

**TOWN OF PAYSON
TOWN COUNCIL MEETING
MINUTES OF THE SPECIAL MEETING
January 13, 2010**

CALL TO ORDER

Mayor Evans called the meeting to order at approximately 3:00 p.m. in the Town Council Chambers, 303 N Beeline Highway, Payson, Arizona.

PRESENT: Mayor Kenny Evans, Vice-Mayor Mike Vogel, Council Member Ed Blair, Council Member Su Connell, Council Member Richard Croy, Council Member Michael Hughes, and Council Member John Wilson.

STAFF PRESENT: Debra Galbraith - Town Manager, Sam Streichman - Town Attorney, Martin deMasi - Fire Chief, Donald B. Engler - Police Chief, Silvia Smith - Town Clerk, LaRon Garrett - Town Engineer, Colin P. Walker - Assistant Public Works Director, Cindy Smith - Chief Fiscal Officer, Ray Erlandsen - Acting Community Development Director, Terry Morris - Library Director, and Cameron Davis - Parks, Recreation and Tourism Director.

Vice-Mayor Vogel was present telephonically.

OTHERS PRESENT: Tracie Bailey - Deputy Town Clerk, Tim Wright - Deputy Town Attorney, Hope Crib - Financial Analyst, Jimmy Rasmussen - Fire Battalion Chief, Gary Vohs - Fire Captain, Diane Stoyer - Legal Department Office Manager, Margeret Goodell - Assistant Library Manager, Donald Garvin - Police Lieutenant, and Jason Hazelo - Police Sergeant.

Discussion/possible action re: Expenditures/Revenues of the FY 2009/2010 Budget and FY 2010/2011 Budget, including but not limited to:

- A. Status of Revenue/Spending.
- B. Projected Revenue Estimate.
- C. Options for increasing revenue.
- D. Potential limitations/reductions in spending and services, including but not limited to:
 - (1) Potential reductions in departmental spending;
 - (2) Potential reductions in services;
 - (3) Potential employee work furloughs;

- (4) Potential employee salary reductions;
- (5) Potential employee lay-offs;
- (6) Potential redistribution of health care costs.

E. Establishment of responsibility to make appropriate reductions in spending and services. Should the need arise, Council reserves the right to suspend the order of the agenda for consideration of a motion to recess/adjourn to executive session, pursuant to ARS 38-431.03 et seq, to discuss any item(s) listed on the special meeting agenda that would be authorized for executive session under ARS 38-431.03.

Mayor Evans asked for a silent moment of prayer for the victims of the earthquake in Haiti.

Debra Galbraith, Town Manager, asked Cindy Smith, Chief Fiscal Officer, to give the slide show presentation on the budget.

Ms. Smith gave a Power Point presentation on the FY 2009/10 budget.

Mayor Evans stated he has had several e-mails about the Town Manager not being furloughed and explained that the Town needs constant leadership and when other department heads are on furlough they are not allowed to take any calls or e-mails because they will be considered hourly employees on the week they take a furlough day. The Council has asked Ms. Galbraith to continue to work 90 hours plus per week and to be the person responsible for the Town at all times.

Council Member Blair explained that Ms. Galbraith has her cell phone on 24/7, 365 days and wanted people to know that.

Ms. Smith explained the furlough was flexible and employees could choose the days they would be gone.

Council Member Wilson asked if the benefits and taxes were running around 25%. Ms. Smith believed it was not that high. It was probably between 20% and 25%.

Council Member Blair asked if there was a line item of \$400,00. Ms. Smith stated it was adjusted for the Town Manager and the Clerks Department, during election time, not taking furlough leave.

Mayor Evans asked what adjustment the auditors found. Ms. Smith believed it was around \$850,000.

Council Member Blair asked if the \$1 million loan from the Water Department was included in the revised budget for the water fund. Ms.

Smith explained that it was in the estimated revenue reduction.

Council Member Hughes asked what was being reduced in the departmental budgets. Ms. Smith stated the department heads had all met and discussed the different areas that they could reduce costs.

Mayor Evans asked the employees to understand the dilemma the Town was in.

Council Member Blair felt pained that employees had to have a 12% reduction in pay. Mayor Evans explained that the furlough reduction in payroll was less of a burden for employees than a pay cut across the board.

Council Member Vogel felt the employees were supporting the Council in their efforts to balance the budget. Council Member Wilson agreed.

