

**MINUTES
TOWN OF CAMP VERDE
WORK SESSION
MAYOR AND COUNCIL
473 S MAIN STREET, SUITE 106
FRIDAY, MAY 6, 2022 AT 8:30 A.M.**

ZOOM MEETING LINK:

<https://us02web.zoom.us/j/86137208559?pwd=TDlKa1NWMEhvV2Q3c3NDMkIQZzNwZz09>

One Tap Mobile: 1-346-248-7799 or 1-669-990-9128

Meeting ID: 861 3720 8559

Passcode: 260349

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 meeting to order at 8:30 AM.
2. **Roll Call.** Council Members Jackie Baker, Cris McPhail, Marie Moore, Jessie Murdock (absent), Robin Whatley, Vice Mayor Joe Butner (absent), and Mayor Dee Jenkins
3. **Pledge of Allegiance** Councilor Marie Moore led the pledge.
4. **Discussion between Town Council, Town Manager and Finance Director regarding Fiscal year 2022-23 Budget.**

A packet was provided to Council to show which items would be worked through during the work session. Town Manager Russ Martin explained that they would try to use the screen to keep track of decisions as they are made to get a running tally of decisions.

Councilor Murdock and Vice Mayor Butner arrived at 8:33 AM.

Mr. Martin went over the general purpose revenues for Town Sales Tax. The Category 0.65 of the tax rate is tracked separately because of CIP expenditures. The 2021-2022 adjusted budget is \$6,954,000 6.95 and the department requested 2022-2033 is \$7,713,910.

Mike Showers went through what went into the \$7,713,910. The document on page 12 and 13 showed tax detail by category and headers with the estimates at the bottom labeled. Mr. Showers explained that their tax revenue numbers looked at real possibilities instead of being conservative. Most categories were adjusted up anywhere between 3% to 15%. The biggest change was construction with approximately a 60% increase. It only takes one or two big projects for construction to shoot up significantly. After reviewing the upcoming projects he took the number closer to the previous year. They are not anticipating a major shut down or recession and the numbers presented are not super conservative.

Mayor Jenkins inquired which numbers would be sensitive to a recession.

Mr. Showers stated that COVID had little impact on the tax revenues. Things that affect the world or a true recession would have an impact. Even in the accommodations categories retirees or RV travelers may not necessarily stay home due to a recession. Almost all could be touched by true recession. Construction will either be hit hard or not touched. Companies that haven't started may hit the brakes which would have a big impact. If the project was started it would probably finish.

Mayor Jenkins recommended holding back a couple hundred thousand in case the numbers didn't happen.

Councilor McPhail stated that the Town would expect the 10 million in construction with ability to fund to continue.

Mr. Martin responded that a full stop to construction is not realistic. However, it could be reduced by a certain percentage of what is expected.

Vice Mayor Butner stated that in the last year one quarter was a recession. It is projected there will be another quarter recession. The federal interest was raised by ½ percent which is the highest in 20 years which could be indicative of a recession. He requested an explanation of how the tax revenue numbers should be adjusted assuming that we are going into a recession.

Mr. Showers stated that he reacts to a recession based on what he is seeing in the media. If there seems to be trepidation and issues where people start saving then there would be some adjustments. The main four to follow and keep an eye on would be retail, construction, restaurant, and accommodation. Mr. Showers did not feel that he is currently seeing these markers in the media.

Councilor Murdock remarked that Mr. Showers would bring these trends to Council and they would need to look at the budget and hold back on certain things. Mr. Showers stated that revenue drivers are monitored month to month. If City and State sales tax drop significantly or trend down then the Town may want to go into caution mode. He also pointed out that some decisions are difficult to tail back such as raises. Scaling that back would mean cutting wages or letting someone go. There is still plenty of room to scale a lot of things back.

Mayor Jenkins stressed the importance of timely revenue reports giving the Town plenty of time to react.

Councilor Whatley noted that during recession the Town continued to function and didn't lay off any employees. The Town may have held off on projects, but overall functioned and got through it. This experience gives her confidence that things will be okay.

Mr. Martin informed Council that the wastewater admin fee on page 2 of 13 of the packet also now includes a percentage of water revenue will change to a utility admin fee. In time this number should be reduced.

