

DRAFT MINUTES
REGULAR SESSION
MAYOR AND COUNCIL
473 S MAIN STREET, SUITE 106
WEDNESDAY, MAY 6, 2015 at 6:30 P.M.

Note: Council member(s) may attend Council Sessions either in person or by telephone, video, or internet conferencing.

1. **Call to Order**

Mayor German called the meeting to order at 6:30 p.m.

2. **Roll Call**

Mayor Charles German, Vice Mayor Jackie Baker, Councilors Robin Whatley, Bruce George, Brad Gordon, Carol German, and Jessie Jones were present.

Also Present

Russell Martin, Marshal Nancy Gardner, Library Director Kathy Hellman, Community Development Director Mike Jenkins, Finance Director Mike Showers, Town Clerk Virginia Clerk, and Recording Secretary Saepyo Choe.

3. **Pledge of Allegiance**

Mayor German led the Pledge.

4. **Consent Agenda** – All those items listed below may be enacted upon by one motion and approved as consent agenda items. Any item may be removed from the Consent Agenda and considered as a separate item if a member of Council requests.

a) **Approval of the Minutes:**

- 1) Council Hears Planning & Zoning Matters – April 22, 2015
- 2) Regular Session – April 15, 2015

b) **Set Next Meeting, Date and Time:**

- 1) Friday, May 8, 2015 at 8:00 a.m. Budget Work Session
- 2) Wednesday, May 13, 2015 at 5:30 p.m. Work Session
- 3) Wednesday, May 20, 2015 at 6:30 p.m. Regular Session
- 4) Wednesday, May 27, 2015 at 6:30 p.m. Council Hears Planning & Zoning-Cancelled

On a motion by German, seconded by Baker, Council voted unanimously to approve the Consent Agenda with the amendment to cancel the May 20, 2015 Regular Session and combine its agenda with the June 3, 2015 Regular Session.

The original motion by George, seconded by Vice Mayor Baker to approve the Consent Agenda as presented, was withdrawn once Council acknowledged that the May 20, 2015 Regular Session conflicted with a 5:30 p.m. ADOT meeting on the same day. It was determined to have a light enough agenda to combine with the following Regular Session.

5. **Special Announcements and presentations:**

- **Proclamation declaring Camp Verde Community Library a location for Kids at Hope.**
- **Presentation by American Heritage Academy students – reciting the Declaration of Independence.** Requested by Councilor Whatley
- **PRESENTATION OF TREE CITY USA PLAQUE**

Mayor German proclaimed Camp Verde Community Library a location for Kids at Hope.

Councilor Whatley invited the public to attend the next Kids at Hope meeting on May 14th in the county

building in Cottonwood.

The 5th grade students of American Heritage Academy recited the Declaration of Independence as part of a school requirement. After reciting it in unison for 10 minutes word-for-word, they received a standing ovation from Council, Staff, and the public.

Economic Development Director Steve Ayers and Cat Davis, chairperson for Tree Board presented the Tree City USA plaque to Council, and credited Council, Staff, and Mary McCarthy for the designation. The Town also received two Tree City USA road signs. Camp Verde is the 27th city in AZ and the second in the county, after Prescott Valley, to become a Tree City.

6. **Call to the Public for Items not on the Agenda.**

Barbara Goetting distributed a packet to Council entitled "Request for Info Concerning Meeting by Robert Foreman with Property Manager for Horn." She explained that reopening the Horn Saloon after last summer's fire has been delayed due to an absentee landlord, long response times from the Town, and ongoing requirements from the insurance company. The Horn is a top-rated restaurant and destination driver for Camp Verde tourism that supports the Town by hiring and buying local. She thanked Council for their attention to the matter.

Cheri Wischmeyer expressed concern that Council may have violated the open meeting law at the recent Budget Work Session by discussing a tax break issue that was not agendaized for that meeting, but rather for tonight's meeting. She also asked that Council schedule all open meetings for after normal business hours so that concerned citizens could have the opportunity to participate.