ADJOURNMENT

Mayor Evans adjourned the meeting at approximately 3:37 p.m.

APPROVED:

_____ Date: _____

Kenny J. Evans, Mayor

ATTEST:

Silvia Smith, Town Clerk

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the special meeting of the Town Council of the Town of Payson held on this day the 13 of January, 2010. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this ____ day of _____, 2010.

Tracie Bailey, Deputy Town Clerk



COUNCIL SPECIAL MEETING

FY2009/10 BUDGET

January 13, 2010
3:00 p.m.

LOCAL GOVERNMENT GOALS

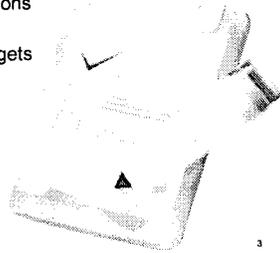
Typically a city/town's strategic plan goals center on:

- Improving mobility within, to, and from their location
- Providing a safe community
- Growing the economy, balance the tax base
- Maintaining a financially sound government
- Creating vibrant historic downtowns
- Providing leisure and recreational opportunities
- Maintaining an attractive hometown, cleaner, greener

More than ever, the economy has challenged and often hindered these objectives.

**AGENDA
FY2009/10 BUDGET**

- Summary of January 7, 2010 Council Work Study Mtg
- Adjusted revenue projections
- Revised expenditure budgets



**SUMMARY
Council Work Study Meeting – January 7, 2010**

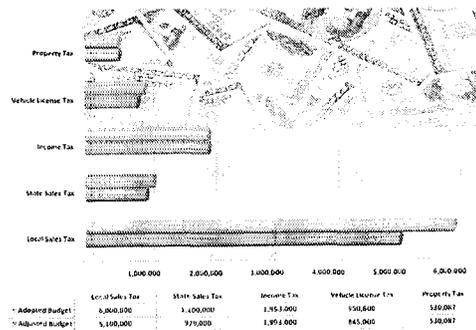
- Continued Decline in Revenues
- Estimated \$1.6M General Fund Deficit
- No Action = Unbalanced Budget
- Options
 - Increase Revenues
 - Decrease Expenses



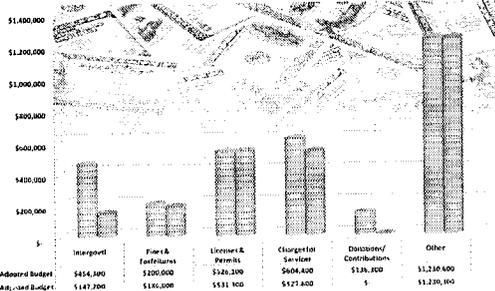
**GENERAL FUND
REVISED REVENUE ESTIMATES**

	ORIG BUDGET FY09/10	REVISED ESTIMATES FY09/10	VARIANCE	% CHNG
SALES TAX - LOCAL	\$ 6,000,000	\$ 5,100,000	(\$900,000)	-15%
INCOME TAX	1,993,000	1,993,000	0	0%
SALES TAX - STATE	1,100,000	979,000	(121,000)	-11%
VEHICLE LICENSE TAX	\$ 950,600	\$ 845,000	(105,600)	-11%
PROPERTY TAX	530,087	530,087	0	0%
Tax Revenues	\$ 10,573,687	\$ 9,447,087	(1,126,600)	-11%
ALL GENERAL FUND REVENUES	\$ 13,725,387	\$ 12,069,500	(\$1,655,887)	-12%

GENERAL FUND – TAX REVENUE



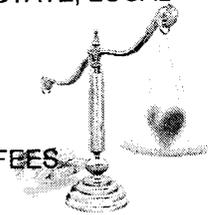
GENERAL FUND – NON TAX REVENUES



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REVENUE OPPORTUNITIES

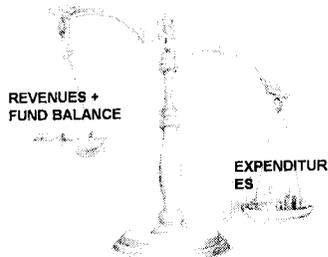
- SELL ASSETS
- PURSUE FEDERAL, STATE, LOCAL GRANTS
- INCREASE TAXES
- INCREASE FINES & FEES



