

**MINUTES
TOWN OF CAMP VERDE
WORK SESSION
MAYOR AND COUNCIL
473 S MAIN STREET, SUITE 106
FRIDAY, MAY 7, 2021 AT 8:30 A.M.**

ZOOM MEETING LINK:

<https://us02web.zoom.us/j/83861819088?pwd=SUw4QVdiWGhFM2NmMlhCNWxZL2NV>

Zz09

One Tap Mobile: 1-669-900-9128 or 1-253-215-8782

Meeting ID: 838 6181 9088

Passcode: 957621

Note: Council member(s) may attend Council Sessions either in person or by telephone, video, or internet conferencing.

1. **Call to Order** Mayor Dee Jenkins called the session to order at 8:30 AM
2. **Roll Call.** Council Members Jackie Baker, Bill LeBeau, Cris McPhail, Jessie Murdock, Robin Whatley (absent), Vice Mayor Joe Butner (joined session at 8:52 AM), and Mayor Dee Jenkins
Others Present: Town Manager Russ Martin, Finance Director Mike Showers, Town Clerk Cindy Pemberton (Zoom), Marshal Corey Rowley (Zoom).
3. **Pledge of Allegiance** Councilor Bill LeBeau led the pledge.
4. **Discussion between Town Council, Town Manager and Finance Director regarding Fiscal year 2021-22 Budget.**
Town Manager Russ Martin went over the agenda. The three items to be discussed include: operations requests & recommendations, wages & salary survey, and finally a continued discussion on revenues in regards to operations. Mr. Martin will discuss some projects needing to be implemented in July with the budget approval or sooner to obtain direction from council.

Councilor Baker inquired if the delays in other communities are due to them not really knowing what federal funding they may get in order to put together their budgets. Mr. Martin stated that may be possible. For Camp Verde it is only a portion of the impact to the budget. 100% of CIP may be possible with federal funding.

Financial Director Mike Showers stated revenues are driving and the behemoth of expenses. Communities are normally approving earlier than Camp Verde and this year, the Town is ahead. Other communities are trying to determine their risk tolerance.

Councilor Murdock asked if there are placeholders within the budget, if or when federal funding comes in. Mr. Showers stated right now the Water Company is going to be a placeholder and those items will be self-contained in their own fund and will

not impact the budget.

Mr. Showers mentioned Camp Verde is being cautious about how and where the federal portion is budgeted. Allowances for grants are possible this year. Federal funding will be available, but currently it is not known where it can be spent.

Mr. Martin directed Council to the Town Manager recommended expense and revenue lines. These lines are fairly consistent with what the departments requested. The bottom line item for expenses is nine million, the revenues line is eleven million. After the transfers are taken out the bottom line reflects 100k to the positive. If Council agrees with the Manager Recommendations and budgets come in as predicted there will be a positive net of 100k.

There were 20k in recycle and there are a couple of options which will be discussed at a future council meeting. There would need to be some kind of budget for hauling and tipping costs. It is in the budget already at 20k.

Normal community contributions are at zero right now. That number would need to be created out of the 100k. The senior center generally submits a request to council as well as others throughout the year. The amount annually per year that is requested has fluctuated somewhere between 5k to 15k the last few years. The Advocacy Center has historically come out of the Marshall's office and that has switched. The Town needs to budget for that, the Senior Center contribution, and other requests that may come in. The Town Manager suggested somewhere near 20k in the budget to address those requests. The Meals on Wheels contributions are part of the Senior Center requests. Mr. Martin stated the budgeted amount would be a placeholder and Council would make independent decisions as the requests come in. Mr. Martin asked Council what the allotted amount to place-hold for requests should be.

Councilor Baker made a recommendation that Council determine a fixed amount which the Town would give each year for the annual Senior Center contribution.

Mayor Jenkins informed Town Clerk Pemberton that Vice Mayor Butner arrived at 8:52 AM.

Councilor McPhail recommended adding a little more to the amount the Town is giving to the community.

Mayor Jenkins recommended putting a budget number in that if it is used up is a contingency for donations.

Mr. Martin said the number would be a budgeted amount held, but not absolute. Mr. Martin asked if Council's comfort level would be at 30k or 40k.

