

**MINUTES
EAGAR TOWN COUNCIL
WORK SESSION
22 W. 2nd Street, Eagar, AZ
June 21, 2011 - 6:00 P.M.**

Mayor Kim Holaway called the meeting to order and welcomed those present. Mayor Holaway said to let the record show that Councilor Gary Finch is absent and that all other council members were present.

COUNCIL PRESENT: Kim Holaway, Mayor
 James Nelson, Jr., Vice Mayor
 Byron Smith
 Steve Erhart
 Debbie Rogers
 Tim Rasmussen

COUNCIL ABSENT: Gary Finch

STAFF PRESENT: Bill Greenwood, Town Manager
 Bruce Ray, Community Development Director
 Eva Wilson, Town Clerk
 Katie Wood, Finance Administrator
 Steve Christensen, Public Works Administrator
 Mike Hogan, Police Chief

ITEM #3: NEW BUSINESS

A. DISCUSSION OF FISCAL YEAR 2011-12 BUDGET

Finance Administrator Katie Wood reported that she has prepared a balanced budget for fiscal year 2011-12; although some expenditures will be contingent on revenues reimbursed such as fire reimbursement. The cash flow is historically slow due to delayed grant reimbursements.

Some of the highlight items that are budgeted for the fiscal year include:

- Boys & Girls Club \$20,000 plus \$18,000 repayment to savings
- Main Street Pitch In-Clean Up requested budget for \$800 for signs and miscellaneous expenditures
- Cemetery Committee's request for \$5,700 for sprinklers, grass, trees, shrubs, and a bench in the newest section
- Recording system for council meetings \$6,000
- Software for Community Development \$11,600
- Complete software upgrade to Caselle, new Server and 18 new PC's \$72,100
- Shopping plaza paving and lights \$23,000
- Electronic sign \$11,000 (half the cost of sign shared with schools)
- Full-time public works administrator

- Part-time finance clerical position
- Full-time police clerical position
- Springerville-Eagar Regional Chamber of Commerce \$12,500
- Round Valley Senior Center \$25,000
- Eagar Daze \$5,000 (without T-shirt purchases)
- Elections \$10,700
- Lieutenant position buyout (expend \$45,328 with \$28,000 savings the first year and savings of \$70,000-80,000 thereafter if position not refilled. There will be some additional pay scale increases to two Sergeant positions if Lieutenant position not refilled.)
- State Centennial Celebration and/or July 4, 2012 \$2,500
- Two town entrance signs \$5,000

Town Manager Bill Greenwood reported the Council's requested budget items remain in this fiscal year budget. All town departments have submitted a bare bones budget with many of their projects and purchases to be listed in the town's Capital Improvement Plan (CIP) for a future fiscal year. There is not a lot of room in this fiscal year budget, same as last year.

Councilor Steve Erhart stated that the contingency list from last year is not listed in this budget. It was determined that the majority of expenditures requested last fiscal year are still in the CIP, only a few items have been purchased such as two police cars.

Mr. Greenwood suggested that due to the uncertainty of when grant reimbursements will be seen and the lack of cash flow, that any unnecessary purchases be delayed until the third or fourth quarter of the fiscal year. The Caselle software, upgraded server and PC's are a priority, as are the shopping plaza parking lot paving, lights, and widening the entrance to encourage potential customers to use those businesses.

There was discussion regarding the necessity of the recording/agenda software requested by the clerk's office. The website upgrade and laptops for the Council are included in the \$72,000 for upgraded software and hardware. Not purchasing Council laptops will save \$4,000 and the Council did not think they are a necessity. Deferring non-urgent purchases until third or fourth quarter was a favorable suggestion. A sprinkler system and grass for the new section of the cemetery is necessary, whereas the purchasing of trees and shrubs are not.

The Community Development Block Grant (CDBG) project has been delayed as the environmental review was not completed on time and the earliest funds could be received were in July not giving time to complete the project before school starts in the fall. Therefore, the sewer portion of the CDBG project will be started in February or March 2012 with paving following after July 1, 2012. The Town has until 2013 to complete this project.

With the advent of the fire Rob Toy has been pushing for the LeSueur Drainage Project Funds to be released, as this is one of the areas in danger of flooding. This project will replace the CDBG project for the summer.

Ms. Wood stated that although there is a source line item for Impact Fees, the staff and Utilities Board may recommend that Impact Fees be eliminated due to the new costly administration that will be necessary in the coming years. Mr. Wood has anticipated

\$3,000,000 in Intergovernmental Revenues in grants due to the Wallow Fire, however it is unsure what grants will and can be applied for at this time.

Other flood-protection projects will be necessary due to the Wallow Fire. Other projects discussed in case the Town is able to receive a substantial amount of grants or reimbursements could be to expand and upgrade the blue building as an incident command center, or the construction of a new fire department (such as the fire departments built in Navajo County after the Rodeo-Chedeski Fire). Council asked that the Intergovernmental Revenues be increased to \$5,000,000.

Parks and Recreation budget is up due to the contribution to the Boys and Girls Club, even with the completion of the tennis court construction.

Reserve Fund has \$75,000 minus the Boys and Girls Club contribution that will be repaid by the town. So far no money has been added to the Reserve Fund this fiscal year but it may be possible if the town could receive all its outstanding grant revenue. There was discussion on how a yearly savings could be accumulated whether it is a percentage of the overall general fund or a monthly amount placed into Reserve.

Utilities may have an increase in fees based on the Consumer Price Index that is anticipated to be up more than a percent.

Water Infrastructure Finance Authority (WIFA) has \$192,000 due to projects that have not been completed. Ms. Wood is working with WIFA that may allow the Town to use WIFA spending on some of the projects that were at one time not a priority but are now.

Fund 60 is a tracking line item and is required by auditors to show cost in cost out of Impact Fees.

Mayor Holaway asked the Council what is necessary for them to consider passing the budget at an upcoming meeting. Councilor Erhart is interested in paying off debt. Ms. Wood stated that she has not budgeted any debt payoff unless something is to be removed from the worked up budget and replaced with debt payoff.

Councilor Erhart requests that at the next budget work session that the budget is prepared with detailed line items. It was also requested that Ms. Wood provide a complete list of the fiscal year 2011-12 budget highlights. Mayor Holaway requested a list of personnel costs, to include health insurance and retirement costs.

The fiscal year 2011-12 does not allow for cost of living increases nor merit increases, only step increases have been budgeted with less than half of the employees still eligible for step increases.

It was requested that another budget work session be set for July 5th at 6:00 p.m. and the approval of the fiscal year budget set in regular session for July 5th at 7:00 p.m. If the budget

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is not approved on July 5th, a special session will be scheduled to approve the budget before July 18, 2011.

ITEM #4: ADJOURNMENT

Councilor Steve Erhart motioned to adjourn the meeting at 7:07 p.m. Seconded by Councilor Debbie Rogers; all were in favor, the motion carried unanimously and the meeting adjourned. 6-0

Attest: _____

Mayor: _____

Vice-Mayor: _____

Council: _____

CERTIFICATION OF COUNCIL MINUTES

I hereby certify that the foregoing minutes are true and correct copy of the minutes of the work session of the Town of Eagar, Arizona held on June 21, 2011. I further certify that the meeting was duly called and held and that a quorum was present.

Eva M. Wilson, Town Clerk