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**MINUTES
SPECIAL SESSION
MAYOR AND COUNCIL
COUNCIL CHAMBERS
WEDNESDAY, MARCH 24, 2010
6:00 P.M.**

**Minutes are a summary of the actions taken. They are not verbatim.
Public input is placed after Council motions to facilitate future research.
Public input, where appropriate, is heard prior to the motion**

1. Call to Order

The meeting was called to order at 6:00 p.m.

2. Roll Call

Mayor Burnside, Vice Mayor Kovacovich, Councilors Whatley, Baker and Roulette were present; Garrison arrived at 6:02 p.m.; German arrived during the Executive Session.

Also Present: Town Manager Michael Scannell, Town Clerk Debbie Barber, and Recording Secretary Margaret Harper.

3. Pledge of Allegiance

The Pledge was led by Roulette.

Mayor Burnside announced that pursuant to advice from the Town Attorney, the Council would adjourn to an Executive Session to discuss Items 5, 8, 9 and 10; the captions of those four items were read aloud to fully inform the public in attendance. Burnside apologized for the necessary delay to consult with the attorney on those items, adding that the meeting will be called back to order at approximately 7:15 p.m., and continue with addressing Item 4 and the remainder of the Agenda.

A recess was called at 6:03 p.m. to go into Executive Session; the meeting was called back to order at 7:25 p.m. with the full 7-member Council present.

Burnside first commented on the recent news items that indicate an alarming trend in the economy affecting the entire Verde Valley. Prior to addressing Item 4, Burnside invited the public to speak on any matters not on the agenda.

PUBLIC INPUT

(Comments from the following individuals are summarized.)

Robert Stanley asked about the number of Camp Verde businesses that have closed in the last six months due to the economy, as mentioned earlier by the Council. *Burnside briefly identified several of those businesses; there was no discussion.*

There was no further public input.

4. Discussion, consideration, and possible direction to staff relative to the budget balancing strategy for the 2010-11 Fiscal Year.

Staff Resource: Michael Scannell

There was no action taken.

Town Manager Scannell explained that staff has prepared a report that details the shortfall that is anticipated to be incurred by the Town of Camp Verde for the upcoming 2010-2011 Fiscal Year, beginning on July 1st. The expenses appear to exceed revenues at a level of approximately \$650,000. That number is subject to fluctuation based on what the State Legislature does. A matter of critical importance to all communities is the Statewide election scheduled for May 18th on a 1-cent sales tax increase that will benefit the State government, but not local government in any respect. If the measure does not pass it is conceivable that local government will face additional cuts by the State. Scannell briefly reviewed the negative effect of the economy on the General Fund balance, an indication of the magnitude of the problem the Town faces.

Sr. Accountant Elliott gave a Power Point presentation detailing the estimated \$650,000 shortfall in the General Fund, as well as an anticipated shortfall in the HURF Fund. The presentation outlined possible options to offset that shortfall; those options include Expenditure Reductions, Employee Pay Reductions, Revenue Enhancements and Drawing from the General Fund Balance. The Employee Pay Reductions could include an overall cut in wages, shortened work week, reductions in some benefits, and offering early retirement for those who would be eligible. Elliott reviewed the Town's revenue sources consisting of the Town Sales Tax, Urban Revenue Sharing, State Sales Tax and the Vehicle License Tax. During her presentation, Elliott pointed out how the employees have already stepped up to meet the challenges by voluntarily agreeing to a reduction in the work week, increasing production to fill in for positions that have been left

vacant, and cooperating in departmental cost savings. Elliott showed a comparison between the tax rates for other municipalities and for Camp Verde; a raise tax rate raise of approximately 1% would benefit Camp Verde and bring it more into line with the other communities. Commenting on the deleterious effect of the increasing lack of funds for providing services and maintaining roads and facilities, Elliott detailed possible allocations of the revenues from a 1% increase in the sales tax to meet some of those demands. Elliott said that at such time as the economy showed signs of improving, staff would recommend that Council consider restoring the cuts that had been made, first restoring the Employee Pay Reductions, Department Service Reductions, and then the projects that had been delayed.

