

Proclamation

WHEREAS, the City of Willcox is a community that includes 723 (2010 Census) Citizens aged 60 and older; and

WHEREAS, the City of Willcox is committed to valuing all individuals and recognizing their ongoing life achievements; and

WHEREAS, the older adults in the City of Willcox play an important role by continuing to contribute experience, knowledge, wisdom, and accomplishments; and

WHEREAS, our older adults are active community members involved in volunteering, mentorship, arts and culture, and civic engagement; and

WHEREAS, recognizing the successes of community elders encourages their ongoing participation and further accomplishments; and

WHEREAS, our community can provide opportunities to allow older citizens to continue to flourish by:

- Emphasizing the importance of elders and their leadership by publicly recognizing their continued achievements
- Presenting opportunities for older Americans to share their wisdom, experience, and skills
- Recognizing older adults as a valuable asset in strengthening American communities

NOW, THEREFORE, I, Robert A. Irvin, Mayor of the City of Willcox, Arizona, do hereby proclaim May 2013 to be

*** * *Unleash the Power of Age! * * ***

I urge every citizen to take time this month to engage with our older citizens through enjoyable social interactions such as sports, games, contests, and other forms of play.

In witness whereof, I have hereunto set my hand and caused the Seal of the City of Willcox to be affixed this 15th day of April 2013.

Robert A. Irvin
MAYOR, ROBERT A. IRVIN

Attest: *Virginia A. Mefford*
City Clerk Virginia A. Mefford



**THE MINUTES OF THE REGULAR SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 4th DAY OF MARCH 2013**

CALL TO ORDER- Mayor Bob Irvin called the regular session meeting to order on Monday March 4, 2013, at 7:00 p.m. and welcomed everyone in attendance

ROLL CALL-City Clerk Virginia A. Mefford, called the roll:

PRESENT

Mayor Robert A. Irvin
Vice Mayor Bill Holloway
Councilman Gerald W. Lindsey
Councilman Elwood A. Johnson
Councilwoman Monika Cronberg
Councilman Earl Goolsby
Councilman William "Bill" Nigh

STAFF

City Manager Pat McCourt
City Clerk Virginia A. Mefford
City Attorney Ann P. Roberts
Finance Director Ruth Graham
Public Services & Works Director Dave Bonner
Development Services Jeff Stoddard
Library Director Tom Miner

PLEDGE OF ALLEGIANCE TO THE FLAG led by Mayor Irvin

DECLARATION ON CONFLICT OF INTEREST

None Declared

ADOPTION OF THE AGENDA

MOTION: Councilmember Lindsey moved to remove items 13-17 and adopt the agenda as presented.
SECONDED: Councilmember Cronberg **CARRIED**

CONSENT AGENDA

MOTION: Vice Mayor Holloway Councilmember moved to adopt consent agenda as presented **SECONDED:** Councilmember Lindsey **CARRIED**

MINUTES OF PREVIOUS MEETINGS

Regular Session Minutes February 4, 2013
Regular Session Minutes February 18, 2013

PUBLIC HEARINGS, PETITIONS, AND COMMUNICATIONS

Public Hearings: The Mayor and Council will hold a public hearing at the regular meeting on Monday, March 18, 2013 at 7:00 p.m., City Council Chambers, 300 W. Rex Allen Drive on:

- Liquor License Series #13 for Flying Leap Vineyards located at 100 N. Railroad Avenue Willcox, AZ.
Opened: 7:03 PM CLOSED: 7:04 PM

DISCUSSION/DECISION REGARDING ACCEPTING THE LETTER OF RESIGNATION FROM SUE BALL FROM THE WILLCOX PUBLIC LIBRARY ADVISORY COMMITTEE, EFFECTIVE FEB 21, 2013

MOTION: Councilmember Lindsey moved to approve the acceptance of the letter of resignation from Sue Ball from the Willcox Public Library Advisory Committee, effective February 21, 2013 and offer our thanks for her service **SECONDED:** Councilmember Cronberg **CARRIED**

DISCUSSION AND/OR DECISION REGARDING APPROVING RESOLUTION NO. 2013-09 FOR THE PURPOSE OF ACCEPTING FROM MIKE ELLIS, A DONATION OF A MOBILE HOME TO THE WILLCOX DEPARTMENT OF PUBLIC SAFETY; AUTHORIZING THE MAYOR TO EXECUTE THIS RESOLUTION AND DIRECTING AUTHORIZED CITY OFFICERS AND AGENTS TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION

MOTION: Vice Mayor Holloway moved to approve Resolution NO 2013-09 for the purpose of accepting from Mike Ellis a donation of a mobile home to the Willcox Department of Public Safety.

**THE MINUTES OF THE REGULAR SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 4th DAY OF MARCH 2013**

SECONDED: Councilmember Goolsby **DISCUSSION:** City Manager McCourt stated if you remember this was the item that was tabled. Councilmember Johnson asked if there are any fees for this. Chief Weaver stated there should be no fees associated with this. Councilmember Lindsey stated I misunderstood I thought we were putting this at an area it would not be visible, it's a place near the transfer station, but now understand it will be at the old landfill on Ft. Grant Road. Chief Weaver stated it would not be visible and it would be camouflaged. Councilmember Lindsey asked if the P&Z had looked at the ordinance and will it be rewritten. Mr. Stoddard stated they are in the process of rewriting the code 13 which this will fall under. P&Z did make an acceptance for this. Councilmember Lindsey stated there are two problems, it is not in the proper Zoning and the Manufacture Home does not meet code. Councilmember Nigh stated I would equate this as a schoolroom and it is being used for training. **6 Ayes:** Mayor Irvin, Vice Mayor Holloway, Councilmember Johnson, Councilmember Cronberg, Councilmember Goolsby and Councilmember Nigh **1 Nay:** Councilmember Lindsey **CARRIED**

DISCUSSION AND/OR DECISION REGARDING APPROVING RESOLUTION NO. 2013-12 FOR THE PURPOSE OF ACCEPTING FROM THE WILLCOX CHAMBER OF COMMERCE & AGRICULTURE, A DONATION OF THREE HUNDRED FIFTY DOLLARS TO THE WILLCOX COMMUNITY CENTER; AUTHORIZING THE MAYOR TO EXECUTE THIS RESOLUTION AND DIRECTING AUTHORIZED CITY OFFICERS AND AGENTS TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION

MOTION: Vice Mayor Holloway moved to approve Resolution NO 2013-12 for the purpose of accepting an in-kind donation for use of Public Facilities from the Willcox Chamber of Commerce & Agriculture. **SECONDED:** Councilmember Cronberg **CARRIED**

DISCUSSION AND/OR DECISION REGARDING APPROVING RESOLUTION NO. 2013-13 THE APPLICATION FOR A GRANT FROM THE ARIZONA STATE LIBRARY, ARCHIVES, AND PUBLIC RECORDS AGENCY TO BE USED TO PROVIDE WORKSHOPS AND TRAINING PROGRAMS THROUGH THE PUBLIC LIBRARY; AUTHORIZING THE MAYOR AND LIBRARY DIRECTOR TO EXECUTE THE APPLICATION AND IF AWARDED, DIRECTING AUTHORIZED CITY OFFICERS AND AGENTS TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION

MOTION: Councilmember Cronberg moved to approve Resolution NO 2013-13 the application for a grant from the Arizona state library, archives, and Public Records Agency to be used to provide workshops and training programs through the Public Library. **SECONDED:** Vice Mayor Holloway **DISCUSSION:** Councilmember Lindsey stated in the back up paperwork it looks as if there might be some cost incurred which could be sequestered. Mr. Miner stated these are in-kind fund. City Manager McCourt stated this is budgeted amount in our budget and not sequestered monies. **CARRIED**

CITY MANAGER REPORTS

Consideration, discussion, and/or decision regarding the following topics by the City Manager:

- **Council Work Session Meetings-** every Monday in the Month of March re: Rate Hearings at 6:00 pm on regular meeting nights and 6:30 pm on non-meeting nights.
- **Resignation Notification-** Notification has been received from Public Services & Works Director Dave Bonner and I will be retiring as of June 30, 2013. I want to thank the Council and staff for all they have done and I have enjoyed my time here with the City.
- **ADOT Purchase –** Public Works is exploring purchasing a used 1-Ton dump truck through ADOT Purchasing List.
- **City Website –** The new website designed by John Cropper has launched and is working smoothly.
- **Asphalt Zipper –** The new Asphalt Zipper has arrived at Public Works.
- **Work Session –** Scheduled for Monday March 11, 2013 at 6:30pm for review of **Gas Rates**.
- Mr. McCourt announced his retirement of June 30, 2013 appreciated working with the council.

COMMENTS NOT FOR DISCUSSION FROM MAYOR AND COUNCIL MEMBERS.

Councilmember Lindsey acknowledges the Marty Robbins Festival it was greatly appreciated. I would like to say thank you to the City Manager McCourt for everything you have brought to the city.

**THE MINUTES OF THE REGULAR SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 4th DAY OF MARCH 2013**

~~DISCUSSION/DECISION ENTER INTO AN EXECUTIVE SESSION PURSUANT TO ARIZONA REVISED STATUTES
§38-431.03A (3) DISCUSSION OR CONSULTATION FOR LEGAL ADVICE WITH THE ATTORNEY OR ATTORNEYS OF
THE PUBLIC BODY REGARDING THE PURCHASE, SALE, OR LEASE OF REAL PROPERTY~~

~~Consideration, discussion and/or decision to enter into an Executive Session pursuant to ARS §38-431.03A (1) and (3), as
stated, relating to consultation for legal advice with the attorney(s) of the public body regarding the purchase, sale, or lease
of real property.~~

~~RECESS TO EXECUTIVE SESSION, IF APPROVED~~

~~RECONVENE FROM EXECUTIVE SESSION~~

~~DISCUSSION/DECISION/DIRECTION TO STAFF REGARDING MATTERS DISCUSSED IN EXECUTIVE SESSION~~

~~Consideration, discussion, decision and/or direction to staff regarding matters discussed in Executive Session and/or
consultation for legal advice from City Attorney.~~

ADJOURN- with no further discussion adjourned 7:20 pm.

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the special meeting of the City
Council of the City of Willcox held on the 4th day of March 2013. I further certify that the meeting was duly called and held,
and that a quorum was present.

Dated this 4th day of March 2013

City Clerk Virginia A. Mefford

PASSED, APPROVED AND ADOPTED this 1st day of April 2013.

MAYOR ROBERT A IRVIN

Signed _____

ATTEST:

City Clerk Virginia A. Mefford

**THE MINUTES OF THE WORK SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 4th DAY OF MARCH 2013**

CALL TO ORDER-Mayor Irvin called the work session meeting to order on Monday, March 4, 2013 at 6:00 p.m. and

ROLL CALL-City Clerk, Virginia A. Mefford, called the roll:

PRESENT

Mayor Robert A. Irvin
Vice Mayor Bill Holloway
Councilman Gerald W. Lindsey
Councilman Elwood A. Johnson arrived at 6:31 pm
Councilwoman Monika Cronberg
Councilman Earl Goolsby
Councilman William "Bill" Nigh

STAFF

City Manager Pat McCourt
City Attorney Ann P. Roberts
City Clerk Virginia A. Mefford
Public Services & Works Director Dave Bonner
Chief Jake Weaver
Finance Director Ruth Graham
Development Services Jeff Stoddard
Library Director Tom Miner

PLEDGE OF ALLEGIANCE TO THE FLAG led by Mayor Irvin

DECLARATION ON CONFLICT OF INTEREST

No Conflicts were declared.

ADOPTION OF THE AGENDA

MOTION: Councilmember Cronberg moved to adopt the agenda as presented

SECOND: Councilmember Goolsby seconded the motion - **CARRIED.**

DISCUSSION REGARDING REVIEW SOLID WASTE BUDGET AND RATES FOR FY214

City Manager Mr. McCourt began the discussion explaining that we have several funds. This is part of budget what we will be talking about tonight is the Solid Waste Fund. Our Revenue is exceeding our expense as the chart points out. He explained the charts graphs and stated we have a lot of numbers and columns due to the variance of containers for commercial use and the number of pickups, and the residential rates are factored by the Consumer Price Index (CPI) which is 1.7%. He went column by column. It will cost the City of Willcox \$659,653.68 to deliver this service to our customers. If we don't adjust the rate at all we will be in an \$11,000 deficit. I will suggest in the rate hearing to adjust the rates by the cost of living adjustment of 1.7%. Councilmember Lindsey asked if the recycling was factored in to the cost. City Manager McCourt stated no we didn't, as we don't use this as income because we don't transfer it to another place and the reason we don't is because of the transfer cost is too great. Councilmember Cronberg stated the County takes the cardboard do, they do anything else. City Manager McCourt stated the County does take everything else. Our local concern as a whole is recycling is a good thing and we try to do as much as we can without costing us too much. We do have several sites for volunteer recycling for cardboards and it is being used. Councilmember Nigh stated if I could suggest doing one pick up a week instead of two days a week. City Manager McCourt stated it doesn't make much of a difference between one pickup and two pickups. The concern with one pickup is the occasional holiday and Super bowl, it gets pretty hard for the one week pickup and the occasional missed day because then it's rolling into the following week and in the summer months of the heat it get pretty fowl. In the multi-year projection our fiscal health is improving and under state law we have to budget it or we can't spend it and he pointed at the line item of \$50,000 contingency. This figure helps us increase it if for some reason we need to

**THE MINUTES OF THE WORK SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 4th DAY OF MARCH 2013**

supplement it to help out if we don't collect enough to pay for the fees. We will be making gradual change not to disrupt the customers. We are projecting and assuming we adopt this new rate of a 1.7% cost of living increase.

DISCUSSION REGARDING CEMETERY PERPETUAL FUND

City Manager introduced the possibility of setting up a Perpetual Care Fund for the Cemetery I am only asking the Council to consider and think about it. We are not required to have a perpetual care fund. I have put together a chart based on the number of plots and how long it would be before we run out of plots it would take about 80 years. In 80 years we would make enough money to take care of the cemetery which the City decides to set up a Perpetual Care Fund it would have about \$4,856,243 in 80 years, and the interest will pay for it to be taken care of. The chart is based on the 3% interest. Councilmember Goolsby asked why we were in the Cemetery business. City Manager McCourt stated we are not in the Cemetery business, it is just a service we offer. The Council does set the fee for the rates. We will be coming to the council as we have almost sold out of the grass area. Councilmember Johnson asked how many acres the City has. Mr. Bonner stated about 40 acres of plot land. City Manager McCourt asked the Council if they would think about this and discuss this to see if this is something you would like to do. We would need to work on this and have time to do an ordinance. Mayor Irvin stated I would like to see something put together and if we don't like it we could turn it down. Mr. McCourt stated he would work on this and present it.

ADJOURN

Being no further business before the Mayor and Council, Mayor Irvin adjourned the Work Session at 6:50 p.m.

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the City Council of the City of Willcox held on the 4th day of March 2013. I further certify that the work session was duly called and held, and that a quorum was present.

Dated this 4th day of March 2013

City Clerk Virginia A. Mefford

PASSED, APPROVED AND ADOPTED this 1st day of April 2012

MAYOR ROBERT A IRVIN
Signed 04-03-2013

ATTEST:

City Clerk Virginia A. Mefford

**THE MINUTES OF THE WORK SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 11th DAY OF MARCH 2013**

CALL TO ORDER-Mayor Irvin called the work session meeting to order on Monday, March 11, 2013 at 6:30 p.m. and

ROLL CALL-City Clerk, Virginia A. Mefford, called the roll:

PRESENT

Mayor Robert A. Irvin
~~Vice Mayor Bill Holloway~~
Councilman Gerald W. Lindsey
Councilman Elwood A. Johnson arrived at 6:45 pm
~~Councilwoman Monika Cronberg~~
Councilman Earl Goolsby
Councilman William "Bill" Nigh

STAFF

City Manager Pat McCourt
City Attorney Ann P. Roberts
City Clerk Virginia A. Mefford
Public Services & Works Director Dave Bonner
Chief Jake Weaver
Finance Director Ruth Graham
Development Services Jeff Stoddard
Library Director Tom Miner

ABSENT

Vice Mayor Bill Holloway
Councilwoman Monika Cronberg

PLEDGE OF ALLEGIANCE TO THE FLAG led by Mayor Irvin

DECLARATION ON CONFLICT OF INTEREST

No Conflicts were declared.

ADOPTION OF THE AGENDA

MOTION: Councilmember Lindsey moved to adopt the agenda as presented

SECOND: Councilmember Goolsby seconded the motion - **CARRIED.**

DISCUSSION REGARDING REVIEW GAS BUDGET AND RATES FOR FY214

City Manager Mr. McCourt began the discussion explaining to the Council it is required to review the rates annually as per City Code. We do have several funds and the part of budget we will be talking about tonight is the Gas Fund. We do have to have reasonable amount in this fund. We will be working off three sheets tonight. The first one is revenue/expense sheet; he went over the chart that was in the Council Packet. Second is the chart analyst of income. It comes from the rate charge we charge the user it is a fixed fee, charged to each customer based on the size of the meter, to provide a stable income. Commodity fee is also made of fuel rate and this fluctuates monthly. Usage fee is based on the amount the customer uses. In town and out of town are charged differently. In town is charged 3.28 per Thousand Cubic feet and out of town is charged by 3.92 per Thousand Cubic feet. The operational expenses of the day to day operations are based on the numbers we are running on the planned deficit and this is intentional. The third sheet is the projection sheet and this sheet brings this all together, this is the Gas fund long range projections. We do project some fluctuation as I have mentioned before in other work sessions, we have to budget for it or we can't spend it. Explaining line by line from the Gas Fund Projection Sheet, he explained we do have a good reserve built up and that is a good thing to have. This year I will recommend holding the rates flat, but next year I will recommend the Council to do a cost of living increase. I have built in the 3% because we don't know what the future may hold for example this year the cost of living is at 1.7%. In the Gas Fund Capital we are allowed to carry over and we did have a carry forward and that is intentional. I want to make it clear we are running on a deficit but that is intentional, but next year it will need to be looked at and you have plenty of time to address that before the negative numbers that are projected on this sheet. This is my recommendation to the Council of course we will bring all this back for decision at a later Council meeting.

**THE MINUTES OF THE WORK SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 11th DAY OF MARCH 2013**

DISCUSSION REGARDING CITY MANAGER ADVERTISEMENT, AND TENTATIVE HIRING TIMEFRAME

City Manager stated as you are aware I have submitted my retirement letter and I have asked Human Resource to put together a timeframe and I would like for the Council to consider advertising this nationally. Councilman Lindsey stated I have some concern is with the statement that Spanish speaking is preferred but not required. City Manager McCourt stated we could strike that statement. Councilmember Lindsey suggested something like Multi-lingual. Mayor Irvin concurred as well as the other Council members. City Manager McCourt recommended putting an item on the agenda for the next meeting to go over the City Manager Position. Councilmember Goolsby asked on the timeframes by the time the June the 10th are we going to have a list of questions. City Manager McCourt stated we do have a list of questions from last time so you will get those, and will have the supplemental questions we will send out to the candidates. Mayor Irvin stated Mr. McCourt has offered his services if you want to use him to help us pick or let the Council do this. Councilmember Goolsby asked do we need to narrow it down to about 5 people. Councilmember Johnson stated we do receive a binder of all the candidates and we look through them and narrow it down from there. Councilmember Lindsey stated we do a telephone interview to about eight and then narrow it down to 3 to 5 candidates. City Manager stated my understanding is with minor corrections we will publicize this position.

ADJOURN

Being no further business before the Mayor and Council, Mayor Irvin adjourned the Work Session at 7:16 p.m.

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the City Council of the City of Willcox held on the 11th day of March 2013. I further certify that the work session was duly called and held, and that a quorum was present.

Dated this 11th day of March 2013

City Clerk Virginia A. Mefford

PASSED, APPROVED AND ADOPTED this 1st day of April 2012

MAYOR ROBERT A IRVIN

Signed _____

ATTEST:

City Clerk Virginia A. Mefford

**THE MINUTES OF THE REGULAR SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 18th DAY OF MARCH 2013**

CALL TO ORDER- Mayor Bob Irvin called the regular session meeting to order on Monday March 18, 2013, at 7:00 p.m. and welcomed everyone in attendance

ROLL CALL-City Clerk Virginia A. Mefford, called the roll:

PRESENT

Mayor Robert A. Irvin
Vice Mayor Bill Holloway
Councilman Gerald W. Lindsey
Councilman Elwood A. Johnson
Councilwoman Monika Cronberg
Councilman Earl Goolsby
Councilman William "Bill" Nigh

STAFF

City Manager Pat McCourt
City Clerk Virginia A. Mefford
City Attorney Ann P. Roberts
Finance Director Ruth Graham
Public Services & Works Director Dave Bonner
Development Services Jeff Stoddard
Library Director Tom Miner

PLEDGE OF ALLEGIANCE TO THE FLAG led by Mayor Irvin

CALL TO THE PUBLIC Mary Ulises explained she was here to present arrest warrants to everyone for being good citizens it is Tuesday May 14th and the bail is one hundred as before with that said I will start giving these out.

DECLARATION ON CONFLICT OF INTEREST

None Declared

ADOPTION OF THE AGENDA

MOTION: Councilmember Lindsey moved to remove items 17-20 and adopt the agenda as presented.

SECONDED: Vice Mayor Holloway **CARRIED**

PUBLIC HEARINGS

The Mayor and Council will receive comments from the public on those items scheduled for public hearing. For those persons unable to attend, written comments will be accepted until 4 p.m. on the day of the hearing in the Office of the City Clerk, 101 S. Railroad Avenue, Suite B, Willcox, Az. and will be duplicated and distributed to the Mayor and Council members prior to said hearing.

a. Liquor License Series #13 for Flying Leap Vineyards, Inc. Mayor Irvin opened the public hearing at **OPEN: 7:05PM**
CLOSED: 7:06 PM

THE APPLICATION FOR LIQUOR LICENSE SERIES #13 FLYING LEAP, VINEYARD INC NEW LICENSE

MOTION: Vice Mayor Hallway moved to approve the application for Liquor License Series #13 Flying Leap Vineyard, new license 100 N. Railroad Avenue, Willcox, AZ **SECONDED:** Councilmember Johnson. **CARRIED**

REGARDING CITY MANAGER ADVERTISEMENTS AND TENTATIVE HIRING TIMEFRAME

DISCUSSION: Mayor Irvin asked if any discussion was need on this item. With no discussion moved to next item on the agenda.

APPROVAL LETTER FOR 51 MW WIND ENERGY POWER PLANT PROJECT LOCATED IN COCHISE COUNTY

DISCUSSION: Mr. Stoddard stated if you have any changes you would like to make to the letter I will be happy to change it. Councilmember Nigh stated 16 miles is a great distance for the amount of voltage they are planning to put out. Councilmember Cronberg stated wouldn't they have to get all the permitting to get to this state. Mr. Stoddard stated yes they have, and when the project is so many miles from the City they have to inform the Council. Mr. John Cropper stated there is nothing indicating or acknowledges that Indy Motor Sport was asked about this., as they are already an established business and this is being

**THE MINUTES OF THE REGULAR SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 18th DAY OF MARCH 2013**

proposed to building a 33 feet tall will it be obstructing the view it is only like 3 miles from Indy. Mr. Stoddard stated I could call the county and ask if they have asked Indy motor sports regarding this. Councilmember Johnson stated we do have to respect them as they do bring in business to the City of Willcox with the hotels and restaurants. Mr. McCourt stated what I think the council is asking is to find out if Indy has approved this. Councilman Nigh stated one thing with like Palm Springs is it killing the birds with the propellers. Councilmember Lindsey stated one thing is this may bring in other development into the City. Councilmember Cronberg stated we are not being asked to approve all of it, but the letter going out. **MOTION:** Vice Mayor Holloway moved to wait until we can find out about if the Indy Motor Sports has been contacted regarding the Wind Machines. **SECONDED:** Councilmember Cronberg **CARRIED**

DRAFT CITY CODE LANGUAGE ESTABLISHING MODIFICATION TO THE CEMETERY MAINTENANCE FUND (SUNSET CEMETERY PERPETUAL CARE FUND)

MOTION: Vice Mayor Holloway moved to approve draft City Code language establishing modification to the Cemetery Maintenance fund (Sunset Cemetery Perpetual Care Fund)

SECONDED: Councilmember Cronberg **DISSCUSSION:** Councilmember Johnson asked if a city employee were offered a plot for their employment. Mr. McCourt stated not to my knowledge has this been done. Mr. McCourt stated It is assumed the City's General Fund would be putting some money into the perpetual fund. Councilmember Lindsey asked you mentioned by statute; you are using \$5 million, could we use \$3 million instead. Mr. McCourt stated I was using this number as a projection of \$5 million in 80 years it would be enough that the interest would take care of itself, but the Council could set this up anyway it would like. This was brought up to Council to get direction for staff to explore this option. Councilmember Cronberg asked what exactly are you asking for us to vote on. Mr. McCourt stated direction for staff to explore this option. **AYES** Councilmembers: Cronberg and Goolsby **NAYS** Mayor Irvin, Vice Mayor Holloway, Councilmembers: Lindsey, Johnson and Nigh **MOTION FAILED**

RESOLUTION NO. 2013-13 APPROVING PARTICIPATION OF THE CITY OF WILLCOX IN THE ARIZONA OPEN BOOKS PROGRAM TO BE ADMINISTERED BY THE ARIZONA DEPARTMENT OF ADMINISTRATION, APPROVING THE ADOA-GAO OPENBOOKS INTERAGENCY SERVICE AGREEMENT AND NAMING ENTITY ADMINISTRATORS AND USERS TO ACT ON BEHALF OF CITY; DIRECTING AUTHORIZED CITY OFFICERS AND CITY STAFF TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION; AUTHORIZING THE MAYOR TO EXECUTE THIS RESOLUTION.

MOTION: Councilmember Lindsey moved to approve Resolution No. 2013-13 participation of the City of Willcox in the Arizona OpenBooks program to be administered by the Arizona Department of Administration, approving the ADOA-GAO OpenBooks Integration Service Agreement and Naming Entity Administrators, and Users to action on behalf of the City **SECONDED:** Councilmember Goolsby **DISCUSSION:** Mr. McCourt explained we don't have a choice it is state mandated and if we do not do this we will be subject to a stiff penalty. **CARRIED**

RESOLUTION NO. 2013-14 APPROVING THE REQUEST FOR PROPOSALS FOR THE CITY OF WILLCOX BILLBOARD PERMIT AREAS; DIRECTING AUTHORIZED CITY OFFICERS, AGENTS AND CITY STAFF TO RECEIVE PROPOSALS AND AUTHORIZING THE MAYOR TO EXECUTE THIS RESOLUTION

MOTION: Councilmember Cronberg moved to approve Resolution No. 2013-14The request for proposals the City of Willcox Billboard Permit Areas **SECONDED:** councilmember Lindsey **DISCUSSION:** Mr. Stoddard explained the map on where the billboards sat. Councilmember Johnson asked what the price is for the billboards. Mr. Stoddard stated they were \$50 a month and I have looked at other billboard prices and the average is \$200. Councilmember Lindsey asked the wording could be cleaned up a bit to make it clearer. Mr. Stoddard stated he would speak to the attorney for better clarification. **CARRIED**

RESOLUTION NO. 2013-15 APPROVING A FUND RAISER TO BE SPONSORED BY THE CITY OF WILLCOX FOR THE BENEFIT OF THE CITY OF WILLCOX VOLUNTEER FIRE DEPARTMENT FOR THE PURPOSE OF REPLACING TURNOUTS AND OTHER SAFETY EQUIPMENT OWNED BY THE CITY OF WILLCOX; DIRECTING AUTHORIZED CITY OFFICERS AND CITY STAFF TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION; AUTHORIZING THE MAYOR TO EXECUTE THIS RESOLUTION.

**THE MINUTES OF THE REGULAR SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 18th DAY OF MARCH 2013**

MOTION: Councilmember Goolsby moved to approve Resolution No. 2013-15 a fundraiser to be sponsored by the City of Willcox for the benefit of the City of Willcox Volunteer Fire Department for the purpose of replacing Turnouts and other safety equipment owned by the City of Willcox **SECONDED:** councilmember Lindsey **DISCUSSION:** Mr. John Cropper explained he was tasked to come up with this and we are going to publicize this primarily on the internet as the cost of the ticket is not too cheap. The first prize was donated by Indy Motor Sports, and Holiday Inn. Councilmember Goolsby stated this is such a great donation and I would not want to insult them and made the motion. **CARRIED**

CITY MANAGER REPORTS

- **Willcox Historical Theater-** has raised the additional funds and has been paid \$4320.00 the balance of the \$15,000 pledged by the City.
- **Centennial numbers**
- **Council Work Session Meetings-** every Monday in the Month of April re: Rate Hearings
March 25, 2013 Water and Bulk Water at 6:30 pm
April 1, 2013 Public Hearing and adoption of Utility Rates
April 8, 2013 at 6:30 pm. on Debt Service, Capital Project, Court, VFF, Economic Development, General Fund Revenue Services
April 15 2013 at 6:00 pm on Grants and Special Revenue Funds (16 & 17)
April 22, 2013 at 6:30 pm on Streets/HURF
April, 29, 2013 on General Fund Revenue

COMMENTS NOT FOR DISCUSSION FROM MAYOR AND COUNCILMEMBERS

Councilmember Nigh asked how we are going to replace the very talented Mr. Bonner. Mr. McCourt stated we are advertising for this position.
Councilmember Johnson asked if someone could contact Joe Fusco regarding the Indy Motor Sports about the Wind Machines.
Councilmember Holloway stated the High School open house it is very nice and I hope it last us another 60 years.
Councilmember Cronberg stated ditto on Vice Mayor Holloway's remarks.
Councilmember Goolsby stated the same for me on Vice Mayors comments.

~~EXECUTIVE SESSION FOR CONSULTATION FOR LEGAL ADVICE WITH THE ATTORNEY OF THE PUBLIC BODY~~

~~Consideration, regarding entering into an Executive Session pursuant to A.R.S. §38-431.03(A) (3), for the purpose of consultation for legal advice with the attorney(s) of the public body~~

~~RECESS TO EXECUTIVE SESSION, IF APPROVED~~

~~RECONVENE FROM EXECUTIVE SESSION~~

~~DISCUSSION/DECISION/DIRECTION TO STAFF REGARDING MATTERS DISCUSSED IN EXECUTIVE SESSION~~

~~Consideration, regarding matters discussed in Executive Session and/or consultation for legal advice from City Attorney.~~

ADJOURN- With no further discussion adjourned at 7:34 pm.

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the special meeting of the City Council of the City of Willcox held on the 18th day of March 2013. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 18th day of March 2013

City Clerk Virginia A. Mefford

**THE MINUTES OF THE REGULAR SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 18th DAY OF MARCH 2013**

PASSED, APPROVED AND ADOPTED this 1st day of April 2013.

MAYOR ROBERT A IRVIN

Signed _____

ATTEST:

City Clerk Virginia A. Mefford

**THE MINUTES OF THE WORK SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 18th DAY OF MARCH 2013**

CALL TO ORDER-Mayor Irvin called the work session meeting to order on Monday, March 18, 2013 at 6:00 p.m. and

ROLL CALL-City Clerk, Virginia A. Mefford, called the roll:

PRESENT

Mayor Robert A. Irvin
Vice Mayor Bill Holloway
Councilman Gerald W. Lindsey
Councilman Elwood A. Johnson arrived at 6:15 pm
Councilwoman Monika Cronberg
Councilman Earl Goolsby
Councilman William "Bill" Nigh

STAFF

City Manager Pat McCourt
City Attorney Ann P. Roberts
City Clerk Virginia A. Mefford
Public Services & Works Director Dave Bonner
Chief Jake Weaver
Finance Director Ruth Graham
Development Services Jeff Stoddard
Library Director Tom Miner

PLEDGE OF ALLEGIANCE TO THE FLAG led by Mayor Irvin

DECLARATION ON CONFLICT OF INTEREST

No Conflicts were declared.

ADOPTION OF THE AGENDA

MOTION: Councilmember Cronberg moved to adopt the agenda as presented

SECONDED: Councilmember Lindsey **CARRIED.**

1. DISCUSSION REGARDING REVIEW WASTEWATER (SEWER) BUDGET AND RATES FOR FY2014

City Manager Mr. McCourt began the discussion explaining to the Council that he has asked John Bowen to put together a presentation for next week's meeting. We do have several funds and the part of budget we will be talking about tonight is the Wastewater (Sewer) Fund. We track our fund cost and our goal is to supply reasonable service and cost to the customer. We should have at least 3 months of reserve in the fund as per city code. In this fund we are going to see a significant rate fluctuation, as we have been discussed this for many years. City Manager McCourt pointed out the Revenue/Expense report to the Council. Councilman Lindsey asked why there was greater fluctuation in one month than another. City Manager McCourt stated it isn't much of a difference but I am not exactly sure. He explained we have a fixed fee meter size, and variable fee. The fixed fee covers our fees each month and the variable has two components usage fee and value fee, value fee is determining how much each household is using, in the months of December, January and February determine our rates for rates in July. He pointed out the chart from the council packet. Each individual account has their usage rate, and pointed out what the estimated monthly rate would be at the 5% increase. Starting in 2014 the average rate would be \$34.10 for ten years at 5% rate increase would be \$52.90 in year 2023. We know we will have grant money but we don't know how much it will be. We will start building in Year 2014 and we will make our first payment in Year 2015 of \$372,072. Councilman Lindsey asked you are using 6% which is about two to three percent points more. City Manager McCourt stated I am using a conservative estimate. Councilman Johnson stated it also depends where the city is rated i.e. A, B, C etc... City Manager McCourt stated the staff has been very consistent on keeping the spending down and should be commended for spending under budget. I recommend raising the rate 5% this year. In my opinion it would be beneficial to keeping the 5% increase. I think this is a very realistic projection. We do need to work hard controlling the Capital Fund and the staff has been working very hard doing that. We have been lucky we have a great water supply. The sewer water has to be cleaned up to be brought up to drinking water standard. I am recommending no rate increase to the Gas fund, and a 1.7% to the Solid Waste fund. Councilman Goolsby asked what the staff has been doing to keeping the cost down. Mr. McCourt stated that is what John Bowen will be presenting on in a future meeting. Vice Mayor Holloway stated he hates to see a 5% increase but we do have to be proactive on this. Mr. McCourt stated all the utilities do pay their

**THE MINUTES OF THE WORK SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 18th DAY OF MARCH 2013**

own way. Councilman Lindsey asked will it hurt us to have this great of a reserve in this fund. Mr. McCourt stated the lenders have asked us for this exact projection sheet, and our next week meeting will start later at 6:30 pm. I have asked the operating department if they don't have to spend the money save it and build it up and spend it on a big capital purchase. Councilman Johnson asked if we have to keep up the lines. Mr. McCourt stated we are using far better lines with PVC pipes, and they last much longer. Mr. Bonner stated we ended up buying 2 dump trucks paying \$4,200 a piece which was needed they were cheaper than we had anticipated.

ADJOURN

Being no further business before the Mayor and Council, Mayor Irvin adjourned the Work Session at 6:34 p.m.

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the City Council of the City of Willcox held on the 18th day of March 2013. I further certify that the work session was duly called and held, and that a quorum was present.

Dated this 18th day of March 2013

City Clerk Virginia A. Mefford

PASSED, APPROVED AND ADOPTED this 1st day of April 2012

MAYOR ROBERT A IRVIN

Signed _____

ATTEST:

City Clerk Virginia A. Mefford



PUBLIC HEARING NOTICE

CITY COUNCIL

In accordance with Resolution No. 370 of the City of Willcox, and Section 38-431.01 of the Arizona Revised Statutes **NOTICE IS HEREBY GIVEN** the **MAYOR AND COUNCIL** of the City of Willcox, County of Cochise, Arizona, will hold a **PUBLIC HEARING NOTICE** during the **REGULAR MEETING ON MONDAY** the **1st** day of **MARCH 2013**, at **7:00 P.M.**, at the **CITY COUNCIL CHAMBERS, 300 W. REX ALLEN DRIVE, WILLCOX, AZ.**

Items for consideration, discussion and/or decision relating to Special Meeting:

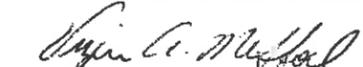
- Please see the posted Special Meeting Agenda for all items or visit www.cityofwillcox.org website.
- FY 2013-2014 Utility rates; Adopt rates by Resolution
- Public Hearings: (1) Application for liquor License Series #9 KT's Market, New License
- Public Hearings: (1) Application for liquor License Series #12 for Tortilleria La Unica, New License

* Public Hearings: For those persons unable to attend, written comments will be accepted until 4 p.m. the day of the public hearing in the Office of the City Clerk, 101 S. Railroad Avenue, Suite B, Willcox, AZ 85643.

All members of the public are invited to attend such meeting.

DATED AND POSTED this 28th day of March 2013, at 3:00 P.M.

CITY OF WILLCOX, ARIZONA


/s/Virginia A. Mefford
City Clerk Virginia A. Mefford

**CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION**

Agenda Item: 9
Tab Number: 3
Date: 4-1-2013

Date Submitted:
2-15-13
Date Requested:
4-1-13

Action:
 Resolution
 Ordinance
 Formal
 Other

**Subject: Cumulative
Result of Proposed Rate
Changes in Utility Funds
for FY14**

TO: MAYOR AND COUNCIL

FROM: City Manager

DISCUSSION: The attached sheet shows the cumulative effect of the proposed changes in the rates for the Gas, Solid Waste, Sewer, and Water Enterprise Funds for FY14.

While it is important to assure that each of the Funds is financially sound and the Rate Payers in each Fund are fairly charged for their use of the service, it is also important to realize that the customer receives one bill each month from the City and often only looks at the net impact of the proposed changes.

On the attached sheet the upper most section provides information: on the Inflation rate (COL) for the time period January 1, 2012 through December 31, 2012; and the recommended increases in the Sewer and Solid Waste Funds (there are no recommended increases in the Water and Gas Funds for FY14).

The next section provides some narrative on the information presented in the third Section.

The third section provides a comparison on five (5) separate accounts looking at the effects of the proposed Rate Changes in three (3) separate months. While every customer's results may vary, this is intended to give an example of the effects in a general sense. The cumulative effect of the proposed changes is shown in **bold** on the lower right of each of the sample accounts. As would be expected there is some variance due to the overall bill and weight of each of the components.

In all cases the net effect is that the proposed Rate Changes result in a **net change less than the COL**.

The financial integrity of each of the Enterprise Funds is of paramount importance. The discussion during the rate hearing on each of the Enterprise Funds in my opinion supports

Comparison Sheet Rate changes FY14
Date of this sheet 2-15-13

5% change of sewer 1.70% Change in Garbage/Solid Waste

Inflation as of 1-1-13 = 1.70%

This sheet compares the net result of changes in the Gas, Solid Waste, Sewer, and Water Funds proposed for FY14 on different types of customers: Residential & Commercial with various size meters. These were based on actual accounts not averages in FY 12. They are not actual account from FY13. The rates are compared using three separate months: July, September, and December. This is to capture seasonal use of Water and Gas. The comparison assumes the same volumes as in the base year. The comparison assumes the same price for the City's cost of gas as in the base year.

| | Residential Projected Base | Small Commercial Projected Base | Large Commercial Projected Base | Another Commercial Projected Base | And one more Commercial Projected Base | Class |
|----------------|----------------------------|---------------------------------|---------------------------------|-----------------------------------|--|------------|
| July | | | | | | |
| Gas | \$15.91 | \$14.35 | \$480.24 | \$545.00 | \$1,099.84 | Size 118 |
| Water | \$46.71 | \$14.55 | \$69.26 | \$79.32 | \$488.71 | Size 4" |
| Sewer | \$41.07 | \$33.14 | \$171.05 | \$151.80 | \$644.10 | Size 111 |
| Garbage | \$24.12 | \$56.40 | \$351.47 | \$675.07 | \$135.45 | Size 0.75" |
| total | \$127.81 | \$118.44 | \$1,082.02 | \$1,451.19 | \$2,368.10 | 5.00% |
| | \$125.45 | \$115.94 | \$1,068.20 | \$1,432.38 | \$2,335.50 | 1.70% |
| Sept | | | | | | |
| Gas | \$20.49 | \$18.23 | \$356.68 | \$379.63 | \$903.75 | Size 118 |
| Water | \$26.35 | \$14.55 | \$65.68 | \$74.36 | \$461.06 | Size 4" |
| Sewer | \$41.07 | \$33.14 | \$171.05 | \$144.57 | \$644.10 | Size 111 |
| Garbage | \$24.12 | \$56.40 | \$351.47 | \$675.07 | \$135.45 | Size 0.75" |
| total | \$114.03 | \$111.67 | \$964.88 | \$1,280.86 | \$2,144.36 | 5.00% |
| | \$111.67 | \$109.82 | \$951.06 | \$1,260.82 | \$2,111.76 | 1.70% |
| Dec | | | | | | |
| Gas | 137.34 | \$358.78 | \$1,337.39 | \$817.98 | \$2,403.11 | Size 118 |
| Water | 21.25 | \$14.55 | \$89.78 | \$97.90 | \$549.41 | Size 4" |
| Sewer | \$41.07 | \$33.14 | \$171.05 | \$151.80 | \$644.10 | Size 111 |
| Garbage | \$24.12 | \$56.40 | \$351.47 | \$675.07 | \$135.45 | Size 0.75" |
| total | \$223.78 | \$462.87 | \$1,949.69 | \$1,742.75 | \$3,732.07 | 5.00% |
| | \$221.42 | \$460.37 | \$1,935.87 | \$1,723.03 | \$3,698.47 | 1.70% |
| Total 3 months | \$465.61 | \$703.62 | \$3,996.58 | \$4,474.80 | \$8,244.53 | % change |
| | \$459.54 | \$696.13 | \$3,955.13 | \$4,416.23 | \$8,146.73 | 1.20% |

| | Water Meter Size & Base Rates | Sewer Meter Size & Base Rates | Gas Meter Size & Base Rates |
|----------------------|-------------------------------|-------------------------------|-----------------------------|
| Meter Size | 3/4" | 3/4" | 110 Res |
| Fixed Fees per Month | \$15.55 | \$20.94 | \$12.01 |
| | \$19.21 | \$28.47 | 110 Res OT |
| | \$26.52 | \$30.44 | 110 175/200/250/275 |
| | \$35.16 | \$37.99 | 111 315/325/415/425 |
| | \$72.80 | \$56.97 | 112 750/800 |
| | \$182.61 | \$79.73 | 113 1000/1500/2000 |
| | | \$151.89 | 114 3000/4000 |
| | | \$246.96 | 115 5000/6000/ |
| | | | 118 7000/8000 |

**CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION**

Agenda Item: 9
Tab Number: 3
Date: 4-01-13

Date Submitted:
2-13-13
Date Requested:
3-11-13 & 4-1-13

Action:
 Resolution
 Ordinance
 Formal
 Other

**Subject: Review of Gas
Enterprise Fund Budgets
and Rates for FY14**

TO: MAYOR AND COUNCIL

FROM: City Manager

DISCUSSION: The Rates for the utilities are required to be reviewed by the Council annually as per City Code 13-16-22..

The four (4) Enterprise Funds (Gas, Sewer, Solid Waste, and Water) are designed to be supported by the rates charged to the users of the service (much like a private business operation).

In order to measure whether the City Operation of the Enterprise Fund is offering an equitable service for the price paid, the Enterprise Funds make the same payments to the General Fund as a private Organization would be required to make if a franchise were granted.

The goal in setting of the rates is to assure the users will have safe and dependable service at a reasonable cost. This means that the rates should include sufficient monies to allow the necessary operational and capital expenses be paid for in a timely manner. There should be sufficient cash reserves to address normal fluctuations in the income and expense stream; address unexpected emergencies; allow some capital accumulation; provide for major capital expense through long term debt issuance (to match the expense with the rates charged); and provide for stable rates (rather than widely fluctuating rates from year to year). While each Enterprise Fund is to be self-supporting, the cumulative impact of changes in all four Funds will be considered since the rate payers see one bill not four separate bills and the goal is to have small incremental changes rather than widely fluctuation changes.

In order to accomplish these goals a reasonable cash reserve equal to three months of annual operating expenses is established by City Ordinance.

The indirect costs, and costs incurred in other Funds (usually the General Fund), are charged back to each Enterprise Fund.

A Capital Fund is set up for each Enterprise Fund to separate Capital expenses from daily Operating expenses: this also allows for accumulating capital and paying for large capital items over two or more fiscal years. This also allows for the accounting for long term capital assets and recording them properly on the fiscal records of the Enterprise Fund. Long range projections are made on each of the Enterprise Funds to allow the long term impacts on the rate structure and implement proper planning for significant changes in the fiscal condition of the Enterprise Fund.

Attached are three (3) documents: the first attached sheet is a chart showing the comparison of the monthly income to the monthly expenses. The chart shows a fluctuation during the year with higher expenses and income in the winter months, this is to be expected with a Utility Enterprise such as Gas which is used primarily for cooking and heating. While there is a fluctuation in the income and expense the fluctuation for each tracks the other i.e. when there is more expense there is also more income. This Enterprise Fund has the potential for receiving damage in a major disaster (such as an earthquake). While earthquakes and fissures do occur in this area they are normally mild and do not create large unexpected problems. A more real concern should be the type and age of piping in the system. The piping may corrode in our soils and allow leakage. This requires an aggressive "leak detection program" and a "Capital replacement program"; both which should be built into the long term rate structure. The City Code current requires three (3) months of Operating reserve. The Gas Fund has more than three (3) months of Operating reserve at this time. Therefore there is no need to increase rates to develop more Operating reserve.

The second attached sheet is a page showing the "Analysis of Income to the Gas Fund". This sheet discusses the composition of the Rates in the Gas Enterprise Fund a Fixed Fee and Commodity Fee (which is made up of two [2] parts; the Fuel Rate and the Usage Rate). The sheet also shows the changes in volume of gas sold over several years (a function of temperature/weather). The bottom box shows the "Structural Deficit" that current exists in the Gas Enterprise Fund. The deficit has been revealed due to the falling interest rates and the loss of income from the "Munigas Discount". When interest rates increase the Munigas discount income will also increase; this should not be relied upon to cover normal operating costs. When the Fund is stabilized the Council may wish to designate the Munigas Discount as additional income into the Gas Capital Fund. Currently with the excess Operating Reserve the Gas Enterprise Fund does not need to make an adjustment to rates. It is very likely that in FY15 there will need to be an adjustment in the Fixed Fee and the Usage Fee (which is part of the Commodity fee).

The third attached sheet shows the Gas Fund Long Range Projections. This sheet is intended to demonstrate the Fiscal health of the Gas Enterprise Fund over an extended period of time. The Sheet has two (2) parts; the upper portion which displays the "Operating activities"; and the lower portion which displays the "Capital Activities". The Gas Enterprise Fund currently has adequate reserves to address the needs of the system. In the future based upon the projections the Fund does have a problem in FY20 in that the Opening Balance Operations falls below the three months operating reserve required in

City code. The reason this is not an immediate concern is that the estimated expenses in FY 14 and beyond are probably higher than will be actually realized. Staff has typically underspent the budget; if this remains true then the OBO deficit will be pushed forward for many years. A major factor which can affect the Projections is the Capital Budget for the Gas Fund (lower portion of the attachment). Not included in these projections is the replacement of the feed line from the El Paso main. This is likely to be a major expense (in the amount of few million dollars). The method of funding this (Bonds, Bank borrowing, Grants, Capital accumulation) will have an effect on the amounts that must be planned as "Debt Service" or "Capital Operating costs". As these are developed (both amounts and timing) the long term projections will change.

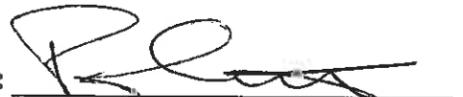
Furthermore there is and will continue to be a "Structural deficit" between the "Service Fees Total" and the "Total Operating Costs". The other incomes, (Connect Fee, Interest, Misc., Penalty, and Munigas), should not be relied upon to cover the Operational costs. Since one of the goals of the Enterprise Fund is to avoid "Rate Shock", it is wise to look at smaller incremental changes over an extended period of time. This is why I suggest that a COL on Fixed Fees and Usage Rate should be strongly looked at in FY 15.

RECOMMENDATION: For FY 14 it is recommended that the Rates within the Gas Fund be held at the same levels as FY13.

FISCAL IMPACT: Estimated income into the Gas Fund of \$1,312,628. Estimated expenses to the Gas fund(s) of \$1,543,025

Prepared by: Pat McCourt

Approved by:



City Manager

Gas Fund Long Range Projections
Date of Sheet 2-13-13

Attachment 3

| | FY 11-12 | FY 12-13 | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 | FY 17-18 | FY 18-19 | FY 19-20 | FY 20-21 | FY 21-22 | FY 22-23 | FY 23-24 | FY 24-25 | FY 25-26 |
|-----------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Opening Balance Operations (OBO) | 987,139 | 994,174 | 954,319 | 849,331 | 740,098 | 626,481 | 508,337 | 385,520 | 257,877 | 125,252 | -12,514 | -155,589 | -304,143 | -458,352 | -618,399 |
| Operating Income | 772,800 | 1,232,741 | 1,264,710 | 1,281,651 | 1,299,101 | 1,317,074 | 1,335,586 | 1,354,854 | 1,374,293 | 1,394,522 | 1,413,358 | 1,436,818 | 1,458,923 | 1,481,691 | 1,526,141 |
| Service Fees Total | 331,301 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 |
| Gas Purchase Fees | 475,263 | 532,741 | 564,710 | 581,651 | 599,101 | 617,074 | 635,586 | 654,654 | 674,293 | 694,522 | 713,358 | 736,818 | 758,923 | 781,691 | 805,141 |
| Other Service Fees 3% | 7,605 | 4,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Connect fee | 14,736 | 11,400 | 9,543 | 8,493 | 7,401 | 6,265 | 5,083 | 3,855 | 2,579 | 1,253 | -125 | -1,566 | -3,041 | -4,584 | -6,184 |
| Interest 1% of OBO | 2,656 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Misc | 6,637 | 6,500 | 6,685 | 6,896 | 7,103 | 7,316 | 7,535 | 7,761 | 7,994 | 8,234 | 8,481 | 8,735 | 8,988 | 9,267 | 9,545 |
| Penalty fees | 23,701 | 13,400 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Municipal discount | 861,899 | 1,270,041 | 1,307,948 | 1,324,040 | 1,340,605 | 1,357,654 | 1,375,205 | 1,393,270 | 1,411,866 | 1,431,009 | 1,450,714 | 1,470,998 | 1,491,879 | 1,513,375 | 1,535,503 |
| Total Income | 120,610 | 124,228 | 154,975 | 159,624 | 164,413 | 169,345 | 174,426 | 179,658 | 185,048 | 190,600 | 196,318 | 202,207 | 208,273 | 214,522 | 220,957 |
| Personnel 3% | 96,718 | 107,000 | 148,641 | 153,100 | 157,693 | 162,424 | 167,297 | 172,316 | 177,485 | 182,810 | 188,294 | 193,943 | 199,761 | 205,754 | 211,927 |
| Operational 3% | 190,735 | 190,731 | 215,985 | 222,475 | 229,149 | 236,024 | 243,104 | 250,397 | 257,909 | 265,647 | 273,616 | 281,824 | 290,279 | 298,988 | 307,957 |
| Debt Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Operating costs (COC) 3% | 115,500 | 126,300 | 130,089 | 133,992 | 138,011 | 142,152 | 146,416 | 150,809 | 155,333 | 159,993 | 164,793 | 169,737 | 174,829 | 180,074 | 185,476 |
| License fees 5% of Service Fees | 331,301 | 61,637 | 63,236 | 64,083 | 64,955 | 65,854 | 66,779 | 67,733 | 68,715 | 69,726 | 70,768 | 71,841 | 72,946 | 74,085 | 75,257 |
| Gas Purchases | 854,863 | 1,309,896 | 1,412,936 | 1,433,274 | 1,454,222 | 1,475,798 | 1,498,022 | 1,520,913 | 1,544,490 | 1,568,775 | 1,593,788 | 1,619,552 | 1,646,089 | 1,673,421 | 1,701,574 |
| Total Operating Costs | 994,174 | 954,319 | 849,331 | 740,098 | 626,481 | 508,337 | 385,520 | 257,877 | 125,252 | -12,514 | -155,589 | -304,143 | -458,352 | -618,399 | -784,470 |
| OBO next year | 327,474 | 327,474 | 353,234 | 358,318 | 363,555 | 368,950 | 374,506 | 380,228 | 386,123 | 392,194 | 398,447 | 404,888 | 411,522 | 418,355 | 425,393 |
| Target OBO 1/4 of Operating costs | | | | | | | | | | | | | | | |

Gas Fund Capital

| | | | | | | | | | | | | | | | |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Operating Balance (OB/COC) | 0 | 31,802 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 |
| COC income 3% | 115,500 | 126,300 | 130,089 | 133,992 | 138,011 | 142,152 | 146,416 | 150,809 | 155,333 | 159,993 | 164,793 | 169,737 | 174,829 | 180,074 | 185,476 |
| Total COC money available | 115,500 | 158,102 | 159,491 | 163,394 | 167,414 | 171,554 | 175,819 | 180,211 | 184,735 | 189,395 | 194,195 | 199,139 | 204,231 | 209,476 | 214,878 |
| Equipment Repl | 83,698 | 128,700 | 130,089 | 133,992 | 138,011 | 142,152 | 146,416 | 150,809 | 155,333 | 159,993 | 164,793 | 169,737 | 174,829 | 180,074 | 185,476 |
| Other Replacement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total COC costs | 83,698 | 128,700 | 130,089 | 133,992 | 138,011 | 142,152 | 146,416 | 150,809 | 155,333 | 159,993 | 164,793 | 169,737 | 174,829 | 180,074 | 185,476 |
| OB/COC next year | 31,802 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 | 29,402 |

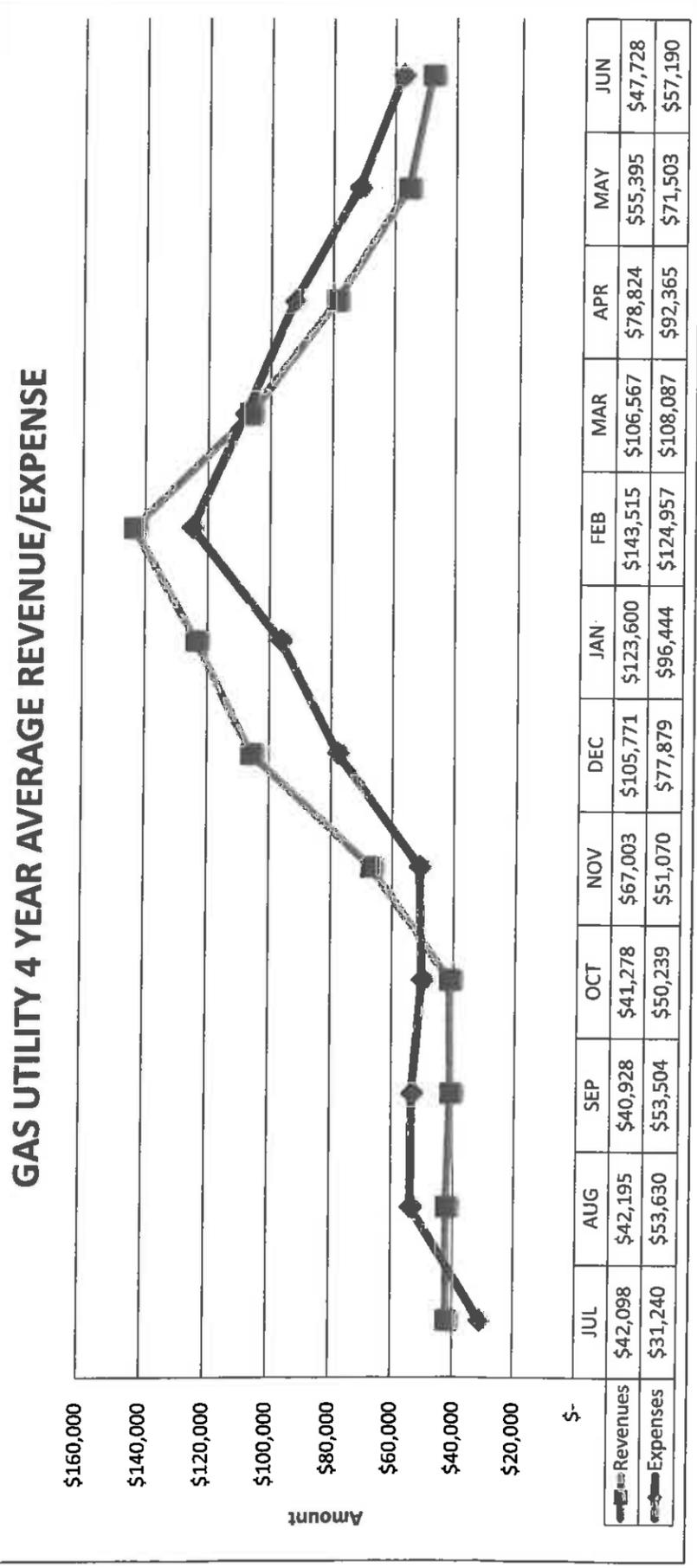
Assumes constant gas sales volume. Since volume varies by weather any one year may be greater or less, the assumption is usage events out over time. The projection numbers in the current FY being set are established "high" to comply with State Budget laws - if it is not budgeted cannot be spent. Staff has typically underspent. The "Gas Purchase Fees" = "Gas Purchase" due to the rate structure, which allows adjustment monthly in the price charged to the customer based upon actual cost of Gas and delivery. Cost of Gas Purchases is passed through to the Customer shown as "Gas Purchase Fees". May be more or less than inflation in any year. Please note that in FY20 the OBO is projected to be below the required Target OBO.

CITY OF WILLCOX
GAS UTILITY

Attachment 1

CASH FLOW 4-YEAR MONTHLY AVERAGE, FEB 2009-JAN 2013
REVENUES AND EXPENSES BY MONTH

Attached Sheet 1



**CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION**

Agenda Item: 9
Tab Number: 3
Date: 4-01-13

Date Submitted:
2-12-13
Date Requested:
3-4-13 & 4-1-13

Action:
 Resolution
 Ordinance
 Formal
 Other

**Subject: Review Solid
Waste budgets and Rates
for FY 14**

TO: MAYOR AND COUNCIL

FROM: City Manager

DISCUSSION: The Rates for the utilities are required to be reviewed by the Council annually as per City Code 5-6-7.

The four (4) Enterprise Funds (Gas, Sewer, Solid Waste, and Water) are designed to be supported by the rates charged to the users of the service (much like a private business operation).

In order to measure whether the City Operation of the Enterprise Fund is offering an equitable service for the price paid, the Enterprise Funds make the same payments to the General Fund as a private Organization would be required to make if a franchise were granted.

The goal in setting of the rates is to assure the users will have safe and dependable service at a reasonable cost. This means that the rates should include sufficient monies to allow the necessary operational and capital expenses be paid for in a timely manner. There should be sufficient cash reserves to address normal fluctuations in the income and expense stream; address unexpected emergencies; allow some capital accumulation; provide for major capital expense through long term debt issuance (to match the expense with the rates charged); and provide for stable rates (rather than widely fluctuating rates from year to year). While each Enterprise Fund is to be self-supporting, the cumulative impact of changes in all four Funds will be considered since the rate payers see one bill not four separate bills and the goal is to have small incremental changes rather than widely fluctuation changes.

In order to accomplish these goals a reasonable cash reserve equal to three months of annual operating expenses is established by City Ordinance.

The indirect costs, and costs incurred in other Funds (usually the General Fund), are charged back to each Enterprise Fund.

A Capital Fund is set up for each Enterprise Fund (except Solid Waste) to separate Capital expenses from Operating expenses: this also allows for accumulating capital and paying for large capital items over two or more fiscal years. This also allows for the accounting for long term capital assets and recording them properly on the fiscal records of the City's Enterprise Funds.

Long range projections are made on each of the Enterprise Funds to allow the long term impacts on the rate structure and implement proper planning for significant changes in the fiscal condition of the Enterprise Fund.

Attached are three (3) sheets: the first attached sheet is to compare the cash income and cash expense flows for the year. This sheet uses the averages for the last three years and compares the average cash needs on a monthly basis with the average cash demands on a monthly basis. As can be seen from the chart the income and expense track relatively closely. This means that the income and expense are normally close to the same and there are not period where the City has to pay large amounts while waiting for the income to arrive; therefore the Fund Balance does not have to be large. In this fund there is very little "Capital investment by the City, most is provided by the Contractor. There is little need for any accumulation of capital (which is one of the reasons for no "Capital Fund" to match the Operating Fund in this Enterprise. There is very little in the way of "Disasters" which would cause the City to have to draw on the reserves to draw on the Fund Balance. The current Fund Balance in the Solid Waste Fund is below three (3) months set in City code. The long term Projections sheet shows this "gap" between the target Fund Balance and the Operating Fund Balance closing over the next couple of years. This seems like a reasonable approach and reduces the need for immediate action in the form of a Rate increase to fill the gap.

The second sheet is a very large and complex spreadsheet that projects the costs of providing the service over the next Fiscal year. The sheet is large and complex due to a couple of factors, the primary being the number of containers available to the Commercial customers and variety of pickup choses available to the Commercial customers. The purpose of this is to allow the large Commercial customers to set the Solid Waste service to their needs, and adjust the service as the need changes. The small commercial customers and Residential customers are set on a standard size and pickup schedule, this is to stabilize the costs and create a solid base for the contracting out of the service. The Contracting out of the service is to reduce the cost of Operations and Capital to the City's customers and provide the most economic service possible.

Of note on this sheet is the center three (3) columns outlined in black: The left most is the column that represents the "cost" to the City to provide the service; the center column is the current rate structure (FY13); the right column is the current rate structure adjusted by the Cost of Living (COL). The City needs to set the rates at a level that is estimated to provide sufficient revenue to cover the "costs" of providing the service. The rates set by the "Cost" Model will accomplish that purpose: the Rates established by the COL model

are a couple hundred dollars below the Cost model, this is less than 1/10 of 1% and is not considered significant.

The makeup of customer types and numbers varies each month; overall there is not a significant variance over the course of a year in the number or makeup of customers.

There is a "New" cost added to the formula this year to be used to promote recycling. That cost is projected at \$8,000/year. The plan is to use this to foster and expand the current recycling program, specifically the cardboard and aluminum recycling. If successful this will reduce the tonnage entering the Transfer Station; a reduction in tonnage reduces the total tipping dollars paid to the Regional Landfill. Ultimately, this should reduce the necessary costs charged to the City Customers (currently the rates are based upon an estimated 3400 tons of tipping fees per year). This is of particular importance because the Tipping Fees charged by the Regional Landfill have been and (based on the discussion at the Rate Review Advisory Board [RRAB] meetings) scheduled to further accelerate much faster than the inflation rate. At this time the staff does not have a good estimate of the costs of operating the recycling program nor the estimated amount of reduction of tonnage: we anticipate that during FY14, the recycling activity will allow gathering of information so better estimates can be made and the economics of recycling addressed during the Rate hearings for FY15.

This is the third and final year for the "Repayment" of the General Fund by the Solid Waste Fund. This should allow relief during FY 15 Rate review, as the total costs in the Solid Waste Fund will be reduced \$35,799/yr.

The third attachment is the long-term Solid Waste Fund Projections. There are numerous assumptions in assembling this sheet they are listed on the Sheet, of particular notice is the "Contingency" line item. The purpose of this line item is to meet State Budgetary law requirements: if the expenses should come in higher than anticipated (probably due to increased activity), we have to have sufficient "Appropriations/Budget" in order to spend the money. There is not a problem with State Law on receiving too much income (which would also increase if the expenses increased due to increased activity).

The third attachment shows that based upon the information and assumptions made the Solid Waste Fund will remain health with moderate changes in the rates charged.

RECOMMENDATION: Staff recommendation is to use the 1.7% COL as the increase. While this is slightly below the estimated cost it is not significant. Further it is easier to adjust the rate tables and easier to explain to the customers.

FISCAL IMPACT: Estimated total income to the Solid Waste Fund of \$663,922 in FY 14. Estimated total expenses to the Solid Waste Fund, (including \$50,000 contingency), of \$708,757 in FY 14.

Prepared by: Pat McCourt

Approved by:

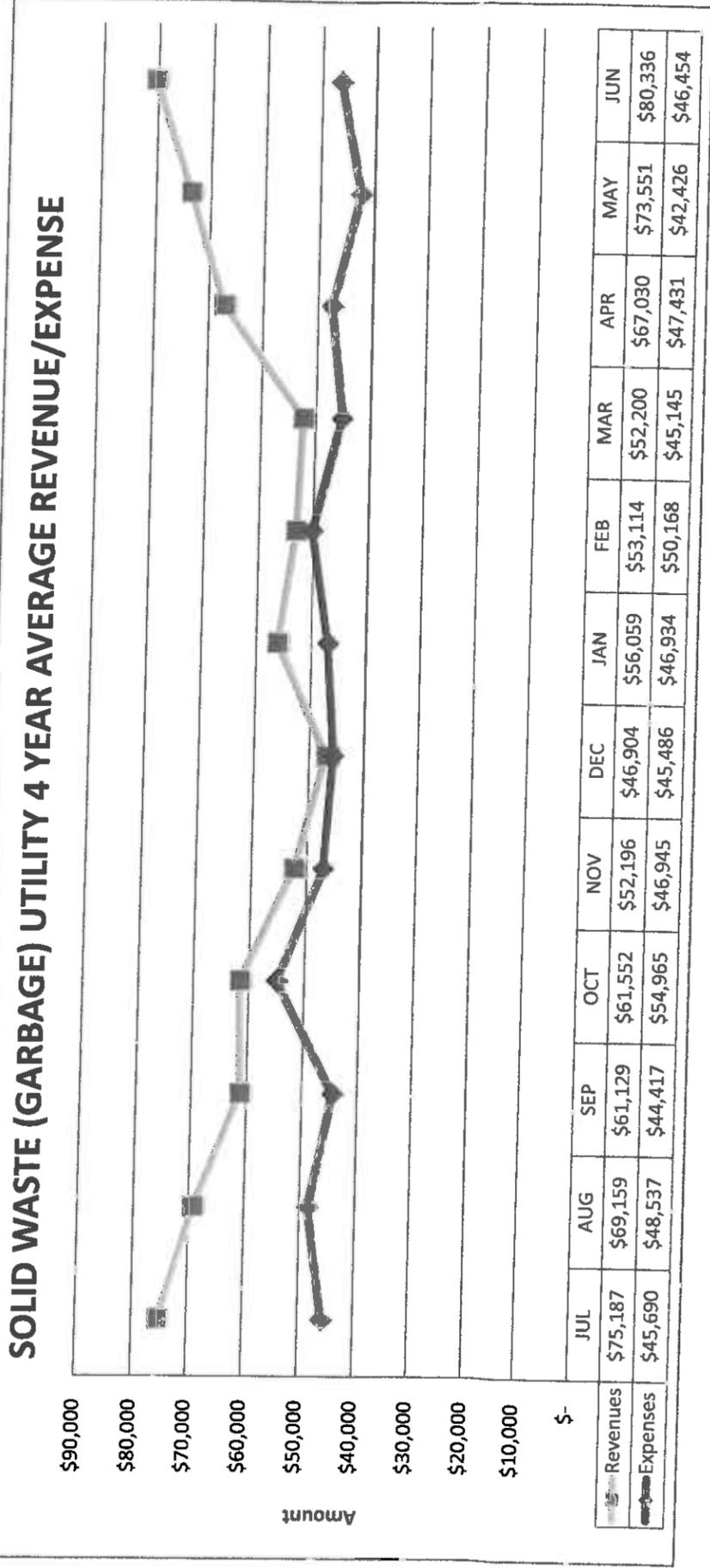
A handwritten signature in black ink, appearing to be 'R. L. ...', written over a horizontal line.

City Manager

CITY OF WILLCOX
SOLID WASTE (GARBAGE) UTILITY

CASH FLOW 4-YEAR MONTHLY AVERAGE, FEB 2009-JAN 2013
REVENUES AND EXPENSES BY MONTH

Attached Sheet 1



Solid Waste Fund Projection Sheet FY14
Date of Sheet 3-4-13

Attached page 3

| | FY 07-08 | FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 | FY 17-18 | FY 18-19 | FY 19-20 |
|---|----------|----------|----------|----------|----------|----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Opening Balance (OBO) | -13166 | -20029 | -932 | 35,525 | 52,350 | 82,710 | 75,121 | 30,285 | 65,847 | 95,458 | 118,415 | 138,092 | 154,133 |
| Operating Income | 553252 | 569339 | 562360 | 548,260 | 655,997 | 668,800 | 668,209 | 677,965 | 698,294 | 719,243 | 740,820 | 763,045 | 785,936 |
| Service fees | 0 | 0 | 0 | 0 | 5,385 | 5,547 | 5,713 | 5,884 | 6,061 | 6,243 | 6,430 | 6,623 | 6,822 |
| Penalty Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 303 | 658 | 955 | 1,184 | 1,381 | 1,541 |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Misc | 553252 | 569339 | 562360 | 548,260 | 661,382 | 674,347 | 663,922 | 684,142 | 705,013 | 726,440 | 748,434 | 771,048 | 794,298 |
| Total Income | | | | | | | | | | | | | |
| Daily Operating Costs | 508301 | 502179 | 297394 | 299,655 | 331,404 | 356,884 | 330,391 | 340,303 | 350,512 | 361,027 | 371,858 | 383,014 | 394,504 |
| Contract Services 3% | | | 175709 | 172,897 | 162,237 | 166,400 | 180,200 | 192,780 | 206,188 | 220,412 | 231,432 | 243,004 | 255,154 |
| Tipping fees | 48000 | 48000 | 52800 | 52,800 | 100,132 | 122,853 | 104,367 | 107,498 | 110,723 | 114,045 | 117,466 | 120,990 | 124,620 |
| Overhead 3% | 0 | 0 | 0 | 0 | 35,799 | 35,799 | 35,799 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loan repay/OBO | 3814 | 63 | 0 | 6,083 | 1,450 | 0 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 |
| Contingency | 560175 | 550242 | 525903 | 531,435 | 631,022 | 681,936 | 708,757 | 648,581 | 675,402 | 703,484 | 728,756 | 755,008 | 782,278 |
| Other programs/costs | | | | | | | | | | | | | |
| Total Operating Costs | -20029 | -932 | 35525 | 52,350 | 82,710 | 75,121 | 30,285 | 65,847 | 95,458 | 118,415 | 138,092 | 154,133 | 166,154 |
| OBO next year | | | | | | | \$177,189.25 | \$162,145.19 | \$168,850.57 | \$182,189.09 | \$182,189.09 | \$188,751.92 | \$195,569.50 |
| Goal for OBO = 1/4 of estimated Operating costs | | | | | | | | | | | | | |

| | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 |
|-----------------------|--------|--------|--------|--------|-------|-------|------|------|------|------|------|
| GF Loan Outstanding | 107397 | 107397 | 107397 | 107397 | 71598 | 35799 | | | | | |
| Loan Repayment amount | 0 | 0 | 0 | 35799 | 35799 | 35799 | | | | | |
| Balance owed | 107397 | 107397 | 107397 | 107397 | 71598 | 35799 | | | | | |

| | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 |
|-----------------------|---------|----------|----------|--------|--------|--------|----------|----------|------------|------------|------------|
| Tipping Rate | 50 | 50 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 56 | 56 |
| Tons | 3514.18 | 3457.93 | 3181.11 | 3200 | 3400 | 3400 | 3570 | 3748.5 | 4132.72125 | 4339.35731 | 4556.32518 |
| Total Tipping fees/yr | 175709 | 172896.5 | 162236.6 | 166400 | 180200 | 192780 | 206187.5 | 220411.8 | 231432.39 | 243004.01 | 255154.21 |

Assumes a 3% COL FY 15 and beyond - however after FY 18 it appears rate increases may be less than rate of inflation (because the OBO is greater than necessary in the projections).

Assumes approximately same number and mix of customers

Assumes a OBO goal of 3 months operating cost reached at end of FY 18

FY 14 tons set at 3400 based on actual. Assumes tons increase by 5%/yr for FY15 and each year after.

Tipping fees increase \$1/yr through FY17 and are then flat. This assumption is very suspect based upon discussions at the RRAB.

Contract services end FY15-16 must be rebid in FY18-19 (if 3-one year extensions are used), current contract includes a Cost of Living Adjustment annually.

City is part of a group that uses the Cochise County Regional Landfill, as part of that group the City agrees to deposit all Solid Waste under its control in the Regional Landfill.

Tipping Fees & Contractor services not separated prior to FY 09

Interest is 1% of fund balance (OBO); no interest prior to FY 15 because of debt owed GF (any interest is retained in GF)

There are no "License fees" in this enterprise because they are built into the Contractor's cost and paid directly to the General Fund

Assumes COL basis used for rate adjustments in FY14

Overhead is recalculated each year; assumes a 3% increase for projections

Contingency line item is strictly to allow for higher than planned expenses and stay in compliance with State Law

Therefore it is not put in each year and is not anticipated to be needed.

**CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION**

Agenda Item: 9
Tab Number: 3
Date: 4-01-13

Date Submitted:
2-14-13
Date Requested:
3-18-13 & 4-1-13

Action:
 Resolution
 Ordinance
 Formal
 Other

**Subject: Sewer Rates
and Budgets For FY14**

TO: MAYOR AND COUNCIL

FROM: City Manager

DISCUSSION: The Rates for the utilities are required to be reviewed by the Council annually as per City Code 13-8-22.

The four (4) Enterprise Funds (Gas, Sewer, Solid Waste, and Water) are designed to be supported by the rates charged to the users of the service (much like a private business operation).

In order to measure whether the City Operation of the Enterprise Fund is offering an equitable service for the price paid, the Enterprise Funds make the same payments to the General Fund as a private Organization would be required to make if a franchise were granted.

The goal in setting of the rates is to assure the users will have safe and dependable service at a reasonable cost. This means that the rates should include sufficient monies to allow the necessary operational and capital expenses be paid for in a timely manner. There should be sufficient cash reserves to address normal fluctuations in the income and expense stream; address unexpected emergencies; allow some capital accumulation; provide for major capital expense through long term debt issuance (to match the expense with the rates charged); and provide for stable rates (rather than widely fluctuating rates from year to year). While each Enterprise Fund is to be self-supporting, the cumulative impact of changes in all four Funds will be considered since the rate payers see one bill not four separate bills and the goal is to have small incremental changes rather than widely fluctuation changes.

In order to accomplish these goals a reasonable cash reserve equal to three months of annual operating expenses is established by City Ordinance.

The indirect costs, and costs incurred in other Funds (usually the General Fund), are charged back to each Enterprise Fund.

A Capital Fund is set up for each Enterprise Fund (except Solid Waste) to separate Capital expenses from Operating expenses: this also allows for accumulating capital and paying for large capital items over two or more fiscal years. This also allows for the accounting for long term capital assets and recording them properly on the fiscal records of the Enterprise Fund.

Long range projections are made on each of the Enterprise Funds to allow the long term impacts on the rate structure and implement proper planning for significant changes in the fiscal condition of the Enterprise Fund.

Attached are three (3) sheets: the first sheet is a monthly comparison of the cash income and the expenses of the Sewer Enterprise Fund. What this comparison shows is that the income and expense track very closely. This is important to ensure that there is always enough cash in the bank to pay ongoing bills. The City Code requires that the Sewer Enterprise Fund maintain a Reserve (Opening Balance Operations [OBO]) equal to three (3) months operating expense. Currently there is an adequate reserve. An additional reason for the operating reserve is to be able to address disaster repairs to the system. This area does experience earthquakes and fissures. These are infrequent and normally do not require large capital investment. The largest problem facing the Sewer Enterprise Fund is the expected very large increase in costs associated with the development and construction of a Waste Water Treatment Plan (WWTP) adequate to handle the volumes and toxicity of the Waste water (sewage) delivered to the WWTP, purify the waste water to acceptable standards and reuse it in a beneficial manner.

The City has been working in conjunction with various Federal and State agencies to develop and construct such a WWTP. It is anticipated that construction will begin during FY14 with completion in FY15. The funding for the future WWTP is planned to be a combination of grant and loans. The loans will be paid from the revenue stream of the Sewer Enterprise Fund. The amount of grant money is not known at this time: the grant amount will be based upon the City of Willcox Sewer rate structure as compared with similar communities. For the purpose of making the rate projections it has been assumed that the City will borrow \$5,000,000 during FY14 and start payment on this borrowing during FY15. This borrowing will result in a very large increase in annual expenditures from the Sewer Enterprise Fund (estimated \$300,000/yr). This increase expenditure has the effect of rapidly using up of the cash reserves within the Sewer Enterprise Fund (even with 5% rate increase each year the OBO is negative in FY20). **Therefore this requires adequate rate increases to offset the increased expenditure.**

The second attached sheet titled; "Analysis of Income to the Sewer Fund" provides an explanation of how the rate structure is established and adjusted within the Sewer Fund. The top portion of the sheet provides a narrative on the components of the Sewer rates; Fixed Monthly Rate and the Variable Rate.

The Center Box on the second attached sheet shows the current rates and the impact of a 5% increase; this is shown by Fixed Monthly Rate and by Variable Rate.

The Box in the lower left corner of the second attached sheet shows the estimated effect on individual meter sizes of an average bill and compares the estimated current bill with the proposed bill (which incorporates a 5% increase).

The Box in the lower right corner of the second attached sheet shows the cumulative impact of a 5% rate increase on a ¾" meter (standard residential size meter) over 10 year future periods.

The third attached sheet is the "Sewer Fund Projections". The upper portion of the sheet shows the actual data for two years of operations, one half year of actual and one half year of projected data on operations and thirteen years of projected data on operations.

The center portion of the third attached sheet shows the "Sewer Capital Fund" with the same data as listed above.

The lower portion of the third attached sheet provides narrative on the data above.

These projections are to assist in the financial planning for the Sewer Enterprise. One of the City's goals for the Enterprise funds is to avoid "Rate Shock" (this is a sudden and large change in the rate structure which is disruptive to individuals and business wallets and operations). By using the projections it is easier to see the future impacts of current decisions.

In this Sewer Enterprise Fund the City is aware of the need to make a very large Capital Investment in a new WWTP to economically and safely provide for the handling of the sewage and disposal of the treated waste water (effluent) in a legal and environmental safe manner which will conserve and not pollute the existing water supplies.

The "Service Fees" in FY 12 & FY 13 are and have been adequate to cover the "Total Operating Costs"; this is positive. For FY 14 there is a slight deficit, this is probably due to having to set the budgets high to meet the State law requirement that if it is not budgeted it cannot be spent: staff has typically underspent the budget. For FY 15 and beyond a large deficit appears; this is the direct result of the increase in Debt Service (DS) which is marked in **bold** on the attachment. The increase in DS is a result of the new debt to pay for the construction of the WWTP.

It is unknown at this time how much the WWTP will cost to design and built: for the purposes of these projections it is assumed that the cost will be \$10,000,000. The money to pay for the new WWTP is planned to come from a combination of grant and loan money. The amount of grant money will be dependent upon the City's Waste Water Rates compared with similar Cities. It is not known at this time how much will be received in grant money and how much will be required to be borrowed. For the purposes of these projections it is assumed that \$5,000,000 will be borrowed. An estimate of the cost of DS on \$5,000,000 being paid back over 30 years is 6% of the borrowed amount each year (i.e. 6% of \$5,000,000 equals \$300,000/yr). If the amount of money borrowed increases (probably due to cost overruns or less grant funding) the DS will increase: if the amount of money decreases (probably due to greater grant funding or lower cost of

construction) the amount of DS should decrease. It is assumed that the construction will occur during FY 14 and that the full amount of DS will be paid in FY15. Each of these assumptions has an impact on the future financial picture of the Sewer Enterprise Fund.

The projections assume a 5% increase in Sewer Rate throughout the entire attachment. If all of the cost projections in the sheet are correct then 5% each year is **not** adequate to maintain a financially sound Sewer Enterprise Fund.

There are a large number of variables which may positively impact on the projections. The operating costs have typically been lower than projected; the grant amount may be higher than projected; the total cost of construction may be lower than projected, and the DS (due to currently low interest rates) may be less than projected. Even if all of these are positive there will still need to be rate increases.

RECOMMENDATION: Staff recommends that the Sewer Rates be increased by 5% for FY14.

FISCAL IMPACT: Estimated total income to the Sewer Enterprise Fund is \$753,861 (excluding grant and borrowing of \$10,000,000) and Expense is \$742,689 (excluding Capital Construction of \$10,000,000).

Prepared by: Pat McCourt

Approved by: _____



City Manager

The Sewer rates are made up of two (2) components; a "Fixed Monthly Rate" each month based upon the size of the meter and a "Variable Charge" based upon the water usage measured in a three month period (December, January, and February).
The amount collected by the Fixed Monthly Rate is intended to provide a stable base of income and assure coverage of "fixed cost" of operation. This is adjusted by the Council or COL.
The Variable Charge is intended to distribute the cost of operation to the users based upon the amount of service they require.

The Variable Charge also has two (2) components; the "Usage Rate" per thousand and the "Volume" of usage.
The three month period is used to minimize (not eliminate) the impact of irrigation. This is the adjustment for "Volume" of usage.
The adjustment to the monthly bill for "Volume" is normally made in April each year.
The chart below does not attempt to reflect the changes in systemwide volume made in April, but assumes a constant systemwide volume.

The second component is a "Usage Rate" per thousand Gallons of water used during the measurement period. This is adjusted by the Council or the COL.
The adjustments to the "Fixed Monthly Rate" and the "Usage Rate" per thousand, are normally made in July of each year.
The total systemwide volume may change year to year and it is important to watch for "trends", for the purpose of this chart it is assumed to be equal to the previous year's volume.
The number of customers in each Size Meter listed below changes constantly, the average remains the same and is used to make the projections listed below.

| Size Meter | # of Cust | Fixed Monthly Rate | Fixed Monthly Revenue | Increase of 5% | Est monthly use | Usage Rate /thousand | Monthly Usage Revenue | Increase of 5% | Est Monthly Revenue | Cumulative 5% Increase | Est Yearly Revenue | Revenue with increase |
|------------|-----------|--------------------|-----------------------|----------------|-----------------|----------------------|-----------------------|----------------|---------------------|------------------------|--------------------|-----------------------|
| 3/4" | 1043 | 19.94 | \$20,797.42 | \$21,837.29 | 4.6 | 2,72483 | \$13,073.19 | \$13,726.85 | \$33,870.61 | \$35,564.14 | \$406,447.31 | \$426,789.68 |
| 1" | 2 | 27.11 | \$54.22 | \$56.93 | 4.6 | 2,72483 | \$25.07 | \$26.32 | \$79.29 | \$83.25 | \$951.46 | \$999.03 |
| Mult Units | 1 | 19.94 | \$19.94 | \$20.94 | 4.6 | 2,72483 | \$12.53 | \$13.16 | \$32.47 | \$34.10 | \$389.69 | \$409.18 |
| 3/4" com | 187 | 28.99 | \$5,421.13 | \$5,692.19 | 19.5 | 2,72483 | \$9,996.09 | \$10,432.90 | \$15,357.22 | \$16,125.08 | \$184,286.67 | \$193,501.00 |
| 1" com | 12 | 36.18 | \$434.16 | \$455.87 | 19.5 | 2,72483 | \$637.61 | \$669.49 | \$1,071.77 | \$1,125.36 | \$12,861.24 | \$13,504.30 |
| 1 1/2" | 9 | 54.26 | \$488.34 | \$512.76 | 19.5 | 2,72483 | \$478.21 | \$502.12 | \$966.55 | \$1,014.88 | \$11,596.57 | \$12,178.50 |
| 2" | 40 | 75.93 | \$3,037.20 | \$3,189.06 | 19.5 | 2,72483 | \$2,125.37 | \$2,231.64 | \$5,162.57 | \$5,420.70 | \$61,950.81 | \$65,048.35 |
| 3" | 2 | 144.66 | \$289.32 | \$303.79 | 19.5 | 2,72483 | \$106.27 | \$111.58 | \$395.59 | \$415.37 | \$4,747.06 | \$4,984.41 |
| 4" | 4 | 235.2 | \$940.80 | \$987.84 | 19.5 | 2,72483 | \$212.54 | \$223.16 | \$1,153.34 | \$1,211.00 | \$13,840.04 | \$14,532.04 |
| 4" Ind | 0 | 235.2 | \$0.00 | \$0.00 | 19.5 | 2,72483 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | 1300 | | \$31,482.53 | \$33,056.66 | | | \$26,606.88 | \$27,937.22 | \$58,089.41 | \$60,993.88 | \$697,072.86 | \$731,926.50 |

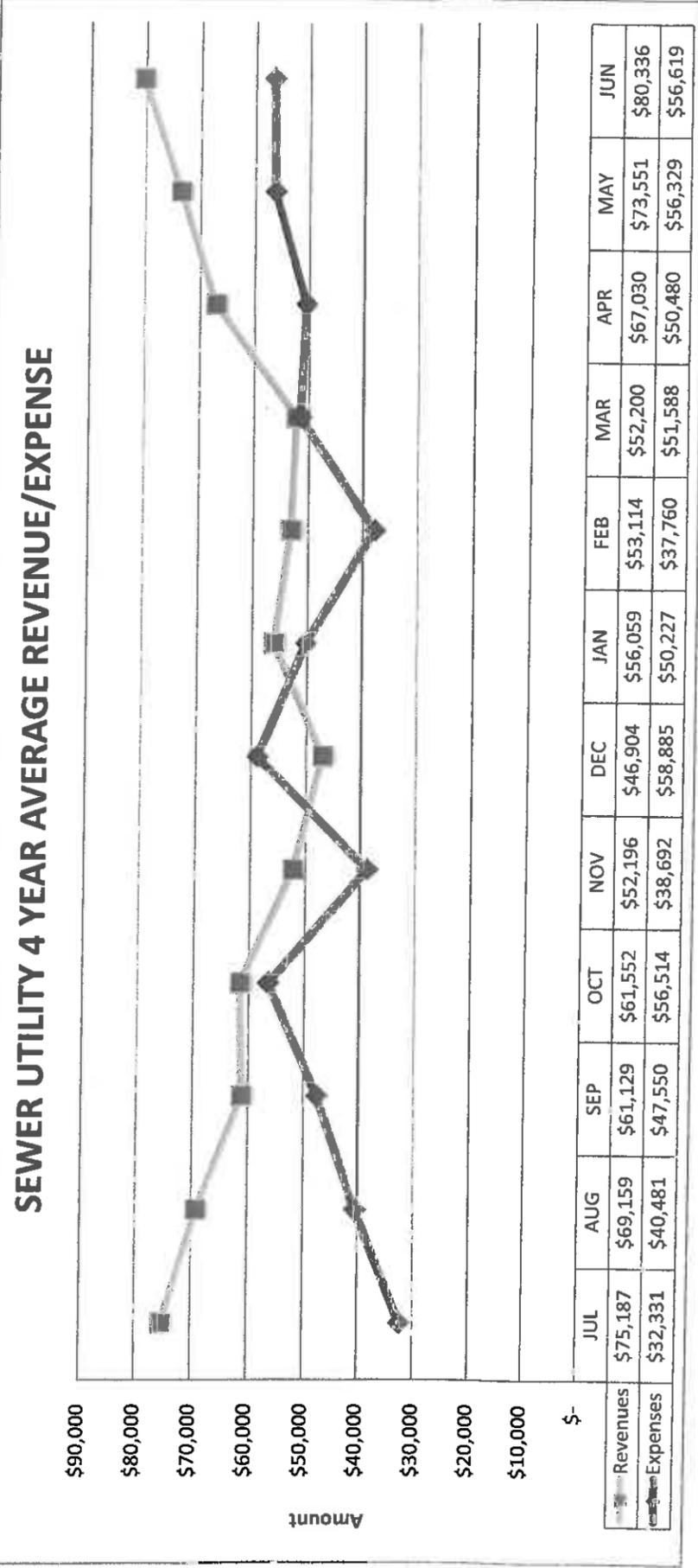
In order to meet the Projections on the accompanying Chart: a 5% Increase is recommended for FY 14.

| Size Meter | Fixed Monthly Rate | Increase 5% | Usage Rate /thousand | Increase 5% | Current estimated usage | Estimated Usage cost with 5% | Estimated current monthly cost | Estimated new monthly cost |
|------------|--------------------|-------------|----------------------|-------------|-------------------------|------------------------------|--------------------------------|----------------------------|
| 3/4" | 19.94 | 20.94 | 2,72483 | 2,86107 | \$12.53 | \$13.16 | \$32.47 | \$4.10 |
| 1" | 27.11 | 28.47 | 2,72483 | 2,86107 | \$12.53 | \$13.16 | \$39.64 | \$41.63 |
| Mult Units | 19.94 | 20.94 | 2,72483 | 2,86107 | \$12.53 | \$13.16 | \$32.47 | \$34.10 |
| 3/4" com | 28.99 | 30.44 | 2,72483 | 2,86107 | \$53.13 | \$55.79 | \$62.12 | \$66.23 |
| 1" com | 36.18 | 37.99 | 2,72483 | 2,86107 | \$53.13 | \$55.79 | \$62.12 | \$66.23 |
| 1 1/2" | 54.26 | 56.97 | 2,72483 | 2,86107 | \$53.13 | \$55.79 | \$62.12 | \$66.23 |
| 2" | 75.93 | 79.73 | 2,72483 | 2,86107 | \$53.13 | \$55.79 | \$62.12 | \$66.23 |
| 3" | 144.66 | 151.89 | 2,72483 | 2,86107 | \$53.13 | \$55.79 | \$62.12 | \$66.23 |
| 4" | 235.2 | 246.96 | 2,72483 | 2,86107 | \$53.13 | \$55.79 | \$62.12 | \$66.23 |
| 4" Ind | 235.2 | 246.96 | 2,72483 | 2,86107 | \$53.13 | \$55.79 | \$62.12 | \$66.23 |

| 3/4" meter | Residential rate increase per year |
|------------|------------------------------------|
| FY 2014 | \$34.10 |
| FY 2015 | \$35.80 |
| FY 2016 | \$37.59 |
| FY 2017 | \$39.47 |
| FY 2018 | \$41.45 |
| FY 2019 | \$43.52 |
| FY 2020 | \$45.69 |
| FY 2021 | \$47.98 |
| FY 2022 | \$50.38 |
| FY 2023 | \$52.90 |

CITY OF WILLCOX
SEWER UTILITY ATTACHMENT 1

CASH FLOW 4-YEAR MONTHLY AVERAGE, FEB 2009-JAN 2013
REVENUES AND EXPENSES BY MONTH



| | FY 11-12 | FY 12-13 | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 | FY 17-18 | FY 18-19 | FY 19-20 | FY 20-21 | FY 21-22 | FY 22-23 | FY 23-24 | FY 24-25 | FY 25-26 | FY 26-27 |
|----------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Opening Balance Operations (OBO) | 786,733 | 927,870 | 1,053,887 | 1,065,059 | 792,283 | 534,025 | 291,684 | 66,748 | -139,202 | -324,485 | -487,319 | -625,808 | -737,943 | -821,592 | -874,492 | -822,173 |
| Operating Income | 720,107 | 724,820 | 731,927 | 768,523 | 806,950 | 847,297 | 889,862 | 934,145 | 980,852 | 1,029,895 | 1,081,390 | 1,135,459 | 1,192,232 | 1,251,844 | 1,314,436 | 1,380,158 |
| Service fees 5% | 32 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Connect fee | 5,913 | 6,080 | 6,395 | 6,715 | 7,050 | 7,403 | 7,773 | 8,162 | 8,570 | 8,998 | 9,448 | 9,921 | 10,417 | 10,937 | 11,484 | 12,059 |
| Penalty Fees | 11,368 | 9,279 | 10,539 | 10,651 | 7,923 | 5,340 | 2,917 | 667 | -1,392 | -3,245 | -4,873 | -6,258 | -7,379 | -8,216 | -8,745 | -8,222 |
| Interest 1% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Misc | 737,420 | 745,189 | 753,861 | 780,889 | 826,923 | 865,040 | 905,352 | 947,974 | 983,030 | 1,040,648 | 1,090,965 | 1,144,122 | 1,200,269 | 1,259,565 | 1,322,175 | 1,388,994 |
| Total Income | 179,577 | 150,000 | 162,509 | 167,384 | 172,406 | 177,578 | 182,905 | 186,392 | 194,044 | 199,866 | 205,862 | 212,037 | 218,399 | 224,950 | 231,689 | 238,650 |
| Personnel 3% | 163,197 | 168,083 | 282,781 | 291,284 | 300,002 | 309,002 | 318,273 | 327,821 | 337,655 | 347,785 | 358,219 | 368,965 | 380,034 | 381,435 | 403,178 | 415,273 |
| Operational 3% | 115,228 | 127,361 | 121,485 | 125,130 | 128,883 | 132,750 | 136,732 | 140,834 | 145,059 | 149,411 | 153,894 | 158,510 | 163,266 | 168,164 | 173,208 | 178,405 |
| Debt Service (DS) | 74,781 | 72,072 | 72,072 | 372,072 | 372,072 | 372,072 | 372,072 | 372,072 | 372,072 | 372,072 | 372,072 | 372,072 | 372,072 | 372,072 | 372,072 | 372,072 |
| Capital Operating costs (COC) | 63,500 | 65,405 | 67,367 | 69,388 | 71,470 | 73,614 | 75,822 | 78,097 | 80,440 | 82,853 | 85,339 | 87,869 | 90,536 | 93,252 | 96,049 | 98,931 |
| License fees 5% | 36,241 | 36,475 | 36,475 | 36,475 | 40,347 | 42,365 | 44,483 | 46,707 | 49,043 | 51,495 | 54,069 | 56,773 | 59,612 | 62,592 | 65,722 | 68,908 |
| Total Operating Costs | 596,283 | 619,172 | 742,689 | 1,063,665 | 1,085,181 | 1,107,381 | 1,130,288 | 1,153,924 | 1,178,313 | 1,203,482 | 1,229,464 | 1,256,257 | 1,283,918 | 1,312,465 | 1,269,857 | 1,300,267 |
| OBO next year | 927,870 | 1,053,887 | 1,065,059 | 792,283 | 534,025 | 291,684 | 66,748 | -139,202 | -324,485 | -487,319 | -625,808 | -737,943 | -821,592 | -874,492 | -822,173 | -793,446 |
| Target OBO (3 months operating) | 185,672 | 265,916 | 271,295 | 276,845 | 282,572 | 288,481 | 294,578 | 300,870 | 307,363 | 314,064 | 320,979 | 328,116 | 337,464 | 347,464 | 357,067 | 367,267 |

Sewer Capital Fund

| | | | | | | | | | | | | | | | | |
|-----------------------------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Opening Balance (OBC) | 0 | 24,785 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| COC Income | 63,500 | 65,405 | 67,367 | 69,388 | 71,470 | 73,614 | 75,822 | 78,097 | 80,440 | 82,853 | 85,339 | 87,869 | 90,536 | 93,252 | 96,049 | 98,931 |
| Borrowing, WIFI & BECC | 1,000,000 | 1,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Grants - BECC/USDA | 63,500 | 1,090,190 | 10,067,367 | 69,388 | 71,470 | 73,614 | 75,822 | 78,097 | 80,440 | 82,853 | 85,339 | 87,869 | 90,536 | 93,252 | 96,049 | 98,931 |
| Total COC money | 38,715 | 90,190 | 67,367 | 69,388 | 71,470 | 73,614 | 75,822 | 78,097 | 80,440 | 82,853 | 85,339 | 87,869 | 90,536 | 93,252 | 96,049 | 98,931 |
| Equipment Replacement | 0 | 1,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| System Replacement | 38,715 | 90,190 | 67,367 | 69,388 | 71,470 | 73,614 | 75,822 | 78,097 | 80,440 | 82,853 | 85,339 | 87,869 | 90,536 | 93,252 | 96,049 | 98,931 |
| Construction - WWTP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Planning/engineering - WWTP | 1,000,000 | 1,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Total COC costs | 38,715 | 1,090,190 | 10,067,367 | 69,388 | 71,470 | 73,614 | 75,822 | 78,097 | 80,440 | 82,853 | 85,339 | 87,869 | 90,536 | 93,252 | 96,049 | 98,931 |
| OBC next year | 24,785 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Assumes 5% increase in rates in FY14 and 5% thereafter.
Assumes the \$1,000,000 WIFI loan is absorbed into the Borrowing/Grant from BECC/USDA.
If the grant is 1/2 of loan then DS = 6% of 5,000,000 = DS of \$300,000 + exiting DS of \$72,072 = DS of \$372,072. Existing debt service paid off in FY25.
A smaller total amount of Construction will result in less DS. A larger Grant amount will result in less DS.
The amount of grant will be impacted by the current Fee structure - how much are people currently paying - so a larger fee increase now may result in a larger Grant & less Debt i.e. lower costs in the future.
The coverage of OBO over total Operating Costs continues to decline despite a proposed 5% increase in rates each year. This is heavily effected by current year spending.
Staff has typically "underspent" the budget, which has a large long term positive impact on the OBO.

**CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION**

Agenda Item: 9
Tab Number: 3
Date: 4-01-13

Date Submitted:
2-14-13
Date Requested:
3-25-13 & 4-1-13

Action:
 Resolution
 Ordinance
 Formal
 Other

**Subject: Water Fund
Rates & Budget for FY
14**

TO: MAYOR AND COUNCIL

FROM: City Manager

DISCUSSION: The Rates for the utilities are required to be reviewed by the Council annually as per City Code 13-12-22.

The four (4) Enterprise Funds (Gas, Sewer, Solid Waste, and Water) are designed to be supported by the rates charged to the users of the service (much like a private business operation).

In order to measure whether the City Operation of the Enterprise Fund is offering an equitable service for the price paid, the Enterprise Funds make the same payments to the General Fund as a private Organization would be required to make if a franchise were granted.

The goal in setting of the rates is to assure the users will have safe and dependable service at a reasonable cost. This means that the rates should include sufficient monies to allow the necessary operational and capital expenses be paid for in a timely manner. There should be sufficient cash reserves to address normal fluctuations in the income and expense stream; address unexpected emergencies; allow some capital accumulation; provide for major capital expense through long term debt issuance (to match the expense with the rates charged); and provide for stable rates (rather than widely fluctuating rates from year to year). While each Enterprise Fund is to be self-supporting, the cumulative impact of changes in all four Funds will be considered since the rate payers see one bill not four separate bills and the goal is to have small incremental changes rather than widely fluctuation changes.

In order to accomplish these goals a reasonable cash reserve equal to three months of annual operating expenses is established by City Ordinance.

The indirect costs, and costs incurred in other Funds (usually the General Fund), are charged back to each Enterprise Fund.

A Capital Fund is set up for each Enterprise Fund (except Solid Waste) to separate Capital expenses from daily Operating expenses: this also allows for accumulating capital and paying for large capital items over two or more fiscal years. This also allows for the accounting for long term capital assets and recording them properly on the fiscal records of the Enterprise Fund.

Long range projections are made on each of the Enterprise Funds to allow the long term impacts on the rate structure and implement proper planning for significant changes in the fiscal condition of the Enterprise Fund.

There are attached four (4) pages. The first attached page shows a comparison of monthly income to monthly expenses. The chart indicates that the income and expenses track fairly closely. The City Code requires three (3) months of Operating Reserve in the Water Enterprise Fund. The Water fund currently has an adequate Reserve. One reason for this is to assure sufficient cash is in the bank to pay the bills as they arrive. Since the Income and expense track fairly closely this is not a major concern. Another reason is to deal with disasters. The Water system could be hurt in a major earthquake or earth fissure: both of these occur in our area. These are usually minor in nature and not a major area of concern. The Water Fund could face a major Capital Expense, there are no mandated major expenses projected in the Water fund. However if the Council decided to have the Water mains extended (i.e. from Joe Hines Rd south to Airport and then across the Interstate to tie into the existing water system), this would require major source of money. That money could come from Reserves. **There is not a need at this time to increase rates to address the reserves.**

The second attached sheet titled "Analysis of Income Water Fund" provides an explanation of how the Rate structure is established and adjusted in the Water Fund. The top box provides narrative on the Rate structure and the adjustments.

The second box provides an analysis of the estimated "Fixed Fees" by the various meter sizes, the current monthly rate by meter size the number of customers by meter size (this number varies daily, but usually averages out the same), the estimated monthly income, and the estimated annual income.

The third box provides information on the Water Enterprise Fund "Tier" system. Under this system any customer will receive the first 2000 gallons of water at no charge, the next 4000 gallons are charged at \$1.63 per thousand gallons, the next 4000 gallons are charged at \$1.82 per thousand gallons, the 5000 gallons are charged at \$2.03 gallons per thousand, and all usage above 15,000 gallons is charged at \$2.16 per thousand gallon. The volume of water used by individual customers varies a great deal by time of year (a considerable amount of water is used for cooling and irrigation, this results in a seasonal fluctuation in use, i.e. income), and is very difficult to project; the method used in this case is to review the "Service Fees (amounts for the combination Fixed and Variable Fee) expected in FY 13 and subtract the estimated Fixed Fee portion.

The fourth box discusses the current deficit income into the Water Fund. This results from the "Service Fees" not being sufficient to cover the "Total Operating Costs". In this case this is a Planned Deficit. The reason the City is experiencing a Planned Deficit is that the Reserves are in excess of what is reasonable required for prudent financial operation. The Planned Deficit is a way to return money to the rate payers of the Water Enterprise Fund. While currently this is reasonable, this must be closely monitored to assure that the deficit levels out over time.

The third attached sheet is the "Water Fund Projections". The upper portion of the Sheet shows one year of operation (FY12), one half year of actual operation and one half year of projected operations (FY13), and thirteen years of projected data on operations.

The center portion shows the "Water Fund Capital" with the same data as listed above.

The lower portion provides narrative on the data above.

These projections are to assist in the financial planning for the Water Enterprise Fund. One of the City's goals for the Enterprise Funds is to avoid "Rate Shock" (this is a sudden and large change in the rate structure which is disruptive to individuals and business wallets and operations). By using the projections it is easier to see the future impacts of current decisions.

The fourth attached sheet relates to the "Bulk Water" fees. This is a small special purpose area within the Water Fund. The Bulk water purchases are usually made by contractor during development of area, often for dust control or compaction, sometimes bulk water is purchased for use by individuals on their farms and ranches, and occasionally an individual may purchase bulk water for their Recreational vehicle. Currently the City sells bulk water in two (2) forms; the majority through the standpipe at Keillor Park, this is a labor intense operation and is inconvenient for both the purchaser and the City crews. The second manner is through the securing of a "hydrant meter" which is attached to a City fire hydrant and a deposit is paid with the meter being read periodically: this is more convenient for the contractor and if this is done in a remote location does not pose a problem; when the hydrant meter is set in a developed part of town there is a potential problem with interfering with firefighting operations. To address these concerns and broaden the customer base (to RVs) the Staff approached the Council about establishing a "Bulk Water Station"; which the Council approved. The station is now functional and there needs to be established "rates" for the Bulk Water Station. The Council discussed this during the regular meeting on January 22, 2013. At that time the Council provided some input to the Staff concerning differentiation of the rates on the Bulk Water Station and the Hydrant meter. Based upon that input the suggested rates of ten dollars (\$10.00) per thousand Gallons at the Bulk Water Station (Option 3 on attachment 4 rounded up from \$9.89); and rates of fifty dollars (\$50.00) set up fee for hydrant meter and ten dollars (\$10.00) per thousand gallons, to make the Bulk Water Station competitive with hydrant meters. While these are not a large source of revenue, these steps should generate sufficient revenue to pay for the cost of operation and there should be improved labor efficiency.

The "Service Fees" were adequate in FY12 to cover the "Total Operating Costs" this is and should be the normal state of affairs. However the Water Enterprise Fund had accumulated a large Operating Reserve. When setting the rates for FY13 the Council put in place a planned reduction in the Operating reserves; this resulted in a reduction of income in FY13. There are still large Operating reserves. Although there is no immediate danger, the long term result could be that the Operating Reserves fall to an unacceptable level (FY25). This must continue to be closely monitored.

There are other factors which are positive for the maintenance of the Operating reserve: there are other income sources which reduce the amount of Services Fees which must be collected (although these should not be relied upon as a dependable source of income); the Staff typically underspends the estimated expenses (the Budget must be established at a level to accommodate unforeseeable circumstances since State Law does not provide a method to increase the City budget once adopted); the revenue projections have traditionally been conservative (low) which results in higher ending balance than projected.

There are factors which could adversely affect the Operating reserves; most probably the decision to undertake a major capital project.

The projections assume that there is **NO** rate increase for residential and business established meters for FY14. The projections past FY 14 assume a 3% increase each year (3% is a figure chosen to represent an inflationary factor it may be higher or lower in actuality). The increase recommended for the Bulk Water and hydrant meters is incorporated in the projections but is not considered to be significant.

RECOMMENDATION: Staff recommends that the water rates remain the same for residential and business established meters and that the recommended fees for the Bulk Water and Hydrant meters be adopted for FY14.

FISCAL IMPACT: Estimated total income to the Water Enterprise Fund is \$672,294 and Expense is \$767,228 in FY14.

Prepared by: Pat McCourt

Approved by: _____
City Manager

The income to the Water Fund comes from charges to the users. The charges are made up of two (2) parts: a Fixed Fee based upon meter size and a multitiered Variable Fee. There are other fees and income to the Water Fund which are not in this analysis: they provide a minor source of income. The rates (both Fixed and Variable) are adjusted by a Consumer Price Index each year in July; unless the Council directs otherwise. While the number of customers in any size may vary slightly by month, the number below represent average per month. The estimated FY13 income (based 1/2 yr actual & 1/2yr estimate) is \$653,412. For FY 13 there was a substantial reduction in the Fixed Fee. This was based upon the Fund Balance and reducing it over time; i.e. returning money to the Rate Payers.

| Meter size | Monthly | # of Cust | Monthly income | Est Yr income |
|------------|----------|-----------|----------------|---------------|
| 3/4" | \$14.55 | 1449 | \$21,082.95 | \$252,995.40 |
| 1" | \$19.21 | 17 | \$326.57 | \$3,918.84 |
| 1.5" | \$26.52 | 12 | \$318.24 | \$3,818.88 |
| 2" | \$35.16 | 59 | \$2,074.44 | \$24,893.28 |
| 3" | \$72.80 | 2 | \$145.60 | \$1,747.20 |
| 4" | \$182.61 | 8 | \$1,460.88 | \$17,530.56 |
| | | 1547 | \$25,408.68 | \$304,904.16 |

The Variable Fee is based upon the number of gallons each user uses each month from the various "tiers". Below are the current tiers for all users. Tiers are required by State law.

| Tier | Cost/1000gallon | Est Variable Fee income |
|---------------------------|-----------------|-------------------------|
| first 2000 gallons | \$0.00 | \$348,508.00 |
| 2001-6000 gallons | \$1.63 | (\$653,412 - \$304,904) |
| 6001-10,000 gallons | \$1.82 | |
| 10,001 -15,000 gallons | \$2.03 | |
| 15,001 - no limit gallons | \$2.16 | |

The total Monthly bill is determined by adding the Fixed Fee (based on size meter) and adding the calculation of number of gallons in each tier by rate per tier.

The FY 14 the estimated operational cost \$767,228
Less the FY13 the estimated income \$653,412
Surplus of Deficit (-) -\$113,816 This is an planned reduction in the Fund balance: i.e. returning money to Rate Payers

The Water Fund currently has an estimated Fund balance of \$1,351,204 Estimated FY 14 OBO this would appear to be adequate.
Required OBO is \$191,807

Recommendation for FY14 keep rates constant

Water Fund Projections
Date of Sheet 3-12-13

Attached Sheet 3 Water Fund

Water Fund Operating

| | FY 11-12 | FY 12-13 | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 | FY 17-18 | FY 18-19 | FY 19-20 | FY 20-21 | FY 21-22 | FY 22-23 | FY 23-24 | FY 24-25 | FY 25-26 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|
| Opening Balance Operations (OBO) | \$1,341,947 | \$1,437,811 | \$1,374,193 | \$1,279,258 | \$1,188,038 | \$1,094,365 | \$998,209 | \$899,538 | \$797,318 | \$692,544 | \$585,178 | \$475,182 | \$361,515 | \$245,163 | \$125,082 |
| Operating Income | \$732,609 | \$653,415 | \$646,000 | \$665,380 | \$685,341 | \$705,902 | \$727,079 | \$748,891 | \$771,358 | \$794,499 | \$818,333 | \$842,883 | \$868,170 | \$894,215 | \$921,042 |
| Service fees 3% | \$2,550 | \$2,375 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| Connect fee | \$6,006 | \$5,390 | \$5,552 | \$5,718 | \$5,890 | \$6,066 | \$6,248 | \$6,436 | \$6,629 | \$6,828 | \$7,033 | \$7,244 | \$7,461 | \$7,685 | \$7,915 |
| Penalty Fees | \$18,803 | \$15,157 | \$13,742 | \$12,793 | \$11,880 | \$10,944 | \$9,982 | \$8,995 | \$7,973 | \$6,925 | \$5,852 | \$4,752 | \$3,615 | \$2,452 | \$1,251 |
| Interest 1% | \$9,917 | \$9,866 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 | \$2,000 |
| Misc | \$769,885 | \$686,203 | \$672,294 | \$690,891 | \$710,112 | \$729,912 | \$750,309 | \$771,322 | \$792,960 | \$815,252 | \$838,218 | \$861,879 | \$886,246 | \$911,352 | \$937,208 |
| Total Income | \$189,946 | \$214,000 | \$202,680 | \$208,760 | \$215,023 | \$221,474 | \$228,118 | \$234,982 | \$242,011 | \$249,271 | \$256,749 | \$264,451 | \$272,385 | \$280,557 | \$288,973 |
| Daily Operating Costs | \$133,317 | \$150,000 | \$185,939 | \$191,517 | \$197,263 | \$203,181 | \$209,278 | \$215,584 | \$222,021 | \$228,682 | \$235,542 | \$242,608 | \$249,886 | \$257,383 | \$265,105 |
| Personnel 3% | \$126,543 | \$128,264 | \$116,053 | \$119,535 | \$123,121 | \$126,814 | \$130,619 | \$134,537 | \$138,573 | \$142,731 | \$147,012 | \$151,423 | \$155,968 | \$160,644 | \$165,464 |
| Operational 3% | \$64,265 | \$64,268 | \$64,809 | \$68,619 | \$68,588 | \$68,515 | \$68,401 | \$68,246 | \$68,009 | \$67,790 | \$67,540 | \$67,281 | \$67,021 | \$66,761 | \$66,501 |
| Overhead 3% | \$155,950 | \$160,629 | \$165,447 | \$170,411 | \$175,523 | \$180,789 | \$186,212 | \$191,799 | \$197,553 | \$203,479 | \$209,584 | \$215,871 | \$222,347 | \$229,018 | \$235,888 |
| Debt Service (DS) | \$32,671 | \$32,671 | \$32,300 | \$33,269 | \$34,267 | \$35,295 | \$36,354 | \$37,445 | \$38,568 | \$39,725 | \$40,917 | \$42,144 | \$43,408 | \$44,711 | \$46,052 |
| Capital Operating | \$674,021 | \$748,821 | \$767,228 | \$782,111 | \$803,785 | \$826,068 | \$848,980 | \$873,543 | \$897,734 | \$922,617 | \$948,214 | \$975,547 | \$1,002,598 | \$1,031,433 | \$1,061,602 |
| License fees 5% | \$1,437,811 | \$1,374,193 | \$1,279,258 | \$1,188,038 | \$1,094,365 | \$998,209 | \$899,538 | \$797,318 | \$692,544 | \$585,178 | \$475,182 | \$361,515 | \$245,163 | \$125,082 | \$687 |
| Total Operating Costs | \$191,807 | \$195,528 | \$195,528 | \$200,946 | \$206,517 | \$212,245 | \$218,386 | \$224,434 | \$230,654 | \$237,053 | \$243,687 | \$250,649 | \$257,858 | \$265,401 | \$273,208 |
| OBO next year | | | | | | | | | | | | | | | |
| Target OBO | | | | | | | | | | | | | | | |

Water Fund Capital

| | | | | | | | | | | | | | | | |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Opening Balance Capital (OBC) | \$0 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 |
| COC income | \$155,950 | \$160,629 | \$165,447 | \$170,411 | \$175,523 | \$180,789 | \$186,212 | \$191,799 | \$197,553 | \$203,479 | \$209,584 | \$215,871 | \$222,347 | \$229,018 | \$235,888 |
| Borrowing | | | | | | | | | | | | | | | |
| Grants | | | | | | | | | | | | | | | |
| Total COC money | \$155,950 | \$240,848 | \$245,667 | \$250,830 | \$255,743 | \$261,008 | \$266,432 | \$272,018 | \$277,772 | \$283,699 | \$289,803 | \$296,091 | \$302,567 | \$309,237 | \$316,108 |
| Vehicle Repl | \$23,630 | \$160,629 | \$165,447 | \$170,411 | \$175,523 | \$180,789 | \$186,212 | \$191,799 | \$197,553 | \$203,479 | \$209,584 | \$215,871 | \$222,347 | \$229,018 | \$235,888 |
| System Replacement | \$52,100 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Planning/Engineering | | | | | | | | | | | | | | | |
| Construction | | | | | | | | | | | | | | | |
| Total COC costs | \$75,731 | \$160,629 | \$165,447 | \$170,411 | \$175,523 | \$180,789 | \$186,212 | \$191,799 | \$197,553 | \$203,479 | \$209,584 | \$215,871 | \$222,347 | \$229,018 | \$235,888 |
| OBC next year | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 | \$80,219 |

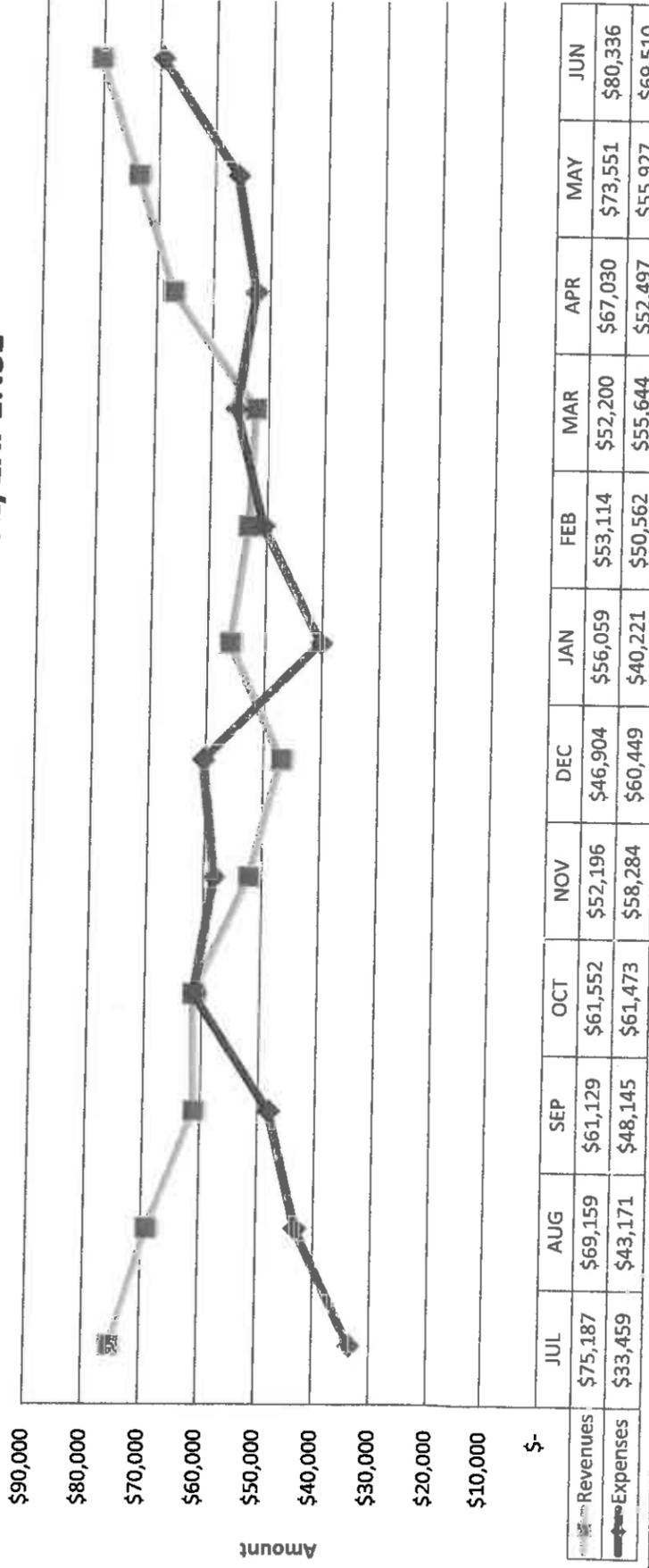
Assumes constant water sales volume
Assumes no new debt service
General Fund DS paid off in FY14. Water Fund DS continues until FY 35

CITY OF WILLCOX
WATER UTILITY

CASH FLOW 4-YEAR MONTHLY AVERAGE, FEB 2009-JAN 2013
REVENUES AND EXPENSES BY MONTH

Attached Sheet 1

WATER UTILITY 4 YEAR AVERAGE REVENUE/EXPENSE



Proposed Self Operated System

4th attached sheet

| Option #1 | | Option #2 | |
|--|-----------------|--|-----------------|
| Bulk Water Station Rate Calculation | | Bulk Water Station Rate Calculation | |
| Bulk Water Station Cost | \$ 46,300.00 | Bulk Water Station Cost | \$ 46,300.00 |
| Equipment Life (Years) | 10 | Equipment Life (Years) | 10 |
| Cost per year | \$ 4,630.00 | Cost per year | \$ 4,630.00 |
| Gallons of Water Sold (Thousands) | 1000 | Gallons of Water Sold (Thousands) | 1500 |
| Cost per Thousand for Equipment | \$4.63 | Cost per Thousand for Equipment | \$3.09 |
| Cost for water (per thousand) | \$2.16 | Cost for water (per thousand) | \$2.16 |
| Electrical Cost (per month) | \$40.00 | Electrical Cost (per month) | \$40.00 |
| Phone / Internet Connection | \$50.00 | Phone / Internet Connection | \$50.00 |
| Water Meter Base Rate | \$182.61 | Water Meter Base Rate | \$182.61 |
| Monthly Costs Total | \$272.61 | Monthly Costs Total | \$272.61 |
| Monthly Cost per Thousand | \$3.27 | Monthly Cost per Thousand | \$2.18 |
| Total Cost Per Thousand | \$10.06 | Total Cost Per Thousand | \$7.43 |
| Revenue per year | \$ 10,061.32 | Revenue per year | \$ 11,141.32 |
| Option #3 | | Option #4 | |
| Bulk Water Station Rate Calculation | | Bulk Water Station Rate Calculation | |
| Bulk Water Station Cost | \$ 46,300.00 | Bulk Water Station Cost | \$ 46,300.00 |
| Equipment Life (Years) | 15 | Equipment Life (Years) | 15 |
| Cost per year | \$ 3,086.67 | Cost per year | \$ 3,086.67 |
| Gallons of Water Sold (Thousands) | 1000 | Gallons of Water Sold (Thousands) | 1500 |
| Cost per Thousand for Equipment | \$3.09 | Cost per Thousand for Equipment | \$2.06 |
| Cost for water (per thousand) | \$2.16 | Cost for water (per thousand) | \$2.16 |
| Electrical Cost (per month) | \$40.00 | Electrical Cost (per month) | \$40.00 |
| Phone / Internet Connection | \$50.00 | Phone / Internet Connection | \$50.00 |
| Water Meter Base Rate | \$182.61 | Water Meter Base Rate | \$182.61 |
| Monthly Costs Total | \$272.61 | Monthly Costs Total | \$272.61 |
| Monthly Cost per Thousand | \$3.27 | Monthly Cost per Thousand | \$2.18 |
| Total Cost Per Thousand | \$8.52 | Total Cost Per Thousand | \$6.40 |
| Revenue per year | \$ 8,517.99 | Revenue per year | \$ 9,597.99 |
| Minimum \$5.00 charge. | | | |

Arizona Department of Liquor Licenses and Control
 800 West Washington, 5th Floor
 Phoenix, Arizona 85007
 www.azliquor.gov
 602-542-5141

APPLICATION FOR LIQUOR LICENSE
 TYPE OR PRINT WITH BLACK INK

Notice: Effective Nov. 1, 1997, All Owners, Agents, Partners, Stockholders, Officers, or Managers actively involved in the day to day operations of the business must attend a Department approved liquor law training course or provide proof of attendance within the last five years. See page 5 of the Liquor Licensing requirements.

SECTION 1 This application is for a:

- MORE THAN ONE LICENSE
- INTERIM PERMIT *Complete Section 5*
- NEW LICENSE *Complete Sections 2, 3, 4, 13, 14, 15, 16*
- PERSON TRANSFER (Bars & Liquor Stores ONLY)
Complete Sections 2, 3, 4, 11, 13, 15, 16
- LOCATION TRANSFER (Bars and Liquor Stores ONLY)
Complete Sections 2, 3, 4, 12, 13, 15, 16
- PROBATE/WILL ASSIGNMENT/DIVORCE DECREE
Complete Sections 2, 3, 4, 9, 13, 16 (fee not required)
- GOVERNMENT *Complete Sections 2, 3, 4, 10, 13, 15, 16*

SECTION 2 Type of ownership:

- J.T.W.R.O.S. *Complete Section 6*
- INDIVIDUAL *Complete Section 6*
- PARTNERSHIP *Complete Section 6*
- CORPORATION *Complete Section 7*
- LIMITED LIABILITY CO. *Complete Section 7*
- CLUB *Complete Section 8*
- GOVERNMENT *Complete Section 10*
- TRUST *Complete Section 6*
- OTHER (Explain) _____

SECTION 3 Type of license and fees LICENSE #(s): 12023173

1. Type of License(s): SERIES12, RESTAURANT

2. Total fees attached:

Department Use Only
 \$ 194.00

APPLICATION FEE AND INTERIM PERMIT FEES (IF APPLICABLE) ARE NOT REFUNDABLE.

The fees allowed under A.R.S. 44-6852 will be charged for all dishonored checks.

SECTION 4 Applicant

1. Owner/Agent's Name: Mr. SALAS GRACIELA
 Ms. SALAS GRACIELA
 (Insert one name ONLY to appear on license) Last First Middle
2. Corp./Partnership/L.L.C.: ZAC LLC B1049810
 (Exactly as it appears on Articles of Inc. or Articles of Org.)
3. Business Name: TORTILLERIA LA UNICA B1049809
 (Exactly as it appears on the exterior of premises)
4. Principal Street Location 142 N HASKELL AVE WILLCOX COCHISE 85643
 (Do not use PO Box Number) City County Zip
5. Business Phone: 520 384-0010 Daytime Phone: 520-507-3688 Email: NA
6. Is the business located within the incorporated limits of the above city or town? YES NO
7. Mailing Address: 142 N HASKELL AVE WILLCOX ARIZONA 85643
 City State Zip
8. Price paid for license only bar, beer and wine, or liquor store: Type _____ \$ _____ Type _____ \$ _____

DEPARTMENT USE ONLY

Fees: 100.00 Application 50.00 Interim Permit 44.00 Site Inspection
194.00 Finger Prints \$ 194.00
TOTAL OF ALL FEES

Is Arizona Statement of Citizenship & Alien Status For State Benefits complete? YES NO

Accepted by: [Signature] Date: 3.7.13 Lic. # 12023173

SECTION 5 Interim Permit:

1. If you intend to operate business when your application is pending you will need an Interim Permit pursuant to A.R.S. 4-203.01. 13 FEB 8 Lic. Dept PM12:32
2. There **MUST** be a valid license of the same type you are applying for currently issued to the location.
3. Enter the license number currently at the location. _____
4. Is the license currently in use? YES NO If no, how long has it been out of use? _____

ATTACH THE LICENSE CURRENTLY ISSUED AT THE LOCATION TO THIS APPLICATION.

I, _____, declare that I am the CURRENT OWNER, AGENT, CLUB MEMBER, PARTNER,
(Print full name)
 MEMBER, STOCKHOLDER, OR LICENSEE (circle the title which applies) of the stated license and location.

State of _____ County of _____

X _____
(Signature)

The foregoing instrument was acknowledged before me this

____ day of _____
 Day Month Year

My commission expires on: _____

(Signature of NOTARY PUBLIC)

SECTION 6 Individual or Partnership Owners:

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE (FORM LIC0101), AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$22 PROCESSING FEE FOR EACH CARD.

1. Individual:

| Last | First | Middle | % Owned | Mailing Address | City State Zip |
|------|-------|--------|---------|-----------------|----------------|
| | | | | | |

Partnership Name: (Only the first partner listed will appear on license) _____

| General-Limited | Last | First | Middle | % Owned | Mailing Address | City State Zip |
|--------------------------|------|-------|--------|---------|-----------------|----------------|
| <input type="checkbox"/> | | | | | | |
| <input type="checkbox"/> | | | | | | |
| <input type="checkbox"/> | | | | | | |
| <input type="checkbox"/> | | | | | | |

) Y R A S S E C E N F

2. Is any person, other than the above, going to share in the profits/losses of the business? YES NO
 If Yes, give name, current address and telephone number of the person(s). Use additional sheets if necessary.

| Last | First | Middle | Mailing Address | City, State, Zip | Telephone# |
|------|-------|--------|-----------------|------------------|------------|
| | | | | | |
| | | | | | |

SECTION 7 Corporation/Limited Liability Co.:

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE (FORM LIC0101), AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$22 PROCESSING FEE FOR EACH CARD.

- CORPORATION *Complete questions 1, 2, 3, 5, 6, 7, and 8.*
- L.L.C. *Complete 1, 2, 4, 5, 6, 7, and 8.*

1. Name of Corporation/L.L.C.: ZAC LLC
(Exactly as it appears on Articles of Incorporation or Articles of Organization)
2. Date Incorporated/Organized: 23 NOV 2012 State where Incorporated/Organized: ARIZONA
3. AZ Corporation Commission File No.: _____ Date authorized to do business in AZ: _____
4. AZ L.L.C. File No: L-18052831 Date authorized to do business in AZ: 3 DEC 2012
5. Is Corp./L.L.C. Non-profit? YES NO

6. List all directors, officers and members in Corporation/L.L.C.:

| Last | First | Middle | Title | Mailing Address | City State Zip |
|----------------|--------|--------|--------|-------------------|------------------|
| SALAS GONZALEZ | VICTOR | | MEMBER | 142 N HASKELL AVE | WILLCOX AZ 85643 |
| | | | | | |
| | | | | | |
| | | | | | |

(ATTACH ADDITIONAL SHEET IF NECESSARY)

7. List stockholders who are controlling persons or who own 10% or more:

| Last | First | Middle | % Owned | Mailing Address | City State Zip |
|----------------|--------|--------|---------|-------------------|------------------|
| SALAS GONZALEZ | VICTOR | | 100% | 142 N HASKELL AVE | WILLCOX AZ 85643 |
| | | | | | |
| | | | | | |
| | | | | | |

(ATTACH ADDITIONAL SHEET IF NECESSARY)

8. If the corporation/L.L.C. is owned by another entity, attach a percentage of ownership chart, and a director/officer/member disclosure for the parent entity. Attach additional sheets as needed in order to disclose personal identities of all owners.

SECTION 8 Club Applicants:

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE (FORM LIC0101), AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$22 PROCESSING FEE FOR EACH CARD.

1. Name of Club: _____ Date Chartered: _____
(Exactly as it appears on Club Charter or Bylaws) (Attach a copy of Club Charter or Bylaws)
2. Is club non-profit? YES NO

3. List officer and directors:

| Last | First | Middle | Title | Mailing Address | City State Zip |
|------|-------|--------|-------|-----------------|----------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

SECTION 9 Probate, Will Assignment or Divorce Decree of an existing Bar or Liquor Store License:

- 1. Current Licensee's Name: _____
(Exactly as it appears on license) Last First Middle
*13 FEB 8 Liq. Dept #1232
- 2. Assignee's Name: _____
Last First Middle
- 3. License Type: _____ License Number: _____ Date of Last Renewal: _____
- 4. ATTACH TO THIS APPLICATION A CERTIFIED COPY OF THE WILL, PROBATE DISTRIBUTION INSTRUMENT, OR DIVORCE DECREE THAT SPECIFICALLY DISTRIBUTES THE LIQUOR LICENSE TO THE ASSIGNEE TO THIS APPLICATION.

SECTION 10 Government: (for cities, towns, or counties only)

- 1. Governmental Entity: _____
- 2. Person/designee: _____
Last First Middle Contact Phone Number

A SEPARATE LICENSE MUST BE OBTAINED FOR EACH PREMISES FROM WHICH SPIRITUOUS LIQUOR IS SERVED.

SECTION 11 Person to Person Transfer:

Questions to be completed by CURRENT LICENSEE (Bars and Liquor Stores ONLY-Series 06,07, and 09).

- 1. Current Licensee's Name: _____ Entity: _____
(Exactly as it appears on license) Last First Middle (Indiv., Agent, etc.)
- 2. Corporation/L.L.C. Name: _____
(Exactly as it appears on license)
- 3. Current Business Name: _____
(Exactly as it appears on license)
- 4. Physical Street Location of Business: Street _____
City, State, Zip _____
- 5. License Type: _____ License Number: _____
- 6. If more than one license to be transfered: License Type: _____ License Number: _____
- 7. Current Mailing Address: Street _____
(Other than business) City, State, Zip _____
- 8. Have all creditors, lien holders, interest holders, etc. been notified of this transfer? YES NO
- 9. Does the applicant intend to operate the business while this application is pending? YES NO If yes, complete Section 5 of this application, attach fee, and current license to this application.

10. I, _____, hereby authorize the department to process this application to transfer the
(print full name)
privilege of the license to the applicant, provided that all terms and conditions of sale are met. Based on the fulfillment of these conditions, I certify that the applicant now owns or will own the property rights of the license by the date of issue.

I, _____, declare that I am the CURRENT OWNER, AGENT, MEMBER, PARTNER
(print full name)
STOCKHOLDER, or LICENSEE of the stated license. I have read the above Section 11 and confirm that all statements are true, correct, and complete.

(Signature of CURRENT LICENSEE) State of _____ County of _____
The foregoing instrument was acknowledged before me this

Day Month Year

My commission expires on: _____

SECTION 12 Location to Location Transfer: (Bars and Liquor Stores ONLY)

APPLICANTS CANNOT OPERATE UNDER A LOCATION TRANSFER UNTIL IT IS APPROVED BY THE STATE

1. Current Business: Name *13 FEB 8 Liq. Dept #12:32
(Exactly as it appears on license) Address _____
2. New Business: Name _____
(Physical Street Location) Address _____
3. License Type: _____ License Number: _____
4. If more than one license to be transferred: License Type: _____ License Number: _____
5. What date do you plan to move? _____ What date do you plan to open? _____

SECTION 13 Questions for all in-state applicants excluding those applying for government, hotel/motel, and restaurant licenses (series 5, 11, and 12):

A.R.S. § 4-207 (A) and (B) state that no retailer's license shall be issued for any premises which are at the time the license application is received by the director, within three hundred (300) horizontal feet of a church, within three hundred (300) horizontal feet of a public or private school building with kindergarten programs or grades one (1) through (12) or within three hundred (300) horizontal feet of a fenced recreational area adjacent to such school building. The above paragraph DOES NOT apply to:

- a) Restaurant license (§ 4-205.02)
- b) Hotel/motel license (§ 4-205.01)
- c) Government license (§ 4-205.03)
- d) Fenced playing area of a golf course (§ 4-207 (B)(5))

1. Distance to nearest school: _____ ft. Name of school _____
Address _____
City, State, Zip _____
2. Distance to nearest church: _____ ft. Name of church _____
Address _____
City, State, Zip _____
3. I am the: Lessee Sublessee Owner Purchaser (of premises)
4. If the premises is leased give lessors: Name SANDRA ROBLES
Address _____
City, State, Zip _____
- 4a. Monthly rental/lease rate \$ 1000 What is the remaining length of the lease ___ yrs. ___ mos.
- 4b. What is the penalty if the lease is not fulfilled? \$ 1000 or other DEFAULT MOVE-OUT
(give details - attach additional sheet if necessary)
5. What is the total **business** indebtedness for this license/location excluding the lease? \$ 0
Please list lenders you owe money to.

| Last | First | Middle | Amount Owed | Mailing Address | City State | Zip |
|------|-------|--------|-------------|-----------------|------------|-----|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

(ATTACH ADDITIONAL SHEET IF NECESSARY)

6. What type of business will this license be used for (be specific)? MEXICAN RESTAURANT & TORTILLERIA

SECTION 13 - continued

7. Has a license or a transfer license for the premises on this application been denied by the state within the past one (1) year?

YES NO If yes, attach explanation. *13 FEB 8 Liq. Dept PM12:32

8. Does any spirituous liquor manufacturer, wholesaler, or employee have any interest in your business? YES NO

9. Is the premises currently licensed with a liquor license? YES NO If yes, give license number and licensee's name:

License # _____ (exactly as it appears on license) Name _____

SECTION 14 Restaurant or hotel/motel license applicants:

1. Is there an existing restaurant or hotel/motel liquor license at the proposed location? YES NO

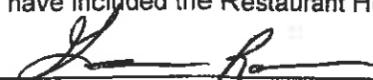
If yes, give the name of licensee, Agent or a company name:

_____ and license #: _____
Last First Middle

2. If the answer to Question 1 is YES, you may qualify for an Interim Permit to operate while your application is pending; consult A.R.S. § 4-203.01; and complete SECTION 5 of this application.

3. All restaurant and hotel/motel applicants must complete a Restaurant Operation Plan (Form LIC0114) provided by the Department of Liquor Licenses and Control.

4. As stated in A.R.S. § 4-205.02.G.2, a restaurant is an establishment which derives at least 40 percent of its gross revenue from the sale of food. Gross revenue is the revenue derived from all sales of food and spirituous liquor on the licensed premises. By applying for this hotel/motel restaurant license, I certify that I understand that I must maintain a minimum of 40 percent food sales based on these definitions and have included the Restaurant Hotel/Motel Records Required for Audit (form LIC 1013) with this application.


applicant's signature

As stated in A.R.S § 4-205.02 (B), I understand it is my responsibility to contact the Department of Liquor Licenses and Control to schedule an inspection when all tables and chairs are on site, kitchen equipment, and, if applicable, patio barriers are in place on the licensed premises. With the exception of the patio barriers, these items are not required to be properly installed for this inspection. Failure to schedule an inspection will delay issuance of the license. If you are not ready for you inspection 90 days after filing your application, please request an extension in writing, specify why the extension is necessary and the new inspection date you are requesting. To schedule your site inspection visit www.azliquor.gov and click on the "Information" tab.


applicant's initials

SECTION 15 Diagram of Premises: (Blueprints not accepted, diagram must be on this form)

1. Check ALL boxes that apply to your business:

Entrances/Exits Liquor storage areas Patio: Contiguous
 Service windows Drive-in windows Non Contiguous

2. Is your licensed premises currently closed due to construction, renovation, or redesign? YES NO

If yes, what is your estimated opening date? _____
month/day/year

3. Restaurants and hotel/motel applicants are required to draw a detailed floor plan of the kitchen and dining areas including the locations of all kitchen equipment and dining furniture. Diagram paper is provided on page 7.

4. The diagram (a detailed floor plan) you provide is required to disclose only the area(s) where spiritous liquor is to be sold, served, consumed, dispensed, possessed, or stored on the premises unless it is a restaurant (see #3 above).

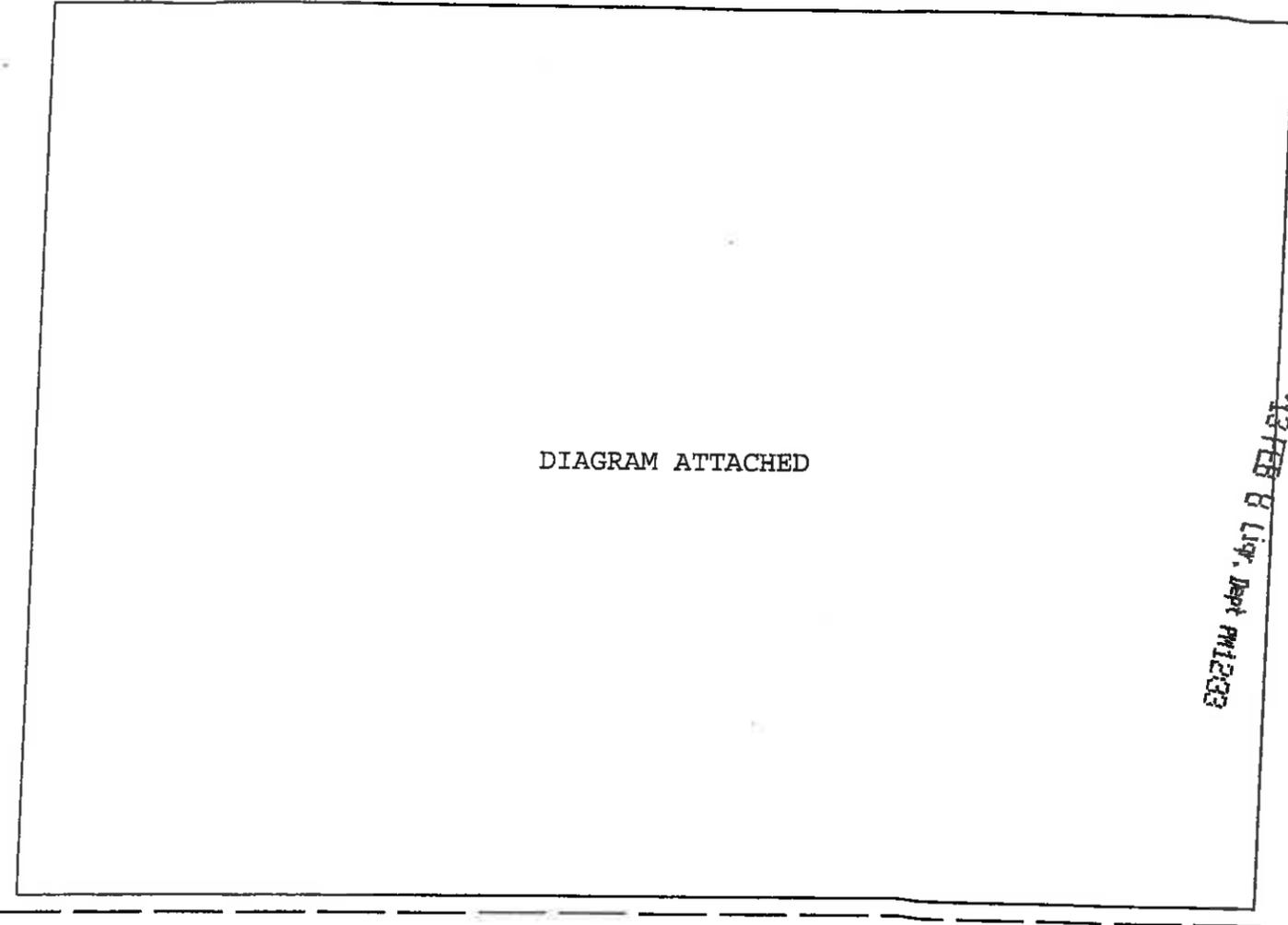
5. Provide the square footage or outside dimensions of the licensed premises. Please do not include non-licensed premises, such as parking lots, living quarters, etc.

As stated in A.R.S. § 4-207.01(B), I understand it is my responsibility to notify the Department of Liquor Licenses and Control when there are changes to boundaries, entrances, exits, added or deleted doors, windows or service windows, or increase or decrease to the square footage after submitting this initial drawing.



4. In this diagram please show only the area where spirituous liquor is to be sold, served, consumed, dispensed, possessed or stored. It must show all entrances, exits, interior walls, bars, bar stools, hi-top tables, dining tables, dining chairs, the kitchen, dance floor, stage, and game room. Do not include parking lots, living quarters, etc. When completing diagram, North is up.

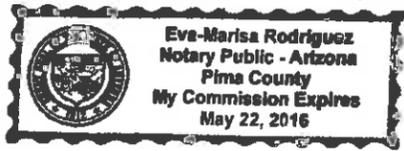
If a legible copy of a rendering or drawing of your diagram of premises is attached to this application, please write the words "diagram attached" in box provided below.



SECTION 16 Signature Block

I, GRACIELA SALAS, hereby declare that I am the OWNER/AGENT filing this application as stated in Section 4, Question 1. I have read this application and verify all statements to be true, correct and complete.

X [Signature]
(signature of applicant listed in Section 4, Question 1)



State of ARIZONA County of PIMA

The foregoing instrument was acknowledged before me this

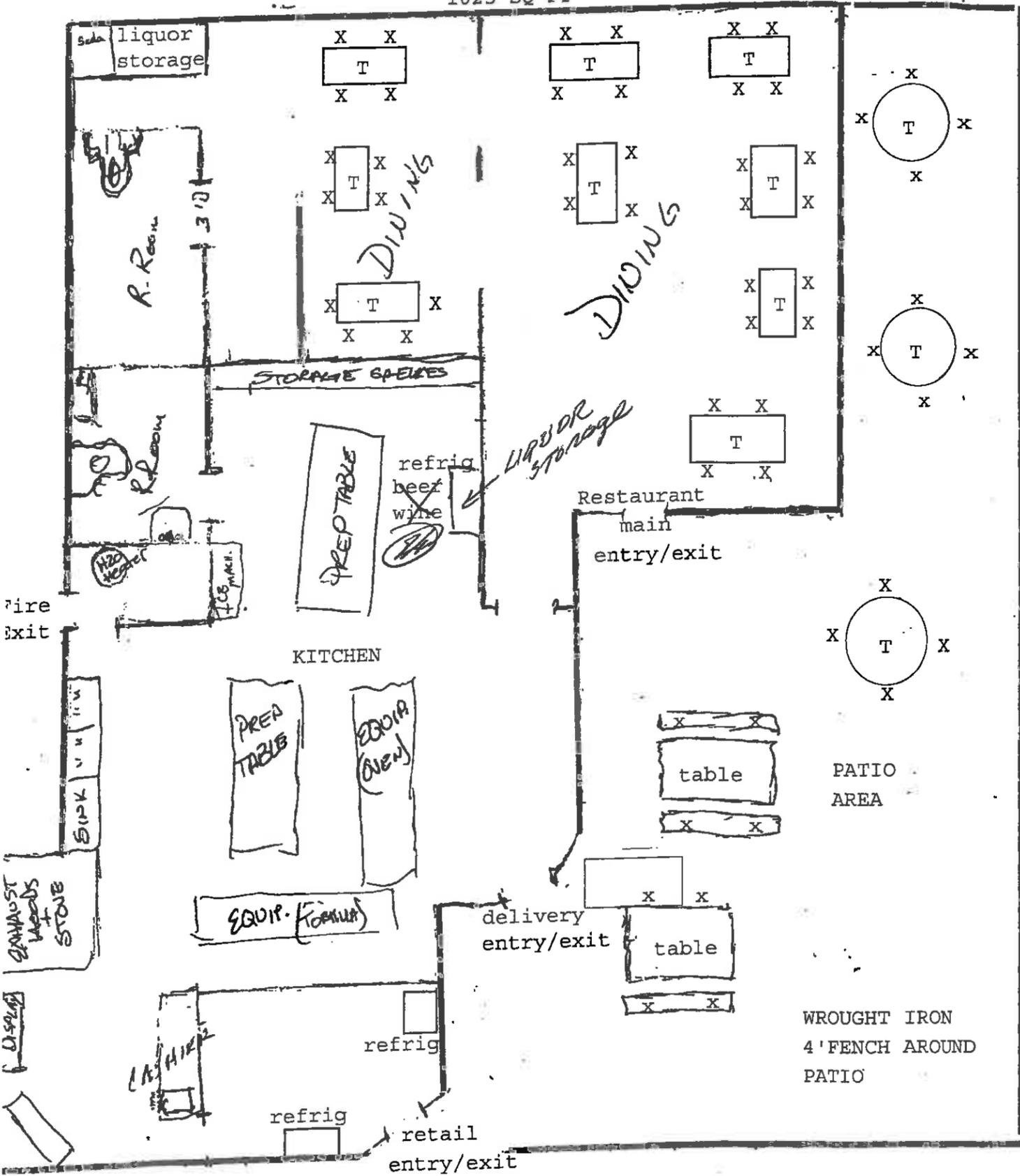
17 of JANUARY, 2013
Day Month Year

[Signature]
signature of NOTARY PUBLIC

My commission expires on : 22 MAY 2016
Day Month Year

13 FEB 8 Liq. Dept PM12:33

1025 SQ FT



WROUGHT IRON
4' FENCH AROUND
PATIO

Arizona Department of Liquor Licenses and Control

800 West Washington, 5th Floor
Phoenix, Arizona 85007
www.azliquor.gov
602-542-5141

APPLICATION FOR LIQUOR LICENSE
TYPE OR PRINT WITH BLACK INK

Notice: Effective Nov. 1, 1997, All Owners, Agents, Partners, Stockholders, Officers, or Managers actively involved in the day to day operations of the business must attend a Department approved liquor law training course or provide proof of attendance within the last five years. See page 5 of the Liquor Licensing requirements.

SECTION 1 This application is for a:

- MORE THAN ONE LICENSE
- INTERIM PERMIT Complete Section 5
- NEW LICENSE Complete Sections 2, 3, 4, 13, 14, 15, 16
- PERSON TRANSFER (Bars & Liquor Stores ONLY) Complete Sections 2, 3, 4, 11, 13, 15, 16
- LOCATION TRANSFER (Bars and Liquor Stores ONLY) Complete Sections 2, 3, 4, 12, 13, 15, 16
- PROBATE/WILL ASSIGNMENT/DIVORCE DECREE Complete Sections 2, 3, 4, 9, 13, 16 (fee not required)
- GOVERNMENT Complete Sections 2, 3, 4, 10, 13, 15, 16

SECTION 2 Type of ownership:

- J.T.W.R.O.S. Complete Section 6
- INDIVIDUAL Complete Section 6
- PARTNERSHIP Complete Section 6
- CORPORATION Complete Section 7
- LIMITED LIABILITY CO. Complete Section 7
- CLUB Complete Section 8
- GOVERNMENT Complete Section 10
- TRUST Complete Section 6
- OTHER (Explain)

SECTION 3 Type of license and fees LICENSE #(s):

1. Type of License(s): #9 Liquor

09020030

2. Total fees attached: \$

Department of Liquor Licenses and Control

APPLICATION FEE AND INTERIM PERMIT FEES (IF APPLICABLE) ARE NOT REFUNDABLE.

The fees allowed under A.R.S. 44-6852 will be charged for all dishonored checks.

SECTION 4 Applicant

1. Owner/Agent's Name: Mr. Dunlap Theodore P 1072374 Joseph
(Insert one name ONLY to appear on license) Last First Middle
2. Corp./Partnership/L.L.C.: FASTBREAK MANAGEMENT LLC B1049783
(Exactly as it appears on Articles of Inc. or Articles of Org.)
3. Business Name: KTS MARKET B1005730
(Exactly as it appears on the exterior of premises)
4. Principal Street Location 900 W. REX ALLEN DR. WILLCOY COCHISE 85643
(Do not use PO Box Number) City County Zip
5. Business Phone: (520) 384-2502 Daytime Phone: (520) 384-2502 Email: tdunlap@cdslkporl.e
6. Is the business located within the incorporated limits of the above city or town? YES NO
7. Mailing Address: 900 W. REX ALLEN DR WILLCOY AZ 85643
City State Zip
8. Price paid for license only bar, beer and wine, or liquor store: Type SERIES 9 \$ 50,000. Type _____ \$ _____

DEPARTMENT USE ONLY

| | | | | |
|-------------|----------------|-----------------|---------------|-------------------|
| Fees: | <u>100</u> | <u>100</u> | <u>44.00</u> | |
| Application | Interim Permit | Site Inspection | Finger Prints | \$ <u>244.00</u> |
| | | | | TOTAL OF ALL FEES |

Is Arizona Statement of Citizenship & Alien Status For State Benefits complete? YES NO

Accepted by: M.C Date: 2/10/2013 Lic. # 09020030

BILL OF SALE

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, HILL ARIZONA GROCERY, INC., a Colorado corporation ("Seller") hereby sells, grants and transfers to FASTBREAK MANAGEMENT, LLC, an Arizona limited liability company ("Buyer") all right, title and interest in and to Arizona Liquor License No. 09020030 ("the License").

Seller warrants that it is the lawful owner of the License, that the License is free and clear of all claims, liens, or encumbrances except Seller's first-priority security interest, and that the undersigned is authorized to execute all documents necessary to effect transfer of the License.

This Bill of Sale shall be binding on Seller, its successor and assigns, and shall inure to the benefit of Buyer, its successors and assigns.

HILL ARIZONA GROCERY, INC.,
a Colorado corporation

2-27-13
Date

By: *Darin Hill*
Its *President*

13 MAR 6 10:41 AM '13

STATE OF COCHISE)
County of ARIZONA) ss.

M/L SUBSCRIBED AND SWORN to before me this 27th day of February, 2013 by *Darin Hill*, on behalf of Hill Arizona Grocery, Inc., a Colorado corporation.

Notary Seal:

Mindi Leann Flores
Notary Public



SECTION 7 Corporation/Limited Liability Co.:

EACH PERSON LISTED MUST SUBMIT A COMPLETED FORM "LIC0101", AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$29 FEE FOR EACH CARD.

- CORPORATION Complete questions 1, 2, 3, 5, 6, 7, 8.
- L.L.C. Complete questions 1, 2, 4, 5, 6, 7 and attach copy of Articles of Org. and Operation Agreement.

1. Name of Corporation/L.L.C.: _____
(Exactly as it appears on Articles of Inc. or Articles of Org.)
2. Date Incorporated/Organized: _____ State where Incorporated/Organized: _____
3. AZ Corporation Commission File No.: _____ Date authorized to do business in AZ: _____
4. AZ L.L.C. File No.: _____ Date authorized to do business in AZ: _____
5. Is Corp./L.L.C. non-profit? YES NO If yes, give IRS tax exempt number: _____

AMENDMENT

6. List all directors, / officers, controlling stockholders or members in Corporation/L.L.C.:

| Last | First | Middle | Title | Residence Address | City State Zip |
|-------------|-----------|--------|------------------------|-------------------|----------------|
| The Kennedy | Carol | | Reversible Team Member | | |
| Dunlap | Theodore | Joseph | member | | |
| Dunlap | Christina | Doreen | member | | |

(ATTACH ADDITIONAL SHEET IF NECESSARY)

7. List stockholders or controlling members owning 10% or more:

| Last | First | Middle | % Owned | Residence Address | City State Zip |
|------|-------|--------|---------|-------------------|----------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

(ATTACH ADDITIONAL SHEET IF NECESSARY)

8. If the corporation/L.L.C. is owned by another entity, attach an ownership, and director/officer/members disclosure for the parent entity. Attach additional sheets as necessary in order to disclose real people.

*13 MAR 6 11:41 AM '94

SECTION 8 Club Applicants:

EACH PERSON LISTED MUST SUBMIT A COMPLETED FORM "LIC0101", AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$29 FEE FOR EACH CARD.

1. Name of Club: _____ Date Chartered: _____
(Exactly as it appears on Club Charter or Bylaws) (Attach a copy of Club Charter or Bylaws)
2. Is club non-profit? YES NO If tax exempt, give IRS tax exempt number: _____

3. List officer and directors:

| Last | First | Middle | Title | Residence Address | City State Zip |
|------|-------|--------|-------|-------------------|----------------|
| | | | | | |
| | | | | | |
| | | | | | |

SECTION 7 Corporation/Limited Liability Co.:

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE (FORM LIC0101), AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$22 PROCESSING FEE FOR EACH CARD.

- CORPORATION Complete questions 1, 2, 3, 5, 6, 7, and 8.
 L.L.C. Complete 1, 2, 4, 5, 6, 7, and 8.

1. Name of Corporation/L.L.C.: FASTBREAK MANAGEMENT LLC
 (Exactly as it appears on Articles of Incorporation or Articles of Organization)

2. Date Incorporated/Organized: 2-19-13 State where Incorporated/Organized: ARIZONA

3. AZ Corporation Commission File No.: _____ Date authorized to do business in AZ: _____

4. AZ L.L.C. File No: L-1023721-4 Date authorized to do business in AZ: 2-19-13

5. Is Corp./L.L.C. Non-profit? YES NO

6. List all directors, officers and members in Corporation/L.L.C.:

| Last | First | Middle | Title | Mailing Address | City State Zip |
|--|----------|--------|-------|-----------------|------------------|
| DUNLAP | THEODORE | Joseph | MGR | 3266 W. Cox Rd | Willcox AZ 85643 |
| DUNLAP KENNETH T + CAROL A | | | MGR | 194 TAYLOR RD | Willcox AZ 85643 |
| DUNLAP REVOCABLE TRUST BENEFICIARIES TO THE TRUST ARE KENNETH T, CAROL A AND THEIR HEIRS | | | | | |

(ATTACH ADDITIONAL SHEET IF NECESSARY)

7. List stockholders who are controlling persons or who own 10% or more:

| Last | First | Middle | % Owned | Mailing Address | City State Zip |
|--|----------|--------|---------|-----------------|------------------|
| DUNLAP | THEODORE | Joseph | 50% | 3266 W. Cox Rd | Willcox AZ 85643 |
| DUNLAP REVOCABLE TRUST | | | 50% | 194 TAYLOR RD | Willcox AZ 85643 |
| The Kenneth and Carol Dunlap Revocable Trust | | | | | |

(ATTACH ADDITIONAL SHEET IF NECESSARY)

8. If the corporation/L.L.C. is owned by another entity, attach a percentage of ownership chart, and a director/officer/member disclosure for the parent entity. Attach additional sheets as needed in order to disclose personal identities of all owners.

SECTION 8 Club Applicants:

EACH PERSON LISTED MUST SUBMIT A COMPLETED QUESTIONNAIRE (FORM LIC0101), AN "APPLICANT" TYPE FINGERPRINT CARD, AND \$22 PROCESSING FEE FOR EACH CARD.

1. Name of Club: _____ Date Chartered: _____
 (Exactly as it appears on Club Charter or Bylaws) (Attach a copy of Club Charter or Bylaws)

2. Is club non-profit? YES NO

3. List officer and directors:

| Last | First | Middle | Title | Mailing Address | City State Zip |
|------|-------|--------|-------|-----------------|----------------|
| | | | | | |
| | | | | | |
| | | | | | |

The Kenneth and
^{DUNLAP} Carol Revocable
Trust

B1029784



CAROL Ann Dunlap
Trustee

P1009229

13 MAR 6 10P. LC. RM 954

BILL OF SALE

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, HILL ARIZONA GROCERY, INC., a Colorado corporation ("Seller") hereby sells, grants and transfers to FASTBREAK MANAGEMENT, LLC, an Arizona limited liability company ("Buyer") all right, title and interest in and to Arizona Liquor License No. 09020030 ("the License").

Seller warrants that it is the lawful owner of the License, that the License is free and clear of all claims, liens, or encumbrances except Seller's first-priority security interest, and that the undersigned is authorized to execute all documents necessary to effect transfer of the License.

This Bill of Sale shall be binding on Seller, its successor and assigns, and shall inure to the benefit of Buyer, its successors and assigns.

HILL ARIZONA GROCERY, INC.,
a Colorado corporation

By: *Darin Hill*
Its *President*

2-27-13
Date

STATE OF COCHISE)
County of ARIZONA) ss.

Darin Hill /my. SUBSCRIBED AND SWORN to before me this 27th day of February, 2013 by *Darin Hill* on behalf of Hill Arizona Grocery, Inc., a Colorado corporation.

Notary Seal:



Mindi Leann Flores
Notary Public

13 MAR 6 11:47 AM '13

SECTION 12 Location to Location Transfer: (Bars and Liquor Stores ONLY)

APPLICANTS CANNOT OPERATE UNDER A LOCATION TRANSFER UNTIL IT IS APPROVED BY THE STATE

1. Current Business: (Exactly as it appears on license) Name Hill ARIZONA Grocery Company Inc
Address 900 W Rex Allen Dr Willcox Az 85645
2. New Business: (Physical Street Location) Name Fastbreak Management LLC DBA KTS Market
Address 9
3. License Type: _____ License Number: _____
4. If more than one license to be transferred: License Type: _____ License Number: _____
5. What date do you plan to move? _____ What date do you plan to open? _____

SECTION 13 Questions for all in-state applicants excluding those applying for government, hotel/motel, and restaurant licenses (series 5, 11, and 12):

A.R.S. § 4-207 (A) and (B) state that no retailer's license shall be issued for any premises which are at the time the license application is received by the director, within three hundred (300) horizontal feet of a church, within three hundred (300) horizontal feet of a public or private school building with kindergarten programs or grades one (1) through (12) or within three hundred (300) horizontal feet of a fenced recreational area adjacent to such school building. The above paragraph DOES NOT apply to:

- a) Restaurant license (§ 4-205.02) c) Government license (§ 4-205.03)
b) Hotel/motel license (§ 4-205.01) d) Fenced playing area of a golf course (§ 4-207 (B)(5))

1. Distance to nearest school: 3196 ft. Name of school Willcox Middle School
Address 480 N. Bisbee Ave Willcox AZ 85643
City, State, Zip
2. Distance to nearest church: 2112 ft. Name of church KINGDOM HALL OF JEHOVAH'S WITNESSES
Address 403 W REX ALLEN DR. Willcox AZ 85643
City, State, Zip
3. I am the: Lessee Sublessee Owner Purchaser (of premises)
4. If the premises is leased give lessors: Name BOBS IGA WEST INC
Address PO Box 1058 Willcox AZ 85644
City, State, Zip
- 4a. Monthly rental/lease rate \$ 8741.25 What is the remaining length of the lease 6 yrs. 6 mos.
- 4b. What is the penalty if the lease is not fulfilled? \$ 120 DAY TERM or other IN WRITING (give details - attach additional sheet if necessary)
5. What is the total business indebtedness for this license/location excluding the lease? \$ 286,000.00
Please list lenders you owe money to.

13 MAR 14 9 54 AM '14

| Last | First | Middle | Amount Owed | Mailing Address | City State | Zip |
|------|---------|----------------|-------------|-----------------|--------------|-------|
| HILL | ARIZONA | GROCERY Co INC | 2162,000.00 | P.O. Box 187 | BIJEWELRY Co | 81432 |
| BOBS | IGA | WEST INC | 24,000.00 | PO Box 1058 | Willcox AZ | 85644 |
| | | | | | | |
| | | | | | | |

(ATTACH ADDITIONAL SHEET IF NECESSARY)

What type of business will this license be used for (be specific)? GROCERY

4. In this diagram please show only the area where spirituous liquor is to be sold, served, consumed, dispensed, possessed or stored. It must show all entrances, exits, interior walls, bars, bar stools, hi-top tables, dining tables, dining chairs, the kitchen, dance floor, stage, and game room. Do not include parking lots, living quarters, etc. When completing diagram, North is up ↑.

If a legible copy of a rendering or drawing of your diagram of premises is attached to this application, please write the words "diagram attached" in box provided below.

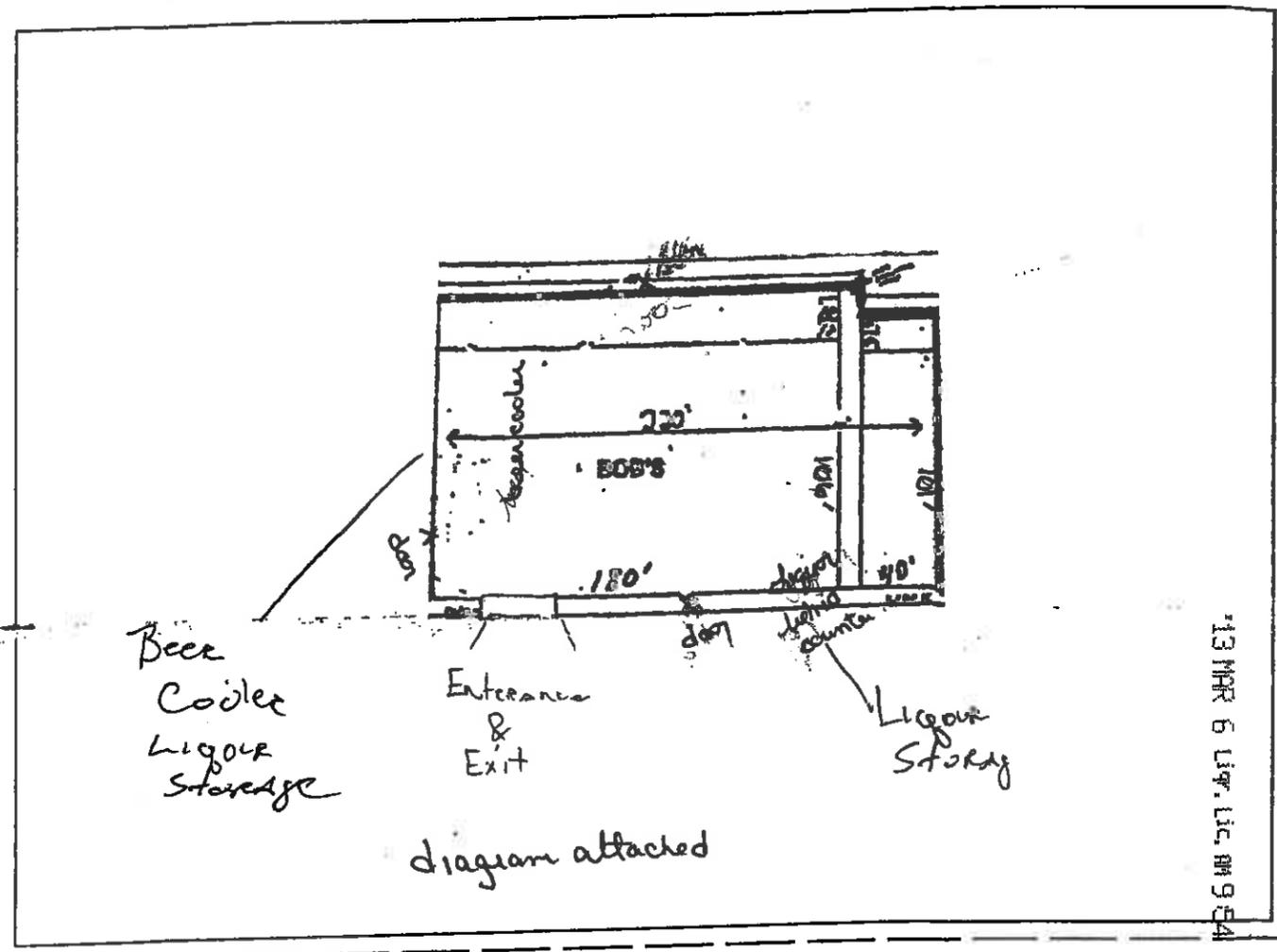


diagram attached

SECTION 16 Signature Block

I, Theodore Joseph Dunlap, hereby declare that I am the OWNER/AGENT filing this application as stated in Section 4, Question 1. I have read this application and verify all statements to be true, correct and complete.

X [Signature]
(signature of applicant listed in Section 4, Question 1)

State of ARIZONA County of COCHISE

The foregoing instrument was acknowledged before me this

5th of MARCH, 2013
Day Month Year

[Signature]
signature of NOTARY PUBLIC

My commission expires on: 3-27-2014
Day Month Year



CITY OF WILLCOX
Request for Council Action

Agenda Item: 10
Tab Number: 4
Date: 04/01/2013

Date Submitted:

April 01, 2013

Action:
 Resolution
 Ordinance
 Formal
 Other

Subject:
City Manager Hiring
Update

To: Honorable Mayor and City Council
From: Sherry Lynn Van Allen, Human Resources

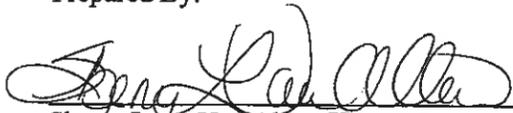
Discussion:

Update on the ongoing hiring process for the City Manager Position. All of the ads have been placed and we are currently receiving applications. The application process will officially close on Friday, April 19, 2013 at 4:00 p.m. as scheduled. The council will receive completed applicant packets on Monday, April 22, 2013.

The Council may consider holding an Executive Session on Monday, April 29, 2013 to discuss and review the applications as a group. Supplemental written questions will be sent to applicants following the Councils review.

If you have any questions please do not hesitate to contact me at 520-766-4204.

Prepared By:


Sherry Lynn Van Allen, Human Resources

Approved by:


Pat McCourt, City Manager

Memo

To: Mayor and Council
From: Sherry Lynn Van Allen – Human Resources
Date: 3/25/2013
Re: Update City Manager Ads

Please find an update on the status of the City Manager advertising process.

Placed on City website: http://www.cityofwillcox.org/human_resources/careers.shtml

Placed on League:
<http://www.azleague.org/Jobs.aspx?Uniqueld=96&From=All&CommunityJobs=False&JobID=Willcox-City-of-Manager-1224>

Placed on ICMA:
http://icma.org/en/icma/career_network/JobAd/102337/City_Manager

Government Jobs Available publication was mailed nationally Tuesday, March 26, 2013.

Ad was published in the Arizona Range News on Wednesday, March 27, 2013 and again on Wednesday, April 03, 2013

If you have any questions please give me a call.
520-766-4204 – Direct Line

svanallen@willcoxcity.org

City Manager Selection Process:

- ✈ Applications Close - April 19, 2013
- Applications to Council - Monday April 22, 2013
- Application Review - Monday April 29th
- Supplemental Questions Requested – Friday, May 3rd
- Supplemental Question deadline – Thursday, May 9th
- Supplemental Questions Sent to Council – Monday, May 13th
- Phone Interviews Scheduled – Week of May 20th
- Phone Interviews Held – Tuesday, May 28th 4:30 -9:00
- Final Candidates Selected – Monday, June 3rd
- Final Candidates Scheduled – Week of June 3rd
- Interview Final Candidates – Monday, June 10rd
- Decide and negotiate contract by Monday June 24th
- Start Date – Aug 01, 2013

Final Interview Process:

- Candidates arrive – Sunday, June 9th
- Interview Day – Monday, June 10th
 - Tour of Community 9:00 – 10:30 am
 - Lunch with Council – Noon -1:30 pm
 - Community and staff meet and greet 2:00 – 4:00 pm
 - Council Interviews 5:00 – 10:00 pm

All times are tentative depending on applications received and candidate locations.

**CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION**

Agenda Item: 11
Tab Number: 5
Date: 04-01-2013

Date Submitted:
3-25-2013

Date Requested:
04-01-2013

Action:
 Resolution
 Ordinance
 Formal
 Other

Subject:
Willcox Wine Country
Special Events
Liquor License

TO: MAYOR AND COUNCIL
FROM: Virginia Mefford

DISCUSSION:

The Willcox Wine Country Committee (WWCC) will be holding their annual Wine Festival in Railroad Park May 18-19, 2013. The semi-annual festivals started in the fall of 2009, and have been held each May and October since then. The festival attendance has grown with each event.

WWCC is requesting the Mayor and Council to approve Applications from each of the 15 wine vendors for a Special Events Liquor License that will be submitted to the Arizona Department of Liquor Licenses and Control for the State's approval. The applications are on file with the City Clerk and available for public inspection at City Hall. A list of the vendors that will be participating is attached for your information.

The permits will allow for wine to be served from 10:00 a.m. to 5:00 p.m. on Saturday and Sunday, May 18 and 19, 2013.

RECOMMENDATION:

To approve the wine vendor's Applications for a Special Events License for the Willcox Country Wine Festival May 18 and 19, 2013.

FISCAL IMPACT: Underdetermined; the event brings visitors to Willcox.

Prepared by: Virginia A. Mefford
Virginia Mefford, City Clerk

Approved by: Pat McCourt
Pat McCourt, City Manager

WINE FESTIVAL LIST

| APPLICATION | NAME | BUSINESS NAME | CHECK | MAP | Bus. Lic. |
|-------------|---------------------------------|---------------------------------|----------|-----|-----------|
| X | Todd Bostock | Bostock Winery, Inc. | \$ 15.00 | X | |
| X | Curtis Dunham | Lawrence Dunham Vineyards | \$ 15.00 | X | |
| X | Lisa Michelle Neiderffer-Rhodes | Arizona Stronghold Vineyards | \$ 15.00 | X | |
| X | Charlene Rae Manning | Kief-Joshua Vineyards | \$ 15.00 | X | |
| X | Gavin Richard Gallifant | Gallifant Cellars | \$ 15.00 | X | |
| X | Mark Anders Jorve | Zarpara Vineyards | \$ 15.00 | X | |
| X | Robert M. Hammelman | Hammelman Wines, LLC | \$ 15.00 | X | |
| X | James Hill Graham | Golden Rule Vineyards | \$ 15.00 | X | X |
| X | Samuel Wallace Pillsbury | Pillsbury Wine Co. LLC | \$ 15.00 | X | |
| X | Jacquelyn Taylor Cook | Coronado Vineyards, Inc. | \$ 15.00 | X | |
| X | Rodney Edward Keeling | Keeling Schaefer Vineyards, LLC | \$ 15.00 | X | X |
| X | Robert Carl Carlson | Carlson Creek Vineyard | \$ 15.00 | X | X |
| X | Barbara Jean Pierce | Pierce Wines Arizona, LLC | \$ 15.00 | X | |
| X | Eric Steven Glomski | Page Sprins Cellers | \$ 15.00 | X | |
| X | Mark Walter Beers | Flying Leap Vineyards, Inc | \$ 15.00 | X | |

*Each vendor will provide certificate of insurance coverage for event

*Each vendor will provide a Business License permit

**CITY OF WILLCOX
Request for Council Action**

Agenda Item: 12
Tab Number: 6
Date: 4-1-2013

Date Submitted:
March 22, 2013
Requested:
May 17-May 20, 2013

Action:
 Resolution
 Ordinance
 Formal
 Other

Subject:
The Willcox Wine
Country Committee
requests permission
for the use of wine
glasses and bottles at
Railroad Park.

To: Honorable Mayor and City Council

From: Dave Bonner, Director Public Services & Works

Discussion: The Willcox Wine Country Committee is planning to hold their wine and music festival at Railroad Park. This event is scheduled to be held from May 17th through May 20, 2013 from 8:00 a.m. until 7:00 p.m. The Willcox Wine and Country Committee is requesting permission from the City Council for the use of wine glasses and glass bottles at Railroad Park.

Recommendation: Staff recommends that the Mayor and Council grant permission for the use of wine glasses and glass bottles for this event.

Fiscal Impact: 0.00

Prepared By: Kate Schwartz
Kate Schwartz, Public Services and Works

Approved By: Dave Bonner
Dave Bonner, Public Services and Works Director

Approved By: Pat McCourt
Pat McCourt, City Manager

CITY OF WILLCOX, COCHISE COUNTY, ARIZONA
Facilities Use Agreement

This Agreement made this 15th day of February, 2013, between USER NAME ("PARTICIPANT") and the City of Willcox through the City Public Works Department ("CITY") for the use of the City owned facilities by a private organization.

ARTICLE I -- TERM OF AGREEMENT:

The term of this agreement shall be 17 May, 2013 through 20 May 2013, unless earlier terminated by either party. Notice of termination shall be provided at least ninety (90) days prior to the effective termination date.

ARTICLE II -- CITY OWNED FACILITIES:

This agreement shall be for the use of Rail Road Park to be used for Willcox Wine Country Festival to be used by Public.

PARTICIPANT wishes to use certain City owned facilities and the CITY is willing to permit the PARTICIPANT the primary use of the facilities under the conditions indicated in this Agreement and any Exhibit attached hereto during the term of this Agreement.

CITY agrees that it will perform the duties as outlined in Attachment "A".

PARTICIPANT agrees it will perform the duties as outlined in Attachment(s) "B".

PARTICIPANT agrees to pay the fees as are listed on Attachment "C".

ARTICLE III -- INDEMNIFICATION AND INSURANCE

PARTICIPANT agrees to secure liability Insurance to cover the term of this agreement in not less than the amount of one million dollars (\$1,000.00) which names the City as additionally insured.

Each party agrees to be responsible for the conduct of its operations and performance of contract obligations and for any accidents or injuries to persons or property arising out of acts or omissions by its officers, agents or employees acting in the course or scope of their participation while performing duties undertaken pursuant to this Agreement.

The PARTICIPANT agrees to hold harmless the City, its officers, employees and agents from all losses, suits, damages or costs of any kind, including reasonable attorney's fees, defense costs and expenses arising from PARTICIPANT performance pursuant to this Agreement. The PARTICIPANT shall provide the CITY with current insurance certificates or the evidence of coverage as appropriate.

The CITY agrees to hold harmless the PARTICIPANT, its officers, employees and agents from all losses, suits, damages or costs of any kind, including reasonable attorney's fees, defense costs and expense arising from the CITY performance pursuant to this Agreement.

ARTICLE IV -- MISC. PROVISIONS:

CANCELLATION FOR CONFLICT OF INTEREST

This Agreement may be canceled pursuant to A.R.S. § 38-511, the pertinent provisions of which are fully incorporated herein by reference.

NONASSIGNABILITY

Neither party may assign a duty or responsibility under this Agreement without the prior written consent of the other party.

RIGHTS/OBLIGATIONS OF PARTIES ONLY

The terms of this Agreement are intended only to define the respective rights and obligations of the parties. Nothing expressed herein shall create any rights or duties in favor of any potential third party beneficiary or other person, agency or organization.

NOTICE REQUIREMENTS

All notices, requests for payment, or other correspondence between the parties regarding this Agreement shall be mailed or delivered to the respective party as follows:

If to the CITY:

City Clerk, City of Willcox
101 S. Railroad Ave., Suite B
Willcox Arizona 85643

If to the PARTICIPANT:

Willcox Chamber of Commerce & Agriculture
1500 N. Circle I Rd
Willcox, AZ 85643

SEVERABILITY

Each provision of this Agreement stands alone and, if any provision of this Agreement is held, in whole or in part, to be unenforceable for any reason, the remainder of the provision and of the entire Agreement will be severable and remains in effect.

ENTIRE AGREEMENT

This document constitutes the entire Agreement between the parties pertaining to the subject matter hereof, and all prior or contemporaneous agreements and understandings, oral or written, are hereby superseded and merged herein. This Agreement may be modified, amended or extended only by a written amendment approved by the parties.

GOVERNING LAW

This Agreement shall be construed under the laws of the State of Arizona and shall incorporate, by reference, all laws governing mandatory contract provisions required by statute or executive order.

IN WITNESS WHEREOF, the Parties hereby enter into this Agreement as of the day and year written above.

CITY OF WILLCOX, COCHISE COUNTY, ARIZONA

Oscar Hudson
Facilities & Parks Supervisor

By: Oscar Hudson
(Name and Title)

PARTICIPANT

Alan Baker
Executive Director

By: Alan Baker
(Name and Title)

Attachment "A"
Railroad Park

The City of Willcox Facilities & Maintenance section of Public Services & Works will perform the following:

| |
|---|
| <input checked="" type="checkbox"/> <input type="checkbox"/> Discontinue Irrigation on <u>17 May 2013</u> |
| <input checked="" type="checkbox"/> <input type="checkbox"/> Provide Electrical Key, Master 0873 |
| <input checked="" type="checkbox"/> <input type="checkbox"/> Provide Electrical Key, Ace CH ELEC M1 |
| <input checked="" type="checkbox"/> <input type="checkbox"/> Provide Electrical Key, Ace C0266 |

Unless otherwise specified trash cans are emptied, restrooms are cleaned and restocked on a daily basis during weekdays.

Arrangements for additional tasks may be requested by speaking with the Facilities and Maintenance Supervisor or the Public Services & Works Director.

Special Arrangements:

The "Participant" is responsible for establishing control of the area(s) requested for use.
The City of Willcox is not responsible for loss due to acts of God or vandalism or by actions of others not affiliated with the City of Willcox.

Attachment "B"
Railroad Park Checklist

The Participant agrees to perform the following tasks:

| | |
|--|--|
| <p>General</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Obtain appropriate keys one business day prior to the event, by 3:30PM.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Return keys within two (2) business days of event conclusion.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Learn how to use electrical.</p> <p>Vendor(s)</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Request to waive requirement for all vendors to have individual permits.</p> <p>Street Closure</p> <p><input type="checkbox"/> <input type="checkbox"/> Complete paperwork and submit.</p> | <p>Cleaning</p> <p>Cleaning consists of removing all litter, tying up garbage bags and placing them in the dumpster. All areas should be left in the same or better condition as received.</p> <p>If Serving Alcohol</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Obtain Special Event Liquor License with the Arizona Department of Liquor.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Provide Liquor Liability Insurance in the amount of \$1,000,000 naming the City of Willcox as additionally insured.</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> Provide Security approved by Willcox Public Safety Department.</p> |
|--|--|

- Participant is responsible for notifying Parks & Facilities Maintenance of items that need special attention or repair.
- All equipment or personal items belonging to the "Participant" shall be removed by 8:00 a.m. on the day following the event.
- Premises shall be left clean and in good repair or deposit will be surrendered. Others charges may be assessed if significant damage occurs.
- City of Willcox officials reserve the right to enter / inspect the premises during the event.
- The "Participant" is responsible for establishing control of the area(s) requested for use. The City of Willcox is not responsible for loss due to acts of God or vandalism or by actions of others not affiliated with the City of Willcox.

Contact information:

Public Services & Works -----766-4213
 Facilities & Park Maintenance-----507-0442
 On-call -----766-2201

WILLCOX CHAMBER OF COMMERCE & AGRICULTURE
 1500 N. CIRCLE I RD.
 WILLCOX, AZ 85643
 PH. (520) 384-2272

1090

WESTERN BANK
 330 HWY 180 WEST
 SILVER CITY, NM 88081
 95-82-1122

2/25/2013

ORDER OF City of Willcox (2)

Fifty and 00/100***** \$ **50.00

DOLLARS

City of Willcox
 101 S Railroad Ave
 Willcox, AZ 85643

[Handwritten Signature]

AUTHORIZED SIGNATURE

MEMO Deposit for Railroad Park

⑈010901⑈ ⑆112200824⑆ 56 392 7⑈

WILLCOX CHAMBER OF COMMERCE & AGRICULTURE

10901

City of Willcox (2)
 Date 2/25/2013 Type Bill Reference

| | | | |
|---------------|--------------|--------------------|---------|
| Original Amt. | Balance Due | 2/25/2013 Discount | Payment |
| 50.00 | 50.00 | | 50.00 |
| | Check Amount | | 50.00 |

CITY OF WILLCOX
 101 SOUTH RAILROAD AVENUE
 SUITE B
 WILLCOX AZ 85643

520-384-4271

Receipt No: 1.155102 / Feb 27, 2013

WILLCOX CHAMBER OF COMMERCE

| | |
|-------------------------|-------|
| Previous Balance: | .00 |
| MISCELLANEOUS | |
| ALL OTHER REV/CHRG | 50.00 |
| 10-2140900 | |
| FACILITIES USE DEPOSITS | |

Total: 50.00

CHECK
 Check No: 10901 50.00

Payor:
 WILLCOX CHAMBER OF COMMERCE
 Total Applied: 50.00

Change Tendered: .00

Duplicate Copy
 02/27/2013 01:19PM

Chamber Checking - Deposit for Railroad Park

CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION

Agenda Item 13
Tab Number 7
Date: 04/01/2013

| | | |
|------------------------|---|--|
| <u>Date Submitted:</u> | <u>Action:</u> | <u>Subject:</u> |
| April 01, 2013 | <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Formal <input type="checkbox"/> Other | Employee Compensation selection for Budget Purposes. |

TO: MAYOR AND COUNCIL
FROM: Sherry Lynn Van Allen, HR Generalist

DISCUSSION:

In budget FY13 the Mayor and Council approved the budget with a 3% cost of living allowance increase. The Council requested some additional compensation options for consideration. We are presenting those requests with the fiscal impact for the entire budget. Please review the attached charts so better understand how these proposals affect each individual fund.

Option #1 - Present our City employees with an increase of 1.7% across the board. This is the percentage amount determined by the Federal government for cost of living allowances. The fiscal impact for FY14 for this increase would be \$51,865.00 to the overall budget. Please see the enclosed charts to view how each increase will affect each fund.

Option #2 - Present each of our employees with a .50¢ per hour increase. This would impact the overall budget by \$97,230.00.

Option #3 - Present our employees with a \$1.00 per hour increase. This option would impact the FY14 budget by \$187,951.00.

Option #4 - Leave the budget the same as it was in FY13 which would not allow for any increase in compensation for the City employees.

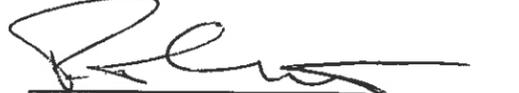
RECOMMENDATION: Motion to approve Option #1 allowing the employees of the City of Willcox to receive a 1.7% cost of living allowance increase beginning July 01, 2013.

FISCAL IMPACT: \$51,865.00

Submitted by:


Sherry Van Allen-Teeters, HR Gen.

Approved by:


Pat McCourt, City Manager

FY14 Purposed Compensation Schedule for Council

Direction

| DEPARTMENT/POSITION | # | Increase 0.0% | | Increase 1.7% | | Increase .50¢ | | Increase \$1.00 | |
|--|-------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | TOTAL COMP |
| GENERAL FUND | | | | | | | | | |
| MAYOR AND COUNCIL (10-402) | 7.0 | 21,697 | 21,697 | 21,697 | 21,697 | 21,697 | 21,697 | 21,697 | 21,697 |
| ADMINISTRATION (10-401) | 3.0 | 229,404 | 231,092 | 231,891 | 234,377 | 231,891 | 234,377 | 231,891 | 234,377 |
| DEVELOPMENT SERV/BLDG INSP (10-460) | 3.0 | 131,549 | 133,477 | 133,822 | 137,598 | 133,822 | 137,598 | 133,822 | 137,598 |
| PUBLIC SAFETY ADMIN (10-421) | 3.0 | 245,759 | 249,469 | 250,196 | 254,603 | 250,196 | 254,603 | 250,196 | 254,603 |
| COMMUNICATIONS (10-422) | 6.0 | 264,861 | 268,690 | 274,308 | 282,166 | 274,308 | 282,166 | 274,308 | 282,166 |
| HUMAN DIVISION (10-424) | 1.5 | 66,066 | 66,928 | 68,433 | 70,710 | 68,433 | 70,710 | 68,433 | 70,710 |
| PATROL (10-425) | 8.0 | 614,712 | 623,984 | 629,280 | 641,516 | 629,280 | 641,516 | 629,280 | 641,516 |
| INVESTIGATIONS (10-426) | 2.0 | 182,491 | 185,277 | 186,177 | 189,619 | 186,177 | 189,619 | 186,177 | 189,619 |
| K-9 (10-428) | 1.0 | 17,985 | 18,601 | 18,612 | 18,612 | 18,612 | 18,612 | 18,612 | 18,612 |
| FIRE DEPARTMENT (10-427) | 18.0 | 35,946 | 36,513 | 36,070 | 36,194 | 36,513 | 36,070 | 36,194 | 36,194 |
| FINANCE (10-442) | 4.5 | 209,015 | 212,079 | 214,010 | 219,004 | 214,010 | 219,004 | 214,010 | 219,004 |
| LIBRARY (10-444) | 5.0 | 210,056 | 213,190 | 217,443 | 224,887 | 217,443 | 224,887 | 217,443 | 224,887 |
| SWIMMING POOL (10-445) | 12.0 | 52,711 | 53,604 | 55,726 | 58,742 | 55,726 | 58,742 | 55,726 | 58,742 |
| PUBLIC WORKS ADMIN (10-451) | 3.0 | 157,305 | 159,608 | 160,886 | 164,424 | 160,886 | 164,424 | 160,886 | 164,424 |
| CEMETERY (10-455) | 1.0 | 35,912 | 36,365 | 37,272 | 38,588 | 37,272 | 38,588 | 37,272 | 38,588 |
| VEHICLE MAINTENANCE (10-456) | 2.0 | 101,520 | 102,985 | 104,173 | 106,734 | 104,173 | 106,734 | 104,173 | 106,734 |
| BUILDINGS AND GROUNDS (10-457) | 1.0 | 45,485 | 46,086 | 46,854 | 48,131 | 46,854 | 48,131 | 46,854 | 48,131 |
| PARKS AND RECREATION (10-462) | 4.0 | 164,344 | 166,555 | 170,063 | 175,215 | 170,063 | 175,215 | 170,063 | 175,215 |
| TOTAL GENERAL FUND WAGES/BENEFITS | 85.0 | 2,786,818 | 2,826,200 | 2,856,913 | 2,922,817 | 2,856,913 | 2,922,817 | 2,856,913 | 2,922,817 |

Increase to General Funds
 Option #1 - 1.7% 39,382
 Option #2 - .50¢ 70,095
 Option #3 - \$1.00 135,999

STREETS

| | | | | | | | | | |
|-------------------------------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| STREETS DEPARTMENT (15-451) | 8.0 | 334,385 | 339,240 | 347,022 | 358,129 | 347,022 | 358,129 | 334,385 | 358,129 |
| TOTAL STREETS WAGES/BENEFITS | 8.0 | 334,385 | 339,240 | 347,022 | 358,129 | 347,022 | 358,129 | 334,385 | 358,129 |

Increase to Street Funds
 Option #1 - 1.7% 4,855
 Option #2 - .50¢ 12,637
 Option #3 - \$1.00 23,744

UTILITIES

| | | | | | | | | | |
|---------------------------------------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| GAS FUND (50-451) | 3.0 | 147,747 | 149,833 | 151,924 | 155,865 | 151,924 | 155,865 | 147,747 | 155,865 |
| WATER FUND (51-451) | 4.0 | 199,846 | 202,654 | 205,387 | 210,635 | 205,387 | 210,635 | 199,846 | 210,635 |
| SEWER FUND (52-451) | 3.0 | 157,009 | 159,255 | 161,230 | 165,190 | 161,230 | 165,190 | 157,009 | 165,190 |
| TOTAL UTILITIES WAGES/BENEFITS | 10.0 | 504,602 | 511,742 | 518,541 | 531,690 | 518,541 | 531,690 | 504,602 | 531,690 |

MAGISTRATE (1040 hours)

| | | | | | | | | | |
|---------------------------------------|------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| MAGISTRATE JUDGE (Fund 16) | 1.0 | 28,884 | 29,372 | 29,443 | 30,004 | 29,443 | 30,004 | 28,884 | 30,004 |
| TOTAL UTILITIES WAGES/BENEFITS | 1.0 | 28,884 | 29,372 | 29,443 | 30,004 | 29,443 | 30,004 | 28,884 | 30,004 |

GRANT FUNDED POSITIONS

| | | | | | | | | | |
|--|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| WILDLAND FIRE-ESTIMATE 17-439-6000 | 12,040 | 12,040 | 12,040 | 12,040 | 12,040 | 12,040 | 12,040 | 12,040 | 12,040 |
| STATE FARM GRANT | 16-474-9867 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL GRANT-FUNDED WAGES/BENEFITS | | 12,040 |

| | | | | | | | | | |
|----------------------------------|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| FY14 TOTAL WAGES/BENEFITS | 104.0 | 3,666,729 | 3,718,594 | 3,763,959 | 3,854,680 | 3,763,959 | 3,854,680 | 3,666,729 | 3,854,680 |
|----------------------------------|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|

Total Overall Budget Increases

0 51,865 97,230 187,951

Increase to Magistrate
 Option #1 - 1.7% 488
 Option #2 - .50¢ 559
 Option #3 - \$1.00 1,120

