

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

**THURSDAY, MARCH 1, 2012
6:00 PM**

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, March 1, 2012.

Mayor Marley called the meeting to order at 6:03 p.m.

Council Present: Mayor Chris Marley, Vice-Mayor Carl Tenney, and Councilmembers Mike Best, Darryl Croft, Dean Echols, Linda Hatch, and Lon Turner.

Staff Present: Interim Town Manager Robert Smith, General Services Director Cecilia Watts, Finance Director Vera Smith, Town Engineer/Public Works Director Ron Grittman, Magistrate John Walker, Utilities Supervisor Chris Bartels, Utilities Technician Joe Grassi, Recreation Manager Shannon Gansz, and Town Clerk Jami Lewis (recorder).

- 2) Presentation by staff and discussion regarding the fiscal year 2012/2013 budget. (Vera Smith, Finance Director)

Acronyms used in this item:

FY (Fiscal Year)
GF (General Fund)
HURF (Highway User Revenue Fund)

Ms. Smith presented an overview of the FY 2012/2013 budget. Key points were:

Budget calendar

- March – Meetings with departments to go over department budget requests, address Council questions from this meeting, and develop proposed budget.
- April 5 – Next Council budget study session.
- April 10 – Proposed budget to Council.
- May – Tentative budget to Council.
- June – Final budget to Council.

Pending studies and upcoming items

- End of April – User Fee and Wage and Compensation Studies, which, once completed, might result in the need to incorporate some changes into the budget and possibly push the final budget further out.
- Currently through 2013 – General Plan update.

- FY 2012/2013 – Water and Sewer Rate Study, which cost would be split between the water and sewer funds at an estimated \$12,500 each, and which study will include the solar project's effects.
- 2013 – Infrastructure Improvement Plan, currently budgeted at \$25,000, was the first part of implementing SB1525, which will follow completion of the General Plan land use assumptions.
- 2013 – Impact Fee Study, which was also part of SB 1525 and was pending timeline and cost estimates.
- March 2013 – Home Rule Election, which might be affected by current legislation requiring all municipalities to hold their regular election in even years. The League opposed this legislation.

Historical Revenues

- State shared revenues – Per the League, barring any legislative change, state shared revenues would increase some next year; and the legislature will take a small amount from HURF revenues to offset Department of Public Safety needs. It was not yet sure whether the Town's HURF revenues will go up or down.
- 2% Town sales tax – Staff was still keeping some construction sales tax in the GF, but will need to consider removing it completely at some point. Economists were expecting slow growth only, and the Town had a little bit of growth from building permits, but not much.
- Staff proposed to keep direct program revenues at the same level as last year.
- GF revenues had their first increase since FY 2007/2008.

Debt Service. Debt for capital improvement and sewer and water enterprise funds will remain static through FY 2015, then increase in FY 2016 per the restructuring, but not as much as it would have before the restructuring.

Requested Personnel Changes

- The Magistrate Court requested some salary adjustments and a part-time Bailiff position, which the Council Finance Committee was recommending for immediate approval.
- The Planning/Building Inspection Divisions requested a full-time Administrative Clerk I.
- The Police requested a part-time Civilian Officer.
- The above positions were included in the budget at this time.

1% Town Sales Tax Revenues

- Staff estimated \$1.1 million to be generated, which will require the need for a small carryforward.
- Staff had factored in transfers from this rev to the GF for three police officers, Aquatic Center, Water Enterprise Fund, and Debt Service Fund for required payments. Staff removed transfers to Parks and Capital Improvement Fund Reserve. The Town needed to decrease the GF's and Water Enterprise Fund's dependency on this rev, but it will be challenging.

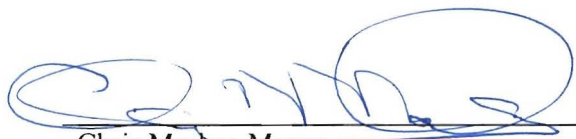
FY 2012/2013 General Fund Requested Budget

- At this time, the difference between estimated revenues and requested expenditures was \$800,000.
- Staff anticipated that the League would have the tentative state-shared revenue amounts from early to mid March.
- Not included in the budget at this time was restoring the 10% cut to employee hours and wages, which was estimated to cost \$331,076, with \$250,000 impacting the GF alone. To restore the hours and wages at 5% would cost \$165,000, with \$125,000 affecting the GF.

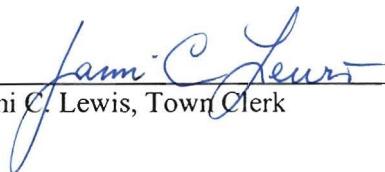
Interim Town Manager Robert Smith added that he intended to get department level input on the last matter, and with regard to the \$800,000 gap, staff will bring a list of inventoried items for Council to review.

3) ADJOURNMENT

Vice-Mayor Tenney MOVED, seconded by Councilmember Echols, to adjourn the meeting. The motion PASSED unanimously 7-0 at 6:49.


Chris Marley, Mayor

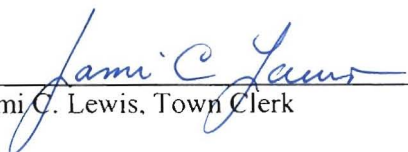
ATTEST:


Jami C. Lewis, Town Clerk

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 1st day of March, 2012. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 27th day of March, 2012.


Jami C. Lewis, Town Clerk