factors unique to a licensed premises. List specific reasons for exemption:

\_\_\_\_\_  
\_\_\_\_\_

☐ Approval ☐ Disapproval by **DLLC**: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

**Notary**

I, (Signature) Tamara Morken, hereby declare that I am a **CONTROLLING PERSON/ AGENT** filing this notification. I have read this document and the contents and all statements are true, correct and complete.

State of Arizona

County of Gila

On this 26 Day of May, 20 17 before me personally appeared Tamara L. Morken  
Day Month Year (Print Name of Document Signer)

Whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be and acknowledged that he or she signed the above/attached document.



**OFFICIAL SEAL**  
**J. COLVIN**  
Notary Public - State of Arizona  
GILA COUNTY  
(Affix Seal Above) expires August 18, 2019

[Signature]  
Signature of NOTARY PUBLIC

**GOVERNING BOARD**

After completion, and **BEFORE submitting to the Department of Liquor**, please take this application to your local Board of Supervisors, City Council or Designate for their recommendation. This recommendation is not binding on the Department of Liquor.

☐ Approval

☐ Disapproval

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Agency

\_\_\_\_\_  
Date

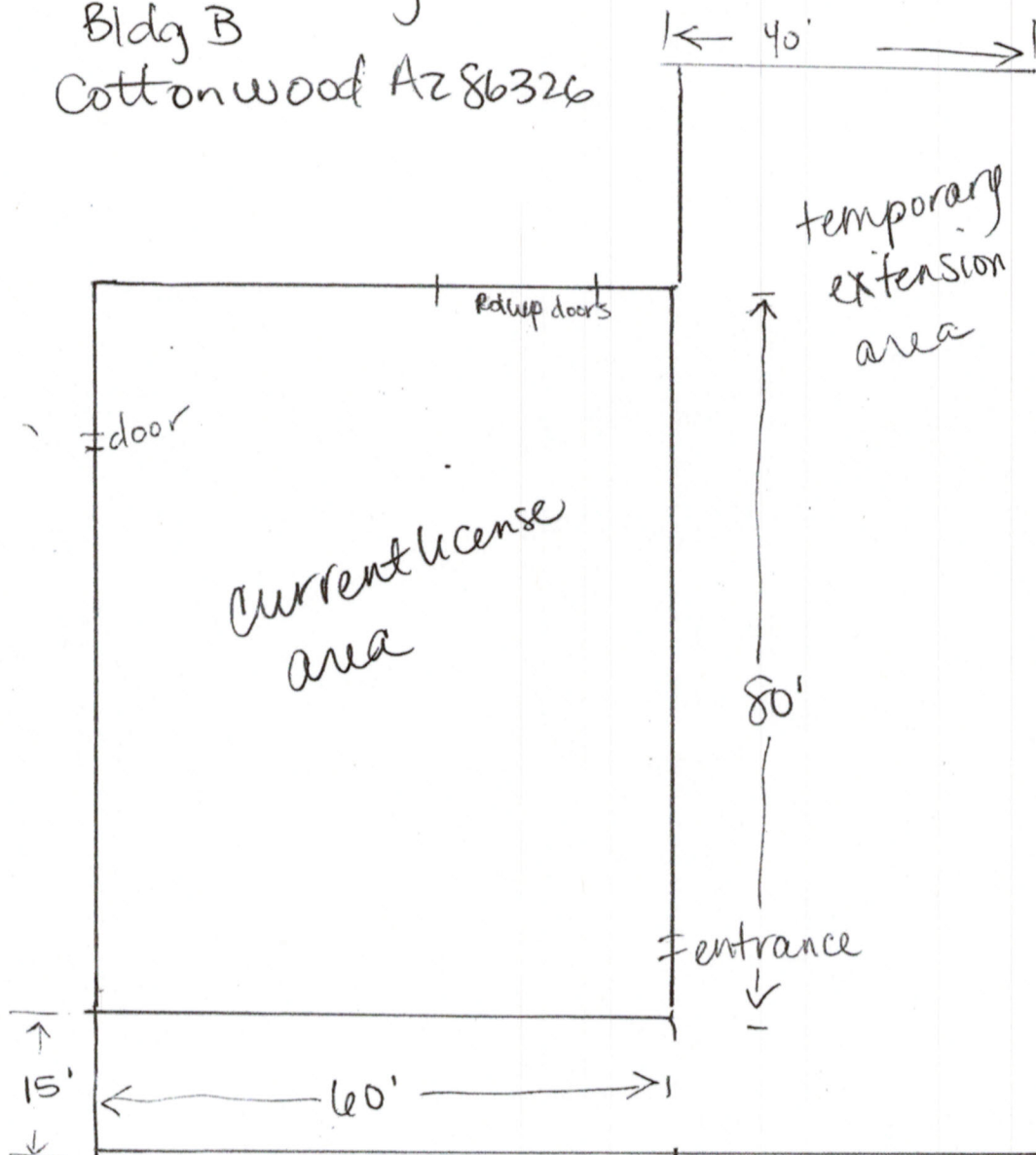
**DLLC USE ONLY**

Investigation Recommendation: ☐ Approval ☐ Disapproval by: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Director Signature required for Disapprovals: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

THAT Brewery  
Temp liquor extension  
# 03133017

300 E. Cherry St  
Bldg B  
Cottonwood AZ 86326



Temp Seating, cornhole & games. Fenced.  
3pm - 10pm 7/4/17

City of Cottonwood, Arizona  
City Council Agenda Communication

☐ Print

Meeting	June 20, 2017
Date:	
Subject:	Aviation/Avigation Easement over the Vineyards Subdivision
Department:	Development Services
From:	Morgan Scott, Development Services Manager

**REQUESTED ACTION**

Acceptance of avigation easement over the Vineyards Subdivision.

**SUGGESTED MOTION**

If the Council desires to approve this item the suggested motion is:

**"I move to accept the avigation easement from Granite Mountain Asset Management LLC and The Vineyards at Cottonwood I, LLC, as presented."**

**BACKGROUND**

As the Council is aware, a subdivision has been approved at the intersection of Groseta Ranch Road and 89A known as the Vineyards at Cottonwood (herein Vineyards). The subdivision is located directly below the flight path of the airport and under a portion of the path where aircraft will be climbing and accelerating, creating much more noise than other portions of the flight path. The Development Agreement with the subdivision required that the owners dedicate an aviation easement (technically termed an "avigation" easement). Although the easement accomplishes a few functions such as limiting the height of buildings, the main purpose is to notify potential property owners of the proximity to the airport by way of their title report prior to them purchasing the property. During the purchasing process, the prospective homeowner will obtain a title report on the property and the easement will be disclosed to them as part of this process. Another reason for the easement is to secure the airport's and pilots' rights to continue to fly in the area in the future. As has occurred in many airports throughout the country, as land develops around an airport complaints are generated and many times the public needs to take on the expense of noise reduction, purchasing private developed property or even relocating an airport. Accepting this easement should limit the need for such expenses in the future.

**JUSTIFICATION/BENEFITS/ISSUES**

This easement will not prevent residential development in the area, but will only serve to notify potential property owners and protects aviators' rights to utilize the area.

### COST/FUNDING SOURCE

There is not cost associated with accepting this easement.

### ATTACHMENTS:

File Name	Description	Type
Vineyards_Avigation_Easement.docx	Avigation Easement	Backup Material



## **SURFACE AND OVERHEAD AVIGATION EASEMENT**

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2017, by and between Granite Mountain Asset Management LLC and The Vineyards at Cottonwood I, LLC, ("Grantors"), and the CITY OF COTTONWOOD, a municipal corporation of the State of Arizona. ("Grantee").

WHEREAS, Grantors are the owners of certain real property in Yavapai County, Arizona, more particularly described as parcels 406-23-036V, 406-23-036W, 406-23-174B, 406-23-174C and 406-32-080P on Exhibit A, attached hereto and by this reference incorporated herein ("the Property").

**NOW, THEREFORE**, the Grantors, for themselves, their heirs, administrators, executors, successors and assigns do hereby grant the following appurtenant rights and benefits to the (Cottonwood Municipal Airport) hereinafter called the "Grantee" for the use and benefit of the public.

The appurtenant rights and benefits include the uses, rights and restrictions described as follows:

The unobstructed use and passage of all types of aircraft in and through the airspace at any height or altitude above the surface of the land.

The right of said aircraft to cause noise, vibrations, fumes, deposits of dust, fuel particles (incidental to the normal operation of aircraft); fear, interference with sleep or communication, and any other effects associated with the normal operation of aircraft taking off, landing or operating in the vicinity of Cottonwood Municipal Airport.

As used herein, the term "aircraft" shall mean any and all types of aircraft, whether now in existence or hereafter manufactured and developed, to include jet, propeller-driven, civil, military or commercial aircraft; helicopters, regardless of existing or future noise levels, for the purpose of transporting persons or property through the air, by whoever owned or operated.

In granting this easement, the Grantors agree to construct no buildings taller than one hundred feet (100') in height from the surface of the above listed property.

The Grantors agree that during the life of this easement, they will not construct, erect, suffer to permit or allow any structure or trees on the surface of the burdened property taller than the height listed above.

The Grantors agree to keep the easement area free of the following: structures (permanent or temporary) that might create glare or contain misleading lights; fuel handling and storage facilities and smoke generating activities and creation of any means of electrical interference that could affect the movement of aircraft over the easement area.

Grantors agree to waive all damages and claims for damages caused or alleged to be caused by the Grantors violation of any aspect of this easement document. The (Cottonwood Municipal Airport) has a perpetual right of ingress/egress in the easement area and the right to remove any new structure or vegetation that is taller than the height listed above.

TO HAVE AND TO HOLD said easement and right of way, and all rights appertaining thereto unto the Grantee, its successors, and assigns, until said Cottonwood Municipal Airport shall be abandoned and shall cease to be used for public airport purposes. It is understood and agreed that all provisions herein shall run with the land and shall be binding upon the Grantors, their heirs, administrators, executors, successors and assigns until such time that the easement is extinguished.

IN WITNESS WHEREOF, the grantors have hereunto set their hands and seals this \_\_\_\_ day of

\_\_\_\_\_,

2017.