Elliott recapped staff recommendations for Council: Increase the sales tax rate by 1 percent, applicable to those categories that are currently taxed, allocating the proceeds to the various funds across the board; apply the 5% pay reduction proposed by the Town's employees until such time as the economy improves; apply proposed expenditure reductions, and draw the remaining shortfall from the Fund balance.

PUBLIC INPUT

(Comments from the following individuals are summarized.)

Jeff Dartt, Chairman of the Verde Valley Camp Verde Safety Association, gave statistics to support how the safety employees in the Marshal's Office are already underpaid by comparison with other communities; he requested that the Council seriously consider the 1% sales tax raise. He believes the community would understand and be in favor of it.

Linda Buchanan said she works in the education field, and serves on the Chamber of Commerce Board of Directors. She feels the Town needs to keep the funding opportunities available for the Arizona Office of Tourism and the Chamber; private enterprise is working hard as well.

Deborah Barber commented that all the employees are experiencing difficult times. Her husband lost his job last year, and she is the sole support for a family of six. It hurts, but all the employees are pulling together and agreed to a 5% pay cut knowing this is necessary to keep the community going.

Jacque Daughety, Court Supervisor who has been with the Town since 1993, asked that the Council consider doing what all the department heads and staff have been doing for the last 2-1/2 years and that is to break the problem down to the most important issues first – the building and the equipment, the employees and the most necessary of our services. Everyone is more than willing to cooperate, and next year promises to be worse. She is in favor of the 1% tax increase.

Robert Foreman, Building Department, said he understands the condition the State, County and Town are in. The employees have agreed to the 5% cut, and he recommends the 1% sales tax raise.

Kathleen Lew, a part-time employee in the Camp Verde Library, requested that part-time employees be exempt from the 5% reduction in pay.

Laura Miller, Camp Verde Marshal's Office, commented on the effect of losing money from the change in holiday pay, and said that there are people in the department who cannot afford to buy a home here; many have had to file bankruptcies. She recommended increasing the sales tax rate. *The Council requested that Elliott calculate the increase in percentage between the Marshal's Office the other staff members as far as the additional holiday pay receive, combined with their regular salary.*

Monte Reimer, an employee since 1989, urged the Council to look at raising the sales tax before cutting pay; he agreed that some employees could take early retirement.

There was no further public input.

Prior to the Council discussion, Baker requested the audience to indicate by a show of hands their support for raising the 1% sales tax rate; there appeared to be almost a unanimous response in favor. The Council discussion commenced with confirmation by Elliott that 13 employees are eligible for early retirement. The members discussed at length the expenditure reductions recommended by staff, other than making the employee pay cuts. It was pointed out that the Council could enact a 1% sales tax hike administratively, and that would take effect in 60 days. The public was encouraged to garner support throughout the community for an increased Camp Verde sales tax, as well as to push to get voters' approval of the upcoming State sales tax increase measure.

During the discussion, staff was requested to look into the Town's programs, or what might be considered entertainment, to determine the cost effectiveness. Barber reviewed the timeline required to realize the income from an increase in the sales tax as enacted by the Town Council, as well as a delay caused by the public calling for a vote to oppose the Council action.

Elliott was requested to include in the information to Council that if the sales tax is adopted no later than May 1st when the first proceeds will be received; Elliott estimated it would be in September. The full 12 months of increased revenue would be received; there would just be the 60 days delay after the end of June 30th.

Councilors Garrison and Whatley requested item #5, 6, & 7:

5. **Discussion with Town Manager regarding FY2010-2011 budget format, reiteration of staff projections and recommendations, including but not limited to consideration of additional sales tax, broadened accommodation tax, reduced construction tax, a 36-hour work week, impacts of a 10-20% payroll reduction of overall payroll, revisions to holiday pay, departmental reorganization, possible elimination of some positions, and/or early retirement of employees that could qualify without benefit loss and possibilities for contracting out various Town services as they relate to budget reduction.** Note: Council may vote to go into Executive Session pursuant to ARS 38-431.03.A.3 for discussion or consultation for legal advice with the attorney or attorneys of the public body. There was no action taken.

