

**TOWN COUNCIL OF DEWEY-HUMBOLDT
SPECIAL BUDGET MEETING NOTICE**

Tuesday, April 25, 2017, 9:00 A.M.

**COUNCIL SPECIAL BUDGET MEETING #1
2735 S. HWY 69**

**COUNCIL CHAMBERS, TOWN HALL
DEWEY-HUMBOLDT, ARIZONA**

AGENDA SUMMARY

1. **Call To Order.** Mayor Nolan called the meeting to order at 9:08 a.m.
2. **Roll Call.** Town Council Members Jack Hamilton, John Hughes, Amy Timmons, Doug Treadway, Victoria Wendt; Vice Mayor Mark McBrady; and Mayor Terry Nolan were present.
3. **Special Session for FY2017-18 Budget Deliberation – Meeting #1 – Budget worksheet overview.** Legal Action can be taken. Council deliberation and possible action to modify Preliminary Budget content.
 - 3.1. **Review of Preliminary Budget by Funds and Departments (General Fund – Revenues, Expenditures: Town Council and Management, Town Clerk, Finance, Legal, IT, Magistrate Court, Public Safety, Engineering, Public Works, and Community Development, non-Departmental; HURF – Revenues, Expenditures: Engineering, Public Works; Grant Fund).**

Mayor Nolan advised of the purpose of the meeting and the hope of finishing up by noon.

Town Manager (TM) Kimball gave an overview on the topic sharing that revenues look good. She explained that Pages 3 & 4 were summary sheets. TM Kimball offered to go line by line or however the Council wished. There was consensus not to go line by line, but to go over the summary first.

Community Outreach – Firewise

Councilmember Wendt inquired about including “Chipper Days” in the budget. TM Kimball explained that the Town is considering purchasing their own chipper, so it wasn’t necessary to add this to the budget. Councilmember Wendt just wanted to be sure it was included in the budget, as well as manpower.

Councilmember Wendt wanted to be sure that there were funds allowed according to acreage for the Firewise Community Outreach participation. Based on 801 citizens affected, she feels a \$1600 donation was appropriate. She questioned that there is only \$2000 in the budget and would this be enough to run the meetings. TM Kimball explained this line item was on Page 7 noted as GL 10-465-6950 – Community Outreach. Councilmember Hamilton recommended increasing this amount to \$3600. Councilmember Wendt stated that the 801 number included Foothills East with Blue Hills. TM Kimball reviewed what was included under Neighborhood Outreach: Museum - \$10,080; Agua Fria Festival - \$2,000; Mayer Meals on Wheels - \$4000; Dumpster Days - \$2000; Other Events - \$2,000.

There was discussion regarding the monthly Museum rent (\$840 per month), which was the amount the Museum was requesting. The Town currently pays \$700 toward that rent. Councilmember Wendt recommended the Town cover the monthly rent in full.

Councilmember Wendt asked what the \$20,000 water allowance was. TM Kimball explained that there was well water testing and the \$100 Drinking Water Improvement grant covered under this line item. The participation in these programs was not what was expected. There was consensus to eliminate these programs.

Councilmember Wendt asked about the reimbursement to the abatement companies, when will it be applied and how much would be needed to cover that item. This would be replenished as the grant is sent back to the Town. TM Kimball explained there were options available. She explained there was a grant program going on with Prescott Area Wildland Urban Interface Commission (PAWUIC) for defensible space. There is up to 90% reimbursement. The property owners can apply for grants and when they are reimbursed from PAWUIC, they reimburse the Town. Councilmember Hamilton spoke of taking this money from the contingency fund. TM Kimball spoke again of the options regarding this expense, Community Outreach, overrun contingency fund or the grant fund. Councilmember Hamilton just wanted to be sure it is covered in the budget. TM Kimball will bring more details regarding this program to another meeting.

Councilmember Wendt asked about the specifics of the line item for miscellaneous grants. TM Kimball explained that each municipality has an expenditure limitation. This fund covers any miscellaneous issues that may arise during the year. If an amount is not designated in the budget, than it cannot be accessed if a need arises.

