

MINUTES OF THE SPECIAL MEETING OF THE TOWN COUNCIL OF THE TOWN OF PINETOP-LAKESIDE, ARIZONA, HELD MAY 23, 2011 AT 6:00 P.M. IN THE TOWN COUNCIL CHAMBERS.

Mayor Smith called the Special Meeting to order at 6:02 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>	_____	Stephanie Irwin	<u>X</u>	_____
Vice Mayor Rich Crockett	<u>X</u>	_____	Kim Webb	_____	<u>X</u>
Norris Dodd	<u>X</u>	_____	Leslee Wessel	<u>X</u>	_____
Dennis Hughes	<u>X</u>	_____			

Note: Councilmember Elect Dara Vanesian present.

STAFF PRESENT:

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

ITEM NO. 2, TOWN OF PINETOP-LAKESIDE PRELIMINARY GENERAL FUND, CAPITAL IMPROVEMENT PLAN, AND SPECIAL FUNDS BUDGET FOR FY 2011-2012:

Kelly Udall gave a brief summary of the discussion from the May 9 special meeting. He stated they discussed the strategy to balance the budget. He stated they would not know about the Environmental Assessment until June 6, and said they would continue to monitor the situation. He stated they plan to adopt the preliminary budget on June 16. He stated he had a chance to sit down with Jessica Grey to discuss the potential for extending the days the library is open, and said he proposed a Tuesday through Saturday schedule to begin July 5. He stated the staff would work from 9:00 a.m. to 6:00 p.m., with public access from 9:30 a.m. to 6:00 p.m. Councilmember Wessel asked what the current hours are. Ms. Grey stated they are now open from 9:00 a.m. to 7:30 p.m. Mr. Udall stated it may be a hardship to the staff, but said they are up for the challenge.

Mr. Udall stated they are trying the best they can to not impose a hardship on the staff through the budget. He stated the Risk Pool would be repaying a \$3,000,000 distribution to the member cities and towns. Councilmember Dodd implored the Council to take care of the staff. Mr. Udall said there is money budgeted in the HURF fund to lease property for the Public Works Yard and not continue to rent from the County. He said, in order for that to take place, they would do a solicitation with what they have in mind for the property, such as a workshop, bays, fuel yard and acreage. He said they would let out the solicitation, see what they get back, and then move forward. He said there is money in the streets budget to move forward with that effort, but said if they cannot the Navajo County facilities are okay. He said it would take the Public Works Department to the next level for services. He said the decision would come back to the Council. Councilmember Hughes stated Navopache Electric has five acres at the Commerce Park that

might be available. Mr. Udall stated the solicitation would be to find properties in Pinetop-Lakeside that would suit the Town's needs.

Mr. Udall said this meeting would finish the discussion on the CIP. Kent Brooksby stated the Special Funds are funded by dedicated revenue streams, such as the HURF Gas Taxes, Vehicle License Tax, Restaurant and Bar Tax, and Lodging Tax. He said grant funded projects are included in Special Funds, as well as the Capital Improvement Plan and the Infrastructure Improvement Plan. He said when they last met; they had tentatively identified some projects for the use of impact fees. He said they have reviewed the new impact fee laws, and said they determined some of the projects identified would not qualify. He said the largest portion of the Special Funds go to operations, including streets and parks, and said it includes everything from equipment repair to electricity for the ballpark lights. He said the second largest portion is for personnel.

Mr. Brooksby went over the grants applied for, and said budgeting is tricky, as they do not know which ones they would receive. Councilmember Hughes asked if the grants are state or federal. Mary French-Jones stated they all come through the state, and said the Town is not an entitlement city. Mr. Udall stated they do not know if they would get the grants or not, but said they would be applying for them. He stated there is no cash match, other than in-kind. Mr. Brooksby stated there is one for the Porter Mountain multi-use pathway using \$4,900 of impact fees. Ms. French-Jones stated it is a Secure Rural Schools Grant. She went through each of the grants and explained their purpose. Mr. Udall stated they have already received the Forest Health Grant, and said the Forest Health Committee would use the funds to advance concepts and ideas. He stated they would be looking for other grants throughout the year that might replace some of these, but said the expenditure authority is vital. Councilmember Dodd asked if they have earmarked the White Mountain Apache Tribe Prop 202 funds. Mr. Brooksby stated they typically earmark it for Public Safety, but said the Town has discretion as to how the money is used. Ms. French-Jones stated the use of those funds helps the Town acquire Prop 202 funds from other tribal entities.