The three lines of State Tax Revenues are primarily coming from HURF. There was an increase in revenue compared to 21-22. State tax changes and population change is where the money is coming from. The urban revenue sharing is distributed per populace. Projections are nearly on point. There has been an increase in state revenue and population.

Mr. Martin mentioned that new employees were taken out of the General Fund FY22 Summary on page 3 and what was said in manager recommendation. If the town just keeps the current staffing \$10,822,160 would be the council proposed expenses. This represents the minimum budget to move forward and is the starting point labeled Council Proposed. It is not inclusive of employee increases, increased employees and CIP. Mr. Martin suggested working from 2 million and adding expenses into that number.

Mr. Martin pointed out that the HURF/Streets revenue number on page 4 of 13 is actually 1.286 million instead of 1.1.

Mayor Jenkins inquired if the 170k excess could be added to the two million.

Mr. Martin recommended that the 100k taken out of the the HURF/Streets Operations line be added back in and Streets would go up to 90k.

Councilor Whatley noted the significant cut back with HURF.

Mr. Martin stated that they had needed to balance the budget and that's where it came from.

Mayor Jenkins asked where the funds were relocated.

Mr. Martin stated vehicles and gas expense and commented that they would come back to HURF when CIP is discussed. He suggested closing HURF with that recommendation.

Mr. Martin moved on to discuss the wastewater recommendation. The manager had recommended 10k to the good which was a number inclusive of adding a utility director. The Council proposed number is based off no utility director which is why there is a large variance. Adding reuse water could potentially offset the numbers.

In the water category the manager recommended includes additional wages as compared to the council proposed. There is a surplus of almost 400k in the water company as projected if operations are continued as they have been doing them. Budget adjustments will probably happen two to three times over the natural course of learning.

Councilor Murdock requested that the water utility be clearly tracked in order to answer questions from constituents since the Town is newly acquiring the utility.

Mayor Jenkins agreed and mentioned monthly updates.

Councilor Murdock further noted that a service such as water should not be a lucrative revenue source, but should make enough to maintain the service and improve the utility.

Councilor Whatley added that since the Town is not for profit they should be able to keep prices down.

Mayor Jenkins noted that the Town had discussed changing wastewater billing to usage based and wants to understand the impact of that. As well as be provided tracking.

Councilor Moore inquired about how such a billing model would work for citizens that do not utilize both services.

Mr. Shower clarified the commitment was to look at providing a possible alternate billing model and noted that the Town would be able to look at that when it becomes available. A study could be done to determine what the rates would be. Mr. Showers spoke to Councilor Moore's point. He stated that the people on wells would have usage calculated based on everyone else. It wouldn't be units but still be an imputed fee for a lot of people. As the Town moves forward with a fee study satisfaction may vary dependent on how the change impacts individual citizens.

Councilor Baker asked if wells usage and the number of customers for water and sewer was kind of close.

Mr. Martin responded that the difference is in the area as you head out 260 who are on water and not sewer.

Mr. Martin recommended considering a rate structure and also an unmetered rate which would stay similar to the current structure in order to handle those who are unwilling to meter water.

Mayor Jenkins noted that the unmetered per tap rate is the current structure until an alternate comes back to Council to approve changes.

Mr. Martin noted that in regards to water they have not addressed reinvestment or inventories. They had toured some of the rooms to make sure we have room for fittings. The Department wants vital equipment relocated to the downtown facility. There will be an investment to facilitate the improvements.

Mr. Martin moved on to discussing current employee wages and what some other municipalities are doing. He commended the Town and stated that last year they did a stupendous job in getting everyone 100% of the average wage per role based on the salary survey that was conducted. The money spent has been well appreciated by staff. For the current year Clarkdale is trying to catch up, Jerome saw good revenues is going to try to do increases, and Cottonwood is the best apple to apple is somewhere at 6% plus to reflect inflation while looking at years of service. Sedona is looking at 8-12% due to their revenues which is likely above what Camp Verde could do. He noted that when comparing wages per role across communities it was

important to take into consideration years of service which could skew the numbers. Mr. Martin wanted to hear from Council how they would like to address the upcoming year. Mr. Martin recommended a split of 3 and 3, but noted that may not be the way Council would prefer to go. Moving hiring wages up 3% from where the Town currently is now would still be on the lower spectrum, but not losing ground for cost of living. Mr. Martin also noted other structures including splitting at various percentages based on years of service. He felt that giving merit to years of service was important and an opportunity which the Town has been missing.

