

**MINUTES OF THE BUDGET STUDY SESSION OF THE SHOW LOW CITY COUNCIL
HELD ON THURSDAY, APRIL 19, 2018 AT 6:00 P.M. AT THE CITY COUNCIL
CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA**

1. Call to Order.

Mayor Seymore called the meeting to order at 6:03 p.m.

2. Roll Call.

COUNCIL MEMBERS PRESENT: Mayor Daryl Seymore; Vice Mayor Brent Hatch; and Council members Rennie Crittenden, Mike Allsop, John Leech, Jr., Connie Kakavas (arrived at 6:03 p.m.), and Gene Kelley (arrived at 6:22 p.m.).

COUNCIL MEMBERS ABSENT: None.

STAFF PRESENT: Ed Muder, City Manager; Morgan Brown, City Attorney; Justin Johnson, Administrative Services Director; Cari Bilbie, Accountant; Stephen Price, Magistrate Judge (left at 6:10 p.m.); Joe Shelley, Police Chief (left at 6:33 p.m.); Jeff McNeil, Police Commander (left at 6:33 p.m.); Justen Tregaskes, Planning and Zoning Director (left at 6:38 p.m.); Jay Brimhall, Community Services Director (left at 7:04 p.m.); Lisa Lewis (arrived at 6:07 p.m. and left at 6:43 p.m.); and Ann Kurasaki, City Clerk.

GUESTS: Billy Brimhall.

3. Invocation.

Mayor Seymore gave the invocation.

4. Pledge of Allegiance.

Councilman Leech led the Council and audience in the pledge of allegiance.

5. Discussion of the Draft Budget for Fiscal Year Ending June 30, 2019.

Mr. Johnson said tonight's meeting was the second budget study session to review the budgets for the Magistrate Court, Police (Operations, Investigations, Administration, Communications, and Animal Control), Planning and Zoning, Community Services (Administration, Library, Recreation, Aquatics, and Parks/Facilities Maintenance), Administrative Services (Human Resources, Information Systems, Finance, and Public Transportation), Administration (City Council, City Manager, City Attorney, General Operations, and Public Information consisting of City Clerk and Show Low TV). The next budget presentation was at the May 15 Council meeting, which would include any changes discussed at the

budget meetings. Tentative budget adoption was scheduled for June 5 with final budget adoption on June 19.

Discussion began with the Magistrate Court budget of \$166,953, a 17.43% decrease over FY2018. The decrease was mainly attributed to a reduction in personnel from a full-time employee to a part-time position, and the department had 2.0 FTEs (full-time equivalents). This part-time position might be fully paid by Navajo County, which meant it would be removed from the City's budget. Court staff would continue to use JCEF (Judicial Collection Enhancement Fund) and other restricted court funds for travel, training, and eligible expenses.

Councilman Crittenden asked why the full-time position was changed to part-time. Judge Price said workload had decreased, attributed to terminating the photo enforcement program and a decrease in crime. As a result, the full-time person was helping the county court with its workload.

Judge Price left at this time.

Discussion moved to the Police department. The overall budget of \$10,063,458 was a 43.7% increase from the FY2018 budget, attributed to an increase in the City's one-time payment to the Public Safety Personnel Retirement System (PSPRS) of \$3.0 million. When adjusted for the PSPRS payment, the budget increased 0.87%. The department had 49.3 FTEs, with 33 sworn positions (32 sworn officers in FY2018), and with 84% of the budget spent on personnel costs for five divisions. He said this budget showed a decrease of part-time employees and an increase of 1 FTE for a net decrease of 0.8 FTE. The increase of 1 FTE was contingent on receiving a COPS (Community Oriented Policing Services) grant in FY2019.

Councilman Leech noted that of the 49.3 FTEs, 33 were sworn officers and asked if the balance was in dispatch (communications). Chief Shelley said the balance were in both dispatch and administration.

Councilman Crittenden asked for an update on the regional dispatch center concept. Chief Shelley said the participating members were continuing to work on the regional concept, although the northern portion of Navajo County ran into an issue involving money for capital costs. The south county participants were moving forward, including addressing fire district needs. He said he was going to go to a Pinetop-Lakeside Council meeting tonight to see if an intergovernmental agreement (IGA) for joint dispatching in the southern half of the county would be approved. If it passed, staff would present the IGA to Show Low's Council at the May 1 meeting. There were a few issues to resolve, but in general Pinetop-Lakeside liked the idea of making communities safer.

