

CITY OF WILLIAMS CITY COUNCIL

ANNOTATED MINUTES
AGENDA ITEM

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AUGUST 25, 2011
COUNCIL ACTION

I. PROCEDURES:

- A. Call to Order Mayor Moore called the meeting to order at 7:00 p.m.
- B. Pledge and Invocation Kent Jones led the pledge of allegiance, and Ruth Sanzari offered the invocation.
- C. Roll Call Mayor John Moore and Councilmen Don Dent (Vice-Mayor), Bernie Hiemenz, Frank McNelly, Bill Miller, and James Wurgler were present and constituted a quorum.
Present from City Staff was Joe Duffy, Interim City Manager/Finance Director, Herman Nixon, Police Chief, Glenn Cornwell, Public Works Director, Billy Pruett and Kathy Fuller, Water Department, and City Clerk/HR Director Susan Kerley.
City Attorney Kellie Peterson and Gioia Goodrum, Williams-Grand Canyon Chamber of Commerce President/CEO were present.
- D. Approval of Minutes: August 11, 2011, and August 25, 2011 Councilman McNelly made a motion to approve the minutes as presented. Councilman Miller seconded the motion, and it carried 5-0.
- E. Adoption of Agenda Councilman Wurgler made a motion to adopt the Agenda with moving Item E to just after the Consent Agenda items. Councilman Hiemenz seconded the motion, and it carried 5-0.

II. PRESENTATIONS - NONE

III. PUBLIC PARTICIPATION:

Ruth Sanzari said that with all that is going on in our country, in order for Williams to escape disaster, it is important that leaders approach decisions prayerfully. She invited Council members and everyone else to attend a nondenominational service on Sunday night at 6:00 p.m. at the First Baptist Church.

IV. CONSENT AGENDA ITEMS:

- B. Approval of Purchase Orders: J. Duffy Councilman Wurgler made a motion to approve the purchase orders as presented. Councilman Dent seconded the motion, and it carried 5-0.

VI. NON-CONSENT AGENDA ITEMS:

- E. Request by Grand Canyon Railway for closure of portion of Rodeo Road in order to replace the Rodeo Road grade crossing. The closure request is for September 26th *This item was moved before the Agenda was adopted.*
Ervin White corrected the dates requested for the closure. The request is actually for two weeks in September, starting after all the needed equipment arrives. He explained that the crossing has deteriorated, and repairs similar to those done on the Grand Canyon Boulevard crossing are needed. Both sides of the road will need to be closed. He is requesting closure for two weeks to allow the time needed for the concrete to cure. They want enough time to do the

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through September
30th : Ervin White

project right so, hopefully, the repair will last for ten years. They plan to do ample public notification by running a half-page ad for three weeks in advance in the Williams News and by providing signage regarding the road closure. When asked if a sidewalk would be added as part of the project, he stated that there is no room for a sidewalk on either side of the roadway.

Councilman Miller saw no other alternative, because this is a safety issue. Joe Duffy said that notices would be added to the City's website and to the new community update email.

Mr. White said they would like to start on September 19th, but this is dependent upon the arrival of materials and may vary by a few days.

Councilman McNelly asked if there will be a turnaround area on either side of the construction, and Mr. White replied that on the east side, drivers could turn around on the dirt road, and on the west side, they can turn on Frank Way and make the loop back to Airport Road.

Chief Nixon added that plenty of notice up the road before the track repair would be needed.

Councilman Dent made a motion to approve the closure of Rodeo Road to improve the grade crossing for two weeks from the date of the start of the project. Councilman McNelly seconded the motion, and it carried 5-0.

V. C.

***RECESS TO PUBLIC HEARING REGARDING INCREASING
THE CITY OF WILLIAMS' ELECTRIC RATES***

Councilman McNelly made a motion to recess to Public Hearing, and Councilman Miller seconded the motion. It carried 5-0.

The City of Williams issued a Notice of Intention to Increase Electric Rates and Issued a Public Report on July 28, 2011. Public Hearing August 25, 2011: J. Duffy

Joe Duffy made a PowerPoint presentation and handed out copies to public attendees.

The Reasons Why a Rate Increase is Required:

- The Enterprise Funds are not generating enough cash to meet existing debt service requirements. WIFA postponed \$1,260,000 in debt service payments over the last two fiscal years.
- WIFA can require that the City increase sales taxes, electric rates, water and/or sewer rates to meet its debt service obligations.
- The Enterprise Funds are not generating enough cash to build the required WIFA reserves of \$1,600,000.
- The Electric System is not generating enough revenue for

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future capital projects, system upgrades or expansions.

- The Electric System rates are significantly lower than APS rates.
- In 2018 the wholesale power purchase agreement will expire. It is likely that the wholesale power costs will increase, thus requiring a significant rate increase.

Staff Recommendation:

- 3% rate increase each year until the rates are equal to APS rates.
- Council can adopt a multi-step rate increase.
- Council can review each year.

Mayor Moore asked for comments from the public. Public participant Ruth Sanzari asked how the public could know for sure, if the rates are increased, where the money will be put. She doesn't know how customers can afford an increase and just doesn't think this is the right time for a 3% increase.

Councilman McNelly said that Joe Duffy went in depth on how the City tries to get the cheapest power it can get. When there are emergencies in the town, the town needs to be in a position to take care of them. There has been no increase since 1992 – 19 years. He believes we can each afford \$2.00/month to take care of maintenance before it becomes an emergency. He knows we are facing system repairs and upgrades. If we are looking out for our town – electric, water, and other emergencies – we cannot put this off.

