

**MINUTES OF THE SPECIAL SESSION/STRATEGIC PLANNING
OF THE TOWN COUNCIL OF THE TOWN OF CHINO VALLEY**

THURSDAY, FEBRUARY 29, 2024

12:00 PM

GRACE CHURCH | 2010 AZ-89 | CHINO VALLEY, ARIZONA 86323

1. CALL TO ORDER, ROLL CALL

Mayor Miller called the meeting to order at 12:24 p.m. and led the Pledge of Allegiance.

Present: Mayor Jack Miller, Vice-Mayor Tom Armstrong, Councilmember Annie Perkins, Councilmember Eric Granillo, Councilmember John McCafferty, Councilmember Sherri Phillips, Councilmember Robert Schacherer

Absent:

Staff Present: Town Manager Cindy Blackmore; Assistant to the Town Manager Terri Denemy; Community Services Director Cyndi Thomas; Police Chief Chuck Wynn, Deputy Police Chief Josh McIntire; IT Manager Spencer Guest; Court Administrator Ronda Apolinar; Public Works Director/Town Engineer Frank Marbury; Finance Director Kathryn Pehl; Town Clerk Erin N. Deskins

2. DISCUSSION ITEMS

- a. Town Council will engage in strategic planning activities and discussion to determine priorities which will guide the 2024/25 budget process.

Cindy Blackmore, Town Manager, presented the following:

- Thanked staff for organizing the meeting.
- The meeting was scheduled until 5:00 p.m., but it could be as long or brief as the Council felt they needed.

Terri Denemy, Assistant to the Town Manager, led the Council in an icebreaker activity.

Katie Pehl, Finance Director, presented the following:

- She was giving an update of where the Town was and where it was projected to go in the next year.
- The budget process was meant to align the budget with community goals and ensure fiscal responsibility.
 - Strategic budgeting ensured the Town would be sustainable for years to come.
- Provided an overview of the budget process and what steps would be taken throughout the next few months.
- The Town's budgeted revenues (including taxes, intergovernmental revenues, grants, charges for services, licenses and permits, etc.) were just over \$34 million and with 50% of the year elapsed had secured over \$10 million. Staff projected to receive another \$14 million.

- Over \$8 million from two revenue categories acted as a placeholder that would allow the Town to spend the money should it receive any in the form of grants or “other revenues.”
 - The total amount of tax revenue data only included five months as there was a time lag between when the State sent those revenues to the Town.
- Provided a breakdown of the Town’s sales tax revenues including retail, commercial and residential rental, construction, food for home consumption, online sales, etc.
 - Overall the year to date revenues were 2.8% less than budgeted, but still 1.5% higher than last year at this same time.
- Gave a breakdown of the Town’s state intergovernmental revenues.
 - Overall the year to date revenues were 1.7% less than budgeted, but 17% higher than last year at this same time.
 - This was due to a temporary increase in Urban Revenue Sharing. That amount would decrease by about \$700,000 next year.
- The Town had budgeted for \$44 million in total expenditures. Year to date expenditures were \$16.7 million or 38% of what was budgeted.
- Gave a brief breakdown of how personnel compensation compared to surrounding communities and Chino Valley was right in the middle.
- Provided a breakdown of personnel and operating expenditures by department. All departments were on track.
- Provided a breakdown of capital expenditures by department including street improvements, water and sewer extensions, pool replastering, plant expansion, etc.
- While the staff did budget for \$44 million in total expenditures, they only expected to spend about \$32 million which would be funded by the Town’s various revenues.
- Gave a nationwide economic outlook including:
 - Positives:
 - Recession threats disappearing
 - Inflation slowing potentially triggering rate cuts
 - Stabilization of the labor market
 - Negatives:
 - Consumer spending was expected to cool
 - Wage pressures may persist due to the prior years of inflation
 - Extra variables:
 - Presidential election outcome
 - Foreign affairs/conflicts
- Provided a snapshot of the Town’s general fund revenue history showing consistent growth over the last five years but did seem to be leveling out.
- Provided an overview of the Town’s debt.
- Reviewed the history of the Home Rule Option and Expenditure Limitations.
 - Reviewed the different options for State Expenditure Limitations. The Home Rule Option requires voter approval every four years. Permanent Base Adjustment requires approval by the voters once. 40 municipalities in Arizona use Home Rule, 43 use Permanent Base Adjustment, and 8 use the State Limit which was calculated from a formula using expenditures of local revenues from FY1979-80.
 - Provided a breakdown of the differences in the alternative expenditure limitations.
 - If the ballot measure were to fail the Town would be subject to the state-imposed limitation which would limit the Town to spending only about \$13 million for FY24/25. The Town would also not be able to present an additional ballot measure to voters for a two-year period.
- Discussed the option of putting a Permanent Base Adjustment measure on the ballot in 2026

and what that process would look like. If the measure were to fail the Town would continue to be covered by the Home Rule Option until it needed to be voted on again in 2026. Passing the Permanent Base Adjustment would save the Town money on elections every four years.

- Reviewed next steps and dates in the budget process. Council budget hearings would be held in May, a tentative budget would be adopted in May and the final budget adopted in June.

