



# Staff Report

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**Agenda Item:**            **BUDGET WORKSESSION** – A worksession to discuss the 2009 - 2010 Fiscal Year Budget.

**Sponsored By:**        Kathy Bainbridge, Interim Finance Director

**Meeting Date:**         May 12, 2009

**Background:**            The trial budget was presented to the Council on March 24<sup>th</sup> and four trial budget public workshops were held throughout the month of April. Town Staff met with the public addressing the many questions, concerns, priorities and comments regarding alternatives and issues involved in this challenging budget. We have attached the most Frequently Asked Questions, the questions and comments from each meeting, along with emails and phone contacts.

When the trial budget was presented to the Council on March 24<sup>th</sup>, we were aware that the proposed budget numbers would change as we proceeded in the budget process. We will be gathering direction from the Council on how to proceed with the preliminary budget as we provide an updated overview of revenues and expenses along with various budget options for the Council. The preliminary budget will be presented on May 26<sup>th</sup>.

**Recommendation:**    This item is scheduled as a worksession only, and no official action is necessary from the Council.



**Town of Clarkdale  
FY 2009-2010  
Trial Budget**

**Frequently Asked Questions:**

***Who developed the Trial Budget, and has the Town Council adopted it yet?***

The Trial Budget was developed by the Town Staff (the Town Manager and Finance Director) to be used as a public outreach tool, to educate Clarkdale citizens about the specifics of the Town’s financial situation, and to gather input from citizens about their priorities for the Town of Clarkdale.

Public input was solicited on the Trial Budget through a series of Trial Budget Public Workshops being held in the month of April. The Trial Budget continues to be posted on the Town’s website at [www.clarkdale.az.us](http://www.clarkdale.az.us) and citizens can continue to provide comments at any time. The Town staff will compile the comments they receive from the public, any additional financial information that develops in the meantime, and information resulting from the State of Arizona’s budget process, and bring all that information back to the Town Council for Budget Meetings in May and June. The Town Council is expected to adopt a budget at their June 23, 2009 Council meeting.

***When will we see changes in the budget based on the public input received?***

Changes will be made to the Trial Budget based on public input, evolving financial information, and the results of any changes mandated by the State of Arizona’s budget process. The changes will be reflected and discussed during the May and June Town Council budget meetings.

***When will the May and June budget meetings be held?***

The Town Council will have agenda items to discuss the FY 2009-2010 Budget during meetings that will be held on the following dates and times:

| <u>Date</u>           | <u>Time</u> | <u>Location (meeting locations subject to change)</u> |
|-----------------------|-------------|---|
| Tuesday, May 12, 2009 | 6:00 p.m.   | Men’s Lounge, Clark Memorial Clubhouse                |
| Tuesday, May 26, 2009 | 3:00 p.m.   | Men’s Lounge, Clark Memorial Clubhouse                |

Tuesday, June 9, 2009      6:00 p.m.      Men's Lounge, Clark Memorial Clubhouse

The Town Council is expected to adopt the Tentative Budget for FY 2009-2010 at their meeting to be held on Tuesday, June 23, 2009 at 3:00 p.m in the Men's Lounge of the Clark Memorial Clubhouse. Final Budget adoption is anticipated at a 3:00 p.m. meeting on Tuesday, July 28, 2009.

***How much of a deficit will the Town face next year and are we cutting expenses to help close that deficit?***

We are projecting that the Town will face an approximately \$600,000 deficit for the Fiscal Year beginning July 1, 2009 and ending June 30, 2010.

We also faced a deficit during the current budget year. The Town Council chose not to increase tax rates in the budget they adopted last year (FY 2008-09), and the Town has cut expenses (including the elimination of numerous employee positions) by approximately \$800,000 this year in order to balance the budget by June 30, 2009.

In order to close the estimated \$600,000 deficit for the next year, the Trial Budget proposes a combination of further expense reductions, and increases in several revenue categories. The Trial Budget proposes that approximately 55% of the gap will be closed with expense reductions, and 45% with revenue increases.

***Will the Town Staff continue to work a 36-hour week in the next budget year?***

A furlough was implemented on January 1, 2009 which required all Town staff to either work a 36-hour week or take a 10% reduction in their salary. The furlough was issued because of the deficit we faced for the current year. Additionally, the Town has reduced staff through attrition, unfilled vacancies and early retirements by 19% over the last 18 months (11% last year and another 8% this year). With these vacancies, the Trial Budget anticipates the Town staff returning to a 40-hour work week as of July 1, 2009. However, if revenues do not meet projections during the year, the Town will likely have to return to a furlough program that reduces hours and/or salaries in order to address any continuing deficits.

