

**TOWN OF PAYSON
TOWN COUNCIL MEETING
MINUTES OF THE SPECIAL MEETING
January 7, 2010**

CALL TO ORDER

Mayor Evans called the special meeting to order at approximately 2:00 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 John Wilson, Council Member Richard Croy, Council Member Michael Hughes, and Council Member Su Connell.

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 - Pulic Works Director, Buzz Walker - Assistant Public Works Director, Terry Morris - Library Director, Cameron Davis - Parks, Recreation & Tourism Director, and Ray Erlandsen - Acting Community Development Director.

OTHERS PRESENT: Tim Wright - Deputy Town Attorney, Gaye Stidham - Deputy Town Clerk, Sgt. Jason Hazelo, Special Enforcement Officer Michael Varga, Sgt. Joni Varga, Ray LaHaye - Chief Building Official, Hope Cribb - Financial Analyst, Diane Stoyer - Legal Office Manager, Toni Balestrere - Paralegal II, Nelson Beck - Parks Supervisor, Deb Rose - Recreation Coordinator and Mary McMullen - Recreation Supervisor.

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

1. Status of Revenue/Spending

Mayor Evans asked for comments from the public. There were no comments and he asked Town Manager Debra Galbraith to introduce the discussion.

Cindy Smith gave a power point presentation concerning the status of revenues and spending, projected revenue estimates, options for increasing revenue and potential limitations/reductions in spending and services. She acknowledged the hardships and sacrifices already made by employees and citizens. She asked the Council to consider the best decisions for now and for the future.

John Wakelin, Payson Humane Society, asked if the Council anticipated the assessed valuation of property to drop. Debra Galbraith, Town Manager, explained that property valuation was a function of the County. Mayor Evans said he believed that valuations had flattened off and would continue at that level.

2. Projected Revenue Estimate
3. Options for increasing revenue
4. Potential limitations/reductions in spending and services, including but not limited to:
 - (A) Potential reductions in departmental spending;
 - (B) Potential reductions in services;
 - (C) Potential employee work furloughs;
Manager Galbraith suggested writing a policy to cover how furloughs would work. During a week when an exempt employee took a furlough day, that employee would become hourly. When an exempt employee is on furlough they cannot answer the phone, come into the office or work the weekend to catch up.
 - (D) Potential employee salary reductions;
 - (E) Potential employee lay-offs;
 - (F) Potential redistribution of health care costs - increase employee share to 25%

Ms. Galbraith noted other considerations for reducing expenditures were the allocations to non-profit organizations and the Humane Society contract. The Town ordinance would need to be repealed to return animal control to the County.

John Wakelin, Payson Humane Society, asked if the projected shortfall included the \$1million from the water fund. Ms. Smith explained the loan was included in projected revenues.

Mayor Evans said one of the challenges we face is the impact on the entire Town when our staffing is reduced or when salaries are cut. People don't have the money to spend and, therefore, sales tax revenues continue to drop. He said the multiplier effect was significant.

Council Member Blair said employee input was important. He suggested the head of each department let the Council know what the impact of proposed reductions would mean to their department. Mayor Evan explained that the Town Code is specific that the Town Manager has the responsibility to receive employee input and convey that to Council. He said that the Town Manager would be asked to look at specific options and come back to Council with a plan.

Council Member Wilson said the plan could include a combination of a number of the pieces set forward for best results. He said a reasoned recommendation was needed.

Council Member Croy noted that the Council would not be recommending any specifics at this time. He voiced his appreciation for the employees of the Town. He believed that furloughing would impact services to the community and that a pay reduction would better serve citizens because staffing would be full.

Ms. Galbraith explained that a 5% salary reduction would reduce expenditures by \$123,000 and 12 furlough days would reduce expenditures by \$400,000. A 20% to 30% reduction was needed so other cuts would still need to be made. Ms. Galbraith further explained that the nature of the working of government was to contribute to the community more than we take in.

Council Member Connell noted that even if we manage to come up with the projected \$1.6million, that does not give us a clean slate for next budget year. Ms. Galbraith agreed that next year is extremely precarious.

Ms. Galbraith said they had already started meetings with departments and will have more depending on what happens at this meeting. She will be coming to Council next month with an early retirement incentive package, but that would not impact this year's budget.

Vice-Mayor Vogel asked about contributions to non-profit organizations by the Town. Ms. Galbraith explained this was our last year for non-profit contributions but there are contracts with the Senior Center, Humane Society and Chamber of Commerce. Council Member Croy suggested discovering what the impact would be if there were no longer an animal control officer or Humane Society contract. Ms. Galbraith would also look at the impact of no longer issuing dog licenses. She said the County or the Humane Society would be doing that job. It is, however, a small revenue.

Ms. Smith suggested the possibility of speed cameras as a revenue source. Council Member Croy asked to have information on what the revenue is for Star Valley and what the difference is in the number of resident and non-resident violators.

Council Member Wilson noted a presentation given at a League of Cities and Towns conference where a private firm collected the sales tax for the Town rather than the State. Ms. Galbraith said that was another thing to look at for next budget. She said that other possibilities are to hire our own tax auditor or to do our own taxes completely. Ms. Galbraith said that she will also look into partnering with other entities for services and personnel.

John Stanton, Rim Country Chamber of Commerce, noted that there were

140 empty buildings in town and the landlords didn't really care if the buildings was rented or not. He said he would like at least a discussion of the use of sales tax against those who do not try to rebuild their businesses. He believed that people did not have enough business variety to make purchases. Mayor Evans explained that State law prohibits punishing people who do not have tenants in their buildings.

John Wakelin, Payson Humane Society, said that we are all part of a team and they would do whatever it takes for the Humane Society and the Town to work together to help solve the issue.

John Stanton, Rim Country Chambers of Commerce, suggested an incentive program to help fill some of the empty store fronts in Payson. He said the Chamber was here to help.

Council Member Connell asked what the plans were to expedite plans for this year and next year. Mayor Evans said the plans needed to be taken up a later meeting because this was a work study.

5. Establishment of responsibility to make appropriate reductions in spending and services. Note: The Council has agendized item I.4 on the regular January 7, 2010 meeting to take possible action as a follow-up to this work study meeting.

Mayor Evans adjourned the work study at approximately 3:28 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 7 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.

Gaye Stidham, Deputy Town Clerk