Councilmember Hamilton questioned the Sheriff and Library contract numbers increase. TM Kimball explained that the YSCO contract is already agreed to and approved by Council at a previous meeting. She negotiated with the Library for a lower increase. There is a six-year agreement with the Library that is due now and she thinks the increase is reasonable.

Councilmember Hamilton spoke of liking to see a breakdown under HURF of the roads they are going to do this year. TM Kimball said this will happen. Today's details were more general, the next meeting will include the Public Works Director.

Councilmember Hamilton commended the Town Manger on removing the contingency fund from the budget and providing a truer figure of what they are spending.

Councilmember Wendt spoke of recently attending FEMA training and if there was a catastrophic event there needs to be enough in reserve to cover an event of this nature. TM Kimball spoke of an event at her previous employment and the need for a contingency fund. There is over \$3M in the cash contingency fund. The overrun contingency amount of \$200K was removed from the budget numbers, but it is still there. Councilmember Hamilton spoke of having enough reserve, what is taken in should be spent on the community assets. TM Kimball said the Town could decide to purchase property sometime during the year, so she does not want to make it \$0.

Mayer Area Meals on Wheels

Councilmember Timmons spoke of the MAMOW request for \$4K, but feels they may have an increased need. TM Kimball said that it is up to the Council to decide how much. There will be an accountability contract along with expectation for the money. Mayor Nolan recommended giving the \$4K they asked for.

Dewey-Humboldt Historical Society (DHHS) Museum

Councilmember Wendt spoke in support of totally funding the Museum rent. TM Kimball stated the actual rent is \$840 per month with the Town subsidizing \$700 per month. TM Kimball covered the full rent amount in the proposed budget. Councilmember Wendt recommends participating in the Agua Fria Festival, as well as paying the full rent amount. Councilmember Hamilton spoke of the Festival and rent being two separate things. There was confusion over the funds with TM Kimball clarifying that the proposed budget includes the full rent of \$840 per month and \$2K donation for the Agua Fria Festival. Council clarified with Carl Marsee of DHHS that they could

have a booth at no cost for the Town and Firewise. There was further discussion of supporting MAMOW. Mr. Marsee indicated he would check with the DHHS board.

TM Kimball commented that the Community Outreach budget comes in at \$33,680. There was also comment that the Dumpster Days budget was doubled as they are proposing to have two dump days the next fiscal year.

Dewey-Humboldt Library

Town Manager Kimball just received information yesterday that the Library lease is going to increase significantly. The building is rented from the Community Action Program under a six-year agreement and is currently \$1,012 per month. The lease expires this year and CAP is going to increase the lease up to an additional \$20,000 this year. There was Council discussion regarding the unexpected increase, reasons behind it, discussion of a previous request to pave the road to the library, comparisons of the proposed rent per square foot of the Library vs. Humboldt Station, moving the location, and the proposed Town Hall project including a Library.

Public Comment was taken

Carl Marsee spoke of working in Pasadena for the public works department. There were several people who wanted to turn private roads over to the city for maintenance. He felt this was an alternative for the Library-building owner in this situation.

There was further Council discussion regarding the paving request from the Library building owner.

TM Kimball adjusted the number from \$13,000 to \$32,400, which is a \$19,000 increase. There was Council discussion pondering the reason behind the increase and what the next steps of this process was. TM Kimball clarified that she and the Mayor met with J.W. Mitchell who is the Community Action Program President. The contract is up June 30, 2017. TM Kimball noted there would be less transfer of funds to HURF as a result of this increase.

Raise/Merit

Councilmember Hamilton inquired as to how much health care benefits increased. TM Kimball noted that the current monthly rate for healthcare per employee is \$668, which has increased to \$728. Councilmember Hamilton summarized this as \$60 more per month per employee. TM Kimball shared that the Town pays for 100% of the employee rates. Employee family benefits are paid by the employee. Councilmember Hamilton summarized that with the proposed 5% raise, the additional insurance premium would total 6%.

There was Council discussion regarding the proposed employee salary increase. Councilmember Hamilton spoke of the department heads such as the Town Clerk; Public Works Director; Finance, being more critical and the supportive employees not as critical.

Mayor Nolan spoke of employees without incentive, acquire training, and leave for other employment.

