

MINUTES OF THE TOWN OF FLORENCE COUNCIL WORKSESSION HELD ON MONDAY, APRIL 11, 2016, AT 6:00 P.M., IN THE FLORENCE TOWN COUNCIL CHAMBERS, LOCATED AT 775 N. MAIN STREET, FLORENCE, ARIZONA.

CALL TO ORDER

Mayor Rankin called the meeting to order at 6:09 pm.

ROLL CALL:

Present: Rankin, Walter, Woolridge, Hawkins, Guilin, Anderson, Wall.

Mr. Richard Waggoner, Florence resident, discussed his concerns regarding Hunt Highway and discussed the monetary issues of the highway with Mr. Gabe Garcia, Finance Director. He stated that Mr. Garcia presented him with the three projects affiliated with Hunt Highway:

- \$163,00 for Felix Road and Hunt Highway
- \$1 million for Attaway Hunt Project
- \$400,000 for the bend in the highway north of Florence Hospital, which only has two inches of asphalt cover

Mr. Waggoner stated that the stretch of Hunt Highway is breaking down. He stated that he is endorsing the Council's vote on this matter. He understands that there is a need to reduce the expenditures by \$1.2 million but first impressions matter. He stated that he has spoken with Pinal County and they will be doing some work on their stretch of Hunt Highway. He stated that the Pinal County projects were bonded in 2014 and are expected to be completed in the upcoming fiscal years through 2018.

Mr. Waggoner stated that he asked Pinal County why they did not complete all of Hunt Highway. Pinal County explained that the Town of Florence annexed a portion of the highway into the Town of Florence and they assumed that the developer would do the improvements. Pinal County indicated that it would cost approximately \$750,000 per lane mile for pavement to do the repair from the northern part of the Anthem subdivision to Arizona Farms Road. This would be for five inches of asphalt with a ten inch base. The cost would not include any other infrastructure such as curb, gutter, etc. He asked the Council to do the necessary repairs by 2018 even if they have to sell bonds for the money.

Mr. Waggoner stated that the roadway between Attaway Road and State Highway 79 is in very good condition and does not have any potholes. Pinal County indicated to him that Florence takes care of that roadway.

Mayor Rankin stated that Council shares his concerns and they are trying to do what they can to address the issue; however, it is difficult due to the Town's current financial situation.

WORKSESSION ON THE 2016/2017 FISCAL YEAR BUDGET.

Mr. Brent Billingsley, Town Manager, stated that the budget being presented is the first draft. He acknowledged the work done by the Budget Committee, specifically Councilmember Wall and Councilmember Guilin.

Mr. Billingsley stated that each year the Town must approve an expenditure limitation under State law, whether it is local control under Home Rule or not. The first document that must be approved is the tentative budget. The second document requiring approval is the final budget. He stated neither of the documents is scheduled for approval at this point in time, rather this meeting is to discuss the budget process.

Mr. Billingsley stated that the May 17, 2016, and August 30, 2016, elections are two very important elections that will impact how the Town will move forward with the budget. The Town is seeking to receive local control, which means the Town can decide how it can spend the revenues it receives as a Town and not have to fall under the 1979-1980 state expenditure limitation.

Mr. Billingsley stated that the Town has a number of funds including the General Fund. He stated that the General Fund is unrestricted revenue and the Town can expend it on whatever they want as a Town. There are other funds such as enterprise funds which are similar to having a business inside of the Town government itself.

Mr. Billingsley discussed some of the assumptions of the budget, which includes:

- No increase to medical benefits
 - Options may be available for a decrease in cost to the Town
- 3% merit stipend if they meet certain requirements with respect to their annual reviews on a performance basis
- Conservative trend analysis on revenues and expenditures
- Continue to evaluate all employee vacancies
 - Nine positions frozen in the last five months
- Dissolution of the internal service funds
- Budget target remains flexible
 - Close to \$1 million reduction in deficit
- Extension of SAFER Grant
 - Allows for expending of additional \$100,000 in funds from SAFER Grant that expired in February 2016 that were not expended during the prior year.
 - Approval received by the State
 - Can expend funds between now and November 12, 2016
- General Fund
- The General Fund is home to non-restricted revenues and expenditures of the Town.
 - Projected Fund Balance at year-end expected to be approximately \$5.3 million
 - Projected \$1.2 million deficit
 - Revised projections estimate the deficit to be approximately \$400,000
 - Goal is to have a zero deficit at year-end