7. **Discussion, consideration and possible approval of Surplus Property Bid for parcel 404-23-011 to the highest bidder, Tim Kinney for a total bid of \$180,000 and authorizing the Mayor to execute all documents necessary to complete the sale of this property. The property is located at 497 South Main Street. Staff Resource: Manager Russ Martin**

On a motion by George, seconded by Carol German, Council voted 6-1 to approve the Surplus Property Bid for parcel 404-23-011 to the highest bidder, Tim Kinney for a total bid of \$180,000 or higher in accordance with an appraisal, authorizing the Mayor or Staff to execute all documents necessary to complete the sale of this property located at 497 South Main Street. Vice Mayor Baker voted "No."

The original motion by George, seconded Gordon to approve Tim Kinney's bid of \$180,000 was withdrawn. Upon further discussion, Council agreed to approve \$180,000 *or higher*, to give staff the authority to negotiate for more if the appraisal comes in higher than the bid. According to the Town Attorney, the Town cannot accept a bid for lower than the appraisal, so either the property will appraise for less than \$180,000 and the Town will win out, or it will appraise for more, and Staff will have the authority to negotiate. Either way, Staff will have the authority to move forward with the sale.

Russ Martin reported that the Town received three offers on the property and that the property needs to be appraised in order to proceed. Realistic estimates have shown that the Town would likely receive only about half of the original purchase price, which is around \$180,000. He said the cost of the appraisal is typically split between the buyer and seller.

Public Hearing

Steve Goetting said he was disappointed with the lack of advertisement for the property. There was no "For Sale" sign posted, only 3% of the population reads the newspaper, and there was one line about it on the website, and even a discrepancy on the deadline between the website and newspaper. He recommended an open house and finding out the potential buyers' intentions for the property. The corner lot is an important piece of property that the Town should consider building a new building on, rather than trying to patchwork

the dated structure. It is not about the cheapest, but best value, and improving the Town's presence on Main Street.

Cat Davis said she thought the sale was adequately advertised, and that it is not the Town's business to know or dictate how a property will be used by a new owner. Such actions would be counterproductive to getting business going in this area.

Cheri Wischmeyer said she thought this property was part of the Town's master plan for Main Street. It is a valuable commercial property and a professional appraisal is needed, as \$180,000 sounds like a low bid.

Discussion

Most of Council preferred to sell the property due to cost estimates of up to \$100,000 to fix it, and to minimize Council's real estate responsibilities. Many agreed that an appraisal should have been conducted before the property went out to bid.

Carol German hoped the Town would receive at least \$50 per square foot on the commercial property, which is 5744 square feet. Some people have volunteered to work on the façade and improve the interior, but those avenues have not been pursued.

Jones stated that it is a great opportunity to sell the property to Mr. Kinney, who is an incredible developer and the lead on the new VVMC hospital project.

Vice Mayor Baker said she was in office when the Town bought the property for future expansion to make Main Street a walking, historical strip of Town offices and storefronts. The Town has been in these buildings since 1986 and we should fix up and make the best of what we already own. Towns are in the real estate business; that is not unique; all Towns and cities own property.

8. **Discussion, consideration and possible approval of A Memorandum of Understanding with The Nature Conservancy (TNC) for the purpose of studying potential aquifer recharge opportunities in conjunction with future storm water drainage projects.** Staff Resource: Manager Russ Martin

On a motion by Vice Mayor Baker, seconded by Carol German, Council voted unanimously to approve A Memorandum of Understanding with The Nature Conservancy (TNC) for the purpose of studying potential aquifer recharge opportunities in conjunction with future storm water drainage projects.

The Nature Conservancy offered to cover all expenses to hire an engineer to survey the Verde River and research drainage improvement options as well as the viability of recharging the aquifer. They are invested in water conservation and keeping the Colorado River basin flowing. Studying ways to detain rainwater runoff and redirect floodwaters not only contributes to science, but also benefits Camp Verde. The study could also include work with the Sanitary District to explore options for maximizing usage of effluent excess. They would not be taking over the Verde River, but respecting private landowners and working closely with the Town to ensure understanding, approval, and mutual benefit.

