

**MINUTES  
EAGAR TOWN COUNCIL  
WORK SESSION  
22 W. 2<sup>nd</sup> St., Eagar, AZ  
February 13, 2015 - 11:30 A.M.**

Mayor Bryce Hamblin called the Work Session to order.

COUNCIL PRESENT: Bryce Hamblin, Mayor  
James Nelson, Jr., Vice Mayor  
Steve Erhart  
John O. Phelps  
Allen Browning  
Debra Seeley  
Winslow McNeill

STAFF PRESENT: Tami Ryall, Town Manager  
Bruce Ray, Community Development/Public Works Director  
Eva Wilson, Town Clerk  
Frank Adams, Fire Chief  
Katie Brady, Finance Manager  
Mike Hogan, Police Chief

1. WORK SESSION TO DISCUSS THE GOALS AND OBJECTIVES OF THE TOWN OF EAGAR

Mayor Hamblin turned the time over to Town Manager Tami Ryall and Finance Manager Katie Brady who both presented the information for the budget goals and objectives from the PowerPoint Presentation. Ms. Ryall explained that the Town has begun to follow a five-year budget planning model.

Fiscal year 2015-16 revenues by fund showed that the Town's revenues are 50% General Fund Revenue, 18% HURF Revenue, and 32% Utility Revenue. The city sales tax (of general fund revenue) at 35% and state shared revenues at 52% provide the majority of the Town's funding with the remaining revenue sources making up 13% collectively. All five-year revenue projections were increased conservatively over the previous year by 1% as the trend remains flat based on historical data and an educated guess from past experience.

General fund expenditures portray public safety (police and fire) expending 54%, general town administration 31%, and 5% each for debt service, community development, and parks and recreation totaling \$2,414,688 for fiscal year 2014-15. Within the five-year budget model no new items are included, most of the budget items are left flat, and 2% inflation applied to some items budgeted. It is most probable that most of the insurances such as workman's compensation, unemployment insurance will increase steadily over the five years with general fund projections for fiscal year 2015-15 being \$2,414,602 and for fiscal year 2019-20 being \$2,510,523.

Ms. Ryall reported that all departments are currently working on their capital improvement projects. The capital improvement project plans will now include a work sheet for each project describing the project, and the estimation of expenses naming the funding sources.

Councilor Steve Erhart wanted to know if the capital improvement projects were prioritized and when the Town had excess revenue the projects were completed by order of prioritization even if the item was not budgeted for that fiscal year. Ms. Ryall replied that projects are prioritized and can be completed early. However, the prioritization may be out of order because the funding source may be less than the next prioritized project requires.

Ms. Brady reported that the local government investment pool (LGIP) balance has increased significantly with the reduction of debt. The LGIP includes WIFA reserves, HURF balance and general fund investment. In fiscal year 2009 the LGIP balance was at \$45,562, in fiscal 2012 it was \$111,334 and currently the balance today is \$1,295,347.

Ms. Ryall explained that the Town's savings account is not analogous to a personal savings account but instead much of the "savings" are unexpended funds that are targeted for expenditure in the future such as bond payments. After all expenditures were met the past fiscal year the Town had a surplus of \$300,000.

Ms. Brady investigated the Town's options to pay debt off early on its outstanding loans for Ramsey Park North lending with Bank of the West expended from the general fund, the Kennedy Well, sewer, and water lending through WIFA utility funds, and the 2007 bonds through GADA which is a blend of general funds 27%, HURF 23%, and utilities 50%. The Town would save the most interest in the amount of \$151,799 by paying off Ramsey Park North and would not incur early payoff penalties. The original term on that loan is through 2028. The three WIFA loans also would not incur early payoff penalties and their combined interest savings would be \$148,610. The earliest GADA could be paid off is 2018 with a sliding scale interest rate and the principal remaining on the loan is over \$2 million. Debt service by fund shows that 53% is in utility, 32% in general fund, and 15% in HURF.

Most Councilors were interested in paying off the \$433,080 of remaining principal on the Ramsey Park North property as it provided the greatest interest savings and then the Town could start working on early pay off of the other smaller debts. Councilor McNeill is interested in getting rid of the debt and reducing structured rate increases in water and sewer for the benefit of the Town's citizens. There was discussion of wanting to see a one year and a two year savings from early debt payoff. Councilor Erhart asked if there could be a rate adjustment (based on a scale) that would increase water and decrease sewer in the future. Councilor Erhart also stated that he would like to see the Town accumulate at least two quarters of the Town's operating revenues in reserve. Mayor Hamblin would like to know what it would take to have a surplus of \$1,000,000 met per year. There was also a suggestion to provide a year-end estimation of the cash over expenditures.

Ms. Ryall presented the proposed budget calendar as budget adoption deadlines are mandated by state statute. With Council budget work sessions scheduled in March and April, it is planned to adopt the tentative budget in May with the final budget adoption by June 2, 2015.

In summation, Ms. Ryall reiterated the direction Council would like administration to pursue to help them make informed decisions for the fiscal year 2015-16 budgets.

- Determine payoff of debt on utility loans and how that would affect the Town to forgo the structured utility rate increases
- Determine impact on budget from early payoff of debt for one and two years.
- Project the year-end cash over expenditures balance.
- Determine how to place two quarters of the Town's estimated expenditures into reserve.
- Determine what it will take to have \$1 million in surplus per fiscal year.
- What amount of the budget was inflated by 2% in the model.

Ms. Ryall reported that she has displayed maps of the Town's properties and utility locations in the room for the Council's review as that was direction Council had provided from the last work session. Ms. Ryall has also provided a table showing all the Town of Eagar contracts with relevant detail.

The Council work session adjourned at 12:40 p.m.

Attest: \_\_\_\_\_

Mayor: \_\_\_\_\_

Vice-Mayor: \_\_\_\_\_

Council: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_