

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

**THURSDAY, DECEMBER 6, 2012
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 Thursday, December 6, 2012.

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

Absent: Councilmember Lon Turner

Staff: Town Manager Robert Smith; General Services Director Cecilia Watts; Finance Director Joe Duffy; Police Chief Chuck Wynn; Town Engineer/Public Works Director Ron Grittmann; Town Clerk Assistant Liz Hart (recorder)

Attendees: Civilian Operations Supervisor Laurie Whisenand, Strategic Financial Plan Consultant Pat Walker

1) CALL TO ORDER; ROLL CALL

Mayor Marley called the meeting to order at 6:03 p.m.

2) Discussion regarding property tax, sales tax, or a combination of both as possible revenue options for the Town. (Council Finance Committee)

General Services Director Cecilia Watts presented the preliminary results of the recent citizen survey.

- 5,775 surveys were mailed; approximately 1,200 were returned and 989 were included in these preliminary results.
- The Library ranked highest (31%) in interactions with departments or use of programs or services.
- Services ranked highest in importance were public safety, general government, and public works; those ranked lowest were recreation and aquatic center.
- Alternative revenue sources ranked highest to lowest were: sales tax increase, no response at all, a combination of sales and property taxes, and property taxes alone.
- Using an alternative revenue source to fund specific services were ranked highest to lowest as follows: public safety, community services, Council discretion, and utilities.
- Bonding for water and sewer was supported by 49%, and bonding for an industrial park was supported by 33%.
- Written comments centered around the Town: establishing no new taxes, living within its means, being business friendly, and cutting staff salaries.

Consultant Pat Walker presented an update on the strategic financial planning process.

Background

- During the FY 2012/2013 budget process, staff brought to Council's attention that a structural deficit in the Town's general fund would deplete the Town's fund balance by FY 2014/2015.
- This was due to a decline in revenues resulting from the economic downturn, a decline in population, and the Town using one time revenues to balance ongoing expenses.
- Since the downturn, the Town had reduced staff by 32%, cut department budgets by 29%, and reduced pay and benefits to employees.
- Council had directed staff to begin a process to address the deficit and enable the Town to provide services reflecting the community's preferences in an economically self-sustaining way.
- On August 6, 2012 Council discussed developing a strategic financial plan with short term and long term solutions. This would include creating new committees and using existing ones for research and involving the public in the process.

Committee work thus far

- The Council Finance Committee reviewed the user fee study, citizen survey, water and sewer rate study, revenue enhancement options, potential for restructuring the Town's debt, and project timelines.
- The Program Review Committee reviewed the net costs of providing programs and services, and opportunities to evaluate outsourcing, regionalizing, liability risks, and resource sharing. This information will be used in the FY 2013/2014 budget as well as being the first step toward priority/program based budgeting.
- The Council Economic Development Committee addressed economic diversity and sustainability matters.
- The Revenue Options Committee was created for members of the business community to provide ideas for alternate revenue enhancements other than sales or property taxes. As there were no volunteers for the committee, the mayor met individually with business owners.
- The Survey Committee developed the citizen survey.

Community involvement thus far included the citizen survey, numerous public discussions, a public meeting in November, input from the business community, and information on the Town's website.

Strategic Financial Plan

- The goal was to achieve financial stability and sustainability.
- Elements of the plan included updating fiscal policies, eliminating the structural deficit by 2014, and potential revenue enhancements. Any further expenditure reductions would not solve the deficit.
- Potential revenue enhancements included primary property tax, sales tax, a combination of the two, and bonding.
- Per the citizen survey, more citizens would support a sales tax, which could be effective June 1, 2013 at the earliest. A 1% sales tax will keep the Town in the black for a couple additional years, but the Town will be in the negative again in FY 2016/2017 if nothing changed. However, the additional two years will provide time to continue to build on a financial strategy.
- Now, staff needed direction regarding revenue enhancement.

Town Manager Robert Smith added that staff was working on financial and reserve policies that, if followed, will keep the Town from getting in this position again. Hopefully, once the finances were stable, Council could look at reducing sales taxes incrementally.

Council and staff discussed:

- The Town needing to get into and stay in the black, the economy being an unknown factor, and Council reviewing the strategic financial plan each year.
- The new water and sewer plans possibly affecting the general fund in a positive way.
- Police staff working on grants, as well as revenue generation from the shooting range.
- Needing infrastructure for economic development, and needing to know what businesses were looking for from the Town.
- Using news releases to keep the public informed.