GRANTORS:

Granite Mountain Asset Management, LLC and The Vineyards at Cottonwood I, LLC

By:

\_\_\_\_\_  
Swayze McCraine, Managing Member

STATE OF \_\_\_\_\_)

\_\_\_\_\_)

COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me, the undersigned notary public,  
This \_\_\_\_\_ day of \_\_\_\_\_, 2017 by \_\_\_\_\_ as the  
\_\_\_\_\_ of \_\_\_\_\_

IN WITNESS WHEREOF I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

GRANTEE:

City of Cottonwood

By:

---

Tim Elinski, Mayor

APPROVED AS TO FORM:

---

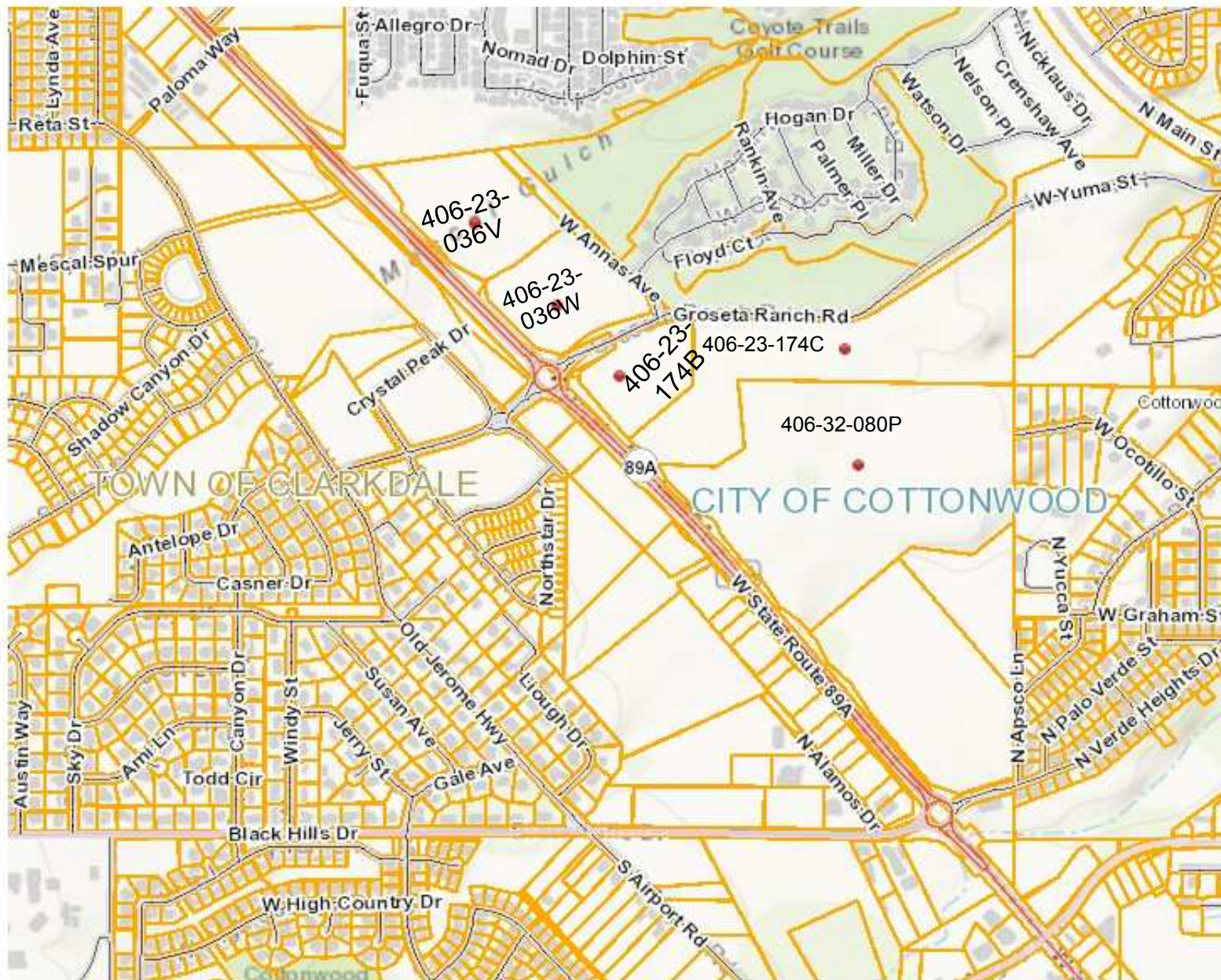
Steve Horton, Esq.  
City Attorney

ATTEST:

---

Marianne Jiménez  
City Clerk

## Exhibit A



## Legend

- City Boundaries
- Cottonwood
- Peoria
- Prescott
- Sedona
- Camp Verde
- Chino Valley
- Clarkdale
- Dewey-Humboldt
- Jerome
- Prescott Valley
- Wickenburg
- County Boundary
- Counties
- Parcels
- Major Roads
- Interstate
- State Highways
- Major Roads
- Road Centerlines
- Cities
- City Boundaries
- Cottonwood
- Peoria
- Prescott
- Sedona
- Camp Verde
- Chino Valley
- Clarkdale
- Dewey-Humboldt
- Jerome
- Prescott Valley
- Legend truncated...



Disclaimer: Map and parcel information is believed to be accurate but accuracy is not guaranteed. No portion of the information should be considered to be, or used as, a legal document. The information is provided subject to the express condition that the user knowingly waives any and all claims for damages against Yavapai County that may arise from the use of this data.

Map printed on: 3.28.2017



City of Cottonwood, Arizona  
City Council Agenda Communication

☐ Print

Meeting	June 20, 2017
Date:	
Subject:	Approval of Contract for Fiscal Auditing Services
Department:	Administrative Services
From:	Jeff Cook, Contract and Procurement Coordinator, Via Rudy Rodriguez, Administrative Services General Manager

### REQUESTED ACTION

Staff is requesting that council review and award the contract for Fiscal Auditing Services to Lumbard & Associates, PLLC.

### SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

“I move to approve the contract for Fiscal Auditing Services to Lumbard & Associates, PLLC.”

### BACKGROUND

Staff issued a Request for Proposals on May 15<sup>th</sup>, 2017 for Fiscal Auditing Services. The solicitation was published in the newspaper in consecutive weeks and was posted on Public Purchase as well as the City website. Seven (7) completed proposals were received by the deadline.

The evaluation committee consisted of the City Manager, Administrative Services General Manager, Budget/Accounting Manager, and the Contract/Purchasing Administrator.

Review and evaluations were based on the criteria established in the Request for Proposals. After composite technical scores were awarded for each audit firm, sealed cost proposals were opened and additional points were added to the technical scores, based on proposal prices. The maximum score for price was assigned to the audit firm offering the lowest price, and proportional scores were assigned to the other audit firms. After the review process was completed, Lumbard & Associates PLLC was determined to be the most advantageous proposer to provide the City with Fiscal Auditing Services.

### JUSTIFICATION/BENEFITS/ISSUES

The award of the contract for Fiscal Auditing Services will provide the City with a three (3) year agreement with two (2) possible one (1) year extensions. The previous agreement for these services has expired.

### COST/FUNDING SOURCE

These expenditures are budgeted in the General Fund.

#### ATTACHMENTS:

File Name	Description	Type
Proposal_Opening_Doc.pdf	Proposal Opening Document	Backup Material
Lumbard_Contract_Draft_6-9-17.doc	Agreement	Backup Material
Tabulation.xlsx	Scoring Matrix	Backup Material

# City of Cottonwood

## SOLICITATION TABULATION

Project Name: Professional Auditing Services

Solicitation Number: 2017-AS-02-2

Solicitation Opening Date: Friday, June 2<sup>nd</sup>, 2017 @10:00a.m.

Firm Name	Sealed \$ Cost Bid?	Addenda Acknowledged?	Exhibits C-F?
Lumbar & Associates P.L.L.C.	YES	N/A	YES
Fester & Chapman P.C.	YES	N/A	YES
Hinton Burdick	YES	N/A	YES
Clifton Larson Allen	YES	N/A	YES
Henry & Horne	YES	N/A	YES
Heinfeld Meech	YES	N/A	YES
Colby & Powell, PLLC	YES	N/A	YES

Notes: In attendance: JEFF COOK Contract / Purchasing Administrator  
Wendy Hausman Admin Assistant + IR/Fin  
John + Karen

# PROFESSIONAL SERVICES AGREEMENT

THIS PROFESSIONAL SERVICES AGREEMENT (this "Agreement") is made as of this 20<sup>th</sup> day of June, 2017, between the CITY OF COTTONWOOD, an Arizona municipal corporation (the "City") and Lumbard & Associates PLLC, (the "Consultant").

## AGREEMENT

In consideration of the following mutual covenants and conditions, the City and the Consultant hereby agree as follows:

- A. Term of Agreement.** The Effective Term of this Agreement is from June 20<sup>th</sup>, 2017 to June 19<sup>th</sup>, 2020. This agreement may be extended for up to two (2) additional one (1) year terms, subject to the availability of funds for the period beyond the current fiscal year and the sole discretion of the Cottonwood City Council.
- B. Scope of Work.** The Consultant shall provide the Services as set forth in the attached Scope of Services, which is marked as Exhibit A and incorporated by reference herein.
- C. Compensation.** The City shall pay the Consultant at the rates as provided in the Cost Proposal, which is marked as Exhibit B and incorporated by reference herein, for the Services as set forth in the attached Scope of Services, which is marked as Exhibit A and incorporated by reference herein.
- D. Payments.** The City shall pay the Consultant subject to the Consultant submitting an invoice to the City for each requested payment. Invoices shall itemize all Services completed to the date of the invoice and provide sufficient detail to justify payment.
- E. Insurance.** The Consultant shall maintain during the term of this Agreement insurance policies described below issued by companies licensed in Arizona with a current AM Best rating of A:VIII or better. The City's Risk Management reserves the right to review and make an exception for substitute/alternative coverage. Failure to maintain insurance as specified herein may result in termination of this Agreement at the City's option

Before the City signs this Agreement, the Consultant shall furnish the City's Risk Manager with certificates of insurance evidencing the coverages, conditions, and limits required by this Agreement, at the following address:

City of Cottonwood  
Risk Manager  
816 N Main Street  
Cottonwood, AZ 86326  
Telephone: (928) 340-2717 / Fax: (928) 634-3727

The insurance policies, except Worker's Compensation and Professional Liability, shall be endorsed to name the City of Cottonwood, its agents, officers, officials, employees, and volunteers as additional insureds with corresponding endorsement relative to the additional insured indemnification and with the following language:

The City of Cottonwood, its agents, officers, officials, employees, and volunteers are hereby named as additional insureds as their interest may appear.

If any insurance policies are written on a "claims made" basis, coverage shall extend for two (2) years past completion and acceptance of the Consultant's work or services and must be evidenced by annual certificates of insurance. The insurance policies shall be endorsed stating that they shall not expire, be cancelled, suspended, voided or materially changed without thirty (30) days written notice by certified mail



to the City of Cottonwood Risk Manager. The Consultant's insurance must be primary, and any insurance or self-insurance maintained by the City shall not be contributed to it. If any part of this Contract is subcontracted, these insurance requirements also apply to all subcontractors. The following policies are required:

1. **Commercial General Liability** insurance with a limit of not less than one million dollars (\$1,000,000) per occurrence for bodily injury, property damage, personal injury, products and completed operations, including but not limited to, the liability assumed under the indemnification provisions of this Contract.
2. **Automobile Liability** insurance with a combined single limit for bodily injury and property damage of not less than one million dollars (\$1,000,000) each occurrence with respect to the Consultant's owned, hired, and non-owned vehicles.
3. **Worker's Compensation** insurance with limits statutorily required by any Federal or state law and **Employer's Liability** insurance of not less than one million dollars (\$1,000,000) for each accident, one million dollars (\$1,000,000) disease for each employee.
4. **Professional Liability** insurance covering acts, errors, mistakes, omissions arising out of the work or services performed by the Consultant, or any person employed by the Consultant, with a limit of not less than one million dollars (\$1,000,000) each claim.

**F. Indemnification.** To the fullest extent permitted by law, the Consultant shall defend, indemnify, and hold harmless the City of Cottonwood, its agents, officers, officials, employees and volunteers from and against all claims, damages, losses, and expenses (including but not limited to attorney fees and court costs) arising from the acts, errors, mistakes, omissions, work or service of the Consultant, its agents, employees, or any tier of Consultant's subcontractors in the performance of this Agreement. The requirements in Paragraph E will not be construed as limiting the scope of this indemnification.

