

**TOWN OF PRESCOTT VALLEY
WORK STUDY (BUDGET) MEETING
MINUTES
May 4, 2016**

Library Auditorium/Council Chambers
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: Mayor Harvey Skoog, Vice Mayor Rick Anderson, Council members: Marty Grossman, Mary Mallory, Stephen Marshall, Lora Lee Nye, and Michael Whiting.

3. Discussion of proposed FY2016-17 budget – FOR DISCUSSION ONLY

a. 5:35 pm–6:00 pm General Overview – Larry Tarkowski, Town Manager, & William Kauppi, Management Services Director

Town Manager Larry Tarkowski said the budget process began back in November with a lot of work being done since then. We have had a record year in accomplishments, revenue collection and service delivery. Efforts will continue along those lines as well as engaging our citizens in the process. In 2006, the Town had a \$111 million; this year we are proposing an \$82 million budget. We are as efficient as we have ever been even as we add or refine services we are serving this community with 5 employees per 1,000 citizens. Other municipalities have 10 - 14 or more employees per 1,000 citizens. Our community is held as a model of governance and a service provider for other communities around the state. Tarkowski drew attention to the goals that have been established through budget retreat meetings over the year. The town will be hiring more police officers than this town has ever hired in one year. The public works maintenance and building budget is the largest in the history of the town funded through the ½ cent sales tax. Parks and Rec is getting a new Recreation Supervisor which they lost several years ago.

Management Services Director Bill Kauppi thanked the department heads and staff members in preparing and assembling the budget. A total budget of \$82,216,692 is proposed, compared to last year's \$76,058,793 budget which is an 8.7 percent increase. The General Fund is the largest fund in the Town. Kauppi talked about the expenditures by each fund in comparison to the last three fiscal years. Personnel services are going up again this year with 13 additional positions being added. Back in 2009 the town had 262 positions which dropped to 205 during the recession with a few positions being added each year since 2012. Kauppi said revenues by fund proposed is \$70,340,102 as compared to \$61,711,000 with sales tax being the largest revenue source. In the current fiscal year \$13.9 million was drawn from the cash reserves to balance the

budget. This year \$11.9 million is budgeted from cash reserves. He is proposing an increase of \$800,000 in cash reserves this year. Special revenues will be \$3.3 million of our cash reserves. He projects we will collect \$15.2 million from sales tax. He projects a 3 percent increase in TPT this year in addition to the ½ cent tax increase to come up with a total of \$18.4 million. There will be a \$3 million increase for personnel services (salaries and benefits). The beginning cash balance of the governmental funds (General Fund, Special Revenue Funds, Debt Service Funds and Capital Improvement Funds) is \$38,047,802 with an estimated ending cash balance of \$32,790,725. The Revenues by Category of the General Fund indicate a 19.9 percent growth this year going from \$29 million up to almost \$35 million. Expenditures by category from the General Fund show a 17.1 percent increase; expenditures by department rose 17.13 percent. Revenues from HURF may increase. Enterprise fund revenues will increase about 4 percent based on user fees and connection fees. On May 19 Council will have the opportunity to consider approving the town tentative budget with a public hearing and approval at the June 23 meeting.

Tarkowski responded to council member questions stating that the 5 employee per 1,000 citizens' ratio holds true for a total population of 43,000. The 3 percent merit increase is based on employee performance on their annual review. Kauppi also responded that we are required to have a balanced budget so cash reserves are allowed for this purpose.

b. 6:00 pm–6:10 pm Council (Pg. 6-3) Larry Tarkowski, Town Manager

Town Manager Tarkowski set this year's operating expenses at no greater than a 3 percent increase. Council's budget increased by 2 percent. The League of Arizona Cities & Towns dues increase is reflected in this. Flexibility is included in the budget for Council member's attendance at an additional conference. Other than that there is not much change on the council's budget.

c. 6:10 pm–6:20 pm Executive Management and Non-Departmental (Pgs. 6-7 and 6-207) Larry Tarkowski, Town Manager

Tarkowski listed the categories of positions that fall under this department. He pointed out that Executive Management's budget decreased by 4.7 percent.