Public participant Craig Fritsinger said that we cannot predict the future – rates may not go up. He suggested softening an increase by offering a reduction in rates if the wholesale rates don't go up.

CLOSE PUBLIC HEARING AND RECONVENE REGULAR SESSION

Councilman Miller made a motion to return to regular session. It was seconded by Councilman Hiemenz, and it carried 5-0.

VI. NON-CONSENT AGENDA ITEMS:

- D. Discussion and Decision regarding increasing City of Williams Electric Rates: J Duffy

Joe Duffy offered his Staff recommendation:

- Raise rates 3% each year until rates are equal to those of APS.
- Adoption of a multi-step increase by Council.
- Review of rates each year by Council.

Council Hiemenz asked if we are now applying for Hoover Dam power. Joe Duffy replied that K. R. Saline is getting us into a queue, and we will follow the necessary steps to obtain this power.

Joe Duffy suggested increasing rates to that of APS. He said that we should have kept the electric rates the same as those of APS since

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1992. Rates should not be increased above those of APS, and the rates should be reviewed each year. He replied to Councilman Miller's question of whether the City can provide concessions to customers for alternative energy by saying that we don't have a fund to pull from because no surcharge has been in place. Council made a policy decision, choosing not to buy power back from customers.

Councilman Dent added that the City hasn't had to raise rates, and did not have some of the programs that APS offers. For our citizens, he would like to stay below APS rates. We are now trying to pay for repairs that should have been done over the last 60 years.

Attorney Kellie Peterson noted that all steps taken in noticing the public are not required but were taken to give fair notice. A decision to increase rates does not bind future Councils. They can change rates each year if they choose.

Consensus of Council members was that a mandatory annual review of rates is in order.

Councilman McNelly said that, essentially, we missed bond payments. To improve bond rating to borrow, we must build cash reserves and reduce debt to have a nice little cash egg. An increase is needed to stay even with inflation.

Councilman McNelly made a motion to adopt a 3% rate increase in 2011 and a 3% rate increase in 2012 for a total increase of 6%.

Councilman Miller seconded the motion, and it carried 5-0.

- E. Request by Grand Canyon Railway for closure of portion of Rodeo Road in order to replace the Rodeo Road grade crossing. The closure request is for September 26th through September 30th : Ervin White

Moved to first place on Non-Consent Agenda.

- F. Discussion of volunteer police officer program: H. Nixon

Police Chief Herman Nixon explained that several programs have been put into place since he's been here, including the Senior Welfare Check and House Watch. During parades and events everybody has to come in, and he has no one to do the above two programs.

A volunteer program was in place when he arrived, but it had no policies and procedures, so he got rid of it. Now, there is a 10-hr. per week School Resource Officer who can administer a volunteer

program. Volunteers would make no traffic stops and no arrests. They would perform Senior Welfare Checks and House Checks only during the day and would help with daily duties as much as possible. They would go through the same background checks as officers and would go through training for traffic control. If they transported prisoners, it would only be for non-violent prisoners. The program is designed for those who want to help the Police Department and the City.

The City has workers' compensation coverage for volunteers. Chief Nixon stated that volunteers will handle no calls for service, and they will not be used in back-up situations. They will have assigned duties, like escorting funerals and providing traffic control. Chief Nixon assured Council that the volunteers would be correctly trained. He also hopes to start an intern program with youth.

Mayor Moore said this item was brought up because Council first learned of it from an article in the newspaper. He said that he believes the decision is the Chief's, not Council's. When such a program is well-supervised, it works well. He asked the City Clerk to put this item on the Agenda for the September 8th meeting for a decision to be made.

VII. REPORTS AND INFORMATION ITEMS:

- A. Mayor and Council None
- B. Staff Reports Joe Duffy said that the pump at Dog Town III came out of the hole successfully. The new equipment is here, and the drill technician will be putting the replacement pump in the well tomorrow. The purple hydrants will be drained at Bearizona until the water runs clear. One carbon filter will be on-line tomorrow and another on Saturday. Billy Pruett added that everything should be here and ready to go in a few days.

VIII.

At 8:12 p.m., Mayor Moore called for a five minute recess before convening to Executive Session.

Councilman Miller made a motion to convene to Executive Session, and it was seconded by Councilman McNelly. It carried 5-0.

CONVENE TO EXECUTIVE SESSION

The City Council may vote to enter Executive Session to:

- *Review candidates from City Manager interviews to determine those who will be called for a subsequent interview, discuss interviewing additional candidates, or to select a candidate to whom to offer the City Manager position, pursuant to Arizona Revised Statute 38-431.03.A.1.*

No final action shall be taken in Executive Session.

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- IX. C. Council may make a decision regarding selection of applicants to be called for a subsequent interview, discuss interviewing additional candidates, or to select the candidate to whom to offer the City Manager position: J. Moore

RECONVENE TO REGULAR SESSION

Councilman McNelly made a motion to interview three additional candidates as discussed in Executive Session. Councilman Wurgler seconded the motion, and it carried 6-0.

- X. **ADJOURN:**

Councilman Miller made a motion to adjourn, and it was seconded by Councilman Wurgler. The meeting adjourned at 8:35 p.m.

Mayor John Moore

City Clerk

ATTEST:

