

**TOWN OF PRESCOTT VALLEY  
SPECIAL WORK STUDY MEETING  
MINUTES  
April 29, 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 Marshall, Council Member Grossman, Council Member Whiting, Council Member Anderson, Council Member Mallory, Mayor Skoog, and Vice Mayor Nye.*

3. Discussion of proposed FY2015-16 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 entire budget process which brings the town to culmination of the proposed budget presented by each department head this evening and tomorrow evening. He highlighted the steps taken to reduce the Town's debt and increase the Town's revenue. The Town will move forward with a 2015 mid decadal census based on the Department of Economic Security numbers. An annual review of the DES numbers is proposed for future updating of population numbers. Management Services Director Bill Kauppi gave highlights of the proposed 2015-2016 draft budget which is attached in its entirety. No action was taken.

b. 6:15 pm-6:30 pm Council (Pg. 6-5) Larry Tarkowski, Town Manager

Town Manager Tarkowski pointed out a modest increase in Council's budget for the upgrade to the Granicus operating system, an increase in the League of Arizona Cities and Towns dues and increase to the budget for the flags for the American Legion and VFW flags. No action was taken.

c. 6:30 pm-6:45 pm Executive Management and Non-Departmental (Pgs. 6-17 and 6-201) Larry Tarkowski, Town Manager

Town Manager Tarkowski presented the highlights in this budget area are the replacement of the Council's Jeep which is over 100,000 miles, offering 2 Citizens Academies a year, an annual

Volunteer Banquet, new Channel 9 equipment, and the biggest cost of moving the Hearing Officer to Executive Management. Additional funding will go to assisting the YMCA with a feasibility study, the Pops Symphony on our stage production, an incentive for the VW Car Dealership and the final incentive payment to YRMC. No action was taken.

The Non-Department budget funds the contributions and contracts with the Chamber of Commerce and the Prescott Valley Economic Development Foundation for economic development purposes. Professional services include the planned mid decadal census costs for which will be eliminated from next year's budget thanks to the ability to use the DES numbers. Development Agreement sales tax reimbursement have also been moved to this area.

*d. 6:45 pm-7:00 pm Library (Pg. 6-125) Stuart Mattson, Library Director*

Library Director Stuart Mattson stated that the 3 percent increase in their budget is in the administration section for such things as their office supply line, mainly for printer toner. Facility costs are expected to improve with the installation of LED lighting. The turning radius of the drive through by the book drop will be modified to allow a better turning radius for vehicles. No action was taken.

*e. 7:00 pm-7:15 pm Community Development (Pg. 6-66) Richard Parker, Community Development Director*

Community Development Director Richard Parker pointed out that residential trends are up with 50 residential starts this month and said he believes this will continue. That is the basis that they asked for one additional staff person, if and when needed, based on work load. He anticipates being awarded a 2-year FEMA Grant funding for software administration for the land-based planning and permitting. After the 2 years are up the software would have to be funded through a subscription process. If they get that grant staff will address Council about the technology fee. Yavapai County currently assesses this fee or a microfilm fee on every permit that they issue within their department. The Town would endeavor to establish that same fee and then archive those documents. This fee will be charged to 'perpetuate' those dollars. Staff will also add a web portal permit application to expedite the process. They accrued \$225,000 for the Owner Occupied Housing Rehab and are confident they will serve up to an additional 12 homeowners. No action was taken.

*f. 7:15 pm-7:30 pm Parks & Recreation (Pg. 6-95) Brian Witty, Parks & Recreation Director*

Parks & Rec Director Brian Witty said the P&R budget will be \$2.1 million. This will be divided among personnel, operations and capital outlay. Approximately 54 percent of the budget will go to personnel to include 2 additional staff members of which 53 percent will be in parks, 42 percent will be in the office in recreation and as exempt staff and 10 percent in aquatic including the minimum wage increase. The remaining is divided amongst the remaining divisions. About 36 percent of the budget will go to operations including 29 percent to water, 15 percent to electric, 5 percent for chemicals and remaining 48 is placed into daily maintenance and operations. Capital is 10 percent of the budget designated to the purchase of an aquatics filtration pump ice machine, Arts and Culture for sculptures, transfer of ROW acquisition for Glassford

