

**CITY OF KINGMAN
MEETING OF THE COMMON COUNCIL
Kingman Police Department
2730 E. Andy Devine Avenue**

3:30 P.M.

MINUTES

Monday, August 24, 2015

WORK SESSION MEETING OF THE COMMON COUNCIL

Members	Officers	Visitors Signing in
Richard Anderson – Mayor	John Dougherty, City Manager	See attached list
Mark Wimpee, Sr. – Vice-Mayor	Tina Moline, Finance Director	
Mark Abram	Carl Cooper, City Attorney	
Larry Carver - EXCUSED	Rob Owen, Public Works Director	
Jen Miles	Greg Henry, City Engineer	
Stuart Yocum	Robert J. DeVries, Chief of Police	
Carole Young	Gary Jeppson, Development Services Director	
	Sydney Muhle, City Clerk	
	Erin Roper, Deputy City Clerk and Recording Secretary	

WORK SESSION MEETING OF THE COMMON COUNCIL

ALL WORK-SESSION ITEMS LISTED ARE FOR DISCUSSION ONLY. NO ACTION CAN OR WILL BE TAKEN. The primary purpose of work session meetings is to provide the City Council with the opportunity for in-depth discussion and study of specific subjects. Public comment is not provided for on the Agenda and may be made only as approved by consensus of the Council. In appropriate circumstances, a brief presentation may be permitted by a member of the public or another interested party on an Agenda item if invited by the Mayor or City Manager to do so. The Mayor may limit or end the time for such presentations.

**CALL TO ORDER & ROLL CALL
PLEDGE OF ALLIGENCE**

Mayor Anderson called the meeting to order at 3:32 P.M. and roll call was taken. All councilmembers were present except Councilmember Carver, who was excused. The Pledge of Allegiance was said in unison.

1. Climatec Presentation

The Council will hear a presentation from Climatec regarding potential energy saving and utility cost saving measures for City of Kingman facilities.

Matt Vaccaro, Justyn St. Clair and Tom Jackson of Climatec presented the following slides:



CLIMATEC
MEASURES BUILDINGS & TECHNOLOGY

CITY OF KINGMAN



August 24th, 2015

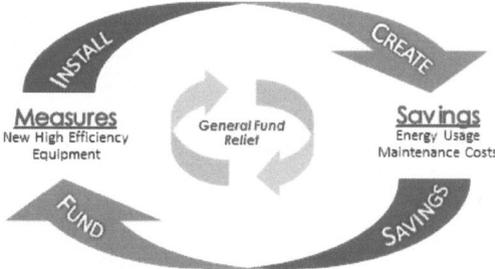
PROGRAM GOALS

- * Conserve Water & Energy
- * Self-Fund facility needs
- * Guarantee savings & performance
 - * (ARS15-213.01)
- * Reduce utility costs
- * Provide immediate budget relief
- * Address deferred maintenance



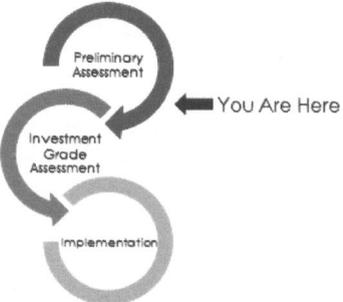
Slide one was an introductory slide. On slide two, Mr. Vaccaro stated the goal of the Climatech program was to improve City infrastructure by increasing available funding without increasing taxes.

SELF FUNDED IMPROVEMENTS



CLIMATEC
MEASURES BUILDINGS & TECHNOLOGY

PROJECT DEVELOPMENT PROCESS

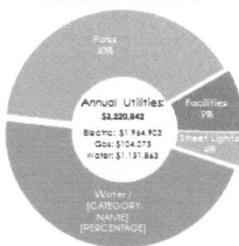


CLIMATEC
MEASURES BUILDINGS & TECHNOLOGY

On slide three Mr. Vaccaro stated the City would be able to pay for the new infrastructure by reducing utility bills; the bills would be reduced through installing new, higher efficiency equipment in buildings and the water system. On slide four Mr. St. Clair reviewed the diagram and stated Climatech worked with City staff for the past three months in the initial phase of the program, which involved interviewing staff and examining whether the program was beneficial for the City. Mr. St. Clair stated Climatech did not sell products and the state legislation the company operated under mandated that the program provide measurable cost saving benefits.

