

**TOWN OF DEWEY-HUMBOLDT
TOWN COUNCIL
SPECIAL BUDGET MEETING #2 MINUTES
MAY 9, 2017, 9:00 A.M.**

A STUDY SESSION OF THE DEWEY-HUMBOLDT TOWN COUNCIL WAS HELD ON TUESDAY, MAY 9, 2017, AT TOWN HALL AT 2735 S. STATE ROUTE 69, DEWEY-HUMBOLDT, ARIZONA. MAYOR TERRY NOLAN PRESIDED.

1. **Call To Order.** Mayor Nolan called the meeting to order at 9:12 a.m.
2. **Roll Call.** Town Councilmembers Jack Hamilton, John Hughes (arrived late at 9:50 a.m.), Amy Timmons arrived late at 9:17 p.m.), Doug Treadway, Victoria Wendt; Vice Mayor Mark McBrady; and Mayor Terry Nolan were present.
3. **Special Session for FY2017-18 Budget Deliberation.** 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).**

MAGISTRATE COURT

Honorable Catherine Kelley, Town Magistrate begin the budget discussions. She had hoped that the new Councilmembers would be present to hear the Magistrate presentation. She shared that the Town has to have a Municipal Court, by contract with another entity, or to have their own. She reviewed the different ways they can handle Courts.

"What are the costs of the Court" legitimate and not legitimate. Judge Kelley has looked into ways to save funds. Magistrate services will always have costs, whether they are in-house or contracted out. She stated that she is frugal and runs her Court accordingly, which has been in-house for the past 7.5 years covering approximately 100 cases per month. She added that the current Justice of the Peace (JP) has not handled a consolidated Court and that the local people identify this as their Court location.

Some of the statistics regarding the other local entities that would have the burden of a shared Court are as follows: Mayer JP current caseload is approximately 7,000 cases per year; Prescott Valley is the same as Mayer (25,000 when traffic cameras were present); Prescott has approximately 17,000 caseload per year. If the neighboring Magistrate Offices took over Dewey- Humboldt cases they would need extra resources, equipment and have to store records.

Page 5 of Judge Kelley's handout shows the cost comparison when the Court was in Mayer (FY2006-FY2009) and when it became part of Dewey-Humboldt (FY2010). During the first year, that the Court was in-house there was an increase of approximately \$17,387. However, the following year showed a decrease of \$18,512. Additionally it is noted that wages and IGA contract costs could possibly increase. Also, shown on page 5 is the cost analysis of moving to another location. The costs for a Public Defender is not known at this time but is on an as-needed basis (approximately \$250 but budgeted for \$4,000).

Councilmember Hamilton asked what the prosecuting attorney does, in addition to our Court. Judge Kelley stated that there are a couple of independent prosecuting attorneys and ours is a prosecutor at Camp Verde. The simple cost analysis of \$81,000 is for the Court to exist, this could be anywhere, however, if the Court is in-house the revenue makes

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the difference. Judge Kelley pointed out the revenue from last year was extraordinary and the FY2013-FY2014 revenue is more realistic.

The citations written by the Sheriff's Department average approximately 300-500 per year. During 2010, there was a change in the enforcement philosophy and citations drop to one per month during that time. The stability in the past three years has shown with some fluctuation at about 20 citations per month. Citations are written for those that are doing something obviously wrong, notating records to show how many times a person is warned or given finite resources tickets. On average, 25-30% of the people stopped are ticketed.

Councilmember Timmons asked how much the cost is for a finite resource ticket. Judge Kelley explained that the cost was about \$50, but Town Council adopted fees that are added on to every traffic ticket and criminal offense. For Court costs, \$81 is added on, plus an addition 83% for Court fees by the state. The lowest price for a ticket is \$200 and is the same as for driving school. If the Council decides to change the \$81 fee, it will change the revenues. Judge Kelley stated that all other jurisdictions have those fees. A \$175 warrant fee can be avoided by providing communication with the Court, which the person is informed of up front.