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BALANCING THE BUDGET

If we can't increase revenues, we have to decrease expenditures



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SPENDING PLAN FY2009/10

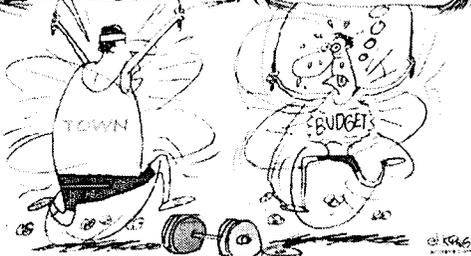
- ❖ ACTION ITEMS
 - DEPARTMENT EXPENDITURE REDUCTIONS
 - FURLOUGHS
 - HEALTH BENEFIT PREMIUM ALLOCATION
 - FUND BALANCE

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EXPENDITURES

LET'S GO!
WE NEED TO TRIM
THAT FAT!

WHAT FAT?
MY RIBS ARE
ALREADY
SHOWING!



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DEPARTMENT EXPENDITURE REDUCTIONS

REVENUE	Adopted Budget	2d-1st Actual	2d-1st Variance	3d-2nd Estimated	3d-2nd Variance
	\$ 11,725,387	\$ 5,159,554	38%	\$12,009,500	12%

Budget vs FY Estimate \$ 21,255,897 (33%)

(does not include beginning fund balance - \$690,000)

EXPENDITURES	Adopted Budget	% Total Budget	2d-1st Actual	Revised Budget	% Change
Central Services	\$ 1,133,800	8%	\$ 609,048	\$ 1,020,000	-18%
Clerk	281,800	2%	126,070	291,500	2%
Elects	84,900	1%	1,206	84,800	1%
Town Manager	164,900	1%	79,118	164,900	2%
HR	97,600	1%	61,000	110,000	13%
Financial Services	430,000	3%	165,170	360,000	-11%
IT (incl PS)	562,400	4%	513,716	516,200	8%
Tourism	116,900	1%	48,608	116,100	2%
Courts	135,800	1%	66,607	134,000	1%
Courts	227,400	2%	136,799	225,000	1%
Attorney	506,400	4%	226,740	511,500	1%
Police	4,469,429	32%	1,913,033	4,166,000	7%
Public Works	2,972,500	24%	1,234,984	2,681,000	3%
Fire-Operations	81,200	1%	21,083	79,000	3%
Parks (incl Parks Maint)	990,200	7%	422,134	916,800	7%
Community Development	980,200	7%	422,538	985,500	4%
Lib-Animal Control	155,412	1%	72,721	141,100	4%
Transfers Out of General Fund	0%	0%	217,083	690,200	12%
	\$ 14,600,791	117%	\$ 6,342,088	12,983,730	8%

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TRANSFERS OUT OF GENERAL FUND

FUND	Adopted Budget	% Total TRSF		Revised Budget	% Change
		Budget	26-Dec Actual		
210-CR & Grants		2%	\$ -		-100%
213-Festivals		0%	-		100%
224-Library		28%	68,000	127,000	37%
231-Magistrate Court-ICEF		7%	51,660	51,660	0%
233-Magistrate Court-FTG		2%	15,870	15,870	0%
265-Event Center		1%	-	6,500	34%
401-Capital Improvement Fund		14%	-	97,000	100%
403-CRAT Capital Projects		2%	-	-	100%
417-Green Valley Redevelopment		2%	-	-	100%
801-General Debt Service		20%	146,000	146,900	0%
812-Westerly Rd ID Debt Srvc		3%	25,400	25,300	0%
822-Excise Tax Revenue Bonds		17%	129,300	129,300	0%
					-12%

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EXPENDITURE REDUCTIONS

SAVINGS = \$1,077,061



- SUPPLIES
- UTILITIES/WATER
- TRAVEL
- REGISTRATIONS
- OTHER PROFESSIONAL SERVICES, ENGINEERING/ARCHITECTS
- COMPUTER EQUIPMENT
- PUBLIC SAFETY-SHIFT DIFFERENTIAL
- REPAIRS/MAINTENANCE-OFFICE EQUIP, VEHICLES
- PUBLIC SAFETY CLOTHING ALLOWANCE
- PUBLIC SAFETY OVERTIME
- UNIFORMS
- GASOLINE
- PUBLIC RELATIONS

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THE PAIN.....

