

**MINUTES
WORK SESSION
MAYOR and COMMON COUNCIL
of the
TOWN OF CAMP VERDE
COUNCIL CHAMBERS
473 S. Main Street, Ste. 106
Wednesday, May 18, 2009
2:15 p.m.**

Minutes are a summary of the discussion. They are not verbatim.
Public input is placed after Council motions to facilitate future research.
Public input, where appropriate, is heard prior to the motion

1. **Call to Order**
Mayor Gioia called the meeting to order at 2:16 p.m.
2. **Roll Call**
Mayor Gioia, Vice Mayor Hauser, and Councilors Garrison, German, Kovacovich, Roulette, and Smith were present. Councilors-elect Jackie Baker and Robin Whatley and Mayoral candidate Bob Burnside were also present and participated in the budget discussions.

Also Present:
Town Manager Michael Scannell, Senior Accountant Lisa Elliott, Marshal David Smith, Public Works Director Ron Long, Special Projects Coordinator Matt Morris, Parks & Recreation Director Lynda Moore, Community Development Director Nancy Buckel, Administrative Assistant Sharon McCormick, and Town Clerk Deborah Barber
3. **Pledge of Allegiance**
Councilor Smith led the pledge.
4. **Presentation followed by discussion regarding an overview of the Town's accounting practices and the budget format.**
Senior Accountant Lisa Elliott explained the terminology and reviewed the budget format.
5. **Presentation and discussion of the Manager's Budget Message and Exhibits A, B, and C that are integrated into the Draft of the Tentative FY 2009/10 Budget.**
Council reviewed the Manager's Message and accompanying exhibits A, B, and C portions of the budget in depth. Aside from 1) the proposed \$150,000 consultant fee to revise the Land Use Codes; 2) the recommendation to eliminate the animal control department; and 3) the weed control proposal, the members agreed with the Manager's recommendations in Exhibit C, a copy of which is attached and becomes a permanent part of this record. The items discussed included State Shared Sales Tax Revenues, Urban Revenue Sharing, Local Sales Tax Revenues, Interest Earnings, Debt Service Fund, and Computer Software Acquisition, reductions to the Library, Marshal's Office, and Maintenance Division. Scannell noted that the current state of the budget did not allow funds to maintain our roads and stressed that Council needed to be aware that this could result in deterioration of the Town's road system. Council was also in general agreement that the Library Advisory, Parks & Recreation, Trails and Pathways, and the Housing Commissions would be transitioned to a committee-based organizational model as opposed to a formal commission that is subject to Open Meeting Laws. Further, Council suggested that staff look into the possibility of combining Design Review duties with those of the Planning & Zoning Commission. Council also agreed to the appropriation of \$25,000 for water adjudication and a \$50,000 appropriation for the California Hotwood litigation. This appropriation increased the appropriation for the Contingency Fund. Council also agreed, with the Mayor in opposition, to drop the filming of Council meetings by Channel 18. Council supported the \$200,000 draw on the fund balance to balance the budget while continuing the highest possible service delivery in these austere times.

Public Input

Sandy Ashton stated that she was a volunteer at the Animal Shelter and expressed her concerns with transferring the animal care to Yavapai County. She said that the animals would be picked up and left for hours in a hot truck with no food or water and would be euthanized in 72 hours. She said that many residents are not aware that their dogs have been picked up and by the time they realized it, the animals would be gone. Ashton assured Council that if they would keep the Animal Shelter in Camp Verde, she would be willing to sign a contract to volunteer whatever time was needed.

There was no further public input.


6. **Discussion of the Draft Tentative FY 2009/10 Budget. Discussion may include in no particular order and not limited to the following: HURF, Public Works/Engineer, Storm Water Management, Marshal's Office, Animal Control, 9-1-1 Fund, Human Resources, State and Federal Grant funds, Community Development, Current Planning, Long-Range Planning, Code Enforcement, Building Department, Impact Fee Fund, Mayor and Council, Town Manager, Town Clerk, and Finance Department. Note: if any of these items are not addressed at this meeting, they may be carried over to the May 20, 2009 meeting.**

Council reviewed the following departments: HURF, Public Works/Engineer, Storm Water Management, Community Development, Current Planning, Long-Range Planning, Code Enforcement, Building Department, Impact Fee Fund, Human Resources, and the Finance Department. There were no significant changes to the Marshal's Office or 9-1-1 Fund budgets and thus, did not require a review.

The budgets for the Mayor and Council, Town Manager, and Town Clerk were not discussed at this meeting.

7. **Adjournment**

The meeting was adjourned at 10:18 p.m.



Deborah Barber, Town Clerk

CERTIFICATION

I HEREBY CERTIFY THAT THE FOREGOING, minutes are a true and accurate accounting of the discussion of the Mayor and Common Council of the Town of Camp Verde during the Work Session of the Town Council of Camp Verde, Arizona held on the 18th day of May 2009. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 28 day of May 2009



Deborah Barber, Town Clerk

Exhibit C

Significant budgetary adjustments that warrant your review

State Shared Sales Tax Revenues

The funding we receive from the State of Arizona in this revenue account has been reduced by forty-five thousand dollars (\$45,000) from that received in the prior fiscal year. The reduction is based on the poor performance of the statewide economy.