Ms. Lewis arrived at this time.

Councilman Leech asked him to clarify that no community from Taylor to the northern end of the county was participating. Chief Shelley said yes, he was correct. The south county group wouldn't approach any of those communities until dispatching personnel was in place.

Councilman Leech asked whether the budget would be affected if the IGA passed. Mr. Muder said yes, if Pinetop-Lakeside approved the IGA tonight, staff would adjust the communications budget and it would be a topic of discussion at the May 9 joint meeting between the Show Low and Pinetop-Lakeside Councils. He added that Mr. Johnson would review the budget changes at the May 15 meeting.

Councilwoman Kakavas noted there was one additional police officer and asked where that person would be assigned. Chief Shelley said the position was a Community Action Officer who would be more involved and do outreach with businesses and residential areas, such as promoting crime-free multi-housing.

Councilman Allsop asked if the department was fully staffed with officers. Chief Shelley said there were two openings for sworn officers, with a lateral officer and a new hire being processed.

Councilwoman Kakavas noticed a lot of cadet activity lately and asked what staff was doing to cultivate them. Chief Shelley said they were involved in the Explorer program, which was combined with Pinetop-Lakeside. The Explorer cadets were getting more involved and would soon be seen wearing uniforms.

Mr. Johnson said the Operations budget was \$8,634,433, a 143.1% increase over FY2018 or a 58.6% increase when adjusted for the additional PSPRS payment. The majority of the increase was due to combining personnel costs in the Investigations and Administration/Operational Support divisions into the Operations division per the department's request (it came to approximately \$2,256,000 in increased personnel costs). When adjusted for this increase, the budget for Operations increased 10.4%.

Mr. Johnson said in addition to 90% used for personnel costs (the majority of PSPRS-covered employees were paid out of the Operations budget), this budget included a \$3.0 million payment to PSPRS, an increase for the Special Response Team (SRT) to purchase eight radios for staff, and utilities. Capital costs of \$375,000 included 12 and possibly 14 new patrol vehicles (under lease option for \$250,000) and \$125,000 to remove and remodel the evidence storage area and a walk-in freezer at the new public safety building.

Councilman Kelley arrived at this time.

Discussion turned to the Investigations budget of \$38,400, a 95.7% decrease over FY2018. All personnel costs (of approximately \$870,000) were moved to the Operations budget per the department's request; when adjusted for this change, the budget was actually an 18.5% increase. The major cost driver was small equipment/capital with a \$6,000 increase.

Councilman Leech asked him to explain more about shifting personnel costs. Chief Shelley said staff wanted to find out how much they spent on overtime, e.g., for covering shifts and investigations.

Discussion turned to the Administration budget of \$91,200, a 93.7% decrease over FY2018. All personnel costs (of approximately \$1,386,000) were moved to the Operations budget per the department's request; when adjusted for this change, the budget was actually a 51.5% increase. The major cost driver was a one-time expense for upgrading the police records management software (RIMS system) to include a national incident-based reporting system, part of the Federal Bureau of Investigation's uniform crime reporting system. When adjusted for this expense, the budget showed a decrease of 6.6%.

Discussion moved to the Communications budget of \$1,066,765, a 19.5% increase from FY2018. There were 11.3 FTEs, with 79% of the budget for personnel costs plus a capital equipment replacement cost of \$106,000. When adjusted for capital, the budget increased 14.0% attributed to an increase in rental and maintenance contracts. Dispatching revenue was estimated at \$251,365.

Councilwoman Kakavas asked if the reimbursement revenue from dispatching for Show Low EMS for ambulance services would be transferred to Timber Mesa Fire and Medical District should it be awarded a Certificate of Necessity. Chief Shelley said yes, if there was a call for service, it was charged to whichever agency responded to the call, whether it was Show Low EMS or Timber Mesa.

