

MINUTES OF THE SPECIAL SESSION OF THE TOWN COUNCIL OF THE TOWN OF PINETOP-LAKESIDE, ARIZONA, HELD APRIL 26, 2010 AT 6:00 P.M. IN THE TOWN COUNCIL CHAMBERS.

Mayor Luke Smith called the Special Session to order at 6:03 p.m. Roll call was taken as follows:

<u>ROLL CALL:</u>	<u>Present</u>	<u>Absent</u>		<u>Present</u>	<u>Absent</u>
Mayor Luke Smith	<u>X</u>	<u> </u>	Stephanie Irwin	<u>X</u>	<u> </u>
Vice Mayor Rich Crockett	<u>X</u>	<u> </u>	Kim Webb	<u> </u>	<u>X</u>
Woody Biscoe	<u>X</u>	<u> </u>	Leslee Wessel	<u>X</u>	<u> </u>
Norris Dodd	<u>X</u>	<u> </u>			

STAFF PRESENT:

Kelly Udall, Town Manager; Rosemary Rosales, Town Attorney; Lu Anne Frost, Town Clerk; J. Kent Brooksby, Finance Director; Paul Esparza, Community Development Director; John Vuolo, Parks and Recreation Director; Tom Thomas, Public Works Director; Jessica Grey, Library Director; Mary French-Jones, Grant Coordinator; and Sherwood Eldredge, Chief of Police.

ITEM NO. 2, RESOLUTION NO. 10-1118 AWARD OF CONSULTANT CONTRACT FOR THE MAVERICK NODE CONCEPTUAL PLAN:

Paul Esparza stated they published a Request for Qualifications for an architecture firm to produce architectural renderings, site plan, and marketing booklet for the undeveloped 16 acres of the Maverick Node. He said this project is to advertise and push that area to attract additional retail. He stated the RFQ's were due on April 18, and said they received one submittal. He stated they conducted a telephonic interview, and said staff recommends the Council award the contract to Ellermann, Schick & Bruno. Councilwoman Wessel asked if it fits within the dollar amount of the grant. Mr. Esparza stated it does. He stated the grant is \$20,000, with a \$10,000 match donated by Julian Weltsch, and in-kind from the Town. Councilman Dodd confirmed there was only one submittal. Mr. Esparza replied there was only one, and stated there were 25-30 packets of information sent out.

VICE MAYOR CROCKETT MOVED TO ADOPT RESOLUTION NO. 10-1118. COUNCILMAN DODD SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.

ITEM NO. 3, TOWN OF PINETOP-LAKESIDE PRELIMINARY OPERATIONAL AND CAPITAL IMPROVEMENT PLAN (CIP) BUDGET FOR FY 2010-2011:

Kent Brooksby stated the proposed budget would depend on the temporary sales tax election on May 18. He stated if the tax does not pass, there would be additional costs passed on to the County and the Town, as well. He stated they have not received all the quotes on medical insurance. He stated they are projecting revenues to be down again next year. He stated 75% of all revenue received comes from sales tax. He stated the salaries contained in the proposed

budget are at pre-furlough levels. He stated they have changed carriers for the dental insurance, which has reduced the cost. He stated both the ASRS and PSPRS retirement contributions have increased. He said the overall operating costs are down from last year.

Mr. Brooksby went over the expenses. There was brief discussion regarding the Visitor Center. Kelly Udall stated they would discuss this later, as an agenda item. Mr. Brooksby stated they moved the Town's computer budget to the Finance Department. He stated the largest portion of the budget is for public safety.

Mr. Brooksby stated they saved \$5,000 on next year's audit and about \$11,000 on dental and life insurance. He stated if they were to cut salaries by 1%, it would equal about \$24,000. He said if they did not televise the Council meetings that would save \$16,000, and said they could switch over to webcasting, but said that would only save about \$6,000. There was brief discussion on television broadcasting and webcasting. Mr. Brooksby stated they could reduce the employee HSA funding. Vice Mayor Crockett asked if they know what other communities are doing. Mr. Brooksby stated Show Low has an HSA, but said they do not fund it at all. Mr. Udall stated Show Low has a different option in that they do not have the same type of HSA. He stated they have an HMO/PPO program. He stated the proposed budget includes hiring a new police officer, but said if they filled the position in January, it would cut that amount in half. He said without filling that position, it could greatly increase the overtime hours. Mr. Udall stated this position was budgeted for this year. He said it is included here for the Council to have an opportunity to discuss. Chief Eldredge stated it has been in the budget for several years. He stated it is not a new position. Councilman Biscoe asked what the offset is between a new officer and overtime. Chief Eldredge stated they budgeted overtime at \$65,000, but said they have exceeded that amount this year, as they are close to \$115,000 this year. He stated overtime is difficult to budget, and said illness or injury affect it.

Mr. Udall stated staff would bring a preliminary budget before the Council for adoption in June. He said they would appreciate Council's feedback. Councilwoman Irwin stated their primary mission is to provide for the health, safety, and welfare of the community. She said she does not have cable and does not know how many people watch the meetings on TV. There was further discussion on cable versus webcasting.