**G. Applicable Law; Venue.** In the performance of this Agreement, the Consultant shall abide by and conform to any and all laws, codes and ordinances of the United States, State of Arizona and City of Cottonwood, including but not limited to, federal and state executive orders providing for equal employment and procurement opportunities, the Federal Occupational Safety and Health Act and any other federal or state laws applicable to this Agreement. This Agreement shall be governed by the laws of the State of Arizona and suit pertaining to this Agreement may be brought only in courts in the State of Arizona.

**H. Termination; Cancellation**

1. **For City's Convenience.** This Agreement is for the convenience of the City and, as such, may be immediately terminated without cause after receipt by the Consultant of written notice by the City. Upon termination for convenience, the Consultant shall be paid for all undisputed services performed to the termination date.
2. **For Cause.** This Agreement may be terminated by either party upon thirty (30) days written notice should the other party breach any of its terms or otherwise violate the law in connection with the performance of any duty imposed on the party by the terms of this Agreement. In the event of such termination, payment shall be made by the City to the Consultant for the undisputed portion of its fee due as of the termination date.
3. **Due to Work Stoppage.** This Agreement may be terminated by the City upon thirty (30) days written notice to the Consultant in the event that the Services are permanently abandoned. In the event of such termination due to work stoppage, payment shall be made by the City to the Consultant for the undisputed portion of its fee due as of the termination date.

4. **Conflict of Interest.** This Agreement is subject to the provisions of A.R.S. § 38-511. The City may cancel this Agreement without penalty or further obligations by the City or any of its departments or agencies if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City or any of its departments or agencies is, at any time while the Agreement or any extension of the Agreement is in effect, an employee of any other party to the Agreement in any capacity or a consultant to any other party of the Agreement with respect to the Agreement's subject.
5. **Gratuities.** The City may, by written notice to the Consultant, cancel this Agreement if it is found by the City that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Consultant or any agent or representative of the Consultant to any officer, agent or employee of the City for the purpose of securing this Agreement. In the event this Agreement is cancelled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Consultant an amount equal to one hundred fifty percent (150%) of the gratuity.
6. **Fund Appropriation Contingency.** The Consultant understands that the continuation of this Agreement after the close of any given fiscal year of the City, which ends on June 30, shall be subject to the budget of the City providing for the contract item as expenditure. The City cannot assure that the budget item for funding this Agreement will be approved in the future; as such assurance would be a legislative and policy determination of the City Council at the time of the adoption of the budget. Should the funding of the Agreement not be approved by City Council, the City may terminate this Agreement as of the close of its fiscal year.

#### **I. Miscellaneous**

1. **Independent Contractor.** The Consultant acknowledges and agrees that the Services provided under this Agreement are being provided as an independent contractor, not as an employee or agent of the City. The Consultant, its employees and subcontractors are not entitled to workers' compensation benefits from the City. The City does not have the authority to supervise or control the actual work of the Consultant, its employees or subcontractors. The Consultant, and not the City, shall determine the time of its performance of the services provided under this Agreement so long as the Consultant meets the requirements of its agreed scope of work as set forth in Section 2 above. The Consultant is neither prohibited from entering into other contracts nor prohibited from practicing its profession elsewhere.
2. **Laws and Regulations.** The Consultant shall keep fully informed and shall at all times during the performance of its duties under this Agreement ensure that it and any person for whom the Consultant is responsible remains in compliance with all rules, regulations, ordinances, statutes or laws affecting the Services, including the following: (i) existing and future City and County ordinances and regulations, (ii) existing and future state and federal laws and (iii) existing and future Occupational Safety and Health Administration ("OSHA") standards.
3. **Amendments.** This Agreement may be modified only by a written amendment signed by persons duly authorized to enter into contracts on behalf of the City and the Consultant.
4. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Agreement will be read and enforced as though it were included herein and, if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the Agreement will promptly be physically amended to make such insertion or correction.
5. **Severability.** The provisions of this Agreement are severable to the extent that any provision or application held to be invalid by a Court of competent jurisdiction shall not affect any other

provision or application of the Agreement which may remain in effect without the invalid provision or application.

- 6. Relationship of the Parties.** It is clearly understood that each party will act in its individual capacity and not as an agent, employee, partner, joint venture, or associate of the other. An employee or agent of one party shall not be deemed or construed to be the employee or agent of the other for any purpose whatsoever. The Consultant is advised that taxes or Social Security payments will not be withheld from any City payments issued hereunder and the Consultant agrees to be fully and solely responsible for the payment of such taxes or any other tax applicable to this Agreement.
- 7. Entire Agreement; Interpretation; Parol Evidence.** This Agreement represents the entire agreement of the parties with respect to its subject matter, and all previous agreements, whether oral or written, entered into prior to this Agreement are hereby revoked and superseded by this Agreement. No representations, warranties, inducements or oral agreements have been made by any of the parties except as expressly set forth herein, or in any other contemporaneous written agreement executed for the purposes of carrying out the provisions of this Agreement. This Agreement shall be construed and interpreted according to its plain meaning, and no presumption shall be deemed to apply in favor of, or against the party drafting the Agreement. The parties acknowledge and agree that each has had the opportunity to seek and utilize legal counsel in the drafting of, review of, and entry into this Agreement.
- 8. Assignment.** No right or interest in this Agreement shall be assigned by the Consultant without prior, written permission of the City and no delegation of any duty of the Consultant shall be made without prior, written permission of the City. Any attempted assignment or delegation by the Consultant in violation of this provision shall be a breach of this Agreement by the Consultant.
- 9. Subcontracts.** No subcontract shall be entered into by the Consultant with any other party to furnish any of the material or services specified herein without the prior written approval of the City. The Consultant is responsible for performance under this Agreement whether or not subcontractors are used.
- 10. Rights and Remedies.** No provision in this Agreement shall be construed, expressly or by implication, as waiver by the City of any existing or future right and/or remedy available by law in the event of any claim of default or breach of this Agreement. The failure of the City to insist upon the strict performance of any term or condition of this Agreement or to exercise or delay the exercise of any right or remedy provided in this Agreement, or by law, or the City's acceptance of and payment for services, shall not release the Consultant from any responsibilities or obligations imposed by this Agreement or by law, and shall not be deemed a waiver of any right of the City to insist upon the strict performance of this Agreement.
- 11. Attorneys' Fees.** In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Agreement or on account of any breach or default hereof, the prevailing party shall be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses, determined by the court sitting without a jury, which shall be deemed to have accrued on the commencement of such action and shall be enforced whether or not such action is prosecuted through judgment.
- 12. Liens.** All materials or services shall be free of all liens and, if the City requests, a formal release of all liens shall be delivered to the City.
- 13. Notices and Requests.** Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered to the party at the address set forth below, (ii) deposited in the U.S. Mail, registered or

certified, return receipt requested, to the address set forth below or (iii) given to a recognized and reputable overnight delivery service, to the address set forth below:

Contractor: <u>Lumbard &amp; Associates</u>	City of Cottonwood (Owner)
c/o <u>Lisa B. Lumbard, CPA, CGFM</u>	c/o <u>Purchasing Agent</u>
<u>4143 N. 12<sup>th</sup> Street, Suite 100</u>	<u>816 N. Main Street</u>
<u>Phoenix, AZ 85014</u>	<u>Cottonwood, AZ 86326</u>

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section. Notices shall be deemed received (i) when delivered to the party, (ii) three (3) business days after being placed in the U.S. Mail, properly addressed, with sufficient postage or (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

- 14. Confidentiality of Records.** The Consultant shall establish and maintain procedures and controls that are acceptable to the City for the purpose of ensuring that information contained in its records or obtained from the City or from others in carrying out its obligations under this Agreement shall not be used or disclosed by it, its agents, officers, or employees, except as required to perform the Consultant's duties under this Agreement. Persons requesting such information should be referred to the City. The Consultant also agrees that any information pertaining to individual persons shall not be divulged other than to employees, agents or officers of the Consultant as needed for the performance of duties under this Agreement.
- 15. Public Records.** Notwithstanding any provisions of this Agreement regarding confidentiality, secrets, or protected rights, the Consultant acknowledges that all documents provided to the City may be subject to disclosure by laws related to open public records. Consequently, the Consultant understands that disclosure of some or all of the items subject to this Agreement may be required by law. In the event City receives a request for disclosure that is reasonably calculated to incorporate information that might be considered confidential by Consultant, the City agrees to provide the Consultant with notice of that request, which shall be deemed given when deposited by the City with the USPS for regular delivery to the address of the Consultant specified in 9.13. Within ten (10) days of City notice by the City, the Consultant will inform the City in writing of any objection by the Consultant to the disclosure of the requested information. Failure by the Consultant to object timely shall be deemed to waive any objection and any remedy against the City for disclosure. In the event the Consultant objects to disclosure within the time specified, the Consultant agrees to handle all aspects related to the request, including properly communicating with the requestor and timely responding with information the disclosure of which the Consultant does not object thereto. Furthermore, the Consultant agrees to indemnify and hold harmless the City from any claims, actions, lawsuits, or any other controversy or remedy, in whatever form, that arises from the failure to comply with the request for information and the laws pertaining to public records, including defending the City in any legal action and payment of any penalties or judgments. This provision shall survive the termination of this Agreement.
- 16. Conflicting Terms.** In the event of a conflict between the Exhibit and this Agreement, the terms of this Agreement shall govern.

**17. Compliance with Federal Immigration Laws and Regulations.** Consultant warrants that it complies with all Federal Immigration laws and regulations that relate to its employees and complies with A.R.S. § 23-214.A. Consultant acknowledges that pursuant to A.R.S. § 41-4401, a breach of this warranty is a material breach of this contract subject to penalties up to and including termination of this contract, and that the City retains the legal right to inspect the papers of any employee who works on the contract to ensure compliance with this warranty.

**18. Israel Boycott Disclosure.** Consultant agrees not to participate in during the term of the contract a boycott of Israel in accordance with A.R.S. §35-393.01. Consultant understands that it's entire response and any related contract documents will become public record in accordance with A.A.C. R2-7-C317.

Consultant

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date of Signing

\_\_\_\_\_  
Title

City of Cottonwood

\_\_\_\_\_  
Tim Elinski, Mayor

\_\_\_\_\_  
Date of Signing

Attest:

\_\_\_\_\_  
Marianne Jiménez, City Clerk

Approved as to form:

\_\_\_\_\_  
Steve Horton, City Attorney

## **EXHIBIT A**

### **SCOPE OF SERVICES**

#### **A. SCOPE OF SERVICES TO BE PERFORMED**

The City of Cottonwood desires the auditor to express an opinion on the fair presentation of its financial statements in conformity with accounting principles generally accepted in the United States of America.

The City desires assistance from the auditor to prepare the FY 2017 Comprehensive Annual Financial Report (the “CAFR”).

The Management’s Discussion and Analysis and budgetary comparison statements for the General Fund and major special revenue funds, if any, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The City desires that certain limited procedures be applied by the auditors to this required supplementary information. The auditor is not required to audit, or express an opinion on the required supplemental information.