***If the staff returns to 40-hours, will the Town offices be open on Fridays?***

The Town intends to keep offices closed on Fridays until at least January 1, 2010. This will allow the Town to determine how much cost savings are generated through utility and fuel savings as a result of closing on Fridays. Additionally, we would like to keep consistent hours for the public in case of the need to return to furloughs.

***What is the Town’s staffing level, and what do “fringes” mean in the Trial Budget?***

The following chart shows the changes to the Town’s budgeted staffing levels:

|                     | FY 2008<br>(last year) | FY 2009<br>(current) | FY2010<br>(proposed) |
|---------------------|------------------------|----------------------|----------------------|
| Full Time Employees | 51                     | 46                   | 43                   |
| Part Time Employees | 4                      | 3                    | 2                    |
| Total Employees     | 55                     | 49                   | 45                   |

The term “fringes” in the Trial Budget is used to describe all benefits (except salaries) that the Town employees receive. This includes retirement, health insurance, worker’s compensation, and Social Security.

***Will federal stimulus money help the Town’s situation? What about other grant programs and outside funding sources?***

The Town is aggressively pursuing grant opportunities offered through the federal stimulus package and other programs. Some of the programs that we are applying for would directly improve our budget proposal. For instance, we are applying for funding for our School Resource Officer position (which has been funded by a grant in years past). If we receive grant funding for the salaries and fringes for this position, it will improve our budget position by approximately \$50,000.

We have budgeted to assign several existing Town staff members to work on special projects that are being funded with outside funding sources. This has a positive impact on our budget, but will result in a decrease in the level of service provided to the community because the employees will be taken away from their typical responsibilities to complete the special projects.

***Will water rates go up this year?***

No. The current water rate has been in place since January, 2006 and the Trial Budget does not include any increases in the Town's water rate for next year. The Town will be taking over the operations and maintenance of the water system beginning July 1, 2009 (that service is currently contracted through the City of Cottonwood), and we anticipate that we will save approximately \$80,000 per year by doing so. We do anticipate that there will be a need to raise the water rates during Fiscal Year 2011.

***No one likes taxes, especially during difficult economic times. Why is the Town proposing to increase taxes, and what are the cumulative effects of the increases?***

We are projecting that the Town will face an approximately \$600,000 deficit for the Fiscal Year beginning July 1, 2009 and ending June 30, 2010. The Town also faced a deficit during the current budget year. The Town Council chose not to increase tax rates in the budget they adopted last year (FY 2008-09), and the Town has cut expenses (including the elimination of numerous employee positions) by approximately \$800,000 this year in order to balance the budget by June 30, 2009.

In order to close the estimated \$600,000 deficit for the next year, the Trial Budget proposes a combination of further expense reductions, and increases in several revenue categories (including several tax increases). The Trial Budget proposes that approximately 55% of the gap will be closed with expense reductions, and 45% with revenue increases.

The Trial Budget includes a recommendation of 2 tax increases, along with the implementation of a 2% Franchise Fee. The cumulative impact of these increases will vary for each person depending on the amount of taxable purchases they make in Clarkdale, their electrical energy consumption, and the value of the property they own or rent. For instance:

- The Town's Sales Tax Rate was recently increased from 2.25% to 3.0 % for general purchases, and from 3.25% to 4.0% for construction related sales. This new rate will be effective beginning June 1, 2009.

Most of the basic goods and services that Clarkdale residents shop for are, unfortunately, purchased in Cottonwood or other places. The majority of our tax collections come from tourism related businesses and construction. Knowing that a sales tax increase would be the least likely tax to impact Clarkdale residents, and that leaving the rate at 2.25% would

leave us in an even deeper deficit based on projections, the Town Council moved forward with adoption of the 3.0% sales tax rate.

In essence, if you spend \$3,600 on taxable items in Clarkdale per year (\$300 per month), you will see an increase of \$27.00 in that year (or \$2.25 per month) as a result of this new sales tax. We are projecting that the majority of Clarkdale residents actually spend less than this per year in Clarkdale.

- The Trial Budget includes a proposal to increase the Town’s property tax from \$0.71 per \$1,000 of assessed valuation to \$0.9121 per \$1,000 of assessed valuation. The total impact of this tax depends on the Limited Assessed Value of a piece of property in Clarkdale. For instance, the tax on a residential property in Clarkdale would be:

| <b>Total Limited Assessed Valuation</b> | <b>2008 Taxes Paid @\$0.71</b> | <b>2009 Proposed Taxes @ \$0.9121</b> | <b>Total Proposed Increase for the Year</b> |
|---|--------------------------------|---------------------------------------|---|
| \$50,000                                | \$ 35.50                       | \$ 45.61                              | \$10.11                                     |
| \$100,000                               | \$ 71.00                       | \$ 91.21                              | \$20.21                                     |
| \$200,000                               | \$142.00                       | \$182.42                              | \$40.42                                     |
| \$300,000                               | \$213.00                       | \$273.63                              | \$60.63                                     |

The Council will deliberate the property tax rate as part of their May and June meetings. Public input will be taken during those meetings. They will also hold a Public Hearing with regard to the property tax rate on Tuesday, July 28, 2009 at 3:00 p.m. Property Tax Rates are officially adopted in August, and applied to the tax bills that property owners receive in October each year.

