

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

**TUESDAY, APRIL 16, 2013
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 Tuesday, April 16, 2013.

Present: Mayor Chris Marley; Vice-Mayor Carl Tenney; Councilmember Mike Best; Councilmember Darryl Croft; Councilmember Dean Echols; Councilmember Linda Hatch; Councilmember Lon Turner

Staff Present: Town Manager Robert Smith; General Services Director Cecilia Watts; Finance Director Joe Duffy; Town Engineer/Public Works Director Ron Gritman; Building Official Dan Trout; Town Clerk Jami Lewis (recorder)

Attendees: HR Analyst Tiffany Resendez, IT Specialist Spencer Guest, Library Director Scott Bruner, Senior Center Supervisor Cyndi Thomas, Paralegal Michelle Schultz, Public Works Manager Kenny Tribolet, Fleet Supervisor Rick De La Huerta, Utility Supervisor Chris Bartels, Utilities Crew Leader Joe Grassi

1) CALL TO ORDER; ROLL CALL

Mayor Marley called the meeting to order at 6:04 p.m.

2) Presentation by staff and discussion regarding the fiscal year 2013/2014 proposed budget. (Joe Duffy, Finance Director)

Acronyms used in this item:

CIP (Capital Improvement Program)
HURF (Highway User Revenue Fund)

Town Manager Robert Smith presented an overview of the importance of this budget:

- Preparation included Council formulating a strategic financial plan to address a structural deficit, finding revenues to close a \$550,000 gap in operational funds, and changing to a programmatic approach to budgeting.
- Accomplishments in FY 2012/2013: Efforts to resolve long standing legal conflicts; Council taking several critical actions regarding a sales tax increase, and water and sewer rate increases to resolve the deficit in utilities funds; completion of user fees and compensation and classification studies; and hiring a new police chief and finance director.
- Goals for FY 2013/2014: Negotiating with Prescott to acquire some of their water users; the November Highway 89 Utility ballot question; impact fees study; implementation of the compensation and classification study; eliminating the 10% furlough; reinstating vision and wellness benefits; expanding service delivery to the community; and capturing more data.

Finance Director Joe Duffy presented an overview of the budget format and budget highlights.

Key points were:

- Budget document: The new format was done to make the document more usable, as well as to comply with the Government Finance Officers Association distinguished budget presentation awards program.
- New items: Programmatic information and indirect cost allocation methods.
- Work yet to be completed this fiscal year: Year-end adjustments; transfers from contingency to cover the overage; update and adopt contingency and reserve policies; and update the budget after the hearings.
- FY 2013/2014 goals: Work on performance measures and programmatic statistics; expand and add more to narrative; and compare costs with other cities and towns. Staff desired Council's input on strategic goals.
- New information: Message by the Town Manager, organizational chart, strategic goals, community profile, the Town's assessed value, other taxing districts, budget guide, budget calendar, budget adoption resolution, interdepartmental allocations, financial policies, revenue details by fund, debt service summaries, general obligation debt borrowing capacity, personnel schedules and benefits, and state budget forms.
- Notable changes: Moved interdepartmental allocations from payroll in Human Resources to indirect in and out from the other departments; and the Town's employer contribution to Public Safety Retirement System increasing 30% since 2011.
- Revenue estimates: These were figured conservatively, with a 2% growth rate for all revenues, no new housing starts or utility funds, 3% growth rate for expenses, and projections of 5% under budget in the general fund.
- Funds breakdown: Major funds—80% of the budget—and minor funds, such as Community Development Block Grant, grants, impact fees, special revenues, capital asset replacement, and street lighting improvement districts.
- Major initiatives: Eliminate the 10% furlough; reclassify police officers up to two steps based on the compensation and classification plan; increase roads maintenance; three new roads projects; Chino Meadows Unit 5 drainage project; and Highway 89 water and sewer project.
- Proposed total revenues: \$17,941,265.
- Proposed total expenses: \$17,550,259.
- Contingencies: These were based on available resources, not the fund balance.
- Non-departmental: This included the Northern Arizona Council of Governments assessment and a possible reduction in the Town's contribution to the County Water Advisory Committee.
- Transfers: There was an excess of \$227,000 in general fund revenues and reductions in transfers in from the CIP to general fund, but there was still work to be done.
- HURF: There was very little growth in HURF revenues and an increase in roads maintenance to be more in line with reserve policies.
- CIP: There was a cushion for unanticipated revenues or expenses, but transfers from CIP to general fund, water and sewer funds, and debt service needed to get to \$0.
- Water fund revenues: New rate increases were factored in, but new customers were not.
- Sewer fund: The transfer from CIP in FY 2014/2015 will increase without enough new customers, but it should go down again thereafter due to the fee increases.

