

**MINUTES OF THE BUDGET WORKSHOP  
OF THE CAREFREE TOWN COUNCIL**

**WHEN:** TUESDAY, APRIL 27, 2021

**WHERE:** ZOOM WEB <https://us02web.zoom.us/j/3229729660>

**MEETING ID: 322 972 9660**

**TIME:** 3:30 P.M.

**Town Council Attending:**

Mayor Les Peterson

Vice Mayor John Crane

Councilmember Vince D'Aliesio

Councilmember Tony Geiger

Councilmember Stephen Hatcher

Councilmember Cheryl Kroyer

**Town Council Absent:**

None

**Staff Present:**

Gary Neiss, Town Administrator; Kandace French-Contreras, Town Clerk; Stacey Bridge-Denzak, Planning Director and Zoning Administrator; Jim Keen, Accountant/Assistant Clerk; Steve Prokopek, Economic Development Director; Michael Tibbett, Chief Building Official; Alex Orozco, Communications Coordinator; Samantha Gesell, Planning Clerk.

Mayor Peterson called the Budget Workshop to order at 3:30 p.m.

**AGENDA:**

**ITEM #1** Workshop to discuss Fiscal Year 2021-2022 budget.

Town Administrator, Neiss presented the FY 2021/22 Budget Workshop via PowerPoint. This was the 2nd of 4 public meetings to be held to discuss the budget. The public meeting on the budget will be May 04, 2021 at 3:30 p.m. Mr. Neiss revisited the budget process and timeline of future public meetings regarding the budget.

Town Administrator Gary Neiss explained, the Budget process began earlier this year with the Council Work Plan. He plans to continue this process over the next couple years and reference the work plan to identify how the Town is performing and to gain some metrics of performance for the organization.

Mr. Neiss presented a three legged stool analogy to better define the comparison between a typical Municipal Revenue Model and the Town of Carefree's Revenue Model.

Further explaining, that the Town of Carefree Revenue Model is without the third leg consisting of a Property Tax; therefore, the Town is heavily dependent upon (75%) Local revenues of

which 2/3 is represented by Local Sales Tax and the remainder being User Fees-cost recovery fees and 25% State Shared Revenues. Mr. Neiss displayed a chart further delineating the fees and percentages of those sources.

Town Administrator Neiss provided forecasted revenue streams for FY 2021-2022.

Mr. Neiss presented a pie chart illustrating components of the current local trends in Municipal Sales tax. Noting that even with the negative implications of the great recession and COVID shutdowns, the local economy maintained a positive trajectory over the past 10 years due to the core businesses within our local economy including; groceries, hardware and pharmaceuticals. Additionally, a positive trend is forecasted over the next fiscal year due to the expansion in construction activity, opening of a hotel and the continued success of restaurants and retail. Town Administrator Neiss provided a forecast of State Shared Revenue. He explained that this is a formula based on three components; state shared revenue, local population and respective county population and the trends are increasing.

Town Administrator Neiss provided a detailed explanation of the three categories that impact the Town of Carefree's operational expenses, consisting of; Public Safety, salaries/benefits and general operation costs.

Councilmember Stephen Hatcher questioned why the HURF funds dropped from FY 19/20 to FY 20/21? Town Administrator Neiss explained that in FY 19/20 there was a onetime stipend from the State given to each community in an effort to provide funds to address deficiencies in infrastructure throughout the state.

Councilmember Tony Geiger inquired if there is a hotel tax associated with the new hotel and if so how that compares to the surrounding areas and what can that tax money be used for? Town Administrator Neiss explained that there is a bed tax of 3% which gets added to the county and state tax, stating that the Town of Carefree is at one of the highest levels in the metropolitan area. Adding, we want to maintain some level of competitiveness with our neighboring jurisdictions and do not want to go beyond that threshold.

Councilmember Stephen Hatcher asked for clarification regarding the master contract with Rural Metro. Mr. Neiss explained that the Town provides the facilities and the equipment and the contract is for the professional services of Rural Metro. Town Administrator Neiss further provided information to Council regarding the cost of apparatus replacement, maintenance and building maintenance.

Vice Mayor Crane added that this puts the Town of Carefree in a good position today as we evaluate different fire service options.