They worked with Cochise County to conduct a hydrogeological study of the San Pedro River at Palominas to research the amount of water drainage, best places to retain water, and possible sites for recharge systems. They have tested best practices, such as the dry well and double dry well, and have seen positive results throughout the state.

Public Hearing.

No input.

9. **Discussion, consideration and possible approval of Ordinance 2015-A405, an Ordinance of the**

Mayor and Common Council of the Town of Camp Verde, Yavapai County, Arizona, relating to the Transaction Privilege Tax; amending the Tax Code of the Town of Camp Verde, Arizona by decreasing the rate of taxation for transaction privilege Tax from three point six five percent (3.65%) to a range of one percent (1%) to two percent (2%) on the portion of the single item retail price over a range of \$1,000 to \$10,000. Staff Resource: Manager Russ Martin

On a motion by George, seconded by Vice Mayor, Council voted unanimously to direct Staff to reschedule this Agenda Item for the June 3, 2015 Regular Session for a possible decision.

The original motion by George, seconded by Whatley to table this discussion was withdrawn. Council decided to begin the discussion, but to postpone the decision to approve or disapprove, due to the Council and public's unfamiliarity with the details, reason, or vision for the proposed Tax Code.

Public Hearing.

Susie Burnside asked for more information on the details of this Tax Code and how it benefits us. She confirmed that a 3.65% tax would be assessed on the first \$5000, and then a 1% for the remaining amount. Dewey has a 2% sales tax. Is our tiered proposal attractive enough to sway consumers to come to Camp Verde over Dewey? What types of businesses are we looking for?

Steve Goetting said he was encouraged by the delay to approve this tax. He is for targeted tax cuts and this could be an excellent tool, but we should not create new tax policies just to move one transaction through. How about improving marketing or considering tax cuts for hotel construction and restaurants? If we make this tax cut here for a big business, that just means someone somewhere else will have to make up for it.

Cheri Wischmeyer requested more information on this Tax Code and agreed that we need to provide incentives to draw businesses into Camp Verde.

Discussion

Steve Ayers explained that there are no businesses on Hwy 260, and that the idea of filling the empty spots with a 3.65% tax is a pipe dream. Rural car dealerships move \$2-3 million of merchandise per month, which could mean a half a million dollars in revenue for Camp Verde, just from one car dealership, if we could convince one to invest here. This tiered tax incentive package is not directed to any one type of vendor, however. Home Depot sells plenty of merchandise for \$1000 and up, and a double-tiered tax would mean a lower threshold for discounts, bigger savings, and could benefit a wider range of businesses. For a \$30,000 car, the effective tax rate would be 1.44%. Tiered tax rates are popular. We had a dealership selling recreational vehicles looking at Camp Verde last year, but they moved onto considering Cottonwood when they discovered that we offered no incentive package. If we offer something like this Tax Code, we could possibly win them back. If you don't tier the rate, the lots on Hwy 260 will remain empty for as long as we live here. A double-tiered rate makes more sense in the long run. He offered to prepare a white paper describing the tiered system in more detail and explaining what kinds of markets this could attract.

Council asked for numeric breakdowns of how the tiered systems would work and for varying examples of what qualifies as a "single item." Could the tax break apply to solar, home remodels, sand, gravel?

Gordon agreed that a double-tiered tax is smart due to the lower threshold and broader range of the tax break. He also pointed out that it is important to consider other forms of taxes that exist in neighboring cities, such as property tax and food tax, when making comparisons.

Jones favored the tiered tax and preferred that it apply to all types of items. Incentives we have used in the past have not worked, so if we want to play the game, we need to have the right tools. Only then will businesses begin to consider Camp Verde as an option.

Whatley sees incentives as bribes and prefers that policies affect everyone across the board, rather than showing favoritism toward particular businesses. We should not give breaks to big businesses that do not need them. The Steve Coury lot will not stay empty due to the lack of an incentive package. If businesses do not want to be here unless there is an incentive, then we should not want those kinds of businesses in our Town.