Mr. Brooksby stated they were disappointed when reviewing the new Impact Fee laws because there were several instances where they had planned to purchase equipment, and said the law specially indicates they cannot purchase equipment for certain departments. Councilmember Dodd asked when the law goes into effect. Kent Foree stated there are a variety of effective dates depending on the provisions and requirements. He stated they specifically allow the use of Impact Fees to pay for studies that track the statutes on how they could spend the money in the future. Mr. Brooksby stated they have a study scheduled, but said he does not have the quote yet on what the study would cost. Mr. Udall stated, because of the new legislation, they are still trying to establish what it means. He said the budget is a financial plan, and said if things change as they learn more they would adjust the Impact Fees accordingly. Mr. Brooksby went over the fund balances and the respective revenue in those funds. He went over the projects, and said there are two at the Mountain Meadow Recreation Complex, the lease of three police vehicles, the Billy Creek Bridge design, the Porter Mountain Road multi-use pathway and bridge, and a snow plow equipped pick-up truck. He said the study would be the only item from the General Government fund to be sure they comply with the new Impact Fee laws. Councilmember Irwin asked if the \$46,800 is for a one-year lease of three vehicles. Mr. Brooksby stated it is a three-year lease for three vehicles, but said that is the price for a one-year lease. Mayor Smith asked if they would be able to use successive year Impact Fees to pay for the other years of the lease.

Mr. Brooksby confirmed, and said that is one area they can purchase equipment. Councilmember Dodd asked what they can do with the General Government funds, and asked if they could shift the funds elsewhere. Mr. Foree stated that is why he recommended they do another study to find out the changes since the 2006 study. Councilmember Wessel asked why they do not use more of the Impact Fees. Tom Thomas stated because they do not know what kind of revenues they would be getting in the next few years, and said they would like to have them in reserve for projects that come up. Councilmember Wessel asked if they could lose those funds due to the legislature. Mr. Udall stated they could come back with options that would use more of the Impact Fees. Councilmember Wessel asked if they would have to decide that before they adopt the budget. Mr. Udall stated they could add the use of the Impact Fees to the financial plan, and said the Council could evaluate it on the merits. He said just because it is in the budget, it does not have to be spent. Mr. Foree stated the previous study was very specific as far as categories identified being directly related to growth in the community and what would be needed to maintain the same level of service that was being provided to the present citizens of the community to the new ones being added. Councilmember Wessel suggested they budget them to be spent. Mr. Foree stated they could authorize anything to be spent in this budget. Mr. Brooksby stated they could budget the full amount as expenditures in those items, and then spend accordingly. Mayor Smith stated he would like staff to keep the Council apprised of pending legislation that would affect the use of those funds. Vice Mayor Crockett asked how the projected revenues for this fiscal year compare to last fiscal year. Mr. Brooksby stated this year was up, and said they collected some Impact Fees this year. Mr. Udall stated the one from Navopache Electric was sizeable. Councilmember Dodd asked why the projected revenues for General Government account for half of the funds. Mr. Brooksby stated they allocated specific percentages of each dollar collected. Councilmember Irwin asked if they allocated the earned interest. Mr. Brooksby confirmed they allocate based on the current year's activity.

Mr. Udall stated he was surprised by how well the budget turned out given the situation. He said the reserves are up, and said they plan to spend more on capital expenditures than the current year, using Impact Fees and grants. He said the Departments have been very creative in stretching the dollar. He said the Police Department is fully staffed, and said this budget looks good despite the economic downturn. Councilmember Wessel asked if the budget is balanced. Mr. Udall stated it is not, but said by June 16, the Council would be presented with a balanced budget.

The special meeting was adjourned at 6:56 p.m.

Dated this 1st day of June 2011.

PINETOP-LAKESIDE TOWN COUNCIL

/s/ Lu Anne Frost, Town Clerk