

**TOWN OF PAYSON  
TOWN COUNCIL MEETING  
MINUTES OF THE SPECIAL MEETING  
May 10, 2011**

**CALL TO ORDER**

Mayor Evans called the special meeting to order at approximately 4:00 p.m. in the Town Hall Council Chambers, 303 North Beeline Highway, Payson, Arizona.

**PRESENT:** Mayor Kenny Evans, Council Member Michael Hughes, Council Member Ed Blair, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, and Council Member John Wilson.

**STAFF PRESENT:** Debra Galbraith - Town Manager, Timothy Wright - Town Attorney, Silvia Smith - Town Clerk, LaRon Garrett - Public Works Director, Donald B. Engler - Police Chief, Martin deMasi - Fire Chief, Cameron Davis - Tourism/Economic Vitality Director, and Terry Morris - Library Director.

**OTHERS PRESENT:** Colin P. Walker - Water Superintendent, Ray Erlandsen - Community Development Director, Gaye Stidham - Deputy Town Clerk, Tomi Huddlestun - Human Resources Manager, Hope Cribb - Finance Manager, Ray LaHaye - Chief Building Official, Battalion Chief Dan Bramble.

**PURPOSE OF MEETING**

1. Council Decision Request filed by Silvia Smith, Town Clerk, to cancel the Special Meeting of May 12, 2011.

**Motion:** to Approve a Council Decision Request filed by Silvia Smith, Town Clerk, to cancel the Special Meeting of May 12, 2011.

Moved by Council Member Fred Carpenter, seconded by Council Member John Wilson.

**Vote:** Motion carried 7 - 0

Yes: Mayor Kenny Evans, Council Member Michael Hughes, Council Member Ed Blair, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, and Council Member John Wilson.

2. A. Discussion/possible action re: Departmental Budget Presentations.

1. Fiscal Year 2011/12 Preliminary Budget Overview

Hope Cribb, Finance Manager, reviewed the changes from the last meeting: reducing pavement preservation budget to \$50,000 and reimbursing the Water Fund interest only. These bring a savings of \$200,000 to the General Fund. The proposed budget reflects opening Fire Station 13 in place of a contract with Hellsgate.

Ms. Cribb continued by highlighting the revenue by source. She explained the

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different budget items of note including departmental and HURF grants, debt proceeds, the WIFA loan for C.C. Cragin, Federal stimulus for Tonto Apache Reclamation Pond, general fund state shared revenue, HURF revenue and the overhead charges to the Enterprise Fund. Ms. Cribb said that, overall, there has been a reduction to revenue sources.

Ms. Cribb explained her Revenue and Expense Summary and summarized the personnel category noting that there would be no merit or COLA increases and no buyback of paid time off in this budget. There is also increased health insurance and workers' compensation costs.

Council Member Blair asked about the overhead charges for the Enterprise Fund. Ms. Cribb explained these charges are for administrative work that is done for the Water Department.

Council Member Croy asked about the direction of Main Street grant funding. Manager Galbraith said that the Town does not have the funds to complete construction costs. Matching funds are there but there is an additional \$200,000 to \$300,000 needed. Mayor Evans explained that the \$360,000 grant was turned down two years ago and taking half of our fund balance to complete this project is not advisable at this time. Council Member Wilson proposed that when funds were available, to follow through with reminders to ask for the grant. Mayor Evans said that the Main Street program is close to defunct at the state level too and probably won't be funding anyone in the near future and leaving it in the budget with the remote possibility of funding would distort the budget.

**Motion:** to Approve removing the line item for \$475,000 and related expenditures for the Main Street Grant.

Moved by Council Member Su Connell, seconded by Council Member Fred Carpenter.

**Vote:** Motion carried 7 - 0

Yes: Mayor Kenny Evans, Council Member Michael Hughes, Council Member Ed Blair, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, and Council Member John Wilson.

Ms. Cribb reviewed the Expenditures graph of \$47,615,373.00. Council Member Carpenter asked even though there would be no buy back of paid time off this year if that time was incurred for the future. Ms. Cribb responded that it was.

## 2. Administration Budget Presentation

Ms. Cribb explained that personnel costs increased for all departments, including Finance, because of the increase in health insurance costs. Health insurance costs incurred for retirees of \$566,000 were noted in this department. Manager Galbraith said that this was the first time that legal settlement costs were budgeted in this section rather than legal. Manager Galbraith also noted the continued vacancy in the CFO position. However, the budget analyst would be replaced this year. A part-time grants coordinator will be moved to the Finance Department from Community Development. The IT budget reflects an upgrade in the financial software.

