

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

**WEDNESDAY, MAY 4, 2016
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, May 4, 2016.

Present: Mayor Chris Marley; Vice-Mayor Darryl Croft; Councilmember Mike Best; Councilmember Susie Cuka; Councilmember Jack Miller; Councilmember Corey Mendoza; Councilmember Lon Turner

Staff Town Manager Robert Smith; Assistant Town Manager Cecilia Gritman; Finance Director Joe

Present: Duffy; Human Resources Director Laura Kyriakakis; Magistrate Catherine Kelley; Court Administrator Ronda Apolinar; Town Clerk Jami Lewis (recorder)

1) CALL TO ORDER; ROLL CALL

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

2) Council may recess the study session to hold an executive session pursuant to A.R.S. § 38-481.03(A)(1) for discussion or consideration of employment, assignment, salaries, or disciplining of Town Manager Robert Smith. (Mayor Marley; Vice-Mayor Croft)

MOVED by Vice-Mayor Darryl Croft, seconded by Councilmember Mike Best to recess the study session and hold executive session pursuant to A.R.S. § 38-481.03(A)(1) for discussion or consideration of employment, assignment, salaries, or disciplining of Town Manager Robert Smith at 6:05 p.m.

Vote: 7 - 0 PASSED - Unanimously

Mayor Marley reconvened the study session at 7:04 p.m. and reported that this item will be continued next Tuesday.

3) Presentation and discussion regarding the fiscal year 2016/2017 preliminary budget. (Joe Duffy, Finance Director)

Mr. Duffy presented highlights from the budget.

Overall:

- The budget was balanced.
- Reserves were fully funded, except in the water fund.
- Contingency fund was strong.
- The budget decreased 9% from last year, mainly due decreasing water acquisition funds.

General Fund (GF):

- Staff proposed to roll over an estimated \$600,000: \$200,000 to be used next fiscal year (FY) and \$400,000 to be added to reserves.
- \$400,000 were in Contingency.

- Staff proposed to increase HURF subsidy from \$50,000 to \$75,000.

Highway User Revenue Fund (HURF):

- Revenues and road materials had decreased, but the State may allocate more revenues.
- The fund was to use \$35,500 of carryover.

Water:

- Staff budgeted \$2 million for water system acquisition.
- Staff proposed to reduce Capital Improvement Fund subsidy from \$150,000 to \$75,000.
- Water accounts increased 4%.

Sewer:

- Staff was investing \$600,000 in plant upgrades through next Fiscal Year (FY), funded by Repair and Replacement Fund and Fund Balance.
- Operating costs had decreased due to plant upgrades in the past FY, and staff hoped they will keep decreasing due to next FY's upgrades. Staff also hoped to complete repairs in one year, rather than over several as originally estimated.
- The fund should be profitable next FY.
- There were nine new accounts.

Capital Improvement Fund:

- Staff proposed to roll over \$20,000.
- Staff proposed to transfer \$250,000 to GF for Aquatics and Police, and \$75,000 to HURF.
- \$110,000 was allocated for the Yavapai drainage project.
- \$137,000 was allocated for grant match.
- Staff projected to roll over \$115,000 next FY.

Mr. Duffy added that Council could adjust the budget, if desired, at this time.

Human Resources Director Kyriakakis presented an overview of personnel and benefits items in the budget:

- *Staffing levels and personnel changes:* At the peak of the Town's "boom" time, staffing was around 120-125. Current staffing was 91 full-time equivalents (FTEs). Staff proposed one additional full-time equivalent (FTE).
- *Historical and proposed COLA and merit increases:* Staff proposed a 2% COLA, and merit increases between 0% and 1.5%, for a total increase of \$142,000.
- *Medical benefits; benefit increase history; Yavapai Combined Trust insurance fund, claims, and premiums for employer and employee:* Premiums were increasing 2%. Staff proposed to:
 - Reinstate short-term disability and increase the Town's High Deductible Health Plan contribution and employee credit, for a total increase of \$16,200.
 - Continue to cover employee-only medical, dental, vision, and group term life insurance premiums.
 - Absorb 30% of family medical premium and 25% of family dental and vision premium.
- *Pension:* ASRS increased 0.01% and PSPRS increased 2.15%. These percentages were mandated by the legislature.

Council expressed some concern about the current staff being overworked.

Assistant Town Manager Grittmann, Mr. Duffy, and Ms. Kyriakakis presented budget highlights in the General Services Department:

- *Prosecutor's office:* As Prescott did not renew its contract with the Town, staff will be issuing an RFQ soon. Staff anticipated no other changes.
- *MIS/GIS:* Increased budget due to upgrades, security enhancements and new server; moving a half-time person into division.
- *Library:* No changes.
- *Senior Center:* Increased budget due to a part-time person becoming benefit eligible and food costs.
- *Customer Service:* Increased budget to remodel front counter, leverage technology, add computers to front; standardize policies and procedures; and move one-half FTE to division.
- *Town Manager:* Decreased budget due to moving personnel to other divisions.
- *Mayor/Council:* Increased budget due to intent to raise councilmembers' salaries, starting with the new Council in December 2016. Compared similar municipalities, the Town's mayor and council salaries were very low. Staff proposed \$400/month for the mayor and \$200/month for councilmembers.
- *Non-Departmental:* Staff proposed to transfer \$75,000 of Contingencies to HURF, and purchase new technology.

Judge Kelly, Court Administrator Apolinar, and Mr. Duffy presented highlights of the Municipal Court budget:

- The Court's workload was dependent upon Police Department activity.
- This FY, the Court used special funds to install new carpet and painting. Next year's budget was decreased and included a financial audit.
- The excess monies found in the last audit had been distributed and the Court's current budget was balanced to the penny.
- Court staff and Human Resources were working on a more formal community service program for public works.

Mr. Duffy reported that the Finance Department's budget next FY was flat.

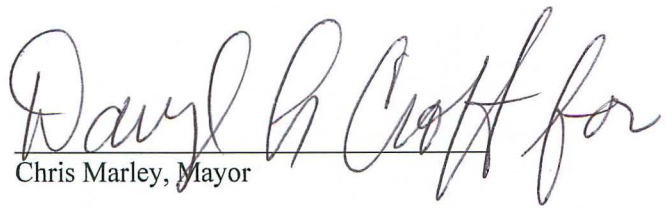
Town Clerk Lewis reported that the increase in her budget was due to election expenses, and the department's next FY focus will relate to new and upgraded technologies.

Council asked about the Library cell tower and cable expenses. Mr. Duffy and Town Manager Smith stated that the item was still in the budget. Staff was letting the bid out for the third time and was hopeful to have a response.

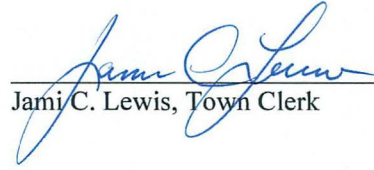
4) ADJOURNMENT

MOVED by Councilmember Jack Miller, seconded by Councilmember Mike Best to adjourn the meeting at 8:01 p.m.

Vote: 7 - 0 PASSED - Unanimously


Chris Marley, Mayor

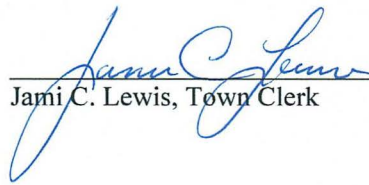
ATTEST:


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 4th day of May, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 14th day of June, 2016.


Jami C. Lewis, Town Clerk