The introductory section, combining fund financial statements, other supplementary information and statistical section are not a required part of the basic financial statements. However, the auditor is to provide an “in-relation-to” opinion on the combining fund financial statements and other supplementary information based on the auditing procedures applied during the audit of the basic financial statements. The auditor is not required to audit, or express an opinion, on the introductory or statistical sections of the CAFR.

The auditor is not required to audit the Schedule of Expenditures of Federal Awards (SEFA). However, the auditor is to provide an “in-relation-to” report on that schedule based on the auditing procedures applied during the audit of the financial statements.

#### **B. AUDITING STANDARDS TO BE FOLLOWED**

To meet the requirements of this Request for Proposal, the audit shall be performed in accordance with:

1. Auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office’s Government Auditing Standards (1994, Revised), the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations.
2. State of Arizona Uniform Expenditure Reporting System requirements (UERS) mandated by the A.R.S. §41-1279.07, with guidelines set forth by the Arizona Auditor General.
3. The minimum accounting standards for Arizona Courts as enumerated in the Guide for External Reviews by Auditors issued by the Arizona Supreme Court.
4. State of Arizona Highway User Revenue Fund (HURF) expenditure requirements pursuant to Arizona Revised Statute §9-481(B)(2).

#### **C. REPORTS, SCHEDULES, AND STATEMENTS TO BE ISSUED**

Following the completion of the audit of the fiscal year’s financial statements the auditor shall issue:

1. An independent auditor’s report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America, including an opinion on the fair presentation of the supplementary Schedule of Expenditures of Federal Awards “in-relation-to” the audited financial statements, if and when needed.

2. An independent auditor's report on compliance and on internal controls over financial reporting based on an audit of the financial statements performed in accordance with government auditing standards.
3. An independent auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
4. A schedule of findings, recommendations and questioned costs.
5. A summary schedule of prior audit findings and corrective action plan.
6. An independent auditor's report on compliance and on internal controls over financial reporting of the Highway User Revenue Fund and any other dedicated state transportation revenues received by the City based on attestation standards established by the American Institute of Certified Public Accountants pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2.
7. Auditor's letter of recommendations to management.
8. An independent auditor's report on the Annual Expenditure Limitation Report (AELR) prepared in compliance with A.R.S. §41-1279.07.

#### **D. ADDITIONAL REPORTING CONSIDERATIONS**

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition is a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data or which could adversely affect the organization's ability to comply with federal laws and regulations.

Reportable conditions that are individually or cumulatively material weaknesses shall be identified as such in the report.

Deficiencies in internal control that are not reportable conditions that are detected by the auditors shall be reported in the separate letter of recommendations to management, which shall be referred to in the reports on internal controls.

Irregularities and Illegal Acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Administrative Services General Manager or his/her designee.

Reporting to the Management. Auditors shall ensure that the Administrative Services General Manager or his/her designee is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other accountants
8. Major issues discussed with management prior to retention

9. Difficulties encountered in performing the audit

## **E. SPECIAL CONSIDERATIONS**

1. The auditor will be required to audit the Annual Expenditure Limitation Report and issue the respective report thereon. The City is subject to an alternative expenditure limitation since enactment of the expenditure limitation law.
2. The City will send its FY 2017 CAFR to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to review the financial statements against the Certificate Program checklist to ensure compliance with the requirements of that program.
3. The City may prepare one (1) or more official statements in connection with the sale of debt securities which will contain the basic financial statements and the auditor's report thereon. The auditor may be required, if requested by the City, to issue a "consent and citation of expertise" as the auditor and to issue any necessary "comfort letters."
4. The City has determined that the United States Department of Housing & Urban Development ("HUD") functions as the oversight agency in accordance with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States and Local Governments and Non-Profit Organizations. With CDBG funding received thru Northern Arizona Council of Governments (NACOG).
5. The Schedule of Expenditures of Federal Awards (SEFA) and related auditor's report, as well as the reports on the internal controls and compliance, are not to be included in the CAFR, but are to be issued separately.

## **F. WORKING PAPER RETENTION AND ACCESS TO WORKING PAPERS**

All working papers and reports must be retained at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

1. The City of Cottonwood, Arizona
2. The United States Department of Housing & Urban Development
3. U.S. General Accounting Office
4. The Arizona Auditor General
5. Auditors of entities of which the City is a sub-recipient of grant funds
6. Officials of federal or state departments that provide financial assistance to the City.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

## **G. DESCRIPTION OF THE CITY**

### **1. ORGANIZATIONAL CHART AND PRINCIPAL CONTACT**

The auditor's principal contact with the City will be Jesus R. Rodriguez, Administrative Services General



Manager, or a designated representative, who will coordinate the assistance to be provided by the City to the auditor. The Administrative Services office is located at 816 N Main Street, Cottonwood, AZ 86326.

## **2. BACKGROUND INFORMATION**

The City of Cottonwood, Arizona serves an area of approximately 15 square miles with a population of approximately 12,000. The City's fiscal year begins on July 1 and ends on June 30.

The City provides a full range of services to its citizens including police and fire protection, airport, municipal court, solid waste service, water and sewer services, construction and maintenance of streets, recreational activities, libraries, building safety, and parks and recreational services. The City has approximately 208 employees (FTE's) as of Fiscal Year 2017.

The City is organized into approximately 24 departments. The accounting and financial reporting functions are centralized. More detailed information on the City and its finances can be found in the City's CAFR for the Fiscal Year Ended June 30, 2016. The report can be found on the Finance Department's transparency page of the City's website at [www.cottonwoodaz.gov](http://www.cottonwoodaz.gov).

## **3. FUND STRUCTURE**

The City uses the following fund types in its financial reporting for the Fiscal Year Ending June 30, 2017 (the listed fund numbers are an estimated number only):

<b>Fund Type/Account Group</b>	<b>Number of Individual Funds</b>	<b>Number of Major Funds</b>	<b>Number with Legally Adopted Budgets</b>
General Fund	1	1	1
Special Revenue Funds	7	1	7
Debt Service Fund	1	1	1
Capital Projects Fund	1	1	1
Enterprise Funds	2	2	2
Fiduciary Fund	1	1	1
Total Funds	13	7	13

## **4. BUDGETARY BASIS OF ACCOUNTING**

Certain differences exist between the basis of accounting the City uses for budgetary purposes and that used for reporting in accordance with accounting principles generally accepted in the United States of America. These differences can be seen on the budgetary comparison statements in the accompanying CAFR.

The City prepares its budgets on a line item basis. The City's budget is monitored at a fund level for special revenue and debt service. The General Fund and all other funds are monitored at department and project levels, respectively.

## **5. FEDERAL AND STATE FINANCIAL ASSISTANCE**

Please refer to the Schedule of Expenditures of Federal Awards (SEFA) for the list of financial assistance that the City received for the year ended June 30, 2017. The report can be found on the Finance Department's transparency page of the City's website at [www.cottonwoodaz.gov](http://www.cottonwoodaz.gov). The City anticipates receiving similar levels of federal financial assistance during subsequent years.

## **6. PENSION PLANS**

The City participates in the following pension plans:

	<b>Multiple-Employer</b>		<b>Single Employer</b>
<b><u>Plan</u></b>	<b>Cost-Sharing</b>	<b>Agent</b>	<b>Defined Contribution and a 457 Plan</b>
Arizona State Retirement System	X		
Public Safety Personnel Retirement System (Police and Fire )		X	
Alternate Pension and Benefit Trust			X

Actuarial services for the multiple-employer plans are provided by the State of Arizona. For more information regarding the above pension plans, please refer to the CAFR.

## 7. **MAGNITUDE OF FINANCE OPERATIONS**

The Administrative Services Department is headed by Jesus R. Rodriguez, Administrative Services General Manager and consists of 9 employees. The principal functions performed and the numbers of employees assigned to each are as follows:

<b><u>Function</u></b>	<b>Number of Employees</b>
General Manager	1
Budget	1
Finance	2
Human Resources/Risk Management	2
Information Technology Services	2
Procurement	1

## 8. **COMPUTER SYSTEMS**

<b>Application</b>	<b>Software</b>	<b>Hardware</b>
General Ledger	Springbrook	Windows
Accounts Payable	Springbrook	Windows
Budget Preparation	Springbrook	Windows
Capital Assets	Springbrook	Windows
Accounts Receivables	Springbrook	Windows
Purchasing	Springbrook	Windows
Payroll	Springbrook	Windows

## 9. **AVAILABILITY OF PRIOR AUDIT REPORTS AND WORKING PAPERS**

Interested Proposers who wish to review prior years' audit reports and management letters should contact Kirsten Lennon, Budget/Accounting Manager, at the City of Cottonwood at [klennon@cottonwoodaz.gov](mailto:klennon@cottonwoodaz.gov). Prior year CAFR's are posted on the Finance Transparency Page of the City's website at <http://cottonwoodaz.gov/finreporting.php>.

## H. **TIME REQUIREMENTS**

### 1. **WORK AND CONFERENCE SCHEDULE FOR THE JUNE 30, 2017 FISCAL YEAR AUDIT**

The following are key dates relating to the City's preparation of the CAFR and the related audit and may be subject to change by mutual negotiated approval during the Contract period.

## During June 2017 – Entrance Conference

The purpose of this meeting will be to provide a preliminary review of the City's operations and to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish the overall liaison for the audit and to make arrangements for work space and other needs of the auditor. At this meeting the auditor shall provide a list of audit staff and their qualifications and a list of all interim schedules to be prepared by the City.

## 3 weeks after Entrance Conference – Detailed Audit Plan

The auditor shall provide the City with a detailed audit plan and a list of all year-end schedules, including audit confirmation letters, to be prepared by the City.

## September 3, 2017 – Fieldwork Begins on or after this date.

The auditor is to begin fieldwork on this date.

## October 1, 2017 – The City shall provide a draft of the financial statements.

## 1<sup>st</sup> week in November 2017 – Fieldwork is anticipated to end on or near this date.

## On or about the completion of field work – Exit Conference

The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.

December 21, 2017 - The signed auditors opinion, CAFR document, searchable digital copy of the CAFR, and all other reports to be delivered to the Administrative Services General Manager. Digital copies of all reports are required.

A similar time schedule will be developed for the future fiscal years if the City exercises its option for those additional audits.

## 2. DATE FINAL REPORTS, SCHEDULES, AND STATEMENTS ARE DUE

The auditor shall deliver the final signed reports, schedules and statements, and the letter of recommendations to Jesus R. Rodriguez, Administrative Services General Manager as follows:

Report Description	Date	Number of Requested Copies
Auditor's report on the financial statements	12/21/17	8
Comprehensive Annual Financial Report (CAFR) document	12/21/17	8
Searchable Digital Copy of CAFR	12/21/17	1
Single Audit reports	12/21/17	8
Auditor's letter of recommendations to management	12/21/17	8
Auditor's report on the AELR	12/21/17	8
Auditor's report on the Cottonwood Municipal Court	12/21/17	8
Auditor's report on Highway User Revenue Fund	12/21/17	8
Digital copies of all reports (separated by individual report)	12/21/17	1 of each

## I. ASSISTANCE TO BE PROVIDED TO THE AUDITOR

### 1. FINANCE DIVISION

The Finance Division staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations.

The City will prepare all working trial balances, supporting schedules, supporting working papers, and requests for confirmations as reasonably requested by the auditors, on a basis consistent with the timetable outlined in Section H, Paragraph 1 above.