Judge Kelley informed the Council that the revenues could not be controlled if the Court is moved. The Town of Dewey-Humboldt enforcement philosophy allows for monthly payments as low as \$5-\$10. Mayor Nolan asked about the Town's direct revenues. Judge Kelley shared that the total is personnel costs and nuts and bolts. Revenue is about \$131,000 and approximately \$64,000 of that amount is kept by the Town, so the difference is between revenue and cost. It was explained that a portion of that money goes directly to the state.

Councilmember Hamilton stated with an IGA, the Town is not in control of any increases, but would have to pay for the IGA. He added that he would like a police department to have control of the police services.

Councilmember Wendt agreed, it would be better in-house for more control and better accounting. Judge Kelley also agrees with keeping the Court in-house.

Councilmember Timmons shared that she had attended Judge Kelley's Court and appreciated the energy in the Courtroom and the way the cases are handled. Councilmember Hamilton stated that he appreciates Judge Kelley's approach to her cases in working with the citizens.

Judge Kelley stated that this Court can be responsive on a local level and that legal costs would go up if an IGA were in place. She informed the Council that the Magistrate must be an Attorney and that Judge Rummer in Mayer is not an attorney. If an IGA were in place there would need to be a revision to the ordinance to allow this change. Since 2011, Court costs have been fairly flat.

Councilmember Hamilton asked her advice on codes to see how they would affect her Court. Judge Kelley willingly agreed to come in to speak with the Council as she views it from the enforcement side. She added that she lives here and is always happy to help the Town. In response to Councilmember Hamilton's question Judge Kelley stated that she has no problem being able to waive the Town fines if the problem has been remedied.

Councilmember Wendt cautioned about developing ordinances to make sure they are not biased against the public to create hardships and be careful not be overzealous.

Councilmember Timmons asked how the Town hired Judge Kelley. Judge Kelley shared that she was interviewed by the Town Council and was hired (there were eight candidates for that position). Council, with reappointment on a two or four-year schedule, appoints the Judge. Councilmember Hughes stated the Justice of the Peace are elected and that there are 13 lower Court Judges in the County.

Judge Kelley shared that she would provide the statistical pages with comparisons added to Council.

PUBLIC WORKS

Public Works Director, Ed Hanks, Council reviewed the list of roads and mileage for the next fiscal year maintenance. Additionally the dirt road grading for the spring and fall seasons are maintained at Level 1 in spring and Level 2 & 3 in the fall. All road maintenance is on a five-year rotation plan. Level 1 is grading only, Level 2 is more intense to remove ripping and getting exposed rocks out. Councilmember Wendt asked why the estimate for Beverly Hills Drive was so high. Director Hanks stated that it includes $\frac{3}{4}$ miles at Level 2 grading and adding additional materials since the road is wider and also on a hill. He added that the cost is \$3,000 per mile and that road is being re-profiled. Mayor Nolan asked if any of the soil was being sampled. Director Hanks shared that it was not being done on the dirt roads, but will be on the dirt prior to chipping. Paving is at a depth of 6-8 inches and chipsealing is at 3 inches for a solid road base.

Councilmember Hamilton asked about continued maintenance on Old Black Canyon Highway and why it is not on the list for next year. Director Hanks said that they would be finishing the hot patching this year. The 1-mile chip seal process was originally set to be scheduled but didn't get added. Some roads may need to be extended to next year. Mayor Nolan asked about the ditching work. Director Hanks shared that most ditches are stabilized and holding. Director Hanks stated that the highlighted (shaded) roads on the five-year Maintenance Plan/Schedule are roads that are already milled and are flatter roads. Councilmember Hamilton asked if the millings from the State work on Hwy 169 were available to the Town. Director Hanks mentioned that he would try to get them, but was not sure if they were grinding this year or not. Councilmember Timmons asked how the maintenance on the milled roads is completed. Director Hanks stated that on a Level 1 they use a blade and, if there is deterioration, more millings are used to fill in any potholes and voids.