Mr. Udall stated they might have to look at a reduction in pay for the employees. He stated every 1% is about \$24,000. He stated they might also have to look at a reduction of the HSA. He stated they are at that point in the budget and must have it balanced. He stated they are uncomfortable raising the revenue, because they just do not know. He said they should look at the expenditures.

Councilwoman Wessel asked if other communities have the largest expense going for the police department. Mr. Udall stated health, safety, and welfare is the largest expense. Councilwoman Wessel asked if roads are included in that. Mr. Brooksby stated funding for roads comes from HURF funds. Mr. Udall stated HURF is not sufficient to cover everything necessary for roads. He said it is sufficient to cover operational expenses, but said the Town subsidizes the capital needs.

Councilman Dodd asked about the contracted services. They discussed the Town Magistrate services. Rosemary Rosales stated they could not cut anything in that area. She stated they share the cost with Navajo County. Councilman Dodd asked if there have been any reductions to Main Street and the Chamber. Mr. Udall stated they reduced both the Chamber and Main Street by 15% last year. He stated most of the reduction in contracted services relates to the reduction of the Town Forester contribution.

Councilman Biscoe stated the Town saved approximately \$18,000 in utilities due to the 4/10 schedule, but said it cost the Town approximately \$26,000 for holiday pay. Mr. Brooksby stated that is incorrect. Mr. Udall stated the holiday payout for the Town is the same if they are on a 5/8 schedule or 4/10 schedule. Mr. Brooksby stated he would provide the Council with information on holiday pay.

Councilwoman Wessel asked how the contingency funds are spent. Mr. Udall stated they reduced the contingency amount from \$50,000 to \$8,000. He said they used those funds to make up the shortfall. Councilman Dodd stated they could modify and reduce the Council stipend. Mayor Smith asked about the Council travel and training line item. Mr. Udall stated they budgeted for one training opportunity for each of the Council Members, such as the League conference; and said it includes the registration fee, hotel, and meals.

Councilwoman Wessel stated if they took the \$10,000 reduction for televising Council meetings, \$25,000 for Council stipends, and do not add the new police officer, that would give them \$95,000. Mayor Smith stated he would prefer they have the new police officer position for half of the year. He stated they have been operating without that position for years, and said he feels they could handle it for another 6 months. He said they could fill the position in January. Chief Eldredge stated they might have a better handle on the budget by that time. There was further discussion on the Council stipend, employee pay, and the HSA contribution. They discussed the increased business license fee. Mayor Smith stated he would hate to reduce the employees' salaries and then find the revenues were sufficient. Councilman Dodd stated they could reassess the salaries on a quarterly basis, and said if need be, they could then reduce the salaries.

Councilman Dodd confirmed if the revenues come in over what was budgeted, then it would go into reserve. Mr. Udall stated building the reserve is an important goal.

Mr. Brooksby then went over the special funds. Mr. Udall stated Mary French-Jones, in concert with staff, has brought in over \$1.1 million in grants. Mr. Brooksby stated the State raided the LTAF funds. There was discussion on the transit system and regional connector. There was discussion on the roads budget. Mr. Brooksby stated the current year debt service included payments on the street sweeper and loader, and said the payments end in June. He said the debt service on the streets is in the proposed budget. Mr. Udall stated they were able to renegotiate the payment schedule for the General Plan update, which helps a lot.

Councilman Biscoe stated the public needs to be aware of the cost for the Attorney General complaints. Ms. Rosales stated she handled most of the AG complaints. She stated frivolous lawsuits do cost the Town, in that they have to pay the Risk Pool a percentage for the litigation. There was discussion on the Parks and Recreation budget. Councilman Dodd stated he would hate to see a reduction that would reduce the level of service. Mr. Udall commended John Vuolo

on managing the staff, especially during the summer months when the Parks are open 7-days a week. There was discussion on impact fees.

Mr. Udall stated they would still be able to do some capital projects. He stated the Lakeside Streetscape project is finally underway; and said the Billy Creek Bridge project would be coming up soon.

Mr. Udall confirmed the Council's options to make up the \$80,000. He said he understands they do not want to affect employees' salaries, but said they may need to look at 1%. He said they have scheduled another budget meeting for May 3, but said that in the meantime they invite the Council to offer any additional input. He asked the Council to look at the 5-year capital improvement program and provide feedback.

Councilman Biscoe asked how dispatch works. Chief Eldredge stated the Town dispatches for Pinetop and Lakeside Fire, and said they reimburse the Town for one dispatcher position each. Councilman Biscoe asked if they have ever spoken with Show Low about combining services. Chief Eldredge stated there has been discussion. Mayor Smith asked if they could renegotiate any other contracts. Mr. Udall stated he is not aware of any. There was discussion about upcoming elections. There was further discussion regarding the Council stipend, the Chamber Visitors Center, and the Advertising & Promotion Committee budget. Mayor Smith stated he would prefer to cut the contingency budget, rather than the employee salaries.

Mr. Udall stated with these suggestions, he feels they are close to solving the problem.

The meeting adjourned at 7:40 p.m.

Dated this 6th day of May 2010.

PINETOP-LAKESIDE TOWN COUNCIL

/s/ Lu Anne Frost, 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 Pinetop-Lakeside, Arizona, held on the 26th day of April 2010. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 6th day of May 2010.

/s/ Lu Anne Frost, Town Clerk