

Springerville Town Council
Work Session Minutes
June 17, 2020
4:00 p.m.

Council Present: Phil Hanson, Jr., Mayor
Ruben Llamas, Councilmember
Shelly Reidhead, Councilmember
Richard Davis, Councilmember

Council Absent: Robert MacKenzie, Vice Mayor

Staff: Joseph Jarvis, Town Manager
Kelsi Miller, Town Clerk
Heidi Wink, Finance Director
Max Sadler, Fire Chief
Robert Pena Jr. Assistant Fire Chief / PW Foreman
Robert Pena III. Battalion Chief
James Kempt, Sergeant
Mike Nuttall, Chief of Police
Tim Rasmussen, Public Works/ Community Development Director
Sharon Pinckard, Community Services Director
Sean Kienle, Airport Director
Susan Seils, Heritage Center Director

Public: John Huerta III, Becki Christianson, Doug Henderson

Mayor Hanson called the meeting to order at 4:00 p.m. with the Town Clerk completing a roll call, a quorum is present.

1. FY 2020/2021 Budget Work Session:

Manager Jarvis started the meeting by thanking the Finance Director Heidi Wink, for all of her efforts to make this a successful budget season, and putting together the budget. He said our sales tax revenues this far have not varied much from this time last year. We had anticipated a decrease and luckily, we have not seen this. Heidi said we have not seen the numbers for the months of May or June yet. Councilor Reidhead was surprised they were about the same, she felt the supply and grocery stores were busier than normal. Heidi said it was offset from lower hotel and restaurant taxes. However, there are still many uncertainties on what we will receive from state shared revenues. These revenues are the second highest contributors to our general fund, and the sole provider for our HURF fund. Depending on what those numbers come in as, the Town may need to adopt a final budget. Historically the Town has only adopted a tentative budget, but by adopting a final we will be able to lower the budget if we see necessary. He asked if council would like to review the budget page by page or department by department. Department directors are present and willing to answer any questions. Council said they would like to hear from the Finance Director first. Heidi agreed with all that manager Jarvis said, she said we are presenting a very lean budget this year. There are no wage increases, and there is no waste. She is comfortable with the Capital Improvement Plans built into the budget. She said the general funds budget is only about \$30,000 more than it was last year, this is good considering the increase in insurance and increase to PSPRS.

Manager Jarvis asked the Council to review the Capital Expenditures & Projects presented for 20/21. The general funds items listed were grant matches, retirement vacation payouts, police body cameras, fire command vehicle, public safety building, and some contingency. These totaled

\$530,852.00. The general funds operation expenses do not exceed the operational revenues. Therefore, the one-time additional cost from cash balance for these items is about \$490,000.

The HURF fund was the second budget Manager Jarvis wanted to review. He explained that the Capital Expenditure Projects presented for FY 20/21 were the ones presented with the roads CIP a couple months ago. They plan to start with the roads of Sheldon Ave/ Hualapai St., a project estimated to cost \$390,000. The revenues for the HURF fund also exceed the expenditures. That means we will use a time amount of \$287,000 to complete the project.

The Airport fund was explained to have a few necessary one-time capital expenditure projects that include grant matches, runway markings, sealing the terminal parking, a tire dolly, and replacing the gate at the south hangars. The one-time cash balance cost of these is \$238,870. Typically, the airport expenses are higher than the airport revenues, this year they will using cash balance on just operational expenses. The general fund is often having to subsidize the airport. Manager Jarvis is hoping he and Sean will be able to find a method to increase the airport revenues.

The water and wastewater fund have budgeted for a onetime cost of an equipment trailer. The equipment trailer will be a split cost between the two funds. The reason the CIP's the town is paying for with WIFA money is not listed on the capital expenditures list, is because the revenues coming in will pay for those expenses. He explained he that they should know on Thursday if the WIFA recommendation board is going to support the Towns request for WIFA money. Heidi let the council know that regarding the WIFA funds it is possible the town could get up to 50% forgivable principal on the loan. Council has requested an email after the phone call with an update from the WIFA advisory board. The water fund is almost balanced on expenses and revenues. The wastewater fund is similar, with the exception that if there are any reserves after expenses those funds are transferred to the water fund to payback loaned money from the past. The wastewater fund could potentially have that debt paid off to the water fund by June 2021. Once that is paid off, the wastewater fund can begin to build a fund balance.

The next fund to be discussed was Community Services. Manager Jarvis said that this past year the general fund has not given a cash contribution to CS. The town did many other in-kind contributions. The town is proposing to contribute \$35,000 in FY 20/21 as they did a couple years ago.

Manager Jarvis let council know that is the highlight of the major funds. He asked if Council had any comments or questions.