- Major revenue streams include the following:
 - Taxes: sales tax (TPT), property tax, and personal property tax
 - Licenses and permits: building licenses and permits
 - Franchise fees: Arizona Public Service, Southwest Gas, cable and utility
 - IGA: state shared sales tax, income tax, auto lieu and Salt River tax
 - Interest Income
 - User Fees: police, fire, engineering, community development, economic development, parks and recreation

Mr. Billingsley provided a breakdown of revenues received for the General Fund:

| Description | Amount |
|----------------------------------|---------------------|
| State Shared Revenue | \$6,968,640 |
| Town Sales Tax | \$2,650,000 |
| Property Tax | \$850,000 |
| Charges for Services | \$777,390 |
| Franchise Fees | \$584,100 |
| Licenses/Permits | \$529,500 |
| Fines and Fees | \$145,750 |
| Interest | \$100,000 |
| Miscellaneous Revenue | \$43,100 |
| Transfers In | \$1,569,828 |
| - Total Projected General | \$14,218,308 |

Mr. Billingsley provided a listing of all departments that encompass the General Fund as well as the funding for each:

| Description | Amount |
|-----------------------|-----------|
| Town Council | \$127,821 |
| Administration | \$668,611 |
| Courts | \$178,872 |
| Legal | \$447,236 |
| Finance/Grants | \$795,898 |
| Human Resources | \$253,342 |
| Community Development | \$615,922 |

| | |
|-------------------------------------|---------------------|
| Police Department | \$3,839,673 |
| Fire Department | \$2,955,327 |
| Information Technology | \$484,050 |
| Parks & Recreation | \$1,952,594 |
| Library | \$388,653 |
| Facility Maintenance | \$532,469 |
| Engineering | \$154,585 |
| General Government | \$1,075,500 |
| Cemetery | \$8,400 |
| Economic Development | \$146,200 |
| Total Projected General Fund | \$14,625,153 |

Mr. Billingsley stated that Police, Fire and Parks and Recreation are the largest departments within the General Fund as those departments employ the largest number of employees.

Mr. Billingsley provided an overview of the General Fund Summary, which included the following:

**Town of Florence
Department Budget Summary
Fiscal Year 2016-2017
GENERAL FUND SUMMARY**

Fiscal Summary

| Activity | Actual | Budget | Projected | Budget | Comparison from what is being proposed to the target budget. |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|--|
| | 2014-2015 | 2015-2016 | 2015-2016 | 2016-2017 | |
| Personnel | 10,335,791 | 10,990,900 | 10,765,592 | 10,762,815 | -0.03% |
| Contractual Service/Maintenance | 2,741,597 | 2,906,400 | 2,178,747 | 2,086,188 | -4.25% |
| Commodities | 416,965 | 515,300 | 711,163 | 772,406 | 8.61% |
| Other Charges | 413,315 | 584,500 | 754,539 | 1,003,744 | 33.03% |
| Capital | 1,146 | 0 | 0 | 0 | |
| Total | \$13,908,814 | \$14,997,100 | \$14,410,041 | \$14,625,153 | 1.49% |

Mr. Billingsley stated that some of the budgets within the General Fund have increased because of the following reasons:

- Increase percentages may be large but the dollar amount is small
- Benefit of dissolution of internal service funds is reflected in individual department budgets
- Increase in service, maintenance and commodities (fuel, oil and vehicle maintenance that was being held in the service fund is now reflected in departmental budgets)

Mayor Rankin inquired about the 33.03% increase in the other charges activity outlined in the General Fund Summary.

Mr. Billingsley stated that a portion of that increase is how the Town is funding contracts for the Legal Department in the upcoming year.

Each Department Director provided an overview of their department as well as an update on their individual budgets including increases and decreases in their respective line items.

Town Council Budget:

- \$5,000 added in "Contractual Services and Maintenance" line item for legal publications. State statute requires every ordinance to be published two consecutive times in the local newspaper.
- \$3,000 added in "Professional Services" line item for recordation fees with Pinal County. This is to ensure that all agreements associated with land are recorded.