Councilmember Hamilton asked about the capital equipment in the Highway User Revenue Fund (HURF) and also where the depreciation to replace equipment is shown in the budget. In the Public Works Account 20-431-7008, one-time road projects/equipment expense, there is itemized a Roller, Back Hoe and a Chipper. Town Manager, Yvonne Kimball, stated that depreciation is not on the budget sheet but is in the audit (assets) Equipment Depreciation Schedule. Councilmember Hamilton asked about the deficit in the HURF fund and what does that leave for reserve. Town Manager Kimball stated that there is currently \$300,000 in the HURF fund, and will be approximately \$200,000 after the equipment purchases. Councilmember Hamilton felt that this is not a true cost of the roads as no salaries are paid out of HURF and normally they would. He added that the Town is paying for those salaries with the General Fund. Councilmember Wendt asked if a non-departmental transfer could be made to the HURF account. Town Manager Kimball shared that that transfer was started last year into HURF rather than the General Fund. It is up to the Council's philosophy and HURF is not enough to pay for all the road expenses. The General Fund is doing well so the personnel costs were put there, so that the HURF could be used for maintenance projects and equipment. Council can direct which account

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can be used for equipment purchases, but HURF funds can only be used towards roads. If the HURF reserves are higher, those funds have been used.

Councilmember Wendt identified that there is no engineering in the Capital Road Improvement item this year. Town Manager Kimball stated that that line item is added, if there was some work requiring Engineering. Some of the grants in CDBG and ADOT may have required Engineering, but the grant funding paid for that work. Councilmember Hamilton asked about the roadway maintenance as well. Director Hanks added that an Engineer is not necessarily needed with established roads and that he had never seen funds in that category since he has worked for the Town.

Councilmember Hamilton asked for clarification on what the funds in the Flood Control category were spent on. Director Hanks stated that drainage, low water crossings that need to be redone, Kachina Road, Hwy 69 to Pony culverts were deteriorating and too small. He is hoping with enough time to have the drainage and road repair done by in-house crews. Councilmember Hamilton asked about the search for new equipment and if deposits are required to hold the purchase. Director Hanks stated there are a few pieces of equipment in Phoenix that he is currently interested in. Councilmember Hughes asked if the equipment was a one-time road expense. Director Hanks stated they were, excluding the chipper, which was in the capital expense category.

Councilmember Hamilton asked if new personnel was being hired before the new Fiscal Year. Town Manager Kimball stated there is a possibility that it could happen. Director Hanks said that if there are funds remaining this year they could be used on the Old Black Canyon. He also shared that his department tries to balance the road miles maintained between the West and East sides of Town. Councilmember Wendt felt there appears to be an imbalance with the maintenance to the west side and mentioned chipsealing on Tonto. Director Hanks shared that Tonto was in this year's budget, however, the measurement is calculated on square mileage and Henderson is the widest road in Town. Councilmember Hamilton mentioned that all roads are on a six-year Road Maintenance Plan.

Councilmember Wendt asked, if when new equipment is purchased, for hot patching, do we anticipate those budget numbers to go down. Director Hanks stated that currently about 80 tons of hot patch is used a year, with the new equipment, those same funds will increase that number to 120-130 tons equating to more repairs for same amount of budgeted funds. It was noted that an article in the June Newsletter will list the road repair locations and that the message board will be placed in advance regarding delays. Councilmembers Timmons requested an explanation regarding the list of roads and the map that changes yearly. Director Hanks stated that the list is used as a guideline, but allows for switching roads, if immediate repairs are needed.

Mayor Nolan asked when Dewey Road was scheduled to be paved. Director Hanks shared that it is on the plan to be re-chipped next year but only to the Town-owned sections. Director Hanks added that he would adjust the list for Old Black Canyon. Mayor Nolan asked Director Hanks what his pay grade is. Director Hanks stated that he was hired in at the Public Works Supervisor pay range.

