

**MINUTES
WORK SESSION
MAYOR and COMMON COUNCIL
of the TOWN OF CAMP VERDE
COUNCIL CHAMBERS - 473 S. Main Street, # 106
WEDNESDAY, MAY 9, 2012
4:00 p.m.**

**Minutes are a summary of the actions taken. 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 Burnside called the meeting to order at 4:00 p.m.

2. Roll Call

Mayor Burnside, Vice Mayor Kovacovich, and Councilors Baker, George, German, and Jones were present. Whatley arrived at 4:06 p.m.

Also Present

Town Manager Russ Martin, Finance Director Mike Showers, and Town Clerk Deborah Barber were present. Public Works Director and Steve Burroughs also attended.

3. Pledge of Allegiance

Citizen David White led the pledge.

4. Discussion, consideration, and possible direction to staff relative to the Draft FY 2012/13 Tentative Budget. Discussion may include, in no particular order, and not limited to the following budget units. Note: Any items not addressed at this meeting may be carried over to a subsequent meeting.

The CIP budget was carried from the 5-7-12 meeting and was discussed first. Martin explained the difference between capital improvements and capital expenditures.

Martin covered the CIP budget, noting that building maintenance included the Visitor's Center and Building 100; pool upgrades include draining and resurfacing; Butler Park improvements; Building 300 attic insulation; HURF fleet vehicle upgrades; fleet upgrade to include mower, tractor, and backhoe attachment; Bashas' drainage channel; facility improvements and utility development in the Public Works Yard; Murdock water line extension; Rezzonico Park to include fencing, gate, and signage; Verde Lakes Drive culverts; Finnie Flat sidewalk; Hollamon & Visitor Center parking lots; Black Bridge scour improvements (grant match); Community Park pre-development costs (NEPA, hydrology study, & access easement); and operating transfers.

Burroughs said they were asking for two dependable crew vehicles, as current vehicles exceed 100,000 miles and we need to upgrade the tipper. Martin clarified that staff will find the best deal and perhaps have funds to purchase other equipment. He advised that the department head must have the ability to make those determinations.

Baker asked for the priority. Burroughs said that the first priority is safety, such as tire replacement, advising that replacing vehicles are more specific at \$60,000.

Long said that he was putting together a tour of the Public Works Yard for Council. He covered the improvements that have been completed. Burroughs added that the Town is adding 8,000 to 10,000 square feet of improved facilities to the Town's assets.

With regard to the Murdock Lane water line extension, Martin explained that the funds must be shown because we have put money into reserve the past 3 years. He advised the project would be completed in this fiscal year.

Long updated Council on the Verde Lakes Drive project, advising that the Wingfield ditch improvements will begin next week. He advised that NAU student groups prepared designs for the Verde Lakes Drive project that included both low-water crossing and bridges, with 3 ½ million dollars for the lowest cost bridge.

Long explained that a grant was received in 2005 for the Finnie Flat sidewalk project. He advised that ADOT was managing the project, along with the sidewalk improvement project on SR 260, which had been slowed due to other ADOT priorities. He believes that the plans might be available in the spring of 2013, noting that there were no estimated dates for the commencement of construction. Long advised that funds must be set aside in the budget for right-of-way purchase and contingency costs. Martin confirmed that this is why the project is placed in the budget each year. In answer to questions, Long advised that bike lanes could not be included this is an enhancement project.

Martin explained that the CIP budget is funded with construction tax funds. In past years, the CIP was funded with reserve monies because the construction tax revenues were insufficient to fund the projects. Martin explained that as each project is completed another project will move up, but at the end of each year, the CIP budget would have a zero balance. He explained that looking at last year's budget, we spent 1.7 million dollars more than we had in revenue.

Martin distributed a memo that Council would use throughout the remainder of the budget review. A copy is attached and becomes a permanent part of these minutes. The Mayor called a break at 4:59 p.m. to allow members time to review the memo. The meeting was reconvened at 5:08 p.m.

Martin advised that the department heads were asked to put together a 'no whining' budget that would allow services. Pointing to the back page, there is an estimated deficit of \$1,375,000 with staff requests and \$875,000 with the Manager's recommendations. The Manager advised that he had removed about \$500,000 from the requests, noting that this problem needs a solution. The 1.3 million dollar budget did NOT include a COLA for employees, noting that a 1% COLA increase would cost about \$35,000 for each 1% percent that is considered.

He advised that if all we do is fulfill the obligations through the end of June, the unrestricted funds balance would be about \$800,000. He advised that the situation is dire, explaining that if we hold on to what we are doing now, making no progress whatsoever, we might be able to make it through 2013/2014. In January, we started the CIP, yet there are no expenses listed in the budget. There is no money to fund the library for at least 2 more years. He said that the numbers were scary when you look at what we are trying to accomplish. He said that it would not be fiscally responsible to adopt the Manager's budget without a tax increase. He stressed that if Council does not approve a tax increase, they should say 'no' to each request and look at cutting at the budget.

Martin advised that he would like to see a tax increase, which will bring in about \$650,000 and a reduction in deficit spending to about \$250,000+. The Manager and Finance Director agreed that the responsible fiscal amount for deficit spending would be \$200,000 to \$300,000. This amount would allow for a balanced budget next year, and bring the reserves down to \$500,000. Martin stressed that if we do not do what is right now, we are going to continue to be susceptible to the economy.

Martin stated that Council has the opportunity to ensure that the Town survives. He stressed that if Council did not plan to pass a tax, then it was unnecessary to look at his recommendations because the answer was zero. He stressed that Council has the opportunity to make a difference in what happens in this Town over the next 10 years. He encouraged those members who did not want to pass the tax, to go home and look at where to cut \$750,000 to \$1,000,000 from the budget.

In answer to Council questions, Showers explained that the Manager's recommendation was \$150,000 more than last year. German was concerned that they were playing around with numbers. Burnside expressed concern that savings were not addressed along with the increases. Martin noted that many of the line items had been reduced.

The meeting was recessed at 5:47 p.m. and reconvened at 5:52 p.m.

Council then reviewed the budget in its entirety. Items discussed included relocating staff to provide coverage as opposed to hiring new personnel, Council training, Yavapai Apache Nation contribution, CIP survey, ED Feasibility Study, the incubator at Rio Verde Plaza, staff training and cross-training, adding additional deputies, increasing the workweek to 5 days for the Library and an increased workweek (4½ days) for Town Hall, an across-the-board COLA, and investment funds.

During the library budget review, Martin advised that if the tax increase is not approved, it would not be feasible to have the library at all, perhaps allowing the County to take over.

In closing, Martin explained that he will produce a final cut of the budget and have it to Council by the first meeting in June for a final review.

On a motion by Baker, seconded by Whatley, the meeting was adjourned at 8:22 p.m.



Bob Burnside, Mayor



Deborah Barber, Town Clerk

CERTIFICATION

I hereby certify that the foregoing Minutes are a true and accurate accounting of the discussion and direction 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 May 9, 2012. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 16 day of May, 2012.



Deborah Barber, Town Clerk