I. PROCEDURES:

A. Call to Order — Mayor Moore called the meeting to order at 5: 02 p.m.

B. Roll Call — Mayor John Moore, and Councilmen (Vice Mayor) Don Dent, Bernie Hiemenz, Frank McNelly (late), Bill Miller, and James Wurgler were present and constituted a quorum. Councilman Lee Payne was absent.

Present from City Staff were Interim City Manager/Finance Director Joe Duffy, Building Inspector Tim Pettit and City Clerk/HR Director Susan Kerley. City Attorney, Kellie Peterson, was present

C. Adopt Agenda — Councilman Miller moved to adopt the agenda. Councilman Dent seconded, and the motion carried 4-0.

II. WORK SESSION ITEMS

A. Final review and discussion of the Employee Handbook: K. Peterson — Kellie Peterson led the discussion by responding to nine questions that resulted from the last review of the draft document. Items 1 and 3-6 were typos that were corrected. Item 2 questioned the use of *City Officers* to describe a list of ten exempt positions in Section 1.02. Attorney Peterson said that this use was taken from City Code and will remain.

Item 7 refers to Section 6.03 (E) Political Activity, noting that it does not address the status of employees who take an unpaid leave of absence, run for office, and are not elected. It asks if there are any restrictions on their return to their former positions. After discussion of this item, Attorney Peterson was asked to draft a policy in which specific terms for a leave of absence would be established when that leave was granted, acknowledging that under the Little Hatch Act, an employee cannot campaign while an active City employee. Attorney Peterson said that usually, the City Manager has authority over most exempt appointed employees. We could say that the City Manager can recommend to Council on extended leaves of absence for appointed employees. The Mayor asked Attorney Peterson to stipulate that City Council would make the decisions on leaves of absence for Susan (City Clerk/HR Director), Joe (Interim City Manager/Finance Director), and Herman (Police Chief). Attorney Peterson will draft some language for this section and will send it to Council members for their review.

Item 8 refers to Section 6.05 (B) *The City prohibits the off-premises abuse of alcohol and controlled substances, as well as possession, use or sale of illegal drugs.* An employee questioned whether this should be restricted to when employees are on duty or on-call.

Attorney Peterson pointed out that this gives a fair warning to employees that illegal activity that impacts the workplace is not condoned and discipline can result. It does not regulate all activity.

Item 9 refers to Sections 7.01 (B) *All disciplinary actions involving suspensions without pay, demotions, or employee terminations require*

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concurrence of the HR Director and the City Manager prior to discipline being administered; and 7.02 (G) *Appeals by an eligible employee…must be submitted in writing to the City Manager…*and (L) *The City Manager's decision shall be final.* The question raised is how can the City Manager hear an appeal without bias if they initiate discipline or concur that a specific disciplinary action should be taken? It would seem that they would be, in part, defending their own actions.

Attorney Peterson said that the initial verbiage was based on Title 9 of City Code that says the City Manager has the final say; however, Title 2 says that the City Council has the right to ratify. She believes one more level is needed. Some options would be a full hearing before Council, Council's review of the written record, a Hearing Officer's written report to Council, or a Personnel Board made up of City employees. She recommends against City Council having a full hearing as it can be a logistical nightmare. A Personnel Board might not understand employee's conduct, needs of the City, or may be extremely sympathetic to an employee. She said that a hearing officer gives the best record to defend. It was agreed that a hearing officer would be the best choice if a process could be decided to choose an unbiased hearing officer. Attorney Peterson said that policy can set out that a hearing officer agreeable to the City and the involved employee could be selected from a list of three to four possibilities. Council cannot abdicate its authority to a hearing officer, but Council still makes the final decision. Attorney Peterson will draft a proposed policy that will include the requirement that a hearing officer would keep a written record of the proceedings.

B. Review and discussion of impact fees: J. Moore

Joe Duffy sent the following questions to Attorney Peterson for consideration: *Can the City postpone or reduce impact fees without a full-fledged study?* The response was "no." *Have other cities reduced or postponed fees?* Chino Valley reduced its fees to zero. Prescott increased its fees and rolled them back when the State imposed a moratorium on impact fees. *Would there be any liability to those who have paid the fees?* Maybe, if a change is made arbitrarily. She added that a pending bill before the State legislature would dramatically change impact fees, and it might be good to wait and see what the legislature decides.

Joe Duffy said that lobbyists are putting pressure on to itemize what impact fees can be charged for and for a study to be done every five years. We will be doing a study anyway. So, we may be in sort of a limbo for a while.

Councilman Miller asked if the moratorium allows a suspension of fees. Attorney Peterson replied that modifying the fees requires a study, but they can be decreased under the moratorium.

Councilman Dent said that a current study would change drastically from the 2004 study. The cost of the waste water treatment plant was

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projected at $6 million, but $12 million was spent for a projection of 6,000 in population. A new study should drop to about ½ that in population. New regulations will require a list of out-of-house people who could do a study. There have to be 90 days of public hearings and then 95 days until the new fees would be effective.

Economic Development Committee Chairperson, Rich Gorney, asked how long a study would take. Councilman McNelly said one would tae at least six months. Rich Gorney asked how much has been collected in impact fees since 2004. Joe Duffy replied that probably about $1 million, the biggest part coming from individual homeowners. Mr. Gorney said that it's hard to draw businesses here from developers and contractors. It's not an equal game when they can go elsewhere and make dollars.

Councilman Dent said he understands their situation; however contractors are going broke because of the economy, not because of impact fees. They don't help. He believes we need to do a study, but thinks we should have impact fees. He knows the population numbers and others need correction, and the infrastructure needs require correction. Once the population is adjusted, the needs will change.

Councilman Miller stated that he doesn't see the relevance of the number of baths or sinks to impact fees. We need to look at real services. He believes this will coincide with the decrease of projected population.

Mayor Moore outlined the three choices:

- Do a study after the legislature passes bills
- Do a study now
- Leave the fees as is and do nothing

Councilman Dent said that the City must select criteria. Every square foot built impacts the City whether occupied or not. The City chose the square footage method.

The Mayor said that in-house studies may have looked for income. Now, outside people may be required.

Mayor Moore asked City Clerk Kerley to put this item on Council's Agenda for March 10th.

III. ADJOURN: Councilman Miller made a motion to adjourn, seconded by Councilman Dent. The meeting adjourned at 6:25 p.m.

ATTEST

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Mayor John Moore

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City Clerk

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