

MINUTES OF THE WORK SESSION OF THE TOWN COUNCIL OF THE TOWN OF PINETOP-LAKESIDE, ARIZONA, HELD JANUARY 7, 2010 AT 6:30 P.M. IN THE TOWN COUNCIL CHAMBERS.

Mayor Smith called the Work Session to order at 6:32 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>	_____
Woody Biscoe	<u>X</u>	_____	Leslee Wessel	<u>X</u>	_____
Norris Dodd	<u>X</u>	_____			

STAFF PRESENT:

L. Kelly Udall, Town Manager; Rosemary Rosales, Town Attorney; Lu Anne Frost, Town Clerk; Susan Stein, Deputy Town Clerk; J. Kent Brooksby, Finance Director; Paul Esparza, Community Development Director; Mary French-Jones, Grant Coordinator; and Sherwood Eldredge, Chief of Police.

ITEM NO. 6, PRESENTATION ON THE AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2009 BY J. KENT BROOKSBY, TOWN FINANCE DIRECTOR:

Kent Brooksby stated the books are audited annually by an independent auditing firm to express an opinion on the year’s financial activity. He said they received the annual report for the year ended June 30, 2009, and said once again the Town has received a clean opinion. He stated both the complete financial statements and the Annual Expenditure Limitation Report are posted on the Town’s website. He stated page 12 of the report provides an overview of the year’s financial activities, including where the Town’s revenue comes from and how it is expensed. He stated page 15 shows the Town finished the year with an increase in net assets of \$694,000; which includes infrastructure improvements; and explained this figure is not a cash amount. He said page 14 includes the income statement, which shows activities in the General Fund. He said there were \$4.5 million in General Fund revenues, \$4.2 million in operating expenses, and approximately \$1 million in transfers out of the General Fund into special funds, such as streets and parks. He said there was a net decrease in the General Fund balance of approximately \$596,000. He said the Highway User Revenue Fund (HURF) is funded by gasoline tax, vehicle licensing and General Fund transfers. He said the last two major road projects were completed using this fund. He said the Town has an agreement with the School District to pay for the roundabout, with their last payment due this summer. He added the Streets Fund decreased by \$280,000. He said the Town collected \$66,500 in impact fees last fiscal year and spent \$95,000 out of this fund for the Library parking lot paving and other capital improvements. He commented that long term debt will decrease considerably this fiscal year because both the street sweeper and front-end loader will be paid off. He said, due to many cost cutting measures, the General Fund ended up “in the black” last fiscal year.

Mr. Brooksby reported on the findings and recommendations from the auditors. He explained the street fund balance was not the same as what was in the budget, which was adjusted. He said the second finding, according to Federal Law, is to acknowledge any adjusting entry. He said

the third finding, suggesting an increase in staff members for the Finance Department, is made every year.

ITEM NO. 7, PRESENTATION ON THE TOWN'S BUSINESS LICENSE FEE INCREASE PROPOSAL BY PAUL ESPARZA, COMMUNITY DEVELOPMENT DIRECTOR:

Paul Esparza stated the Town collects \$10.00 every two years for business license fees. He said the average business license fee, according to their survey, is a \$42.00 annual charge. He said they compared communities similar to Pinetop-Lakeside. He said they took a Town-wide inventory to record the existing businesses. He added they have identified most businesses and said they created a spreadsheet to include this information. He said the current Town fee is minimal.

Vice Mayor Crockett asked if there is a late fee associated with the business licenses. Mr. Esparza stated there is not. Councilman Dodd asked about administrative costs associated with fee collection. Mr. Esparza stated it is a continuous effort in sending staff out to monitor new businesses. He said they check new shopping centers and notify the new business owners. Councilwoman Irwin asked if there is any data sharing with the Department of Revenue on new business licensing. Mr. Esparza stated the Community Development Secretary has contacted them and said they are able to work with the Department of Revenue to verify current businesses. Councilwoman Irwin asked if the Department of Revenue advises the Town of new businesses. Mr. Esparza stated they do not. Councilman Dodd stated the City of Page has a one-time fee and said he feels a one-time fee would cut down on administrative costs. Mr. Esparza stated this is usually what is done to assist in managing business licenses. Kelly Udall stated an advantage of an annual fee is to maintain an accurate database of businesses within the community. He stated Councilman Biscoe has identified some ways to use the database. Mayor Smith stated they could have an initial fee and a nominal fee to maintain the database. Mr. Udall stated some communities charge an application fee and an annual fee. Councilman Biscoe stated there is a current permit fee to put up A-frame signs which they want to get rid of. He added that having an increased license fee would offset that; and said it would allow the Town to know what businesses are here and what they do. He said they need revenue to offset costs. He stated they would like to have the business license renewal online, and said there should be a late fee associated with it. He said they would like the process to be code enforcement friendly. Councilwoman Wessel stated she likes the once per year contact with the businesses and said she supports an annual fee. She stated she would like to receive input from the business community. She said \$10.00 every two years is not enough.

The Work Session was adjourned at 6:57 p.m.

Dated this 13th day of January 2010.

PINETOP-LAKESIDE TOWN COUNCIL

/s/ Lu Anne Frost, Town Clerk