

**TOWN OF PRESCOTT VALLEY
BUDGET WORK STUDY COUNCIL MEETING
MINUTES
April 30, 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 of proposed FY2015-16 budget - FOR DISCUSSION ONLY

a. 5:35 pm-6:15 pm Human Resources (Pg. 6-80) Karen Smith, Human Resources Director
Barbara Lear, Blue Cross/Blue Shield update

Barbara Lear presented her annual report for Blue Cross/Blue Shield. Unfortunately our rates are increasing with the new budget year after seven years of no increases since 2007. She handed out the complete chart of the rates and showed the highlights.

The claims experience is 31 per cent higher than other years and was the biggest factor for having to increase the rates. Eleven large claims of \$30,000 or more totaled almost a million dollars last year. COBRA participants are higher than before. Ongoing older demographics contribute to higher rates.

Lear's negotiations for this year's rate started out at a 29.2 per cent increase, but thru her review process she was able to slowly bring it down to a single digit increase. The underwriters took a leap of faith and threw out their formulas and met her at 4 percent renewal plus 4.8 for taxes and fees due to ACA-Obama Care making a total of 8.8 percent%. There are no changes in benefit levels. Monthly family coverage will increase \$29.82 per month and on a pre-tax basis taxes is about \$22 per month.

Ameritas Dental plan was negotiated from a start of 6.3 percent but she got it down to zero, so there will be no changes. There are also no changes on group life insurance coverage.

All the exact details are in her executive report (attached). The total increase in health care coverage is \$159,000.

Barbara is happy to announce that an onsite Employment Assistance Program (EAP) mental health service by the Holman Group is being added effective July 1st. that covers all employees and family members.

Council was very relieved to hear the good news about insurance coverages.

Human Resources Director Karen Smith said that HR has been very busy with recruitment of over 120 new hires and 72 volunteers in the past year. Adding the online application system and background investigation system has improved time to fill vacancies and reduced the cost of recruitment.

The Wellness Program was very successful and met the goal of 35 percent participation and hope to meet 50 percent next year. The budget includes the \$200 wellness incentive for staff.

Workmen's Comp was reduced by 15 percent. There has been a focus on retention by providing leadership training to supervisors to continue trends.

The new EAP is a very rich benefit. It provides up to 6 hours per incident, per person, per family as well as legal & financial services.

New Federal mandates require HR to do IRS reports to track ACA as well as changes in ADA, light duty & and case management.

Their software expenditures have been moved to non-departmental funds.

Smith added that just this morning at the staff meeting it was proposed that Volunteer Central located on the first floor of the civic center could move to the third floor into the present break room space. Moving the break room to the first floor would provide a more useful and larger space and enable HR to meet ADA requirements. They also think that moving Volunteer Central to the third floor will make it more visible to the public.

Karen answered questions by Council members Grossman and Whiting to further explain EAP. Council member Mallory and Vice Mayor commented how they like the Wellness Program.

b. 6:15 pm-6:30 pm Capital Projects (Chapter 9) Kim Moon, Capital Projects Coordinator

Capital Projects Coordinator Kim Moon gave an overview of the Capital Projects budget for 2015-2016. The new budget will be about \$17.4 million or one fourth of the total town budget. Her budget includes planned projects for streets that include a roundabout at Lakeshore Drive, a sidewalk project on Windsong Drive and a traffic signal at Enterprise Parkway. Parks will see projects for Bob Edwards Park, a playground and audio video equipment for the new stage. Police department capital outlays include funds for new vehicle purchases and a remodeling project. Utilities will see a new building at the water treatment plant. Moon pointed out that many planned expenses are for replacements of items that were delayed in prior years. Overall departments there are 50 equipment purchases and 42 capital projects planned.

Council member Mallory commented that the town does a fantastic job with the resources they have.

c. 6:30 pm-6:45 pm Reclaimed Water and Water Resource/Recharge (Pgs. 10-24 and 10-30) Neil Wadsworth, Utilities Director John Munderloh, Water Resources Manager

Water Resources Manager John Munderloh has no major changes to his new budget. There is an increase for watershed monitoring. Other extras are shown for monies received for grants.

Neil Wadsworth noted that the contract with Ch2MHill has a 3 percent increase. He pointed out that they divided the electricity costs of reclaimed and or recharged water a little differently to even them out at \$65,000 each but the total is still the same.

d. 6:45 pm-7:30 pm Utilities - Prescott Valley Water/Wastewater System (Pg. 10-8) Neil Wadsworth, Utilities Director

Utilities Director Neil Wadsworth said the contract with OMI is at a 3 percent increase. There will be special projects to add more automation. He believes they will come in under budget on power costs. Bio solids shows an increase for next year due to a shortfall this year. Neil explained a process for checking blockages with cameras and that they are becoming more efficient.