Councilmember Geiger questioned if Rural Metro had provided any indication of their intent after the contract with the Town of Carefree expires? Mr. Neiss explained that Rural Metro is still interested in servicing the Town of Carefree. Additionally, the Public Safety Committee is evaluating the master contract, evaluating the impacts of Cave Creek's decision to join automatic aide and their possible decision to look at other neighboring fire agencies and what that means to the Rural Metro contract and the Town of Carefree's level of service. Raising the question, does our one firehouse and our partnership with Rural Metro qualify us to become part of the

automatic aide partnership? May 26, 2021 there will be a Public Safety Advisory Committee meeting with Cave Creek to discuss their decision.

Town Administrator Neiss provided information regarding costs for FY 21/22 related to the MSCO contract and related fees. There is approximately a 13% increase. Mr. Neiss further explained that MCSO has a cost recovery model associated with the level of service that each community desires. The Public Safety Committee will be evaluating the level of service associated with this contract as well and any recommendations will be brought before Council for their consideration.

Mr. Neiss presented an overview regarding Salaries and Benefits of the Town made up of 17 staff members. Mr. Neiss explained the Town of Carefree is 1 of approximately 25 members of the Rural Arizona Group Health Trust, the Town of Carefree being the smallest community. Mr. Neiss applauded the Town of Carefree's staff as being talented, dedicated and very efficient. Councilmember Geiger inquired if there are any statistics that compare the Town of Carefree to other small communities in terms of staff per capita? Mr. Neiss explained that being on the Board of the Health Trust, he has recognized how some organizations have 40, 50, 60 employees and the Town of Carefree having a staff of 17 is impressive for what is asked of our staff and the efficiency that the Town has. Councilmember Tony Geiger suggested having this statistic would be a useful tool to educate our citizens how the Town does a lot with very little.

Town Administrator Neiss presented the overall budget and detailed summary for Operations costs associated with the General Fund for FY 21/22.

Mr. Neiss provided expenses and revenues related to Capital Improvement Projects throughout the Town. Mr. Neiss explained that the numbers presented have been inflated due to the increasing cost of construction to ensure we have proper funding available to accomplish the referenced improvements.

Town Administrator Neiss provided a summary of Loans, Grants and pass-throughs. Providing information regarding each; Water Infrastructure Finance Authority (WIFA), Arizona Lottery Fund (ALF) and Grants and responded to questions and comments from Council.

In conclusion, Town Administrator Neiss presented the Budget Summary for FY 21/22. At the next budget meeting, a draft of the Auditor General's schedule A-G will be incorporated, the bottom line figure defined, and this figure will be the expenditure limit for this next fiscal year will be presented. This is what Council will be considering and approving at the May Council meeting.

Council commended Town Administrator Neiss for his hard work on the new program based budget. Councilmember Tony Geiger suggested that the budget document be added to the Town's website for people to gain a better understanding of the current and future challenges of the Town and how we are addressing them. Mr. Neiss reiterated, the purpose of the document is to give the meaning behind the numbers and everything that the Town of Carefree does and proclaiming, this document tells the story of WHO the Town of Carefree is, WHAT we do and WHY.


Next Budget meeting will be held at the May 04, 2021 Town Council meeting.

**ITEM #2** Adjournment.


Councilwoman Cheryl Kroyer Moved to adjourn, seconded by Vice Mayor John Crane. Passed unanimously.

The meeting was adjourned at 4:35 p.m.

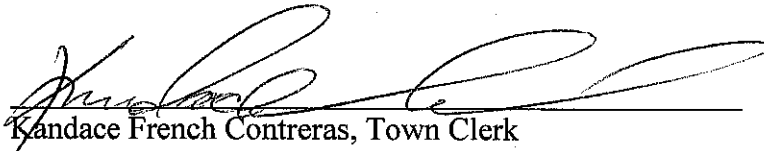
TOWN OF CAREFREE

BY:   
Samantha Gesell, Planning Clerk

TOWN OF CAREFREE


  
Les Peterson, Mayor

Attest:

  
Kandace French Contreras, Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Budget Workshop Meeting of the Town of Carefree held April 27, 2021. I further certify that the meeting was duly called and held and that a quorum was present.

  
Samantha Gesell, Planning Clerk