Councilor Murdock felt the Town should stay competitive and look every year. If the Town wants to have employees it should pay them. 6% is what she has been hearing out in the public.

Councilor Moore noted that when she was an employee insurance and retirement went up which ended up in the raise received not being more than the increased costs.

Mr. Martin stated that the increase to health insurance for families paying was 10% this year. Retirement went down across the board. ASR has also gone down, it was 12.1 and now is 12.

Councilor McPhail noted that a 6% raise would be about a quarter of the two million surplus. Felt they should allocate it that way if it was available.

Mr. Martin noted the chart on page 5 of 13 showing that for 6% 379 is is General Funds.

Councilor Baker understood that when the salary survey was done and raises done it had put the Town kind of even with other communities. She noted that in her experience a raise should be earned by performance and sometimes length of employment. Not necessarily an automatic raise.

Mayor Jenkins felt it was important to reward top performers and have something to keep people from going backwards with the economy. She doesn't like flat increases because it doesn't reward the people who do an exceptional job. She commented it may be time to take a step back and rely on honest good performance reviews.

Councilor Moore agreed that Council should give a raise to those who deserve one, but also noted that if the Town doesn't take into consideration the cost of living raise then it may be back in the same situation it was in.

Mayor Jenkins introduced 3% and a percent to reward other folks.

Councilor McPhail asked if Council would be amendable to a 3% for inflation and another 3% that is discretionary based on criteria.

Councilor Murdock recommended that Council ask the town manager to come back with HR.

Vice Mayor Butner noted that some of the last group of raises saw an increase of 20-30k per year. He felt that these positions should not necessarily be in line for a cost in living increase because it would be duplicating what the Town did this past year.

Councilor Moore stated that when increases were done last year the inflation wasn't in place. The proposed increase would be to counteract the inflation the Town is seeing this year.

Vice Mayor Butner does not want to make an assumption and is not sure that's the case as to why they received a 20-30k raise. He suggests looking at those positions to determine if a cost of living increase is needed.

Mr. Showers noted that what Council would like to do and what is needed may not be the same and this item may need a revisit at the end of the discussion. He also noted that he doesn't see a merit raise as positive at all for this year because he felt that staff members did not know what their requirements were for said merit increase. He felt that there needs to be qualifications of what the great job was. He also noted that the employees that had large increases as a result of the surveys had been underpaid many years compared to everyone else.

Vice Mayor Butner clarified that he hasn't made assumptions as to why the 20-30k increases were received. He would like know what those positions are and if a cost of living increase is truly needed at this point. He prefers not to have a precedent setting flat increase where the Town may not have revenue to do on an ongoing basis. The Town is still small enough to look at pay increases on an individual basis.

Mr. Martin noted that this would be an adjust to market.

Mayor Jenkins noted that if payroll is raising faster than revenue she doesn't like cutting pay or positions. The ratio of payroll to revenue is way higher.

Vice Mayor Butner stated that it is a delicate balance and the Town needs to recognize it's a balance. He would like to see well paid staff and especially merit raises. He also disagreed that employees needed to be put on notice with what would be taken into account for a merit increase and felt that their job description was sufficient.

Councilor Moore agreed that their job is the expectation. If someone is doing an exceptional job or doing the work of two then they should be compensated because they are saving the town. If someone is just showing up that person should not be getting the merit raise.

Vice Mayor Butner mentioned that the HR director should coming back with a report including new hires. The most important part of budget is the employees. That's what makes town a great place to live. The Town needs to take good care of them and focus on it.

Mayor Dee Jenkins called a recess at 9:52 AM until 10 AM.

Mayor Dee Jenkins called the meeting back in session at 10 AM.

Mr. Martin has been working on some reorganizational options for the Town and has received critique by the staff prior to presenting. He presented two organizational structures to Council. The first option 1/phase1 being the short term plan based off of priorities and what the Town can afford currently. Option 2/phase being a more long term three to five year and is not in the budget calculation yet.