Council Member Carpenter asked where comprehensive liability would reflect in the budget. Ms. Cribb answered that it would be in Central Services, Water and the HURF budget.

### 3. Manager Budget Presentation

Manager Galbraith presented the Manager's budget. She noted that public relations was moved to this budget.

The personnel costs reflect an increase in salary for the Economic Development portion of this department. There is the increase because of insurance also. Ray Erlandsen would be on a part-time basis and Community Development is not ready to hire a director at this time. A Zoning Administrator is needed and Sheila DeSchaaf, a certified planner, has been recommended. LaRon Garrett, current Public Works Director, would take the Community Development Department under him. Council Member Carpenter asked if Ms. DeSchaaf would receive a pay increase. Manager Galbraith said she would.

Manager Galbraith briefly discussed a possible change in upper level organizational structure that could prove to be more efficient and less costly than the current structure. It would provide for an assistant town manager and two deputy town managers. Departments would report to them and the assistant and deputy managers would report to the Manager. This would compress the management titles and pay grades.

Mayor Evans explained this as a two deep management that is common in the private sector. Council Member Carpenter asked if there would be additional costs. Ms. Galbraith said that promotions of current employees and restructuring of departments would provide the staffing for this type of management.

Council Member Carpenter noted that currently employees have been working without increases for some years and he did not want any change to sacrifice them getting an increase. Ms. Galbraith added that some directors are loaded with additional responsibilities without additional compensation. In the long run, it would get us closer to merit raises.

Mayor Evans commented that no increases in salaries doesn't mean no increase in the cost of benefits to the Town.

Vice-Mayor Hughes voiced his agreement that this management structure would add depth to the ability of the Manager.

Council Member Wilson said he liked the concept of some redundancy and would like the Manager to proceed with more information for the Council.

Council Member Blair agreed and wanted to see financial details. He liked the idea of promoting from within. Manager Galbraith said she would start with the meeting of the 17th with more information on the concept.

Council Member Connell voiced her support and allowing the Manager to be an

envision-er while building in skill and depth within the personnel pool. Manager Galbraith explained the positions would be career paths and not titles only.

Council, by consent, agreed to have more information brought forward to them on the 17th.

4. Financial Services Budget Presentation

5. Town Clerk Budget Presentation

Silvia Smith, Town Clerk, answered questions from the Council concerning the Town Clerk Budget. She noted that \$40,000 of the Elections portion of the budget was used this year to repair a fire truck.

Council Member Carpenter noted that two elections needed to be budgeted for even if we only have one.

6. Council Budget Presentation

7. Central Services Budget Presentation

Ms. Cribb noted that the Human Resources budget included a payout to the payroll specialist payout last year that would not happen this year. The budget also reflected \$30,000 for personnel appeals and \$6,000 for employee development.

Steve DeHaan, IT Manager, answered questions from the Council concerning the IT budget. Manager Galbraith added that Mr. DeHaan was working on setting up our website in-house, removing the outsourced hosting.

Council Member Blair asked what effect that may have on the power supply. Mr. DeHaan said there would be no effect. Council Member Carpenter asked if the budget reflected two people in IT. Mr. DeHaan said it did. He noted that there were fewer computers being replaced, but he was still close to the 5-year replacement plan. Council Member Croy asked if Mr. DeHaan had the expertise to generate traffic, search engines, etc. Mr. DeHaan answered that there would be no change to the current abilities of the website. Council Member Carpenter asked when Finance and the Attorney's office had the latest upgrades. Mr. DeHaan reported that Finance was upgraded in 2008 and an upgrade to Legal is in this budget.

8. Legal Department Budget Presentation

Attorney Wright stated that the Legal Department had tracked personnel duties more efficiently and had done some restructuring. The budgeted case management software would provide internal communications between the Legal Department and the Police Department and better external service for witnesses and victims.

Council Member Wilson asked if the Legal Department had legal research capability. Attorney Wright said that was budgeted under supplies for WestLaw online research.

10. Parks and Recreation and Tourism Budget Presentation

Parks, Recreation and Tourism Director Cameron Davis noted that the parks portion of the budget is reflected in the Public Works budget. The dip in personnel costs in his budget was the replacement of a higher paid recreation supervisor with a recreation specialist.

#### 9. Community Development Budget Presentation

Community Development Director Erlandsen was available to answer questions from the Council. Ray LaHaye, Chief Building Official, explained that the budget reflected additional training and reference material. The Department would also supply the Building Advisory Board with materials to review new codes.