Hill in the Park Maintenance Division, resurfacing of outdoor courts, improvements to the multi-use path and Mountain Valley Park, a maintenance service vehicle, storage system and used vehicles from the ADOT auction, score boards, sound system and movie system at the Theatre on the Green Amphitheatre. Also included are a new playground for Antelope Park and Phase I development of the Bob Edwards Park located at Viewpoint Drive and E. Long Look. Phase II development is proposed for FY 2016-27. No action was taken.

g. 7:30 pm-7:45 pm Magistrate (Pg. 6-141) Keith Carson, Magistrate Judge

Magistrate Judge Keith Carson said now that they are down to 7,000 court filings from the 30,000 filings they can focus on collections. They are now able to get current addresses through the state and put a claim in with State Income Collection to collect amounts due to the Town from income tax refunds. No action was taken.

h. 7:45 pm-8:00 pm Public Works & HURF (Pgs. 6-150 and 7-9) Norm Davis, Public Works Director

Public Works Director Norm Davis said they added one position in streets and have rewritten job descriptions to offer more upward mobility in the department. He will continue to advocate at the state level regarding the diversion of existing funding sources. He is hoping for \$1 million in the chip seal budget, an increase of \$600,000 from this current year. That will help catch the town up on the maintenance backlog with a 5-7 year cycle instead of the current 9-year cycle. Capital improvements will include a 10 wheeler equipped with a snow plow. Annual contracts with outsourced vendors appreciate their relationship with the Town and staff so they plan to renew the contracts with no increase in fees. Facilities will continue with the LED lighting program, with their biggest focus on the Library service level. GIS was able to update our flood control mapping upon receiving a grant from the Yavapai County Flood Control District. Capital Projects planned for include the \$2 million Lakeshore round-about with art work in the center, the \$3.5 million Viewpoint/Spouse intersection, flood plain improvement in the Viewpoint/Spouse corridor and planning for future roadways and \$1.5 million to widen the intersection at Long Look and Glassford Hill Rd. including a left hand turn lane into Granville at Tuscany using DIF fees. The \$500,000 ADOT funded sign replacement project Phase II will begin in May with a phase III planned for next spring with another \$500,000 requiring no matching funds. The P V Pipeline Central Core \$1.5 million project is anticipated to begin this fall, administered by ADOT. With the assistance of a consultant they will look at a Transit District Property Tax to start a transit system. It will be taken to a vote in 2016.

i. 8:00 pm-8:15 pm Management Services (Pg. 6-45) William Kauppi, Management Services Director

Management Services Director Bill Kauppi commented that the budget last year was \$2.071 million with a \$15,000 increase to \$2.86 million. Town-wide software maintenance fees were removed from the IT Division to the Non-Departmental budget. Personnel will not be increased this year. IT has funds for more equipment, phones and a better backup system to ensure that all organizational computers are backed up regularly. No action was taken.

j. 8:15 pm-8:30 pm Town Clerk (Pg. 6-34) Diane Russell, Town Clerk

Town Clerk Diane Russell commented that staff has stayed below the 3 percent allotted increase. Money has been shifted around to accommodate different focus areas this year. The largest cost for the department is the \$19,000 Granicus maintenance fees for the upgraded system and moving to iPads. A new records scanner has been budgeted for the Records Center this year. Since our step into the electronic document management area, the scanner has been working overtime. Other than what has already been mentioned, the line items have not changed much. No action was taken.

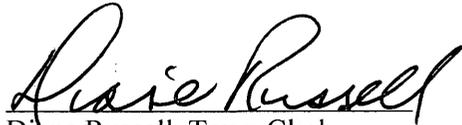
Council member Whiting commented that it is good to see that both Parks and Rec and the Library have increased budgets this year to bring their operations and service levels back up.

