

**(Corrected) MINUTES
TOWN OF CAMP VERDE
SPECIAL SESSION
MAYOR AND COUNCIL
473 S MAIN STREET, SUITE 106
WEDNESDAY, APRIL 12, 2023 AT 5:30 P.M.**

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

1. Call to Order

2. Roll Call. Council Members Jackie Baker, Wendy Escoffier, Robin Godwin, Cris McPhail, Jessie Murdock, Vice Mayor Marie Moore, and Mayor Dee Jenkins

3. Pledge of Allegiance Councilor Godwin led the Pledge of Allegiance.

4. Presentation and discussion with Council of FY24 Manager Recommended operational budgets including: General fund, HURF Fund, Wastewater fund and Water Fund. Staff Resource: Mike Showers

Mr. Showers explained the booklet given to Council. The Table of Contents will be a great resource for the Council as they navigate the booklet. He also stated that the numbers are no longer department requested numbers; they are Manager recommended numbers.

He turned it over to Interim Town Manager Gayle Mabery.

Ms. Mabery gave her recommendations for the operational budget. Those recommendations were listed on the pages in the booklet. *Additionally, she specified some broader concepts that she used in making her recommendations-*

Ms. Mabery discussed the Urban Revenue Sharing, which is a share of the state income tax. The legislature amended the individual income tax rates from a structure with different rates based on income to a flat tax rate. As recipients of Urban Revenue Sharing, the Town is guaranteed 15% of that tax revenue. It is a significant amount in the budget. For Fiscal Year 2024, the Town is projected to receive \$547,238. With the change to a flat income tax, the Legislature recognized that cities and towns will see a decrease in revenues. The Legislature negotiated to increase the percentage of Urban Revenue Sharing from 15% to 18% to try to soften the blow for cities and towns for the next two years. The Town will receive more in this revenue for the next two fiscal years as part of the increased percentage. By FY26, the Town's portion will decrease when the percentage decreases back to 15%. The League's advice is for cities and towns to be cautious when budgeting this revenue because this artificial increase in Fiscal Years 2024 and 2025 is not something to depend on for sustained revenue. The League doesn't advise using this money on operating expenses as they are not sure what will happen two years from now.

The League is advising Council to be cautious with the \$547,238. They don't think the Town should use this money on operating expenses, as they're not sure what will happen two years from now.

Ms. Mabery and Mr. Showers are suggesting 95% of the \$547K and dedicated to one-time expenses. The other 5% is staying in the general fund for ongoing expenses. Those percentages can be changed if needed. They're taking \$150,000 of that money and putting it into an affordable housing fund, per a decision that was made a few years ago to support a low-income housing project. This was a strategic priority. \$204,500 will stay in the General Fund for one-time expenses. These expenses are outlined in the packet. The remainder would be \$165k, which transfers over to one-time CIP funds.

She explained that HURF revenues will be declining. This year the Towns HURF funds only increased by \$2,000. She recommends moving another 13% of the employees' salaries in the HURF fund to a total of 25% to be funded with general fund revenues. She recommends it to be a phased approach. Eventually, the Town will reach a point where it is funding all those salaries from the general fund.

Ms. Mabery discussed legal services explaining that the total funding level has increased to \$84,000 which is not enough funding to hire a full-time Town Attorney. Council may want to make considerations on this matter.

She recommends increasing the amount the Town pays for dependent healthcare coverage from 40% to 50% for a total increase of \$40,000.

If Council wants to address salary compression issues and market competitiveness, Ms. Mabery recommends hiring only 4 of the 12 requested new employees. She spoke to Department heads to let them know this would be her recommendation. These 4 employees would be funded with two in the general fund, and two in the water utility fund. The recommended positions to hire are:

- Public Works/Maintenance position at 9 months
- CVMO Records Clerk for 12 months
- 2 Water Positions.

Additionally, to address salary compression and market competitiveness, she recommends a salary adjustment for 63 employees. It was found that Camp Verde's salaries were \$1-\$2 below the market sets across the board. In those adjustments, their target was to bring the remaining employees to at least 96% of what the market competitiveness was. They were able to do this in most cases. Six employees were still far from that, but they instituted a raise cap of \$5/hr.

