

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

**WEDNESDAY, APRIL 16, 2014
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 Wednesday, April 16, 2014.

Present: Mayor Chris Marley; Councilmember Mike Best; Councilmember Linda Hatch; Councilmember Pat McKee; Councilmember Lon Turner; Councilmember Don Wojcik

Absent: Vice-Mayor Darryl Croft

Staff Present: Town Manager Robert Smith; General Services Director Cecilia Watts; IT Specialist Spencer Guest; Senior Center Supervisor Cyndi Thomas; Finance Director Joe Duffy; Town Engineer/Public Works Director Ron Grittmann; Public Works Manager Kenny Tribolet; Utility Supervisor Chris Bartels; Fleet Supervisor Rick De La Huerta; Building Official Dan Trout; Planner Ruth Mayday; Town Clerk Assistant Liz Hart (recorder)

1) CALL TO ORDER; ROLL CALL

Mayor Marley called the meeting to order at 6:02 p.m.

2) Presentation by staff and discussion regarding the fiscal year 2014/2015 proposed budget. (Joe Duffy, Finance Director)

Finance Director Joe Duffy reviewed the steps the Town had been taking toward financial recovery:

- In 2012, staff identified the fiscal issues.
- Council and staff got the Town through the immediate crisis and then instituted a short-term strategic financial plan.
- Since then, Council and staff had developed and implemented long-term strategies, and were currently working on long-term financial planning.
- The Town still had some long-term problems, but had identified some good, workable solutions.

Mr. Duffy then reviewed the Preliminary Fiscal Year (FY) 2014/2015 Budget:

- *Items to be added to the preliminary budget included:* message from town manager, strategic goals, community profile update, budget format tutorial update, state budget forms, and fine tuning.
- *New items in budget included:* recommended changes by the Government Finance Officers Association (GFOA), interfund transfers summary, general fund expenditures by category, employee benefits by fund, grade and step plan, community comparisons, and unfunded capital.
- *Budget highlights included:* a balanced budget, third phase of the Comp and Class Study, equipment acquisition and replacement, and bond projects.

- *General fund (GF)*: FY 2013/2014 revenues were slightly over projections and projected expenditures were \$608,978 under budget. Reserves were now fully funded and staff proposed to apply \$411,087 to the FY 2014/2015 budget. With the Town's current conservative approach to budgeting, the GF was stable.
- *HURF fund*: After this year, the HURF Fund will not be able to continue to maintain the roads at the same level as the last two years.
- *Capital improvement fund*: This included the bond projects, drainage project, and lease-purchase acquisitions. This fund was still transferring funds to the GF. Staff anticipated using \$168,572 in carryover next FY, bringing the fund balance down to \$219,415. However, staff projected that the fund balance will steadily increase through FY 2017/2018. If the Town could eliminate the enterprise funds' dependence upon the Capital Improvement Fund, there would be funds available for capital improvements.
- *Water enterprise fund*: Net losses from the water system were increasing. The only current solution was to acquire additional accounts soon.
- *Sewer enterprise fund*: Rate increases and growth will start to reduce the amount of carryover needed in future fiscal years. Taking over operation of the wastewater treatment plant and continuing to add additional accounts will bring this fund into the black.
- *Future capital requirements*: The Town needed to begin funding the replacement of capital equipment to avoid being in a situation where it all needed replacing at the same time. The proposed budget included replacement and lease purchase of four pieces of machinery/equipment and four police vehicles.
- *Conclusion*: While the general government was stable and was covering day-to-day operations, the enterprise funds were not covering the cost of operations. Acquiring new accounts was essential to freeing up funds for capital improvements.
- *Budget Calendar*: Staff proposed that Council hold another budget review study session on May 15, adopt the tentative budget on May 27, and adopt the final budget on June 24.

Council and staff discussed the disposition of retired police vehicles, the web auction through which the Town sold vehicles and equipment, and the process for determining when and what vehicles or equipment to purchase.

General Services Director Cecilia Watts reviewed the benefits the Town offered to employees and reviewed the following personnel matters:

- *Health insurance*: In FY 2013/2014, the health insurance trust hired a new third party administrator and the Town was able to offer vision insurance again. For FY 2014/2015, the trust was introducing a high deductible health insurance plan with a health savings account. Overall, the Town contributed nearly \$7,400 towards all insurance benefits per person per year. Over the last three fiscal years, premiums had increased less than 5%.
- *Additional benefits included*: an employee assistance plan, life insurance, benefit holidays in FY 2012/2013 and FY 2013/2014, retirement, and vacation and sick leave.
- *Performance Management Plan*: Staff instituted a merit-based performance management program in FY 2013/2014. While Town employees had not had a merit or cost of living increase in six years, staff did re-institute the 40-hour workweek this fiscal year. For FY 2014/2015, staff proposed a 1.8% increase in wages based on the new merit system.
- *Personnel*: Staff recommended that the Town remain at 89 full-time employees and hire one or two part-time interns to assist the IT and/or planning departments.
- *Holiday schedule*: Staff proposed to eliminate the day after Thanksgiving as a holiday, but allocate funds for employees to use as a personal day.

Senior Center Supervisor Cyndi Thomas reviewed the Senior Center budget:

- *Achievements:* Increased meals 23.5%; full membership on the Senior Center Advisory Board for the first time in three years; partnerships with various agencies; and a new annual healthy living fair.
- *Goals:* Seek outside funding to replace flooring; increase fundraising activities; and continue welcoming new volunteers.
- *Budget:* Overall, their proposed budget was lower than that of the current fiscal year.