Councilmember Hamilton identified that Council had previous discussions regarding forming some type of Neighborhood Outreach to help people with clean-up issues, perhaps \$1,000 should be budgeted, if this committee is formed. Mayor Nolan inquired whether Northern Arizona Council of Government (NACOG) provided any fund for elderly assistance. Town Manager Kimball shared that she had not heard of anything, but could

look into it. Councilmember Timmons asked how the committee would work. Councilmember Wendt explained that someone would identify the need for assistance. Councilmember Hamilton explained that, if the Town Council appoints a committee, it would then have to meet the Open Meeting Law criteria. Councilmember Wendt suggested that members of the community such as neighborhood watch groups could identify people that need assistance. Town Manager Kimball encouraged the Councilmembers to speak with citizens to see if the public is interested in that type of program. Councilmember Timmons felt that a neighborhood outreach type of committee in more general and not offensive to anyone, could be discussed in the newsletter, involve open-minded fair people and keep Council out of it. Town could assist with funds, but the committee would be citizens helping out citizens. Councilmember Wendt felt the committee could move quicker without being Town-appointed.

Town Manager Kimball shared that there is no CDBG funding in this upcoming budget year, but hopes that the following year will be funds available. She suggested that the NACOG Grant Administrator could provide a presentation to the Council, regarding items such as housing grants, the grant cycle and eligibility requirements. Councilmember Wendt thought that the Code Compliance Officer could provide some complaints where the individual is unable to bring their property into compliance. Councilmember Hamilton agreed with the suggestion to fund \$1,000 as a minimal amount and, if needed, that item could come back for revision. Town Manager Kimball proposed including something in the budget narrative to speak to supporting this type of committee in response to Councilmember Timmons' concerns.

Councilmember Hamilton suggested allowing the Town Manager the discretion of authorizing the feeding of volunteers, but to not set any hard rules. Town Manager Kimball suggested funds in the amount of \$2,000 for Outreach.

Councilmember Hamilton asked about a narrative for Town hall possibilities. Town Manager Kimball deferred to the Council and Councilmember Hamilton stated that he wants to see the search for acquiring a Town hall in the narrative.

Councilmember Wendt felt it should be brought up to the voters to decide.

Councilmember Timmons also shared that it could be a question on the next scheduled election.

Councilmember Hamilton reminded everyone that you could do a survey but not an initiative. The Council was elected to make those decisions and, if someone does not like their decision, then it can go on as a referendum. The public can put an initiative on the ballot, but not the Council, and it required approximately 400 signatures.

Councilmember Hughes shared that it has been a long time and Council needs to do something, to set funds aside to deal with the Town hall. Building the Town's foundation getting the infrastructure started is very important. He feels that it is the Town Manager's job to figure out how to get it started. Town Manager Kimball and the Council were in consensus to add that in the narrative.

Mayor Nolan asked if the IT funding was sufficient. Town Manager Kimball said it was. Councilmember Timmons asked about the current contractor and the terms of their contract.

Mayor Nolan suggested adding in stipends for Council. Councilmember Hamilton suggested not placing anything on the line item or in the budget until Council votes. Town Manager Kimball explained that there is currently a salary and wages line item for Council

Town Council Special Budget Meeting Minutes, May 9, 2017 and Management, but at this time it includes only the Town Manager. Mayor Nolan felt it was beneficial as some Council Members take time off from work to attend meetings. Councilmember Timmons felt it would not matter unless the Town was trying to encourage candidates to run for office. Councilmember Hamilton disapproves of stipends for Councilmembers.

Town Manager Kimball reviewed the items discussed already. The HURF change needs to be ironed out and \$2,000 to be added to Community Outreach. Councilmember Hamilton asked if a Council action was needed to authorize this Outreach Committee. Town Manager Kimball shared that it is currently a Council Committee for Clean-Town but, if Council directs, it could be another committee. Councilmember Timmons suggested funding that item now and figure out which committee later. Town Manager Kimball spoke to placing something on the agenda to get Council direction. Councilmember Hamilton suggests they authorize the Town Manager to form the committee and they can do that at the next meeting. Councilmember Timmons stated they would work out a CAARF with the Town Manager.