Mr. Muder noted that staff included in the budget ten solar speed signs, possibly mobile ones, to place on fixed poles or moved to different locations. Mayor Seymore suggested ones that had room for a pre-programmed message, such as thanking motorists for not speeding or wishing them a nice day.

Discussion turned to the Animal Control budget of \$232,661, an 11.27% increase over FY2018. There were 2.0 FTEs, with 68% of the budget for personnel costs plus \$20,000 for designing a building expansion for the animal control facility.

Mr. Johnson added that staff programmed a 2% cost-of-living increase for employees plus a one-time increase mid-year depending on revenues received.

Councilwoman Kakavas asked if the increase would be based on merit or given to all employees. Mr. Johnson said it would be given to all full-time employees. Those who reached their maximum pay scale would get a lump-sum payment rather than the 2% increase every pay period.

Councilman Leech asked about the \$20,000 shown for the animal control building. Mr. Muder said this amount was included in the CIP (capital improvements program) plan and staff left it as a placeholder awaiting a decision about how to proceed with the building.

Mayor Seymore told Chief Shelley that he hoped he took the time to explain to his department employees the significance of the \$3 million payment to PSPRS. As a Council, they chose to put that money toward paying off the PSPRS debt rather than fund other important programs or projects. He suggested using this move as a recruitment tool or incentive to retain employees. Chief Shelley agreed and said his officers understood and appreciated the Council's action.

Chief Shelley and Cmdr. McNeil left at this time.

Discussion turned to the Planning and Zoning budget of \$574,610, a 21.0% increase over FY2018. This department had 5.5 FTEs (one full-time position was approved in FY2018) and seven Planning and Zoning Commission members (not included as FTEs), with 94% of the total budget for salaries and related expenses. Also had to increase budget for vehicle maintenance because of additional employee. Estimated revenues in FY2019 were projected to be \$224,000, with \$175,000 from building permits.

Councilman Leech asked if the department was gaining a position it used to have. Mr. Tregaskes said yes, the new inspector position allowed having a full-time building inspector in the field rather than splitting his time working on code enforcement. He added that the department recently hired a Community Development Specialist, Mike Mellor, who was a former Show Low police officer.

Councilman Leech asked if construction activity was increasing to a point that Mr. Tregaskes might request another employee next year. Mr. Tregaskes said he would love to say yes, but it was difficult to predict. He envisioned the larger need was a permit technician. Currently, the department's Planner was juggling her duties to handle those tasks and if she got busier, she wouldn't have time to do both.

Councilman Leech asked if staff continued doing code enforcement every other Saturday. Mr. Tregaskes said staff used to do enforcement on weekends about once a month and he anticipated the new Community Development Specialist would follow the same procedure.

Mr. Muder explained that after Mr. Mellor retired from the Show Low Police Department he was a code enforcement officer in Utah so he came with experience. He had already introduced new ideas and processes.

Mr. Tregaskes left at this time.

Discussion moved to all the departments in Community Services, with a total budget of \$3,019,924, including operations and all capital. There was an overall decrease of 8.9% over last fiscal year. The first division to be discussed was the Administration budget of \$285,076, a 16.6% increase from FY2018. There were two FTEs (one was the grants manager), with 71% of the budget for salaries and related expenses. The major cost driver was a National Environmental Protection Assessment study for a proposed bike trail near Fools Hollow.

Councilman Leech complained that the City had not created any horse trails but was spending money on more bike trails. Mr. Brimhall said the bike trails would accommodate equestrian uses. Mr. Muder said these trails were located north of the city limits and north of Fools Hollow Lake. Staff was working with U.S. Forest Service representatives to build a trailhead at the end of Central Avenue and the hope was to also allow all-terrain vehicles to use the multipurpose trails.

Discussion turned to the Library budget of \$554,950, a 2.1% increase over FY2018. This division had 8.5 FTEs, with 72% of the budget for salaries and related expenses. Other large costs were for utilities and library materials. The budget included \$25,000 in Small Equipment/Capital for a new fire alarm system.

Councilwoman Kakavas commended Library Services Manager Lisa Lewis for finding outside funding for programs and activities.