Mayor German said that shoppers will go wherever it is cheapest, whether it is online or to a neighboring community. This could be a great tool, and an answer to what we are doing to bring in new business. It makes sense to make us competitive.

Vice Mayor Baker is not opposed to the tiered tax. Cottonwood had a head start in becoming the retail center of the Verde Valley, and we used to do well on Main Street. It is important to keep Council informed and to be careful of making any promises before Council approval. We need to help our people and businesses today; we need services for our citizens now; and it would be devastating to see one more business close in Camp Verde.

Martin explained that the tiered tax is targeted to businesses with large marketing budgets that will advertise to a broad audience over the radio. Mike Showers has evaluated that it gets too complicated if you tier the tax too many times. It is not realistic to think someone is going to come because they just love it here so much. Our small population of 70,000 alone makes us a less attractive option for big business.

Martin gave an example that there is a \$182 difference in sale tax for a \$40,000 car, between the after-\$1000 and after-\$5000 tiered tax break. It is not accurate to say that lower tax rates automatically draw consumers. The 2% food tax in Camp Verde is lower than neighboring communities, yet the savings is not enough to stop people from shopping elsewhere. Cottonwood has a higher food tax and a higher construction tax, but that is not the only driving force. Tax policy is not a perfect answer. We need to attract some level of traffic, so that businesses have as good a chance here as anywhere to stay in business and be successful. How long can a lone business on Hwy 260 stay in business? It needs partners to be successful, but if you can claim to sell cars or some other large ticket item, cheaper in Camp Verde than anywhere else in the Valley or Phoenix, then the business has a chance. Yuma went down to 0% sales tax for cars over \$25,000. They made a bold decision to be competitive.

10. **Update, followed by possible questions and discussion regarding construction of the new Camp Verde Community Library Building located at 130 N. Black Bridge Road. Staff Resource: Russ Martin.**

Kathy Hellman reported that the steel frame plans are in the process of approval. Woodruff's decision to hire a different contractor than the one in the original plans is saving \$100,000 in building costs, but is also affecting the timeline by several weeks. The plans had to be redrawn, and 800 pages of submittals have to be approved through all channels. Once the plans are approved, the 1-year contract timeline will begin its countdown. Unisource will begin gas line construction on May 18th. Once the steel building arrives onsite, things will move quickly from there. The Library Director is available to answer all questions regarding the building project and progress.

11. **COUNCIL CONSIDERATION OF THE TRANSFER OF USE PERMIT 20150033 ('USE PERMIT') FROM AULTMAN LAND & CATTLE III & IV LLC ("AULTMAN") TO HIGH VIEW LLC ("HIGH VIEW") AS PERMITTED BY TOWN CODE SECTION 9-4-3.B, PURSUANT TO WHICH A USE PERMIT MAY ONLY BE TRANSFERRED WITH TOWN COUNCIL APPROVAL, AND POSSIBLE APPROVAL OF RESOLUTION 2015-943, A RESOLUTION OF THE COMMON COUNCIL OF THE TOWN OF CAMP VERDE ("TOWN"), ARIZONA, YAVAPAI COUNTY, APPROVING THE TRANSFER OF MINING USE PERMIT 20150033, FROM THE PREVIOUS PROPERTY OWNER, AULTMAN LAND & CATTLE # III, LLC & AULTMAN LAND & CATTLE # IV, LLC, OF A PORTION OF PARCEL 403-15-002Y, AND A PORTION**