No increases to Grant Funds

**CITY OF WILLCOX
CITY OF WILLCOX
SALARIES AND BENEFITS SCHEDULE**

| DEPARTMENT/POSITION | # | ANNUAL SALARY | OVERTIME | WORKER COMP | HEALTH/GRP INS | FICA/MED TAX | 1204/1206 RETIREMENT CONTRIB | 1205 UC TAX | 1207 \$20K LIFE INS | 1208 HRA ALLOW | 1209 BENEFIT FEES | TOTAL COMP | Incl. Wage Increase |
|--|--------------|---------------------|-------------------|------------------|------------------|-------------------|------------------------------|------------------|---------------------|------------------|-------------------|---------------------|---------------------|
| | | | | | | | | | | | | | 0.0% |
| GENERAL FUND | | | | | | | | | | | | | |
| MAYOR AND COUNCIL (10-402) | 7.0 | 19,200 | - | 68 | - | 1,469 | - | 960 | - | - | - | 21,697 | |
| ADMINISTRATION (10-401) | 3.0 | 173,056 | - | 613 | 17,322 | 13,239 | 19,971 | 412 | 349 | 3,917 | 526 | 229,404 | |
| DEVELOPMENT SERV/BLDG INSP (10-460) | 3.0 | 93,621 | - | 1,825 | 14,335 | 7,162 | 10,804 | 412 | 349 | 2,612 | 430 | 131,546 | |
| PUBLIC SAFETY ADMIN (10-421) | 3.0 | 168,482 | 500 | 4,754 | 22,240 | 12,927 | 31,552 | 412 | 449 | 3,917 | 526 | 245,759 | |
| COMMUNICATIONS (10-422) | 6.0 | 179,922 | 10,000 | 619 | 30,623 | 14,529 | 20,162 | 823 | 698 | 6,529 | 955 | 264,861 | |
| HUMAN DIVISION (10-424) | 1.5 | 40,290 | 1,500 | 1,287 | 11,888 | 3,197 | 4,435 | 274 | 233 | 2,612 | 350 | 66,066 | |
| PATROL (10-425) | 8.0 | 345,325 | 40,000 | 23,044 | 54,675 | 29,477 | 107,536 | 1,075 | 1,731 | 10,447 | 1,402 | 614,712 | |
| INVESTIGATIONS (10-426) | 2.0 | 108,788 | 9,786 | 6,365 | 14,976 | 9,071 | 29,842 | 269 | 433 | 2,612 | 350 | 182,491 | |
| K-9 (10-428) | 1.0 | - | 12,290 | 768 | - | 940 | 3,986 | - | - | - | - | 17,985 | |
| FIRE DEPARTMENT (10-427) | 18.0 | 29,100 | - | 2,595 | - | 2,226 | 1,455 | 570 | - | - | - | 35,946 | |
| FINANCE (10-442) | 4.5 | 152,047 | - | 539 | 21,722 | 11,632 | 16,001 | 686 | 466 | 5,223 | 701 | 209,015 | |
| LIBRARY (10-444) | 5.0 | 154,992 | - | 549 | 18,735 | 11,857 | 17,800 | 823 | 698 | 3,917 | 684 | 210,056 | |
| SWIMMING POOL (10-445) | 12.0 | 44,918 | - | 2,504 | - | 3,436 | 1,006 | 847 | - | - | - | 52,711 | |
| PUBLIC WORKS ADMIN (10-451) | 3.0 | 110,294 | 1,000 | 2,817 | 18,035 | 8,514 | 12,843 | 412 | 349 | 2,612 | 430 | 157,305 | |
| CEMETERY (10-455) | 1.0 | 20,592 | 500 | 1,549 | 7,488 | 1,614 | 2,434 | 137 | 116 | 1,306 | 175 | 35,912 | |
| VEHICLE MAINTENANCE (10-456) | 2.0 | 68,994 | 1,000 | 2,738 | 11,888 | 5,355 | 8,077 | 274 | 233 | 2,612 | 350 | 101,520 | |
| BUILDINGS AND GROUNDS (10-457) | 1.0 | 27,560 | 1,200 | 1,036 | 8,435 | 2,200 | 3,319 | 137 | 116 | 1,306 | 175 | 45,485 | |
| PARKS AND RECREATION (10-462) | 4.0 | 100,818 | 4,200 | 4,900 | 27,430 | 8,034 | 12,119 | 549 | 466 | 5,223 | 605 | 164,344 | |
| TOTAL GENERAL FUND WAGES/BENEFITS | 85.0 | 1,837,998 | 81,976 | 58,571 | 279,790 | 146,878 | 303,342 | 9,072 | 6,687 | 54,845 | 7,658 | 2,786,817 | |
| STREETS | | | | | | | | | | | | | |
| STREETS DEPARTMENT (15-451) | 8.0 | 215,200 | 2,500 | 26,496 | 36,334 | 16,654 | 24,726 | 1,098 | 931 | 9,141 | 1,306 | 334,385 | |
| TOTAL STREETS WAGES/BENEFITS | 8.0 | 215,200 | 2,500 | 26,496 | 36,334 | 16,654 | 24,726 | 1,098 | 931 | 9,141 | 1,306 | 334,385 | |
| UTILITIES | | | | | | | | | | | | | |
| GAS FUND (50-451) | 3.0 | 92,901 | 7,059 | 3,571 | 19,692 | 7,647 | 11,535 | 549 | 349 | 3,917 | 526 | 147,747 | |
| WATER FUND (51-451) | 4.0 | 125,412 | 8,315 | 5,723 | 27,746 | 10,230 | 15,432 | 598 | 466 | 5,223 | 701 | 199,846 | |
| SEWER FUND (52-451) | 3.0 | 100,899 | 6,140 | 4,497 | 19,692 | 8,188 | 12,351 | 461 | 349 | 3,917 | 526 | 157,009 | |
| TOTAL UTILITIES WAGES/BENEFITS | 10.0 | 319,202 | 21,514 | 13,791 | 67,129 | 26,065 | 39,319 | 1,608 | 1,164 | 13,058 | 1,752 | 504,602 | |
| MAGISTRATE | | | | | | | | | | | | | |
| MAGISTRATE JUDGET (Fund 16) | 1.0 | 26,616 | - | 94 | - | 2,036 | - | 137 | - | - | - | 28,884 | |
| GRANT FUNDED POSITIONS | | | | | | | | | | | | | |
| WILDLAND FIRE-ESTIMATED 17-439-6000 | | 10,000 | - | 121 | - | 765 | 1,154 | - | - | - | - | 12,040 | |
| TOTAL GRANT-FUNDED WAGES/BENEFITS | | 36,616 | - | 215 | - | 2,801 | 1,154 | 137 | - | - | - | 40,923 | |
| FY11 TOTAL WAGES/BENEFITS | 103.5 | \$ 2,409,016 | \$ 105,990 | \$ 99,073 | \$383,253 | \$ 192,398 | \$ 368,540 | \$ 11,916 | \$ 8,782 | \$ 77,044 | \$ 10,716 | \$ 3,666,728 | |

**CITY OF WILLCOX
SALARIES AND BENEFITS SCHEDULE**

| DEPARTMENT/POSITION | Incl. Wage Increase 1.7% | # Pos | 1101 | 1105 | 1201 | 1202 | 1203 | 1204/1206 | 1205 | 1207 | 1208 | 1209 | TOTAL COMP | |
|--|-----------------------------|-------------|------------------|---------------------|-------------------|-------------------|-------------------|--------------------|-------------------|------------------|-----------------|------------------|------------------|---------------------|
| | | | ANNUAL SALARY | OVERTIME | WORKER COMP | HEALTH/GRP INS | FIG/AMED TAX | RETIREMENT CONTRIB | UC TAX | \$20K LIFE INS | HRA ALLOW | BENEFIT FEES | | |
| GENERAL FUND | | | | | | | | | | | | | | |
| MAYOR AND COUNCIL (10-402) | | 7.0 | 19,200 | - | 68 | - | 1,469 | - | 960 | - | - | - | 21,697 | |
| ADMINISTRATION (10-401) | | 3.0 | 174,468 | - | 618 | 17,322 | 13,347 | 20,134 | 412 | 349 | 3,917 | 526 | 231,092 | |
| DEVELOPMENT SERV/BLDG INSP (10-460) | | 3.0 | 95,212 | - | 1,856 | 14,335 | 7,284 | 10,988 | 412 | 349 | 2,612 | 430 | 133,477 | |
| PUBLIC SAFETY ADMIN (10-421) | | 3.0 | 171,347 | 509 | 4,835 | 22,240 | 13,147 | 32,088 | 412 | 449 | 3,917 | 526 | 249,469 | |
| COMMUNICATIONS (10-422) | | 6.0 | 182,981 | 10,170 | 629 | 30,623 | 14,776 | 20,505 | 823 | 698 | 6,529 | 955 | 268,690 | |
| HUMAN DIVISION (10-424) | | 1.5 | 40,975 | 1,526 | 1,309 | 11,888 | 3,251 | 4,510 | 274 | 233 | 2,612 | 350 | 66,928 | |
| PATROL (10-425) | | 8.0 | 351,196 | 40,680 | 23,435 | 54,675 | 29,978 | 109,364 | 1,075 | 1,731 | 10,447 | 1,402 | 623,984 | |
| INVESTIGATIONS (10-426) | | 2.0 | 110,637 | 9,952 | 6,473 | 14,976 | 9,225 | 30,349 | 269 | 433 | 2,612 | 350 | 185,277 | |
| K-9 (10-428) | | 1.0 | - | 12,712 | 795 | - | 972 | 4,122 | - | - | - | - | 18,601 | |
| FIRE DEPARTMENT (10-427) | | 18.0 | 29,595 | - | 2,595 | - | 2,264 | 1,480 | 580 | - | - | - | 36,513 | |
| FINANCE (10-442) | | 4.5 | 154,632 | - | 548 | 21,722 | 11,829 | 16,273 | 686 | 466 | 5,223 | 701 | 212,079 | |
| LIBRARY (10-444) | | 5.0 | 157,615 | - | 558 | 18,735 | 12,058 | 18,102 | 823 | 698 | 3,917 | 684 | 213,190 | |
| SWIMMING POOL (10-445) | | 12.0 | 45,681 | - | 2,547 | - | 3,495 | 1,023 | 859 | - | - | - | 53,604 | |
| PUBLIC WORKS ADMIN (10-451) | | 3.0 | 112,169 | 1,017 | 2,865 | 18,035 | 8,659 | 13,062 | 412 | 349 | 2,612 | 430 | 159,608 | |
| CEMETERY (10-455) | | 1.0 | 20,942 | 509 | 1,576 | 7,488 | 1,641 | 2,475 | 137 | 116 | 1,306 | 175 | 36,365 | |
| VEHICLE MAINTENANCE (10-456) | | 2.0 | 70,166 | 1,017 | 2,784 | 11,888 | 5,446 | 8,215 | 274 | 233 | 2,612 | 350 | 102,985 | |
| BUILDINGS AND GROUNDS (10-457) | | 1.0 | 28,029 | 1,220 | 1,054 | 8,435 | 2,238 | 3,375 | 137 | 116 | 1,306 | 175 | 46,086 | |
| PARKS AND RECREATION (10-462) | | 4.0 | 102,531 | 4,271 | 4,984 | 27,430 | 8,170 | 12,325 | 549 | 466 | 5,223 | 605 | 166,555 | |
| TOTAL GENERAL FUND WAGES/BENEFITS | | 85.0 | 1,867,375 | 83,582 | 59,529 | 279,790 | 149,248 | 308,391 | 9,094 | 6,687 | 54,845 | 7,658 | 2,826,199 | |
| STREETS | | | | | | | | | | | | | | |
| STREETS DEPARTMENT (15-451) | | 8.0 | 218,858 | 2,543 | 26,947 | 36,334 | 16,937 | 25,147 | 1,098 | 931 | 9,141 | 1,306 | 339,240 | |
| TOTAL STREETS WAGES/BENEFITS | | 8.0 | 218,858 | 2,543 | 26,947 | 36,334 | 16,937 | 25,147 | 1,098 | 931 | 9,141 | 1,306 | 339,240 | |
| UTILITIES | | | | | | | | | | | | | | |
| GAS FUND (50-451) | | 3.0 | 94,481 | 7,179 | 3,631 | 19,692 | 7,777 | 11,732 | 549 | 349 | 3,917 | 526 | 149,833 | |
| WATER FUND (51-451) | | 4.0 | 127,544 | 8,456 | 5,820 | 27,746 | 10,404 | 15,694 | 599 | 466 | 5,223 | 701 | 202,654 | |
| SEWER FUND (52-451) | | 3.0 | 102,604 | 6,244 | 4,574 | 19,692 | 8,327 | 12,561 | 462 | 349 | 3,917 | 526 | 159,255 | |
| TOTAL UTILITIES WAGES/BENEFITS | | 10.0 | 324,628 | 21,880 | 14,025 | 67,129 | 26,508 | 39,987 | 1,610 | 1,164 | 13,058 | 1,752 | 511,742 | |
| MAGISTRATE | | | | | | | | | | | | | | |
| MAGISTRATE JUDGE (Fund 16) | | 1.0 | 27,068 | - | 96 | - | 2,071 | - | 137 | - | - | - | 29,372 | |
| GRANT FUNDED POSITIONS | | | | | | | | | | | | | | |
| WILDLAND FIRE--ESTIMATED 17-439-6000 | | | 10,000 | - | 121 | - | 765 | 1,154 | - | - | - | - | 12,040 | |
| TOTAL GRANT-FUNDED WAGES/BENEFITS | | | 37,068 | - | 217 | - | 2,836 | 1,154 | - | - | - | - | 41,412 | |
| FY11 TOTAL WAGES/BENEFITS | | | 104.0 | \$ 2,447,930 | \$ 108,004 | \$ 100,718 | \$ 383,253 | \$ 195,529 | \$ 374,678 | \$ 11,939 | \$ 8,782 | \$ 77,044 | \$ 10,716 | \$ 3,718,593 |

**CITY OF WILLCOX
CITY OF WILLCOX
SALARIES AND BENEFITS SCHEDULE**

Incl. Wage Increase \$ 0.50

| DEPARTMENT/POSITION | # | 1101 ANNUAL SALARY | 1105 OVERTIME | 1201 WORKER COMP | 1202 HEALTH/GRP INS | 1203 FICAMED TAX | 1204/1206 RETIREMT CONTRIB | 1205 UC TAX | 1207 \$20K LIFE INS | 1208 HRA ALLOW | 1209 BENEFIT FEES | TOTAL COMP |
|--|--------------------|---------------------|-------------------|-------------------|---------------------|-------------------|----------------------------|------------------|---------------------|------------------|-------------------|---------------------|
| GENERAL FUND | | | | | | | | | | | | |
| MAYOR AND COUNCIL (10-402) | 7.0 | 19,200 | - | 68 | - | - | - | - | - | - | - | - |
| ADMINISTRATION (10-401) | 3.0 | 175,136 | - | 620 | 17,322 | 1,469 | 20,211 | 960 | 349 | 3,917 | 526 | 21,697 |
| DEVELOPMENT SERV/BLDG INSP (10-460) | 3.0 | 98,821 | - | 1,936 | 10,300 | 7,560 | 11,404 | 412 | 349 | 2,612 | 430 | 231,891 |
| PUBLIC SAFETY ADMIN (10-421) | 3.0 | 171,972 | - | 4,827 | 22,240 | 13,196 | 32,132 | 412 | 449 | 3,917 | 526 | 133,822 |
| COMMUNICATIONS (10-422) | 6.0 | 166,532 | 525 | 642 | 31,716 | 15,066 | 20,930 | 823 | 698 | 6,529 | 955 | 250,196 |
| HUMANE DIVISION (10-424) | 1.5 | 42,162 | 10,415 | 1,347 | 11,888 | 3,346 | 4,647 | 274 | 233 | 2,612 | 350 | 274,308 |
| PATROL (10-425) | 8.0 | 354,015 | 41,575 | 23,662 | 54,702 | 30,263 | 110,408 | 1,075 | 1,731 | 10,447 | 1,402 | 629,280 |
| INVESTIGATIONS (10-426) | 2.0 | 111,238 | 10,000 | 6,509 | 14,976 | 9,275 | 30,516 | 269 | 433 | 2,612 | 350 | 186,177 |
| K-9 (10-428) | 1.0 | - | 12,719 | 795 | - | 973 | 4,125 | - | - | - | - | 18,612 |
| FIRE DEPARTMENT (10-427) | 18.0 | 29,208 | - | 2,595 | - | 2,234 | 1,460 | 572 | - | - | - | 36,070 |
| FINANCE (10-442) | 4.5 | 156,249 | - | 553 | 21,722 | 11,953 | 16,457 | 686 | 466 | 5,223 | 701 | 214,010 |
| LIBRARY (10-444) | 5.0 | 161,232 | - | 571 | 18,735 | 12,277 | 18,505 | 823 | 698 | 3,917 | 684 | 217,443 |
| SWIMMING POOL (10-445) | 12.0 | 47,508 | - | 2,648 | - | 3,634 | 1,045 | 891 | - | - | - | 55,726 |
| PUBLIC WORKS ADMIN (10-451) | 3.0 | 113,206 | 1,035 | 2,885 | 18,035 | 8,739 | 13,183 | 412 | 349 | 2,612 | 430 | 160,886 |
| CEMETERY (10-455) | 1.0 | 21,632 | 535 | 1,628 | 7,488 | 1,696 | 2,558 | 137 | 116 | 1,306 | 175 | 37,272 |
| VEHICLE MAINTENANCE (10-456) | 2.0 | 71,074 | 1,075 | 2,822 | 11,888 | 5,519 | 8,326 | 274 | 233 | 2,612 | 350 | 104,173 |
| BUILDINGS AND GROUNDS (10-457) | 1.0 | 28,600 | 1,275 | 1,077 | 8,435 | 2,285 | 3,448 | 137 | 116 | 1,306 | 175 | 46,854 |
| PARKS AND RECREATION (10-462) | 4.0 | 104,978 | 4,350 | 5,101 | 27,811 | 8,364 | 12,616 | 549 | 466 | 5,223 | 605 | 170,063 |
| TOTAL GENERAL FUND WAGES/BENEFITS | 85.0 | 1,892,762 | 85,079 | 60,288 | 277,256 | 151,247 | 311,972 | 9,118 | 6,687 | 54,845 | 7,658 | 2,856,913 |
| STREETS | | | | | | | | | | | | |
| STREETS DEPARTMENT (15-451) | 8.0 | 223,670 | 2,800 | 27,562 | 37,469 | 17,325 | 25,721 | 1,098 | 931 | 9,141 | 1,306 | 347,022 |
| TOTAL STREETS WAGES/BENEFITS | 8.0 | 223,670 | 2,800 | 27,562 | 37,469 | 17,325 | 25,721 | 1,098 | 931 | 9,141 | 1,306 | 347,022 |
| UTILITIES | | | | | | | | | | | | |
| GAS FUND (50-451) | 3.0 | 96,108 | 7,250 | 3,699 | 19,692 | 7,907 | 11,928 | 549 | 349 | 3,917 | 526 | 151,924 |
| WATER FUND (51-451) | 4.0 | 129,658 | 8,550 | 5,920 | 27,746 | 10,573 | 15,949 | 600 | 466 | 5,223 | 701 | 206,387 |
| SEWER FUND (52-451) | 3.0 | 104,095 | 6,350 | 4,644 | 19,692 | 8,449 | 12,745 | 463 | 349 | 3,917 | 526 | 161,230 |
| TOTAL UTILITIES WAGES/BENEFITS | 10.0 | 329,862 | 22,150 | 14,263 | 67,129 | 26,929 | 40,622 | 1,612 | 1,164 | 13,058 | 1,752 | 518,541 |
| MAGISTRATE | | | | | | | | | | | | |
| MAGISTRATE JUDGE (FUND 16) | 1.0 | 27,134 | - | 96 | - | 2,076 | - | 137 | - | - | - | 29,443 |
| TOTAL MAGISTRATE WAGES/BENEFITS | 1.0 | 27,134 | - | 96 | - | 2,076 | - | 137 | - | - | - | 29,443 |
| WILDLAND FIRE-ESTIMATED | | | | | | | | | | | | |
| CHIRP GRANT | 17-439-6000 | 10,000 | - | 121 | - | 765 | 1,154 | - | - | - | - | 29,443 |
| TOTAL GRANT-FUNDED WAGES/BENEFITS | 16-474-9867 | 10,000 | - | 121 | - | 765 | 1,154 | - | - | - | - | 12,040 |
| FY14 TOTAL WAGES/BENEFITS | 104.0 | \$ 2,469,860 | \$ 110,029 | \$ 102,330 | \$ 381,855 | \$ 198,342 | \$ 379,469 | \$ 11,965 | \$ 8,782 | \$ 77,044 | \$ 10,716 | \$ 3,763,959 |
| | | | | | | | | | | | | 12,040 |

**CITY OF WILLCOX
CITY OF WILLCOX
SALARIES AND BENEFITS YEAR 2013-2014 BUDGET DRAFT**

| DEPARTMENT/POSITION | Incl. Wage Increase \$ 1.00 | # Pos | 1101 | 1105 | 1201 | 1202 | 1203 | 1204/1206 | 1205 | 1207 | 1208 | 1209 | TOTAL COMP | |
|--|-----------------------------|-------------|------------------|---------------------|-------------------|------------------|------------------|--------------------|-------------------|------------------|-----------------|------------------|------------------|---------------------|
| | | | ANNUAL SALARY | OVERTIME | WORKER COMP | HEALTH/GRP INS | FICAMED TAX | RETIREMENT CONTRIB | UC TAX | \$20K LIFE INS | HRA ALLOW | BENEFIT FEES | | |
| GENERAL FUND | | | | | | | | | | | | | | |
| MAYOR AND COUNCIL (10-402) | | 7.0 | 19,200 | - | 68 | - | 1,469 | - | 960 | - | - | - | 21,697 | |
| ADMINISTRATION (10-401) | | 3.0 | 177,216 | - | 628 | 17,322 | 13,557 | 20,451 | 412 | 349 | 3,917 | 526 | 234,377 | |
| DEVELOPMENT SERV/BLDG INSP (10-460) | | 3.0 | 101,941 | - | 1,993 | 10,300 | 7,798 | 11,764 | 412 | 349 | 2,612 | 430 | 137,598 | |
| PUBLIC SAFETY ADMIN (10-421) | | 3.0 | 175,462 | 525 | 4,900 | 22,240 | 13,463 | 32,710 | 412 | 449 | 3,917 | 526 | 254,603 | |
| COMMUNICATIONS (10-422) | | 6.0 | 193,142 | 10,415 | 665 | 31,716 | 15,572 | 21,650 | 823 | 698 | 6,529 | 955 | 282,166 | |
| HUMANE DIVISION (10-424) | | 1.5 | 44,034 | 1,575 | 1,405 | 11,888 | 3,489 | 4,851 | 274 | 233 | 2,612 | 350 | 70,710 | |
| PATROL (10-425) | | 8.0 | 362,705 | 41,575 | 24,183 | 54,702 | 30,927 | 112,769 | 1,075 | 1,731 | 10,447 | 1,402 | 641,516 | |
| INVESTIGATIONS (10-426) | | 2.0 | 113,688 | 10,000 | 6,639 | 14,976 | 9,462 | 31,191 | 269 | 433 | 2,612 | 350 | 189,619 | |
| K-9 (10-428) | | 1.0 | - | 12,719 | 795 | - | 973 | 4,125 | - | - | - | - | 18,612 | |
| FIRE DEPARTMENT (10-427) | | 18.0 | 29,316 | - | 2,595 | 21,722 | 2,243 | 1,466 | 575 | - | - | - | 36,194 | |
| FINANCE (10-442) | | 4.5 | 160,451 | - | 568 | 12,274 | 12,274 | 16,913 | 686 | 466 | 5,223 | 701 | 219,004 | |
| LIBRARY (10-444) | | 5.0 | 167,472 | - | 593 | 18,735 | 12,754 | 19,210 | 823 | 698 | 3,917 | 684 | 224,887 | |
| SWIMMING POOL (10-445) | | 12.0 | 50,098 | - | 2,793 | 3,832 | 3,832 | 1,084 | 935 | - | - | - | 56,742 | |
| PUBLIC WORKS ADMIN (10-451) | | 3.0 | 116,118 | 1,035 | 2,952 | 18,035 | 8,962 | 13,519 | 412 | 349 | 2,612 | 430 | 164,424 | |
| CEMETERY (10-455) | | 1.0 | 22,672 | 535 | 1,705 | 7,488 | 1,775 | 2,678 | 137 | 116 | 1,306 | 175 | 38,588 | |
| VEHICLE MAINTENANCE (10-456) | | 2.0 | 73,154 | 1,075 | 2,904 | 11,888 | 5,678 | 8,566 | 274 | 233 | 2,612 | 350 | 106,734 | |
| BUILDINGS AND GROUNDS (10-457) | | 1.0 | 29,640 | 1,275 | 1,114 | 8,435 | 2,365 | 3,568 | 137 | 116 | 1,306 | 175 | 48,131 | |
| PARKS AND RECREATION (10-462) | | 4.0 | 109,138 | 4,350 | 5,296 | 27,811 | 8,682 | 13,096 | 549 | 466 | 5,223 | 605 | 175,215 | |
| TOTAL GENERAL FUND WAGES/BENEFITS | | 85.0 | 1,945,446 | 85,079 | 61,793 | 277,256 | 155,278 | 319,611 | 9,165 | 6,687 | 54,845 | 7,658 | 2,922,818 | |
| STREETS | | | | | | | | | | | | | | |
| STREETS DEPARTMENT (15-451) | | 8.0 | 232,140 | 2,800 | 28,591 | 37,469 | 17,973 | 26,681 | 1,098 | 931 | 9,141 | 1,306 | 358,129 | |
| TOTAL STREETS WAGES/BENEFITS | | 8.0 | 232,140 | 2,800 | 28,591 | 37,469 | 17,973 | 26,681 | 1,098 | 931 | 9,141 | 1,306 | 358,129 | |
| UTILITIES | | | | | | | | | | | | | | |
| GAS FUND (50-451) | | 3.0 | 99,315 | 7,250 | 3,818 | 19,692 | 8,152 | 12,298 | 549 | 349 | 3,917 | 526 | 155,865 | |
| WATER FUND (51-451) | | 4.0 | 133,905 | 8,550 | 6,106 | 27,746 | 10,898 | 16,439 | 602 | 466 | 5,223 | 701 | 210,635 | |
| SEWER FUND (52-451) | | 3.0 | 107,902 | 6,350 | 4,779 | 19,692 | 8,694 | 13,115 | 465 | 349 | 3,917 | 526 | 165,190 | |
| TOTAL UTILITIES WAGES/BENEFITS | | 10.0 | 340,522 | 22,150 | 14,703 | 67,129 | 27,744 | 41,852 | 1,615 | 1,164 | 13,058 | 1,752 | 531,690 | |
| MAGISTRATE | | | | | | | | | | | | | | |
| MAGISTRATE JUDGE (FUND 16) | | 1.0 | 27,654 | - | 98 | - | 2,116 | - | 137 | - | - | - | 30,004 | |
| TOTAL MAGISTRATE WAGES/BENEFITS | | 1.0 | 27,654 | - | 98 | - | 2,116 | - | 137 | - | - | - | 30,004 | |
| WILDLAND FIRE-ESTIMATED | | | | | | | | | | | | | | |
| CHIRP GRANT | | | 10,000 | - | 121 | - | 765 | - | - | - | - | - | 12,040 | |
| 16-474-9867 | | | - | - | - | - | - | - | - | - | - | - | - | |
| TOTAL GRANT-FUNDED WAGES/BENEFITS | | | 10,000 | - | 121 | - | 765 | - | - | - | - | - | 12,040 | |
| FY14 TOTAL WAGES/BENEFITS | | | 104.0 | \$ 2,541,934 | \$ 110,029 | \$105,306 | \$381,855 | \$ 203,876 | \$ 389,298 | \$ 12,015 | \$ 8,782 | \$ 77,044 | \$ 10,716 | \$ 3,854,682 |

CITY OF WILLCOX
Request for Council Action

Agenda Item: 14
Tab Number: 8
Date: 4/1/2013
Subject:
WIFA Loan
Extension Request

Date Submitted:

March 22, 2013

Action:

Resolution
 Ordinance

To: Honorable Mayor and City Council
From: Ruth Graham, Director of Finance

Discussion: On August 30, 2010 by Resolution No. 2010-92, the Mayor and Council of the City of Willcox authorized a Loan Agreement for a One Million Dollar (\$1,000,000) Line of Credit with the Water Infrastructure Financing Authority of Arizona (WIFA) as a part of the City's Wastewater Treatment Plant project. The loan agreement allows the City to draw funds for expenses incurred in the processes of Planning, Design and Engineering, Legal/Debt Authorization, and Financial Advisor services. The loan was for a three year period with a Closing Date, or due date, of July 1, 2013. The initial interest rate on the three year loan was 0.364%.

To date, we have drawn \$339,185.03 from the WIFA Funds as shown on the attached Requisition 5. The expenses are categorized by budget item. If the Closing Date of the loan is extended, additional funds in the amount of \$660,814.97 will be available to draw on for engineering services and other budgeted services in the upcoming months. Because there have been delays in the project the timeline for completion has been extended, and construction of the wastewater facility is expected to begin in May, 2014.

If the Closing Date is not extended, the outstanding balance will be due on or before June 30, 2013. The City anticipates that when permanent financing is secured the outstanding amount of the loan will be rolled into loans and/or grants from the United States Department of Agriculture-Rural Development (USDA-RD) and/or the Border Environmental Cooperation Commission (BECC).

Ms. Trish Incognito, CFO of WIFA, recommends that the City send a letter to the WIFA Board to request a two year extension of the Closing Date to July 1, 2015. If such an extension is granted, WIFA has advised us that the interest rate will be recalculated on a five year loan basis and may increase. The amount of the change is unknown. John Bowen has prepared a request letter with a detailed timeline of events to submit to WIFA.

Recommendation: Approve Resolution No. 2013-___ authorizing the City's request for a two year extension of the Closing Date on the WIFA loan to June 30, 2015, and to present the letter and the Resolution to the WIFA Board for consideration at its June 2013 meeting.

Fiscal Impact: If an extension is not granted \$339,185.03 due June 30, 2013.

Prepared By:


Ruth Graham, Finance Director

Approved by:


Pat McCourt, City Manager

**Water Infrastructure Finance Authority Requisition 5, Page 3 of 5
Cost Incurred Report and Disbursement Request
City of Willcox**

Type of Request: Final Partial **Period Covered:** from 7/20/11 to 3/20/13

Borrower Contact & Address:

City of Willcox
101 S Railroad Avenue, Suite B
Willcox, Arizona, 85643

Contact: Ruth Graham, Finance Director
Phone #: (520) 766-4202
FAX #: (520) 384-2590

Attach statements, invoices, or other proof that the amount requested below is currently due or has been advanced by the Borrower.

| Request by Budget Item (1) | Loan Budget (2) | Previously Disbursed (3) | This Request (4) | Total To Date (5)=(4)+(3) | % of Budget (6)=(5)/(2) | Balance (7)=(2)-(5) |
|---------------------------------------|------------------------|-----------------------------|---------------------|------------------------------|----------------------------|------------------------|
| Planning | \$ 200,000.00 | | | | % | 200,000.00 |
| Design & Engineering | \$ 740,000.00 | 220,371.27 | 108,813.76 | 329,185.03 | 44% | 410,814.97 |
| Legal/Debt Authorization | \$ 50,000.00 | | | | % | 50,000.00 |
| Financial Advisor | \$ 10,000.00 | 10,000.0 | | 10,000.00 | 100% | |
| Land/System Acquisition | \$ 0.00 | | | | % | |
| Equipment/Materials | \$ 0.00 | | | | % | |
| Construction/Installation/Improvement | \$ 0.00 | | | | % | |
| Inspection & Construction Management | \$ 0.00 | | | | % | |
| Project Officer | \$ 0.00 | | | | % | |
| Administration | \$ 0.00 | | | | % | |
| Staff Training | \$ 0.00 | | | | % | |
| Capitalized Interest | \$ 0.00 | | | | % | |
| Other | \$ 0.00 | | | | % | |
| Totals | \$ 1,000,000.00 | 230,371.27 | 108,813.76 | 339,185.03 | 34% | 660,814.97 |

John Bowen, Utility Supervisor
CITY OF WILLCOX
Public Services & Works



250 N. Railroad Ave
Willcox, Arizona 85643-2198
Phone: 520/384-6447 Fax: 520/384-3993
jbowen@willcoxcity.org

Water Infrastructure Finance Authority of Arizona
Attn. Trish Incognito, CFO
1110 W. Washington St #290
Phoenix, AZ 85007

March 21, 2013

Dear Ms. Incognito;

In response to our phone conversation of March 20, 2013, I am enclosing a timeline showing reasons for delay to our WWTP project. If you note the highlighted points, it is evident the selection by The BECC for 50% grant funding and their request to revise the PER caused a large delay.

These delays have necessitated a request for an extension of our \$1,000,000 design loan from WIFA. The City of Willcox is requesting the original loan be amended to extend the life of the loan two years from the original July, 2013, due date.

Thank you in advance for your consideration of this request.

If you have any questions, please contact me at (520)384-6447.

Sincerely,

John Bowen,
Utilities Supervisor

Cc: Pat McCourt, City Manager
Dave Bonner, Director Public Services and Works
Melanie Ford, WIFA

The following is a chronological listing of the Waste Water Treatment Plant (WWTP) renovation mandate from Arizona Department of Environmental Quality (ADEQ) to meet State and Federal Environmental Protection Agency (EPA) laws.

- December 23, 2008 – City of Willcox receives ADEQ Notice of Violation
- February 15, 2009 – City of Willcox contracts with Tetra Tech for initial Preliminary Engineering Report (PER) – Received \$35,000 Water Infrastructure Finance Authority grant for engineering with the City paying \$15,000
- May, 2009 – Meeting with City of Willcox and United States Department of Agriculture (USDA)/ Rural Development (RD) to discuss funding
- October 14, 2009 – City of Willcox contracts with Tetra Tech to complete the Preliminary Engineering Report (PER) and Environmental Report (ER) funded by The Border Environmental Cooperation Commission (The BECC)
- August 30, 2010 – The City receives a \$1,000,000 low interest loan from WIFA for engineering and design. City Council approved by Resolution
- August 31, 2010 – The City of Willcox and ADEQ met to negotiate the timeline and requirements for compliance with the Consent Order
- September 20, 2010 – ADEQ final draft for the Consent Order
- October 13, 2010 – Clarification teleconference with ADEQ and City of Willcox
- November 9, 2010 – Received ADEQ's response to teleconference questions
- December 1 & 8, 2010 – Publish Request for Qualifications (RFQ) for WWTP engineering
- January 7, 2011 - Received RFQ proposals
- January 14, 2011 – Completion selection by way of matrix and contacted reference for top three engineering firms which had submitted RFQ's. The selection committee was comprised of John Bowen, Utilities Supervisor, Dave Bonner, Public Services & Works Supervisor, Jim Thomas, Plant Operator, and Linda Stoddard, Utilities Administrative Assistant
- January 18, 2011 – The selection unanimously chose Wilson Engineering
- January 20, 2011 – Meeting with Wilson Engineering to review scope of work and design timeline
- February 14, 2011 – Consent Order went into effect
- February 21, 2011 – Council approves Wilson Engineering contract for \$625,875 by resolution
- February 28, 2011 – Received comments from USDA/RD on ER and PER

- March 15, 2011 – Meeting with City of Willcox, Wilson Engineering and ADEQ in Phoenix office regarding the Aquifer Protection Permit (APP), Best Available Demonstrated Control Technology (BADCT), setback issues, and odor control
- April, 2011 – Wilson Engineering starts engineering process - progresses to approximately 30% completion

- July 7, 2011 – Program Development Assistance Program (PDAP), Border Environment Infrastructure Fund (BEIF) pre-selection meeting in Willcox
- August, 2011 to December 15, 2011 – Meetings with City of Willcox, The BECC, USDA-RD, EPA-9, and WIFA to establish PER and ER. The conclusion by The BECC and USDA-RD was the PER needed to be re-done to standards. Staff contacted Wilson Engineering to inform them to halt further design.
- September 14, 2011 – Received letter from Joel Mora of The BECC that Willcox had been chosen for The BECC's 50% grant for engineering

- October 12, 2011 – The BECC kickoff meeting in Willcox
- August 14, 2012 - The BECC meeting at Willcox

- August 28, 2012 – PER process/review with Tetra Tech until acceptable by stakeholder standards

- September 10, 2012 – Wilson Engineering provides new quote for additional tasks as a result of the revised ER/PER \$936,580
- October 12, 2012 – Wilson Engineering provides revised scope of work proposal of \$829,870.

Fifty percent (50%) of the engineering fees of \$829,870 would be paid with a grant from The BECC with the balance due to be paid by the City. Dependant upon the final design cost and grant/loan requirements from USDA/RD and WIFA, the City's percentage may be rolled over into the final construction cost of the project.

- November 5, 2012 – Council Action to approve new Wilson Contract by resolution
- November 12, 2012 – Council approves Wilson Engineering Contract
- January, 2013 - APP meetings with ADEQ
- January 25, 2013 – Wilson Engineering restarts design
- February, 2013 – lagoon clean closure meeting with ADEQ

CITY OF WILLCOX, COCHISE COUNTY, ARIZONA

RESOLUTION 2013-17

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF WILLCOX, ARIZONA, APPROVING THE REQUEST FOR A TWO YEAR EXTENSION OF THE LOAN AGREEMENT WITH THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA (WIFA); DIRECTING THE EXECUTION AND DELIVERY OF SUCH REQUEST TO THE WIFA BOARD AND ANY OTHER SUPPORTING DOCUMENTATION IN CONNECTION THEREWITH; DIRECTING THE MAYOR TO EXECUTE THIS RESOLUTION AS PRESENTED AND FURTHER DIRECTING CITY STAFF TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION.

