

**TOWN OF PRESCOTT VALLEY**  
**WORK STUDY MEETING**  
**MINUTES**  
**May 7, 2015**

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

1. Call to Order

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

2. Roll Call

*Present: Council Member Grossman, Council Member Whiting, Council Member Marshall, Council Member Anderson, Council Member Mallory, Mayor Skoog, and Vice Mayor Nye.*

3. Discussion regarding the Chip Seal project

Public Works Director Norm Davis said the warm summer months are the best time to lay chip seal on the roads that are scheduled for maintenance this year. They bid this project early to ensure that it has gone through the budget and bid process so they can get started July 1. Staff will recommend the bid go to Earth Resources as the lowest bidder of the five bids received. Davis plans to get back on the 5-7 year maintenance cycle instead of the 9 year rotation schedule the town has been on during the great recession. The streets to be chip sealed this year were pointed out on the color coded [by cycle] map as Robert Rd., Navajo Dr. and Lakeshore Dr. up to Fain Rd. Approximately \$200,000 has been spent crack sealing those roads in preparation for chip sealing. He plans to bring it back for council consideration next week. Council Member Mallory commented that Norm and his team do a great job with our roads.

4. Discussion regarding the proposed Purchase of Interactive Voice Response (IVR) System from Selectron Technologies

Customer Accounts Manager Mark Lusson said they hope to purchase an interactive voice response phone system in the next few months. It lets customers communicate with the phone system at their convenience and access their information 24/7. Not only will the system provide 24 hour access for the customers, it will allow them to pay their bills over the phone. Customer satisfaction is expected to increase. It also provides the ability to speak to a customer representative during regular office hours. The Selectron IVR system has a seamless integration with the customer database, has a customizable opening message and Spanish language feature. An outbound delinquency notification system to remind customers to pay their bill is another option available. As the customer basis grows the system can grow along with it. Customer education will take place in advance of the system going live and continue for 2-3 months.

Lusson responded to Council Member Mallory that the web payment system will continue too which is very sluggish. Lusson responded to Council Member Whiting that depending on the time of month, people do complain about trying to phone into Customer Accounts. Lusson will schedule this item for Council consideration next week.

5. Presentation: Town Clerk 5-year Operational Projections

Town Manager Larry Tarkowski stated that we have lived rather nicely for a number of years believing and acting that when times are good, prepare for the bad; when times are bad position yourself for the good. Right now we are experiencing some healthy revenue growth which is very welcome after the 7 years of recession. While times are good we need to be looking out 5 years. We need to look at growth and revenue generation. Bill Kauppi has done a really good job of presenting Council with a 5-year plan based on revenue and expenditures. Department Heads have been asked to prepare a 5-year vision indicating what they are going to need in 5 years in terms of operation, staffing and critical infrastructure based on population projections. The 65,000 population figure in the General Plan 2025 is a little aggressive and does not take into account the slow down experienced when it was written. Others in the Management Team think 55,000 is a more accurate number population number for 2020. Over the next 3 Work Study sessions various department heads will present their report. At the end of that all this information will be compiled into spreadsheet form. A binder of these projections will be presented to each Council Member.

Town Clerk/Risk Manager Diane Russell commented that the department spreadsheet was based on Com Dev's initial population projections – on the high side. The majority of the line items reflect the general cost of doing business over time. Russell highlighted the expense drivers in her department as elections, succession staffing/training and some capital expenses. A few capital items have been scheduled for future replacement due to obsolescence or because they have become undependable. This includes major components of the office such as the records management scanner, a copier and microfilm reader if needed. Increasing figures for each of the 5 fiscal year's elections were included for each year regardless of whether an election was anticipated or not just to show how the costs could increase over each year. The calculations were based on the cost of the 2013 election (\$107,024.11) with 20,721 registered voters and a voter participation level of 31 percent.

Fiscal Year 2015-2016 is projected to be much the same as 2014-2015 with just under a 3 percent increase in some line items and a single capital item purchase (scanner). The staffing level may grow significantly in FY 2016-2017 if Council takes the recommended actions. For succession planning purposes, first Russell recommended the addition of a second Records Management Technician (\$30,000). The additional staff is needed to: 1) manage the ever increasing number of electronic and paper records coming into the Records Center; 2) manage increasing number of Public Records Requests, and 3) for succession planning needs. The position will be filled in early 2016. The second recommendation was to hire a Business License Tech/Rep (\$34,585) for succession planning purposes to oversee that program and its affiliate programs. The third, recommendation was for Council to consider hiring a full-time Risk Manager/Safety Officer (\$71,000). Why? The need is there for a full-time Risk Manager. Also, with the growth this Town has experienced and is going to experience, timing is perfect to

expand the Risk Management program by: 1) building an annual roll-over Self-Insured Retention Fund and increasing deductibles, further reducing premium amounts, and 2) expanding safety training to a greater level than Russell said she can currently provide to reduce our claim experience level, and 3) taking Risk Management to the Enterprise Risk Management level measuring risk appetite. As a side note, Russell reported that the property claims trend has been reduced by ninety-four percent between FY 2011-12 and FY 2013-14. Claim amounts went from a high of \$260,131.07 with 33 claims in 2011-2012 to a low of \$15,319.98 with 12 claims in 2013-2014 - a trend that she would like to see continue.