Ms. Garcia asked Council to review the "Dues and Subscriptions" and "Conferences and Business Meetings" line items to ensure that everything has been included. She also explained that \$24,000 is budgeted for the primary election. The money is for the cost of covering the publicity pamphlet and all related election expenses.

Mayor Rankin inquired if there is a cost to the Augmentation Authority.

Mr. Billingsley stated that the membership fees for the Pinal County Water Augmentation Authority is in the Public Works Budget.

Mr. Billingsley stated that decreases were done to all of the budgets in order to reduce the projected expenditures this fiscal year and to reduce the deficit.

Administration Budget

- One frozen position
- \$20,000 added in "Other Miscellaneous" line item for the deductible for four claims at \$5,000 each. This amount was moved from the General Budget to the Administration Budget.

Courts Budget

- Magistrate in-house position is frozen and the Town has contracted with the City of Eloy for magistrate services.

- Arraignments are now done on a daily basis
- Decrease is due to fees associated with jail stays

Legal Budget

- Increase in the projected amount from \$250,000 to \$400,000 in "Contractual Services" line item because the legal costs for this fiscal year have gone above the budgeted amount.

Mr. Billingsley stated that they will move all legal related items into the Legal Department for the Fiscal Year 2016-2017.

Finance Budget

Finance Budget decreased by 2.8%. This is due partly to the the following decreases:

- 2% decrease in the salaries
- 2% decrease in printing and contractual maintenance
- Decrease in commodities
- Will not have a software purchase in Fiscal Year 2016-2017 as they did in Fiscal Year 2015-2016
- Decrease in travel and training

Human Resources Budget

- \$20,000 for unemployment insurance
- Certain employee benefits budgeted in Human Resources Budget
- Slight increase from what was projected to the actual amounts

Community Development Budget

- Building Inspector position frozen
- Reduced expenditures throughout entire budget
- Minor increase for vehicle maintenance
- Increase in reproduction and printing
- Code cycle update
- \$5,000 added for Code compliance

Mr. Billingsley stated that all frozen positions have been eliminated from the upcoming budget.

Police Budgets

- 28% increase in Support Services budget, specifically for oil and fuel for the vehicles that were added back into the budget
- Three positions eliminated: Dispatcher, Police Officer and Evidence Technician

Mayor Rankin inquired if they foresee issues with regards to overtime due to the eliminated positions.

Mr. Dan Hughes, Police Chief, stated that they do not foresee any issues; however, they will continue to monitor overtime, specifically with regards to dispatching. They will revisit the freezing of the position should an issue arise.

Mayor Rankin inquired if they are able to keep up with the calls for services with the existing personnel.

Chief Hughes stated that they are able to maintain the level of service with the current staff.

Mr. Billingsley stated that positions were not arbitrarily eliminated. He stated that the discussions occurred with the department heads as well as determining staffing levels with regards to maintaining a quality level of service .

Fire Budget

- Decrease in "Contractual Service for Maintenance" line item due to transferring more accurately reflect actual expenditures on vehicle maintenance.

Mayor Rankin inquired as to what vehicles are budgeted under Administration.

David Strayer, Fire Chief, stated that the following vehicles are included in the Fire Administration Budget:

- Command vehicles
- Pickups
- Ambulance
- Transitional Response Vehicle

Chief Strayer stated that the apparatus and engines are budgeted in the other budgets.

Councilmember Anderson inquired why the station is sometimes called 542.

Chief Strayer stated that the Town is designated as the series number 540 in the State Wide Mutual Aid System. He stated that Station No. 2 is identified as 542 and Station No. 1 is identified as 541.

IT Budget

- "Commodities" line item increased due to upgrade of Microsoft Office from 2010 to 2016.

Mr. Billingsley stated that the Budget Committee asked Dan Bennington, IT Manager, to provide a report with various options and various costs for the upgrade. There are problems with the current software because different versions are being used. The option chosen was the most cost effective option.

Councilmember Anderson inquired if there is money budgeted for an update to the website.

Mr. Bennington stated that the monies were expensed this fiscal year for the update.

