

**MINUTES
TOWN OF CAMP VERDE
SPECIAL "BUDGET" SESSION
MAYOR AND COUNCIL
REVIEW WITH TOWN MANAGER & FINANCE DIRECTOR
473 S MAIN STREET, SUITE 106
WEDNESDAY, MAY 8, 2019 at 5:30 P.M.**

Note: Council member(s) may attend Council Sessions either in person or by telephone, video, or internet conferencing.

1. Call to Order

Mayor German called the meeting to order at 5:30 p.m.

2. Roll Call

Mayor Charles German, Vice Mayor Dee Jenkins, Councilor Robin Whatley, Councilor Joe Butner, Councilor Bill LeBeau Councilor Jessie Murdock (arrived at 5:34pm) and Councilor Buck Buchanan were present.

Also Present

Town Manager Russ Martin, Finance Director Mike Showers, Deputy Clerk Virginia Jones, and Recording Secretary Jennifer Reed.

3. Pledge of Allegiance

Mayor German led the Pledge

4. Special Session for FY2019-20 Budget Deliberation – Council Review with Town Manager and Finance Director. No legal action to be taken. Council deliberation and direction to modify Preliminary Budget Content.

4.1. Discussion between Council, Town Manager and Finance Director of Fiscal Year 2020 Budget [Staff Resource: Michael Showers]

Council started the budget conversation by reviewing questions submitted by Vice Mayor Jenkins. A copy is attached and becomes a part of the record. Manager Martin reviewed a couple of adjustments that were made:

- Reduction in risk management because of a lower premium cost due to receiving a rebate (net-13k)
- Change from having a part-time Bailiff to combine into a full-time CVMO Officer, the cost will be split 50/50. Part-time in the court and part-time Marshal's Office. (net+55k)

Mr. Martin talked about revenue projection and risks. He said the Operation balance is in good shape this year. Council will have to decide the risk and adjust accordingly. Martin expressed that he prefers not to deficient spend.

Council asked Finance Director Mike Showers about his forecast for the future. Mr. Showers stated that his forecast is worst case scenario, stating that he felt that 2% is a good baseline with construction continuing, and more projects lined up. Mr. Martin stated the RV park at 30% occupancy 120 spaces/units (overnights vs 30 night plus which would be in addition to) at \$50/night average. Both expected to be conservative it would generate approximately \$12,000 per month in bed and sales taxes (a little over half the total 3.65 vs 3 or 6.65 total) not including impact of other onsite sales and additional offsite sales. The impact is pretty conservatively estimated at about 200K.

Mr. Showers indicated that they have budgeted to spend reserves. He stated the key point is they haven't utilized reserves in the past, they covered it with expenses.

Councilor LeBeau stated he is under the impression that Council is attempting to pin down what the revenue may be and spend it all, adding that the sports complex will eat up a lot more money, questioning if we are thinking about saving and not spending it at all. Mr. Martin stated it is about what you want to accomplish. In government spending, we have to project enough spending, so we don't over expend that. They end up spending less because of the cap.

Councilor LeBeau stated he thought there was a long-term loan on the sports complex, he hopes it wouldn't take 25yrs to build it or have to borrow more money to finish it. He is more in the conservative column and is comfortable with managers number.

Mr. Martin stated with the revenue numbers, after all the expenses are budgeted, there is about \$135,000 not designated. He would like to consider:

1. Market Adjustment
2. Increase in the Cost of Living (COLA)
3. Merit Increases

Mr. Martin recommends some level of COLA with a possible merit increase rolled in.

Vice Mayor Jenkins quested if Councilors all agree with all of the increases in personnel. New hires or increases in hours for existing people. Mr. Martin referred to his numbers on his reference sheet.

Councilor LeBeau asked about the one full time officer. That person would be at the Marshal's Office half the time and the other half at the school. They are going to apply for a grant for a Resource Officer for the school but at this time they don't have anyone there.

Councilor Whatley inquired about the Special Events Person. We told the public we were going to have special events.

Councilor Butner said we should do the combo Court Officer/CVMO Officer. He is not in agreement with hiring a fulltime special events person because it's a lot of money for three specific events, he would like a part time person instead, which would be a lot less expensive.