In the fall of 2016, the Town can expect to hold an election for a minimum of Council, Home Rule and a possible proposition. Council will notice a substantial increase in the election costs over the 2013 election (\$107,024.11) given the population increase and the increasing charges back to the Town. An amount as high as \$140,000 would not be surprising if the projected population number, voter registration and participation levels hold true to norm. New staff training will also increase succession planning training levels for the next few years.

An election will be scheduled for 2018-2019 with the anticipated cost of approximately \$190,688.19 based on a projected population level of 65,152, current voter registration levels and current participation levels. In year 2019-2020 staffing levels will remain the same, an election is not anticipated this year and educational and certification endeavors will continue.

Russell responded to Council member Whiting that the most common claims are vehicle collisions and sewer related claims falling under property and liability coverage. Russell also responded to Whiting that a full-time Risk Manager could implement a Self-Insured Retention program on a higher level further reducing insurance premiums. In addition, the Enterprise Risk Management (ERM) program Russell spoke about would take into consideration all kinds of risks beyond property, liability and workman's compensation. It would take into account risk level considerations and risk appetite prior to decisions being made. Russell responded to Whiting that the Event Center would be a good example for ERM. Risk levels and appetite would have been taken into consideration prior to a decision being made. In addition, with an ERM program each department pays a percentage of the insurance premium based on their claim experience level. That *incentive* helps reduce claims. Whiting said a good example is when we were talking about the issue in the police department relative to the injuries (workman's compensation) and how we reduced that. Russell said those injuries for the most part go hand in hand with property claims (vehicle). Vice Mayor Nye commented that this would put the town in the arena of best practices and she looks forward to us being able to go there. No action was taken.

#### 6. Presentation: Community Development 5-year Operational Projections

Community Development Director Richard Parker said Community Development is funded from charges for services. They recap the cost to the department staffing through increased building safety service calls. They are proposing the addition of one additional building inspector. Once again service calls are growing as the economy turns upward so they are preparing for the future. Building permits are expected to rise at 10 percent per year. Based on trend analysis at 52 residential starts last month, they continue to have problems as the town lacks the trade people

necessary to build the house. An uptick has been seen in planning items too. The front end of the group is pretty busy and we will see more activity through the Planning and Zoning Commission which does not involve any additional staff. The Director and two Planners seem to be able to handle that. In the future if those volumes continue to increase there may be additional staff, but it is not being currently contemplated. They have been very successful in moving people around in the department. During the good time they are busy working on new things. During the rough times they were equally busy cleaning up messes. Parker said a lot of the foreclosures [with code enforcement issues] that went through the office pertained to people claiming that it was not their property to clean up so staff spent a lot more time doing code enforcement. Building Safety Inspectors have been trained as Code Enforcement Officers to assist with the load. Parker intends to continue that cross training practice starting new hires in Code Enforcement first to service customers during the good and bad times. Parker stated that the assumption is they will annex the areas around Prescott Valley some of which may need more code enforcement, inspections at a higher level than we currently have through the town. He also expects there will be upticks and downturns in the economy and that ebb and flow will be present throughout their efforts. Given those assumptions he said they look to getting back to a level of staffing that they were at the most robust times of 2006. That will be based on the number of calls for services, their ability to get around town. We are using up most of the lots in the historic town site. There are a lot of newer development with duplexes and as that activity diminishes that takes less time for the inspector to go out to the newer developments and park themselves there and do their inspections. Technologies have been applied in the department that has saved time and effort. Computer entry in the field that once was considered does not save time in the field due to mistakes.

In the master planned communities in town we have fewer calls for service because they are overseen by active HOAs. Other areas demand constant attention. The assumption is that each two year interval will correspond to annexation of one or three adjacent County unincorporated areas that will need a lot of code enforcement attention. He would like to establish parity for both Code Enforcement and Building Safety which are both difficult jobs. Again to match the ebb and flow. During economic downturns, reduction in building permits calls for service is matched by increased calls for zoning violations and property maintenance calls. They hope to get a grant for a software system which will have a service fee associated with every building permit to maintain those technologies into the future. Yavapai County charges a similar fee of \$40 on every permit. He feels a \$15.00 fee per permit would be enough to support the technology.

Parker's graphs indicated projections ranging from FY 2015-16 with 1,850 permits with 18 staff members up to FY 2019-20 with a total of 2710 permits with 22 staff members. Calls for service are projected to increase from the FY 15-16 5,560 mark up to 8,140 in FY 19-20.