Vice-Mayor Tenney asked staff to be sure information in the budget relating to water negotiations with Prescott were precise.

General Services Director Cecilia Watts presented the General Services Division budgets:

- Benefits changes: Reinstate vision care, increased premiums, and a possible premium holiday. The insurance trust was looking into initiating a wellness program and hiring a part-time coordinator.
- Prosecutor change: New contract with the City of Prescott for prosecutor services.
- Human Resources changes: New administrator for the trust, new volunteer coordinator, more training for leadership team and middle managers, and revising performance measures. With eliminating the 10% furlough, each department will decide on optimal hours and work days, with all departments coordinating that.
- Town wide changes: All departments now have a charge for managed print services.
- MIS/GIS changes: Possibly run a T1 line to the Activity Center, and purchase a permitting system for Development Services.
- Library changes: Radio frequency ID tags had been installed on books; decreased county library funding; decreased registered users due to purging old records; and funding for the new Library expansion.
- Senior Center changes: Reinstated the five-day serving week; two new cooks; different staffing model; and increased building use by private users.

Town Engineer Ron Gritman presented the Public Works/Engineering budgets:

- Personnel changes: Consolidated several functions under four mid-level managers as a cost savings measure.
- Parks Maintenance changes: New Community Center park expansion.
- Facilities Maintenance: All numbers were static or lower, except HURF.
- Vehicle Maintenance: No changes.
- Civil Engineering changes: Bring the half-time engineer to full time to enable CIP completion on time.
- Recreation changes: Division placed under Utilities.
- Aquatics Center changes: Less fundraising and more focus on optimal pool operations; schedule to be broken down by programs; and eliminate rentals.
- New working schedule: Leave these divisions at 4-10s and possibly reopen on Fridays for limited services.
- HURF changes: Increased roadway materials for six to seven miles of resurfacing; and stay with the chip seal program and postpone purchasing the crack sealer.
- CIP projects: Road 4 South extension, box culvert on Center Street and Santa Cruz Wash, new roads off Road 1 East, and Chino Meadows V drainage.

Public comment:

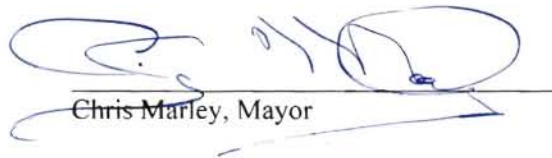
Ron Romley, resident, complemented staff on the budget and restoring the employees' 10%, and asked about the budget being online. Mr. Duffy stated that it would be online tomorrow.

Council briefly added some ideas for adding Fridays into the workweek and leaving it up to staff to determine what the community needed.

3) **ADJOURNMENT**

MOVED by Councilmember Dean Echols, seconded by Councilmember Lon Turner to adjourn the meeting at 7:35 p.m.

Vote: 7 - 0 PASSED - Unanimously


Chris Marley, Mayor

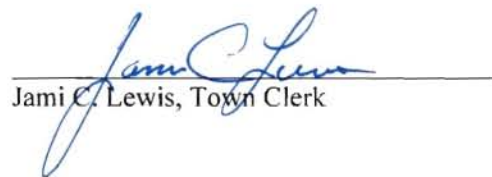
ATTEST:


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 16th day of April, 2013. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 14th day of May, 2013.


Jami C. Lewis, Town Clerk