Councilor McPhail pointed out if Council decides to budget 40k. Council can still decide not to spend it. Having it in the budget would allow it to be spent if something compelling comes before council.

Mr. Martin will budget the number in at 40k which was agreed to by Council.

Mr. Martin said there were a few differences between the Manager Recommendations and the Department Requests. Marshal Rowley or the Lieutenant can detail any of the discrepancies in the line items for the Marshall's office. Mr. Martin had some cuts for that department that were agreed to. The most notable changes impacted some economic development projects which were taken down. The economic development budget would still be double from last year instead of triple. Anything saved in the budget will be placed in as a priority for wages. Some operational cuts were recommended to prioritize wages. Council can choose to go through the details or accept the Manager Recommendation.

Councilor Murdock noted that the large discrepancies were related to jobs. Mr. Martin confirmed the large discrepancy amounts were related to jobs since the request was to approve the operations and not the payroll.

Mayor Jenkins asked if there a total of operations somewhere that didn't include the discrepancies related to job to determine what the difference was. Mr. Martin directed Council to page 3 for the detail. Mayor Jenkins noted that the difference was just over 33k and that she agreed with the recommendation.

Mr. Martin reminded Council that the Manager Recommendations were in general agreement with the departments this year. In the past Council has needed to go through items, but this year he felt the discrepancies were close enough.

There were no objections to accepting the operational budgets which did not include salaries.

Mr. Martin noted that Council had placed 40k in community contributions of the 100k and there is 60k left of the net.

Mr. Martin passed out a summary sheet of new hire recommendations. The sheet included a budgeted and revised Manager Recommendation regarding new staff for the Town. The Budgeted Manager Recommendations in the current budget leaves 100k net.

The original budgeted Managers Recommendations included three Officers in December, the HR Specialist, Clerk, Administrative Assistant, Maintenance, and Economic Development Specialist. The Economic Development line is in addition to the marketing money approved in the operational budgets. The Economic Development and Maintenance roles would be starting July 1st.

If Council decided not to add these roles for the Departments then the Town would have an additional \$338,380 to add to the 60k net and the Town be at about 400k net instead.

Mr. Martin provided Council with a revised recommendation and directed Council to

consider the following. The revised recommendation indicated the Town would be hiring two instead of three officers, hiring the Economic Development specialist in January instead of July, and hiring in April for the other positions with the exception of the Maintenance role.

The difference in the Revised Recommendation is roughly 10k and includes an additional amount for the Community Development Director.

Councilor Baker asked about the risk management position. Mr. Showers stated that the position was already budgeted last year and so there is no change.

Councilor McPhail wanted to know if Council still wanted the other roles as presented in the first Manager Recommendation if there was a way to make that happen.

Mr. Martin said the difference in the Community Development decision. Community Development Director Melinda Lee has decided to step down. It is important that the Town obtain someone who can accomplish what should be brought to the table going forward. Mr. Martin requested to adjust amounts off the positions to balance that.

Mr. Martin said to get the additional funding, the Town would have to come up with the additional revenue. That could be accomplished by dipping back into the operations or the 400k of capital funding. The 400k in capital funding is not associated with the park costs or equipment. The budget estimates it to bring in 1 million plus with 600k-700k is associated with cost. That does not include the library, streets, or Marshals Office borrows. Those items are taken care of with the 3% sales tax. If the 400k is unnecessarily going to capital then Council could take the 400k to put towards positions and wages. If Council still wants the 400k to pay the expenses for capital projects it could pay the library and marshal annual debt service. Then the funding that is currently paying those items could go towards salaries and positions. 600k is the annual cost if Council agreed to all of these positions.

Mayor Jenkins thinks the town needs something other than an Economic Development specialist. Revenue starts with Economic Development and Community development. Succession planning is also very important. So many things have been untapped because the Town doesn't have the personnel and resources.

Councilor LeBeau inquired about the level of addition for Economic Development. Mayor Jenkins stated a role in the 100k range.

Councilor LeBeau said he believed marketing is a core responsibility of the Economic Development Director. He felt it was counter intuitive that the Town would still need someone to do marketing and questioned if the department was structured properly. Mayor Jenkins said there are just not enough resources in Economic Development with only Economic Development Director Steve Ayers and Jessica Bryson. They are very busy as things keep coming in.