Ms. Watts reviewed the Prosecutor's budget:

- *Budget:* Currently, the Town was in a three-year contract with the City of Prescott for prosecutor services and the rates may increase in September 2104. Otherwise, there was very little change.

Ms. Watts reviewed the Human Resources budget:

- *Goals:* Increase assistance to the human resources analyst; safety and supervisory training; incorporate core values and mission statement into the new performance management system; continue to fund employee recognition activities.
- *Budget:* There was very little change.

Ms. Watts reviewed the Library budget:

- *Accomplishments:* Facility expansion; new conference room booked nearly 90% of the time.
- *Goals:* Triple internet capacity; complete expansion; prepare community room for users.
- *Budget:* There was very little change.

IT Specialist Spencer Guest reviewed the MIS/GIS budget:

- *Accomplishments:* Reached a healthy equipment replacement cycle in response to Microsoft ending its support for several platforms; moved to virtualized platforms, allowing the Town to use less hardware and energy.
- *Goals:* Improve remote access capabilities; move more services to the web; expand audio/visual services and security in the Library expansion areas.
- *Budget:* While there was an overall decrease of \$3,300, there was a major increase in support services due to the Professional Services Agreement approved last November with 4-D to assist with server migrations in FY 2014 and FY 2015.

Council asked about the Business Support Center. Mr. Guest stated that its greatest current need was internet access and he desired to upgrade that, as well as some equipment. Town Manager Smith added that he was working on a plan with the Chamber and Yavapai Community College to bring more benefits to local businesses through the center.

Planner Ruth Mayday reviewed the Planning Division budget:

- *Accomplishments:* Cross training of all administrative staff; reconfigured division, and added planning assistant and new planner; UDO updates; and applied for several grants.
- *Budget:* Increased advertising to fund UDO update publishing requirements; decreased professional services to reflect Dava Hoffman's contract ending after the General Plan election; increased staffing increased from 1.5 to 2.0.

Chief Building Official Dan Trout reviewed the Development Services budget:

- *Personnel*: Moved code enforcement division back to development services; reorganized department with the same amount of personnel, but two in higher wage ranges.
- *Budget*: Added clean-up efforts, which included a trailer outfitted with landscaping rental equipment enabling residents to clean their own properties.

Council asked about volunteers for clean-up efforts, funding for code enforcement after relocating it to the Police Department, and staff no longer using Town cell phones. Mr. Trout stated that councilmembers could refer cleanup volunteers to him and staff quit using Town cell phones, as it was too cumbersome to carry two phones. Mr. Smith related that staff would have to research code enforcement funding and bring the data back to Council, and staff was currently researching cell phone policies.

Town Engineer/Public Works Director Ron Gritman reviewed budget highlights of the Public Works Department's various divisions:

- *Budget*: Overall, there were no significant changes in the budget.
- *Personnel*: Realized significant savings by combining parks maintenance and aquatics personnel; split one full-time parks maintenance position into two part-time seasonal positions.
- *Facilities*: Moved water budget expenses from all departments to facilities.
- *Equipment*: Added capital expenses to replace a loader and dump truck, and possibly a backhoe.
- *Roads*: The Town had not generated enough funds for proper maintenance for the last 10 years; staff had a strategy to present to Council in May with regard to building this fund back up.
- *Capital projects included*: Box culvert at Center Street at Santa Cruz Wash; construction of Center Street between Road 1 East and Railroad Avenue; construction of Road 1 East between Road 3 South and Kalinich Avenue, including two east/west roadways between Road 1 East and SR 89; Yavapai County Flood Control drainage project in Chino Meadows Unit 5 at Peavine Trail; Community Development Block Grant Chino Meadows paving project.

Council asked about the Bright Star booster system. Mr. Gritman stated that this was contingent upon acquiring the Prescott water system and constructing a gravity tank, which will be addressed in the next two or so years.

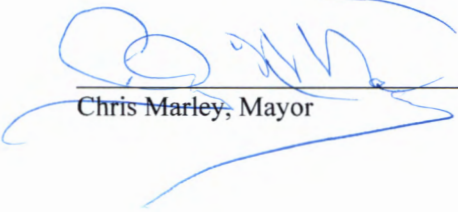
Town Manager Robert Smith reviewed the Town Manager's budget:

- *Operations*: Increased professional services to accommodate a possible Council retreat and webinars offered by ICMA that various staff members attended.
- *Personnel*: Increased hours for administrative aides and possibly add some additional support for his office.

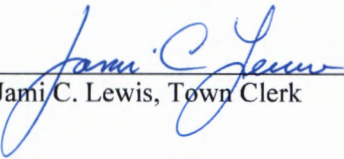
3) ADJOURNMENT

MOVED by Councilmember Mike Best, seconded by Councilmember Linda Hatch to adjourn the meeting at 7:39 p.m.

Vote: 6 - 0 PASSED


Chris Marley, Mayor

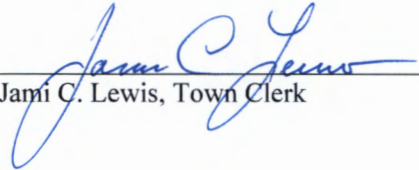
ATTEST:


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, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 13th day of May, 2014.


Jami C. Lewis, Town Clerk