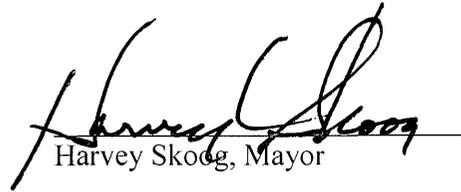
4. Adjournment

Mayor Skoog adjourned the meeting at 7:04 p. m.

ATTEST:

APPROVED:

  
Diane Russell, Town Clerk

  
Harvey Skoog, Mayor

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

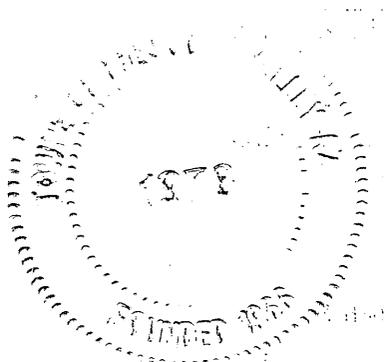
CERTIFICATE OF COUNCIL MINUTES

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 Special Work Study Meeting of the Town Council of the Town of Prescott Valley, held on Wednesday, April 29, 2015.

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

Dated this May 1, 2015

  
Diane Russell, Town Clerk



# **Town of Prescott Valley**

## **Budget Overview**

**Fiscal Year 2015-16**

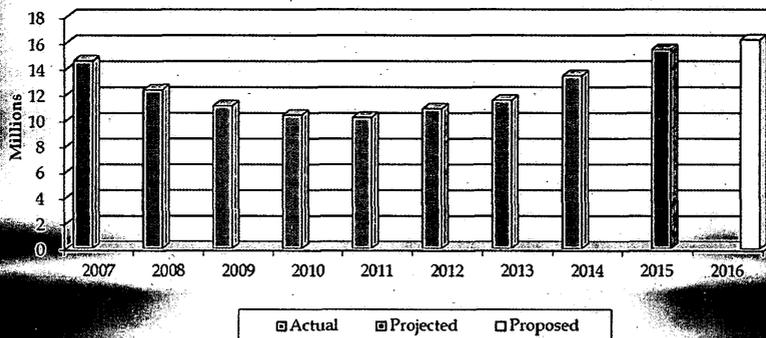
**April 29, 2015**



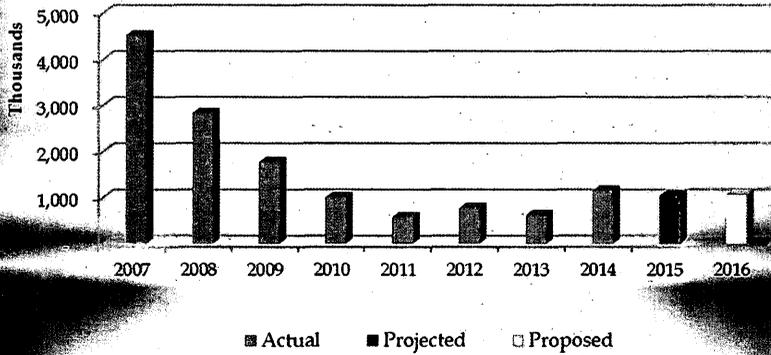
## PURPOSE OF TONIGHT'S PRESENTATION

- Overview of Projected Revenues
- Overview of Proposed Expenditures
- Overview of General Fund, HURF and Enterprise Funds
- Future Dates

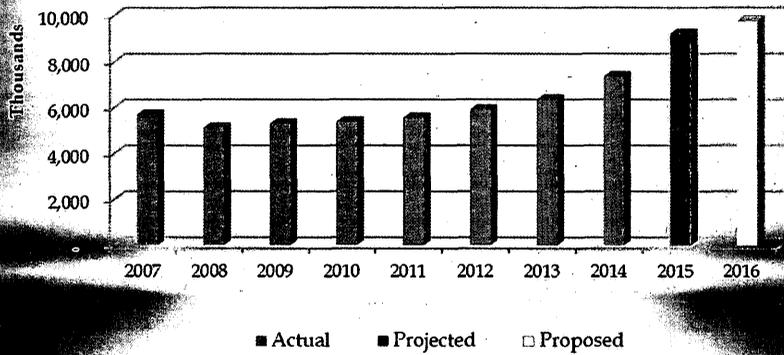
## LOCAL SALES TAXES (TPT) ALL CATEGORIES



