

MINUTES OF THE STUDY SESSION OF THE TOWN COUNCIL OF THE TOWN OF CHINO VALLEY

**THURSDAY, FEBRUARY 26, 2015
6:00 P.M.**

The Town Council of the Town of Chino Valley, Arizona, met for a Study Session in the Chino Valley Council Chambers, located at 202 N. State Route 89, Chino Valley, Arizona, on Thursday, February 26, 2015.

Present: Mayor Chris Marley; Vice-Mayor Darryl Croft; Councilmember Mike Best; Councilmember Linda Hatch; Councilmember Pat McKee; Councilmember Don Wojcik

Absent: Councilmember Lon Turner

Staff Present: Town Manager Robert Smith; Assistant Town Manager Cecilia Grittman; Finance Director Joe Duffy; Human Resources Director Laura Kyriakakis; Town Engineer/Public Works Director Ron Grittman; Utilities/Recreation Supervisor Chris Bartels; Utilities Maintenance Technician David Jaime; Development Services Director Ruth Mayday; Town Clerk Jami Lewis (recorder)

1) CALL TO ORDER; ROLL CALL

Mayor Marley called the meeting to order at 6:00 p.m.

2) Presentation by staff and discussion regarding the fiscal year 2015/2016 proposed budget. (Joe Duffy, Finance Director)

Town Manager Smith presented an overview of the budget process and initial data for FY15/16.

- *New approach to budgeting process:* Starting this year, staff will present five year projections for revenues, operating expenditures, capital expenditures and reserves, and strategic plan.
- *Steps taken over last three years toward financial stability:* (i) Staff developed new budget format, including data capture and performance comparison; updated financial software; established financial reporting, and debt collection and management; and accessed grants and WIFA funds; and (ii) staff and Council developed the strategic financial plan, reserve policy, and strategic work plan; and negotiated and refinanced the wastewater treatment plant and Prescott water acquisition to provide relief toward utilities.
- *Operational performance:* Changes made in FY12/13 brought fund balances from bankruptcy to solvent in FY13/14. However, if the utility systems did not break even soon, the reserve fund would be depleted. Staff was currently concerned about a shortfall reserves between now and the Prescott water acquisition completion.
- *Service area:* The Town served about 30,000 persons and was the only community in the quad-cities that served more people living outside of its boundaries than inside.
- *Comparisons with 12 other municipalities:* Budget per capita was smaller than the average; General Fund was about 20% leaner than the average, making it difficult to provide additional services; Town supported 20% more citizens per employee; employee headcount was 90 full-time equivalents; staffing levels were pre-2004 with more services than in 2004; wages were competitive and about 10% under average; police department cost per capita

was much lower, with a larger physical area and rough terrain to cover; department head salaries were within the pay plan and several were underpaid; recreation, aquatics and parks were 9.1% of the general fund budget, compared to Prescott and Prescott Valley which were 8.2% and 7.9% respectively.

- *Future challenges:* Other things needed to be completed in the next 24 months to reach financial stability. Council will need to decide acceptable levels of risk based on data and recommendations from staff, as well as input from the public.
- *Economic indicators:* Per the Bureau of Labor Statistics, Arizona's recovery was slower than the nation's and the jobs being added back were lower paying. The Town's income per capita was way too low compared to the county, state, and nation. 47% of 16-64 year olds eligible to work did not work in 2012. The state had a \$1.5 billion budget gap and it was yet unknown how this would affect the Town. While economists were not projecting total implosion, they cautioned policy makers to be conservative, as unexpected shocks could still occur.
- *Good cuts/bad cuts:* Staff considered several criteria when determining possible budget cuts, including cost of origination, operation, and maintenance of program/project; funding sources; number and types of beneficiaries; level of subsidy; and accessibility to the program/service/facility. For instance, cuts that put people at risk were not good. While staff was responsible to report costs and facts, Council will decide what was best.
- *Aquatic Facility in general:* The pool did not fit the general model as it operated in the red. While staff will bring several items for Council's consideration for potential cuts during the budget season, a decision needed to be made on the pool now, as the timeline to advertise for lifeguards was fast approaching.

Council asked staff to place Mr. Smith's presentation online.

Council asked staff for more details about the pool. Staff related that:

- In 2012, the pool was losing about \$240,000. In subsequent years, staff narrowed that loss to \$180,000. This did not include intangibles.
- Normal operation costs for the pool were \$2,000-\$2,500 per day. The average cost per person to use the pool was \$2.50 per session.
- The Town would need to continue making payments on the pool even if it were closed.
- The Financial Policy allowed 1% TPT funds to go toward the pool.
- Staff closed the pool shortly after school started, as most of the aquatic staff were students and revenues dropped off significantly at that time. Extending the season would not offset the expense, especially with children going back to school.
- Staff only recommended possibly closing the pool for one or two years, as it would suffer deterioration with any longer time period
- Staff needed to start lifeguard advertising on March 2. If Council later closed the pool, staff would not conclude the hiring process.