Mr. Billingsley stated that the IT Department is in the final phase of the update of the website and anticipate going live no later than the end of June 2016.

Parks Budget

- Under budget on all eight budgets within the department and are still able to maintain quality of service.
- \$30,000 saving due to fitness trainer becoming part-time
- Small increase to general equipment repair and operations
- Elimination of the fleet internal service
- No professional services or services contracted needed for community service
- Utilities have been under projections for community service
- Lifeguard budget increased in Aquatics Budget
- Utilities and chemicals are under projections for aquatics facility
- Part time salaries for recreation were reduced significantly based on what is actually being used.
- 65% decrease in other charges for special events due to Road to Country Thunder event which had their own line item.
- Increase in contractual and maintenance for special events due to Road to Country Thunder event which had their own line item.
- Upcoming budget – Road to Country Thunder event will no longer have their own line item.
- Decrease in Senior Center Budget
- Decrease of \$40,000 due to the elimination of one part time staff member from Senior Center budget
- One Van driver position is funded by grant from Pinal Gila Council for Senior Citizens
- Elimination of the Fleet Internal Service fund in the Senior Center budget

Councilmember Anderson inquired how many lifeguards are budgeted and when will they work.

Mr. Bryan Hughes, Parks and Recreation Director, stated that the Town has 33 lifeguards and 4 cashiers that work at the pool. They will work from April to September 2016.

Mr. Billingsley stated that employees who work over 29.9 hours are considered full time and must be provided full benefits including healthcare. He stated that there will be multiple shifts and multiple crews working to ensure that the part-time staff works no more than 29.9 hours per week.

Councilmember Anderson inquired how many lifeguards will be on deck.

Mr. Hughes stated that the amount of lifeguards vary depending on the programming. He stated that there are three lifeguards on deck with one in the guard shack at the competition pool. There are nine in the play pool and three in the guard shack. He stated that they rotate every twenty minutes.

Mr. Billingsley stated the the Budget Committee wanted to see the total number of participants for each of the programs along with a cost benefit analysis with regards to the programs, He stated that this was provided to the Committee, which resulted in the decreases.

Library Budget

- Overall decrease in line items
- Increase of public participation and exceeding prior year statistics in all areas of service since they have been in the new facility

Engineering Budget

- Addition of one person in budget
 - Previously no one budgeted in the Engineering budget
- Fuel, oil and maintenance has been included in the Engineering budget
- AutoCad upgrade required

Mr. Billingsley stated that Highway User Revenue Fund (HURF) and Enterprise Funds can only be used for their respective services. Proper accounting for work outside of those restricted funds is necessary when design reviews, approval of subdivisions, etc. are done and can become convoluted when one person with multiple roles is performing those functions.

Facilities Maintenance Budget

- 3.73% increase over target budget
- Increase is in contractual services and commodities

General Government Budget

- Will move approximately \$150,000 from "Other Charges" line item into the Legal Budget for potential litigation or outside services
- Contingency added by the request of the Budget Committee for unforeseen expenditures that may arise

Cemetery Budget

- Reduction in budget due to a \$10,000 donation received
- Will increase amount of burial plots

Mayor Rankin inquired if there are any plans for waterline extensions so that the residents will have access to water to maintain their family plots.

Mr. Jess Knudson, Assistant Town Manager, stated that water is currently available. He stated that they can further review the possibility of extending the waterlines.

Councilmember Anderson stated that it is his understanding that there are two abandoned cemeteries in Florence and inquired if it would be possible to incorporate both into the Town's maintenance.

Mr. Knudson stated that, years ago, the Town attempted to contact the property owner of the Adamsville Cemetery to discuss the possible acquisition, and was unsuccessful in obtaining a response.

Economic Development Budget

- Six months ago, the Management Analyst began serving as the Grants Manager as well as to realize some cost savings to the Town.

Highway User Revenue Fund (HURF Budget)

- Net change in fund balance next year by \$3 million
- Number of projects have been budgeted for upcoming year
 - Florence Gardens Phase IV
 - Traffic signal and improvements at Attaway Road and Hunt Highway intersection
 - Felix Road and Hunt Highway Improvement
 - 1st Street Paving (utilities to repaired first)
 - Hunt Highway and Franklin Northside (curb)
 - Double penetration chip seal; not two inches of asphalt
 - Pavement Preservation
 - Florence Heights Improvement

Councilmember Anderson inquired about the improvements around the High School and Elementary School.

