

**TOWN OF PRESCOTT VALLEY
SPECIAL WORK STUDY MEETING
MINUTES
May 1, 2013**

Library Auditorium
7401 E. Civic Circle
Prescott Valley, Arizona 86314

1. Call to Order May 1, 2013 Special Work Study Meeting

Mayor Skoog called the meeting to order at 5:30 p.m.

2. Roll Call

Present: Council Member Whiting, Mayor Skoog, Council Member Mallory, Council Member Nye, Council Member Anderson, and Vice Mayor Tjiema.

Absent: Council Member Lasker.

3. Discussion of proposed FY2013-14 budget - FOR DISCUSSION ONLY

a. 5:35 pm-6:15 pm General Overview - Larry Tarkowski, Town Manager, and William Kauppi, Management Services Director

Town Manager Larry Tarkowski gave an overview of the budget process from start to finish and stated what a pleasure it is to talk about rising revenues instead of sinking revenues. Over 200,000 square foot of commercial space is under construction right now. Single family unit permits are rising – 41 in March alone. Sales tax trends are going up and are at an all time high right now. He noted that back in 2008 our budget was \$111 million. The proposed 2013-14 budget is \$62,433,082 which is \$4 million less than a year ago. The General Fund budget has been cut by 5 percent - \$1.3 million. He believes this is the last year we will be relying on reserve funds. We will be using less than one million dollars of it this year. Next year the goal is to put money back into the reserve fund. During this past five year recession we bought down our debt by over \$38 million. The employees are thanked for their efforts during this period. Up to a three percent merit increase has been planned for in this budget.

Management Services Director Bill Kauppi thanked the Department Heads and their staff as well as his own staff for the efforts put into this draft budget. Kauppi presented an overview of the projected revenues, proposed expenditures, and an overview of the General Fund and future actions. Kauppi noted that the figures showing the trends over the period of 2005-2014 of Local Sales Tax and proposed collection. The potential loss of \$1 million in construction TPT will be hard to make up if the state moves forward with proposed legislative changes. Notable changes in the expenditures of, and collections for the State Shared Revenues, and Revenues by Funds (General, Special Revenue, Capital Improvements, Debt Service and Enterprise Funds) were

pointed out with proposed revenue and changes in fund balances. The proposed revenue budget is \$54,682,360. Another \$7.5 million will be needed from reserves to balance this year's budget. Kauppi showed the individual department budgets from FY 2010-11 thru the proposed FY 2013-14 with the majority of them flat. The General Fund 'Fund and Cash Balance' chart indicates a downward trend continuing through 2014. He projects a fund balance of \$10 million and a cash balance of \$7.5 million in the General Fund. Our policy stipulates that we must carry \$8.1 million minimum in cash reserves. Approval of the tentative budget is scheduled for May 23, 2013. The budget can still be lowered at that point, but not increased. Approval of the final budget is scheduled for June 27, 2013 with a public hearing first followed by adoption of the budget. No action was taken.

b. 6:15 pm-6:30 pm Council Larry Tarkowski, Town Manager

Town Manager Larry Tarkowski said council is looking at a \$400,000 reduction in their budget compared to last year's budget primarily due to a limited selection of memberships and events that they will attend. No action was taken.

c. 6:30 pm-6:45 pm Town Management and Non-Departmental Larry Tarkowski, Town Manager

Town Management has a \$50,000 increase in budget to add a position as a point of contact for Neighborhood Block Watch. This position will be shared with a third of this position going to Volunteer Central service, and the last third going to Media Communications and social media as an emerging way to get the news out to our community. Economic Development will be involved with trade shows, working with commercial entities and regional development to add to the economic vitality of the area. No action was taken.

Town Manager Larry Tarkowski said Non-departmental Funds pay for Chamber of Commerce, PVEDF, Prevent Child Abuse and TIP to support those services in the community. An increase to TIP is budgeted to help them continue that support. Other entities are unsure how they will proceed on this issue. Economic development incentive dollars and \$150,000 in Contingency Funds are consistent with past practice.

MS Director Bill Kauppi said the TPT reimbursement agreements include developer reimbursements that would include Crossroads, Glassford Hill, and Eastridge (\$1,022,400). Contributions are made from TPT tax to YRMC for the remainder of the ten-year period, Yavapai County Fairgrounds, and the Event Center (\$1,357,791). The Emergency Services Agreement is with Yavapai County services provided to us annually based our population (\$16,693). They coordinate response to an emergency event the Town may encounter. No action was taken.

d. 6:45 pm-7:00 pm Magistrate Keith Carson, Magistrate Judge

Magistrate Court Judge Keith Carson asked if Council had any questions then stated he is down one employee so his budget will likely be less than is indicated in the budget book unless he gets a temporary person for a short period. He thinks his budget may be up by \$1,200 over last year.

Tarkowski added that it may take up to the first of the year (2014) to process photo radar tickets after the system is shut down on October 3, 2013. If there is a dramatic drop in citations/revenue in January then they will make some assignment decisions at that time. That is why there has not been any rush to fill a vacant position. We will see what attrition does. We may end up doing reassignments if there is a diminished workload in that department. No action was taken.

e. 7:00 pm-7:15 pm Community Development Richard Parker, Community Development Director

Community Development Director Richard Parker thanked his staff for the assistance given him in the budget preparation process. An increase in housing permits is underway. However, the construction industry cannot sustain it as the construction trade people have moved on so the housing demand cannot be met. There are currently less than 600 houses listed in the local MLS; healthy is about 2,200. More than 75 houses are under some evolution of construction so Com Dev is back to a five-day week. Based on future trends, some part-time staff may have to be added. They are budgeting \$17,000 for a new vehicle. The \$440,000 grant housing funds will be spent by mid-year with \$40,000 of it going to Com Dev for staff administration. No action was taken.

f. 7:15 pm-7:30 pm Parks & Recreation Brian Witty, Parks & Recreation Director

Parks & Recreation Director Brian Witty talked about things they have accomplished over the past year and objectives identified for FY 13-14. This year's budget will be mostly flat. They hope to purchase three auction vehicles to add to their fleet. They also look forward to getting the new registration software. The \$50,000 reduction in the Arts and Culture Commission is due to a transfer of personnel out of that area into the Administrative Office. An updated Parks and Recreation Master Plan will be worked through with Kim Moon regarding capital investment sometime in the future. Witty does not anticipate any changes to his facility agreements other than the customary updates. No action was taken.