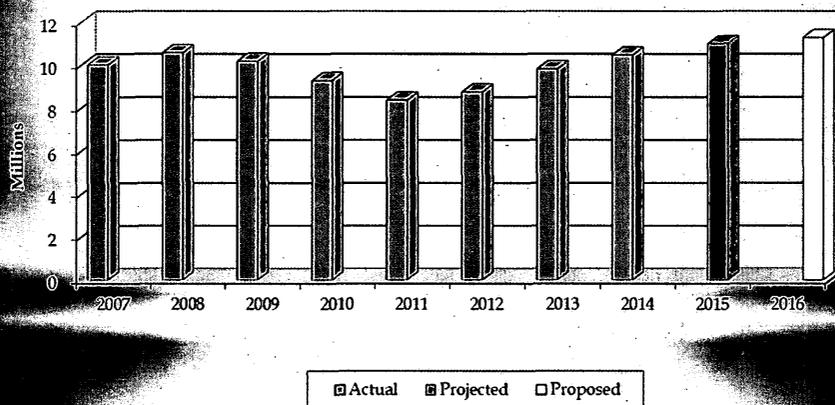
## LOCAL SALES TAXES (TPT) CONSTRUCTION ONLY



## LOCAL SALES TAXES (TPT) RETAIL ONLY



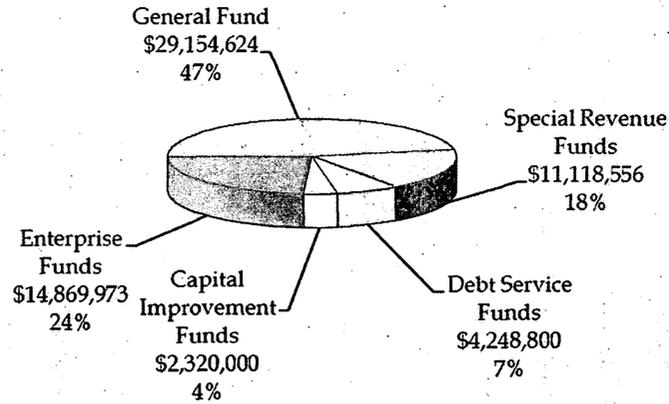
## STATE SHARED REVENUES



## BUDGET OVERVIEW

OPERATING REVENUES  
AND  
OTHER SOURCES

## REVENUES BY FUND



Proposed Revenue Budget - \$61,711,953 (\$61,417,120)

## REVENUES BY CATEGORY ALL FUNDS

REVENUES	FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET	FY 15-16 PROPOSED
Sales Taxes/ Franchise Fees	\$12,214,504	\$14,036,784	\$14,742,000	\$16,882,000
Licenses and Permits	959,474	1,767,290	1,461,800	2,017,100
Intergovernmental	13,280,051	14,048,568	14,571,964	15,012,618
Investment and Rental	657,164	413,524	342,000	335,200
Miscellaneous	1,314,497	1,228,798	930,150	710,750
Impact Fees	1,195,477	1,518,604	2,659,618	1,245,000
Grant Receipts	2,146,793	2,850,378	6,229,977	6,677,762
Special Assessments	218,950	196,912	175,817	0
Utility Fees and Charges	13,759,187	14,683,390	14,138,500	13,812,000
Transfers In	5,995,977	4,204,322	6,165,294	5,019,523
<b>TOTAL REVENUES</b>	<b>\$51,742,074</b>	<b>\$54,948,570</b>	<b>\$61,417,120</b>	<b>\$61,711,953</b>
<b>INCREASE/(DECREASE) IN CASH RESERVES</b>	<b>(\$3,062,181)</b>	<b>\$2,888,843</b>	<b>(\$8,630,576)</b>	<b>(\$14,346,840)</b>