Mayor Nolan left the dais from 11:42 - 11:45 a.m.

Councilmember Hughes asked if the refund on page 7 was for the Keenans. Town Manager Kimball stated that an account was generated through the software for Building Department fee refunds.

Mayor Nolan asked if the line item for the Attorney was the same or less. Town Manager Kimball stated it was decrease by \$5,000, estimated at 20 hours monthly at \$200 per hour. Councilmember Timmons asked how the attorney is selected. Town Manager Kimball responded that a Request for Proposal (RFP) procurement process is followed, it is posted and qualified firms submit their proposal. This was done just last year and Council chose to select the same firm with a term of one-year with automatic renewal. The process is the same but terms can be different.

Councilmember Hamilton explained that firms could be let go. The legal team reviews documents to avoid problems and he feels that it is money well spent. Councilmember Timmons agrees with the need for legal advice, but when the response is "not sure", she loses confidence in the Attorney and does not feel that she is here for the Town but for her own benefit. Councilmember Hamilton explained the difference between an opinion and legal advice and that research costs more than an opinion due to time spent. She is one of the select few that work in Municipal law. Getting legal advice up front, helps avoid Court time, which is very expensive. Councilmember Wendt mentioned that attorneys are generally specialized and others may have more qualifications that can be considered, if a change is needed. Councilmember Hamilton stated that Attorney Susan Goodwin changed law firms and that was why they selected her at this time. Attorney Bill Simms was excellent but only had a few more years of practice. Other candidates did not have the same level of experience. When asked how many candidates there were, Town Manager Kimball shared that there were four candidates/firms, but one dropped out.

Mayor Nolan recessed the meeting at 11:57 a.m. for a lunch break.

The meeting reconvened at 12:44 p.m.

Public Comment

Nancy Wright spoke of issues she has noticed with the meeting video freezing up during the live feed and it should be considered using the comments portion of Granicus for

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feedback from those not attending the meeting. She added that the Town Attorney is the only one who does not charge mileage and that should be considered in the future.

Councilmember Hamilton supported that the Granicus issue be researched. Town Clerk, Judy Morgan, stated she would check into the freezing live and buffering or archived videos.

In review, Town Manager Kimball identified that the Old Black Canyon oversight has been fixed and \$8,000 has been added to that line item with the level of service column having been adjusted accordingly. Finance Manager Mickey Moore, will move \$8,000 from unallocated funds to add for the road, rather than taking it from other areas of work. The streets will be rescheduled and the map redone. There is a \$5,000 increase to Flood Control funds to take care of the extra work needed. Line 5 will be reduced by \$1,000. She asked if the Council was interested in a presentation from NACOG regarding their program and how it relates to the Town. Mayor Nolan stated yes, especially for the new Councilmembers. Town Manager Kimball stated the narrative would be ready for the Council as soon as possible.

3.2 Discussion on whether to revise FY17-18 Budget Calendar. [Whether to hold May 23, 2017, (3rd) Special Budget Session, as scheduled.

Mayor Nolan asked the Council if they felt they would need another Budget Meeting. Town Manager Kimball stated, if there were no need for another session, then she would finish up the narrative and provide a draft prior to the June 6, 2017, Regular Council Meeting for review. The tentative budget adoption is set for the June 7, 2017. Councilmember Timmons asked if they would be able to discuss the budget at the next Work Session. Town Manager Kimball stated that June 6th they would be able to review the draft, the June 13th Work Session allowed for modifications and June 20th for final adoption. Councilmember Wendt asked if the June 23rd Special Budget meeting was cancelled since it would not be needed. The cancellation of the June 23, 2017, Budget Session was confirmed.

4. Adjourn.

The meeting was adjourned at 12:57 p.m.

Terry Nolan, Mayor

ATTEST:

Julie Gibson, Town Clerk