Discussion moved to the Recreation budget of \$411,285, a 4.7% decrease over the FY2018 budget. The majority of the decrease was attributed to a reduction of \$10,000 in the concert series program because they weren't well-attended. This division had 6.3 FTEs, which included three full-time employees, with 56% of the budget for salaries and related expenses. Besides salaries, the largest cost driver was special events.

Ms. Lewis left at this time.

Discussed turned to the Aquatics budget of \$522,203, an 8.8% increase from the FY2018 budget. There were 8.5 FTEs, which included one full-time employee. There were direct revenues from fees, estimated at \$119,100, and a General Fund subsidy of \$402,513. The budget's increase was due to capital and repairs and maintenance increases, including replacing internal metal doors and the slide.

Discussion moved to the Parks and Facilities Maintenance budget of \$1,246,410, an 18.1% decrease from FY2018. There were 8.0 FTEs. The decrease was attributed to other contractual services because the swing set project and lighting at Nikolaus Homestead Park were done in FY2018. Capital expenses for FY2019 totaled \$331,500 for a new swing set at the Little League field for \$10,000; \$17,500 for Nikolaus Homestead Park dugouts; \$30,000 for Citywide park signage improvements; \$38,000 for a Little League playground ramada; \$15,000 for a dog park ramada; \$9,000 for replacing the drinking fountain at the dog park; \$10,000 for upgrades and replacing pavers at Festival Marketplace; \$20,000 for a concrete connection to the asphalt path at Nikolaus Homestead Park; \$35,000 for exterior paint and improvements to City Hall; \$8,000 for repairing grass at City Hall and the veterans' memorial; \$15,000 for landscaping and trees at City Hall; \$20,000 for disk golf baskets; \$17,500 for basketball court repairs; \$20,000 for Senior Field concession repairs, improvements, and cameras; \$17,500 for laser-leveling five fields and infield mix; and \$49,000 for a flatbed 3/4-ton service truck.

Councilman Leech thought that all employees, even temporary employees, should have identifiable uniforms sporting the City's logo, especially for special events.

Councilman Allsop referred to the lighting project at the Nikolaus Homestead Park ballfields. Mr. Muder said Councilman Allsop wanted to add lights to the other two fields. The CIP had moved the Nikolaus Park lighting project from FY2019 to FY2020. He said he asked Mr. Brimhall to research costs further since the lighting estimate was based on lighting the multipurpose field in addition to the Little League fields. The new estimate was \$300,000 to add lights to the two fields. If the Council directed, staff could make adjustments to the FY2019 budget to fund this project. He said after talking to Mr. Johnson, they determined that revenues, which were coming in higher than anticipated, could be adjusted. The lighting project would be added to a deferred project list and built if the additional revenues were received.

Councilwoman Kakavas asked if the added lighting would also illuminate the BMX track. Mr. Muder said no, adding that staff hadn't looked at the BMX track. There would have to be much more BMX activity before it would be considered.

Councilman Allsop asked if enough manpower had been programmed in to take care of maintaining the grass and landscaping. Mr. Brimhall said yes, staff had contracted out landscaping duties at city facilities and public areas to allow staff to focus on other projects.

Mayor Seymore asked what fields were being laser-leveled. Mr. Johnson said all of them. Mayor Seymore asked if the City could partner with the Church of Jesus

Christ of Latter-Day Saints to upgrade its fields to the same standard. Mr. Muder said Mr. Brimhall had come up with an estimate of \$10,000 to improve the LDS field to City standards. The first step was to fix the infield.

Mr. Brimhall left at this time.

Discussion moved to the Administrative Services department, which included Human Resources, Information Systems, Finance, and Public Transportation. The Human Resources budget of \$305,717 was a 4.06% increase over FY2018. The department had three FTEs, with 89% for salaries and related expenses. Mr. Johnson said that some of the increase in this budget was attributed to the increased cost of reproduction and printing associated with employee identification badges and for occupational tests and immunizations.

Discussion turned to the Information Services budget of \$384,345, a 5.9% increase from the current fiscal year. This division had two FTEs, with 52% of the budget for salaries and related expenses. Other cost drivers included small equipment/capital (for new iPads for the Council per the adopted policy) and rental and maintenance contracts (for printers, copiers, software, and a .gov domain).

