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

## TUESDAY, MAY 18, 2021
## 6:00 P.M.

## CHINO VALLEY COUNCIL CHAMBERS
## 202 N. STATE ROUTE 89, CHINO VALLEY, AZ

**1)** CALL TO ORDER; ROLL CALL

Present: Mayor Jack Miller; Vice-Mayor Corey Mendoza; Councilmember Tom Armstrong (remotely); Councilmember Eric Granillo; Councilmember Cloyce Kelly; Councilmember Annie Perkins; Councilmember Lon Turner

Staff Present: Town Manager Cindy Blackmore; Administrative Services Director Joe Duffy; Human Resources Director Laura Kyriakakis; Public Works Director/Town Engineer Frank Marbury; Development Services Director Joshua Cook; Lieutenant Josh McIntire (Sergeant at Arms); Audio/Visual Technician Lawrence Digges; Deputy Town Clerk Traci Lavelle (recorder)

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

**2)** Presentation and discussion regarding the preliminary budget for Fiscal Year 2021/2022. (Joe Duffy, Administrative Services Director)

Cindy Blackmore presented the following:

- Staff would be presenting their recommended budget.
- Recognition was given to the staff for their hard work, with attention given to Finance Director Joe Duffy.
- Mr. Duffy and Mrs. Blackmore would be co-presenting the budget slides.
- Staff began the process by putting together the Council goals and priority list.
- All the priorities were not directly addressed through funding, but through work processes that staff would be implementing. Staff would explain the process during the presentation.

*Council Goals and Priorities – Staff would focus their efforts in the following areas:*

- Increased Planning Efforts
  - General Plan and Master Plan – These items were addressed in the budget.
- Infrastructure Needs
  - Roads – Reconstruction and Maintenance Work
  - Water and Sewer Systems – Expansion of the system.
  - Treatment Plant – Plant upgrades and expansion.
- Improvement of Service Response Times
  - Customer Service Focus – This process had already started, and staff had their first training sessions, with focus on improving customer service. Staff already did a

great job, but they could always take it to the next level to ensure customer needs were addressed. Training would continue throughout the year.
    - Evaluation of processes and ensuring expectations were set and communicated correctly for the staff.
- Update Code Enforcement Strategies
    - Ensure proper education was provided to staff and that the public was properly educated on the Town's rules and enforcement.
    - Consistency
    - Improve the Town's public image throughout the community.
- Quality of Life Issues
    - Focus on needs and special events in the community. Events included the 50th Year Anniversary and the Fourth of July celebration, both of which were reflected in the budget.
    - Dog Park Improvements – This had already begun and there was a budget item to keep the project moving forward.
    - Focus on Recreational Tourism and Entertainment – This included both community members and bringing in out-of-town visitors.

Joe Duffy presented the following:

- The Town Manager had extensive experience with a larger community that used a different budget process structure. Although staff knew that the Town would someday use that type of structural process, they believed now was a good time to begin.
- The format was changed to set the foundation for the community to grow going forward.
- The Town had already taken a large step forward. Revenues had increased and more projects were being done.
- The budget was formatted in such a way that it would be easier for management and Council to see the projects as they were being done, and to evaluate how well staff progressed in meeting the goals in completing budget items.

*Structurally Balanced Budget – Staff was working at having a structurally balanced budget.*

- A structurally balanced budget was one in which reoccurring revenues equaled or exceeded reoccurring expenses. The ongoing expenses should never exceed the revenue.
- All funds would be balanced structurally.
- There were four primary funds in the existing budget format.
    - General Fund and a subcategory for Capital Improvement Plan (CIP).
    - HURF
    - Water
    - Sewer
- The CIP had been funded by using 1% of the sales tax revenue and that was the money used to do the capital projects.
- The capital projects for the other funds were not separated into a subcategory. A Capital Improvement Plan was now added to each of those funds and would be reflected as follows:
    - **HURF** – Ongoing operating expenses such as personnel, travel, office supplies, etc.
    - **HURF CIP** – Money from HURF would be moved to the CIP fund for major capital projects such as road projects.
    - **Water**
    - **Water CIP**

- **Sewer**
- **Sewer CIP**
- **Capital Asset Replacement Fund** – This fund, as required by Town Resolution, was for one time revenue funds for such things as insurance dividends, sales tax audit proceeds, etc. The funds were used to buy equipment. This year the funds would be used for various vehicles.