Councilor Baker stated that the Town needs Director Ayers and an additional marketing person. Ms. Baker mentioned the Town has been working on it since she has lived here. There is new infrastructure and expansion which is attractive to developers. Other communities have way more revenue and an active chamber of commerce to help them do good marketing. Camp Verde is lacking other organizations that support the growth.

Councilor Murdock mentioned Camp Verde is a great location that needs property owners and investors. Camp Verde needs organizations to work with the Chamber and Town. The Town needs to spend some money to get to that point. Ms. Murdock pointed out that she believed the Town should be reinvesting into itself.

Mayor Jenkins commented that it all starts at Economic Development. Camp Verde has the lowest general fund by comparison to other communities like Cottonwood and Chino Valley. When the Town is growing it is supporting our community.

Mr. Martin informed Council in conversations with Economic Development and Community Development it had been determined that part of the solution is in filling Community Development position and the skills as associated with that position. The Town can supplement the Economic Development department through that role. Certain tasks could be transferred to the Community Development Department for support. There is already contract money for marketing in the operations line at the 100k projected net. Mr. Martin directed Council to look at the Community Development position to determine if they want to hybrid it to take care of task orientation and strategy. If Council fully funds the 60k Economic Development position in the July timeframe to add to the current Economic Development positions then the Town can attempt to take care of strategic plan, strategy for success, and skills in the department. That avenue would cost 31k more than the revised Manager Recommendations for staffing. Council would simply take the budgeted over the revised for that role.

Vice Mayor Butner mentioned there seems to be constant conflict with the Community Development and Economic Development departments. Economic Development is going upwards while Community Development is going at best on the level, maybe backwards. It is not intentional of Community Development, but it is inherent in the role. The Town may need to restructure or consider the job descriptions of the new roles to correct these issues.

Councilor LeBeau believes the Town should look at the two departments and develop a symbiotic relationship to work towards the same goals. The Departments should be looking for solutions instead of a reason to say no.

Councilor Murdock pointed out that there is a difference between Planning and Zoning and Community Development. There is a building code and it has to be followed. There is not a grey line. If people come in and their plans don't meet the requirements the department can't just say close enough.

Vice Mayor Butner mentioned that he has seen plans that are brought in and red lined and the developer brings in a new set with the red lines cured, and then there is a new set of red lines. The items should have been red lined on the first submission. Mr. Butner believes the Town needs a more holistic approach that allows those departments to see the general plan and fulfill it.

Mayor Jenkins commented that writing the job description is where the focus should be.

Councilor McPhail mentioned that Community Development and Economic Development should be working together to bring plans to fruition without additional steps.

Councilor Baker commented the Departments should work with developers to meet the requirements, encourage people when they come in, and assist if they have a question later. The Town should have Community wide input on plans and have a future focused on succeeding.

Mr. Martin said structurally the Town needs someone in Community Development to take a cooperative approach. The staffing level needs to keep up with the pace. Currently there is no long range planning and that will cause problems in the near future. The hourglass is going out on Director Ayers and the Town will need to fulfill that role. To solve these issues the Town is trying to fix with the Community Development and Economic Development Specialist positions. Mr. Martin felt comfortable pushing the Economic Development Specialist role to six months if the Town is hiring a Community Development Director role. Once the Community Development role is filled it will help to determine what skills are needed in the Economic Development Specialist role.

Council determined it was best to take the original budgeted amount for the Economic Development Specialist position. That would add \$30,980 to the Revised Managers Recommendation. The revised budget is approximately \$10k less than the original Manager Recommended budget.

Mr. Martin pointed out the \$20k difference to hire that role in July would come out of the \$60k that the town had left to allocate leaving them with approximately \$40k.

Councilor LeBeau asked about the competitiveness of the Community Development Director position. Mr. Martin said the proposal includes a \$82,500 Director, Cottonwood is at \$85k and Sedona is upwards of \$100k.