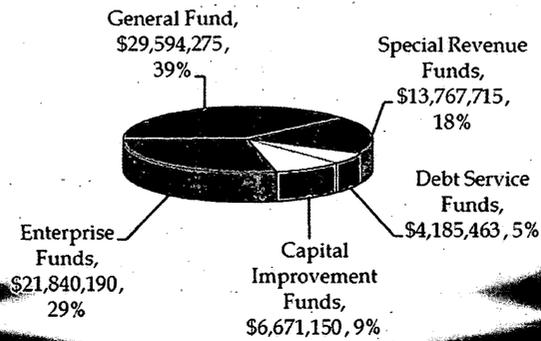
## CHANGES IN FUND BALANCE

FUND	ESTIMATED BEGINNING FUND BALANCE 7/1/15	ESTIMATED ENDING FUND BALANCE 6/30/16	INCREASE/ (DECREASE)
GENERAL FUND	\$16,000,000	\$15,560,349	(\$439,651)
SPECIAL REVENUE FUNDS	1,359,000	(1,290,159)	(\$2,649,159)
DEBT SERVICE FUNDS	14,023,000	14,086,337	\$63,337
CAPITAL IMPROVEMENT FUNDS	5,540,000	1,188,850	(\$4,351,150)
ENTERPRISE FUNDS	60,187,000	53,216,783	(\$6,970,217)
	<u>\$97,109,000</u>	<u>\$82,762,160</u>	<u>(\$14,346,840)</u>

## BUDGET OVERVIEW

### OPERATING EXPENDITURES AND OTHER USES

## EXPENDITURES BY FUND



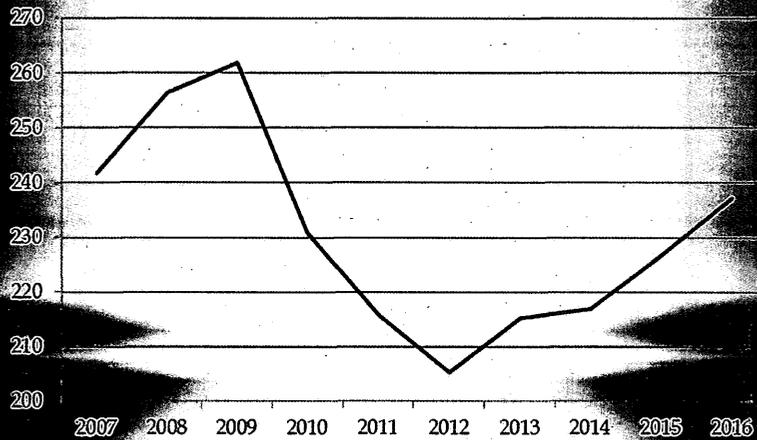
Proposed Expenditures - \$76,058,793 (\$70,047,696)

## EXPENDITURES BY CATEGORY ALL FUNDS

EXPENDITURES	FY 12-13 ACTUAL	FY 13-14 ACTUAL	FY 14-15 BUDGET	FY 15-16 PROPOSED
Personnel Services	\$15,263,852	\$15,967,019	\$16,839,649	\$18,695,157
Operating Expenditures	19,886,456	18,083,029	20,004,996	22,149,769
Other Expenditures	4,386,667	4,497,032	4,862,175	5,168,655
Capital Outlay	4,052,530	4,169,583	14,473,082	17,338,415
Debt Service	5,218,771	5,138,742	7,702,500	7,637,274
Transfers Out	5,995,979	4,204,322	6,165,294	5,019,523
<b>Subtotal Expenditures</b>	<b>54,804,255</b>	<b>52,059,727</b>	<b>70,047,696</b>	<b>76,058,793</b>
Fixed Asset Reclassification*	(1,550,289)	(1,375,574)	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$53,253,966</b>	<b>\$50,684,153</b>	<b>\$70,047,696</b>	<b>\$76,058,793</b>

\* For financial reporting purposes, a fixed asset reclassification is completed annually to record the completion of fixed assets on the balance sheet.

