

NOTES OF THE TOWN HALL BUDGET MEETING FOR INPUT BY THE CITIZENS OF THE CITY OF SHOW LOW HELD ON THURSDAY, JANUARY 21, 2021 AT 6:00 P.M. IN THE CITY COUNCIL CHAMBERS, 181 NORTH 9TH STREET, SHOW LOW, NAVAJO COUNTY, ARIZONA

The purpose of the meeting was to solicit input from Show Low's citizens about the City of Show Low's annual budget for fiscal year 2021-22 (July 1, 2021, through June 30, 2022). In addition, citizens were invited to submit suggestions for a program, project, activity, or event for City Council consideration and possible inclusion in the budget. Request forms, due February 5, 2021, were available at the meeting, online, and at city hall.

COUNCIL MEMBERS PRESENT: Councilwoman Wilson.

STAFF PRESENT: Ed Muder, City Manager; Justin Johnson, Deputy City Manager; Cari Bilbie, Accounting Manager; and Rachael Hall, Deputy City Clerk.

GUESTS: Alison Hephner and Pam Williams.

The meeting began at 6:01 p.m.

Ms. Bilbie said planning had begun for the fiscal year 2022 budget (July 1, 2021, through June 30, 2022). The goals of the budget process were to provide opportunities for citizen input and transparency (with forms available online for budget requests) during the budget process, provide a method to allocate funding throughout the organization based on priorities and projected revenues, maintain existing levels of service, continue supplemental payments to reduce the Public Safety Personnel Retirement System (PSPRS) liability, ensure that the Council's high-priority programs continued to be funded, and continue to provide a balanced budget.

Ms. Bilbie said the City applied the base budgeting method, wherein current estimated costs associated with providing current levels of service were used as the starting point. Budget requests were prioritized based on the Council's goals and what was most critical, and justification was required for increases and other selected accounts. City departments would increase or decrease their base budgets by identifying changed priorities or uses, identifying actual expenses, and identifying new, modified, or expanded programs.

Ms. Bilbie said the City Manager's recommended budget would be delivered to the Council on April 2. The budget would be balanced and would include revenue details, expense line item amounts, and requested and recommended amounts.

Ms. Bilbie reviewed and compared the City's annual expenditures from fiscal years 2017 through projections for 2022, which didn't include carryovers and new

capital projects. The budget was tracking well and actual expenditures would continue to underspend the budgeted amount.

Ms. Bilbie said City sales tax collections (a 2% tax rate) comprised the City's primary revenue generator. Local sales tax projections for fiscal year 2021 remained conservative, similar to the previous year's projections.

Ms. Bilbie said projections for state-shared revenues remained the same as fiscal year 2021 because the City had not yet received any estimates from the state. For use fees, projections were based on the January 2021 at 95% of fiscal year 2020 actuals.

Ms. Bilbie said expenditures for all funds. She said planned budget items included conservatively projecting 95% of prior-year actuals (or less if there were unknowns, possibly as low as 90%) for revenue; maintaining a Council Contingency budget of at least \$300,000, although the Council had the discretion to increase that amount; continually monitoring debt service seeking opportunities to pay down or pay off debt when funds were available; a wage increase for employees; maintaining three months of operating reserves for the general fund and wastewater and water funds; and budgeting additional funds to decrease the City's PSPRS liability.

Ms. Bilbie said citizen involvement was a key part of the budget process. It included a CIP (Capital Improvements Plan) committee, which had met several times and had forwarded recommendations for a five-year CIP project (projects valued over \$50,000) list, which was adopted by the Council in December, and two town hall-style meetings for public input (January 21 and April 15). Staff would present a recommended budget to the Council at the regular meeting on April 6 plus hold several budget study sessions in April with the Council. The public was invited to participate in any or all of these meetings, which would follow the budget calendar adopted by the Council in December.

Ms. Hephner, Community Advocate for the RE:center, submitted a citizen request form for funds from the City. She introduced the Mothers in Arizona Moving Ahead (M.A.M.A) program, which addressed poverty and increased the quality of life for struggling mothers and their children. The 30-week program included training and education for those who were struggling in the community. The cost was \$5,000 per participant and Ms. Hephner asked for the City to sponsor one resident during 2021.

Mr. Muder asked if Ms. Hephner had approached other businesses or municipalities. Ms. Hephner said yes, she approached Care First before approaching the City. She would be approaching more municipalities and businesses in the upcoming weeks.

Mr. Johnson said a subcommittee would meet to discuss any citizen request forms that were received and provide a recommendation to the Council.

The meeting ended at 6:23 p.m.