Mr. Martin mentioned that this was a good transition to the salary surveys and how that impacts the decisions. The salary survey shows the average of Cottonwoods results that were adjusted to Camp Verde's positions. The community numbers are an average not a mean. Camp Verde is at the bottom of most. If the goal is to get somewhere not on the bottom it would be a significant percentage increase. If the Town was to increase all the positions by the percentages from the survey the Town would be looking at 1.1 million plus for wages and full employee costs (retirement).

That's too much at this point, so our goal is to be at the middle instead of bottom. We can climb some by adjusting salaries. The wage sheets and results for the police officer were closer because the Town invested in that position and now wages are within 10%. The other ones we haven't invested in are multiple percentages behind. If the Town can get closer we can retain employees and compete in the job market. There's a chance they will pick our position over others. The Town needs to demonstrate to the staff that it can get closer. The Town won't lose staff if the wages are not that much apart. Currently the positions are too far apart and it is worth driving out of town.

Mayor Dee Jenkins called a 10 minute recess at 10:02 AM

Mayor Dee Jenkins called the session back at 10:15 AM

Mr. Martin discussed the impact to the budget, to get some positions closer to the mid-level. The town has \$400k give or take with some impacts to CIP (Capital Improvement Projects). Council can make about 1/3 movement toward the wages or approximately 3%. Mr. Martin does not recommend an across the board increase. Some positions can be increased 3% and not catch up. Important positions Council may need to do 10% immediately and some the Town doesn't have issues filling. Where there were no applicants increasing wages is more critical. Mr. Martin was not requesting that Council needs to identify which should be increased, but the department heads know which positions are difficult to fill. Council should also look at where the Town may be able to compete.

Mayor Jenkins remarked the 400k would be tailored to positions and not a flat increase across the board. Mr. Martin confirmed it would best solve the disproportionate nature of the problem. Vice Mayor Butner was concerned about how current staff would feel about this solution.

Mr. Martin stated that he felt this was a half a step towards fixing the problem and the Town would need to continue working on the issue going forward. Councilor Baker remarked when the Town has advertised there have been good applicants.

Director Showers shared his most recent experience hiring for an accountant position. Out of nine applicants, seven were not qualified. Out of the four that were not one followed through. Most applicants were looking for \$20 per hour and the Town as at \$16.50. On the second round not one applicant qualified. The Department had to hire for a lower position.

Mr. Martin mentioned the other new roles other than the Maintenance and Economic Development positions could be delayed for decision. The other positions are subject to change. Approximately \$300k of the proposal allows council to delay some decisions if things change. The other issue is the \$400k decision on existing employees. Council could identify an additional amount to place in the budget that would allow them to decide on additional funding towards solving the wage issue if in January the numbers are at or above the line. \$400k would almost solve the problem. The decision that Council can make now is to take the money that is above the projected line towards wages. Design is as important as implementation. Mr.

Martin recommended the Town design include changing the starting wages on positions for January implementation. For employees further down the scale it may have less impact. They would likely adjust some amount, but would not be at 100% of the salary survey. The design would take into consideration that some positions are a problem and some are not. The Town should have a design to stick with throughout the year with controls to change as needed. \$400k is significant to start with an opportunity at least as significant six months down the road. The placeholder would be around the \$400k range but there is not an exact amount at this point. To design a system to make an impact. Mr. Martin expects the placeholder will be close to 400k and it will reflect a dollar or two on some positions and on others it would be around 15k-20k. The goal is to not equally increase percentages but look at the competing roles and scale based on the positions that are lacking. The design would also vary based on added positions.

Mayor Jenkins pointed out the reason for the salary survey was to determine what to do now, create a placeholder for the future, and allow Mr. Martin to bring back to Council a Salary Position Plan.

Councilor Murdock asked if the Cost of Living Adjustment (COLA) would be in addition to the Salary Position Plan Mr. Martin will present. Mr. Martin stated that employee increases will be at least what a COLA adjustment would have been. There will not be anyone left behind short of the 2.5%. Implementation is different than design. All 92 that are full time or regular part time will see increases with that implementation. In January that will not be the case. This year is not a COLA. The purpose of the COLA is to keep salary levels accurate. That is a next year consideration. Salary implementation in 2022 is to do a COLA to keep up and not fall behind.