Councilor Whatley noted that deputy town manager does not appear to be helping the workload for the town manager out all that much in the proposed options.

Mayor Jenkins commented that the deputy town manager would be responsible for the departments which are listed under them. The deputy would report to the manager. She also mentioned that she appreciated that the organizational charts started with the citizens first.

Mr. Martin pointed out that 3-5 positions per month were rolling over approximately 6% of staff wages. The Town is saving that going into almost every month right now. Some of the new positions are more critical than current staff. Mr. Martin does not want to go back to having the same issues the Town has faced in the past.

Mayor Jenkins would like to look at which the positions the Town can't live without in order to move forward and serve the public.

Mr. Martin stated that what is being presented is exactly what is needed with some roles that may not be required until around July 1st. The storm water technician role will not be filled until the utility director is in place. The planner can be outsourced and the Town can work with consultant, but that option will be much more expensive than bringing an on a staff planner.

Mayor Jenkins noted that although the new positions on page 6 of 13 reflect 950k of increased cost the number moving forward is 1.2 million. The Town would need to make sure revenue grows to keep up.

Mr. Martin noted that some positions are rolling over again. If 5 positions aren't filled for 2 months then the wages are a wash to current annual payroll.

Mayor Jenkins explanation stated the Town currently has 110 staff members. With the addition of the 12 positions requested that brings the Town staff to 122 people. Cottonwood has 5 times revenue and maybe double the staff. She felt that there is so many more people compared to the Town revenue.

Mr. Martin explained that he takes what services the Town is requesting to provide to citizens and then plans a staff to match. Staffing is directly correlated to service level decisions. Wastewater reuse as an example will generate additional revenue and therefore the payroll for staff. The plan is based on services and the Town is now headed towards something different and not necessarily where it has been.

Mayor Jenkins would like to see a return to adding twelve people and the money Council authorizes to spend. The Town and citizens expect to see a return. Council needs to be able to explain because the constituents will expect it. She would like to advocate for the deputy manager position to get some workload off the town manager.

Councilor McPhail commented that it was a difficult position because they are being asked to give services a Town of 25k when there is only 13k currently. She stated that one reason the Town is lacking revenue is due to decisions that were made in the past not to have services that Cottonwood provides. She commended the excellent job in giving a view to the future. She asked if Council was going to give what a 25k Town should rightfully have or continue to limp along. She believes the positions are all necessary and believes that what needs to be determined is when and how.

Mr. Martin stated that he is requesting the positions with the exception of the library clerks which he is not suggesting right now.

Vice Mayor Butner remarked that it may be smarter to skip option 1 phase 1 since it is temporary and a short term option. He inquired if it would be better to proceed directly to option 2 phase 2. He noted that the way the deputy town manager is set up they do not have responsibility for the lower section. He felt the town manager should be responsible for overall and general and deputy town manager has primary responsibility. He also felt it was presumptuous to include the structure staff directly under the town marshal. He felt that the town marshal should structure his own department the way he thinks he ought to run. Statutorily the Town is required to have a town clerk, marshal, and engineer with independent responsibilities. He also noted that if the public works director happens to be an engineer than that would satisfy the requirement. He also recommended the IT role be added to current roles to fill and felt that an office was not a requirement as many IT personnel operate out of a mobile space such as a van.

Councilor McPhail noted that Town must have an engineer. She also stated that sometimes the director has started out somewhere else and can direct and understand what others are talking about, but not necessarily be someone with an engineer stamp. The Town does need someone to stamp plans, but the director can be primarily a manager.

Councilor Baker also noted that engineering can be contracted out.

Mr. Martin stated that the positions can be worked through individually and went through the FY23 Position Requests.

Town Clerk Cindy Pemberton wished to speak to the option 2 organization chart and wished to point out that the clerk is appointed and equal to deputy town manager.

Mayor Jenkins felt they should be looking for a deputy town manager from option 2 instead of an administrative services director from option 1.

Councilor McPhail also would like to bring up the economic services director.

Mayor Jenkins asked if Vice Mayor Butner was advocating the IT role be switched over.

Councilor McPhail inquired when the annual IT contract through Sunstate expired.