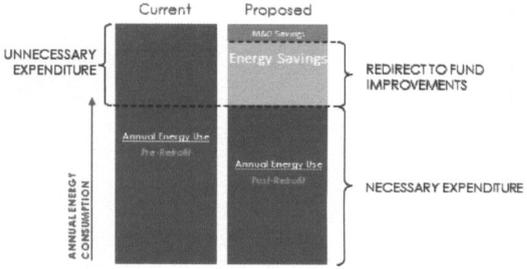
UTILITY ANALYSIS

OVERALL UTILITY DISTRIBUTION



CLIMATEC
MEASURES BUILDINGS & TECHNOLOGY

BUDGET NEUTRAL PROGRAM



CLIMATEC
MEASURES BUILDINGS & TECHNOLOGY

On slide five Mr. St. Clair reviewed the information and stated Climatech looked for ways to reduce expenditures through reducing utility costs, which involved addressing facility needs. Mr. St. Clair stated

Climatech believed it could save the City 35%. Mr. St. Clair reviewed the information on slide six and stated the goal was to redirect the unnecessary fund expenditures to infrastructure needs.

POTENTIAL ECMS	FUNDING SOURCES
Water Metering <ul style="list-style-type: none">* City-wide Advanced Meter Infrastructure (AMI)/ Automated Meter Reading (AMR)	<ul style="list-style-type: none">* Utility Incentives* Guaranteed Savings* Capital Budgets – One Time Cash* Municipal Financing – 15 years at 2.5% - 3.5%
Pumps/Wells <ul style="list-style-type: none">* New Pumps & Motors* Variable Frequency Drive (VFD)* Re-Commission (RCx)* Utility Rate Analysis	
Facilities <ul style="list-style-type: none">* High Efficiency HVAC Upgrades* Building Automation Systems with Open Protocol* Interior & Exterior Lighting* Occupancy Sensor Installation* Pool Solar Thermal Heating System	
Parks <ul style="list-style-type: none">* Smart Weather-based Irrigation Controls* LED Exterior Lighting Upgrades* Low Flow Water Sprinklers Street Lights <ul style="list-style-type: none">* LED Street Lights	

Mr. St. Clair reviewed slide seven.

Mr. Vaccaro stated equipment that was 10 to 20 years old had reached the end of its useful life and cost the City money to continue using due to inefficiency. Mr. Vaccaro stated state law required Climatech to guarantee the savings it quoted to the City and if there was a shortfall in those savings Climatech was required to reimburse the City through a grantor. Mr. Vaccaro stated Climatech had never experienced a shortfall.

Councilmember Miles asked what the timeline was for the program to meet the numbers set by Climatech.

Mr. Vaccaro stated the timeline depended on the projects the City decided to pursue and state legislature defined the limits as the lifecycle of the equipment.

On slide eight Mr. Jackson stated there were many different funding sources that could be used to support the program such as leasing, bonds or loans. Mr. Jackson stated Climatech's objective was to find the cheapest funding source and have the program pay for itself over time. Mr. Jackson stated Climatech would point the City towards sources of funding and the City would work with the sources independently to secure it.

Mr. Vaccaro stated all the items identified consumed electricity, gas or water and replacing old equipment with new technology would conserve these utilities and lower bills. Mr. Vaccaro stated on-going maintenance costs were another factor to consider. Mr. Vaccaro stated maintenance requirements would be diminished because the equipment was newer and under warranty. Mr. Vaccaro stated savings in labor and maintenance costs could not be used as part of Climatech's estimate per state legislature, which meant it would be an added benefit on top of Climatech's estimates.

Mayor Anderson asked if upgrading the City's equipment would help integrate with Unisource Energy Services new equipment.

Mr. Vaccaro stated it would. Mr. Vaccaro stated the new electric meters were read remotely, which reduced the cost of reading the meters and improved accuracy. Mr. Vaccaro stated Unisource already created the necessary network of towers and repeaters, which meant the City could utilize the technology without paying the cost of building the infrastructure.

PRELIMINARY FINANCIAL HIGHLIGHTS		AMI/AMR BENEFITS	
<u>ENERGY PROJECT</u>			
Approx. Project Price	\$ 5 – 7 M	* New Advanced Meter Technology	* Asset Management
Approx. First Year Savings	\$500 – 650k	* Improved Customer Service	* Water Conservation
Approx. Lifecycle Savings	\$ 9 – 12 M	* Supports Tiered Rate Structure	* Sustainability
<u>AMI/ AMR WATER METER PROJECT</u>		* Improved Data Accuracy	* Workforce Management
Approx. Project Price	\$ 8 – 10 M	* Leak Detection	* Reduce Maintenance & Repair
Approx. Annual Revenue Generated	\$500 – 600k		
Additional Annual Savings	\$ 240K		
City Capital Requirement	\$ 0.00		

Mr. St. Clair reviewed the information on slides 9 and 10 and stated the energy portion focused on facilities and equipment that had reached the end of its useful life.