Council Member Carpenter asked if the increased cost of insurance was reflected in the budget. Mr. Erlandsen said it was.

Vice-Mayor Hughes asked if it was possible to skip the upgrade to 2009 codes. Mr. LaHaye replied that the ISO encouraged upgrades. Without the upgrade the influx of new products would have to be addressed individually. This would also affect fire insurance for the community.

#### 11. Public Works Department Budget Presentation

LaRon Garrett, Public Works Director, reported that ADOT provided Engineering with new software but there was an annual fee of \$900. The property rent in the budget was the Street Department yard on the Airport property paid to the PRAA.

The Street Department budget reflects an increase in supplies for the sign replacement grant. Capital includes a larger lift for vehicle repairs in the shop. Some funds were shifted from drainage and added to street repair. The \$50,000 in pavement preservation is basically cracksealing.

Council Member Carpenter noted that basically pavement preservation is on hold another year. Mr. Garrett compared the cracksealing to a small band aid where the preservation program is a big bandage.

Mr. Garrett said that the Parks budget is almost identical to last year and reflects the additional personnel insurance costs like other departments.

The Airport budget increase in services shows a back up plan for airport operations should the PRAA not continue. The capital in the budget is for blast pads and to revamp signage at the airport. The FAA grant will cover most of it and the FAA will fund another grant for the remainder.

#### 12. Library Services Budget Presentation

Library Director Terry Morris explained the dip in personnel costs was the newly hired children's librarian who did not need family insurance like the former librarian did. She noted that last year they spent considerable money replacing and repairing the heating and cooling units and hoped that would not be necessary this year. She warned that the fire sprinklers were due to be checked at a cost of \$5,000. Repairs

would be costly. The Library Friends continue to maintain their book budget.

Buzz Walker presented the Water Department Budget. Council Member Carpenter asked if the increase in the Accounting and Collections category was for insurance. Mr. Walker said it was. There continues to be requests for new water meters.

- 3. Discussion/possible action re: Town of Payson FY 2011/2012 Budget.

Council Member Wilson complimented Ms. Cribb on her presentation. Manager Galbraith noted that June 2 will be the tentative budget adoption.

The Police and Fire Department budgets will be presented at the next meeting. Manager Galbraith said there would be more information concerning the staffing of Fire Station 13 at that time. The next meeting will also give the Council an outline of the proposed management restructuring with a CDR at the June 2nd meeting.

Mayor Evans asked if the reimbursement funding for C.C. Cragin needed to be in the proposed budget. Manager Galbraith said that it is reflected in the beginning fund balance and she believes we will get the money this year as well as next year.

**ADJOURNMENT**

Mayor Evans adjourned the special meeting at approximately 5:30 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 10 of May, 2011. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_

Gaye Stidham, Deputy Town Clerk

## 2011-12 PROPOSED BUDGET

SPECIAL COUNCIL MEETING  
MAY 10, 2011

PREPARED BY THE BUDGET COMMITTEE  
DEBRA GALBRAITH, TOWN MANAGER  
HOPE CRIBB, BUDGET ANALYST  
LARON GARRET, PUBLIC WORKS DIRECTOR  
MICHAEL HUGHES, COUNCIL  
SU CONNELL, COUNCIL

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## CHANGES

- Reduced HURF Pavement Preservation to \$50,000
- Reimbursing Water Fund for interest only on the loan for FY 2010-11 and FY 2011-12, a savings of \$200,000.
- This proposed budget reflects Station 13 open and the hiring of 3 new firefighters in place of the Hellsgate contract, as well as the possibility of the SAFER grant

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## REVENUE BY SOURCE



Miscellaneous includes debt proceeds, health insurance, impact fees, and special assessments.  
Total Revenues \$42,766,887

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## ITEMS OF NOTE

- Law Enforcement Grants: \$385,000
- Fire Grants: \$632,200
- Community Development Grants: \$181,000
- Airport Grants: \$473,100
- HURF Grant: \$75,000
- Main Street Grant: \$475,000
- Water Grant: \$1,800,000

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## ITEMS OF NOTE (con't)

- Debt Proceeds for the purchase of 3 Police Vehicles and a Fire Engine: \$620,000
- Debt Proceeds for Montezuma Castle Land Exchange Improvement District: \$6,250,000
- WIFA loan for C.C. Cragin: \$6,585,000
- Federal stimulus for Tonto Apache Reclamation Pond: \$1,800,000

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## ITEMS OF NOTE (con't)