Council and staff discussed the following:

- Council requested clarification on the budgeting and expenditures as it related to Old Home Manor capital projects.
 - Staff stated that was an item they budgeted for based on the sale of land, but that transaction had not happened yet. While it still could happen, that expense had been removed from the list of expenditures.
- Council pointed out that Chino Valley spent more percentagewise on personnel than Prescott Valley.
 - Staff stated that Prescott Valley outsourced for a lot work that Chino Valley did not such as street maintenance and their water operation, therefore, those dollars were not considered under their personnel budget.
 - Council also inquired about Cottonwood as its personnel budget was lower than Chino Valley.
 - Staff stated they were not sure about the discrepancy there but explained that retention was an important factor in the personnel budget as the training and onboarding process could be quite costly and cause the Town to spend more in the long run.
- Council inquired about FY2024-2025 anticipated figures.
 - Staff stated they did not have those yet. They could but were waiting until they had information from the departments and was part of the upcoming process.
- Council inquired about grants and whether they would be available.
 - Staff stated that many of the grant funds the Town received in recent years would not be coming back. Therefore, the Town would be looking at funds in the \$20 - \$30 million dollar range, not \$30 - \$40 million for reliable revenue sources.
 - Council inquired if it was the same situation with the Urban Funding.
 - Staff stated that was correct and it was treated as a one-time revenue source.

Meeting recessed at 1:20 p.m.

Meeting resumed at 1:35 p.m.

Cindy Blackmore, Town Manager, presented the following:

- Council was now going to discuss strategic planning for the budget process.
- Council gathered for a strategy workshop last year and came up with the Town's vision, mission, and values.
 - When making decisions for the allocation of Town resources it was important to make sure it reflected the Town's vision, mission, and values.
- Future considerations included:
 - Aging infrastructure

- PFAS and PFOS treatment
 - Home Rule Election
 - PSPRS unfunded liability
 - General Plan next steps
- Leadership staff met last week to begin discussion on big needs including:
 - Lighting ball fields
 - Vactor truck
 - Pool deck resurfacing
 - Water reclamation facility expansion
 - Dump truck
 - GIS Program
 - Pickleball courts
 - Parks, Recreation, Trails and Open Space Master Plan
 - Consultant to lead zoning code rewrite, and more
- Staff wanted Council to come together to talk about priorities so staff can better understand how Council would like to see the recommended budget.
- Many municipalities were beginning to focus more on getting increased engagement from the public with regard to the budget process. The General Plan was great to help get a lot more public engagement in laying out goals, priorities, and policy. Staff was working on forming a Capital Improvement Plan Advisory Board to help continue that public engagement. This would require process improvement and would be staff's focus for this budget process.
- Reviewed previous Council priorities which included the General Plan, pavement management, designing the water reclamation plant expansion, communication, new technology, and recreation (pickleball).
- Provided a long list of "Big Picture Strategies" that other municipalities all across Arizona had listed as priorities for the Council to review and come up with four to six "Big Picture Strategies" that they would like staff to focus on and come up with action plans for this budget process.

Council and staff discussed the following:

- Council inquired about the pool deck surfacing when resurfacing was just done.
 - Staff stated the actual pool was resurfaced. The deck would need to be resurfaced next.
- Council inquired about a requested dump truck when one was just purchased.
 - Staff stated that they would like to replace a 10-wheeler with a 6-wheeler.
- Council inquired why the water reclamation facility expansion was being quoted here as \$5 million when it was \$2.8 million when originally presented.
 - Staff stated the number included getting all the upgrades to various equipment and some site work that was needed. Staff was not yet sure of the cost but estimated it would be between \$3- and \$5 million.
 - Council clarified that if the project was not done it would cost the Town much more in the future and felt that it was a capital improvement project the Town needed to focus on.
- Council inquired "Open Space Master Plan" referred to.
 - Staff stated that something that came out of the General Plan was more Master Planning processes. This would be a conceptual plan.
- Council inquired what the estimate was for pickleball courts.
 - Staff stated they did not have a number for that yet.

- Council presented their choices for “Big Picture Strategies.”
 - Council narrowed down the choices to the following:
 - Regional Collaboration
 - Quality Infrastructure
 - Financial Stability
 - Quality of Life
 - Water & Land Stewardship
- Council inquired as to management’s plan for integrating the Big Picture Strategies with the new General Plan.
 - Staff stated there was a list of action steps in the General Plan that they would take and place them under the Council designated categories and see how they can implement them in the budget.
- Council inquired if something like a GIS program would help in all columns as it might provide more effective government.
 - Staff stated that was exactly the thought process they were using.
- Council inquired if traffic would be categorized as quality of life or safety.
 - Staff stated that some things might fall under more than one category.

3. ADJOURNMENT

MOVED by Councilmember Annie Perkins, seconded by Councilmember Eric Granillo to adjourn the meeting at 2:38 p.m.

AYE: Mayor Jack Miller, Vice-Mayor Tom Armstrong, Councilmember Annie Perkins, Councilmember Eric Granillo, Councilmember John McCafferty, Councilmember Sherri Phillips, Councilmember Robert Schacherer

7 - 0 - Unanimously

ATTEST:



Erin N. Deskins

Erin N. Deskins, Town Clerk

A handwritten signature in blue ink, appearing to read "Jack W. Miller".

Jack W. Miller, Mayor

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Session/Strategic Planning Meeting of the Town Council of the Town of Chino Valley, Arizona held on the 29th day of February, 2024. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 26th day of March, 2024.

Erin N. Deskins

Erin N. Deskins, Town Clerk