Councilor Whatley stated that all Parks and Recreation people would be Special Events People. They have a lot of activities going, plus the new park. She thinks they need a full time person. There are several parks coming up that will need someone.

Councilors continued to talk about an added person for the Parks and Rec Department and when would be the appropriate time to hire them. They also talked about the Grounds Maintenance Staff would need to increase too with the added parks. Council discussed many staff would need to be hired verses less staff with more over time.

Mayor German suggested scrap hiring someone for now because the park isn't ready yet and put some money in for January but not hiring anyone for now. There will be a clearer picture when we know what bids are. Mr. Martin said they could possibly take out \$25,000.

Council agreed the following adjustments they would like to see in the budget:

- Reduce three people to two people in Parks Maintenance
- Add CVMO Officer/School Resource Officer
- Reduce Parks and Rec Leader at 11 months instead of 12
- Visitor Center go to 7 days a week, year-round for 3 people

Vice Mayor Jenkin asks what the significant items are that Mr. Martin has cut. Mr. Martin went over the list that is listed on the handout. Councilors are interested in adding IT/HR and Website/Software back into the budget.

CIP- Mr. Martin is suggesting a \$500,000 budgetary placeholder. Stating that Council will have to decide what they are keeping and what to get rid of. Mr. Martin questioned if \$500,000 was enough, too much or right on. Council appeared to be comfortable with the \$500,000.00 range.

Meeting Break: 7:18pm

Meeting Resumes: 7:25pm

Mr. Martin resumes the meeting by opening the floor for discussion regarding payroll.

Vice Mayor Jenkins indicated she was not in favor of a COLA across the board, stating that the Marshal's department has indicated that recruiting is an issue because of the salary range. She stated she would like to increase the salary range to make it easier to recruit. It is critical to have a successful Marshall's Office.

Vice Mayor Jenkins indicated that there are a handful of employees that are over their classes, classes and ranges should be correct, indicating that maybe those individuals are misclassified but should be looked at when there is talk about merit increases.

Manager Martin indicated staff will look at the market and adjust so they might slide back into the class, noting that the Council would have to approve the class adjustment.

Council agreed it is wrong to have people not correctly classified, it should be accurate and truthful. It is important to get the Marshal's Office up to standards.


Mr. Martin asked for direction for the "extra" \$135,000. Council agreed they would like to cover the cost of the Marshal's office with \$100,000 and use the remaining in Merit \$37,000, requesting the Manager do the best he can, to do both.

Mr. Martin requested any changes, to be brought to his attention before June 19th.

5. Adjournment

Mayor German adjourned the meeting at 7:49 p.m.


Mayor Charles German

Attest:

Judy Morgan, CMO, Town Clerk

CERTIFICATION

I hereby certify that the foregoing Minutes are a true and accurate accounting of the actions of the Mayor and Common Council of the Town of Camp Verde during the Special Budget Session of the Town Council of Camp Verde, Arizona, held on May 8, 2019. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 23~~rd~~ day of May, 2019.


 Judy Morgan, CMC, Town Clerk

ATTACHMENT TO MINUTES FROM 05-08-2019

Russ Martin: the following is a reply collectively to the email request from Councilor Dee Jenkins: Answers in **BOLD**.

1. Revenue forecast Manager recommendation is \$8,721,274 this is an increase of \$223,590 compared to the Financial Department's proposed forecast.

Please provide assumption detail for the \$223,590 variance.

Based on last year's the past few years have been increasing above inflation. Last year at 2.8 so a 5% is actually about a 2% increase for first half of year, pretty conservative. Then we've been getting another 2-3% above that in the final half so I projected 8% on this half of last year's projected sales taxes. Construction is expected to be down but it does not appear to me it will be down as days pass and other projects keep coming forward. Also this is based on increase from this year's budgeted amount which again appears to be projected short of what we will actually receive but pretty close either way.

2. Please provide list of Departmental requested increase to FTE:

Existing part time employees - by department - requested increase in hours & projected cost

New Hires by department, job title, projected hours, begin date and projected cost. In your response, please note if the FTE increase was included in the Manager's proposed budget expense (total \$8,142,136).