Councilmember Timmons spoke of working for a larger corporation with low employee turnover as they were compensated and awarded across the board. The employees were taken care of.

Councilmember Wendt spoke in support of across-the-board, equal salary increases.

Councilmember Hamilton spoke of being rewarded based on the responsibility of the position. He spoke of Council looking at the pay scale for the employees and adjusting according the

responsibility required. This could be done sometime in the future. The pay scales may need compensation for the responsibility added.

Councilmember Timmons asked if there is compensation for employees when they add education/skills or assume added tasks. TM Kimball spoke of the sensitivity of personnel and salaries. She noted the importance of teamwork and part of that is assuming additional duties as they arise. Councilmember Timmons assumed that when staff receive additional training they were rewarded. TM Kimball spoke of certain duties being covered under your salary and that extra training does not necessarily qualify a raise or reward. TM Kimball noted that most certification course expenses are paid by the Town. She noted that Staff are pulling their weight, not avoiding assumption of duties. Councilmember Timmons again noted that pay raises should be across the board. Anyone not deserving of a raise, should not be working here.

Mayor Nolan spoke of the cross-training that takes place in this office and that each employee is valuable. He spoke of the employees learning their positions and moving up when they are trained. He noted how many employees move on to other local municipalities. Mayor spoke of most areas receiving 10-12% increases. Mayor Nolan spoke in support of the 5% increase and paying the health insurance increase. He spoke of the importance of maintaining the current staff.

Councilmember Wendt asked if there were job descriptions. TM Kimball noted there were job descriptions for each position. Councilmember Wendt spoke in agreement with the Mayor on the 5% increase, assume the health care increase, and in the future look at analyzing the salary ranges.

Councilmember Treadway spoke of the value of investing in the employees as they are the most valuable asset. He spoke in support of reevaluating the pay scale and compare to other towns. He agreed with the 5% salary increase and noted the Town has lost some good employees.

Councilmember Timmons spoke of believing that employees are happy with their jobs, so she was not sure why the Town loses employees. She noted employees need to have something to look forward to each year would be more invested in their jobs.

TM Kimball reiterated that there are job descriptions and accompany pay scales. Some employees are at the top of their range. She would be able to send that to the Council Members. League of Cities calculates a COLA each year. This year that COLA figure was set at 2%, which is part of the proposed 5% increase. In actuality the merit portion is 3%.

Councilmember Treadway left the dais at 10:41 a.m.

Councilmember Hamilton spoke of employee salaries being 40% of the budget. He warned of not being able to lower salaries in times of economic downturn.

Councilmember Treadway returned to the dais at 10:43 a.m.

Councilmember Hughes spoke in support of the 5% salary increase this fiscal year, but agrees that in the future you need to look at responsibilities and pay scale adjustments. He spoke of growth justifying an increase in salaries.

Miscellaneous

TM Kimball noted that she included \$25,000 in the budget for a potential study with the General Plan update coming up. If you are going to use consultant they could cover the fees and salary study, as well.

There was discussion regarding the consulting necessity including General Plan, Fee Study, Salary Study, etc... whether there would be public participation, however, a community vote is not

required. There was further discussion regarding this process and that this should be addressed soon, as it is a time-consuming issue.

TM Kimball explained the \$11,000 budget item for video improvements for the Council Chambers. Town Clerk Morgan explained the proposed camera placements and switcher equipment.

Councilmember McBrady recommended a voting system that would allow Councilmembers to vote simultaneously and requested staff get costs for this. Councilmember Wendt was unfamiliar with the voting system, but recommended not getting too carried away with the audio system. Councilmember McBrady thinks the recent audio improvements are good and the current camera is adequate.

TM Kimball spoke of a \$10,000 line item for the Public Works yard improvements such as fencing, more space for new equipment.

Councilmember Wendt inquired why the Magistrate Court is not outsourced to Mayer? Or, is there a cost-savings there. Mayor Nolan explained that Council decided six years ago they wanted an attorney/magistrate and the code would need to be changed if there were changes made to this system. TM Kimball spoke of this having been done before and the Judge could present pros/cons and other data to the Council. Councilmember Wendt asked if this would be a biased presentation, however, she still questioned if there could be a cost-savings in outsourcing this. There was further discussion regarding the hearing officer; other locale procedures; the advantages of the current court system; and the possibility that Mayer would not take the Town back. There was discussion in support of doing an analysis and there was further discussion that the Judge does a good job and Council being in support of the Court.