- QUALITY OF LIFE THREATENED
- REDUCED CUSTOMER SERVICE
- EQUIPMENT REPAIRS/ MAINTENANCE DELAYED (RISK)
- STREET REPAIRS DELAYED



FURLOUGH

Employee furloughs are mandatory time off work with no pay.

- New Administrative Policy – Personnel A302
- 120 HOURS THROUGH JUNE 30, 2010
 - o ALL EMPLOYEES (Except Town Manager, and Clerks during Election)
 - o PART-TIME PRORATED
 - o FLEXIBLE PROGRAM
- EMPLOYEE SALARY IMPACT
 - o 120 HRS/1,000 HOURS = 12% PAY CUT
- ELIMINATES "LAY OFFS"



SAVINGS = \$309,200

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HEALTH INSURANCE PREMIUM COST SHARE

- CHANGE EMPLOYEE/RETIREE CONTRIBUTION FROM 18.5% TO 25%
- SAVINGS TO TOWN

<input type="checkbox"/> GENERAL FUND	\$28,539
<input type="checkbox"/> HURF	\$ 4,656
<input type="checkbox"/> LIBRARY	\$ 1,308
<input type="checkbox"/> WATER FUND	\$ 6,285
TOTAL SAVINGS TO TOWN	\$40,788
- EMPLOYEE PAYROLL DEDUCTION IMPACT
 - o EMPLOYEE ONLY \$17/PER PAYPERIOD INCREASE
 - o EMPLOYEE + FAMILY \$44/PER PAYPERIOD INCREASE
 - o RETIREE \$88/MONTH TOP PLAN \$25/MONTH SENIOR CHOICE

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GENERAL FUND FUND BALANCE

BEGINNING FUND BALANCE	\$698,056
FY09/10 ADOPTED BUDGET USE OF FUND BALANCE	(\$307,404)
ADDITIONAL USE (REDUCTION) OF FUND BALANCE	(\$241,126)
ESTIMATED FY09/10 ENDING FUND BALANCE	\$149,526
FYE2008/09 ADJUSTMENTS	\$229,700
PROJECTED 6/30/10 FUND BALANCE	<u>\$379,226</u>

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FINANCIAL POLICY SUMMARY

- ❖ 1.1.6 BALANCED BUDGET
- ❖ 1.3.2 REVENUE DECLINES
- ❖ 1.1.7 FUND RESERVES

The Town will maintain a fund reserve for the general fund to pay expenditures caused by unforeseen emergencies, for shortfalls caused by revenue declines and to eliminate any short-term borrowing for cash flow purposes. *This reserve shall be maintained at an amount that represents 5% of total General Fund operating budgeted revenues.*

Annual contribution will be budgeted from General Fund resources as available to maintain the target reserve level. This is in addition to the carryover balance discussed below. The Town's general fund will maintain a year-to-year "carryover balance" in an amount necessary to maintain adequate cash flow and to reduce the demand for short-term borrowing. The carryover balance will equal 90 days operating expenditures from the prior year. All other funds must never incur a negative fund balance.

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SPENDING PLAN SUMMARY

REVENUE

- ESTIMATED REVENUE REDUCTION **\$1,655,887**

EXPENDITURES

- DEPARTMENTAL BUDGET REDUCTIONS \$1,077,061
- 120 HOUR FURLOUGH \$ 309,200
- HEALTH INSURANCE COST SHARE \$ 28,500
- ADDITIONAL REDUCTION TO FUND BALANCE **\$ 241,126**
- TOTAL **\$1,655,887**

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HIGHWAY USERS REVENUE FUND (HURF)

- SPECIAL REVENUE FUND
- REVISED BUDGET

- Estimated revenue reduction \$445,400 (23%)
 - Projected reduction in HURF and LTAF funds, impact fees, construction contributions
- Estimated expenditure reduction \$200,400 (9%)
 - Chemicals, signs, gas, drainage supplies, street/sidewalk supplies, pavement preservation
- Furlough Savings \$ 40,800

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WATER FUND

- ENTERPRISE FUND
- REVISED BUDGET

- Estimated revenue reduction \$1,774,900 (25%)
 - Economic stimulus funds, new service fees, interest
- Estimated expenditure reduction \$2,964,450 (36%)
 - Gas, repairs/maintenance, travel, advertising, supplies, tires
- Furlough Savings \$ 65,100

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QUESTIONS



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