Council member Nye commended all Department Heads and managers for their perseverance and ingenuity to work through these tough times and for skills they brought forth.

g. 7:30 pm-7:45 pm Capital Projects Kim Moon, Capital Projects Coordinator, and associated Department Directors

Capital Improvements Coordinator Kim Moon said they have \$8.3 million slated for capital projects (\$7.1 million) and capital equipment purchases (\$1.2 million). This is a little over \$2 million less than the current fiscal year. Work will soon begin on an analysis/study of the DIF fees. No action was taken.

h. 7:45 pm-8:00 pm Public Works & HURF Norm Davis, Public Works Director

Public Works Director Norm Davis gave an overview of the different divisions in public works (Street Maintenance, Facilities, and Fleet). He said we have 260 paved road miles in Prescott

Valley funded through HURF funds. They are fighting to keep Town roads to the maintenance level they need to be at. The facilities division oversees five buildings. Now that the remodel project is done, signage will be rearranged sometime in May to match the department office areas. Fleet has 100 vehicles maintained by 2 people and 1 administrative person. We have 150 PD vehicles in addition to 30 heavy equipment pieces to maintain. They hope to replace a backhoe and additional vehicles at state auction. A plotter for GIS is slated for purchase this year as the existing one is 10 years old. A five-year long-range plan will be completed (funded with federal funds) with CYMPO and ADOT for planned roads for the future. He hopes to construct an additional four miles of pathway including the PV Pipeline Central Core Multi-use Path which is at the 30 percent design stage. Davis responded to Council member Nye that the panels on the inside of the elevators have been replaced.

Council member Nye complimented Public Works for handling a difficult situation during some recent road work. No action was taken.

i. 8:00 pm-8:15 pm Police James Edelstein, Interim Police Chief

Interim Chief James Edelstein thanked PD supervisors and staff for their participation on the budget process. A GITEM Detective will be added under Support Services and moved from Animal Control over to the Field Services area. He talked about this upcoming fiscal year objectives. The PD reduced the budget by \$10,000 on capital and operating expenditures. A climate control system will be added to the evidence area. Capital outlay plans for additional cars and an additional evidence freezer is planned. A decrease in the budgeted amount for dispatch services with PRCC is indicated this year. He thanked Norm Davis and the Fleet Maintenance crew for the maintenance service they provide to the PD fleet. Three thousand dollars has been moved to Facilities for repairs at the PD facility. Two SWAT team members will be going to a national conference for the first time in about five years to obtain those best practices for response to critical incidents. There is a three percent increase in the Humane Society contract. Edelstein responded to Council member Whiting that traffic citations issued are proposed to increase with the disappearance of photo radar. The PD will be providing the schools with incident response options.

Council member Nye thanked Edelstein for rising to the occasion of the circumstances he found himself in and expressed that she appreciates the sensitivity and quality that is being maintained under his leadership. No action was taken.

j. 8:15 pm-8:30 pm Town Clerk Diane Russell, Town Clerk

Town Clerk Diane Russell commented that she will not go through the accomplishments and goals tonight which council members can read at their leisure. Diane stated that her focus this evening is on the budget and her plan for the future which is succession planning. It is not too early to move into the more formal education portion of that for her department. While succession training has been ongoing during her ten-years in this office, we are now able to move a few dollars around and sacrifice a few dollars from other line items so that staff can attend formal training to prepare them for the future care of this town. All Department Heads have that responsibility to look out for the future of this town and this is a good time to start that

now that the economy is recovering. The Deputy Town Clerk is budgeted to attend the week long Arizona Municipal Clerk's Association Institute predominantly funded via two scholarships. Additional plans are in the works for the Records Tech to attend additional formalized training through the Laserfiche Records Management group and ASLAPR. The operating budget is pretty flat – the dollars have just been shifted around. Mayor Skoog commented that the Election Postage budget of \$28,000 has been zeroed out this year. Diane said she does not plan to hold an election this year so the whole \$128,494 election budget will be dropped this year.

Council member Nye said she really supports Diane's plan for the educational and training opportunities. It has been difficult to manage that and this is a difficult budget for her to manage it in. She commended Diane for her foresight and stated it is absolutely the right thing to do at the right time. Mayor Skoog she has done an outstanding job and brought us through the tough times real well. No action was taken.

4. Adjournment

Mayor Skoog adjourned the meeting at 7:11 p.m.

ATTEST:

APPROVED:

Diane Russell, Town Clerk

Harvey Skoog, Mayor

STATE OF ARIZONA)
COUNTY OF YAVAPAI) ss:
TOWN OF PRESCOTT VALLEY)

CERTIFICATE OF COUNCIL MINUTES

I, Diane Russell, Town Clerk of the Town of Prescott Valley, Arizona, hereby certify that the foregoing minutes are a true and correct copy of the Minutes of the Work Study Meeting of the Town Council of the Town of Prescott Valley, held on Wednesday, May 1, 2013.

I further certify that the meeting was duly called and held and that a quorum was present.

Dated this May 6, 2013

Diane Russell, Town Clerk