*New Budget Process and Department Budget Requests*

- A significant amount of money in each budget cycle was spent on the same items: personnel, electricity, gas, general supplies, travel, etc. These costs were consistent, and the cost did not change significantly. Staff was instructed to put in a budget request for an increase for those items if it was needed, which would become part of the proposed budget requests that Council would consider during the budget cycle review.
- Staff proposed budget requests also included any one time items and personnel changes.
- The Proposed Budget Requests were highlighted into two categories: Additional Personnel Expenses, One Time Expenses and any other new expenditures.
- To submit a budget request, staff was required to fill out a form, provide justification for their request and then meet with staff to discuss the request. Not all budget requests were approved. The only requests approved were those that staff thought were within the budget and that were top priorities.

*Budget Highlights for 2021/2022*

- The Town budget would be increasing from $24,000,000 to $41,000,000 for the upcoming year. The largest budget in the Town's history.
- Revenues had increased from $22,000,000 to $36,000,000. The revenue was the source of all Town's funds. This was a projected increase of $14,000,000.
  - **General Fund -Sales Tax Revenues –** Increased by approximately $1.3 million.
  - **General Fund - State Revenue Sharing –** Increased by approximately $250,000
  - **General Fund - Capital Improvement Funds –** Included $7 million for the police department, which was overfunded to account for possible additional construction costs.
  - **General Fund - Capital Improvement Sales Tax Funds –** Increased by $619,000
  - **American Rescue Plan –** $1.5 million would be coming to the Town before the end of June 2021, and the same amount would come to the Town in 2022, for nearly $3 million
  - **Water Enterprise -** An allocation of $2 million dollars was added for Old Home Manor (OHM) sales.
  - **Sewer Enterprise –** Included WIFA Reserves and a transfer from the Sewer Fund $479,000
  - **Other –** A combination of other revenues $400,000
- These funds accounted for the funding to increase the Town's budget.
- Due to Covid, the Town shut down and did very little because of not knowing the impact of circumstances. The Town ended up with $7,884,000 in the Fund Balance, meaning the Town started the year with $1.8 million more than was anticipated.
- Due to the Town expenditures being less than expected and revenues being higher than expected, the Town was approximately $4 million ahead of where they thought they would be one year ago.
- In the upcoming budget, the Town was expected to spend less than they would be

bringing in, but they would still be $3 million ahead of where they anticipated they would be last year at the same time.
- The Town needed to spend some of that money and reduce the Fund Balance because it was three times what it needed to be. That money would be used to do many projects.
- Staff shared a graph showing the structurally balanced budget, showing ongoing revenues, one time revenues, fund balance less revenue, reserves, ongoing expenditures, and one time expenditures.
- The proposed budget was still operating under the same conservative revenue estimating basis that staff has used since 2012. The Town could afford everything being proposed.

*New Positions*

- Police Officer would go from part-time to full time, with the ability to hire an additional officer due to high turnover.
- Animal Control Specialist moving from part-time to full time.
- Parks Maintenance Worker
- Management Analyst and Project Manager for Public Works
- Two Roads Maintenance Positions
- Water/Wastewater Utility Technician
- There had been more requests, but staff wanted to slowly add positions each fiscal year.

*Budget Highlights*

- Building Inspector Contract in an as needed basis – for several large commercial structures under development.
- MIS Training Specialist – The Town had many new software packages that staff had not been adequately trained to use.
- GIS Professional Services
- Fiber and Server Replacement on the North Campus
- Town Hall Landscaping and Maintenance – To include new paint, carpet, and other maintenance work. Landscaping would include work on the front and side of the building. Staff thought it was important that the Town set the example with their properties when asking community members to properly maintain their own properties.
- Pool re-plaster and new cover – This rollout cover would allow the pool to be covered in the winter and prevent the growth of algae. The pool re-plaster had been budgeted for the current year but had been postponed.
- Playground Equipment – Approved in the previous budget but would not be delivered until after the new fiscal year.
- Dog Park Gazebo/Other – This protected the animals and people from heat.
- Nine Hole Frisbee Course
- Park Maintenance Equipment – Town had been trying to upgrade equipment for the last few years.
- Street Maintenance Equipment – pressure washers, chipper, plow, etc.
- Increased Operating Water/Wastewater – The increase was primarily wastewater because the budget had been cutback several times, and they always went over budget. Staff was trying to find the appropriate budget for the Department.
- Police Building
- General Plan and Utility Master Plan
- Water Resources and Drainage Projects
- Welcome to Chino Valley Signs – Staff explained the location was to be decided, and new developments may require the existing sign to be moved. There were also

discussions about improving the sign located at Road 4 North. The signs had not been designed yet.

- Staff explained how the project funds would be transferred and the fund transfer accounts.