Councilor Llamas asked Heidi to explain the schedule A. She explained the grants they are anticipating specifically an airport grant match, and a grant for broadband. Shelly asked about the loan for USDA. Heidi explained how revenues offset expenditures in the schedule A. Manager Jarvis said he feels we have followed the direction the council has given by completing a complex, yet conservative budget. Mayor Hanson asked how long of reserves we have in the general fund and HURF. Manager Jarvis said dependent on spending, the town has around 18 months' worth of operational costs in both of those funds. Councilor Reidhead asked where the bottom-line number of this budget compares to last couple of years bottom line. Heidi said it is about the same amount. Last year we issued some debt with USDA, and this year we plan to issue some debt with WIFA. Heidi explained the only areas she sees some differences in is with special revenues. We are anticipating more grants than usual in FY 20/21. Councilor Reidhead asked if the CDBG grant has been awarded, Heidi let her know it had been and that will be utilized at the Town Hall park. We do not have a definite answer on the broadband grant or WIFA yet. Hopefully we will be able to discuss this further at the July meeting. The town has also budgeted for a contingency grant, if one comes up that we did not budget for. Mayor Hanson asked about the status of the parks grant. Manager Jarvis said he was told September.

One specific item Manager Jarvis would like additional direction on is within the Mayor/ Council budget. He explained the line items, specifically the public relations items in detail. In dues/subscriptions he has added a couple new items for consideration. Membership for LCR Foundation (\$50), the group that is working on the revolving loan fund. This groups purpose is supporting our community, specifically obtaining grants and development. The next new item for dues to consider is Real AZ Corridor (\$3,000) this group is made up of cities and town in Apache and Navajo Counties to bring in resources, energy, lifestyle and economic development. He lastly wanted to ask if the Council had any input on the letter that was emailed to them from the SE Chamber of Commerce, looking for additional monetary support as well as in-kind support in the form of labor on their building. The funds would be utilized to hire another person for the office. This would allow the director to spend more time visiting businesses and holding workshops. Depending on the amount donated it would determine the amount of time the director would be able to do this. The chamber made specific commitments as to how they would support the town dependent on which proposal the Council chose. Manager Jarvis asked if Becki Christianson, the director had anything to add. She explained the challenge she is having visiting businesses while not having enough staff to keep the office open. She said these funds would not be used to give herself a higher wage. Councilor Llamas asked for more specifics on what support she would be providing local businesses. She explained her take on community development through promoting education and opportunity. He asked if the chamber was involved with the LCRF, she said yes. Council Reidhead said LCRF is doing many things that Becki is advocating she would do. Manager Jarvis said we will continue to move forward on how to sustain if the power plants close. He said this is a good option to consider when looking at this. Councilor Llamas said he is in support of the monetary contribution, but not in a lump sum. He would like to do it in phases and see the actions she is able to take with each phase before giving more. Becki offered monthly reports on how the funds and efforts are being used to support the businesses. Council asked if the chamber is getting funding from the county or Eagar right now. She said they are not, but they have sent the same letter to the Town of Eagar for consideration. Council feels it would be best to have the chamber apply for tourism tax funds with her proposals and have it as an agenda action item at a later meeting. Heidi said they have budgeted \$55,000 in tourism tax dollars; they can use these funds without needing to make modifications to the presented budget.

Councilor Reidhead asked if we have budgeted to hire an Economic Development person. Manager Jarvis said right now we have not, he is not sure if that is the solution to our local economy. He feels like right now we need to focus on working together with all of Apache County and towns within. The success of our sister cities directly affects us. He thinks we are making positive progress. Councilor Reidhead said until we have better internet, bringing in new businesses is a challenge. Manager Jarvis said we are working on a plan now on achieving that, he hopes to have a presentation on this item in July. Prior to COVID-19 the state was planning to offer grants for broadband, since, we are not sure of how the pandemic has affected this. Council Llamas said we need to continue enforcing the codes to clean up the town and maybe beautify it some. Manager Jarvis verified they did not want to discuss any other areas of the budget and provided them the update that staff believes they are meeting the requirements to apply to be a tree city. Mayor Hanson asked if department heads are comfortable with their budgets. Airport director Sean mad a few comments on the gate project, as there was some confusion as to what gate was vandalized and what gate was simply not working. Councilor Reidhead likes the idea of having more security cameras at the airport to watch the gates. Council asked the Museum director Susan how operations are considering the current event. Susan let them know business is starting to pick back up, although they are having to limit the number of people in at one time.

Adjournment:

Shelly Reidhead/ Richard Davis motion to adjourn the meeting at 5:02 p.m.

Discussion: None

Vote: Ayes:

Phil Hanson
Ruben Llamas
Shelly Reidhead
Richard Davis



Phil Hanson, Jr., Mayor

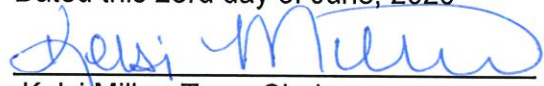
ATTEST:



Kelsi Miller, Town Clerk

I hereby certify that the foregoing is a true and copy of the minutes of the Springerville Town Council in a work session on Wednesday, June 17, 2020. I further certify that the meeting was duly called and a quorum was present.

Dated this 23rd day of June, 2020



Kelsi Miller, Town Clerk

