TOWN OF CHINO VALLEY
COUNCIL FINANCE COMMITTEE
MINUTES

WEDNESDAY, JUNE 20, 2012
2:30 P.M.

A public meeting of the Council Finance committee was convened on Wednesday, June 20, 2012 at 2:30 p.m. in the Chino Valley Council Chambers Conference Room located at 202 N. State Route 89, Chino Valley, Arizona.

Vice-Mayor Tenney called the meeting to order at 2:30 p.m.

Members Present: Vice-Mayor Carl Tenney (Chair), Mayor Chris Marley, Councilmember Linda Hatch.

Staff Present: Town Manager Robert Smith, General Services Director Cecilia Watts, Interim Police Chief Chuck Wynn, Police Commander Mark Garcia, Town Engineer/Public Works Director Ron Grittman, Vehicle Maintenance Supervisor Ricky De La Huerta, Public Works Supervisor Kenny Tribolet, Executive Assistant Sherri Turner, Utilities Supervisor Chris Bartels, Utilities Technician Joe Grassi, Groundskeeper David Jaime, Admin Clerk Mary Brasher, Associate Planner David Nicolella, Building Official Dan Trout, I.T. Technician Spencer Guest, GIS/CAD Technician Jan Mazy, Paralegal Michelle Schultz, Librarian Scott Bruner, Senior Center Supervisor Cyndi Thomas, and Town Clerk Jami Lewis (recorder).

Others Present: Pat Walker with Pat Walker Consulting, Inc.

3) Approval of Minutes

3a) May 8, 2012.

Members took no action on this item.

4) New Business

4a) Review of Fiscal Year 2012/2013 Tentative Budget.

Acronyms used in this item:

ADWR (Arizona Department of Water Resources)
CDBG (Community Development Block Grant)
FTE (Full-Time Equivalent)
FY (Fiscal Year)
GF (General Fund)
HURF (Highway User Revenue Fund)
SLID (Street Lighting Improvement District)

Vice-Mayor Tenney reported that the Committee desired to review the departmental details of the tentative budget for FY 2012-2013 for better understanding and to better convey the town's condition to the public. Council had talked about sales tax increases and property tax which had generated much public interest. He also asked Ms. Walker to update GF balances with carryovers for next year and the next four to five years, as well as special funds, to give the public a picture of the town's condition.

Mr. Smith added that Council would need a lot of discussion in future months with the public. Council would also need projections for the next 10 years as the debt service would increase greatly in year six.

Ms. Walker reviewed an executive summary of the total GF budget, which highlighted operational budget changes for each year in the departments. She also spoke about the process for adopting the final budget and SLIDs budget, which was on Council's June 26 agenda. She then reviewed the proposed Final Budget and where applicable, staff added further detail.

<u>Overall Budget</u>

- Total budget: $15,248,485, a slight decrease from the Tentative Budget.
- Changes from Tentative Budget: Total decrease of $12,067, with increase for copier costs in Clerk's office, some expenditure reductions, and subtraction of ADWR fee per new legislation.
- Budget process: Over 8-9 months, departments looked at what they needed to support programs, turned in personnel and operations requests, and after discussions with finance and budget staff, made decreases. Departments were tasked with delivering the highest level of service at the lowest cost.
- There were a lot of changes to all personnel budgets and some changes to operating budgets.

<u>GF Department Line Item Changes</u>

- Prosecutor: No changes.
- Town Clerk: Increase in copier maintenance costs; major increase for spring election.
- Town Manager: Slight increase overall.
- Human Resources: Increase due to professional services, outside attorney fees, and recruiting expenses. Ms. Watts added that this included $8,000 for the ethics hotline and additional work with the town's human resources attorney.
- Court: Major decrease in professional services, as expense was moved from the GF to the Court Enhancement Fund.
- Finance: Slight decrease.
- MIS: $8,000 increase for additional phone maintenance support, hardware maintenance, and software and hardware purchases. Mr. Guest clarified that I.T. hardware expenditures were charged to MIS based on requests from the departments and his own replacement recommendations.
- GIS: No major changes.
- Mayor and Council: $5,030 increase for purchase of e-tablets and decrease on training and seminars line.
- Planning: $2,000 increase in general supplies with regard to the General Plan.