Councilmember Timmons spoke of not having confidence in the Town Attorney. Mayor Nolan spoke of the Town Attorney fees being based on what the Town refers to her, in addition to a basic fee. TM Kimball spoke of this fee having been controlled over the years. The line item amount was based on 20 hours per month, but Town Staff is diligent on not calling her if not necessary. Other municipalities have the attorney attend every meeting. The Town has done without.

Councilmember Hamilton questioned why there was money for ethics hearings when the elimination of the Ethics Code removed the need for this. TM Kimball explained that there was still a hearing pending that may be heard in the next fiscal year.

TM Kimball summarized the items covered in this Budget Session: Video system and voting machine to be left in for future consideration; Outreach items; Employee Compensation; Cost Overrun Contingency, which she recommends leaving \$200,000 in that fund. Councilmember Hamilton recommended leaving that amount there.

TM Kimball advised she would have Ed Hanks, Public Works Director, and Judge Kelley attend the next meetings. A detailed plan for HURF, heavy equipment and the addition of a staff member would be covered. Mayor Nolan mentioned the revenue for the building fees.

Councilmember Wendt noted that there was an inclusion of a change to the Finance Department with the addition of a part-time employee. Town Manger Kimball explained that initially there were two full-time employees, with one employee retiring. Mickey Moore was promoted. There needs to be a checks-and-balance in that department, which TM Kimball has been assisting with. The proposed full-time employee would be a Finance Director, which they haven't had as TM Kimball assisted the two full-time employees in this capacity. Essentially, it was two full-time employees and now it is 1.5. Councilmember Timmons asked who the half time employee is and

was informed this was Julie Gibson. TM Kimball noted the benefit of an added position would free her from accounting responsibilities. Councilmember Timmons clarified that there are currently 1.5 positions in the Finance Department with the proposed addition of another half position. Councilmember Hamilton spoke on Accountant Moore having been trained and able to take over and that this should be maintained as a full-time position. He spoke of needing cross-training as this could happen again in the future and that the second position should be full-time. Councilmember Wendt recommended that the added position have grant-writing experience. Councilmember Timmons asked for clarification on what the full-time position would be. TM Kimball said she would love to have a Finance Director. Councilmember Timmons asked what skills this position would require. TM Kimball explained the Finance Director would be sitting in her position presenting the budget to Council, as an example. It is about managing and strategic skills. Councilmember Timmons asked if this could be promoted from within, and then hire an underling for the second position.

Councilmember Wendt left the dais at 11:26 p.m.

Councilmember Treadway spoke of feeling that the Town does not need a Finance Director. He believes that Ms. Moore does a wonderful job and is capable of giving the talk on the budget. Promote her to the Finance Director. Councilmember Timmons spoke in support of this and hiring an assistant for the Finance Director. Councilmember Hamilton does not feel this is practical for the budget and recommended adding a .5 position.

Councilmember Wendt returned to the dais at 11:28 p.m.

Councilmember Hughes left the dais at 11:29 a.m.

TM Kimball spoke of personnel placement being a sensitive issue. The Town's finances are relatively easy without bonds, tax, debt, etc... She spoke of the additional position as being icing on the cake, but not necessary. Succession planning is performed as best as possible. TM Kimball spoke of all staff being replaceable. This proposal allows to fund a Public Works full-time employee. Councilmember Timmons spoke of believing that Accountant Moore doing a good job and other salaried staff can pick up the slack. There was also clarification that there is a current temporary part-time position that is filled at this time by Debbie Oberle. If this is made a permanent position it would be posted and if she were the best candidate, she would be the permanent part-time hire.

Councilmember Hughes returned to the dais at 11:31 p.m.

Councilmember Treadway spoke of the safety issues involving Highway 169. Could a no passing zone and reduced speed be considered until the work is completed? He promised to bring this to Council on behalf of citizens. Mayor Nolan noted this was an ADOT issue. Councilmember Treadway is aware that it is ADOT.