Council discussion:

- *Reasons to keep the pool open:* Potential risk from kids with nothing to do; people leaving town for something to do; lack aquatic therapy for those who need it; quality of life issue.
- *Reason to consider closing:* Possible state cuts affecting the Town's budget.
- *Other considerations:* Consider the balance of the practical and quality of life; use the \$19,000 in Parks Impact fees for a pool cover; use contingencies to keep the pool open; put off other projects to save money; cut staff or not hire an Assistant Public Works Director; the data from the League possibly not being a representative comparison.

Mr. Smith noted that the Assistant Public Works Director position was not a new position; it had been vacated and was being replaced. The position was needed for all the current in-house projects.

Public comment:

Donna Armstrong, resident, spoke about many of the “did-not-work” persons being disabled, and working parents having the pool available for their kids.

Sherry Brown, resident, spoke about the pool’s value in the community, keeping it open longer, needing new ideas to improve revenues, and creating a citizen committee to develop new ideas for the pool.

Laurie Hiner, local teacher, spoke about vandalism increasing if the pool closed, keeping Chino Valley money in Town by keeping kids here, and Council being the steward of the community’s money.

Kelly Reless, lifeguard, spoke about the pool’s beneficiaries and presented a petition with 285 signatures in favor of keeping it open.

Robert McCaullay, resident, spoke about misleading statistics, spending funds on grant matches, and using grant funds to place a cover over the pool instead.

Jedd Abramson, resident, spoke about the pool having a larger draw than the animal shelter.

Karen and her son, Eric, Paulden residents, supported a fee increase if it would keep the pool open.

Edie Spain, resident, spoke about staff investigating freezing employee salaries.

Sterling Hanger, resident and lifeguard, spoke about the Town’s overall appeal decreasing with no pool and pool staff being willing to raise funds.

John Preston, resident, spoke about Old Home Manor’s original purpose as an industrial park for revenue generation.

Laurie Marley, teacher, spoke about Town department heads taking a pay cut to keep the pool open and keeping grade school students from being left at home alone.

Karen Willey, resident, suggested forming a committee to work on ways to offset pool costs.

Mark, new resident, asked about the actual savings of closing the pool, as it would still need maintenance and insurance.

Lori Voss, resident, spoke about kids engaging in vandalism and partying if the pool closed.

Sierra Muncie, resident, spoke about pool activities relieving social anxiety.

Kathleen Finlayson, sports enthusiast, volunteered to help find solutions and spoke about maintaining amenities to attract and keep businesses.

Travis, resident and high school student body president, spoke about no one yet voicing support for closing the pool.

Joe Rollins, resident, spoke about being willing to pay \$0.50 more to get in.

Jeff Stewart with the Chino Valley Fire District and lifeguard instructor, spoke about the life benefits for lifeguards and overall benefits of covering the pool.

Debbie Correll, resident, spoke about friends from Prescott and Prescott Valley that used the pool.

A citizen asked about grants to fund the pool.

Todd League, Parks and Recreation Advisory Board Chair, spoke about the Board's current efforts to seek grants, as well as reviewing all activities for possible cuts.

Marty Hiner, resident, spoke about needing to spend money to make it.

A citizen spoke about Town officials not taking things away from the youth.

Lola Smith, resident, supported the pool.

Mr. Smith reported that grants alone, and no out of pocket funds, had been used for the Town's grant matches since 2012.

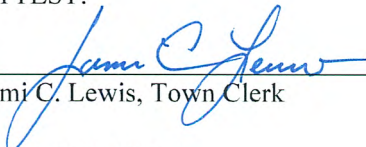
Council asked staff to provide salaries versus cost of living information.

3) ADJOURNMENT

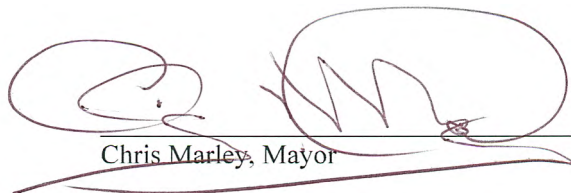
MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Pat McKee to adjourn the meeting at 8:21 p.m.

Vote: 6 - 0 PASSED

ATTEST:



Jami C. Lewis, Town Clerk

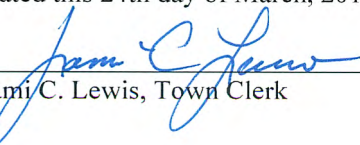


Chris Marley, Mayor

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the Town Council of the Town of Chino Valley, Arizona held on the 26th day of February, 2015. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 24th day of March, 2015.



Jami C. Lewis, Town Clerk