Mr. Billingsley stated that he is unable to respond to some of the projects because Wayne Costa is no longer with the Town. He stated that the project on Orlando Street, which is adjacent to the Elementary School, will move forward. He stated that a portion of the sidewalk project by the high school has been completed.

Water Funds Budgets

- Goal to maintain a \$5 million fund balance
- Currently behind on maintenance and some major repair work
- Expenses will increase over revenues
- Capital projects to be completed
 - Well #1 needs to be brought online
 - New chlorine building
 - Waterline replacements
 - SCADA (remote sensing device system)
 - Booster #5 repair
 - One well at rodeo grounds is not a potable well and needs disinfection

Wastewater Budgets

- Maintaining a \$5 million fund balance
- Capital projects to be completed
 - Recharge basin
 - Do not receive recharge credits for water discharged to river
 - Extend sewer lines
 - SCADA for North Plant
 - North Wastewater Treatment Plant has passed its useful life and design function

Sanitation Budget

- No changes for the upcoming fiscal year

Mr. Billingsley stated the the Town is very close to having a balanced budget. He stated that the State is projecting State shared revenues and HURF are going to increase over last year. He stated that the Town is in a very strong position with regards to the first draft of the budget.

Councilmember Anderson commended the Budget Committee and staff for the work done on the draft budget.

CALL TO THE PUBLIC

Lisa Garcia, Florence Resident, thanked Mr. Billingsley, Mr. Garcia, and the Budget Committee for their leadership with regards to the budget. She expressed the joy she has to be working with a team that was able to cut \$1 million from the current budget and still be able to maintain a positive attitude. She is very proud of the Department Heads for all of their work.

Ms. Garcia stated that Proposition No. 408 will be the third item on the ballot and will be printed on the back side of the ballot. She stated that the sample ballot showed that the Town's item was the first item on the ballot and the placement was publicized during the public meetings. She stated that it is important to talk to as many people as possible to let them know that the Town's ballot measure is on the back side of the ballot. She stated that Pinal County sent the ballot to the State and the State rejected the ballot and put the items in the order that they wanted the items to be in.

Ms. Garcia stated that Pinal County will be doing an educational session with their board asking them to remind the voters that there are ballot measures on the back.

CALL TO THE COUNCIL – CURRENT EVENTS ONLY

The Council thanked the Budget Committee for all of their time and hard work on the budget. They appreciate the sacrifice that they made to the Town.

Councilmember Hawkins stated that he believes the Town has a good future ahead of them and is pleased with the draft budget.

Florence Town Council Worksession Minutes

April 11, 2016

Page 11 of 12

Councilmember Wall stated that she did not realize the complexity of the Town's budget until she became a member of the Budget Committee. She stated that it has been a real learning experience for her. She is impressed with the staff.

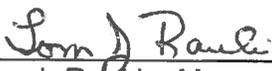
Vice-Mayor Walter stated that April 18, 2016 is the last day to register to vote. She reminded everyone that Proposition No. 408 will be on the ballot and it is essential that everyone vote.

Mayor Rankin thanked Councilmember Guilin and Councilmember Wall for their time. Their sacrifice of time was much appreciated. He stated that the Town has not overspent and feels that all of the departments have done an excellent job.

Mayor Rankin stated that the upcoming two elections are very important to the Town. He stated that he hopes that they have earned the residents' confidence in the Town and that both elections pass. He stated that the department heads must remain conscious of their spending. He stated that the public has a Council and staff that they can be proud of.

ADJOURNMENT

On motion of Councilmember Anderson, seconded by Councilmember Guilin, and carried to adjourn the meeting at 7:51 p.m.



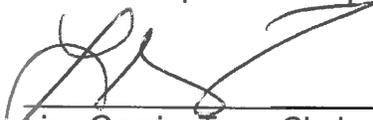
Tom J. Rankin, Mayor

ATTEST:



Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on April 11, 2016, and that the meeting was duly called to order and that a quorum was present.



Lisa Garcia, Town Clerk