OF PARCEL 403-15-003C (USE PERMIT PROPERTIES) TO HIGH VIEW LLC, THE NEW PROPERTY OWNER AS PERMITTED BY TOWN CODE SECTION 9-4-3.B. THIS USE PERMIT TRANSFER WAS REQUESTED IN WRITING ON MAY 1st, 2015 BY BRYAN C. CROLL, MANAGER OF HIGH VIEW, LLC. THE SUBJECT USE PERMIT PROPERTY (195.33 ACRES) WAS TRANSFERRED BY SPECIAL WARRANTY DEED FROM AULTMAN LAND & CATTLE #III, LLC AND AULTMAN LAND & CATTLE # IV, LLC TO HIGH VIEW, LLC ON APRIL 30th, 2015 AS CONFIRMED BY A COPY OF AN ELECTRONICALLY RECORDED SPECIAL WARRANTY DEED AS PROVIDED BY THE REQUESTOR. ALSO, THE LETTER REQUESTING THIS TRANSFER OF THE MINING USE PERMIT AND A LETTER FROM THE PREVIOUS OWNER TO THE TOWN DATED APRIL 29th, 2015 CONFIRMED THAT THE NEW OWNER ACCEPTS THE TRANSFER WITH NO CHANGE IN THE USE OR WITH ANY OF THE CONDITIONS OF APPROVAL OF THE USE PERMIT. THE USE PERMIT PROPERTIES ARE LOCATED ON STATE ROUTE 260 AT MILEPOST 214.27 ON PARCELS 403-15-002Y & 403-15-003C. Note:
Note: Pursuant to A.R.S. §38-431.03.A.2 and A.3, the Council may vote to go into Executive Session for purposes of consultation for legal advice with the Town Attorney.

On a motion by Baker, seconded by Mayor German, Council voted unanimously to approve the transfer of Use Permit 20150033 from Aultman Land & Cattle III & IV, LLC to High View, LLC, Bryan C. Croll, manager, new owner of the Use Permit Properties with no change in use or with any of the Conditions of Approval for the Use Permit.

Mike Jenkins explained that on April 22, 2015, Council approved a use permit for mining on the property along Hwy 260. Due to the sale of the property and a change in ownership, the Town Ordinance necessitates Council approval for the transfer of the original use permit to the new owner, granted there are no changes in the conditions or use.

12. **Call to the Public for items not on the agenda.**

Steve Goetting recommended a tax cut for business licenses for 6 months. 80% of new jobs come from local businesses already here. Grow the businesses already here, as many are on their way out. The Verde Valley Regional Economic Organization (VVREO) now has \$90,000 available to lend to an existing business, and has already given \$40,000 to one business in the area with 6 employees. Tom Pitts was absent today due to meeting for economic developers.

Susie Burnside confirmed that the May 8th budget session will discuss CIP.

13. **Council Informational Reports.** These reports are relative to the committee meetings that Council members attend. The Committees are Camp Verde Schools Education Foundation; Chamber of Commerce, Intergovernmental Association, NACOG Regional Council, Verde Valley Transportation Planning Organization, Yavapai County Water Advisory Committee, and shopping locally. In addition, individual members may provide brief summaries of current events. The Council will have no discussion or take action on any of these items, except that they may request that the item be placed on a future agenda.

George attended a Salt River Project workshop with the Mayor about water rights and forest health.

Gordon attended the Verde Valley Fair and thanked the Verde Valley Fair Association for the complimentary tickets

Mayor German reported that the SRP workshop was informative

Carol German thanked Verde Valley Fair Association for the complimentary tickets

14. **Manager/Staff Report** Individual members of the Staff may provide brief summaries of current events and activities. These summaries are strictly for informing the Council and public of such events and activities. The Council will have no discussion, consideration, or take action on any such item, except that an individual Council member may request that the item be placed on a future agenda.

Martin reminded Council of the Saturday, Noon, VIP program restarting, and asked them to invite friends and family.

15. **Adjournment**

Mayor German adjourned the meeting at 8:55 p.m.

Charles German, Mayor

Saepyol Choe, Recording Secretary

CERTIFICATION

I hereby certify that the foregoing Minutes are a true and accurate accounting of the actions of the Mayor and Common Council of the Town of Camp Verde during the Regular Session of the Town Council of Camp Verde, Arizona, held on May 6, 2015. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this _____ day of _____, 2015.

Virginia Jones, Town Clerk