**2. INFORMATION SYSTEM ASSISTANCE**

Personnel will be available to provide systems documentation and explanations.

**3. WORK AREA, TELEPHONE, PHOTOCOPYING AND FAX MACHINES**

The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to a telephone line, internet connection, photocopying facilities and FAX machines.

**J. REPORT PREPARATION AND BINDING**

Report preparation, printing, and binding for the CAFR shall be the responsibility of the auditor. All other reports, schedules, and financial statements shall also be printed and bound by the auditor.

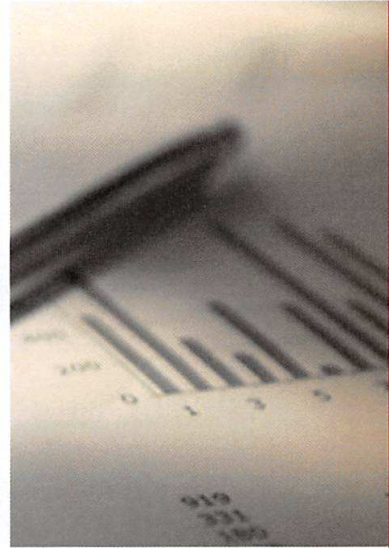
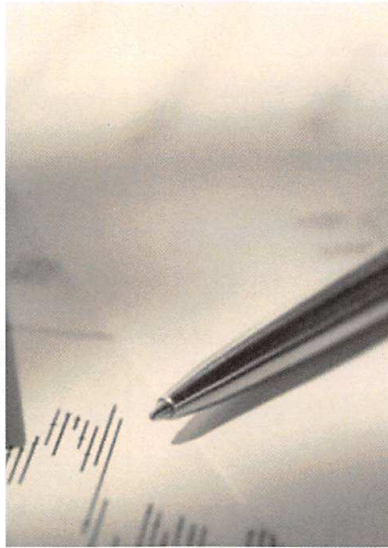
**K. STAFFING REQUIREMENTS**

The Administrative Services General Manager shall have final approval of any staffing substitutions in lieu of those proposed at the Senior Audit Associate or Audit Manager level. The Administrative Services General Manager shall also have the right to request the substitution of any junior staff for cause after discussion with the Audit Manager.

**L. REVIEW OF OFFICAL STATEMENTS**

Routinely, the City prepares an official statement for a bond offering that includes information taken from the most current CAFR. As needed, a review of the official statement resulting in a “consent and citation of expertise” letter will be required.

## EXHIBIT B COST PROPOSAL



# COST PROPOSAL

## **CITY OF COTTONWOOD** COTTONWOOD, ARIZONA

*Proposal to Perform Professional Auditing Services*

For the Fiscal Year Ending June 30, 2017 through June 30, 2021

**MAY 30, 2017**

**L** LUMBARD & ASSOCIATES P.L.L.C.  
*A Certified Public Accounting Firm*

Lisa B. Lumbard, CPA, CGFM  
Managing Partner  
4143 N. 12<sup>th</sup> Street, Suite 100, Phoenix, Arizona 85014  
Phone: (602) 274-9966 | Fax: (602) 265-0021 | Email: lisa@llumbard.com  
Arizona CPA License Number: 2499-L  
Federal Identification Number: 72-1548114

**PG**  
THE  
PUN GROUP  
ACCOUNTANTS & ADVISORS

**CITY OF COTTONWOOD**

*Proposal to Perform Professional Auditing Services*

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*Rates for Additional Professional Services ..... 2*



## LUMBARD & ASSOCIATES PLLC

*A Division of The Pun Group LLP*

Lisa B. Lumbard, C.P.A., C.G.F.M.  
Kenneth H. Pun, C.P.A., C.G.M.A.

Frances Kuo, C.P.A., C.G.M.A.  
Jeffrey D. Cosper  
Andan (Jake) Litwiller  
Maria G. Ward, C.P.A.

Stephanie M. Canez

City of Cottonwood  
Purchasing Division  
816 N Main Street  
Cottonwood, AZ 86326

Dear Sir/Madam:

Please allow us to introduce our Firm and share our qualifications and proposed audit plan for the City of Cottonwood (the "City") pursuant to your Request for Proposal for Professional Auditing Services for the Fiscal Year Ending June 30, 2017. The Pun Group, LLP (the "Firm"), has the knowledge and experience necessary to become the City's next public accounting firm, and the work plan to ensure a smooth audit process.

I will serve as your primary contact for contract negotiations. I am the Managing Partner of the Arizona office and have been authorized to legally bind the Firm. My contact information follows:

Name: Lisa B. Lumbard, CPA, CGFM  
Position: Managing Partner  
Address: 4143 North 12<sup>th</sup> Street, Suite 100  
Phoenix, Arizona 85014  
Telephone: (602) 274-9966  
Email: [lisa@llumbard.com](mailto:lisa@llumbard.com)

You may also contact the Corporate Managing Partner.

Name: Kenneth H. Pun, CPA, CGMA  
Position: Managing Partner  
Address: 200 East Sandpointe Avenue, Suite 600  
Santa Ana, California 92707  
Telephone: (949) 777-8801  
Email: [ken.pun@pungroup.com](mailto:ken.pun@pungroup.com)

If you have any questions about the proposal or the Firm, please contact us. We look forward to the opportunity to focus our experience and talent on your District's needs.

Sincerely,

**Lumbard & Associates, PLLC**  
**(A Division of The Pun Group, LLP)**

*Lisa B. Lumbard, CPA, CGFM*

Lisa B. Lumbard, CPA, CGFM

American Institute of  
Certified Public  
Accountants  
Government Audit  
Quality Center  
  
Government Finance  
Officers Association  
  
Arizona Society of  
Certified Public  
Accountants  
  
Association of  
Government  
Accountants  
  
Arizona Hispanic  
Chamber of  
Commerce



# CITY OF COTTONWOOD

## Proposal to Perform Professional Auditing Services

### SECTION I – COST PROPOSAL

#### Certification

We are committed to the performance of a high quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, our partners will provide advice and consultation as needed, at no additional cost to the City of Cottonwood.

**Name of Firm:** Lumbard & Associates, PLLC  
(A Division of The Pun Group, LLP)  
4143 N. 12<sup>th</sup> Street, Suite 100  
Phoenix, Arizona 85014

**Certification:** Lisa B. Lumbard, CPA, CGFM is entitled to represent the Firm, empowered to submit the bid, and authorized to sign a contract with the City of Cottonwood.

Lisa B. Lumbard, CPA, CGFM Managing Partner  
Lumbard & Associates, PLLC, a division of The Pun Group, LLP

#### Total All-Inclusive Maximum Price

Following are our total fixed fees for audit services for three (3) fiscal years beginning with the Fiscal Year Ending June 30, 2017, with an option for each of the two (2) subsequent fiscal years.

Work to be performed:	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021	Total
Audited Financial Statements of the City CAFR	\$ 29,000	\$ 29,870	\$ 30,766	\$ 31,689	\$ 32,640	\$ 153,965
Single Audit*	\$ 3,500	\$ 3,605	\$ 3,713	\$ 3,825	\$ 3,939	\$ 18,582
Annual Expenditure Limitation Report Opinion	Included	Included	Included	Included	Included	\$ -
Magistrate Court Triennial Review	\$ -	\$ -	\$ 3,250	<del>\$ 3,250</del>	\$ -	\$ 3,250
Highway User Revenue Fund Report Opinion	Included	Included	Included	Included	Included	\$ -
<b>Total All-Inclusive Maximum Price:</b>	<b>\$ 32,500</b>	<b>\$ 33,475</b>	<b><del>\$ 34,479</del></b>	<b><del>\$ 38,764</del></b>	<b>\$ 36,579</b>	<b>\$ 175,797</b>

**\$37,729 \$35,514**

\*Based upon one major program.

\*Based on the information provided by the City of Cottonwood and our understanding of the engagement, the City is subject to the Single Audit Act in accordance with OMB Uniform Guidance. The Single Audit fees are based on (1) one major program. If the City of Cottonwood applies for additional funding subsequent to the preparation of this proposal, the fee to audit additional major programs will be \$3,500 each. The number of programs determined to be "major" will be based on OMB Uniform Guidance. The Engagement Team will discuss this with the City's Management before starting Single Audit work.



## CITY OF COTTONWOOD

### *Proposal to Perform Professional Auditing Services*

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#### **Out of Pocket Expenses in the Total Maximum Price and Reimbursement Rates**

The Firm's policy is to maintain flexible billing rates in order to meet the needs of clients and help them control costs. In the interest of **starting** our long-term relationship, we will absorb all costs required to familiarize ourselves with the operations and accounting systems, as well as, travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the City of Cottonwood. These costs will also be absorbed by the Firm.

#### **Rates for Additional Professional Services**

Below is the Firm's standard hourly billing rates, delineated by staffing levels:

Auditor's Standard Hourly Billing Rates	
Position	FY 2016-17
Partner(s)	\$ 175
Senior Manager(s)	\$ 160
Manager(s)	\$ 150
Supervisor(s)	\$ 125
Senior Accountant(s)	\$ 110
Staff Accountant(s)	\$ 100
Clerical	\$ 65

Any supplemental reports, audits, or agreed-upon procedures not covered by this proposal may be added in a written agreement prior to commencing audit work. The Firm and the City will discuss and approve the scope and associated costs of these tasks. Any additional work will be performed at the above quoted hourly rates.

**2017-AS-02-2 Fiscal Auditing Services****Average Group Score**

<b>Firm</b>	<b>Technical Criteria (75 pts max)</b>	<b>Cost Criteria (25 pts max)</b>	<b>TOTAL SCORE (100 pts max)</b>
CliftonLarsonAllen	70.25	20.22	90.47
Colby & Powell	55.00	22.84	77.84
Heinfeld, Meech, & Co.	69.25	20.25	89.50
Henry & Horne	61.50	25.00	86.50
Fester & Chapman	63.50	21.55	85.05
<b>Lumbard &amp; Associates</b>	<b>68.75</b>	<b>24.44</b>	<b>93.19</b>
HintonBurdick	67.75	23.15	90.90

**PRICING (opened 4/28/2017)**

<b>Firm</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
CliftonLarsonAllen	\$39,700.00	\$40,670.00	\$45,680.00	\$42,700.00
Colby & Powell	\$33,500.00	\$35,175.00	\$39,930.00	\$38,800.00
Heinfeld, Meech, & Co.	\$38,995.00	\$40,255.00	\$45,100.00	\$43,180.00
Henry & Horne	\$33,680.00	\$33,680.00	\$37,125.00	\$33,680.00
Fester & Chapman	\$37,600.00	\$38,881.00	\$39,890.00	\$40,931.00
<b>Lumbard &amp; Associates</b>	<b>\$32,500.00</b>	<b>\$33,475.00</b>	<b>\$34,479.00</b>	<b>\$38,765.00</b>
HintonBurdick	\$32,500.00	\$36,000.00	\$40,050.00	\$38,000.00

3  
7  
4  
5  
6  
1  
2

Year 5	TOTAL	% of points allocated	Points allocated
\$43,768.00	\$212,518.00	80.86%	20.22
\$40,700.00	\$188,105.00	91.36%	22.84
\$44,650.00	\$212,180.00	80.99%	20.25
\$33,680.00	\$171,845.00	100.00%	25.00
\$42,056.00	\$199,358.00	86.20%	21.55
\$36,579.00	\$175,798.00	97.75%	24.44
\$39,000.00	\$185,550.00	92.61%	23.15

City of Cottonwood, Arizona  
City Council Agenda Communication

☐ Print

Meeting Date:	June 20, 2017
Subject:	Collateral Assignment of Lessee's Leasehold Interest in Lot 122 of the Replat of Cottonwood Airpark Tract One - Parts B & C
Department:	Attorney
From:	Steven B. Horton, City Attorney

**REQUESTED ACTION**

Consent to Collateral Assignment of Leasehold Interest in Lot 122 of the Replat of Cottonwood Airpark Tract One - Parts B & C from Backus Family Investments, LLC, to Country Bank.