Council reviewed and discussed the results of the survey:

- None of the economic development solutions suggested by the business owners would stop the financial drain, and as another revenue source was necessary and the survey indicated a stronger acceptance of a sales tax increase, Council preferred to pursue a 1% sales tax increase.
- Although public safety was the most accepted service for an alternate revenue source, they should be careful how such funds were dedicated.
- Most citizens seemed to understand that infrastructure extensions were necessary, but the responses for bonding for that had a such a close margin. In light of this and the Town's new fee structure and new water and sewer rates, they preferred to take no action on these at this time. However, if the Town could get some development started, that might get a better response from the citizens.

3) *Continued from September 11, 2012:* Discussion regarding Code Enforcement issues within the Town. (Chuck Wynn, Police Chief)

Laurie Whisenand reported on the status of several properties needing abatement:

- The Palo Verde Drive property was being purchased on a tax lien, hopefully by the end of January; and the Porcupine Pass property had been cleaned up.
- Four new properties on Pawnee Trail, Lazy Loop, Ruth Road, and N. Maricopa Street were needing abatement.
- With \$10,000, staff could clean up the Pawnee Trail property and 15-20 smaller properties.
- With \$5,000, staff could clean up the Pawnee Trail property and 8-10 smaller properties.
- With \$1,000, staff could clean up 5-7 smaller properties only.
- Some properties that had been cleaned were now needing it again; staff could keep cleaning them, or in cases wherein taxes were three years in arrears, the Town could pay the back property taxes and take ownership. If the Town took ownership, it would still have to clean them up. The total cost to purchase two properties through tax liens would be \$11,736.
- Any sewer liens on these properties were unknown.

Town Manager Robert Smith did not advise that the Town get into the real estate business; however, the gun club was looking to locate a building to the shooting range.

Staff and Council discussed the cost of mowing weeds and removing trash; using livestock for weed removal; problems finding property owners; many municipalities in the state having the

same problems with abandoned properties; and staff prioritizing properties by level of safety hazard.

Council discussion:

- They did not want to get into the real estate business.
- It was most important for staff to address safety issues and fire hazards.
- Footing the bill for repeat cleanings could be a bottomless pit, but they might have to fund it until a better solution could be found.

4) Review of Home Rule Voter Information Pamphlet. (Jami Lewis, Town Clerk)

Finance Director Joe Duffy presented the draft Voter Information Pamphlet for Home Rule and reported that:

- The pamphlet was to be mailed to each household with a registered voter.
- The Detailed and Summary Analyses had been approved by the Auditor General and could not be changed; the remainder of the pamphlet was essentially the same as the one from 2009.
- Staff had received no arguments in favor or opposed to the measure.
- He would provide to Council a boiled down powerpoint per their request.

Mayor Marley reviewed his monthly Mayor's Report, which was on Home Rule.

Council asked for more information about staff's outreach plans for the voters.

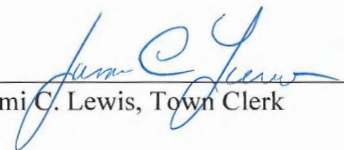
5) **ADJOURNMENT**

MOVED by Vice-Mayor Carl Tenney, seconded by Councilmember Linda Hatch to adjourn the meeting at 7:35 p.m.

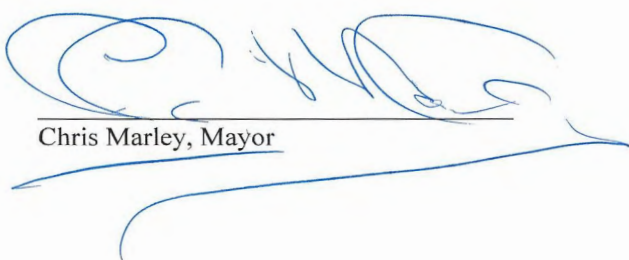
Vote: 6 - 0 PASSED

Other: Councilmember Lon Turner (ABSENT)

ATTEST:



Jami C. Lewis, Town Clerk



Chris Marley, Mayor

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 6th day of December, 2012. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 22nd day of January, 2013.



Jami C. Lewis, Town Clerk