WHEREAS, pursuant to authority of Title 9, Article 5, Arizona Revised Statutes, the City of Willcox, Arizona (“CITY”) operates a sewer system (“System”); and,

WHEREAS, pursuant to authority of Resolution No. 2010-92, adopted by the Mayor and Council on August 30, 2010, the CITY approved a One Million (\$1,000,000.00) line of credit from the Water Infrastructure Finance Authority of Arizona (WIFA”) pursuant to Section 9-571, Arizona Revised Statutes, for the purpose of construction of CITY’S Wastewater Treatment Facility and said line of credit was originally for a period of three (3) years with a closing date of July 1, 2013; and,

WHEREAS, due to delays in the construction of the CITY’S Wastewater Treatment Facility, construction of the facility is not scheduled to begin until May of 2014 and as such, it would be in the best interest of the CITY if the closing date on the approved a One Million (\$1,000,000.00) line of credit were extended for an additional two (2) years scheduling the new closing date as July 1, 2015; and,

WHEREAS, if such extension request is granted by WIFA, CITY anticipates that permanent financing will be secured by loans and/or grants from the United States Department of Agriculture – Rural Development and/or the Boarder Environmental Cooperation Commission upon completion of the Wastewater Treatment Facility repaying all debt from the WIFA line of credit; and,

WHEREAS, the Mayor and City Council believe that requesting an extension on the line of credit from WIFA is in the best interest of the citizens of the City of Willcox and it is the desire of the Mayor and City Council that this item be presented for consideration at the regular Council Meeting scheduled for April 1, 2013.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, ARIZONA, as follows:

SECTION 1. The Mayor and City Council hereby find and determine that it will be beneficial to the citizens of the City of Willcox for the CITY to request an extension to the WIFA Loan Agreement until July 1, 2015, providing for financing of the Wastewater Treatment Facility, all of which is found in furtherance of the purposes of the City, its citizens and in the public interest; and,

SECTION 2: CITY Administrators and staff are authorized and directed to submit to the WIFA Board a letter requesting an extension to the WIFA Loan Agreement until July 1, 2015; and,

SECTION 3: The Mayor is authorized and empowered to execute the Resolution as presented.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, ARIZONA, this 1st day of April, 2013.

APPROVED/EXECUTED:

ROBERT A. IRVIN, MAYOR

ATTEST:

VIRGINIA A. MEFFORD, City Clerk

APPROVED AS TO FORM:

ANN P. ROBERTS, City Attorney

RESOLUTION 2013-17

CERTIFICATE

I, Virginia A. Mefford, the duly appointed City Clerk of the City of Willcox, Arizona, do hereby certify that the above and foregoing Resolution No. 2013-17 was duly passed and adopted by the Mayor and Council of the City of Willcox, Arizona, at a regular meeting held on April 1, 2013, and the vote was ___ yes and ___ nays and that the Mayor and all Council Members were present there at.

Clerk, City of Willcox, Arizona

CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION

Agenda Item 15
Tab Number 9
Date: 4/1/2013

| | | |
|------------------------|---|---|
| <u>Date Submitted:</u> | <u>Action:</u> | <u>Subject:</u> |
| March 25, 2013 | <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Formal <input type="checkbox"/> Consideration | FY14 RATES FOR THE WASTEWATER (SEWER) UTILITY |

TO: MAYOR AND COUNCIL
FROM: Finance Director Ruth Graham

DISCUSSION:

The City of Willcox operates a Wastewater (Sewer) Utility. As a part of its ongoing responsibility to operate the utilities in a business-like manner and to maintain a reserve balance for operations and capital investment needs, the City is reviewing its rates for services for the upcoming Fiscal Year 2013-2014 (FY14).

The Waste Water Utility operations are maintained as an Enterprise Fund; what this means is that the cost of operation is supported by user fees. Annual rate reviews consider the revenues, expenses and capital needs for each utility and make recommendations for utility rates for the upcoming year. The expenses consist of the amounts required for operation, maintenance, system updates, renewals and replacement of properties, and payments of principal and interest on indebtedness, if any. It is also necessary to establish and maintain reserves. There are normal increases in costs due to the cost of labor, equipment, supplies, insurance, etc. These are usually referred to as cost of living increases. Under our rate structure, in the absence of Council action on the rates, an annual cost of living adjustment will automatically be applied. The FY14 proposed rates do not include an automatic CPI adjustment.

Prior to the February 18, 2013 adoption of the Notice of Intention to Raise Rates, Staff prepared an analysis of the revenues and expenses for the Waste Water Utility. Since that time, the rate study has been available for inspection by the public on the City's website at www.CityofWillcox.org, three copies are available in the City Clerk's office and a copy is available in the Library.

The rates include two components: a fixed cost and a variable (usage) cost. On the customer's bill the fixed and variable charges are lumped together into one amount. The fixed portion of the cost is the base rate; the variable portion is determined by the customer's winter water use.

The public has had notice of the proposed rates and charges. On January 22, 2013, notice was posted on the City website of the annual rate review for the City utilities. The Council adopted the Notice of Intention to Increase Rates or Charges on February 18, 2013 and a Public Hearing Notice was published in the Arizona Range News on February 27, 2013. Work sessions have been held with the Council each week since the beginning of March. A Public Hearing is scheduled on April 1, 2013 to solicit public comment on the proposed FY14 utility rates.

Staff is recommending that the City Council adopt the Rates and Charges of the Wastewater Utility of the City of Willcox as shown on Exhibit A attached to the Resolution. If the recommendation is adopted by the Council, the FY14 rates shown in Exhibit A will go into effect on July 1, 2013.

RECOMMENDATION:

Motion to Approve Resolution No. 2013-___ to adopt the Fiscal Year 2013-2014 Wastewater (Sewer) System Rates and Charges (as shown on Exhibit A) Effective July 1, 2013.

Submitted by:

Approved by:



Ruth Graham, Finance Director



Pat McCourt, City Manager

EXHIBIT A
CITY OF WILLCOX, ARIZONA
WASTE WATER SYSTEM
RATES AND CHARGES EFFECTIVE JULY 1, 2013

| Section 1. Monthly Availability Meter Charge based upon size of Water Service: | | | | |
|--|--------------|-----------|-------------------|-------------------|
| Customer Type | Meter Size | Rate Code | FY13 Meter Charge | FY14 Meter Charge |
| Residential | 3/4" or less | 501 | \$ 19.94 | \$ 20.94 |
| Residential | 1" | 502 | \$ 27.11 | \$ 28.47 |
| Residential Multi-Units | 3/4" or less | 510 | \$ 19.94 | \$ 20.94 |
| Commercial | 3/4" or less | 520 | \$ 28.99 | \$ 30.44 |
| Commercial | 1" | 521 | \$ 36.18 | \$ 37.99 |
| Commercial | 1 1/2" | 522 | \$ 54.26 | \$ 56.98 |
| Commercial | 2" | 523 | \$ 75.93 | \$ 79.73 |
| Commercial | 3" | 524 | \$ 144.66 | \$ 151.89 |
| Commercial | 4" | 525 | \$ 235.20 | \$ 246.96 |

| Section 2. Unit Usage Charge based on Thousand Gallon Units (MG): | |
|---|-------------|
| All Customers | \$ 2.861072 |

Section 3. Annual Usage Rate Adjustment based on three month Winter Average water usage:

The Current Usage Rate shall be based upon the volume of water usage during the billing cycles for December, January, and February each year. Water usage will be totaled and divided by three (3) to provide an average usage for computing the Sewer usage rate for each customer. This new average usage will remain unchanged throughout the ensuing year. Documentation of unusual circumstances (i.e. leaks) may be used by City Manager to adjust annual usage. The adjustment for Annual Usage shall be effective as of April 1st. New customers or sewer locations, or customers whose water is provided by a well, will be charged the average base rate and usage for that class of customers.

Section 4. Annual Adjustment based on the Change in the Consumer Price Index:

Unless acted upon by the City Council, the rates listed in Section 1, 2 and 3 of this Resolution shall be adjusted effective July 1st of each year. The rates shall be adjusted by taking the monthly Meter Charge Availability charges and the per unit Usage Charges for the most recent period and multiplying those rates by the annual change in the Consumer Price Index - All Urban Consumers - U.S. City Average (CPI) as published by the Bureau of Labor Statistics for the period from January 1st of the preceding year to January 1st of the current year.

Section 5. Policy on Delinquent Utility Accounts:

Policy adopted by Council 5/9/2005 includes definitions, purposes, 1.5% monthly penalty fee on unpaid balances, \$40 reconnection fee, deposits required, \$15.00 transfer fee, payment plan if granted required to satisfy balance within two months, \$25.00 returned check fee, \$20.00 charge for customer-requested meter re-reads if readings were correct.

CITY OF WILLCOX, COCHISE COUNTY, ARIZONA

RESOLUTION 2013-18

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF WILLCOX, ARIZONA, APPROVING AND ADOPTING RATES AND CHARGES FOR WASTEWATER UTILITY SERVICES PROVIDED BY THE CITY OF WILLCOX, SETTING AN EFFECTIVE DATE AND DIRECTING AUTHORIZED CITY OFFICERS AND ADMINISTRATORS TO CARRY OUT THE PURPOSE AND INTENT OF THIS RESOLUTION.

WHEREAS, the Mayor and Council of the City of Willcox make the following findings:

(a) The City of Willcox, Arizona, hereinafter "CITY", has the requisite statutory authority to engage in any business or enterprise which may be engaged in by persons by virtue of a franchise from the municipal corporation, and may construct, purchase, acquire, own and maintain within or without its corporate limits any such business or enterprise pursuant to the provision of A.R.S. § 9-511 et. seq.; and,

(b) Pursuant to such requisite statutory authority, the CITY does provide Gas, Water, Wastewater and Solid Waste Services for the benefit of the property owners and users within and without CITY'S corporate boundaries pursuant to the provision of A.R.S. § 9-511 et. seq.; and,

(c) The Mayor and City Council have adopted the requisite notice of intention to increase rates and charges for Gas, Water, Wastewater and Solid Waste Utilities, provided notification on the CITY'S website and set a date for a public hearing on the proposed rates and charges in accordance with A.R.S. §9-511.01; and,

(d) The Mayor and Council adopted the Notice of Intention pursuant to **Resolution 2013-10** and declared the written report entitled "**City of Willcox, Public Service & Works, FY2013-2014 Wastewater Cost of Service Update**" dated February 11, 2013 a public document on February 18, 2013, and three (3) copies of such report were made available to the public for inspection on February 19, 2013, by filing such in the office of the City Clerk, more than 30 days prior to the date set for the public hearing; and,

(e) The Notice of Intention was published one (1) time in the Range News, a newspaper of general circulation within the boundaries of CITY, on February 27, 2013, not less than 20 days prior to the Public Hearing scheduled on **April 1, 2013** at which time oral and written comments were received by the Mayor and Council on the proposed rates and charges; and,

(f) The Mayor and City Council believe that annually reviewing the rates and charges set for the Wastewater Utility services provided by CITY is necessary and in the best interests of the citizens of the City of Willcox and they desire that this item be presented for consideration at the regular Council Meeting on April 1, 2013.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, ARIZONA, as follows:

SECTION 1: The Mayor and City Council hereby formally approve and adopt the Wastewater System Rates and Charges as presented and as outlined in Exhibit "A" attached hereto and made a part hereof by reference, entitled "**City of Willcox, Waste Water System, Rates and Charges Effective July 1, 2013**" and deem such are in the best interests of the residents of the City of Willcox; and,

SECTION 2: The rates and charges adopted shall be in full force and effect as of July 1, 2013, based upon formal adoption and passage of this Resolution by Mayor and Council in accordance with A.R.S. § 9-511.01; and,

SECTION 3: The Mayor is authorized and empowered to execute this Resolution and City staff are authorized and directed to carry out the intent of **Resolution No. 2013-18**.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, ARIZONA, this 1st day of April, 2013.

APPROVED/EXECUTED:

ROBERT A. IRVIN, MAYOR

ATTEST:

VIRGINIA A. MEFFORD, City Clerk

APPROVED AS TO FORM:

ANN P. ROBERTS, City Attorney

RESOLUTION 2013-18

CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION

Agenda Item 16
Tab Number 10
Date: 4/1/2013

| <u>Date Submitted:</u> | <u>Action:</u> | <u>Subject:</u> |
|------------------------|---|---|
| March 25, 2013 | <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Formal <input type="checkbox"/> Consideration | FY14 RATES FOR THE SOLID WASTE UTILITY |

TO: MAYOR AND COUNCIL
FROM: Finance Director Ruth Graham

DISCUSSION:

The City of Willcox operates a Solid Waste (Trash Service) Utility. As a part of its ongoing responsibility to operate the utilities in a business-like manner and to maintain a reserve balance for operations and capital investment needs, the City is reviewing its rates for services for the upcoming Fiscal Year 2013-2014 (FY14).

The Solid Waste Utility operations are maintained as an Enterprise Fund; what this means is that the cost of operation is supported by user fees. Annual rate reviews consider the revenues, expenses and capital needs for each utility and make recommendations for utility rates for the upcoming year. The expenses consist of the amounts required for operation, maintenance, system updates, renewals and replacement of properties, and payments of principal and interest on indebtedness, if any. It is also necessary to establish and maintain reserves. There are normal increases in costs due to the cost of contractor services, solid waste transfer station tipping fees, labor, equipment, etc. These are usually referred to as cost of living increases. Waste Connections, Inc., our solid waste contractor, increases its fees each year based on the federal cost of living adjustments as posted. Cochise County operates the solid waste transfer station, and there are scheduled annual increases in the tipping fees each year. The City is also considering the addition of recycling services. Under our rate structure, in the absence of Council action on the rates, an annual cost of living adjustment will automatically be applied. The FY14 proposed rates include a CPI adjustment increase of 1.7%.

Prior to the February 18, 2013 adoption of the Notice of Intention to Raise Rates, Staff prepared an analysis of the revenues and expenses for the Waste Water Utility. Since that time, the rate study has been available for inspection by the public on the City's website at www.CityofWillcox.org, three copies are available in the City Clerk's office and a copy is available in the Library.

The residential rate for a 96 gallon container includes two pickups per week. Commercial customers with low volume can select a 96 gallon container with two pickups per week. Commercial customers with more volume can select a 1.5 cubic yard container or a 3 cubic yard container, and

any number of containers, including a mix of 1.5 and 3 yard cans with the desired number of pickups per can per week. The rates are based on number of pickups and a fixed base rate per customer. Exhibit A and its attachment outline the fees.

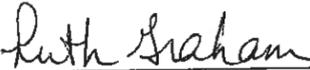
The public has had notice of the proposed rates and charges. On January 22, 2013, notice was posted on the City website of the annual rate review for the City utilities. The Council adopted the Notice of Intention to Increase Rates or Charges on February 18, 2013 and a Public Hearing Notice was published in the Arizona Range News on February 27, 2013. Work sessions have been held with the Council each week since the beginning of March. A Public Hearing is scheduled on April 1, 2013 to solicit public comment on the proposed FY14 utility rates.

Staff is recommending that the City Council adopt the Rates and Charges of the Solid Waste (Trash) Utility of the City of Willcox as shown on Exhibit A attached to the Resolution. If the recommendation is adopted by the Council, the FY14 rates shown in Exhibit A will go into effect on July 1, 2013.

RECOMMENDATION:

Motion to Approve Resolution No. 2013-____ to adopt the Fiscal Year 2013-2014 Solid Waste (Trash) System Rates and Charges (as shown on Exhibit A) Effective July 1, 2013.

Submitted by:



Ruth Graham, Finance Director

Approved by:



Pat McCourt, City Manager

EXHIBIT A
 CITY OF WILLCOX, ARIZONA
 SOLID WASTE (TRASH REMOVAL) SYSTEM
 RATES AND CHARGES EFFECTIVE JULY 1, 2013

| Section 1. Solid Waste Charges for Residential Service: | | | | |
|---|--|-----------|-------------|-------------|
| Customer Type | Container Size | Rate Code | FY13 Charge | FY14 Charge |
| Single Family | 96 gallon | 701 | \$ 23.72 | \$ 24.12 |
| Senior Citizen /Side Yard | 96 gallon | 702 | \$ 20.40 | \$ 20.74 |
| Commercial | SEE ATTACHED FISCAL YEAR 2013-14 RATE SCHEDULE | | | |

Section 2. Annual Adjustment based on the Change in the Consumer Price Index:

Unless acted upon by the City Council, the rates listed in Section 1 and as enumerated on the attached rate schedule shall be adjusted by the cost of living effective July 1st of each year. The rates from the most recent period will be multiplied by the annual rate of change in the Consumer Price Index - All Urban Consumers - U.S. City Average (CPI) as published by the Bureau of Labor Statistics for the period from January 1st of the preceding year to January 1st of the current year.

Section 3. Policy on Delinquent Utility Accounts:

Policy adopted by Council 5/9/2005 includes definitions, purposes, 1.5% monthly penalty fee on unpaid balances, \$40 reconnection fee, deposits required, \$15.00 transfer fee, payment plan if granted required to satisfy balance within two months, \$25.00 returned check fee, \$20.00 charge for customer-requested meter re-reads if readings were correct.

Attachment to Schedule A
City of Willcox
Commercial Solid Waste Rates FY 2013-2014

| | |
|---|----------------|
| Single Rate for 96 Gallon Can Customers: 96 gallon - one container per account maximum | \$25.40 |
|---|----------------|

| | | | | | | | | | |
|---|-----------------|-------|----------------------|-------|----------------------|------|--------------|--------|-----------------|
| Customer can have any combination of 1.5 yd & 3 yd containers and any combination of Pickups per week. The formula for computing the rates is: | | | | | | | | | |
| | Rate/ Pickup | Times | No. of Containers | Times | No. of pickups/wk | Plus | Base Rate | Equals | Monthly rate |
| 1.5 yd Container | \$28.55 | X | () | X | () | + | \$27.85 | = | |
| 3 yd container | \$53.80 | X | () | X | () | + | \$27.85 | = | |

Monthly Charges for common combinations of 1.5 Yd. and 3 Yd. Container Services:
If a customer wishes to have additional pickups, the cost will be computed by the formula.

| 1.5 Yd. Container | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|----------|
| No. of Pickups per Week | 1 Can | 2 Cans | 3 Cans | 4 Cans | 5 Cans | 6 Cans |
| 1 | 56.40 | 84.95 | 113.50 | 142.05 | 170.60 | 199.15 |
| 2 | 84.95 | 142.05 | 199.15 | 256.25 | 313.35 | 370.45 |
| 3 | 113.50 | 199.15 | 284.80 | 370.45 | 456.10 | 541.75 |
| 4 | 142.05 | 256.25 | 370.45 | 484.65 | 598.85 | 713.05 |
| 5 | 170.60 | 313.35 | 456.10 | 598.85 | 741.60 | 884.35 |
| 6 | 199.15 | 370.45 | 541.75 | 713.05 | 884.35 | 1,055.65 |

| 3 Yd. Container | | | | | | |
|-------------------------------|--------|--------|--------|----------|----------|----------|
| No. of Pickups per Week | 1 Can | 2 Cans | 3 Cans | 4 Cans | 5 Cans | 6 Cans |
| 1 | 81.65 | 135.45 | 189.25 | 243.05 | 296.85 | 350.65 |
| 2 | 135.45 | 243.05 | 350.65 | 458.25 | 565.85 | 673.45 |
| 3 | 189.25 | 350.65 | 512.05 | 673.45 | 834.85 | 996.25 |
| 4 | 243.05 | 458.25 | 673.45 | 888.65 | 1,103.85 | 1,319.05 |
| 5 | 296.85 | 565.85 | 834.85 | 1,103.85 | 1,372.85 | 1,641.85 |
| 6 | 350.65 | 673.45 | 996.25 | 1,319.05 | 1,641.85 | 1,964.65 |

CITY OF WILLCOX, COCHISE COUNTY, ARIZONA

RESOLUTION 2013-19

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF WILLCOX, ARIZONA, APPROVING AND ADOPTING RATES AND CHARGES FOR SOLID WASTE UTILITY SERVICES PROVIDED BY THE CITY OF WILLCOX, SETTING AN EFFECTIVE DATE AND DIRECTING AUTHORIZED CITY OFFICERS AND ADMINISTRATORS TO CARRY OUT THE PURPOSE AND INTENT OF THIS RESOLUTION.

WHEREAS, the Mayor and Council of the City of Willcox make the following findings:

(a) The City of Willcox, Arizona, hereinafter "CITY", has the requisite statutory authority to engage in any business or enterprise which may be engaged in by persons by virtue of a franchise from the municipal corporation, and may construct, purchase, acquire, own and maintain within or without its corporate limits any such business or enterprise pursuant to the provision of A.R.S. § 9-511 et. seq.; and,

(b) Pursuant to such requisite statutory authority, the CITY does provide Gas, Water, Wastewater and Solid Waste Services for the benefit of the property owners and users within and without CITY'S corporate boundaries pursuant to the provision of A.R.S. § 9-511 et. seq.; and,

(c) The Mayor and City Council have adopted the requisite notice of intention to increase rates and charges for Gas, Water, Wastewater and Solid Waste Utilities, provided notification on the CITY'S website and set a date for a public hearing on the proposed rates and charges in accordance with A.R.S. §9-511.01; and,

(d) The Mayor and Council adopted the Notice of Intention pursuant to **Resolution 2013-10** and declared the written report entitled "**City of Willcox, Public Service & Works, FY2013-2014 Solid Waste Cost of Service Update**" dated **February 11, 2013** a public document on February 18, 2013, and three (3) copies of such report were made available to the public for inspection on February 19, 2013, by filing such in the office of the City Clerk, more than 30 days prior to the date set for the public hearing; and,

(e) The Notice of Intention was published one (1) time in the Range News, a newspaper of general circulation within the boundaries of CITY, on February 27, 2013, not less than 20 days prior to the Public Hearing scheduled on **April 1, 2013** at which time oral and written comments were received by the Mayor and Council on the proposed rates and charges; and,

(f) The Mayor and City Council believe that annually reviewing the rates and charges set for the Solid Waste Utility services provided by CITY is necessary and in the best interests of the citizens of the City of Willcox and they desire that this item be presented for consideration at the regular Council Meeting on April 1, 2013.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, ARIZONA, as follows:

SECTION 1: The Mayor and City Council hereby formally approve and adopt the Solid Waste System Rates and Charges as presented and as outlined in Exhibit "A" attached hereto and made a part hereof by reference, entitled "**City of Willcox, Solid Waste (Trash Removal) System, Rates and Charges Effective July 1, 2013**" and deem such are in the best interests of the residents of the City of Willcox; and,

SECTION 2: The rates and charges adopted shall be in full force and effect as of July 1, 2013, based upon formal adoption and passage of this Resolution by Mayor and Council in accordance with A.R.S. § 9-511.01; and,

SECTION 3: The Mayor is authorized and empowered to execute this Resolution and City staff are authorized and directed to carry out the intent of **Resolution No. 2013-19**.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, ARIZONA, this 1st day of April, 2013.

APPROVED/EXECUTED:

ROBERT A. IRVIN, MAYOR

ATTEST:

VIRGINIA A. MEFFORD, City Clerk

APPROVED AS TO FORM:

ANN P. ROBERTS, City Attorney

RESOLUTION 2013-19

CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION

Agenda Item 17
Tab Number 11
Date: 4/1/2013

| <u>Date Submitted:</u> | <u>Action:</u> | <u>Subject:</u> |
|------------------------|---|-------------------------------------|
| March 25, 2013 | <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Formal <input type="checkbox"/> Consideration | FY14 RATES FOR THE WATER UTILITY |

TO: MAYOR AND COUNCIL
FROM: Finance Director Ruth Graham

DISCUSSION:

The City of Willcox operates a Water Utility. As a part of its ongoing responsibility to operate the utilities in a business-like manner and to maintain a reserve balance for operations and capital investment needs, the City is reviewing its rates for services for the upcoming Fiscal Year 2013-2014 (FY14).

The Water Utility operations are maintained as an Enterprise Fund; what this means is that the cost of operation is supported by user fees. Annual rate reviews consider the revenues, expenses and capital needs for each utility and make recommendations for utility rates for the upcoming year. The expenses consist of the amounts required for operation, maintenance, system updates, renewals and replacement of properties, and payments of principal and interest on indebtedness, if any. It is also necessary to establish and maintain reserves. There are normal increases in costs due to the cost of labor, equipment, supplies, insurance, etc. These are usually referred to as cost of living increases. Under our rate structure, in the absence of Council action on the rates, an annual cost of living adjustment will automatically be applied. The FY14 proposed rates do not include an automatic CPI adjustment.

Prior to the February 18, 2013 adoption of the Notice of Intention to Raise Rates, Staff prepared an analysis of the revenues and expenses for the Waste Water Utility. Since that time, the rate study has been available for inspection by the public on the City's website at www.CityofWillcox.org, three copies are available in the City Clerk's office and a copy is available in the Library.

The rates include two components: a fixed cost and a variable (usage) cost. On the customer's bill the fixed and variable charges are lumped together into one amount. The fixed portion of the cost is the base rate. When a new water meter is installed at a new site, the customer pays for the cost of the new meter. The meter then becomes the property and responsibility of the City for maintenance and replacement. Meters wear out, and the City maintains a schedule for meter replacements at the City's

expense (the meters are scheduled to be changed out every ten years).

The public has had notice of the proposed rates and charges. On January 22, 2013, notice was posted on the City website of the annual rate review for the City utilities. The Council adopted the Notice of Intention to Increase Rates or Charges on February 18, 2013 and a Public Hearing Notice was published in the Arizona Range News on February 27, 2013. Work sessions have been held with the Council each week since the beginning of March. A Public Hearing is scheduled on April 1, 2013 to solicit public comment on the proposed FY14 utility rates.

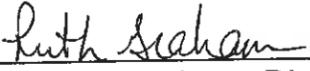
Staff is recommending that the City Council adopt the Rates and Charges of the Water Utility of the City of Willcox as shown on Exhibit A attached to the Resolution. If the recommendation is adopted by the Council, the FY14 rates shown in Exhibit A will go into effect on July 1, 2013.

RECOMMENDATION:

Motion to Approve Resolution No. 2013-____ to adopt the Fiscal Year 2013-2014 Water System Rates and Charges (as shown on Exhibit A) Effective July 1, 2013.

Submitted by:

Approved by:



Ruth Graham, Finance Director



Pat McCourt, City Manager

**EXHIBIT A
WATER SYSTEM OF THE CITY OF WILLCOX, ARIZONA
RATES AND CHARGES EFFECTIVE JULY 1, 2013**

| Section 1. Monthly Availability Meter Charge based upon size of Water Service: | | | | |
|--|------------|-----------|-------------------|-------------------|
| Customer Type | Meter Size | Rate Code | FY13 Meter Charge | FY14 Meter Charge |
| Residential | 3/4" | 301 | \$ 14.55 | \$ 14.55 |
| Residential | 1" | 302 | \$ 19.21 | \$ 19.21 |
| Commercial | 3/4" | 310 | \$ 14.55 | \$ 14.55 |
| Commercial | 1" | 311 | \$ 19.21 | \$ 19.21 |
| Commercial | 1 1/2" | 312 | \$ 26.52 | \$ 26.52 |
| Commercial | 2" | 313 | \$ 35.16 | \$ 35.16 |
| Commercial | 3" | 314 | \$ 72.80 | \$ 72.80 |
| Commercial | 4" | 315 | \$ 182.61 | \$ 182.61 |

| Section 2. Unit Usage Charge based on Thousand Gallon Units (MG): | |
|---|------------------|
| 0-2,000 Gallons | Included in base |
| 2,001 - 6,000 Gallons | \$1.63 |
| 6,001 - 10,000 Gallons | \$1.82 |
| 10,001 - 15,000 Gallons | \$2.03 |
| 15,001 and above, No Limit | \$2.16 |

| Section 3. Bulk Water Station Rates: | |
|--------------------------------------|--------|
| Minimum Charge (each use) | \$5.00 |
| Cost per Thousand (MG) | \$8.52 |

| Section 4. Hydrant Water Rates: | |
|---------------------------------|---------|
| Setup Fee | \$50.00 |
| Cost per Thousand (MG) | \$8.52 |

Section 5. Annual Adjustment based on the Change in the Consumer Price Index:

Unless acted upon by the City Council, the rates listed in Section 1. and Section 2. of this Resolution shall be adjusted effective July 1st of each year, with July 1, 2012 being the date of the first adjustment. The rates shall be adjusted by taking the monthly Meter Charge Availability charges and the per unit Usage Charges for the most recent period and multiplying those rates by the annual change in the Consumer Price Index - All Urban Consumers-U.S. City Average (CPI) as published by the Bureau of Labor Statistics for the period from January 1st of the preceding year to January 1st of the current year. All water sales are subject to Transaction Privilege (Sales) Tax.

Section 6. Policy on Delinquent Utility Accounts:

Policy adopted by Council 5/9/2005 includes definitions, purposes, 1.5% monthly penalty fee on unpaid balances, \$40 reconnection fee, deposits required, \$15.00 transfer fee, payment plan if granted required to satisfy balance within two months, \$25.00 returned check fee, \$20.00 charge for customer-requested meter re-reads if readings were correct.

CITY OF WILLCOX, COCHISE COUNTY, ARIZONA

RESOLUTION 2013-20

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF WILLCOX, ARIZONA, APPROVING AND ADOPTING RATES AND CHARGES FOR WATER UTILITY SERVICES PROVIDED BY THE CITY OF WILLCOX, SETTING AN EFFECTIVE DATE AND DIRECTING AUTHORIZED CITY OFFICERS AND ADMINISTRATORS TO CARRY OUT THE PURPOSE AND INTENT OF THIS RESOLUTION.

WHEREAS, the Mayor and Council of the City of Willcox make the following findings:

- (a) The City of Willcox, Arizona, hereinafter "CITY", has the requisite statutory authority to engage in any business or enterprise which may be engaged in by persons by virtue of a franchise from the municipal corporation, and may construct, purchase, acquire, own and maintain within or without its corporate limits any such business or enterprise pursuant to the provision of A.R.S. § 9-511 et. seq.; and,
- (b) Pursuant to such requisite statutory authority, the CITY does provide Gas, Water, Wastewater and Solid Waste Services for the benefit of the property owners and users within and without CITY'S corporate boundaries pursuant to the provision of A.R.S. § 9-511 et. seq.; and,
- (c) The Mayor and City Council have adopted the requisite notice of intention to increase rates and charges for Gas, Water, Wastewater and Solid Waste Utilities, provided notification on the CITY'S website and set a date for a public hearing on the proposed rates and charges in accordance with A.R.S. §9-511.01; and,
- (d) The Mayor and Council adopted the Notice of Intention pursuant to **Resolution 2013-10** and declared the written report entitled "**City of Willcox, Public Service & Works, FY2013-2014 Water Cost of Service Update**" dated **February 11, 2013** a public document on February 18, 2013, and three (3) copies of such report were made available to the public for inspection on February 19, 2013, by filing such in the office of the City Clerk, more than 30 days prior to the date set for the public hearing; and,
- (e) The Notice of Intention was published one (1) time in the Range News, a newspaper of general circulation within the boundaries of CITY, on February 27, 2013, not less than 20 days prior to the Public Hearing scheduled on **April 1, 2013** at which time oral and written comments were received by the Mayor and Council on the proposed rates and charges; and,

(f) The Mayor and City Council believe that annually reviewing the rates and charges set for the Water Utility services provided by CITY is necessary and in the best interests of the citizens of the City of Willcox and they desire that this item be presented for consideration at the regular Council Meeting on April 1, 2013.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, ARIZONA, as follows:

SECTION 1: The Mayor and City Council hereby formally approve and adopt the Wastewater System Rates and Charges as presented and as outlined in Exhibit "A" attached hereto and made a part hereof by reference, entitled "**Water System of the City of Willcox, Arizona, Rates and Charges Effective July 1, 2013**" and deem such are in the best interests of the residents of the City of Willcox; and,

SECTION 2: The rates and charges adopted shall be in full force and effect as of July 1, 2013, based upon formal adoption and passage of this Resolution by Mayor and Council in accordance with A.R.S. § 9-511.01; and,

SECTION 3: The Mayor is authorized and empowered to execute this Resolution and City staff are authorized and directed to carry out the intent of **Resolution No. 2013-20**.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, ARIZONA, this 1st day of April, 2013.

APPROVED/EXECUTED:

ROBERT A. IRVIN, MAYOR

ATTEST:

VIRGINIA A. MEFFORD, City Clerk

APPROVED AS TO FORM:

ANN P. ROBERTS, City Attorney

RESOLUTION 2013-20

CITY OF WILLCOX
REQUEST FOR COUNCIL ACTION

Agenda Item 18
Tab Number 12
Date: 4/1/2013

| | | |
|------------------------|---|-----------------------------------|
| <u>Date Submitted:</u> | <u>Action:</u> | <u>Subject:</u> |
| March 25, 2013 | <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Formal <input type="checkbox"/> Consideration | FY14 RATES FOR THE GAS UTILITY |

TO: MAYOR AND COUNCIL
FROM: Finance Director Ruth Graham

DISCUSSION:

The City of Willcox operates a Gas Utility. As a part of its ongoing responsibility to operate the utilities in a business-like manner and to maintain a reserve balance for operations and capital investment needs, the City is reviewing its rates for services for the upcoming Fiscal Year 2013-2014 (FY14).

The Gas Utility operations are maintained as an Enterprise Fund; what this means is that the cost of operation is supported by user fees. Annual rate reviews consider the revenues, expenses and capital needs for each utility and make recommendations for utility rates for the upcoming year. The expenses consist of the amounts required for operation, maintenance, system updates, renewals and replacement of properties, and payments of principal and interest on indebtedness, if any. It is also necessary to establish and maintain reserves. There are normal increases in costs due to the cost of labor, equipment, supplies, insurance, etc. These are usually referred to as cost of living increases. Under our rate structure, in the absence of Council action on the rates an annual cost of living adjustment will automatically be applied.

Prior to the February 18, 2013 adoption of the Notice of Intention to Raise Rates, Staff prepared an analysis of the revenues and expenses for the Waste Water Utility. Since that time, the rate study has been available for inspection by the public on the City's website at www.CityofWillcox.org, three copies are available in the City Clerk's office and a copy is available in the Library.

The rates include three components: a fixed cost, a variable (usage) cost, and a fuel rate. On the customer's bill the charges are lumped together into one amount.

The fixed portion of the cost is the base rate; gas meter charges are graduated based on the size and cost of the meter. When a new gas meter is installed at a new site, the customer pays for the cost of the new meter. The meter then becomes the property and responsibility of the City for maintenance

and replacement. Meters wear out, and the City maintains a schedule for meter replacements at the City's expense (the meters are scheduled to be changed out every ten years). The Fuel Rate is a variable fee which changes each month. This fee is designed to reflect the cost of natural gas and delivery charges of natural gas to the City that is passed through to the customers. Therefore the amount paid by a customer from one month to the next month may change even if they use the exact same amount of gas. A variable fee is charged per thousand cubic feet (MCF) of gas used. This component has one price for in town customers and a second price (an additional \$0.644/MCF) for out of town customers.

The public has had notice of the proposed rates and charges. On January 22, 2013, notice was posted on the City website of the annual rate review for the City utilities. The Council adopted the Notice of Intention to Increase Rates or Charges on February 18, 2013 and a Public Hearing Notice was published in the Arizona Range News on February 27, 2013. Work sessions have been held with the Council each week since the beginning of March. A Public Hearing is scheduled on April 1, 2013 to solicit public comment on the proposed FY14 utility rates.

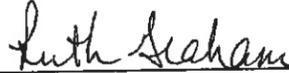
Staff is recommending that the City Council adopt the Rates and Charges of the Gas Utility of the City of Willcox as shown on Exhibit A attached to the Resolution. If the recommendation is adopted by the Council, the FY14 rates shown in Exhibit A will go into effect on July 1, 2013.

RECOMMENDATION:

Motion to Approve Resolution No. 2013-____ to adopt the Fiscal Year 2013-2014 Gas System Rates and Charges (as shown on Exhibit A) Effective July 1, 2013.

Submitted by:

Approved by:



Ruth Graham, Finance Director



Pat McCourt, City Manager

EXHIBIT A
CITY OF WILLCOX, ARIZONA
GAS SYSTEM
RATES AND CHARGES EFFECTIVE JULY 1, 2013

| Section 1. Monthly Availability Meter Charge based upon size of Gas Service: | | | | |
|--|-----------------|-----------|-------------------|-------------------|
| Customer Type | Meter Size | Rate Code | FY13 Meter Charge | FY14 Meter Charge |
| Residential In Town | 175/200/250/275 | 101 | \$ 12.01 | \$ 12.01 |
| Residential Out of Town | 175/200/250/275 | 102 | \$ 12.01 | \$ 12.01 |
| Commercial | 175/200/250/275 | 110 | \$ 12.01 | \$ 12.01 |
| Commercial | 315/325 415/425 | 111 | \$ 21.01 | \$ 21.01 |
| Commercial | 750/800 | 112 | \$ 31.01 | \$ 31.01 |
| Commercial | 1000/1500 2000 | 113 | \$ 61.01 | \$ 61.01 |
| Commercial | 3000/4000 | 114 | \$ 91.01 | \$ 91.01 |
| Commercial | 5000/6000 | 115 | \$ 101.01 | \$ 101.01 |
| Commercial | 7000/8000 | 116 | \$ 131.01 | \$ 131.01 |

| Section 2. Usage Charge based upon Units of Thousand cubic feet (Mcf): | |
|--|----------|
| In Town Customers | \$ 3.280 |
| Out of Town Customers | \$ 3.924 |

The Usage Charges reflect the overhead rate charged on each unit of gas (Mcf). The Usage Charge is in addition to the monthly cost of gas purchases and transportation costs described in Section 3. below. The Usage Charge is subject to the annual cost of living adjustment.

Section 3. Monthly Adjustment based on Gas Wholesale Price and Carrying Charges:

The City's cost for the supply of natural gas and the transportation of the gas to the City's gate changes on a monthly basis. The wholesale natural gas price to customers is adjusted monthly to pass through the City's cost for the natural gas.

Section 4. Annual Adjustment based on the Change in the Consumer Price Index:

Unless acted upon by the City Council, the rates listed in Section 1. and Section 2. of this Resolution shall be adjusted effective July 1st of each year. The rates shall be adjusted by taking the monthly Meter Charge Availability charges and the per unit Usage Charges for the most recent period and multiplying those rates by the annual change in the Consumer Price Index - All Urban Consumers - U.S. City Average (CPI) as published by the Bureau of Labor Statistics for the period from January 1st of the preceding year to January 1st of the current year.

Section 5. Policy on Delinquent Utility Accounts:

Policy adopted by Council 5/9/2005 includes definitions, purposes, 1.5% monthly penalty fee on unpaid balances, \$40 reconnection fee, deposits required, \$15.00 transfer fee, payment plan if granted required to satisfy balance within two months, \$25.00 returned check fee, \$20.00 charge for customer-requested meter re-reads if readings were correct.