- Building Inspection: $4,000 increase, mostly for operating supplies for 2012 International Building Codes code books, and uniforms.
- Code Enforcement: Absorbed by Police Department.
- Dispatch: 2.5% increase based on the Town's IGA for dispatch services with Yavapai County.
- Police: Slight increase overall.
- Animal Control: Large increase of $12,000 due to increases in several lines. Interim Chief Wynn related that the Town took back operations from the Humane Society after 18 months and had to hire two shelter workers, and a cell phone paid for out of Police was moved back to Animal Control.
- Recreation: Slight decrease overall. Mayor Marley noted that water usage had gone down and Mr. Smith added that $2,000 had been reallocated toward programming.
- Library: $7,000 overall decrease. Mr. Bruner noted that circulation was still increasing and users could download e-books on the website now.
- Senior Center: $45,000 increase, mainly due to a new way of doing food purchases.
- Parks: $5,000 decrease, mainly in irrigation repairs. Mr. Grittman clarified that under a settlement three years ago, Greenberg paid the Town $50,000 to correct irrigation system deficiencies. As staff drew down those monies, the deficiencies were being fixed. Mr. Smith, Mr. Grittman, and Mr. Tribolet added that staff was now limiting access to playing surfaces, providing savings on long term wear and tear, and less vandalism was occurring since closing the lower parking lot. There was no money in this budget for repairs to the concessions facility, but staff intended to review that for FY 2013-2014, and in the meantime staff will monitor the area to see if the cameras keep the vandalism down.
- Aquatics Center: $44,000 increase, with adjustments to numerous lines. Many of the increases were a result of the extended season and water testing requirements. Ms. Watts added that the increases addressed lack of sufficient funds for maintenance in past years.
- Public Works Administration: No change.
- Facilities Maintenance: $56,600 increase due to contract services, gas/electric utilities, building materials and supplies, and moving supplies. Mr. Grittman explained that the Town took on new buildings. Mr. Smith, Mr. Bruner and Ms. Watts, added that there was currently no budget to remodel the old Town Hall and a committee had been formed to work on finding the funds for it; the Friends of the Library had agreed to come up with $50,000 as a goal to renovate space for the library in the old Town Hall; and Mr. Whisenhunt was working on grants to match that amount.
- Vehicle Maintenance: $6,000 increase in fuel, small tools and equipment.
- Engineering: Increase in professional services for the Town's contribution toward flood control projects.
- Non-Departmental: $136,000 increase in expenditures not tied to any particular department, due to contingency and reserves, grant funds, General Plan completion, outside agency funding, and reimbursement agreements. Some of these were from previous year projects that did not get completed.

Vice-Mayor Tenney called for a break at 3:31 p.m. and called the meeting back to order at 3:39 p.m.