*Budget Highlights – Roads*

- Rodeo Drive at OHM $1,600,000 – This contract had been approved by Council
- Road 2 North $700,000 – Staff was hoping much of the work would be completed before the end of the fiscal year, but the funds could be carried over.
- Road 4 ½ N. Reed Rd to N Rd 1 W. $1,205,000 – Included Road 1 South and 2 South that had been adopted by the Roads Committee.
- E. Perkinsville Rd from SR 89 to Rd 1 E. $500,000 – May use OHM land sale funds.
- Reconstruct Local Streets $250,000 – Staff thought it was important to show the community that the smaller streets matter as well. The local streets would be addressed as the budget permitted.
- Other $100,000 – This included the roads yard and fencing and Road 1 East from Fletcher Court to Road 3 South.

*Budget Highlights – Water Fund*

- New Fill Station East Side, similar to the one next to Walgreens
- OHM Capital Projects - $2,000,000
- 16" Water Main on Perkinsville/89 to Rd 1 East $250,000
- Head Start Water Main Extension $55,000
- Staff explained the funding list for roads, water and sewer, the Perkinsville Road 89 to Road 1 East project was built as one project, so the work could be done together to minimize the funding and work.

*Budget Highlights – Sewer Fund*

- New Building, aprons/fence/equipment $100,000
- EQ Basin Engineering $100,000
- Repair Air Lines $200,000
- RotoMat Repair $70,000
- Screw Press $242,500
- Lift station Crane $75,000
- 12" Sewer Main on Perkinsville/89 Other $250,000
- All the sewer projects were recommendations from the staff. Staff was falling behind on getting some projects accomplished. If the Town did not put resources into these projects, it would cost more money in the long run and put the plant in danger of not being used for what it was initially built for because of the changes taken place over time. These projects had been previously approved but if the funds were not spent by the end of the fiscal year, then the projects needed to be re-budgeted.

*American Rescue Plan*

- The Town was anticipating receiving $2.9 million dollars by the end of fiscal year 2021/2022, split between the current and next fiscal year.
- The Town's funding would need to go to water, sewer, and infrastructure. It included improving access to clean drinking water, supporting vital wastewater and storm water

infrastructure, and expanding access to broadband internet.
- The Town had a lot of choices on where they could spend those funds.

Council and staff discussed the following:

- Town would be utilizing plans that had already been paid for on some highlighted projects. There was no engineering included in any of the costs for the projects listed.
- The Police Building listed under General Capital Funds indicated the loan funds that Town would need to construct the building. The amount was to be determined by Council. The only proposed item in the budget that would utilize a loan was the Police Building.
- Staff explained that any funds not spent would flow over to the next fiscal year.
- The fill station's location was to be determined, but staff thought it may need to be located at OHM because that was the only place Town had good resources. The Utility Committee could help determine a good location. It was needed because there would be some development near the existing fill station, and it would need to be relocated. Also, if the fill station went down, the Town needed another one for people that needed water. It provided the necessary redundancy. The Town owned wells located at Sycamore Vista and Road 2 North. Town would need to check with ADWR about using the site for a second fill station location. There could be some water rights requirements or other requirements necessary for the Town to use it.
- Old Home Manor money for property sales was difficult to count as actual revenue. Staff explained that although nothing had been sold, if Council wanted to fund future projects using possible sale proceeds, they could not use them if they were not specifically put in the budget. It was considered a placeholder and if it did not come to fruition, then those funds would not be spent. It was up to Council's discretion what those funds would be used for or how those projects could be funded if not by using OHM funding.
- The American Recovery Funds stipulations had changed. With the Cares Act funding, they were able to use it for the Police Department officers until the money was used up. This freed up money in the General Fund, which was transferred to the HURF fund to do road projects. So far, the criteria for the current recovery funds only allowed the Town to use the money for water and sewer.
- New pickleball courts would not be in the upcoming budget, but in the fiscal year after that (2022/2023).
- The playground equipment was being replaced because the current equipment was unsafe.
- The Capital Asset Replacement would include one patrol car, one administrative car and one evidence van. It also included a new building department Escape, and recreation F150. The Town would be ordering two patrol cars because production was 9 months behind.
- The fund balance would end the fiscal year with approximately $250,000.
- There were no firm costs on the Police Department Building. Once the bidding was complete with contractors bid, the prices were firm and could not be changed unless there was some unseen condition, which would be modified by a change order. There could be flex put into the bid, but it would be up to the architect.
- If an unforeseen event happened, the Council did not have to do the projects.
- The next meeting would have the tentative budget.

**3)**

ADJOURNMENT

Mayor Miller adjourned the meeting at 7:02 p.m.

Jack W. Miller, Mayor

ATTEST:

Erin N. Deskins, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Town Council of the Town of Chino Valley, Arizona held on the 18th day of May, 2021. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 22nd day of June, 2021.

Erin N. Deskins, Town Clerk