Mr. Martin confirmed the contract was through 2024. They do have the understanding that at some date their services will be reduced. The Town is currently in the first year of three year contract. The position has not been brought to Council because they are still determining the details of the role.

Councilor McPhail inquired if the engineer is entry level.

Mr. Martin stated the Town needs an engineer for our own services. The position is not for a senior engineer, and is open to a lower level with less expense

It is imperative to get additional help in Wastewater. Dori Blair is currently the storm water technician and that is covered. The workload is too much and there could be implications with ADEQ if they do not fill additional role. Maintenance will probably continue a person or two a year. The department will continue to have various labor needs directed for different purposes.

Mayor Jenkins remarked that with the implementation and phasing some current positions would be reconstructed.

Mr. Martin confirmed.

Councilor McPhail stated that community development brings in quite a bit with fees and permits. Code enforcement also brings in fees. She remarked that the positions could be paid out of development fees and pay for themselves.

Mayor Jenkins and Vice Mayor Joe Butner wanted to clarify that their approval of filling the positions is not about the money. The inspector role is not for additional work, but for support with the current workload.

Vice Mayor Butner commented that smaller communities can hire and get things done with a lesser number of staff if they train properly. Training is an issue for a lot of positions. He likes to see larger training budgets because he believes that this leads to getting more done in an efficient fashion.

Councilor Moore spoke to adhering to small town values with code enforcement. She believes that the Town should reflect a trust of its citizens and not be necessarily be driving around and peeking at properties looking for non-compliance. She does not condone not getting the proper permit but believes there could be community lash back if people are cited for a fence that is too high.

Councilor McPhail noted that Council did not feel an additional code enforcement

personnel was appropriate at this time. Council agreed.

Mr. Martin covered with what development brings in. They won't hire until it is known what is needed. It is important to get staff trained with a good understanding of code before they have to go to work. The budgeting is for the opportunity for the positions and not an absolute.

Mayor Jenkins sees the necessity of the inspector position.

Town Clerk Cindy Pemberton wanted to point out that Dori Blair MS 4 with ADEQ is currently under revision with the state. With the new requirements the Department needs additional staff.

Councilor McPhail remarked that a planner can also process permits if there is a need in the office.

Mayor Jenkins noted that she believed the Town had experienced trouble hiring planners.

Mr. Martin stated that the Town doesn't need a trained planner for long ranged and to work on internal projects.

Councilor McPhail agreed the Town could get someone fairly new to the job who would love to do those projects at an entry level.

Marshal Rowley spoke to the two CVMO positions. He stated the quartermaster takes care of fleet, audit, and, equipment. This area had previously been in disarray. He has hired a quartermaster and secretary and put them into patrol positions with hopes to get them into full time positions. Those are the only two positions he is asking for. Council has approved the quartermaster job description.

Councilor Murdock stated that if he needed an opening for patrol Council would not say no.

Marshal Rowley is experiencing attrition when comes to new officers. No patrol openings are needed at this time. He has been working with code enforcement and would like to move animal control there.

Mr. Martin discussed the roles for wastewater and water which are essentially utility director and operator. The hours spent on reuse could be paid for.

Mr. Showers stated they relabeled the section as utilities.

Mr. Martin moved on to the library manager role. The Vista program person has been working in this role and the Library can utilize the program for a few more months.

Councilor Murdock asked if the library manager in phase 2 option 2 would oversee parks and recreation. Also, if the 82k was for all the library staff requested.

Mr. Martin stated it would be just the library. The 82k is just for the Library Manager position. They would not directly start until July 1st.

Councilor Murdock asked for clarification on who reports to the library manager and what they do.

Mr. Martin stated the manager would be responsible for the staff and filling the role would free up the director's time to work on larger projects for the Town.

Mayor Jenkins inquired that if the person in this position was to do the day to day operations if it was an option to have Kathy Hellman be the community services person and be over the library and parks and recreation. She believes her customer service to the community sets the precedent.

Councilor Moore noted the proposed wage was more than \$27 per hour.

Mr. Martin explained that most candidates for this role would have a master degree.

Councilor Moore stated she doesn't utilize the library and remembers controversy. There were a lot of people who were not okay with the library. She asked if the Town needs someone with a master degree for the position.

