

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

**THURSDAY, JUNE 23, 2011
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, June 23, 2011.

Mayor Bunker called the meeting to order at 6:04 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: Town Manager Michael Scannell, Management Assistant Cecilia Watts, Finance Director Vera Smith, Development Services Director Pat Clingman, and Town Clerk Jami Lewis (recorder).

Mayor Marley called for a moment of silence in honor of the late Bob Kaecker.

2) Presentation by staff and discussion regarding the fiscal year 2011/2012 budget.

Finance Director Smith and Town Manager Scannell provided an overview of the proposed budget for FY 2011/2012 as follows:

General Fund (GF)

- There had been \$2.2 million in budgetary decreases in this fund since FY 2005/2006.
- In the GF, the fund balance at fiscal year end (FYE) 2010 was \$2.3 million. At FYE 2011, it was estimated to be \$1.1m, and the projected balance at FYE 2012 was \$572,323. As there were not enough revenue sources, the Town needed to continue to cut costs.

Balancing the Budget

- Since Council and staff began working a few months ago to meet a \$611,382 shortfall, reductions were made by: reorganizing several departments, outsourcing dispatch services, bringing animal shelter administration back in-house, reducing departmental expenditures, transferring additional funds due to expansion of the Police Department impound yard, and increasing carryforward utilization.
- Some increases were added for non-departmental and transfers, as well as adding a wage and classification study and decreasing the subsidy to the Aquatic Center from the 1% TPT revenues.
- Reorganizations of the Police and Town Clerk Departments, which were coming to Council for approval on June 28 and July 12, as well as two Police staff entering the “drop” program, were already factored into these numbers.
- Wage and classification studies should be done every 4-5 years to review and streamline workforce classifications and make sure employees were making an appropriate wage. As the Town had not done this, and it had too many classes and no job descriptions for some positions, this was long overdue. Staff anticipated that the study would take about 120 days and the cost would be about \$20,000.
- The decrease in the 1% subsidy was due to the Community Services Director position being eliminated.

- While expanding the Police impound yard will bring in more revenue, it will also cause a loss of revenue in the private sector, and a business owner who will be affected may be contacting the Council. Although the impound yard project was not required by the procurement code to come before Council, and the project had been vetted before the previous Council, the current Council asked staff to put it on the July 12 agenda to give the public an opportunity for input and for Council to formally approve it.
- The carryforward of \$180,720 was being used as a plug until other decreases could be identified. Two items pending that could have an effect were the user fee study, anticipated to be completed in August, and the organizational study of the Development Services and Engineering Departments, anticipated to be on the July 26 agenda.
- Funding for the Chamber of Commerce was left at \$38,000 until the Economic Development Committee brought a recommendation to Council.
- The 1% sales tax was proposed to fund \$1.1 million for transfers to the GF for police positions, Aquatic Center, Parks, and transfers to Water Enterprise, Debt Service, and Capital Improvements Funds. However, even with the debt restructuring done last year, the Town would need more of these funds for future debt service.
- If the Town used the full \$500,000 carryforward in FY 2011/2012, there will be a minimum budget deficit of \$834,884 going into FY 2012/2013. Reducing this deficit between now and 2013 will give the Town much more stability in future years.
- A change in state law pertaining to utilities may affect the Town's ability to place liens on properties and the town attorneys were reviewing the new law. There will be further discussions on the GF subsidies to the water and sewer funds.

Special Funds

- Funds for special Court revenues; capital asset replacements; and Police, Parks and Recreation, and General Government impact fees were decreased. Library and Roads impact fees, Police special revenues and street lighting improvement districts were increased. These equaled a total decrease of \$21.5 million.
- The increases in Library and Police special revenues were due to the intended purchase of a new organization wide phone system that will affect all impact fee funds. The increase in the Roads impact fee fund was for a current flood control project and Road 2 North bridge, which was currently stalled due to lack of staffing and an agreement with the federal government not being complete yet.

Conclusion

- Overall, the proposed budget for FY 2011/2012 was greatly reduced from the current budget, mostly due to reducing the potential revenues coming from stimulus funds, grants, and the like, and to give a more realistic picture. Only the debt service fund was increased. The Water and Sewer Enterprise Funds were also adjusted by changing from cash budget to accrual accounting.
- Staff had delayed adoption of the final budget to August 9 to allow for another study session on July 7 to provide a review for the new mayor and councilmembers.

Council suggested that the Roads Committee work on the Road 2 North bridge matter.

3) Adjournment.

Vice-Mayor Tenney MOVED, seconded by Councilmember Hatch, to adjourn the meeting. The motion PASSED unanimously 7-0 at 7:44 p.m.

Jim Bunker, 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 ____ DAY ____ day of ____ MONTH ____, 2011. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ DAY ____ day of ____ MONTH ____, 2011.

Jami C. Lewis, Town Clerk