Non departmental has the largest expenditures predominantly coming from outside development/entity, agreements/reimbursements (Emergency Services, CASA, YMCA, PVEDF, Chamber of Commerce, GPREP, Prevent Child Abuse and Trauma Intervention Program). The Council has been limited in Town assistance to these agencies only by their direction since back in 2004.

d. 6:20 pm–6:30 pm Library (Pg. 6-119) Stuart Mattson, Library Director

Library Director Stuart Mattson introduced Tess Willis, Library Administrative Assistant who distributed "traditional budget tokens" (gifts) to council. Mattson said door counts increased, intranet library loans and internet usage increased. Circulation is almost at 1/2 million people, programming opportunities have filled the auditorium, volunteer hours are up. Interestingly, circulation in the library experienced 149 people in one hour. Pass through funds will remain the

same with the county. LED lights have saved in library electricity costs. They are still waiting for Century Link to move forward as the internet provider. Money was placed for grants which also increased the budget from 3 to 4.9 percent. Because of other expenses and needs, the library will not be open 1/2 day on Sunday's this year according to Tarkowski. Casey Van Haren said they received funds from North Central University for the digital media lab which has seen the biggest usage so far. From a \$29,000 grant application the library received \$13,100 in funds for a small business hub here. The digital media lab and business hub (incubator) will work together.

e. 6:30 pm–6:40 pm Community Development (Pg. 6-57) Richard Parker, Community Development Director

Town Manager Tarkowski spoke for Community Development Director Richard Parker in his absence. Parker came in with a budget below 3 percent which is now 4.9 percent as it was adjusted to accommodate a 1/2 year salary for an additional building inspector (in January). Vikie Anderson said the one big expenditure includes an Accela Automation software package that they will purchase if they can get the other government entities to buy-in on the same package. The package involves credit card fees and transaction fees which are charged back to the vendor (town).

f. 6:40 pm–6:50 pm Parks & Recreation (Pg. 6-83) Brian Witty, Parks & Recreation Director

Parks & Recreation Director Brian Witty highlighted the achievements of the year i.e. an Art Studio Tour, Entertainment schedule, \$4,000 grant, \$18,000 grant, \$28,000 grant, Antelope Park upgrade through NCU donation, Softball Tournament held in partnership with the City of Prescott, 863 entries in a dog show and \$20,000 of art pieces have been donated to the town and moved out into the community. This year they are asking for an increase of \$28,000 for park repairs, supplies, landscape materials, and special events. In the capital development area they hope to receive a CDBG Grant to benefit the Boys & Girls Club. They propose to use Development Impact Fees to develop Bob Edwards Park. Capital equipment budgeting includes park equipment, playground replacements, auction vehicles, a first aid facility at Mountain Valley Splash and sidewalk repairs at Mountain Valley Park.

g. 6:50 pm–7:00 pm Magistrate (Pg. 6-137) Keith Carson, Magistrate Judge

Magistrate Judge Carson said he has the same budget, more or less, year after year. Carson said his job is exciting as far as the people he deals with daily. His day to day activities are in many ways dependent on the weather; good weather more people, bad weather less people. Many days he sees people who are wasting their lives; however, occasionally he will see someone who finally has the light come on and moves on to better their lives.

h. 7:00 pm–7:10 pm Public Works & HURF (Pgs. 6-143 and 7-5) Norm Davis, Public Works Director