Mr. Vaccaro stated the lifecycles of specific equipment were assigned in the Arizona Revised Statutes (ARS). Mr. Vaccaro stated the City would also save money on meter reading services as it would no longer need to contract those services. Mr. Vaccaro stated the City capital requirement was zero because under state legislation the City did not have to contribute capital funds to afford the project.

Councilmember Young asked how long it took to break even.

Mr. St. Clair stated the timeline was varied at this point because the final decisions were not yet made, however most cities paid off the expenses in 9 to 13 years.

Mr. Jackson stated the City would sign a lease and begin payments once the equipment was installed; the payment would not be made upfront.

Mr. St. Clair stated the City would spend approximately five to seven million dollars in expenses no matter what and the decision was to either continue paying that money to the utility companies or to invest it in new infrastructure.

City Manager John Dougherty stated the water meter project would be beneficial for the City and water customers. Mr. Dougherty stated the City would be able to detect leaks right away and avoid large bills for the customer. Mr. Dougherty stated the City was already replacing meters as they became less accurate.

Mayor Anderson stated the City did not have accurate leak data and the new meters could provide that information.

Mr. Jackson stated mechanical water meters did not always read water consumption accurately as the parts began to wear down, which resulted in unfair bills.

EVALUATING YOUR OPTIONS

STATUS QUO

- * Deferred Maintenance Increases
- * Money Wasted On Excessive Utilities
- * After 15 Years – Still Have Old Systems
- * Unfunded Needs

PERFORMANCE CONTRACTING

- * Remedies Unfunded Needs
- * New Systems Are 100% Self-funding
- * Immediate Budget Relief



ROADMAP

PROCESS OVERVIEW

DISCOVER POTENTIAL

UTILITY ANALYSIS

Technical Engineering Meeting

Financial Engineering Meeting

PROCUREMENT

COUNCIL WORKING SESSION

CO-OPERATIVE/ RFP

IMPLEMENTATION

AUDIT/ DESIGN/ BUILD

On slide 11 Mr. Vaccaro stated Climatec had been meeting with various departments over the last one to two years in order to present plausible preliminary numbers to the Council. Mr. Vaccaro stated the City would enter into the procurement phase of the project if it decided to continue to the performance contracting option. On slide 12 Mr. Vaccaro stated Climatech would like to participate in the request for proposal (RFP) process if the City chose to use that process for procuring equipment and labor.

ACTION PLAN

City Authorizes Feasibility Assessment	✓	
Prelim. Financial & Technical Meetings	✓	
Council Working Session Presentation	TODAY	
	<u>RFP</u>	<u>CO-OP</u>
City Issues ESCO RFP/Co-op	8-24-15	8-24-15
City Selects ESCO	2-15-16	8-25-15
ESCO Detailed Audit & Report	4-15-16	10-15-15
City Council Consideration	5-15-16	11-15-15
Begin Project Implementation	7-15-16	1-15-16

Mr. Vaccaro reviewed the timeline on slide 13. Mr. Vaccaro stated Climatech was paid in installments according to the progress of the project. Mr. Vaccaro stated Climatech was paid in full once all equipment was operational, warranties were in place, and the City took over complete control of the system. Mr. Vaccaro stated Climatech would produce an annual report on the savings the City was or was not incurring. Mr. Vaccaro stated Climatech also handled warranty issues and monitored the system in order to identify anomalies. Mr. Vaccaro stated Climatech would be able to notify the City of a spike in utilities the same day rather than waiting until the bill arrived, as was occurring now.

Mr. St. Clair stated Climatech was a one price company and would not issue change orders.

Mr. Jackson stated Climatech acted as a general contractor. Mr. Jackson stated Climatech performed most of the work itself and subcontracted out any other work to local companies. Mr. Jackson stated Climatech was upfront with its bids and markups.

2. **Discussion of the future of the Tourism Development Commission**

At the Regular Meeting of April 7, 2015, the Council heard a presentation from Krystal Burge and Tom Spear of the Tourism Development Commission (TDC) concerning possible disbandment. The Council will discuss this proposal among other potential options for restructure or revitalization of the TDC.

Chair of the TDC Krystal Burge stated the purpose of the request to disband the TDC and shift management of the funds to the board of the Kingman Visitors Center, Inc. was to improve operations for the City. Chairperson Burge stated the Council would still maintain control over the funds because the bed tax dollars belonged to the City and were managed according to certain legislation. Chairperson Burge stated the Kingman Visitors Center, Inc. offered to take over tourism related expenses that were currently being paid for out of the general fund. Chairperson Burge stated some of these items included the Bonelli House and Powerhouse, which should be paid for using tourism dollars, not money from the general fund. Chairperson Burge stated Josh Noble, the director of the Kingman Visitors Center, Inc., continued to raise the bar on the correct use of tourism dollars. Chairperson Burge stated the proposal would work to streamline the process of approving uses for tourism dollars by allowing City staff to work directly with Mr. Noble rather than going through a commission.