**SUGGESTED MOTION**

If the Council desires to approve this item the suggested motion is:

"I move to approve the proposed Collateral Assignment of the Leasehold Interest in Lot 122 of the Replat of Cottonwood Airpark Tract One - Parts B & C from Backus Family Investments, LLC, to Country Bank."

**BACKGROUND**

Lessee Backus Family Investments, LLC seeks to obtain a secured loan against its leasehold interest in Lot 122 of the Cottonwood Airpark. The attached collateral assignment and consent would provide the City's approval of that transaction, which is required.

Under the terms of the assignment, the City's rights to rents for the lot would be preserved, but subordinated to the lender's interest in the lease in the event of a default on the loan.

**JUSTIFICATION/BENEFITS/ISSUES**

Under the terms of the Airpark lease, the City's consent to an assignment of a lessee's leasehold interest may not be unreasonably withheld. In light of that language and the City's longstanding practice, Staff sees no legal or policy reason to deny BFI's request in this case.

**COST/FUNDING SOURCE**

N/A

ATTACHMENTS:

File Name	Description	Type
CCF06162017_0005.pdf	Collateral Assignment	Cover Memo

When Recorded Return To:  
Country Bank  
Attn: Mark Tufte  
597 E. State Route 89A  
Cottonwood, Arizona 86326  
Loan #

**COLLATERAL ASSIGNMENT OF LESSEE'S LEASEHOLD INTEREST  
AND CONSENT**

**DATE:** \_\_\_\_\_, 2017

**BANK:** Country Bank a Division of Mohave State Bank  
597 E. State Route 89A  
Cottonwood, AZ 86326

**LESSEE:** Backus Family Investments LLC an Arizona limited Liability Company

**LESSOR:** City of Cottonwood, an Arizona Municipality

**OBLIGATION SECURED:** This Collateral Assignment of Leasehold ("Assignment") is granted to secure:

That certain promissory note, (Note) dated \_\_\_\_\_, 2017, executed by Backus Family Investments LLC, payable to the order of Bank, which evidences a loan (Loan) to Country Bank a Division of Mohave State Bank in the amount of \$\_\_\_\_\_ plus interest as provided in the Note, and all extensions, renewals, modifications or substitutions thereof.

Lessee's performance under the terms in the Note. Lessee's performance of any terms in this Assignment, and lessee's performance of any terms in that certain leasehold deed of trust, and security agreement which secures, or otherwise relates to the Note.

**LEASEHOLD PROPERTY ("PROPERTY")**

That certain real property situated in Yavapai County, Arizona and more particularly described as: Lot #122 of REPLAT OF COTTONWOOD AIRPARK TRACT ONE – PARTS B & C according to the plat of record in the office of the County Recorder, Yavapai County, Arizona, recorded in Book 59 of Maps & Plats, page 57.

**RECORDING DATA**

COTTONWOOD AIRPARK, L.C., an Arizona Limited Liability Company, formerly known as COTTONWOOD AIRPARK I, L.C., an Arizona Limited Liability Company, Successor by mesne instruments to COTTONWOOD AIRPARK, INC., as Lessee under the terms, conditions and stipulations of that unrecorded lease dated May 5, 1983, as disclosed by Memorandum of Lease by and between the TOWN OF COTTONWOOD, an Arizona Municipality (Lessor) and COTTONWOOD AIRPARK, INC. (Lessee); Term of 25 years for airport related area and 50 years for all other tracts, dated May 23, 1983, recorded January 4, 1984 in Book 1597 of Official Records, page 576-581 and thereafter corrected by an instrument recorded July 1<sup>st</sup>, 1985 in Book 1734, pages 11-15 of the records of Yavapai County Recorder (Memorandum of Ground Lease)



The Ground Lease Agreement was amended by the First Amendment dated November 30, 1983; the Second Amendment dated March 12, 1985; the Third Amendment dated August 21, 1985; the Fourth Amendment dated February 7, 1989; and the Fifth Amendment dated January 1, 1993; the Sixth Amendment dated July 5, 1994; the Seventh Amendment dated September 16, 1997; the Eighth Amendment recorded December 22, 1998, in Book 3626, Page 140; the Ninth Amendment recorded October 1, 2001, in Book 3867, Page 214; the Tenth Amendment recorded March 17, 2003, in Book 4011, Page 367; the Eleventh Amendment recorded July 20, 2005, in Book 4288, Page 640; the Twelfth Amendment recorded July 20, 2005, in Book 4288, Page 644; the Thirteenth Amendment recorded July 20, 2005, in Book 4288, Page 649; the Fourteenth Amendment recorded January 20, 2006, in Book 4356, Page 475; the Fifteenth Amendment recorded August 21, 2006, in Book 4427, Page 538; the Sixteenth Amendment which was recorded September 3, 2008, in Book 4619, Page 633; and the Seventeenth Amendment which was recorded on February 27, 2009, in Book B-4651, Page 879.. The Ground Lease Agreement and all Amendments are collectively referred to as the "Ground Lease".

**E.** Thereafter by Assignment, recorded January 20<sup>th</sup>, 2006, in Book 4356 , page 473 of Official Records, CALC assigned an interest as Tenant under the Ground Lease of approximately 8.91 acres located south of Lot #122 of the Replat Cottonwood Airpark Tract One Parts A&B described on the Results of Survey performed by SEC dated June 16<sup>th</sup>, 2005, together with all rights, privileges, easements, appurtenances and improvements thereon to Backus Family Investments, L.L.C. an Arizona Limited Liability Company

**F.** The CITY OF COTTONWOOD and BACKUS FAMILY INVESTMENTS thereafter subdivided the above mentioned parcel of land which is now legally described as COTTONWOOD AIRPARK TRACT ONE -PARTS B & C, recorded in the offices of the Yavapai County Recorder at Book 59, Page 57. Dated, March 13<sup>th</sup>, 2007

### **RECITALS**

- A. Lessor owns the Leasehold Interest in that real property described as Lot 122 of COTTONWOOD AIRPARK TRACT ONE-PARTS B&C according to the plat of record in the office of the County Recorder, Yavapai County, Arizona, recorded in Book 59 of Maps & Plats, page 57.
- B. Lessee has applied for a Loan from Bank. Bank is willing to make the Loan if Lessee collaterally assigns its interest in the Lease to Bank as security for the Loan and if Lessor acknowledges and consents to such an assignment. Such an assignment requires the consent of Lessor.
- C. To induce Bank to make the Loan, continue to extend credit to Lessee, and accept the assignment of the Lease as security for the Note, the parties have entered into the following:

### **AGREEMENTS:**

- 1. To secure the Note, Lessee assigns, transfers, and grants a security interest in and to all of Lessee's rights, title and interest in the Lease and Lessee's leasehold estate in the Property to Bank as security for the Note, with the consent of Lessor, for the remainder of the term of the Lease, together with all renewals, extensions or substitutions thereof. Lessee will not modify, terminate or substitute the Lease without the prior written consent of Bank.

2. Lessor shall not alter, amend or modify the Lease without the prior written consent of Bank. Lessor, without incurring any liability on said Loan to Lessee, consents to the collateral assignment. In the event this assignment is invoked by Bank, it shall become the substitute lessee under the Lease and perform the obligations of the Lessee. Lessor further agrees to allow Bank, after assigning the Lease from Lessee to Bank, to reassign the Lease pursuant to Section 12 of the Lease to another person or entity, subject to the Lessor's approval, which approval shall not be unreasonable withheld. Upon assumption of all of Lessee's obligations under the Lease by a party approved by Lessor, Lessor shall release Bank from any further obligation hereunder.

3. Upon the occurrence of an Event of Default under the Lease, whether it be monetary or non-monetary, Lessor shall notify Lessee and Bank in writing of the nature and occurrence of any Event of Default and of the period of time permitted by the Lease for the remedy thereof pursuant to Section 17 of the Lease. Lessee agrees that an Event of Default under the Lease shall be default under the Loan. Bank agrees that it will notify Lessor of any default of Lessee under the loan as well as for any foreclosure or other actions taken in response to a default by the Lessee under the Loan.

4. Any lien relative to the Lessee's Leasehold that Lessor may now have or that arises in the future is and shall be subordinate and inferior to Bank's security interest, lien or mortgage on the subject property pursuant to Section 9 of the Lease.

5. This Agreement shall inure to the benefit of and bind the heirs, personal representatives, successors and assigns of the parties; provided however, that Lessee may not assign, transfer or delegate any of the rights or obligations under this Agreement.

**BANK: COUNTRY BANK, a Division of Mohave State Bank**

By: \_\_\_\_\_  
**Mark Tufte, VP**

**LESSEE: Backus Family Investments, LLC**

By: \_\_\_\_\_ By: \_\_\_\_\_  
**Kent R. Backus** **Craig D. Backus**

**LESSOR: CITY OF COTTONWOOD, an Arizona municipality**

By: \_\_\_\_\_  
**Doug Bartosh, City Manager**

Attest:

By : \_\_\_\_\_  
**Marianne Jimenez, City Clerk**

**Approved as to Form Only**

By: \_\_\_\_\_  
**Steven B. Horton, City Attorney**



Notary Acknowledgments

STATE OF ARIZONA    )  
                                  ) ss.  
COUNTY OF YAVAPAI )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2017 by MARK TUFTE as VP on behalf of Country Bank, a Division of Mohave State Bank.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA    )  
                                  ) ss.  
COUNTY OF YAVAPAI )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2017 by Kent R. Backus, member of Backus Family Investments LLC.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA    )  
                                  ) ss.  
COUNTY OF YAVAPAI )

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2017 by Doug Bartosh as City Manager on behalf of City of Cottonwood, an Arizona Municipality.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

City of Cottonwood, Arizona  
City Council Agenda Communication

☐ Print

Meeting Date:	June 20, 2017
Subject:	Resolution 2891, authorizing the application for a matching grant for an arsenic-bearing backwash treatment pilot program.
Department:	Attorney
From:	Roger Biggs, Utilities Manager

**REQUESTED ACTION**

Adoption of Resolution 2891, authorizing the application for a matching grant for an arsenic-bearing backwash treatment pilot program.

**SUGGESTED MOTION**

If the Council desires to approve this item the suggested motion is:

"I move to adopt Resolution Number 2891, approving the application for a matching grant for a backwash treatment pilot program through the United States Department of Reclamation's WaterSmart Small Scale Water Efficiency Program and authorize the City to provide up to 50 percent matching funds in an amount not to exceed \$75,000.00 if the grant is awarded."