Mayor Jenkins offered that the Cottonwood library supervisor position is \$23 per hour and that the person proposed is at \$27.85.

Councilor McPhail explained that the library provides support services to rest of town and performs volunteer services. Kathy Hellman additionally supports the Town with internet and marketing items. It's not just library and is the Town's only point of contact for some of the social services. The program at the library is beyond what a typical library would do and offers the Council an opportunity to serve public in a more human way.

Vice Mayor Butner remarked the Town needed to determine what kind of position the role is. It should determine if the role is a library and social services manager, or just library manager with lesser duties.

Mr. Martin stated the role would need a high level of previous experience and skillset which would need to be paid at a supervisory rate.

Vice Mayor Butner recommended leaving some of those responsibilities with Kathy Hellman.

Mr. Martin explained that the role would be the same as a deputy manager and they would want the candidate to have the same skillset that Kathy Hellman brings to the table.

Mayor Jenkins noted that the Town does not have a person that does social services yet.

Councilor Whatley pointed out that the Libray is more of a community center and listed activities they have scheduled.

Councilor Moore felt that she was hung up on the library manager term and felt that the public may feel that way as well. She felt the position title should give a better reflection of what the person is actually doing. Her suggestion was possibly Community Center Manager.

Mr. Martin spoke to the wage concern and stated that the Town needs to do better at getting qualified individuals. The difference between someone who does and someone who does well is \$7 per hour. The Town needs someone who is qualified to get their investment of dollars and is qualified to do a high level job including protecting liabilities for the Town.

Councilor McPhail stated they may be looking at a deputy library director.

Councilor Baker Joe stated if they go a deputy library director route then it should require things such as a master's degree. The Library is a community center and they do much more than just go check out a book or video.

Mr. Martin would like to consult with Kathy Hellman and bring a recommendation back to Council.

Mayor Dee Jenkins called a ten minute recess at 11:29 AM.

Mayor Dee Jenkins called the session back to order at 11:38 AM.

Mr. Martin clarified for council that budgetary is always budgetary until a position is approved by Council.

Mr. Martin commented that Parks and Rec is to go forwarded with what was expected. They are slowly going to build and are hoping by next year to have some tournaments rolling. As momentum builds more coordinators will be needed. The Department will be looking at recruiting events and different things.

Councilor Murdock noted that two fields will not bring in a big tournament.

Mr. Martin stated that willingness to do weekdays and capacity will dictate. They were able to pull off soccer with no field. The Town is just getting started in this area and will to need to expand services in the future.

Mayor Jenkins stated that the coordinator would be more than just the sports park.

Mr. Martin replied the role would be good and quality career position in the community.

Mr. Martin stated they will be removing two part time rec leader roles and putting them to full time. There is currently one part time who will go to full time and they will

be recruiting for another full time. The coordinator helps do the actual work on the field. The rec leader is the same as sports umpires and rec assistants that are life guards and such. They are the support staff for events. They will work with all the areas to make sure events have supplies needed.

Mr. Martin wished to give Council a little information about CIP presented in order to have a productive Wed. ARPA has an approximately 800k unallocated balance. AZ Cares has roughly 300k available. This year total potential funding is \$1,598,753. Council can chose to the unspent fy22 in the general fund. Current revenues Council may want to put in alongside other revenues. Mr. Martin is proposing that of the 2 million that 1 million go towards new staff, 500k to wage increases, and 500k CIP.

Mayor Dee Jenkins noted that the 2 million with HURF number is going to change.

Mr. Martin will try to get as close as possible. Wednesday will be a continuation and Council can go back to anything was discussed. Mr. Martin provided two handouts with updates to projects. The handout with larger font is completed projects and the smaller font is working projects.

Mayor Jenkins asked for an update on broadband next week. The County has all new numbers and Camp Verde was the best case of anyone.

Mr. Martin recommended adding an agenda item and mentioned that Suddenlink obtained the bid for the area. What that means should also be discussed.

5. Adjournment Mayor Dee Jenkins adjourned the meeting at 11:53 AM.



Mayor Dee Jenkins



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 Work Session of the Town Council of Camp Verde, Arizona, held on May 6, 2022. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 13th day of June, 2022



Cindy Pemberton, Town Clerk