6. **Summary of ideas discussed and possible direction to Town Manager to relay this information to Department Heads.** There was no action taken.

Garrison requested that the issue of raising the sales tax by 1% be placed on the agenda for consideration and possible action; Scannell said that staff will work with the Town Clerk to have the necessary paperwork prepared and ready for the agenda for the April 7th meeting. Elliott will have the cost analyses and items requested by the Council ready as soon as possible, and will transmit the information to each Council member; it was suggested that the information be available for the next budget session.

Scannell confirmed that Elliott will prepare an analysis of the expenses associated with the programs, Grasshopper basketball, for example, compared with the revenue from the registration fees;

7. **Discussion and possible direction to Town Manager regarding the current FY2009-2010 budget. Discussion may include, but not be limited to reconsideration of unbudgeted items previously approved by Council, staff reductions, change in hours or any other items that would enable Town to conclude FY 2009-2010 within the adopted budgeted amounts.** There was no action taken.

In response to the Council, Barber and Jenkins each confirmed that the extended hours for Town Hall and the Community Development Department to be open have been well received and the public and the contractors have taken advantage of those hours. Scannell explained that the budget is within 2-1/2 percent of the projected figures; and looking at the overall budget and the amount of lead time involved, that figure is well within reason and manageable. Scannell reminded the Council that Elliott will continue to submit monthly reports on the financial status of the Town. Scannell also advised the Council that he is preparing a list of issues that he has been dealing with, and the list of those issues in process will be on his desk for the person who will be taking over on an interim basis.

8. **Discussion, consideration, and possible direction to staff relative to staffing the Finance Department.** Staff Resource: David R. Smith

Discussion may include, but not be limited to:

- Retaining Michael Scannell on a contractual basis to assist with the Finance Department.** Note: Council may vote to hear this matter in Executive Session pursuant to ARS §38-431.03 (A)(4) for discussion or consultation with the attorney regarding contracts that are the subject of negotiations.
- Reclassifying Senior Accountant Lisa Elliott. Discussion and consideration may also include a new job description and pay classification for a Finance Manager.** Note: Council may vote to hear this matter in Executive Session pursuant to ARS §38-431.03 (A)(1) for discussion or consideration of assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body.

There was no action taken.

Councilor German requested item #9:

9. **Discussion with the Town Manager relative to his resignation.** Note: Council may vote to hear this matter in Executive Session pursuant to ARS §38-431.03 (A)(1) for discussion or consideration of assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body. There was no action taken.

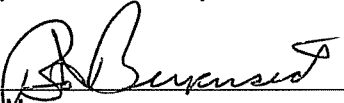
Councilor Garrison requested item #10:

10. **Discussion or consultation with the Town Attorney for legal advice concerning the Town's use of certain personal property rights.** Note: Council may vote to go into Executive Session pursuant to ARS §38-431.03(A)(3) for discussion or consultation with the attorney for legal advice and §38-431.03(A)(4) for discussion or consultation with the attorney in order to consider Council's position regarding contracts that are the subject of negotiation., in pending or contemplated litigation, or in settlement discussions in order to avoid or resolve litigation in connection with the Town's use of

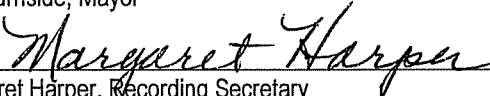
certain personal property rights.
There was no action taken.

11. **Adjournment**

On a motion by Baker, seconded by Garrison, the meeting was adjourned at 9:15 p.m.



Bob Burnside, Mayor



Margaret Harper, Recording Secretary

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 Special Session of the Town Council of Camp Verde, Arizona, held on the 24th day of March 2010. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 9 day of June, 2010.



Debbie Barber, Town Clerk