Councilmember Hughes spoke of different ADOT requirements and citizen opinion on this matter. He is aware of the safety issues but if you narrow the request down to no passing lanes with double yellow lines, you could probably get this approved more quickly and agreed to work with Councilmember Treadway on this issue.

There was further Council discussion on this being ADOT's financial responsibility and Council's awareness of this major safety issue. Councilmember Treadway spoke of not wanting blood on the highway in order to get attention to this issue.

Councilmember Hamilton spoke of the \$10,000 budget item for hot patching and he would like to see this increased and will bring it up when Public Works Director Hanks is present. TM Kimball noted there was an increase to the hot-patch budget.

Councilmember Treadway left the dais at 11:39 a.m.

Revenue

TM Kimball reviewed the revenues with Council including state sales tax; vehicle license; building fees; Planning and Zoning fees; Public Works fees. The latter three involve development growth. There are also utility franchise fees; court revenues related to Sheriff's activity and interest earnings. Ms. Moore, the Town Accountant, has researched this and figured out the LGIP investment account interest earnings. TM Kimball commended Ms. Moore's hard work in this area.

Councilmember Treadway returned to the dais at 11:41 a.m.

Mayor Nolan inquired about a building fee increase and if it was based on a trend. TM Kimball replied that this did not include an increase.

Building Official Don Roberts spoke to Council on this subject. The fees are based on Yavapai County's 2007 fees. The fees have not increased since that time and are based on \$87.50 per square foot and include electrical, mechanical and plumbing. He explained his procedures for fee calculation and valuation and explained the various types of fees. Yavapai County is attempting to raise their fees up to \$110 per square foot effective July 1st. That does not include utilities which would be an additional \$7.50 per square for a total of \$118 per square. Chino Valley is leaving their fees at this time. Prescott Valley and Prescott have increased. He spoke with a local builder who said an average home of 2800 square foot home is running about \$35,000 for permit fees. The average in D-H is \$2,500. Official Roberts feels these are very comfortable fees and sees no need for change at this time. He feels there will be an increase in family residential this year, as builders are preferring this area over other more expensive fee areas.

Mayor Nolan asked if the Town recovers a fee for wells. Official Roberts denied this and recommended not going in this area. There is already a hardship obtaining water.

Councilmember Wendt inquired why the Town is only breaking even on manufacture homes. Official Roberts explained the state regulates the fees. The Town does charge additional fees if extra inspections are required, if they call when they are not ready and he has to re-inspect.

Councilmember Hamilton asked Accountant Moore about the interest earnings. Accountant Moore explained that the long term interest is based on market rate at the time of withdrawal, the other one just rolls in. One is the actual interest that is the Town's, the other is fluctuating. Councilmember Hamilton noted that the money is being gained even though it doesn't show. At the end of the year, the fluctuation will be reflected so it can be seen, but it will be backed out for more realistic terms. This will show a better picture of funds available.

TM Kimball spoke of the local sales tax which had a significant increase from last year, giving Accountant Moore credit for her accurate numbers allowing TM Kimball to give a more accurate projection. The accuracy is much improved as it was previously misleading. TM Kimball thanked Council and her staff for their input in this project.

3.2. Revised FY 17-18 Budget Calendar

Mayor Nolan noted that the next budget meetings are May 9th and May 23rd. He is optimistic that they may be done by the May 9th session.

Councilmember Wendt questioned if there would be a Work Session meeting after the Budget Session on May 9th. This was affirmed. Councilmember Wendt noted that there was to be a third Work Session scheduled for the evening as opposed to the afternoon. Councilmember Timmons noted that she took work off on May 9th, so she would be available for both meetings.

Councilmember Hughes spoke of a prominent Town resident, Pete Woolsey, having recently passed away.

Councilmember Hamilton spoke of the procedural manner for the Work Sessions in accordance with the upcoming budget sessions. Mayor Nolan noted that there is a meeting May 2nd wherein action could be taken. TM Kimball clarified the next budget session would be May 9th at 9:00 a.m. and the Study Session issues could be decided later.

4. Adjourn.

The meeting was adjourned at 12:06 p.m.