Town Manager Larry Tarkowski wanted to know if council wanted to visit the treatment plant prior to a future work study to discuss the new OMI contract. Council politely declined. Larry added that he is proud of what OMI has been doing.

Neil continued to discuss the water side of the budget. Electricity is staying flat. More Flexnet radio read meters are being added each year to be finished in a few more years. There are antennas being installed for communications on the tower on hill above Home Depot. They are buying another Trimble unit that maps the system that can communicate better with satellites on cloudy days or under trees or in shadows.

Vice Mayor Nye thanked Neil for the efficiency of his department and how well they plan ahead.

e. 7:30 pm-7:45 pm Legal (Pg. 6-117) Ivan Legler, Town Attorney

Town Attorney Ivan Legler stated that the legal department has added Irma Hernandez to replace Jan Bear and she is a good fit. Ivan complimented Steven Zraick on his gregarious personality and the great job he does. He is happy to report that they have spent very little of their budget and hope that continues.

f. 7:45 pm-8:00 pm Police (Pg. 6-173) Bryan Jarrell, Police Chief

Chief Bryan Jarrell highlighted his new items in this budget including \$29,000 for 5 new officers' clothing and the associated costs. They are replacing Tasers on four year cycle for \$27,000. Updates are being made to vehicle software upgrades and they are adding 3 new vehicles and replacing 5 patrol vehicles. They are spending \$20,000 for video surveillance cameras in the evidence and property room. They are moving to cCloud based storage for evidence for digital media with Evidence.com. Upgrades are being made for communications and training. They will be exploring the Cops More Grants from the Federal Government to fund new officers for 2 years and up to 3 years if they are veterans.

Jarrell added that their new organizational structure will improve communications and operations and ultimately positively affect the budget.

Tarkowski added that the addition of 5 officers will bring us back to highest level of sworn officers in the history of the town. They are committed to getting more officers out on the street.

Vice Mayor Nye added that one of our police officers told her how happy he is and he is telling his other sworn officer friends.

g. 8:00 pm-8:15pm Debt Service (Pg. 8-4) William Kauppi, Management Services Director

Management Services Director Bill Kauppi showed a chart with the Town's Debt Service. The detail of the town's debt show we are significantly lower than we were five or six few years ago. We have \$56 million left in principal and \$12 million left in interest. We have approximately 11 years left on all the debt. The two town buildings (civic center and police operations) will be paid off in 2018. Water refunding bonds will be paid off in 2019.

Larry Tarkowski added that we all struggled with buying Shamrock Water, but it was the cheapest water we've ever bought.

Bill also commented on the Library debt service. Eventually they hope to have funds from cultural impact fees to cover the library debt service but for now the difference needed will be covered by the General Fund.

He will be coming back in a few months to discuss Enterprise Funds.

Mayor Skoog commented that it sounds like we are making progress.

h. 8:15pm Community Facilities Districts William Kauppi, District Treasurer

District Treasurer Bill Kauppi reviewed each of the Community Facilities Districts Budgets. Due to changes in state laws, secondary property taxes can no longer increase or decrease by more than ten percent per year. That way there will not be big swings in value each year.

1. StoneRidge has increased in assessed value from \$20.3 million from \$19.5 million which is a 3.7 percent increase. They do have the rental income that offsets debt service plus extra cash of \$65,000 that he applied. The new rate will be \$2.74 down from \$3.18 last year making a decrease of 13.8 percent.
2. Pronghorn Ranch has increased in accessed value from \$13.8 million from \$12.8 million which is an 8 percent increase. They do have successor in interest charges, but he also has the extra \$86,000 left over to apply to the debt service. The new rate will be \$3.12 down from \$4.00 last year. He thinks most residents will see a decrease in their tax bills.
3. Raven Ridge is based on current assessment. We just had an auction of about 20 lots so he will have new numbers with the final budget. They have enough money in reserves to cover costs.
4. Quailwood Meadows has increased in assessed value by 9.5 percent to \$9.5 million from \$8.7 million. There is a standby contribution of \$39,000 budgeted and an excess of \$84,000 to be applied. The new rate will be \$3.58 down from \$4.60 last year making a 22 percent decrease.
5. Eastridge is very good. One property paid off their assessment so the final numbers will change. They will be done in 2018 and there are no issues.

6. Parkway has been assessed at \$11.5 million which is down from \$1.6 million last year. The new rate will go up to \$17.18 from last year's \$16.51 last year and that includes assuming a \$10,000 contribution will be made but has not been received.
7. Southside has one property owner who has defaulted. The town loans the CFD the money to make the debt service payment which is about \$55,000 per year. There is \$13,000 left in reserves.

h. Adjournment

Mayor Skoog adjourned the meeting at 7:09 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, June Catanzarite, Deputy 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 Budget Work Study Meeting of the Town Council of the Town of Prescott Valley, held on Thursday, April 30, 2015.

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

Dated this May 6, 2015


June Catanzarite, Deputy Town Clerk