Mr. Martin discussed the impact of Council's decision with regards to CIP. The decision can still be adjusted. The CIP plan can be funded or not funding. Right now the CIP plan only has potential funding and not real funding. One of the potential funding sources is existing revenue over expenses for 2021 as it comes in the rest of the year. Mr. Martin is requesting Council to work towards the chip seal project and vehicles needed for the Marshall's office. Mr. Martin would like to be able to order four vehicles now. The financial impact would mean the Town would start paying lease payments in February, March, or April. There will be a budgetary impact next year, but if the Town waits until July the vehicles may not be there.

Mayor Jenkins asked if the chip seal request is above what was already approved by Council. Mr. Martin confirmed the request was additional projects along Montezuma Castle Highway. The Town is in a good position because it has waited to spend until funding was available to spend. There is about 1.5 million in projected spendable reserves. Mr. Martin requested Council to give some direction for the bid on the chip seal project. If the Town waits until approval in June or July it will miss the fall cycle and have to wait until spring for the projects. The two things Mr. Martin would like direction for is to order the four vehicles tomorrow and direct staff to build and obtain the bid for the 800k anticipated project cost on the chip seal.

Mayor Jenkins pointed out Council can't give direction for the purchase in a work session and confirmed that Mr. Martin will come back to Council for official approval.

Mr. Martin recommended Council consider up to \$700k CIP in the budget from reserves. If the Town doesn't have the rescue money then Council can make the decision on reserve.

Mayor Jenkins wanted to understand how getting a grant would affect the \$700k. Mr. Martin said the Town currently can't apply for grants because no projects have been built out and designed. The projects need engineering to get funding.

Vice Mayor Butner recommended that since the town has \$1.5 million Council should consider up to one million so that it is available for funding or engineering. The Town is in good condition financially and the one million should be ready to go if needed.

Director Showers pointed out the Town should be getting \$1.3 million although it is not determined how it can be spent. The Town hasn't had a year where it budgeted to use funding out of reserve. CIP funding source and CIP can be anything Council determines. Grants could fund one million. If the Town can't get the grants, but has additional revenue, it can still do the CIP without the grant. The CIP items will come before council independently. The Director needs to know what to present and how much Council wants to allow for the out of fund balance. If grants don't come in the Town need to pull out of fund balance. Mr. Showers would like to determine what amount Council feels comfortable pulling out in needed.

Vice Mayor Butner remarked that Council doesn't have to spend what is being budgeted. There are multiple sources of money that may even be unknown. There are some projects that have been considered for many years like fixing Verde Lakes Drive and there is funding available. If the Town has no money for engineering or perquisites then the funding is not going to be available. The Town needs a fund available to make it eligible to get the grant funding. A million may even be a bit on the conservative side. Council determined one million was a compelling number.

Mr. Martin confirmed one million allows for engineering starting along with the other predetermined goals. It will allow the Town to turn grants into reality on projects. The goal in a year will be that the Town has leveraged it, but has not spent it.

Mr. Showers mentioned that budgeting to spend a million out of reserves will allow the Town to recover if it missed revenue budget by 700k and other such flexibility as needs may arise.

Mr. Martin commented that spending from reserves has different public viewpoints. The public may not be concerned at \$700k and might be concerned above one million. Mr. Martin recommended getting some information and getting back during the June Council Session. Concerns should be expressed before that meeting.

Mr. Martin stated if Council has concerns they should be expressed before the June

meeting. The implementation in June is for the next day. If there are still concerns on implementation regarding the wage decisions at the June meeting that causes delays it may impact staff morale. The Town wants to show staff a positive change. The salary schedule will reflect that. Mr. Martin doesn't want to have to reschedule at the June meeting.

5. Adjournment Mayor Jenkins adjourned the meeting at 11:12 AM

Tom Jenkins
Mayor Dee Jenkins

Cindy Pemberton
Attest: Town Clerk Cindy Pemberton

CERTIFICATION

I hereby certify that the foregoing Minutes are a true and accurate accounting of the actions of the Mayor and Common Council of the Town of Camp Verde during the Budget Work Session of the Town Council of Camp Verde, Arizona, held on May 7, 2021. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 20th day of May, 2021.

Cindy Pemberton
Cindy Pemberton, Town Clerk