

**TOWN OF PAYSON
TOWN COUNCIL MEETING
MINUTES OF THE SPECIAL MEETING
June 2, 2016**

CALL TO ORDER

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

PLEDGE OF ALLEGIANCE

PRESENT: Mayor Kenny J. Evans, Vice-Mayor Michael Hughes, Council Member Fred Carpenter, Council Member Su Connell, Council Member Richard Croy, Council Member Chris Higgins, and Council Member John Wilson.

STAFF PRESENT: LaRon Garrett - Town Manager, Hector Figueroa - Town Attorney, Don Engler - Police Chief, Silvia Smith - Town Clerk, Emily Linkey - Library Director, and Tanner Henry - Water Division Manager.

OTHERS PRESENT: Tracie Bailey - Chief Deputy Town Clerk, Hope Cribb - Finance Manager, and Bobby Davis - Economic Development Specialist.

PURPOSE OF MEETING

1. Discussion/possible action re: FY 2016/2017 Budget including, but not limited to Projected Revenues and Expenditures.

LaRon Garrett, Town Manager, indicated the Budget Committee had started working on the budget at the end of February. Mr. Garrett noted revenues were down, but felt this should be a viable budget. Mr. Garrett introduced Hope Cribb, Finance Manager.

Ms. Cribb noted the budget had started at \$500,000 in the hole and the Budget Committee wanted to be \$500,000 to the good so the Committee had to find one million dollars. Ms. Cribb reviewed dates for the remaining budget meetings. Ms. Cribb indicated there was a two percent merit increase included and paid time off buyback. Police Communications added new positions for the addition of Gila County Dispatching. Mayor Evans inquired where it put the Town with the buy back. Mr. Garret replied it put the Town even. Council Member Connell noted that would not be in the budget in the future. Mr. Garrett replied yes, and the dispatching contract was put in at the max. Council Member Carpenter asked if the dispatchers for the County would be paid the same. Don Engler, Police Chief, explained it was the Police Department's intention that the dispatchers not have a disparity in wages and the Gila County Dipatchers were set as close as the Town could in compensation. Ms. Cribb noted three police officer positions were frozen

and a Chief Fiscal Officer would not be hired this year. There was no cost of living adjustment and medical was a 65/35 split. Mr. Garrett noted with the change in medical insurance all employees were saving money. Ms. Cribb noted the savings from the frozen positions was used to adjust officers wages. Council Member Croy asked if the officers would receive the two percent increase also. Chief Engler replied yes, the money was used to give certified officers raises to make the Town more markable and it would help the Town keep police officers in the community. Council Member Croy asked what it was percentage wise. Chief Engler replied \$3,000 in total for each officer. Council Member Croy asked how many officers there were. Chief Engler replied twenty seven.

Ms. Cribb reviewed all funds for the 2016/17 Budget. Council Member Croy asked if last year was the first year the Town made a principle reduction on the loan from the Water Department to the Town. Ms. Cribb replied this was the first year. Vice-Mayor Hughes noted that payment has been one of the things looked at every year and the Budget Committee has said the Town absolutely needed to make at least a half payment.

Council Member Carpenter inquired what was the projected beginning fund balance last year. Ms. Cribb replied \$455,000 and all of the additional Fund Balance came from not hiring police officers. Ms. Cribb went over prior year budgets. Council Member Carpenter noted when the improvement district was paid off it was the people who paid it. Ms. Cribb replied yes. Council Member Croy inquired what the sales tax revenue was projected to be. Ms. Cribb replied in all taxes it increased about \$350,000 over last year. Council Member Croy asked what the total projection was 2016/2017. Ms. Cribb noted there was \$12,200,000 in tax revenues. The increase was \$350,000 over last year.

Ms. Cribb reviewed the Financial Policy regarding the Fund Balance Reserve. Council Member Carpenter asked if the Town has ever met that goal. Ms. Cribb replied yes, about eight years ago. Vice-Mayor Hughes noted the sales tax was projected and it was dependent on how much was actually spent. The Budget Committee saw an unexpected drop this year. Ms. Cribb noted the sales tax was \$340,000 above last year and by March it was down and the Department of Revenue could not tell what happened. The Department of Revenue had many tax refund requests from businesses and had to pay it back with interest. Vice-Mayor Hughes indicated once the Budget Committee started making those inquires it started to go back up, but they did not know what was going on with the sales tax yet. Mayor Evans noted he went back and compared the sales tax to the transportation tax and the transportation tax was moving as expected. Council Member Carpenter noted in years past the Legislature has done sweeps of the Town money and asked if they would do that this year. Ms. Cribb indicated the Legislature gave the Town extra money this year.

Ms. Cribb reviewed the break down of where taxes were coming from. Ms. Cribb noted part of the tax revenue has gone to a new population base for

distribution rather than basing it on the ten year census which was around 15,300 people. Council Member Croy noted some families have dual residences here and in the Valley. Ms. Cribb noted the Local sales tax was \$6,570,000.

