

**TOWN OF PRESCOTT VALLEY
SPECIAL COUNCIL MEETING
MINUTES
June 6, 2013**

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

3. 6/3/13 Addendum: ANNOUNCEMENTS & PRESENTATIONS

CYFD Budget, Steve Rutherford

Steve Rutherford, representing the Central Yavapai Fire District Board, gave an overview of the CYFD Net Assessed Valuation FY 2010 through 2019. Five percent is the maximum increase in assessed rate allowed annually, by statute. The budget trend shows a steady increase between 2010 when the budget was \$14.8 million through 2019 when it is projected to reach \$22 million. The projected 2014 budget, and adopted tentative budget, is slated to be \$17.3 million. He hopes that they can reduce it before the adoption of the final budget adoption in July. Council member Lasker pointed out that the slope in trend indicated on the Assessed Value and Overall Budget slides are very different. Rutherford stated he would like to see some similarity in the trends, but there isn't one. He is hoping they can address that this year and going forward.

Personnel costs are the 'biggest nut to crack', but they can't have much impact on the budget without getting those costs under control (i.e. the percentage of wages that drive the retirement numbers). While the level of tax levy is the same, in looking at the assessed value which is down, then the tax rate is going to go up. The levy is a function of the net assessed valuation times the tax rate that creates the dollars that are leveled to support the budget. If they can cut the budget some more they can potentially reduce the tax levy some more. The Tax Levy (extracted through property tax to fund the budget) will remain the same at \$11.6 million this year, but is projected to jump to \$19.8 million by 2019. That is a substantial increase! The trending is not in balance.

Rutherford responded to Mayor Skoog's inquiry of where these numbers came from, that these numbers are from CYFD staff taken from the 2014 tentative budget. Rutherford put the charts

together to put the numbers into a form that was easily understandable and recognizable as to what the trends are. He thinks staff got the message that they need to look at that and work on it.

The Primary Tax Rate allowed by law is \$3.25 in Arizona. In Rutherford's opinion it is frightening that they will be bumping up toward the legal max in five years. This year (2013) the rate is \$2.18, projected as \$2.37 in 2014, but is projected to jump up to \$3.21 by 2019 if this trend continues. The last few years the CYFD staff has done a good job of carrying over funds year to year. However, each year the carryover is projected to be less than the year before. The carryover in 2013 is \$4.2 million. The projected figure for 2019 is \$923,000. They will be operating on a much thinner margin of error especially in case of another economic turndown or unanticipated expenditures. These figures do not include unspent bond money; this is just budget carry over. Therefore the Capital Reserve Balance (rainy day fund) is also projected to be down to \$330,000 in 2019 down from this year's \$8.9 million in reserves. This trend will result in a disaster for all.

Council member Lasker said that this is a very serious situation that we are facing and something needs to change. CYFD was shown as the 2nd highest fire department spender in Arizona in a recent study. Mayor Skoog added that from these numbers there does not seem to be any desire to improve on this. Lasker commented that the public needs to know about this. Hopefully there will be a grassroots outcry from the public. Comparing the trend numbers gives a true picture of the spending trend. Rutherford commented that the CYFD Board needs to hear from the public.

Rutherford responded to Vice Mayor Tjiema's question as to whether a communications center is still planned in this budget that some of the things are carried over from last year's expenditures, some items will be carried over for next fiscal year's budget. Some expenditures in IT and telecommunications are a timing issue, but he doesn't think they add up to the total number that is presented in the Capital Improvement Plan. He doesn't believe the carry over expenditures equal \$500,000. He is trying to get answers to what is in the budget that is not in the Capital Improvement Plan that was approved last September. Rutherford stated there are no plans for a communications center that he is aware of. They are trying to work with PRCC. Vice Tjiema stated we are a growing community and CYFD is going to have some growing pains along with that, but building a multi-million dollar fire station one mile away from each other is not exactly an efficient way to do that. The warehouse at the training center has some product in there and staff is working on a Yavapai Purchasing Consortium as a central purchasing and distribution point for other entities in Yavapai County according to Rutherford. Rutherford questioned whether this is an appropriate use for a Fire District. Warehousing is available in the private sector and he questioned whether it funds itself and is it an additional revenue source as it was supposed to be.

Council member Nye commented that looking at the projections even if Rutherford is off a little on the figures, it is still dire. Our goal should be, and is, to have the healthiest fire department we can. Budgets are a burden. We want the department to be in the healthiest position possible. To get there we have to go through some distraction and unpleasantness to achieve it. Our concern is for the sustainability of a high functioning fire department. That is what this is about.