Councilman Leech questioned why Information Services (IS) never asked for money to upgrade the City's computer systems. Mr. Johnson said the budget included \$15,000 annually to replace computers around the City. Councilman Leech said he was referring specifically to the WiFi system in City Hall. Mr. Johnson said IS staff was looking at changing broadband providers to improve access. Mr. Muder clarified that the plan was to have WiFi access match the speed of broadband access through the computers.

Discussion moved to the Finance budget of \$711,252, a 0.25% decrease over FY2018. This department had seven FTEs, with 78% of the budget for salaries and related expenses. Other cost drivers included a reduction in rental and maintenance contracts (by changing transparency software vendor) and bank charges (which decreased by \$5,000).

Discussion turned to the Public Transportation budget of \$1,022,312, a 10.9% increase over the FY2018 budget. The major cost driver was the contract with MV Transportation, the operators of the system. The system included the Four Seasons Connection and the White Mountain Connection, with Show Low contributing \$90,900, supplemented by federal grants of \$589,580 and partner funding of \$272,412. Capital monies of \$261,102 would be spent to purchase two new buses. This was heavily funded through grants and partners in the transit system.

Councilman Leech asked about bus advertising revenues and what the funds were used for. Mr. Johnson said the revenues reduced partner contributions. Councilman Leech asked if the advertising vendor was bringing in hoped-for revenues. Mr. Johnson said not as well as staff had hoped or expected of the vendor, White Mountain Publishing. Councilman Leech thought it was a conflict for the company to also sell bus advertising. Councilman Crittenden (who chaired the Transit Advisory Committee) said he talked to White Mountain Publishing's owner but he wouldn't admit that it was a conflict for the newspaper to sell bus advertising. The transit committee was giving White Mountain Publishing until the contract expired (July 2018) to show results. There were more advertisers six or seven years ago, but it was difficult to find someone who could do it successfully.

Discussion then moved to the various budgets listed under Administration. The first was the City Council budget of \$346,427, a 0.09% increase over FY2018. There were increases in expendables to cover costs associated with Student Government Day and the White Mountains Leadership program. The FY2019 budget included \$250,000 in the Council Contingency line item, which was 72% of this budget.

Mayor Seymore suggested interacting more with the Show Low High School students participating in the youth program at the annual League of Arizona Cities and Towns conference, such as a joint lunch between the Council and the students or perhaps a welcome basket in their rooms.

Discussion moved to the City Manager budget of \$469,899, a 3.89% increase from the FY2018 budget. The department had two FTEs (the City Manager and Business Development Coordinator), with 88% of the budget used for salaries and related expenses. The budget also included \$15,000 to implement the Focused Future II strategic plan for economic development and \$10,000 to implement a cell phone policy stipend.

Councilman Leech asked for more details about the Focused Future II (FFII) plan. Mr. Muder said it was a strategic plan tied to economic development. Budget funds were used for advertising, participating in business and trade expositions, and targeting specific areas of the FFII plan. Councilman Leech asked if the expenses were categorized. Mr. Muder said yes, Business Development Coordinator Steve North prepared one every year. He said he would provide in a manager's memo after Mr. North returned to the office from vacation.

Discussion turned to the City Attorney budget of \$274,650, a 0.1% increase over FY2018. The department had 1.6 FTEs, with 79% of the budget used for salaries and related expenses. The increase was attributed to salary and employee-related expenses.

Discussion moved to the General Operations budget of \$4,825,310, a 10.6% increase from the FY2018 budget. This budget included \$3,237,810 for inter-fund transfers, \$400,000 for general liability insurance, \$185,500 in organizational support/community promotions, \$140,000 in jail costs, \$25,000 for right-of-way landscaping, and \$27,000 paid to the Arizona Department of Revenue for processing sales tax and other tax information.

Mr. Johnson said, historically, staff separated Cemetery, Airport, and Aquatics into Enterprise Funds. Recently, after discussions with the City's auditors, staff learned that many other cities included them as General Fund entities. Staff was considering taking their recommendation so they might be shown in the General Fund in the future.

Councilman Leech asked why he didn't see any funds for moving Show Low's historic jail. Mr. Johnson said because the expenses were included in the current fiscal year's budget. The move was planned to begin in May.