Parker responded to Council member Whiting that the Town currently has 4 building safety folks and 3 code enforcement people. Both of those division supervisors do other things other than inspections. Parker has encouraged the Chief Building Inspector to do more office work, interacting with people as opposed to being in the field. An additional Building Safety person is a part of the proposed budget bringing the division to 5 people. During the robust times they had 7 inspectors doing 150 building starts a month. Parker responded to Council member Whiting that Com Dev responds before Hearing Officers now as customers ever since the Hearing

Officers were moved under Executive Management Office purview. But before getting to the hearing officer phase, a lot of contacts are made with the customers to get compliance therefore Com Dev involvement is not reduced. Less than 1/10 of 1 percent of the customers goes before the Hearing Officer. No action was taken.

7. Presentation: Executive Management 5-year Operational Projections

Town Manager Larry Tarkowski said one thing he failed to state in the introduction of this planning for the future is that we are not going to abandon our 5.1 employees to 1,000 population ratio. We are proud of that. Outsourcing many of our operations has a ripple effect through our revenue stream and the expenditures we make. Nowhere does it show up as widely as it does on legacy costs. There are cities in the state and all over the country that are spending anywhere from 20 to 40 percent of the general fund budget to fund retirement programs. It is the most critical discussion for cities and towns where they are struggling because of unfunded legacy costs. Our general fund contribution for retirement is 6 percent, a far cry from 25 to 50 percent of a general fund budget that is going to legacy costs. The reason that we have a small number is because we are efficient in our operation and outsource so much of our operation. When we bring these 5 year presentations before Council it is strongly suggested we confine our service levels to what we can reasonably provide within that framework of 5, or 6 maximum, employees per 1,000. As the population grows certainly there will be a need for additional employees or additional contracting out for services.

Town Manager Tarkowski said the Town Council operational plan calls for an annual salary adjustment for Mayor and Council bringing their stipends up to \$1,400 and \$1,000 monthly respectively. Training and travel were reduced during the recession and there is some advantage to bumping those expenses up for Council educational opportunities once again to include the LACT conference, the Arizona Governor's Economic Development Conference, more frequent attendance at Arizona Town Halls, the Arizona Rural Transportation Summit as well as other educational functions. He asked that Council consider reinstating the Winter Gala at a cost of about \$15,000 showing employee appreciation which helps reduce turnover in the organization. Also recommended is the purchase of a software program to handle the record keeping and application process of Boards and Commissions recruitment at a purchase price of \$10,000 with a \$2,500 annual maintenance fee. Vice Mayor Nye commented she was glad to see Arizona Town Hall included because the next Town Hall is about water. Tarkowski stated that Town Halls are by invitation only and it would be a travesty if funding was not available for someone to attend. Both Mayor Skoog and he have attended 3 Arizona Town Halls. Council member Mallory recently attended one on transportation. We need to take that opportunity if offered. Mayor Skoog added that those are good plans and the Employee Gala is very important.

Tarkowski said the Executive Management Department operational plan for Economic Development expects to spend money on PVEDF, PV Chamber of Commerce contracts and GPREP to bring in jobs. This is consistent with Council's goal of job creation. Additional staffing is not expected.

Volunteer Central has been successful to date. They would like to add a support staff position in 2017-2018 and continue to grow the program. The annual Volunteer Appreciation Dinner will be continued.

Equipment replacements include a new truck and a digital conversion unit for Channel 9 at a cost of \$75,000.

Capital Projects Coordination is requesting a software purchase to track all phases of the CIP process at a cost of \$12,000 but no additional staffing (\$55,000) until 2018 contingent on population growth.

Water Resources would like to add a Water Resource Specialist to aid in tracking the Town's agreements with other entities, manage the existing water portfolio and help secure future water resources due to a projected uptick with the Big Chino water project. This is not planned for until 2021 at a cost of \$55,000 a year.

Council member Mallory said how much she appreciates this 5 year overview. Council member Whiting said when we look at visioning, he needs more exposure to how we develop a vision for economic development. Even though we use the 3-legged stool and they have their own internal vision, hopefully we will have a better idea of what that vision is and what we want to do in the future relative to economic development. He said he is not sure how that is going to work out or if there is a vision yet.

Tarkowski stated that we have a new PVEDF Director. They have been working up goals and objectives and looking at having a retreat. Once they make those updates and determine how to make the approaches to bring new jobs to the community we will have them come and present that plan to Council in a work study session. They have already had some successes with announcements about those to come at a future date. GPREP is in its formative stages and have just hired a director for the organization who will also be sharing their plan to grow jobs. The Town Economic Development Manager Greg Fister will also present updates on what his mission is on commercial development. In the last 2-3 years he has done what most people would be thrilled to do in an entire career. In 36 months he has brought in over 1.5 million square feet of new commercial into the community. That is career defining. No action was taken.

Tarkowski said all these presentations will be compiled and put into a binder for each Council Member.

8. Adjournment

Mayor Skoog adjourned the meeting at 6:38 p.m.

ATTEST:

APPROVED:

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Diane Russell, Town Clerk

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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 Thursday, May 7, 2015.

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

Dated this May 8, 2015

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Diane Russell, Town Clerk