Council member Anderson said we hold our fireman in the highest regard. The cost issues are separate from how we feel about our firemen. They do a superb job and deserve the support we do give them.

Council member Whiting said he attended the May 21st meeting and there was some give and take. The town too is trying to build back its reserves and not deplete them. That is the most logical thing to do anticipating that there may be another unforeseen circumstance. He was disappointed in the personnel action at the chief's evaluation held in public. It created a situation that was outrageous. The unprofessionalism, hostile and rude remarks directed to Board member Rutherford and Board member Horton were unjustified and uncalled for and bordering on insubordination. Whiting further commented that if he was in the position to hire and fire, those employees would not be on payroll anymore. He apologized for their behavior. Rutherford is doing a good job, realizing he is only been on the job about six months, but he has every right like every other board member to critique the chief and the budget.

Town Manager Larry Tarkowski said the Council as a Community Facilities District Board took action to ensure that at the same time as the assessed valuation is going up, the tax rate will come down in the CFD's so as not to burden the property owners. Tarkowski went on to say he has talked to two managers in fire districts that said back in the mid 2000s they lowered their rate every year because the assessed valuation in their communities was ballooning due to new houses and commercial being built. In this case with the trends shown for the fire department if the tax rate levy remains the same or raises, plus the assessed valuation goes up too that will really be a windfall for CYFD but on the backs of our commercial and residential property owners. Even if the CYFD Board does not raise the taxes, but the assessed valuation went up property owners will be paying more out of their pockets and that will be a dramatic increase to the CYFD budget. That needs to be monitored very closely. Rutherford agreed that if the tax rate remains the same and the assessed valuation of the district increases the tax levy increases which increases the burden on the tax payers. The part that concerns Rutherford with these projections is they are not conservative, they do not allow for margins of error. They are the maximum allowed by law.

Council member Nye said she will look forward to management decisions and improved civility. Mayor Skoog wondered whether we have moved from a well operating department to an extravagantly operated department.

Rutherford closed with he thinks CYFD does a great job; they just need to do it as efficiently as possible.

4. CONSENT AGENDA

- a. *Approving Minutes of March 14 Executive Session, May 16 Work Study & Special Council meeting, May 23 Council meeting*

Council Member Nye made the MOTION, seconded by Council Member Lasker, to approve all items on the consent agenda, by electronic vote. MOTION carried with 7 ayes and 0 nays.

5. NEW BUSINESS (FOR REVIEW, COMMENT, AND/OR POSSIBLE ACTION)

- a. Consideration of authorizing the Mayor to sign Resolution No. 1838 setting forth the official returns of the May 21, 2013 "All-Mail Ballot" General Election

Town Clerk Diane Russell stated that the Town Primary Election was held on Tuesday, March 12, 2013. Said Election was held for the purpose of electing a Mayor, two (2) Council-members for four-year terms and one (1) Council member for a two-year term. The ballot also offered forth two propositions/questions for the electorate's consideration for adoption: 1. Proposition 422 - Alternative Expenditure Home Rule Option, and 2. Proposition 423 - *General Plan 2025*. The results of said election reported in Resolution No. 1838 indicates that the two-year term Council member position was undecided as neither candidate for that position garnered 50 percent plus one vote of the valid ballots cast. A General Election (runoff) was held on May 21, 2013 to determine which of the two finalists (Martin Grossman or Matt Zurcher) would win the 2-year term Council member seat. The attached resolution provides the particulars and results of this election

Vice Mayor Tjiema made the MOTION, seconded by Council Member Lasker, to authorize the Mayor (or in his absence, the Vice-Mayor) to sign Resolution No. 1838 setting forth the official returns of the May 21, 2013 "All-Mail Ballot" General Election, by electronic vote. MOTION carried with 7 ayes and 0 nays.

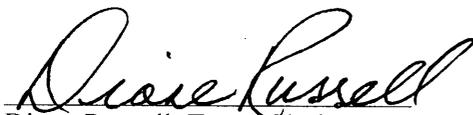
6. COMMENTS FROM THE PUBLIC

No comments were forthcoming.

7. ADJOURNMENT

Council Member Nye made the MOTION, seconded by Council Member Whiting, to adjourn the meeting, by electronic vote. MOTION carried with 7 ayes and 0 nays. Mayor Skoog adjourned the meeting at 6:06 p.m.

ATTEST:


Diane Russell, Town Clerk

APPROVED:


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 Council Meeting of the Town Council of the Town of Prescott Valley, held on Thursday, June 6, 2013.

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

Dated this June 11, 2013



Diane Russell, Town Clerk