CITY OF WILLCOX, COCHISE COUNTY, ARIZONA

RESOLUTION 2013-21

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF WILLCOX, ARIZONA, APPROVING AND ADOPTING RATES AND CHARGES FOR GAS UTILITY SERVICES PROVIDED BY THE CITY OF WILLCOX, SETTING AN EFFECTIVE DATE AND DIRECTING AUTHORIZED CITY OFFICERS AND ADMINISTRATORS TO CARRY OUT THE PURPOSE AND INTENT OF THIS RESOLUTION.

WHEREAS, the Mayor and Council of the City of Willcox make the following findings:

(a) The City of Willcox, Arizona, hereinafter "CITY", has the requisite statutory authority to engage in any business or enterprise which may be engaged in by persons by virtue of a franchise from the municipal corporation, and may construct, purchase, acquire, own and maintain within or without its corporate limits any such business or enterprise pursuant to the provision of A.R.S. § 9-511 et. seq.; and,

(b) Pursuant to such requisite statutory authority, the CITY does provide Gas, Water, Wastewater and Solid Waste Services for the benefit of the property owners and users within and without CITY'S corporate boundaries pursuant to the provision of A.R.S. § 9-511 et. seq.; and,

(c) The Mayor and City Council have adopted the requisite notice of intention to increase rates and charges for Gas, Water, Wastewater and Solid Waste Utilities, provided notification on the CITY'S website and set a date for a public hearing on the proposed rates and charges in accordance with A.R.S. §9-511.01; and,

(d) The Mayor and Council adopted the Notice of Intention pursuant to **Resolution 2013-10** and declared the written report entitled "**City of Willcox, Public Service & Works, FY2013-2014 Gas Cost of Service Update**" dated **February 11, 2013** a public document on February 18, 2013, and three (3) copies of such report were made available to the public for inspection on February 19, 2013, by filing such in the office of the City Clerk, more than 30 days prior to the date set for the public hearing; and,

(e) The Notice of Intention was published one (1) time in the Range News, a newspaper of general circulation within the boundaries of CITY, on February 27, 2013, not less than 20 days prior to the Public Hearing scheduled on **April 1, 2013** at which time oral and written comments were received by the Mayor and Council on the proposed rates and charges; and,

(f) The Mayor and City Council believe that annually reviewing the rates and charges set for the Gas Utility services provided by CITY is necessary and in the best interests of the citizens of the City of Willcox and they desire that this item be presented for consideration at the regular Council Meeting on April 1, 2013.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, ARIZONA, as follows:

SECTION 1: The Mayor and City Council hereby formally approve and adopt the Gas System Rates and Charges as presented and as outlined in Exhibit "A" attached hereto and made a part hereof by reference, entitled "**City of Willcox, Arizona, Gas System, Rates and Charges Effective July 1, 2013**" and deem such are in the best interests of the residents of the City of Willcox; and,

SECTION 2: The rates and charges adopted shall be in full force and effect as of July 1, 2013, based upon formal adoption and passage of this Resolution by Mayor and Council in accordance with A.R.S. § 9-511.01; and,

SECTION 3: The Mayor is authorized and empowered to execute this Resolution and City staff are authorized and directed to carry out the intent of **Resolution No. 2013-21**.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, ARIZONA, this 1st day of April, 2013.

APPROVED/EXECUTED:

ROBERT A. IRVIN, MAYOR

ATTEST:

VIRGINIA A. MEFFORD, City Clerk

APPROVED AS TO FORM:

ANN P. ROBERTS, City Attorney

RESOLUTION 2013-21

**CITY OF WILLCOX
Request for Council Action**

Agenda Item: 25
Tab Number: 14
Date: 04-01-2013

Date Submitted:
March 27, 2013

Action:
 Resolution
 Ordinance
 Formal
 Other

Subject:
Discussion/
Decision/Direction to
Reject all Bids on 704 S.
Haskell Ave demolition
and to go back out to Bid

Date Requested:
April 1, 2013

To: Honorable Mayor and City Council

From: Development Services

Discussion/ Decision /Direction:

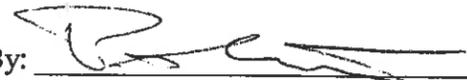
On March 1, 2013, The City of Willcox received four (4) Demolition bids for the 704 S Haskell Ave structure. In the review of the four (4) demolition bid packets received only one contractor (Environmental Response Inc., attachment A) met all the requirements requested in the bid packet. I have also attached the unqualified bids so that Council may review.

The Development Services Department staff recommends that we Reject all bids and go back out to bid with some adjustments made to the existing bid document. In the first bid documents it was requested that the whole site be cleaned up (burnt structure, all of the concrete below grade, pool, block wall fence, and pool shed). The staff recommended this at the time assuming that the city would acquire the property and the property would be put on the market to recoup monies used to demo site. Staff now recommends that the City only remove the destroyed structure at this time. If City does acquire the property (through court proceedings) the City can then proceed with demo of other structures if Council would like to do so with City staff and equipment (cost savings to tax payers).

Recommendation: Reject all bids and revise bid documents and go back to bid.

Fiscal Impact: Cost of +/- \$100,000.00 to General Fund.

Prepared By: _____
Jeff Stoddard, Development Services Department

Approved By:  _____
Pat McCourt, City Manager



**RESPONSE TO REQUEST FOR PROPOSAL
CITY OF WILLCOX
WILLCOX, ARIZONA**

**DEMOLITION OF STRUCTURE:
704 S. HASKELL AVENUE, WILLCOX, AZ 85643, PARCEL #203-34-043**



PREPARED BY:

**ENVIRONMENTAL RESPONSE, INC. (ERI)
2202 WEST MEDTRONIC WAY, SUITE 108
TEMPE, AZ 85281
PHONE 480-967-2802 / FAX 480-967-2735**

DUE: FRIDAY, MARCH 1, 2013, 3:00 P.M.



March 1, 2013

City of Willcox
Attention: City Clerk
101 S. Railroad Avenue, Suite B
Willcox, AZ 85643

Re: Response to Invitation to Bid
Demolition of Structure - 704 S. Haskell Avenue, Parcel #203-34-043

To Whom It May Concern,

Environmental Response, Inc. (ERI) hereby presents its response to the above-referenced ITB and assures the City of Willcox that it meets all the criteria detailed in the ITB. Should questions arise or additional documentation be desired, please contact me at 480-967-2802 or glaney@spray-eri.com. We appreciate the opportunity to provide our proposal and look forward to working with you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Laney', is written over a faint, illegible typed name.

Greg Laney
Manager



Thank you for considering Environmental Response, Inc (ERI) as your environmental contractor. Currently in our 19th year and with 9,500+ response operations completed and over \$5,000,000 in owned equipment, Environmental Response, Inc. (ERI) is a full service contractor who has the experience, equipment and staff to offer its clients a comprehensive range of environmental services. Our desire to be the best environmental contractor in Arizona can only be accomplished by our technical ability, attention to detail and absolute commitment to customer satisfaction. In this business where reputation is everything, ERI has a sterling record of honest billing practices and compliant fieldwork.

ERI is an environmental remediation contractor providing innovative, cost-effective, and responsive hazardous materials cleanup services to both private and government clients. These services are provided by an in-house staff of highly motivated, trained, and seasoned environmental professionals.

Scope of Services Includes:

- Residential and Commercial Demolition
- Hazardous and Special Waste Remedial Projects
- EPA Licensed Hazardous Materials Hauler
- Soil Remediation Services including excavation, transportation and treatment/disposal
- Lab Pack Services including identification, inventory, segregation, packaging, labeling, documenting, transporting and proper disposal.
- Facility Decontamination
- Controlled deactivation measures for pH related spills
- Landfill Construction and Closure
- 24-hour Emergency Response Services for industry, transportation companies and government for the containment and removal of hazardous and non-hazardous waste.
- PCB Removal
- On-site Bioremediation
- Groundwater Recovery systems
- Geotextile Liner Installation
- Microbial Decontamination
- Industrial Cleaning
- Mercury Remediation
- Stabilization of Metals Contamination
- UST Removal and LUST Site Remediation
- UST Retrofitting and Installation
- Brownfields Remediation
- Vapor Extraction / Air Sparge System Installation
- Sump Clean Out and Removal
- Asbestos and Lead Abatement

Safety and Environmental Compliance

- Safe- Experience Modification Rating (EMR) <1.0
- Compliant – No Notice of Violations
- Cost effective – Projects are delivered on-time and within budget
- Satisfaction – Over 60% of our clients are repeat customers
- Longevity – Never a change in ownership or a name change
- Trained Staff – Well managed and comprehensively trained environmental technicians

Current Licenses & Permits

| ENTITY | LICENSE NO. | DESCRIPTION | EXP IRES |
|--------|--------------|---|----------|
| AZ | ROC 103187 | B-01 General Commercial Contractor | 12/31/13 |
| AZ | ROC 101110 | C-05 Residential Underground Tank Removal & Hazardous Materials Abatement | 1/31/14 |
| AZ | ROC 101060 | AE- Commercial Underground Tank Removal & Hazardous Materials Abatement | 1/31/14 |
| AZ | 709617-6 | Corporate Registration | |
| AZ DEQ | TR 050928.02 | Biohazardous Medical Waste Transporter Registration No. | 3/8/16 |
| AZ DOT | 0323868 | Motor Carrier License | N/A |

| | | | |
|--------------------------------|-------------------|---|---------|
| AZ DOT | 300478 | Special Waste Transporter | N/A |
| EPA | AZ0000303032 | Hazardous Waste Transporter | N/A |
| Maricopa Co. Air Quality Dept. | SC0800420 | Subcontractor Registration Number (Dust Compliance) | 6/13/13 |
| USDOT | 548193 | Transporter Permit Number | N/A |
| USDOT | 0621111 551 018TV | Hazardous Materials Cert of Registration | 6/30/14 |

No Environmental Compliance Violations or Consent Orders

ERI has never had a Notice of Violation or Citation from any regulatory agency in over nineteen years in operation. ERI invests \$.50 per hour per employee in training to ensure that employees understand the regulations. Permitted by the EPA, USDOT and DOT, ERI is ready to move hazardous waste. ERI has a culture of compliance and provides the administrative support field personnel need.

We strive to provide our clients with the best service available. Environmental issues and concerns are our business and in an industry where companies come and go, we are proud to say we will be here, 24-hours a day, 365 days a year.

1. Insured - \$20M Pollution Liability Insurance from Great Divide Insurance Company, ranked A+ X by A.M. Best.
2. Financially Stable - The organization has a solid financial condition, as well as, a lengthy track record in the environmental industry. ERI's stability and history offer its clients the assurance of being there when they need it.
3. Well Equipped - ERI has an extensive inventory of owned equipment. By owning over \$5,000,000 worth of equipment we reduce the reliance on subcontractors and rental companies, as well as increase our ability to provide a more timely and cost-effective response.
4. Large Work Force - ERI has one of the largest work forces of environmental technicians in the state.
5. Experienced - ERI has completed over 9,500 emergency and non-emergency response operations since 1994. ERI's management staff has over 120 years combined experience and the average management employee has been with ERI for nearly 8 years. ERI has been privileged to provide services for tanker rollovers, vapor extraction / air sparge installation, soil stabilization, tank car derailments, cyanide impacted soil remediation, UST removals, mercury spills, acid releases, pesticide impacted soil remediation and others. ERI has the experience to manage environmental remediation projects with a vast array of sizes and technical requirements.
6. Well-Trained - ERI's commitment to training ensures up-to-date certification for AHERA, HAZWOPER, Lead Abatement, Permit Required Confined Space Entry, Commercial Driver's Licensing with Hazardous Material Endorsements, Field Chemistry Analysis, Lock Out/ Tag Out, and many other industry specialties. ERI provides training and equipment to employees in personal protective gear from Level D to Level A.
7. Safe - The safety of our clients and employees is the first priority. ERI provides site-specific safety plans and holds daily safety field meetings on every project. ERI continually trains our employees in safety awareness and procedures.
8. Properly Licensed - ERI holds contractor's licenses B-01-130187, BE-101061, and C05-101110 for the performance of any environmental cleanup project in any Arizona location. ERI is also licensed to perform environmental work in California and Texas.
9. Hazardous Materials Hauler - ERI is permitted by the EPA to haul hazardous materials, permit number AZ0000303032. Our roll-off trucks and roll-off bins are available for the immediate response to hazardous and other regulated waste removal needs.

SIMILAR PROJECT EXPERIENCE

Project: FMI Clarkdale Historic Building Demolition October 2010



ERI was contracted to demolish a 10,000 square foot building on mine property in Clarkdale, AZ. The building was structurally unsound and contained asbestos materials, therefore the building needed to be demolished for public safety reasons. However, the 50-year old building had historical significance to the community. Because of this, parts of the buildings were to not be disturbed during demolition, including the fire chimneys. The surrounding building was demolished, while leaving the chimneys free standing. The demolition was completed by AHERA and HAZWOPER trained technicians in order to properly handle the asbestos debris.

Project: Gila River Indian Community Old Church House Demolition September 2011

ERI was contracted to demolish a 1,450 square foot old church house on the reservation in Sacaton, AZ. The building was structurally unsound and contained asbestos materials, therefore the building needed to be demolished for public safety reasons. Once asbestos abatement was completed by AHERA trained workers, the building was demolished. ERI's 2,000-gallon water truck was utilized throughout the duration of the demolition for dust control. The asbestos was properly packaged and transported for disposal according to all regulations. Four (4) high-side end dumps of general demolition debris were loaded and transported to the local landfill.



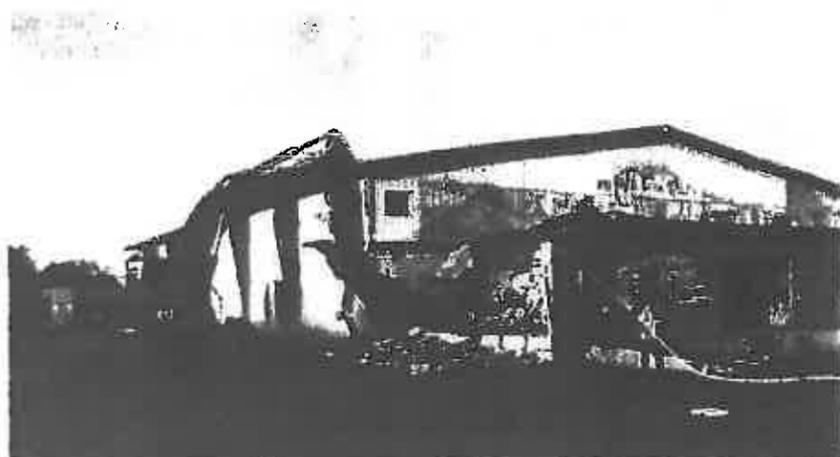
Project: Azarco Silver Bell Building Demolition June 2010



This project consisted of demolishing two (2) 1,200 square feet single story houses on the mine property. Asbestos abatement was completed prior to demolition using proper abatement requirements. All asbestos materials were transported and disposed of according to all local, state and federal requirements and the general construction debris was transported to the local landfill for disposal.

**Project: Confidential Government Contractor Demolition
July 2011**

ERI was contracted to demolish three (3) old buildings on a site plagued with trespassers. One of the structures, a two-story 8,000 square foot building had previously caught fire and the integrity of the building was severely compromised. When a Limited Asbestos Survey proved ACM to be present in the fire damaged building, much of the debris was hauled off as RACM as it was too difficult to safely and



effectively abate only the asbestos containing materials. On the buildings not damaged by fire, normal asbestos abatement procedures were followed. Once all the asbestos was removed from the three buildings, demolition commenced. In total, 38 loads of general construction debris, 140 loads of concrete, 79 loads of asphalt, 13 loads of scrap metal, and 27 of friable asbestos materials were hauled off site for disposal at their respective proper locations.

**Project: Gila River Indian Community Former Tannery Site Demolition
October 2012**



ERI's scope of work includes transportation and disposal of RACM debris, demolition and disposal of the number one sump area, sediment debris removal in the catch basin and floor trenches, concrete coring in the floor and trough area, backfilling and compaction in sump area number one.

Since the integrity of the structure had been compromised as a result of a fire, the removal of the asbestos required constant reevaluation and adjustment of the demolition / removal activities in order to ensure safe completion. Upon inspection by Gila River Indian Community Environmental Quality safety personnel, it was determined that all

the remaining standing walls were deemed dangerous requiring the walls to be knocked down in order to allow safe completion of the demolition / removal activities

One issue of note was the discovery of multiple active bee hives in the work area which were inadvertently disturbed during the heavy equipment operation causing the bees to become actively aggressive. It was necessary to redirect demolition activities to areas away from the bees until a professional exterminator could be called in to remediate the problem. Once the bees had been removed, work resumed in the affected areas.

Once all the asbestos demolition activities had been completed, 157 tons of friable ACM debris had been removed. Additionally, 86 tons of concrete removed from the sump area was disposed of.

CITY OF WILLCOX

PROPOSAL FOR THE DEMOLITION PROJECT

Environmental Response, Inc.

Name of Bidder

In compliance with your legal Notice to Bidders for the City of Willcox, AZ, Demolition Project, the undersigned bidder, a corporation organized and existing under the laws of the State of Arizona, or a partnership of _____ or an individual doing business as _____, of the City of _____, State of _____, having examined the specifications and contract forms thereto attached, and being fully advised as to the extent and character of the work to be performed, and the equipment to be furnished, hereby proposed to furnish all labor, tools, material, plant and equipment necessary for the Project.

The undersigned further proposes to perform all work and furnish all equipment in accordance with the specifications and contract stipulations thereof, within the time limit specified, for the price so stated below.

TOTAL BID PRICE FOR BUILDING DEMOLITION, INCLUDING HAZARDOUS MATERIAL/ABSETOS REMOVAL (IF APPLICABLE) OF

Three Hundred Nine Thousand Five Hundred Forty Five and 00/100
(NAME OF OR DESCRIPTION OF BUILDING) DOLLARS AND CENTS \$309,545.00

TOTAL DAYS REQUIRED TO COMPLETE CONTRACT 23 Working Days

BIDDER understands that the City reserves the right to reject any or all bids and to waive any informality in bidding.

The bidder agrees that his bid shall be good and may not be withdrawn for a period of thirty (30) days after the scheduled closing time for receiving bids.

Upon receipt of written notice of acceptance of this bid, Bidder will execute the formal contract attached within five (5) days and deliver insurance coverage as required by the Instructions to Bidders.

BY: Greg Laney
Greg Laney, Manager
Contractor's Name

Seal—if bid is by a corporation



**Response to ITB Demolition of Structure:
704 S. Haskell Avenue, Parcel #203-34-043**

CLARIFICATIONS AND ASSUMPTIONS

- 1. All structural burnt debris will be disposed of as friable ACM at Republic's Cactus Landfill.**
- 2. ERI assumes all other broken concrete (i.e., parking lot, building slab, and footings) debris will be sent for recycle at the Town of Willcox owned facility free of charge.**
- 3. ERI assumes pool plaster and concrete slabs are non-asbestos containing material.**

Office of the

License No. 130187

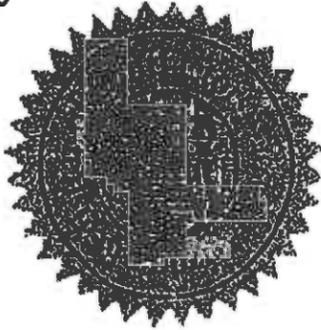
Registrar of Contractors

This is to Certify That
ENVIRONMENTAL RESPONSE INC (CORP.)

having been shown to possess all the necessary qualifications, and having complied with all the requirements of the law,
is by order of the Registrar of Contractors on the 19TH day of DECEMBER in the year One Thousand
Nine Hundred and 97, duly licensed and admitted to engage in and pursue the business of

B-01
GENERAL COMMERCIAL CONTRACTOR

Contractor in the State of Arizona. Given under my hand and the seal of the Registrar of Contractors
in my office, City of Phoenix, this 19TH day of DECEMBER, 19 97



Michael Calderon
REGISTRAR

IMPORTANT NOTICE

YOU MUST:

- REPORT DISSOCIATION OF QUALIFYING PARTY IN WRITING WITHIN 15 DAYS.
[SEE A.R.S. § 32-1154(A)(19) AND § 32-1151.01]
- REPORT A CHANGE OF ADDRESS IN WRITING WITHIN 30 DAYS.
[SEE A.R.S. § 32-1151.04(1)]
- REPORT ANY TRANSFER OF OWNERSHIP OF 50% OR MORE IMMEDIATELY.
[SEE A.R.S. § 32-1151.01]
- REPORT ANY CHANGE OF LEGAL ENTITY SUCH AS ANY CHANGE IN THE OWNERSHIP IN SOLE PROPRIETORSHIP OR CHANGE OF A PARTNER IN A PARTNERSHIP OR THE CREATION OF A NEW CORPORATE ENTITY.
[SEE RULE R-4-4-110]

THIS IS YOUR IDENTIFICATION CARD
DO NOT DESTROY



LICENSE EFFECTIVE THROUGH: 12/31/2013
STATE OF ARIZONA
Registrar of Contractors CERTIFIES THAT
Environmental Response Inc

Environmental Response Inc

2202 W Medtronic Way
Ste 108
Tempe, AZ 85281-5107

CONTRACTORS LICENSE NO 130187 CLASS B-1
General Commercial Contractor

William A. Munsell
DIRECTOR, ARIZONA REGISTER OF CONTRACTORS

THIS CARD MUST BE
PRESENTED UPON DEMAND



STATE OF ARIZONA
OFFICE OF THE REGISTRAR

STATE OF ARIZONA

LICENSE No. 101D60

Office of the Registrar of Contractors

To All Whom It May Concern:

ENVIRONMENTAL RESPONSE INC (CORP.)

This is to Certify That

having been shown to possess all the necessary qualifications, and having complied with all the requirements of the law.

is by order of the Registrar of Contractors on the 22ND day of FEBRUARY in the year of our Lord One Thousand

Nine Hundred and 94, duly licensed and admitted to engage in and pursue the business of



AE-
UNDERGROUND TANK REMOVAL & HAZARDOUS MATERIALS ABATEMENT

Contractor in the State of Arizona. Given under my hand and the seal of the Registrar of Contractors

in my office, City of Phoenix, this 22ND day of FEBRUARY, 1994.

Michael Calderon
DIRECTOR

IMPORTANT NOTICE

YOU MUST:

- REPORT DISSOCIATION OF QUALIFYING PARTY IN WRITING WITHIN 15 DAYS. [SEE A.R.S. § 32-1154(A)(10) AND § 32-1151.01]
- REPORT A CHANGE OF ADDRESS IN WRITING WITHIN 30 DAYS. [SEE A.R.S. § 32-1151(B)(1)]
- REPORT ANY TRANSFER OF OWNERSHIP OF 50% OR MORE IMMEDIATELY. [SEE A.R.S. § 32-1151.01]
- REPORT ANY CHANGE OF LEGAL ENTITY SUCH AS ANY CHANGE IN THE OWNERSHIP IN SOLE PROPRIETORSHIP OR CHANGE OF A PARTNER IN A PARTNERSHIP OR THE CREATION OF A NEW CORPORATE ENTITY. [SEE RULE R-4-8-110]

Environmental Response Inc

2202 W Medtronic Way
Ste 108
Tempe, AZ 85281-5107

THIS IS YOUR IDENTIFICATION CARD
DO NOT DESTROY



LICENSE EFFECTIVE THROUGH: 01/31/2014
STATE OF ARIZONA
Registrar of Contractors CERTIFIES THAT
Environmental Response Inc



CONTRACTORS LICENSE NO 101060 CLASS AE
COMMERCIAL UNDERGROUND TANK REMOVAL &
HAZARDOUS MATERIALS ABATEMENT

THIS CARD MUST BE
PRESENTED UPON DEMAND

William A. Mundell
DIRECTOR, ARIZONA REGISTRAR OF CONTRACTORS

IMPORTANT NOTICE

YOU MUST:

- REPORT DISSOCIATION OF QUALIFYING PARTY IN WRITING WITHIN 15 DAYS. [SEE A.R.S. § 32-1154(A)(10) AND § 32-1151.01]
- REPORT A CHANGE OF ADDRESS IN WRITING WITHIN 30 DAYS. [SEE A.R.S. § 32-1151(B)(1)]
- REPORT ANY TRANSFER OF OWNERSHIP OF 50% OR MORE IMMEDIATELY. [SEE A.R.S. § 32-1151.01]
- REPORT ANY CHANGE OF LEGAL ENTITY SUCH AS ANY CHANGE IN THE OWNERSHIP IN SOLE PROPRIETORSHIP OR CHANGE OF A PARTNER IN A PARTNERSHIP OR THE CREATION OF A NEW CORPORATE ENTITY. [SEE RULE R-4-8-110]

Environmental Response Inc

2202 W Medtronic Way
Ste 108
Tempe, AZ 85281-5107

THIS IS YOUR IDENTIFICATION CARD
DO NOT DESTROY



LICENSE EFFECTIVE THROUGH: 01/31/2014
STATE OF ARIZONA
Registrar of Contractors CERTIFIES THAT
Environmental Response Inc



CONTRACTORS LICENSE NO 101060 CLASS AE
COMMERCIAL UNDERGROUND TANK REMOVAL &
HAZARDOUS MATERIALS ABATEMENT

THIS CARD MUST BE
PRESENTED UPON DEMAND

William A. Mundell
DIRECTOR, ARIZONA REGISTRAR OF CONTRACTORS

IMPORTANT NOTICE

YOU MUST:

- REPORT DISSOCIATION OF QUALIFYING PARTY IN WRITING WITHIN 15 DAYS. [SEE A.R.S. § 32-1154(A)(10) AND § 32-1151.01]
- REPORT A CHANGE OF ADDRESS IN WRITING WITHIN 30 DAYS. [SEE A.R.S. § 32-1151(B)(1)]
- REPORT ANY TRANSFER OF OWNERSHIP OF 50% OR MORE IMMEDIATELY. [SEE A.R.S. § 32-1151.01]
- REPORT ANY CHANGE OF LEGAL ENTITY SUCH AS ANY CHANGE IN THE OWNERSHIP IN SOLE PROPRIETORSHIP OR CHANGE OF A PARTNER IN A PARTNERSHIP OR THE CREATION OF A NEW CORPORATE ENTITY. [SEE RULE R-4-8-110]

Environmental Response Inc

2202 W Medtronic Way
Ste 108
Tempe, AZ 85281-5107

THIS IS YOUR IDENTIFICATION CARD
DO NOT DESTROY



LICENSE EFFECTIVE THROUGH: 01/31/2014
STATE OF ARIZONA
Registrar of Contractors CERTIFIES THAT
Environmental Response Inc



CONTRACTORS LICENSE NO 101060 CLASS AE
COMMERCIAL UNDERGROUND TANK REMOVAL &
HAZARDOUS MATERIALS ABATEMENT

THIS CARD MUST BE
PRESENTED UPON DEMAND

William A. Mundell
DIRECTOR, ARIZONA REGISTRAR OF CONTRACTORS



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 1

DATE (MM/DD/YYYY)
07/10/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | | |
|---|---|-----------------------------|
| PRODUCER Willis of Arizona, Inc. c/o 16 Century Blvd. P. O. Box 305191 Nashville, TN 37230-5191 | CONTACT NAME: | |
| | PHONE (A/C NO. EXT): 877-945-7378 | FAX (A/C NO.): 888-467-2378 |
| | E-MAIL ADDRESS: certificates@willis.com | |
| INSURED Environmental Response, Inc. 2202 W. McDowell Way Suite 108 Tempe, AZ 85281 | INSURER(S) AFFORDING COVERAGE | NAIC# |
| | INSURER A: Great Divide Insurance Company | 25224-001 |
| | INSURER B: Nautilus Ins. Co. | 17370-000 |
| | INSURER C: Navigators Specialty Insurance Company | 42307-002 |
| | INSURER D: Arch Insurance Company | 11150-001 |
| | INSURER E: | |
| | INSURER F: | |

COVERAGES CERTIFICATE NUMBER: 18227719 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INBR LTR | TYPE OF INSURANCE | ADD'L SUBR (N/A) (N/A) | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|----------|---|------------------------|-----------------|-------------------------|-------------------------|---|
| A | GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR | | ECP200564310 | 7/1/2012 | 7/1/2013 | EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Per occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 |
| | GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> | | | | | |
| B | AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS | | BAP200564210 | 7/1/2012 | 7/1/2013 | COMBINED SINGLE LIMIT (Per accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ |
| C | UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input checked="" type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$ | | BF12XEN0A2P4YNC | 7/1/2012 | 7/1/2013 | EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 |
| B | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? (Mandatory in AZ) <input checked="" type="checkbox"/> YES, describe under DESCRIPTION OF OPERATIONS below | N/A | WCA200564010 | 7/1/2012 | 7/1/2013 | <input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000 |
| A | Pollution Liability Occurrence Form | | ECP200564310 | 7/1/2012 | 7/1/2013 | \$1,000,000. Each Loss |
| D | Professional Liability Claims-Made Coverage Form | | PCD004523501 | 7/1/2012 | 7/1/2013 | \$2,000,000. Aggregate \$ 10,000. Deductible Each Loss |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES (Attach Acord 101, Additional Remarks Schedule, if more space is required)

Coverage: Excess Liability
Policy Number: EX0300841
Policy Term: 07/01/2012 to 07/01/2013
Carrier: Colony Insurance Company
Limits: \$10,000,000 xs \$10,000,000

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Evidence of Coverage

Greg Hem

Spray Systems of Arizona, Inc.

Named Insureds Schedule

| | |
|--|---|
| Named Insureds: | |
| Spray Systems of Arizona, Inc. dba Spray Systems Environmental | |
| Environmental Response, Inc. | Hazardous Spill Cleanup, Contaminated Soil Cleanup |
| Hazard Control, Inc | Primary: Asbestos & Lead Abatement, Hazardous Substance Removal, Secondary: Building Back |
| Environmental Response of Texas, Inc. dba EROT, Inc. | Asbestos Abatement Only |
| Boyles Equipment Rental, LLC | rents equipment to Spray Systems only |
| 2202 W 10th, LLC | owner of building, leased to Spray Systems |
| Environmental Response of Texas, Inc. | Same as ERI above |
| Enviroserve, Inc. | 100% owned by Chris Boyles |
| Certified Services Inc. | 100% owned by Karen Boyles |

CITY OF WILLCOX

PROPOSAL FOR THE DEMOLITION PROJECT

704 S. Haskell Ave, Wilcox Az 85643 Parcel # 203-34-043

Name of Bidder BEC Contractors, Inc.

In compliance with your legal Notice to Bidders for the City of Willcox, AZ, Demolition Project, the undersigned bidder, a corporation organized and existing under the laws of the State of Arizona, or a partnership of _____ or an individual doing business as _____, of the City of TUCSON, State of Arizona, having examined the specifications and contract forms thereto attached, and being fully advised as to the extent and character of the work to be performed, and the equipment to be furnished, hereby proposed to furnish all labor, tools, material, plant and equipment necessary for the Project.

The undersigned further proposes to perform all work and furnish all equipment in accordance with the specifications and contract stipulations thereof, within the time limit specified, for the price so stated below.

TOTAL BID PRICE FOR BUILDING DEMOLITION, INCLUDING HAZARDOUS MATERIAL/ASBESTOS REMOVAL (IF APPLICABLE) OF

(704 S. Haskell Ave) \$252,310.88
(NAME OF OR DESCRIPTION OF BUILDING) DOLLARS AND CENTS

TOTAL DAYS REQUIRED TO COMPLETE CONTRACT 45

BIDDER understands that the City reserves the right to reject any or all bids and to waive any informality in bidding.

The bidder agrees that his bid shall be good and may not be withdrawn for a period of thirty (30) days after the scheduled closing time for receiving bids.

Upon receipt of written notice of acceptance of this bid, Bidder will execute the formal contract attached within five (5) days and deliver insurance coverage as required by the Instructions to Bidders.

BY: JEFF PANKOW (520) 977-5941

Contractor's Name

Seal--if bid is by a corporation

CITY OF WILLCOX

PROPOSAL FOR THE DEMOLITION PROJECT

D&K ENTERPRISES, LLC

Name of Bidder

In compliance with your legal Notice to Bidders for the City of Willcox, AZ, Demolition Project, the undersigned bidder, a corporation organized and existing under the laws of the State of Arizona, or a partnership of _____ or an individual doing business as _____, of the City of Mesa, State of Arizona, having examined the specifications and contract forms thereto attached, and being fully advised as to the extent and character of the work to be performed, and the equipment to be furnished, hereby proposed to furnish all labor, tools, material, plant and equipment necessary for the Project.

The undersigned further proposes to perform all work and furnish all equipment in accordance with the specifications and contract stipulations thereof, within the time limit specified, for the price so stated below.

TOTAL BID PRICE FOR BUILDING DEMOLITION, INCLUDING HAZARDOUS MATERIAL/ASBESTOS REMOVAL (IF APPLICABLE) OF THIRTY-NINE THOUSAND & NO/100 \$39,000.
(NAME OF OR DESCRIPTION OF BUILDING) DOLLARS AND CENTS

TOTAL DAYS REQUIRED TO COMPLETE CONTRACT 21

BIDDER understands that the City reserves the right to reject any or all bids and to waive any informality in bidding.

The bidder agrees that his bid shall be good and may not be withdrawn for a period of thirty (30) days after the scheduled closing time for receiving bids.

Upon receipt of written notice of acceptance of this bid, Bidder will execute the formal contract attached within five (5) days and deliver insurance coverage as required by the Instructions to Bidders.

BY: D&K ENTERPRISES, LLC

Contractor's Name

Seal--if bid is by a corporation

CITY OF WILLCOX

PROPOSAL FOR THE DEMOLITION PROJECT

DAVE'S CONSTRUCTION SERVICE, INC (Dave Buttrum/President)

Name of Bidder

In compliance with your legal Notice to Bidders for the City of Willcox, AZ, Demolition Project, the undersigned bidder, a corporation organized and existing under the laws of the State of ARIZONA, or a partnership of N/A or an individual doing business as N/A, of the City of GILBERT, State of ARIZONA, having examined the specifications and contract forms thereto attached, and being fully advised as to the extent and character of the work to be performed, and the equipment to be furnished, hereby proposed to furnish all labor, tools, material, plant and equipment necessary for the Project.

The undersigned further proposes to perform all work and furnish all equipment in accordance with the specifications and contract stipulations thereof, within the time limit specified, for the price so stated below.

TOTAL BID PRICE FOR BUILDING DEMOLITION, INCLUDING HAZARDOUS MATERIAL/ASBESTOS REMOVAL (IF APPLICABLE) OF
(Structure at 704 S. Haskell Ave, Willcox, AZ) One Hundred Eighty-Nine Thousand One Hundred and Zero Cents
(NAME OF OR DESCRIPTION OF BUILDING) DOLLARS AND CENTS

TOTAL DAYS REQUIRED TO COMPLETE CONTRACT 15 DAYS

BIDDER understands that the City reserves the right to reject any or all bids and to waive any informality in bidding.

The bidder agrees that his bid shall be good and may not be withdrawn for a period of thirty (30) days after the scheduled closing time for receiving bids.

Upon receipt of written notice of acceptance of this bid, Bidder will execute the formal contract attached within five (5) days and deliver insurance coverage as required by the Instructions to Bidders.

BY: DAVE'S CONSTRUCTION SERVICE, INC (Dave Buttrum/President)

Contractor's Name

Seal--if bid is by a corporation

CITY OF WILLCOX, COCHISE COUNTY, ARIZONA

RESOLUTION 2013-22

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, ARIZONA, "CITY", REJECTING ALL DEMOLITION BIDS RECEIVED IN RESPONSE TO THE INVITATION TO BIDDERS FOR DEMOLITION OF 704 S. HASKELL AVENUE, WILLCOX, ARIZONA, AND DIRECTING AUTHORIZED CITY OFFICERS AND AGENTS TO CARRY OUT THE PURPOSES AND INTENT OF THIS RESOLUTION.

WHEREAS, on November 5, 2012, CITY, once again, served the owners of the real property located at 704 S. Haskell Avenue, Willcox, Arizona, Kirshna Pal Singh and Urmila Singh, with a Notice and Order to Abate a Dangerous Building based upon the 1997 Uniform Code for Abatement of Dangerous Buildings;

WHEREAS, the owners of the real property Kirshna Pal Singh and Urmila Singh, have failed to proceed with the ordered demolition of the structure located at 704 S. Haskell Ave, Willcox, Arizona 85643, Parcel# 203-34-043 and as a result of such, the City of Willcox proceeded with accepting bids for the forced demolition of said structure; and,

WHEREAS, the CITY received bids until 3:00 p.m. on March 1, 2013 for demolition of a specific structure, 704 S. Haskell Ave, Willcox, Arizona 85643, Parcel# 203-34-043, and as such, received four (4) bids in response and of those bids, only one (1) bidder met the qualifications of the Invitation to Bid, and that bid was in the amount of \$309,545.00, an amount well over the amount of \$100,000.00 budgeted by CITY for any proposed demolition; and,

WHEREAS, because the amount of the only qualified bidder is much larger than the amount budgeted for the demolition of the structure by the CITY, the CITY must at this time, reject all bids; and,

WHEREAS, it is the desire of the Mayor and City Council that this item be presented for consideration at the regular Council Meeting on April 1, 2013.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, ARIZONA, as follows:

SECTION 1: The Mayor and City Council hereby reject all received bids for the demolition of 704 S. Haskell Ave, Willcox, Arizona 85643, Parcel# 203-34-043; and,

SECTION 2: CITY Officials and Administrators are authorized and directed to take all action required to carry out the intent of this Resolution; and,

SECTION 3: That the Mayor is authorized and empowered to execute the Resolution as presented.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLCOX, ARIZONA, this 1st day of April, 2013.

APPROVED/EXECUTED:

ROBERT A. IRVIN, MAYOR

ATTEST:

VIRGINIA A. MEFFORD, City Clerk

APPROVED AS TO FORM:

ANN P. ROBERTS, City Attorney

RESOLUTION 2013-22