Special Funds Line Item Changes

- HURF Roads Maintenance: $60,000 increase in roads materials, but still short compared to $1 million in prior years. This will get worse in five years and in capital expenditures, chip sealing and armoring went from $79,000 to $0.
- CDBG: This was not considered an operating fund as whatever came in would go out. Mr. Grittman reported that this money was earmarked for the Center Street Box Culvert and Drainage Project and would go to $0 in September.
- Water and Sewer Enterprise Funds: Revenues increased for water and decreased for sewer, and decreased on expense side for both; and there were major increases on the debt service side. Depreciation expense will be charged to debt service in the final budget.
- Water Enterprise Fund: A $363,000 transfer in covered operations and $194,000 in carryforward came from the GF.
- Sewer Enterprise Fund: Slight decrease in expenses due to the state removing the ADWR assessment. Although the fund had contingency and reserves built in, they were dependent upon the carryforward and transfers.
- Capital Improvement Fund (1% tax): $2 million included for potential miscellaneous capital projects.
- Capital Improvement Fund Debt Service: Most payments were for GF, Water Enterprise Fund and Debt Service Fund for various types of issuances. She will get detail to Council as requested.
- Water and Sewer Revenues and Carryover Funds: These could fluctuate depending upon year end balances and liability. Council should discuss true fund balance in conjunction with the upcoming rate study. Mr. Grittman added that $440,000 in operations went to the cm@risk contract and if the Town took over the operations and maintenance of that contract, those revenues would come to the Town.
- Water and Sewer Capital Expenditures: Some carryforward for solar panels, and principal for the USDA loan.
- Miscellaneous Grants Fund: For grants that may come to pass, including transit.
- Debt Service Fund: Included for accounting purposes to show appropriation.
- Special Revenue (Restricted) Funds: In Magistrate Court, big carryforward mainly for Court Improvements that was reduced in the GF professional services line.
- Capital Asset Replacement Fund: Funded by sales tax audit revenues, AMPPR dividend, and carryforward.
- Impact Fee Funds: Very small increase, and activity was low. If the Town implemented new ones, it would not see increases for one year after implementation. With SB 1525, there were now unallowable projects in some of these funds and they needed to be spent by 2020. Chief Wynn stated that if the Police Department received sufficient impact fees, it would be used for improvements to buildings and security features.
- Vehicle Impound Revenues: No discussion.
- SLIDs: $4,000 in revenues.

Council asked if staff was tracking electricity at the wastewater treatment plant. Mr. Grittman stated that the cost had gone up, mostly due to electric cost increases, and there was no way to determine if the panels were offsetting the cost.

Council asked about the transit program being revenue neutral, as there was about $50,000 not covered by grants in the budget. Mr. Smith stated that FY 2012-2013 was the last year the town had agreed to contribute matching funds. The transit committee hoped the town would provide maintenance on the buses, but were not looking for a grant match from the town. He would get clarification on the $50,000 from the committee.

<u>Changes in Personnel.</u> Ms. Watts reported on this, as follows:

- Town Clerk / Development Services: 1 FTE moving from Clerk's office to Development Services.
- Town Manager: Lost ½ FTE and hiring 2 part-time office staff in July.
- Police: Not hiring police commander or ½ administrative position.
- Code Enforcement: Former code enforcement FTE was now split 20% Development Services and 80% Utilities as lien officer.
- 85 FTEs were budgeted, which was not much different from last year, except for some internal moves between departments.

Ms. Walker concluded that staff incurred a lot of scrutiny during the budget process. Once the final budget was approved, staff and Council could then focus on 5- and 10-year projections.

Council asked about major revenue comparisons from last year with regard to state shared revenues and Town sales tax. Ms. Walker stated that everything except auto lieu went up a little. Revenues were not as good as before the census, but better than last year.

Council noted that the Town was currently taking 16% from savings to operate and asked about having an ongoing dialogue with the community. Mr. Smith stated that staff had been researching ways to survey the public through software and/or different forms of media, and using study sessions as workshops and/or public forums. He added that he was creating workbooks for Council in which to keep material and notes related to the strategic planning process, including program budget materials.

Council asked staff to provide the following:

- A report on donations received for Aquatics programs or events.
- Future status reports on the Library's efforts to raise funds for their renovation.
- An opportunity, during the next couple months or during a retreat, to review the Town's debt service with the public.
- Information with regard to developing a program budget so Council could know what it cost to run each department, their associated revenues, and general metric comparisons with similar entities. This would be good to discuss at the upcoming budget retreat.
- Major personnel changes by fund, total FTEs this year compared to last year by fund, and salary changes.
- State retirement and health insurance changes.
- Comparisons in major revenues between this year and the next FY.

5) Adjournment

Councilmember Hatch MOVED; Mayor Marley seconded, to adjourn. PASSED 3-0 at 4:31 p.m.

Submitted: July 26, 2012

By: **Jami C. Lewis, Town Clerk**