Public Works Director Norm Davis expressed appreciation to his Administrative Supervisor Deanna for the budget preparation. Davis said a new GIS staff position is being added to the now one-man division. He commented that Public Works has many outsourced contracts with long

standing relationships with them. A big part of the budget for capital improvements are the Spouse/Viewpoint intersection, Glassford/Long Look intersection, Viewpoint Floodplain channelization, Sunset Lane in partnership with the county (between Pineview and Prescott East), and the Viewpoint extension across state land. He is hoping a couple of grants come through. The FEMA Floodplain update maps will be coming out in the coming year. Facilities will invest in HVAC for the IT room. CASA will get 3 HVAC units as well as painting the building and replacing the water heater. Fleet is now able to do a little bit more than preventative maintenance. With the change out program for each new vehicle, an old vehicle drops off to keep the fleet number the same. HURF funding with the additional \$2 million from the ½ cent tax allows them to increase street maintenance to bring streets up to speed with chip seal and overlays. They are getting a new mower and hot patch trailer that will keep the patch material hot. Council members expressed their appreciation to Davis for his outreach efforts to educate the residents about the street maintenance program and having his program in place to begin work on July 1. Davis said the PV Pipeline has been funded for this year, with a pre-construction meeting being held at the end of this month and the \$1.6 million project getting under way this summer.

i. 7:10 pm–7:20 pm Management Services (Pg. 6-37) William Kauppi, Management Services Director

Management Services Director Bill Kauppi said his budget is pretty straight forward with a 6.2 percent average increase over all. He pointed out that his operating budget increased by 15.7 percent over the previous year mainly to cover the \$150,000 plus in credit card fees. Credit card transactions charge 3-5 percent paid by the town. He budgets \$65,000 every year for those fees. He expects \$120,000 in fees this year. IT needs more staff training which hasn't been done in several years. The department is buying very little equipment other than a copier and IT equipment. They have made no staff requests. Every 3-5 years we are required by policy to look at new banking services and will do so in the fall for next fiscal year. Kauppi responded to Council members that E-payables allow electronic billing and quicker collection without staff handling which they will be investigating for the future.

j. 7:20 pm–7:30 pm Town Clerk/Risk Management (Pg. 6-27) Diane Russell, Town Clerk

Town Clerk Diane Russell stated that her operating budget was within the allotted 3 percent prior to adding the election costs. The scheduled 2016-2017 elections just blew her budget right out of the water. So, while the majority of the Town Clerk's budget is very much the same as it always has been, the election portion is much higher than it has ever been. Council member Nye commented that that is why the majority of the residents did not want to take the sales tax issue to an election – costly.

Russell stated that the good news is she has been working diligently to get the word out about the election cycle change and other changes that we have to comply with so that if we have to spend that amount of money that people will actually show up to vote. She is really hoping voter participation will increase and so she will continue her outreach efforts to encourage that. She responded to Council members that predicting the length of the consolidation election ballot is impossible at this time. We don't know what entities will be participating in this consolidated

election. Mayor Skoog facetiously stated, "Our legislators have been a big help." Russell added that these budget figures also include a May 2017 transit system election, if needed. Council member Nye thanked Russell saying she thinks Diane's is one of the underestimated departments. She thanked Russell for being as much ahead of the curve as is possible and for the quality department she runs.

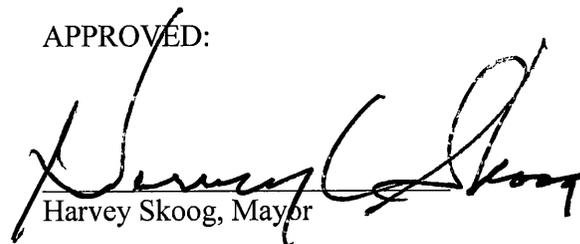
4. Adjournment

Mayor Skoog adjourned the meeting at 7:26 p.m.

ATTEST:


Diane Russell, Town Clerk

APPROVED:


Harvey Skoog, Mayor

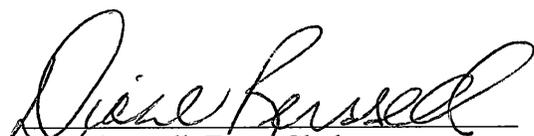
STATE OF ARIZONA)
COUNTY OF YAVAPAI) ss:
TOWN OF PRESCOTT VALLEY)

CERTIFICATE OF WORK STUDY 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 4, 2016.

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

Dated this May 10, 2016


Diane Russell, Town Clerk