Vice-Chair Tom Spear stated Lake Havasu City and Bullhead City operated in the proposed manner. Vice-Chair Spear stated the money was managed under a 501(c)6. Vice-Chair Spear stated a councilmember or staff member could sit on the Kingman Visitors Center, Inc. board if Council wanted to include that in the contract. Vice-Chair Spear stated the board meetings were open meetings.

Councilmember Miles stated she wanted to see a contract, budget, bylaws and other backup material for the proposal.

Vice-Mayor Wimpee, Sr. asked Mr. Dougherty if his goal was to push for this proposal.

Mr. Dougherty stated he was in favor of the proposal.

Kingman Daily Miner reporter Doug McMurdo stated the community had been frustrated in the past with lack of information on the effectiveness of the funds provided to certain events. Mr. McMurdo stated there were often conflicting numbers from multiple sources on the actual number of "heads in beds" and the credibility of the numbers was weak.

Chairperson Burge stated Mr. Noble had different tools available for gathering occupancy data and it would be easier to accurately track it if there was one requestor.

Vice-Chair Spear stated a follow up report was always a requirement of the contract for awarded funds; however the commission had limited success in obtaining them.

City Attorney Carl Cooper stated the City had to be careful about violating the gift clause and the City needed to develop strict criteria for what it would receive in return for its money. Mr. Cooper stated the Council would need to provide direction at the next Council meeting on what it wanted in a contract.

Citizen Joe Longoria stated streamlining was valuable, but he was concerned about replacing a rotating group of citizens with a corporate board. Mr. Longoria stated he was concerned the same issues that

occurred with the Kingman Airport Authority would occur with the Kingman Visitors Center, Inc. Mr. Longoria stated term limits were beneficial and they may not be part of the process if the City accepted the proposal.

Councilmember Young stated the Council would still have authority over the funds, which it did not have with the airport.

3. Discussion concerning annexation

Councilmember Young has asked for a discussion item concerning annexation.

Councilmember Young stated previous Councils discussed annexing vacant land towards Antares Road, Interstate 40 (I-40) and DW Ranch Road. Councilmember Young stated she wanted maps that had information on available vacant land, the land owners, and possible impacts of annexation. Councilmember Young stated she did not recommend annexing the Kingman Airport because of the existing facilities and the negative impact it would have to the fire district that serviced it.

Vice-Mayor Wimpee, Sr. stated Hualapai Mountain Road should be included.

Mayor Anderson stated US-93 should be included due to the Interstate 11 (I-11) project.

Councilmember Young stated the map should extend past Griffith Road on I-40.

4. Discussion of "all mail ballot" elections

Councilmember Young has asked for a discussion item concerning "all mail ballot" elections.

Councilmember Young stated Lake Havasu City conducted "all mail ballot" elections.

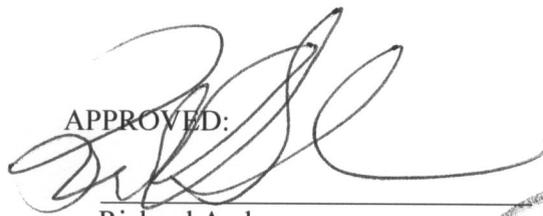
City Clerk Sydney Muhle stated it was no longer feasible to conduct "all mail ballots" due to the consolidated elections cycle. Ms. Muhle stated the Mohave County Elections Department would not conduct "all mail ballot" elections. Ms. Muhle stated the City would have to invest in its own election equipment and labor, which it could not afford. Ms. Muhle stated citizens could request to be on the permanent early voting list in order to receive ballots in the mail.

ADJOURNMENT — 5:16 P.M.

ATTEST:


Sydney Muhle
City Clerk

APPROVED:


Richard Anderson
Mayor

STATE OF ARIZONA)
COUNTY OF MOHAVE)ss:
CITY OF KINGMAN)

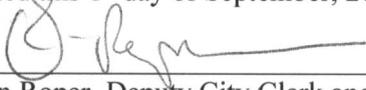


CERTIFICATE OF COUNCIL MINUTES

I, Erin Roper, Deputy City Clerk and Recording Secretary of the City of Kingman, Arizona, hereby certify that

the foregoing Minutes are a true and correct copy of the Minutes of the Work Session Meeting of the Common Council of the City of Kingman held on August 24, 2015.

Dated this 1st day of September, 2015.



Erin Roper, Deputy City Clerk and Recording Secretary