**BACKGROUND**

This item was previously considered and approved by the Council by motion at its June 6 meeting. Following that meeting, it was determined that the Bureau of Reclamation requires an application to be authorized by resolution, rather than by simple motion.

**ATTACHMENTS:**

File Name	Description	Type
Resolution_2891_-_WaterSmart_Program_Grant_Application_v2.doc	Resolution Number 2891	Cover Memo
6-6-17_WaterSMART_Grant_Application.pdf	WaterSMART Grant Application	Cover Memo

RESOLUTION NUMBER 2891

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE CITY TO COMMIT TO THE FINANCIAL AND LEGAL OBLIGATIONS ASSOCIATED WITH RECEIPT OF AN AWARD UNDER THE UNITED STATES BUREAU OF RECLAMATION'S WATERSMART PROGRAM

WHEREAS, the City Council has considered Staff's recommendation in this matter; and

WHEREAS, the Council finds that it would be in the City's interests to conduct an arsenic-laden backwash removal pilot program; and

WHEREAS, the Council is willing to commit up to \$75,000.00 in matching funds for this project if an award is made;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, AS FOLLOWS:

1. That the submission of the request for financial assistance submitted in response to U.S. Bureau of Reclamation Funding Opportunity Announcement No. BOR-DO-17-F011 is hereby approved.
2. That Utilities Manager Roger Biggs is hereby authorized to enter into an agreement for receipt and use of funds for the above-described purpose if the City's request is approved.
3. That the City is able and willing to provide matching funds in an amount up to \$75,000.00, and will provide such funds if the City's application is approved; and
4. That the City will work with the United States Bureau of Reclamation to meet established deadlines for entering into a grant or cooperative agreement.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, THIS 20TH DAY OF JUNE 2017.

---

Tim Elinski, Mayor

ATTEST:

---

Marianne Jiménez, City Clerk

APPROVED AS TO FORM:

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Steven B. Horton, Esq., City Attorney

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City of Cottonwood, Arizona  
City Council Agenda Communication

☐ Print

Meeting	June 20, 2017
Date:	
Subject:	Amending Section 406: Parking and Loading Requirements
Department:	Community Development
From:	Berrin Nejad, Community Development Manager

REQUESTED ACTION

First Reading of Proposed Ordinance to Repeal and Replace Sections 406.C.2.c and 406.C.2.g of the City's Zoning Ordinance, regarding Parking and Loading Requirements.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

N/A. First reading.

BACKGROUND

There are certain otherwise developable parcels of land in Old Town and throughout the City which are difficult, impractical, and in some cases even impossible to develop in compliance with current zoning ordinance requirements regarding parking and loading. For example, some parcels cannot meet the requirement for a driveway to be located no less than 150 feet from an intersection. In other cases, parcels cannot reasonably be developed in compliance with the universal prohibition against back-out parking.

As was recently seen and discussed by Council in the context of a development project on Pima Street, staff believes that there should be some administrative flexibility in the code with respect to these requirements under certain circumstances. The proposed amendments to Section 406 of the City's Zoning Ordinance now before the Council provide such flexibility.

The Planning and Zoning Commission considered the proposed amendments at its June 5, 2017 Special Meeting and unanimously recommended approval.



### JUSTIFICATION/BENEFITS/ISSUES

The proposed amendments would allow reasonable and otherwise permissible development proposals to be processed without undue delay, or in some cases prohibited altogether due to the strict application of current zoning requirements with respect to parking and loading.

### COST/FUNDING SOURCE

N/A

### ATTACHMENTS:

File Name	Description	Type
ord624.docx	Ordinance Number 624	Cover Memo
2017-06-06_June_5_2017_PZ_Special_Meeting_Action_Report.docx	Planning and Zoning Commission- June 5, 2017 Meeting- Action Report	Cover Memo
2017-06-06_JUNE_5__2017_SPECIAL_MEETING_DRAFT.doc	Planning & Zonning Commission- June 5, 2017 Meeting Minutes	Cover Memo

## ORDINANCE NUMBER 624

AN ORDINANCE OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, AMENDING SECTION 406.C.2 (PARKING AND LOADING REQUIREMENTS, DESIGN AND LOCATION OF PARKING SPACES) OF THE CITY'S ZONING ORDINANCE BY REPEALING AND REPLACING SECTIONS 406.C.2.c. AND 406.C.2.g

WHEREAS, The City of Cottonwood Planning and Zoning Commission has recommended that Section 406. PARKING AND LOADING REQUIREMENTS, of the City's Zoning Ordinance be amended; and

WHEREAS, the City Council finds that the amendments recommended by the Planning and Zoning Commission are appropriate and in the City's best interests;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, AS FOLLOWS:

Section 1. That Section 406. PARKING AND LOADING REQUIREMENTS, C. DESIGN AND LOCATION OF PARKING SPACES, 2. c. of the City's Zoning Code is hereby amended by deleting 406. C. 2. c., in its entirety and adding a new Section 406. C. 2. c., as follows:

### SECTION 406. PARKING AND LOADING REQUIREMENTS

#### C. DESIGN AND LOCATION OF PARKING SPACES.

2. All uses except as provided above:

c. Off-Street Parking Spaces shall be situated in a manner which will not result in automobiles backing onto a public street, except the Community Development Director and the City Engineer may administratively waive this requirement under the following conditions:

- 1) The road is unlikely to be extended in the future due to geographical, legal, or other limitations.
- 2) The location is within 1,500 feet of the end of a street and the Average Daily Trips (ADT) of the street is less than 1,000.
- 3) The back out parking would not create any safety hazards such as site distance issues, etc., as determined by staff.

- 4) The speed limit of the street is 25mph or less.

Section 2. That Section 406. PARKING AND LOADING REQUIREMENTS, C. DESIGN AND LOCATION OF PARKING SPACES, 2. g. of the City's Zoning Code is hereby amended by deleting 406. C. 2. g., in its entirety and adding a new Section 406. C. 2. g., as follows:

SECTION 406. PARKING AND LOADING REQUIREMENTS

C. DESIGN AND LOCATION OF PARKING SPACES.

2. All uses except as provided above:

g. Access: Access to off-street parking from a public or private street shall be from a two-way driveway with a minimum width of 24 feet and a maximum width of 32 feet, or two one-way driveways each with a minimum width of 12 feet and a maximum width of 20 feet. No access driveway shall be located closer than 150 feet from a street intersection, or closer than 20 feet from another access driveway, or closer than 10 feet from an interior property line. At locations where the minimum driveway distance is not attainable due to property size, configuration, or other factors as determined by staff, a reduced minimum driveway location may be allowed if approved by the Community Development Director and the City Engineer.

Section 3. That if any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held to be unlawful, invalid or unenforceable by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions hereof.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, ARIZONA, THIS \_\_\_\_ DAY OF \_\_\_\_\_ 2017.

\_\_\_\_\_  
Tim Elinski, Mayor

APPROVED AS TO FORM:

ATTEST:

\_\_\_\_\_  
Steven B. Horton, Esq., City Attorney

\_\_\_\_\_  
Marianne Jiménez, City Clerk



**CITY OF COTTONWOOD  
PLANNING AND ZONING COMMISSION  
COUNCIL CHAMBERS  
826 N. MAIN Street  
Cottonwood, AZ 86326**

**ACTION REPORT**  
SPECIAL MEETING – MONDAY JUNE 5, 2017  
6:00 p.m.

**CALL TO ORDER:**

**A. Roll Call**

**Commissioners Present:**

Ed Kiyler, Chairman  
Robert Williams, Vice Chair  
Robert Hart  
Suzanne Poslaiko  
Judd Wasden  
Thomas Narwid  
Jean Wilder

**City Staff Present:**

Berrin Nejad, Community Development Manager  
Scott Ellis, Community Development Planner  
Marisol Burnett, Administrative Assistant, Recorder

**Commissioners Absent:**

NONE

**B. Approval of Minutes**  
April 3, 2017 Special Meeting

**Approved 7-0**

**OLD BUSINESS:**

NONE

**NEW BUSINESS:**

1. **DR 17-002 CHERRY STREET INDUSTRIAL PARK-** Consideration of Design Review approval to move an existing building to a vacant parcel to be used as a warehouse. Address: 223 E. Cherry Street. APN 406-42-105S. Owner: Millar Bros LLC. Agent: Paul Millar.

**Approved 7-0  
(with stipulations)**

2. **ZO 17-001 - AMENDMENT TO SECTION 406 PARKING AND LOADING REQUIREMENTS** – Consideration of a Zoning Ordinance text amendment to Section 406, adding administrative waiver provisions to allow backing into a street from parking lots and allowing reduced distance requirements for driveways in proximity to intersections.

**Approved 7-0  
(Recommended to City  
Council for approval)**

**DISCUSSION ITEMS:**

NONE

**INFORMATIONAL REPORTS AND UPDATES:**

Commissioners discussed with staff upcoming projects and special meeting for June 26, 2017.

**ADJOURNMENT**

**6:57 PM**

Official Minutes of the City of Cottonwood  
Planning & Zoning Commission Special Meeting  
Held, June 5, 2017 at 6:00 P.M. at the City Council Chambers  
826 N. Main Street – Cottonwood, Arizona

---

CALL TO ORDER & ROLL CALL

Chairman Kiyler called the meeting to order at 6:01 p.m. Roll call was taken as follows:

Planning & Zoning Commission Members Present

Chairman Ed Kiyler  
Vice Chairman Robert Williams  
Thomas Narwid  
Suzanne Poslaiko  
Jean Wilder  
Robert Hart  
Judd Wasden

Planning & Zoning Commission Members Absent

None

Staff Members Present

Berrin Nejad, Community Development Manager  
Scott Ellis, Community Development Planner  
Marisol Burnett, Community Development Administrative Assistant, Recorder

APPROVAL OF MINUTES OF APRIL 3, 2017- SPECIAL MEETING

***Motion:***            ***To approve the minutes of 4/3/2017 – Special Meeting***

***Made by:***        ***Vice Chairman Williams***

***Second:***        ***Commissioner Hart***

***Vote:***            ***Unanimous***

CALL TO THE PUBLIC (NONE)

OLD BUSINESS (NONE)



NEW BUSINESS

1. **DR 17-002 CHERRY STREET INDUSTRIAL PARK-** Consideration of Design Review approval to move an existing building to a vacant parcel to be used as a warehouse. Address: 223 E. Cherry Street. APN 406-42-105S. Owner: Millar Bros LLC. Agent: Paul Millar.

**STAFF REPORT**

**TO:** Planning and Zoning Commission

**FROM:** Scott Ellis, Planner

**THROUGH:** Berrin Nejad, Community Development Director

**HEARING DATE:** June 5, 2017

**PROJECT NUMBER:** **DR 17-002** **Cherry Street Industrial Park**

The applicant is requesting approval of a Design Review application for the placement of an existing building on a piece of vacant property.

**PROJECT DATA AND FACTS:**

<b>Applicant/Agent</b>	Paul Millar
<b>Property Owner</b>	Millar Bros LLC
<b>Location of Property</b>	253 E. Cherry Street
<b>Present Zoning and Land Use</b>	I-2 (Heavy Industrial) Vacant
<b>Description of Applicant's Request</b>	Design Review for placement of a warehouse building on vacant property.