Urban Revenue Sharing

The distribution of revenues from the State in this revenue account flow from State Income Tax collections accrued two years ago. This year, largely due to tax cuts two years ago, the funding we have been advised we can anticipate is two hundred thousand dollars (\$200,000) less than that recorded in the prior fiscal year.

Local Sales Tax Revenues

On the local level, in fiscal year 2009-10 I am forecasting a decline in our sales tax revenues of sixty thousand dollars (\$60,000) from that anticipated to be accrued in the current fiscal year. The malaise in our sales tax program is broad based. We have seen few sectors in our local economy performing well. Regrettably, we see little on the horizon that leads us to believe that we will experience any degree of vibrancy in terms of taxable transactions in our community. If we have learned anything from this most recent economic downturn it would be that the Town of Camp Verde needs to diversify its economy. While the austerity we face in this budget has caused me to make no financial provision for crafting an economic development strategy, you may want to consider appropriating funds for such a purpose.

Interest Earnings

As a result of the monetary policy adopted by the Federal Reserve Bank, the interest rate environment is not investor friendly. At the present time, we are earning yields on our invested funds that are in the range 0.05% to 0.61%. As a result of the current interest rate environment, we are forecasting that the interest earnings on our invested funds in the 2009-10 fiscal year will approximate forty thousand dollars (\$40,000). This is a material reduction from that budgeted in the current fiscal year.

Debt Service Fund

The appropriation in the Debt Service Fund contains an appropriation of one hundred thirty-five thousand dollars (\$135,000) as satisfaction of your fiscal year 2009-10 legal obligation to compensate the Koch Financial Corporation for having advanced funds to the Camp Verde Sanitary District for its use in the construction of a wastewater treatment plant. Earlier this year we entered into discussions with the Camp Verde Sanitary District relative to refinancing the loan in question in order to avail ourselves to the favorable interest rate environment present in the marketplace. While an analysis of the benefits associated with a refinancing of the existing loan is favorable in all respects, refinancing the loan is not in your purview. As a result of the manner with which you structured your guarantee of and your participation in the Camp Verde Sanitary District loan, only the District Governing Board can initiate a restructuring of the loan. No less importantly, the determination of whether any of the benefits associated with refinancing the loan will inure to the benefit of the Town of Camp Verde resides solely with the Camp Verde Sanitary District Board. The savings inuring to the benefit of the Town of Camp Verde, if a refinancing were to take place, and if the Camp Verde Sanitary District Governing Board elects to share same with you, are estimated to be in the range of twelve to fifteen thousand dollars (\$12,000-15,000) per annum over the remaining life of the loan, that being approximately twenty-three (23) years. For budgeting purposes, regrettably, I have assumed that there will be no refinancing of the Koch Financial Lease Purchase Agreement #2. As such, it would appear that there will be no benefit inuring to the taxpayers on the Town of Camp Verde in the 2009-10 fiscal year.

Computer Software Acquisition

The budget before you includes an appropriation in the amount of one hundred ten thousand dollars (\$110,000) for the acquisition of a new software system as well as the ancillary hardware we will need to support the new software system. We contemplated acquiring the system in the 2008-09 fiscal year, however, due to budgetary constraints, we delayed the purchase and re-appropriated the funds in order to affect the purchase in the 2009-010 fiscal year. This acquisition is critically important and should not be delayed.

Library

Because the Library is a discretionary activity and because of the financial challenges we face, I have reduced the appropriation requested by the Director in two significant ways. First, I have reduced the new book acquisition budget by twenty-six thousand dollars (\$26,000) and I have eliminated the appropriation requested to support a thirty (30) hour per week library support position that is slated to be vacated by the incumbent in the near term. The elimination of this position will yield a savings of forty-one thousand four hundred seventy-three dollars (\$41,473) in the 2009-10 fiscal year. With respect to the former, I have left intact an appropriation of twenty thousand dollars (\$20,000) for new books and publications so that we can meet our contractual obligations to the Yavapai County Library subvention funding program.

Marshal's Office

I have reduced the appropriation in the Marshal's patrol division by one hundred eight thousand one hundred seventy-four dollars (\$108,174) to reflect the fact that I am recommending that two (2) positions currently vacant be held vacant for the duration of the 2009-10 fiscal year. While this may impact response times for calls for service, the austerity we face calls for difficult decisions.

Maintenance Division

I have reduced the appropriation in the Maintenance Division by seventy thousand six hundred eighty-five dollars (\$70,685) to reflect the fact that I am recommending that two positions (2) currently vacant be held vacant for the duration of the 2009-10 fiscal year. The staffing reduction I am recommending will no doubt impact our ability to maintain the grounds in ways that you may find acceptable.