Discussion turned to funding requests for organizational support. Mr. Johnson said the nonprofit funding committee, which consisted of Councilmen Allsop and Leech, Mr. Muder, Ms. Bilbie, and himself, met to review the submitted requests for monies. The only increases were for Show Low High School Grad Night from \$2,000 to \$3,000 and adding \$5,000 for the White Mountain Community Garden. Mr. Muder noted the county would match the \$5,000 for the Community Garden. Mr. Johnson said White Mountain Meals on Wheels/Senior Center requested an additional \$5,000 but the committee recommended keeping the amount of \$45,000 the same as this year. No other organizations requested an increase.

Mr. Johnson said for other organizational support, the FY2019 budget showed \$57,500 for the Show Low Chamber of Commerce, \$20,000 for White Mountains Partnership, \$45,000 for White Mountain Meals on Wheels (which also managed the City's Senior Center), \$32,000 for Show Low Historical Society, \$5,000 for REAL AZ Corridor, and \$5,000 for White Mountain Community Garden, for a total of \$164,500.

Mr. Johnson said in community promotions, the budget included \$6,000 for miscellaneous requests, \$4,000 for Deuce's Wild Rodeo, \$2,500 for White Mountain SAFE House, \$2,500 for Summit Healthcare to support its annual fundraising gala, \$1,000 for Boy Scouts, \$2,000 for White Mountain Symphony, and \$3,000 for Show Low High School Grad Night, for a total of \$21,000.

Discussion moved to the Public Information department, which included City Clerk and Show Low TV. The City Clerk budget was \$328,414, an 8.03% increase over FY2018. This division had two FTEs, with 83% of the budget for

salaries and related expenses. This budget included election expenses estimated at \$35,000 to cover fall 2018 elections.

Discussion turned to the Show Low TV budget of \$226,315, a 10.0% increase over the FY2018 budget. This division included 2.3 FTEs (one full-time and three part-time positions), with 77% of the budget for salaries and related expenses. We increased part-time wages to retain his staff. This budget included increases in small equipment for a network hard drive system and Tricaster software upgrade and, in other contractual services, for the Adobe Creative Cloud license.

Councilman Leech asked whether there were any plans for a full-time position for Show Low TV. Mr. Muder said Show Low TV often needed four employees to tape a show, so one full-timer and three part-timers (with all working 19 hours a week) was a more practical solution. The budget showed an increase in part-time wages as an incentive to retain them. He added that the continuing trend for the future was less emphasis on television and more on social media.

Mayor Seymore suggested taping all sporting events, such as Little League games, to allow family members from outside the broadcast area to watch them. Councilwoman Kakavas noted it would be difficult to choose which game to tape given the multitude of leagues and games.

Mr. Muder said staff would have to develop a plan for public information and communication platforms as the world continued to change. Mayor Seymore agreed Show Low TV would become more of a social media vehicle to advertise community events and reach out to citizens. Mr. Johnson noted it was unique for a community of Show Low's size and population to have a government access channel. The next-smallest city with a TV channel was Prescott Valley, whose population was four times larger than Show Low.

Mr. Johnson said the budget must be balanced and fine-tuning would occur, with carryovers added. He said all variations from the recommended budget would be summarized for the Council at the May 15 meeting. Tentative budget adoption was scheduled for June 5, with final budget adoption on June 19.

Mayor Seymore asked if preparing the budget was a smoother process this year. Mr. Muder said staff, especially Ms. Bilbie, spent many hours working on the budget, including meeting with department heads and division managers. In addition, staff met individually with all Council members. Staff was able to maintain department budgets at about the same amounts as last year, while still adding money for the PSPRS liability.

6. Adjournment.

There being no further discussion, **MAYOR SEYMORE ADJOURNED THE STUDY SESSION OF THE SHOW LOW CITY COUNCIL OF APRIL 19, 2018 AT 7:35 P.M.**

ATTEST:

APPROVED:

Ann Kurasaki, City Clerk

Daryl Seymore, Mayor

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CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the **STUDY SESSION** of the City Council of Show Low held on April 19, 2018. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 20____.

(SEAL)

Ann Kurasaki, City Clerk