# # OF AUTHORIZED POSITIONS



## BUDGET OVERVIEW

GENERAL FUND, HURF AND  
ENTERPRISE FUNDS

REVENUES  
AND  
EXPENDITURES

## REVENUES BY CATEGORY GENERAL FUND

MAJOR REVENUE SOURCES	FY 14-15		FY 15-16	INCREASE (DECREASE)	PERCENT CHANGE
	BUDGET	PROJECTION	PROPOSED		
Local Sales Taxes	\$11,469,000	\$12,921,800	\$13,357,000	\$1,888,000	16.5%
Franchise Taxes	425,000	368,700	425,000	0	0.0%
Licenses and Permits	1,461,800	2,047,100	2,017,100	555,300	38.0%
Intergovernmental	12,267,885	11,947,154	12,490,274	222,389	1.8%
Charges for Services	343,550	291,700	296,300	(47,250)	-13.8%
Fines and Forfeitures	413,000	400,400	309,000	(104,000)	-25.2%
Investment and Rental Income	230,000	229,800	217,500	(12,500)	-5.4%
Miscellaneous, Including Transfers In	215,600	194,100	42,450	(173,150)	-80.3%
<b>TOTAL REVENUES</b>	<b>\$26,825,835</b>	<b>\$28,400,754</b>	<b>\$29,154,624</b>	<b>\$2328,789</b>	<b>8.7%</b>

## EXPENDITURES BY CATEGORY GENERAL FUND

MAJOR EXPENDITURE CATEGORIES	FY 14-15		FY 15-16	INCREASE (DECREASE)	PERCENT CHANGE
	BUDGET	REVISED	PROPOSED		
Personnel Services	\$14,582,141	\$14,582,141	\$16,244,248	\$1,662,107	11.4%
Operating Expenditures	8,516,552	8,843,044	9,783,228	1,266,676	14.9%
Other Expenditures	190,175	190,175	286,655	96,480	50.7%
Capital Expenditures	1,111,643	1,113,538	1,148,344	36,701	3.3%
Transfers Out	2,064,100	2,064,100	2,131,800	67,700	3.3%
<b>TOTAL EXPENDITURES</b>	<b>\$26,464,611</b>	<b>\$26,792,998</b>	<b>\$29,594,275</b>	<b>\$3,129,664</b>	<b>11.8%</b>

## EXPENDITURES BY DEPARTMENT GENERAL FUND

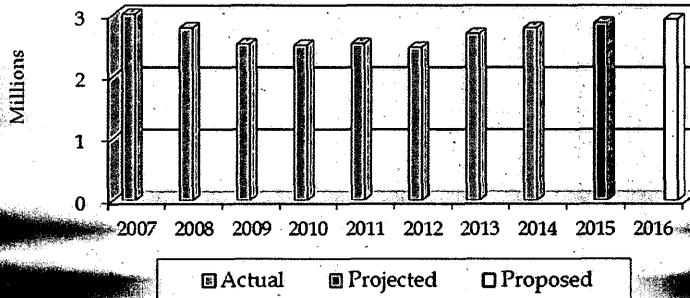
EXPENDITURE SUMMARY BY DEPARTMENT	FY 14-15 BUDGET	FY 14-15 REVISED	FY 15-16 PROPOSED	Percent Change
Town Council	\$114,547	\$114,547	\$124,796	8.95%
Executive Management	938,704	943,604	1,025,844	9.28%
Town Clerk	279,878	279,878	304,045	8.63%
Management Services	2,071,123	2,071,123	2,086,549	0.74%
Community Development	1,336,079	1,331,179	1,430,885	7.10%
Human Resources	338,206	338,206	353,036	4.38%
Parks & Recreation	1,939,531	1,939,531	2,161,934	11.47%
Legal	713,290	713,290	737,870	3.45%
Library	1,687,375	1,687,375	1,891,658	12.11%
Magistrate	549,404	549,404	594,777	8.26%
Public Works	1,764,422	1,764,422	1,754,400	-0.57%
Police	8,500,168	8,500,168	9,748,918	14.69%
Non-Departmental	6,231,884	6,560,271	7,379,563	18.42%
<b>TOTAL EXPENDITURES</b>	<b>\$26,464,611</b>	<b>\$26,792,998</b>	<b>\$29,594,275</b>	<b>11.33%</b>