Ms. Cribb reviewed the property tax levy. Council Member Carpenter noted there was no longer a secondary levy. Ms. Cribb replied that was correct. Ms. Cribb went over expenditures by type. Council Member Carpenter asked how much more debt service there was on the Police Department and Fire Department. Ms. Cribb replied the last payment on the fire truck was being paid. There were still payments on the turf and sports lighting. Council Member Carpenter asked what payments were left just for fire and police. Ms. Cribb replied there are payments for fire until July 2019 and bonds until October 2017. There were payments on Westerly Road until 2022.

Ms. Cribb reviewed the Public Safety Retirement contributions for police and fire. Council Member Croy inquired if this was set by State Statute and was not an option. Ms. Cribb explained this came from the Public Safety Personnel Retirement System and was based on actuarial studies. Council Member Carpenter noted with Proposition 124 that just passed it would have an affect, but the Town would not see any savings for a number of years. This was a huge budgetary item and that was why the Town did not have as much money.

Ms. Cribb reviewed the expenditure picture. Vice-Mayor Hughes noted the money was not coming from the Town for the Timber Ridge Improvement District. Ms. Cribb noted it would be funded with a bond issuance. Council Member Carpenter asked where Timber Ridge was. Mr. Garrett replied behind Walmart.

Ms. Cribb reviewed expenditures by departments and noted a lot of the numbers included grants. Ms. Cribb went over Capital Expenditures. Council Member Carpenter asked what the Endowment for the Arts Grant was for. Sheila DeSchaaf, Planning and Development Director, indicated the grant was for improvements along Highway 260 and 87 and the American Gulch. Council Member Carpenter asked if there were new lights for Main Street. LaRon Garrett, Town Manager, replied yes, the money was in the streets budget. Ms. Cribb noted the SCBA equipment grant had a match of ten percent and it was budgeted in .

Ms. Cribb reviewed the Water Department Capital Expenditures. Council Member Carpenter asked if the Firewise Grant was going through. Mr. Garrett replied it would be coming to the Council. Council Member Carpenter inquired what the environmental project was. Tanner Henry, Water Division Manager, replied it was all of the projects that went through the Environmental Committee to make improvements at Green Valley Park; It was the Trust Fund money. Council Member Carpenter asked if the Sanitary District was helping with those projects. Mr. Tanner noted the

Sanitary District helped with the fish fence and one employee was a member on the Environmental Committee. Mr. Garrett noted the Sanitary District was also helping with the slurry seal. Council Member Croy asked if the Budget Committee was involved with the Timber Ridge Improvement District. Ms. Cribb explained that developed about a week and a half ago. Mr. Garrett indicated if it was in the budget the Council could move forward on it. Council Member Croy questioned why the Budget Committee was not involved with this. Mr. Garrett explained this is a pass through expense. Council Member Croy was concerned for the residents who would have to pay for the bonds and noted this was one parcel. Council Member Croy asked how many acres were involved. Mr. Garrett replied twenty seven. Council Member Croy felt the Town was in the realestate business and asked if they could get the money on their own. Mr. Garrett explained these were tax exempt bonds and a lower price could be asked for the property. Council Member Croy asked for more discussion on the risk factor. Vice-Mayor Hughes noted it had to be in the budget for it to be looked at by the Council. If the Council did not approve it it was just a line item not funded. Council Member Croy asked if there would be discussion. Mr. Garrett replied yes, there would be at least three public hearings. Mayor Evans noted the Town has been working on how to mitigate traffic flow around town and to complete that loop would help and was in the Town's best interest. Council Member Carpenter asked when Bonita Street would be completed and who was funding it. Mr. Garrett replied the Arizona Department of Transportation (ADOT) and the Federal Government and it would not appear in the Town's budget. Ms. Cribb inquired if she should put this together as the tentative budget. Mr. Garrett noted it would be the tentative budget and could not be raised after it was approved. Mayor Evans was concerned of the level of the sales tax and felt it was important to get it in the budget. Ms. Cribb noted she would receive a report on the 15th; the day before the Council meeting and could change the number if needed. Vice-Mayor Hughes noted the budget committee could be pulled together if needed. Vice-Mayor Hughes noted the timeline has been pushed back and there was no more time. Ms. Cribb noted the State did not give the State shared revenues until two weeks ago. Council Member Connell thanked the Finance Department staff and noted some people had talked to businesses to see what the trend was. Council Member Connell felt it did not make sense to be on an upward plane and then it went down. Council Member Carpenter noted this was a state wide problem. Mayor Evans noted it was a state wide problem, but not uniformly percentage wise. Mr. Garrett thanked everyone on the Budget Committee and all of the departments.

ADJOURNMENT

Mayor Evans adjourned the meeting at approximately 4:54 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 2 of June, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this ____ day of _____, 2016.

Tracie Bailey, Chief Deputy Town Clerk