**Approximate
Cost**

Wages	Total	Directors asked for:	Russ Recommend:
	1.53	<u>8 new FT EE's</u>	<u>5 New FTE EE's</u>
99850	152800	3 FT - Parks/Maintenance - Grounds Maintenance	76000 3 FT - Parks Employees - (6 months)
43500	66600	1 FT - CVMO - Officer 1	66000 1 FT - CVMO - Officer 1 (12 months)
27650	42400	1 FT - Parks - Rec Leader	42400 1 FT - Parks - Rec Leader (11 months)

32200	49300	1 FT - Streets/HURF - Equipment Operator	1 FT - Streets/HURF - Equipment Operator
79000	120900	1 FT - Library - Library Specialist	1 FT - Library - Library Specialist
		1 FT - Library - PT to FT Cataloger	1 FT - Library - PT to FT Cataloger
30000	45900	Wastewater OT	Wastewater OT
		<u>2 new PT (20hrs) EE</u>	<u>2 new PT (20hrs) EE</u>
13500	20700	1 PT - Court Security Officer	1 PT - Court Security Officer (Shared with CVMO now)
		<u>9 increased PT Hours EE</u>	<u>9 increased PT Hours EE</u>
6200	9500	3 PT - VC Ambassadors	9500 3 PT - VC Ambassadors
		<u>11 increased PT hours</u>	<u>11 increased PT hours</u>
1300	2000	1 PT - Parks - Rec Leader	2000 1 PT - Parks - Rec Leader
3500	5400	2 hrs for Econ Dev	5400 2 hrs for Econ Dev
11700	18000	<u>123 hours total for year for special events</u>	18000 123 hours total for year for special events
10000	15300	<u>Misc for rounding, etc.</u>	15300 Misc for rounding, etc.
358400	548800	For a total cost increase of:	234600

3. Could you list the significant items that account for the variance between Dept's expense forecast of \$8,582,491 and Manager's recommended \$8,142,136, difference of \$440,355.

Wages account for the largest portion as shown above the remainder are small changes here and there but the major ones are as follows: ED – Marketing and Projects 30K, IT/HR - Website/Software 30K, Code Enforcement - Dangerous Building/Abatement 7500, Court – Revenues 25K, CVMO – Auto Repair 11K, CVMO – Patrol/Investigation Equip. 13.5K.

4. Any planned change in pay class designation for current employees?

No. To institute any was over 200K, not feasible given the tight budget at this point.

6. Is any of the following information available - if so please forward:

Economic impact of Sports Complex

Not built yet so none expected this next FY Budget also we did not do a study but this will rely on future outside scheduling that will be dependent on final field availability etc. At this point this analysis would be premature.

Economic impact of Rodeo Arena

The study is scheduled for next week's council meeting.

Future sales tax revenue projection for RV park at I17 & 260 (Yr 2020/21)

Simply at 30% occupancy 120 spaces/units (overnights vs 30 night plus which would be in addition to) at \$50/night average. Both expected to be conservative it would generate approximately \$12,000 per month in bed and sales taxes (a little over half the total 3.65 vs 3 or 6.65 total) not including impact of other onsite sales and additional offsite sales. The impact is pretty conservatively estimated at about 200K.

Economic impact of new Simonton Business Park

We do not have enough detail to estimate what will happen next year or in the future yet but sales taxes will not generally be directly benefitting from this as I understand the potential.

Opportunity Zone Designation - what does this mean in terms of growth and development, infrastructure requirements and future revenues?

This is a significant discussion and one that if we want to discuss is a good future work session. Initially it is going to sewer where we have done a design study already and applied for a future grant for \$8 million. Additional infrastructure will be built as development occurs generally at development expense, this also is a highly variable situation depending on how quickly development occurs and whether it is sales tax producing or job development based. Absolutely a future revenue but forecasting that to any degree of accuracy or certainty is not feasible at this time.

Economic Department's growth and development projection for years 2020 & 2021

This is more than what could be produced in the time, however is generally within the statements already made. We do have significant projects in the works but timetable and impact to sales tax/jobs has not been specifically studied.

6. With the establishment of a Chamber of Commerce, have you received any funding requests?

We have not.

Please reply prior to Wednesday's meeting, May 8th and copy to all council.

Thanks, Dee

5/6/2019

Town Council Special Budget Minutes, May 8, 2019