Ms. Mabery led a discussion on wage increases. As the council increased wages in the past, so have surrounding communities. Wage increases are necessary to keep up competitiveness, but it gets discouraging as Camp Verde can't seem to keep up with surrounding municipalities. Additionally, even paying 100% of employee benefit cost and increasing the amount the Town pays for dependent health benefits to 50%, we are still quite a bit behind. She is recommending a 4% market adjustment for 63 employees.

Manager Mabery said she has another 4% built in the proposed budget for either COLA or

merit salary increases. Ms. Mabery said she is not a fan of straight COLA increases, as she likes to have merit components. However, it is a challenging time for merit discussions, as inflation is high, and the Town is trying to keep salaries competitive. There will be another emphasis on COLA raises this year across the region. Camp Verde will need to raise our salaries as well, to compete. This is an area where, if the revenue numbers are not as expected, and Council needs to make a cut, they can either cut the percentage of the COLA or delay the increase until January 1st to see where the revenue figures are. She is comfortable with her 4% market adjustment and 4% COLA adjustment recommendations. It's open for discussion on how to approach a merit increase.

Council collectively expressed there is not a formal system in place that makes it easy to implement merit increases. Staff needs to have clear expectations set out moving forward.

Mr. Showers and Ms. Mabery continued discussing with Council details of the budget.

Additional specifics to the manager recommendations were-

Community Outreach funds are in the non-departmental category and \$60,000 has been budgeted for Community Outreach. A new process has been instituted this year where the non-profit organizations requesting funding must submit applications. The Town has received two applications. One is from the Verde Valley Senior Center in the amount of \$45,000, and the second is from Friends of the Verde River in the amount of \$12,000.

Additionally, they have in the Economic Development Department a formal request put in for the sponsorship of Turquoise Circuit. This request was for \$13,000, which was increased by \$1,000 from last year. This will be in the Economic Development budget this year, as it's more of a marketing expense.

The requested IT position for the Marshall's Office was not cancelled, it was moved. She recommends \$90K in the IT budget as a placeholder to investigate better IT solutions to what they're doing.

There will be a rate study done on Water and Wastewater, and depending on how that goes, when Council is ready to move forward, staff will take those recommendations and take those decisions and the budget may be impacted.

Mayor Jenkins asked about additional Manager adjustments that Ms. Mabery may want to talk about. Ms. Mabery gave more details on taking some of the one-time expenses and shifting them because of Urban Revenue Sharing.

The onetime expenses in the General Fund that they've funded at \$204,000 are:

- \$80,000 to the General Plan
- \$40,000 for Storm Water Master Plan
- \$24,000 for fuel for the temporary pumping of water at the Sports Complex.
- \$15,000 for a consultant to do the multi-day strategic planning process for Council
- \$12,000 in the Maintenance Department for equipment purchases
- \$10,000 to CVMO for an Intoxilyzer Purchase
- \$8,000 for Visitor Center upgrades
- \$7,500 to CVMO for a software program requirement

- \$6,000 to CVMO for additional software
- \$2,000 in the Clerk's Office for training

The Council discussed these recommendations from Ms. Mabery and asked to take the booklet home and go through it on their own time and come back to Ms. Mabery and Mr. Showers with any follow up questions. Mr. Showers said they'll be coming back to Council in May with Sanitary District Debt, Town Fees, and CIP. In June they'll be coming back with a tentative budget. In early May, they may have a better idea of what they're looking at in April. Revenue is the biggest thing to look at right now. April numbers will tell if they need to make slight adjustments.

Discussions occurred on Merit and Cola raises.

Ms. Mabery said there is an undesignated \$88,000 in the General Fund. This means there's little wiggle room in certain areas, such as the healthcare increase. She does, however, want to keep this money as a buffer as much as possible in case other things were to come up.

5. Adjournment Mayor Dee Jenkins adjourned the meeting at 7:44 PM



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 April 12, 2023. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 9th day of May, 2023.



Cindy Pemberton, Town Clerk