In order to achieve a more efficient utilization of our maintenance staff, I am recommending an appropriation of twelve thousand nine hundred sixteen dollars (\$12,916) to place weed suppression barriers in each of the planter areas on Main Street. When the landscaping was originally placed, no provision was made for the placement of weed suppression barriers. By retrofitting the planters, we will limit the propagation of weeds and the resultant need to have individuals either spray herbicides or to physically remove the weeds by hand. My hope is that the approach I am recommending will free up our trained professionals to do the work for which they have been trained rather than completing mundane chores such as weed pulling.

Animal Control

Marshal David Smith and I have entered into informal conversations with officials from Yavapai County about the potential for contracting with Yavapai County for animal control services rather than continuing to maintain and administer an Animal Control program in the Town of Camp Verde. Our discussions are in the preliminary stage at this juncture, however, we believe that pursuing this business model will result in benefits inuring to Yavapai County as well as the Town of Camp Verde. For budgeting purposes, I have assumed that our service delivery model will remain unchanged. If we are successful in transitioning to an alternative service delivery model on or about October 1, 2009, we will experience a savings of something approximating thirty thousand dollars (\$30,000) in the 2009-10 fiscal year. If we are successful in our quest to transition to an alternative service delivery model, we can ultimately reduce our draw on fund balance to reflect the anticipated savings.

Streets Department

This budget contains no provision for an operating transfer from the General Fund to the Highway Users Revenue Fund (HURF). As such, the Town's Streets Department must rely solely on gas tax revenues it received from the State of Arizona. The amount of funding made available from the State is woefully inadequate to maintain the Town's road system in its current state or, stated another way, to prevent any further deterioration.

Mr. Ron Long, Town Engineer has opined that in order to properly maintain the Town's road system at its current level of repair, an infusion of no less than six hundred fifty thousand dollars (\$650,000) per annum, would be required. Given that you are charged with the responsibility for maintaining the integrity of your asset base, you may want to consider your options relative to identifying alternative funding sources for use in protecting this most important asset.

Elimination of Select Commissions Which Serve the Community

In the case of the Library Commission, Park and Recreation Commission, Trails and Pathways Commission, and Housing Commission rather than maintaining the current commission based organizational structure, I am recommending that we transition to a committee based organizational model.

While the members of the aforementioned commissions have served the community well and have certainly added value, they have done so under a model which carries an expense that can be avoided if we transition to an alternative organizational structure. At the present time, each of the aforementioned commissions are established by your Council and are thus required to operate under the State's Open Meeting Laws and all that those laws entail. On an annual basis, even with the truncated meeting schedule under which the commissions now operate, I have been advised that we incur no less than six thousand seven hundred thirteen (\$6,713) in contract labor staffing costs and other ancillary expenses as a result of supporting the aforementioned commissions. Those expenses can be avoided if you transition to a committee based organizational structure. Under a committee format, you would not be appointing the committee members nor would you be forming the committee. As a result, the newly formed committees would not be required to organize themselves under the provisions of the State's Open Meeting Laws.

Re-write of the Land Use Codes

This budget establishes an appropriation of one hundred fifty thousand dollars (\$150,000) for use in securing consulting services for the re-write of the Town's land use ordinances et al. This appropriation will augment the work that Mr. Matt Morris will be doing on the Town's behalf vis a vis the Town's land use ordinances. While one hundred fifty thousand dollars (\$150,000) may seem like a lot of money to expend on this objective, in my considered opinion, I believe that when all is said and done, over and above the expenses incurred in funding the staff position allocated to this project, we will likely expend no less than three hundred thousand dollars (\$300,000) on this most critical endeavor.

Water Adjudication

Based on Council direction, I have established a twenty five thousand dollar (\$25,000) appropriation for use in perfecting the Town's water rights which lie beneath the Town's roadways and for settlement of the Gila River adjudication.

Zellner Wood Yard / California Hotwood Litigation

This budget makes no provision for funding any litigation beyond the end of the current fiscal year. I believe that the question of whether to fund or not fund this litigation effort is a policy discussion which resides at the Council level.

Filming of Town Council Meetings

I am recommending that the currently existing appropriation for filming the Town Council meetings be extinguished in fiscal year 2009-10. While the savings associated with this change are admittedly small (\$3,780), I respectfully submit that those individuals in the community who are interested in following the proceedings of the Town Council can do so via the Town's web site and more specifically the audio link that is provided. The audio portion of your Town Council meetings can be listened to in its entirety at any time and from any internet accessible location.

Contingency Fund

The budget before you contains a paltry fifty thousand dollar (\$50,000) appropriation for contingencies which may occur throughout the year. While the limited nature of the appropriation is problematic, the austerity we face precluded providing a higher amount. Your Council may want to consider your options relative to increasing this most important element of your budget.

Draw on Fund Balance

The expenditure reductions I have advanced to you in this memo as well as those implemented by our Department Heads have, in my considered opinion, seriously impacted our ability to serve the community. Implementing additional funding reductions will only exacerbate that problem. In order to close the gap between projected revenues and projected expenditures, I am recommending that we draw down our General Fund fund balance in an amount approximating two hundred thousand dollars (\$200,000). The alternative would be for you to consider adjustments to the revenue side of the ledger. Staff will be pleased to provide you with any analyses that you may deem appropriate in order to facilitate your decision making process.