- General Fund State Shared Revenue only down slightly due to decrease in Income Tax
- HURF State Shared Revenue down by approximately \$200,000.
- Overhead charges to the Enterprise Fund, \$74,100

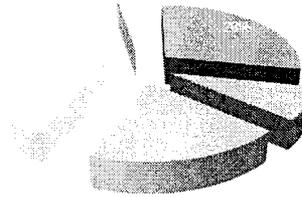
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REVENUE AND EXPENSE SUMMARY

Fund Activity	General	Special	Trust	Capital	Enterprise	Total
	Fund	Funds	Funds	Funds	Fund	Funds
Beginning Fund Balance	1,014,023	1,274,965	48,022	1,176,062	5,021,250	9,534,322
Revenue	12,196,013	4,910,400	76,000	31,600	4,004,300	22,318,313
Grants and Other Sources	1,190,000	1,190,500	0	7,734,000	10,618,300	22,722,800
Transfers, net	(334,378)	92,678	0	(20,800)	0	(262,500)
Expenditures	13,475,000	6,872,500	51,000	8,339,800	16,759,000	35,497,300
Fund Balance Change	(426,865)	(377,921)	0	(595,000)	(2,064,400)	(3,464,186)
Ending Fund Balance	587,158	897,044	48,022	581,062	3,000,850	5,114,136

EXPENDITURES

\$47,615,373



PERSONNEL

- No Merit Increases
- No COLA Increases
- No Buyback of Paid Time Off
- Increased Health Insurance Expenditures due to the Town paying it's full share this year
- Increased Workers' Compensation Rates

GENERAL GOVERNMENT & CENTRAL SERVICES


The large increase is due to the Health Insurance for Retirees-\$566,900 higher than last year.  
 The contributions for the Senior Center and the Chamber of Commerce remain the same. There is no contribution budgeted for Habitat for Humanity.  
 There is \$30,000 budgeted for possible legal settlements.

FINANCIAL SERVICES


Personnel--FY 2010-11 The CFO position was vacant. FY 2011-12 Budget Analyst position to be filled, and part-time Grants Coordinator moved to Financial Services from Community Development. Also increased Health Insurance Expenditure.  
 Services--Budgeted \$15,000 for Actuary Study  
 Capital--(reflected in IT budget) Upgrade Financial Software \$30,000

MAGISTRATE COURT


Services--\$2,000 budgeted for Audit. (required every 2 years)

### INSURANCE FUND


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### DEBT SERVICE


Supplies-FY 2009-10 Debt Refinanced

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- ### ADMINISTRATION
- TOWN COUNCIL
  - TOWN MANAGER
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### TOWN MANAGER


- Public Relations - \$6,000
- Created Economic Development division
  - \$26,000 Tonto Natural Bridge
  - \$12,000 Consultant
  - \$12,700 other services (printing, postage, phone) and supplies

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### TOWN COUNCIL


- Personnel costs increased due the change in the insurance expenditure accounting
- Public Relation (Supplies) expenditures that were paid from this budget in the past have been moved to the Town Manager

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- ### Personnel
- Very few changes
  - Zoning Administrator
    - Ray Erlandsen (contract employee) is going to a part time basis
    - Codes require a zoning administrator
    - Codes require a Comm Dev Director
    - LaRon will be taking Comm Dev department under him
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- **New Positions**
  - Authorization for 3 new titles in the pay plan
    - Assistant Town Manager
    - 2 Deputy Town Managers
      - Public Safety and Administrative Services
  - These positions will report directly to the Town Manager
  - These positions will have departments report directly to them

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- Works toward compressing management titles and pay grades, as all departments will eventually be run by 'managers' rather than 'directors.'
- NO current Directors will be down graded
- Allows the Town Manager to focus on the big picture (some examples)
  - Providing better communication and information to the public and media
  - Work on increasing efficiencies and consistencies
  - Planning for the future of Payson

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TOWN CLERK  
FY 2011/2012 BUDGET

CLERKS - ELECTIONS

**TOWN CLERK**


- Personnel costs increased due to the change in the insurance expenditure accounting

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**ELECTIONS**


- \$40,000 to the Fire Department for Ladder Truck Repairs 01/06/11 Per Council Action

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**HUMAN RESOURCES**


- In the past there were 2 FT and 1 temporary PT employee
- 2008/2009 to April 2010, HR had 1 FT employee
- 2010/2011 includes transferring the position of Payroll Specialist from Finance to HR and additional 5 month salary for retiring Payroll Specialist (ERIP)
- 2011/2012 Services costs increased due to the addition of \$30,000 for Legal Services (Appeals) and \$6,000 for Employee Development (Online Training)

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### IT Department


- Capital
  - \$30,000 Finance Software Upgrade
  - \$30,000 Attorney Software
  - \$8,000 UPS Server Room
  - \$8,500 VMware Software
  - \$10,000 MS SharePoint Server
- Services
  - \$8,000 AutoCad Upgrade
  - \$7,200 Offsite Data Project
  - \$7,000 Increase in Telephone - Station 13 data connection

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### IT Department - Public Safety


- \$50,000 for new laptops lease agreement
- Slight increase in telephone, moving to Verizon and overlap in service."