## REVENUES BY CATEGORY HURF

MAJOR REVENUE SOURCES	FY 14-15 BUDGET	FY 15-16 PROPOSED	INCREASE (DECREASE)	PERCENT CHANGE
Highway User Revenue	\$2,763,679	\$2,917,844	\$154,165	5.58%
Clean-up Day Fees	5,000	5,000	0	0.00%
Earnings on Investments	5,000	6,000	1,000	20.00%
Transfer from General Fund	50,000	50,000	0	0.00%
<b>TOTAL HURF FUND</b>	<b>\$2,823,679</b>	<b>\$2,978,844</b>	<b>\$155,165</b>	<b>5.50%</b>

# HIGHWAY USER REVENUE

## HIGHWAY USER TAX



# EXPENDITURES BY CATEGORY

## HURF

MAJOR EXPENDITURE CATEGORIES	FY 14-15		FY 15-16	INCREASE (DECREASE)	PERCENT CHANGE
	BUDGET	REVISED	PROPOSED		
Personnel Services	\$799,967	\$799,967	\$886,683	\$86,716	10.8%
Operating Expenditures	1,479,049	1,477,173	2,113,420	634,371	42.9%
Capital Expenditures	417,000	418,876	320,000	(97,000)	-23.3%
Transfers Out	1,300,000	1,300,000	0	(1,300,000)	-100.0%
<b>TOTAL EXPENDITURES</b>	<b>\$3,996,016</b>	<b>\$3,996,016</b>	<b>\$3,320,103</b>	<b>(\$675,913)</b>	<b>-16.9%</b>

## ENTERPRISE FUNDS REVENUES BY FUND/CATEGORY

MAJOR REVENUE SOURCES	CONNECTION			TOTAL
	USER FEES	CHARGES	OTHER	
Wastewater	\$4,800,000	\$425,000	\$382,000	\$5,607,000
Water	7,500,000	190,000	465,000	8,155,000
Reclaimed Water	20,000	0	251,973	271,973
Water Resource/Recharge	0	375,000	461,000	836,000
<b>TOTAL REVENUES</b>	<b>\$12,320,000</b>	<b>\$990,000</b>	<b>\$1,559,973</b>	<b>\$14,869,973</b>

## ENTERPRISE FUNDS EXPENSES BY CATEGORY

MAJOR EXPENSE CATEGORIES	FY 14-15		FY 15-16	INCREASE	PERCENT
	BUDGET	REVISED	PROPOSED	(DECREASE)	CHANGE
Personnel	\$515,239	\$515,239	\$545,869	\$30,630	5.9%
Operating Expenditures	8,214,720	8,214,720	8,477,680	262,960	3.2%
Other Expenditures	4,660,000	4,660,000	4,870,000	210,000	4.5%
Capital Expenditures	3,746,439	3,746,439	3,942,857	196,418	5.2%
Debt Service	3,385,109	3,385,109	3,501,811	116,702	3.4%
Transfers Out	468,294	468,294	501,973	33,679	7.2%
<b>TOTAL EXPENSES</b>	<b>\$20,989,801</b>	<b>\$20,989,801</b>	<b>\$21,840,190</b>	<b>\$850,389</b>	<b>4.1%</b>

## **FUTURE TENTATIVE DATES**

- **MAY 21, 2015 - APPROVAL OF TENTATIVE BUDGET**
- **JUNE 25, 2015 - PUBLIC HEARING AND APPROVAL OF FINAL BUDGET**

**✘ Comments?**  
**✘ Questions?**