**LAND USE:**

<b>Description and Character of Surrounding Area</b>
<b>North:</b> I-2 (Heavy Industrial) – Industrial use. <b>East:</b> I-2 (Heavy Industrial) – Parking Lot. <b>South:</b> I-2 (Heavy Industrial) – Industrial use. <b>West:</b> C-1 (Light Commercial) – Commercial use/YES THE ARC

## **PROJECT PROPOSAL:**

### **Background:**

The applicant owns vacant property in the industrial area at the end of E. Cherry Street and would like to move an existing building from another location to this property for warehouse use.

### **BUILDING AND STRUCTURE DESIGN:**

The building will be moved from another location near the proposed site and is approximately 7,500 square feet.

### **Architecture, Materials, Colors:**

The building currently exists as a metal roofed, parking shade structure (see photos). Once moved, the applicant will install r-panel (metal) walls with a terracotta sand color around the exterior to enclose it.

### **SITE PLAN:**

Total parcel area is approximately 30,056 square feet, on one parcel. The building will be placed on the west side of the property to allow efficient parking and circulation.

### **Parking:**

Fourteen parking spaces will be provided for the property, two of which will meet ADA requirements. Ten of the parking spaces will be on the north end of the property with the remaining four on the south end of the property.

### **Lighting:**

Eight new lighting fixtures will be placed on the building and will meet all outdoor lighting requirements.

### **Signage:**

No signage is currently proposed. Any tenants that may occupy the building would be required to obtain the appropriate sign permit and meet all sign regulations.

### **Access/Driveways:**

Access is available at the end of E. Cherry Street. This portion of Cherry St. is private and not part of the City's public street system. The property is currently paved.

### **Landscape Plan:**

Extensive landscape screening is not required adjacent to other similar uses in the industrial zone. New landscaping will be provided at the entrance to the property and along the north side of the building to consist of low growing evergreens, shrubs, and crushed rock. Existing landscaping will remain along the southern boundary of the property. There is currently a large segment of bamboo screening from the property to the west which is sufficient to meet screening requirements for this location.

**Utilities:**

All necessary utilities for the site are existing.

**CRB Review:**

This project was reviewed by the Code Review Board on June 28, 2016. The applicant will need to meet all requirements as indicated in the meeting comments.

**STIPULATIONS:**

If approved, staff recommends the following stipulations:

1. That the project is developed in conformance with the development plans submitted for the June 5, 2017 special meeting and as may be further modified by the Planning and Zoning Commission.
2. That the project conforms to Code Review Board comments dated July 5, 2016.
3. A Certificate of Zoning Compliance documenting the completion of Design Review conditions shall be issued prior to the Certificate of Occupancy.
4. Any other stipulations the Planning & Zoning Commission deems necessary.

Commissioner Narwin asked about the parking spaces in the back, they look as though they are encroaching on adjacent property. Staff responded that the property owners own both parcels, usually when parking crosses two (2) parcels, a shared parking agreement is needed, at the moment they have enough parking. Commissioner Narwid asked if there was a covenant in the ingress/egress easement? Staff responded there is an ingress/egress easement. Commissioner Narwid mentioned that whoever enters and exists will have to drive over some private land, should the planning board worry about whether or not he has legal rights to cross over someone else's property; unless he has a document that says there is a covenant for a period of time? Commissioner Wasden mentioned that it is a prescribed easement, it has been used for that purpose and been recognized, the state calls it a prescribed easement.

The applicant Paul Millar came up and gave a brief introduction of himself and the project. Commissioner Narwid asked if Cherry Street ends at the intersection not at the gate? Applicant mentioned that the easement, Cherry Street is privately held from about half way from the recycling center, has been that way for over thirty (30) to forty (40) years from what they know, they do have an ingress/egress, Cherry Street dead ends at the property does not go through.

***Motion: To approve DR 17-002 Cherry Street Industrial Park with the following four (4) stipulations:***

1. ***That the project is developed in conformance with the development plans submitted for the June 5, 2017 special meeting.***

2. *That the project conforms to Code Review Board comments dated July 5, 2016.*
3. *A Certificate of Zoning Compliance documenting the completion of Design Review conditions shall be issued prior to the Certificate of Occupancy.*

**Made by:** Vice Chairman Williams  
**Second:** Commissioner Wasden  
**Vote:** Unanimous

2. **ZO 17-001 - AMENDMENT TO SECTION 406 PARKING AND LOADING REQUIREMENTS** – Consideration of a Zoning Ordinance text amendment to Section 406, adding administrative waiver provisions to allow backing into a street from parking lots and allowing reduced distance requirements for driveways in proximity to intersections.

## STAFF REPORT

**TO:** Planning and Zoning Commission  
**FROM:** Berrin Nejad, Community Development Manager  
**MEETING:** June 5, 2017  
**SUBJECT:** **ZO-17-001 - AMENDMENTS TO SECTION 406 PARKING AND LOADING REQUIREMENTS** - Consideration of Zoning Ordinance text amendments to Section 406.C.2.g and Section 406.C.2.c

### **BACKGROUND**

Staff has identified sections of the existing zoning ordinance that are in need of text amendments to address frequent development concerns when properties are unable to meet existing requirements.

#### Section 406.C.2.g. Access

Existing Code Section 406.C.2.g: Access:

*Access to off-street parking from a public or private street shall be from a two-way driveway with a minimum width of 24 feet and a maximum width of 32 feet, or two one-way driveways each with a minimum width of 12 feet and a maximum width of 20 feet. No access driveway shall be located closer than 150 feet from a street intersection, or closer than 20 feet from another access driveway, or closer than 10 feet from an interior property line.*

1- Amend the City of Cottonwood Zoning Ordinance, Section 406.C.2.g:

g. Access: Access to off-street parking from a public or private street shall be from a two-way driveway with a minimum width of 24 feet and a maximum width of 32 feet, or two one-way driveways each with a minimum width of 12 feet and a maximum width of 20 feet. No access driveway shall be located closer than 150 feet from a street intersection, or closer than 20 feet from another access driveway, or closer than 10 feet from an interior property line. **At locations where the minimum driveway distance is not attainable due to property size, configuration, or other factors as determined by staff, a reduced minimum driveway location may be allowed if approved by the Community Development Director and the City Engineer.**

AND;

2- Existing Code Section 406.C.2.c

*Off-Street Parking Spaces shall be situated in a manner which will not result in automobiles backing onto a public street.*

Amend the City of Cottonwood Zoning Ordinance, Section 406.C.2.c. as follows:

c. Off-Street Parking Spaces shall be situated in a manner which will not result in automobiles backing onto a public street, **except the Community Development Director and the City Engineer may administratively waive this requirement under the following conditions:**

- 1) The road is unlikely to be extended in the future due to geographical, legal, or other limitations.
- 2) The location is within 1,500 feet of the end of a street and the Average Daily Trips (ADT) of the street is less than 1,000.
- 3) The back out parking would not create any safety hazards such as site distance issues, etc., as determined by staff.
- 4) The speed limit of the street is 25mph or less.

## STAFF ANALYSIS

Existing parcels within the city have previously been created which do not allow for the development of these parcels to comply with current zoning ordinances. The ability for staff to approve a development project based on the specific shape, size and configuration is necessary to allow the property owner to develop their property. Some existing platted parcels do not allow the minimum distance of 150 feet for a driveway to be located away from an intersection and are located in an area which cannot accommodate parking

standards as currently exist in the zoning code. Many of the existing platted parcels are smaller in size, or the roadway and adjacent development do not allow for the strict implementation of the current code requirements.

### **RECOMMENDATION**

Consider the proposed amendments to the Zoning Ordinance to provide a recommendation to the City Council to:

1. Allow a modified minimum driveway distance from intersections with the ability of the Community Development Director and City Engineer to approve driveway access distances from intersections.
2. Allow vehicles to back into the street when the listed conditions are met, as determined and approved by the Community Development Director and City Engineer.

Commissioner Hart mentioned there are already places that don't conform and they seem to work in their own way such as Circle K. People over at Giant don't seem to have too much of a problem unless they are turning into Cove Parkway. Commissioner Narwin mentioned that what exists already exists, there are whole lot of issues that currently exists and we are going to change things to conform to what is already existing; in the future, new businesses will be able to do the same thing? Staff responded it is not working, one hundred fifty (150) feet is too big for us. Commissioner Narwin mentioned if this is a safety issue, all that will happen is it will open up more safety issues. Staff mentioned in less than a year we have had a hand full of projects most of them on corner lots that were great projects, if they have to meet this one hundred fifty (150) feet requirement with no exceptions, the projects are dead. It will be an improvement for some run down places in town, there is the safety factor that the engineer will look at. A lot of standards with ADOT is right in right out, that will be something the city engineer on some of the projects is requiring or will be requiring. Commissioner Narwin mentioned in the wording, it states, they have to build a driveway at the maximum allow distance for safety, within the property if they have a choice of twenty five (25) feet it might be better if it is at fifty (50) feet, the wording should mention that they have to allowed the maximum distance to another intersection rather than give just the minimum distance that they can do that is what they probably will do. Staff responded we are concerned with the safety, usually big companies in intersection give us a traffic study, public works and engineering department reviews them. Commissioner Wasden mentioned the wording does not say anything about minimum or maximum it needs the flexibility. Vice Chairman Williams mentioned there is also Design Review for all the new projects, we have some say if they cannot meet the exceptions.

***Motion: To recommend to City Council for approval ZO-17-001 amendments to section 406 Parking and loading requirements - Consideration of Zoning Ordinance text amendments to Section 406.C.2.g and Section 406.C.2.c.***



**Made by:** *Vice Chairman Williams*  
**Second:** *Commissioner Hart*  
**Vote:** *Unanimous*

DISCUSSION ITEMS- NONE

INFORMATIONAL REPORTS AND UPDATES-

1. Commissioners discussed with staff upcoming projects and special meeting for June 26, 2017.

*There was a brief update/discussion in regards to the following, no action was taken, and these were only for informational purposes.*

**ADJOURNMENT**

Meeting adjourned at 6:57 p.m.

**Made by:** *Vice Chairman Williams*  
**Second:** *Commissioner Narwid*  
**Vote:** *Unanimous*

## CLAIMS EXCEPTIONS REPORT OF JUNE 20, 2017

FUND	VENDOR NAME	DESCRIPTION	TOTAL
All	City of Cottonwood	Payroll 06/16/2017	\$ 558,847.56
All	Accurate Building Maintenance	Custodial	21,196.00
All	APS	Utilities	121,904.90
Airport	Ascent Aviation	Airport Fuel	24,253.73
Gen	Mikkel Jordahl	Prosecuting Atty	7,500.00
Utilities	Schofield Civil Construction	UV System at RWR Facility	15,564.45
Utilities	Ferguson Water Works	Water supplies	6,102.77
Gen	Metit Technology Partners	Equipment	11,421.81
Gen	Old Town Center for the Arts	Quarterly funding - 1st three quarters FY 2017	15,000.00
All	Reese's Tire & Auto	Vehicle Maintenance	16,326.56
All	SC Fuels	Fuel	11,589.88
Utilities	Shephard Westnitzer Inc	Engineering Inspection Services	11,025.00
Hurf	Southwestern Environmental Consultants Inc	Desing Mingus 8th to Main St.	31,496.35
Utilities	TransAm Trucking Inc	Sludge Hauling	5,082.50
<b>TOTAL</b>			<b>\$ 857,311.51</b>