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### TOWN ATTORNEY

- Three Budget Subcategories  
administration, civil, prosecution
- Personnel Restructuring  
less people (4.5 to 3.5)  
less experience (>40 years to <20 years)
- Total Budget Reduction - \$108,000.00

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### TOWN ATTORNEY


ADMINISTRATION


CIVIL


PROSECUTION


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### TOWN ATTORNEY

#### CAPITAL

- Copy Machine –  
\$10,000 tw1
- Prosecution Case Management Software -  
\$30,000 tw2

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### Recreation & Tourism

Total	\$680,988	\$787,708	\$877,160	\$704,100

- "Personnel" cost will decrease in 2011/12– Due to making the Trails and Outdoor Rec Coordinator a part time position and adjusting the salary from a Rec Supervisor (MaryMcMullen) to a Rec specialist. Due to some turnover we hired two new employees, an admin assistant and a Youth and Adults Sports Coordinator. Both are paid the base salary.
- "Supplies" shows an increase due to re-routing \$5,000 from the Event Center Services budget to the Supplies budget. Also due to rising fuel costs for vehicle operation.
- Services will show an increase due to moving phone expenses from the Parks Maintenance Budget over to the Recreation and Tourism budget and providing our share of the insurance cost for the pool. 30

Slide 20

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tw1

Current copier is 9 years old. When it breaks (which is becoming more frequent, the problem is finding parts because of its age)

We make approximately 9,500 copies per quarter or 38,000 per year.

twright, 05/09/11

tw2

We handle between 700-800 individuals cases per year. Don't know exact number because we don't have a management system.

We have between 1000-1200 hearings (pretrials, sentencings, trials, etc) each year to keep track of.

this is in the IT budget

Benefits (1) efficiency (PD down officers, so we have been saved), (2) better internal support (PD calls and asks about a case), and (3) better external service (victim calls and needs information)

twright, 05/09/11

**COMMUNITY DEVELOPMENT**  
**Planning & Zoning Department**


- Grants Coordinator moved to Finance Dept.
- Housing Rehab Program (CDBG) – Planning Technician
- Professional Services increase for Contract Labor

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**COMMUNITY DEVELOPMENT**  
**Building Department**


- Books & Periodicals Line Item Created
- New Building Code Cycle
  - Purchase new Code Books
    - Building Advisory Board & Staff
  - Training
  - Costs split between FY 11-12 & FY 12-13

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**PUBLIC WORKS-ENGINEERING**


- Essentially the same as requested last fiscal year except:  
Additional funding requested to pay new software annual fee at \$900
- Property Rental is the rent paid for the Street Department Yard at the airport.

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**PUBLIC WORKS-STREETS**


- Personnel increase due to insurance
- Supplies increased \$75,000 for sign replacement grant
- Services: Reduced Drainage Repair by \$50,000; Increased Street and Sidewalk Repair by \$40,000.
- Capital includes \$60,000 for larger vehicle lift and \$50,000 for Pavement Preservation (Crack Seal).

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**PUBLIC WORKS-PARKS OPERATIONS**


- Personnel increase due to insurance
- Remaining items essentially equal to last fiscal year.

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**PUBLIC WORKS-AIRPORT**


- Services: Currently the operated under contract to a private organization. It is prudent planning on the Town's part to include the airport operations in the budget in case there are any major changes in the current arrangement. If there are no changes, then these funds will not be used. This was not included in previous years.
- Capital: Construct Blast Pads and revamp signage.

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## LIBRARY


- **Supplies:** Office supplies decreased due to updated methods of contacting patrons with overdue items. First notices are a phone call or e-mail—\$3500. Cleaning supplies are bought in bulk—\$1100. Books continue to be funded by the Library Friends.
- **Services:** R&M Building remains high due to the high cost of maintaining the Heating/Cooling and Fire Sprinkle systems—\$5000.

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## FINAL THOUGHTS

- Any questions?
- Next Special Council Meeting May 17, 2011 to review Public Safety

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