- The Trial Budget also includes a proposal to institute a 2% Franchise Fee for electricity usage beginning January 1, 2010. APS is the power company that currently serves Clarkdale. Under this proposal, any APS customer would pay an additional 2% of their bill for electricity, and APS would be required to remit that payment to the Town of Clarkdale. The impact would depend on the amount of electricity a customer uses.

The following chart shows what the 2% Franchise Fee would equal depending on the amount of your electric bill:

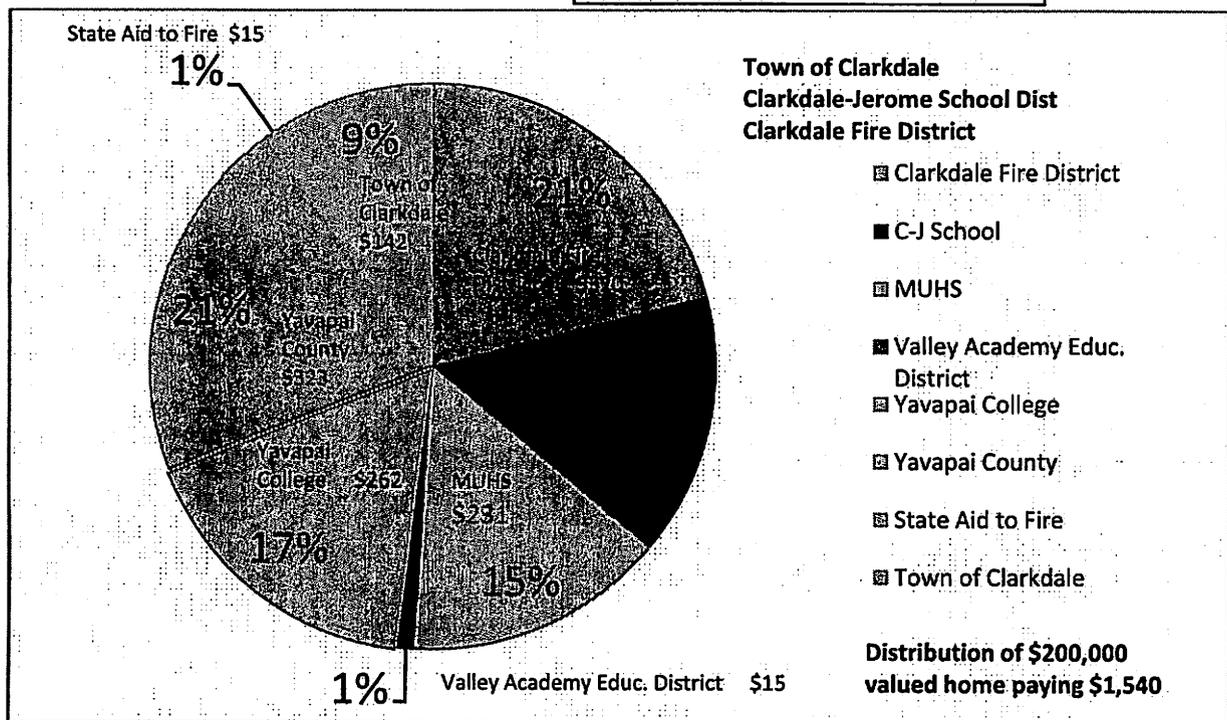
| <b>Total APS Bill</b> | <b>2% Franchise Fee</b> |
|-----------------------|-------------------------|
| \$50                  | \$1.00                  |
| \$100                 | \$2.00                  |
| \$150                 | \$3.00                  |

|                |                  |
|----------------|------------------|
| Total APS Bill | 2% Franchise Fee |
| \$200          | \$4.00           |
| \$250          | \$5.00           |
| \$300          | \$6.00           |

***How much of my property taxes go to the Town of Clarkdale?***

On average, about 9% of a property owners total tax bill in Clarkdale goes to the Town. For instance, a residential property with a Limited Assessed Valuation of \$200,000 that is located in the Town of Clarkdale would pay \$1,500-\$1,600 as their total tax bill. \$142 of that amount goes to the Town of Clarkdale.

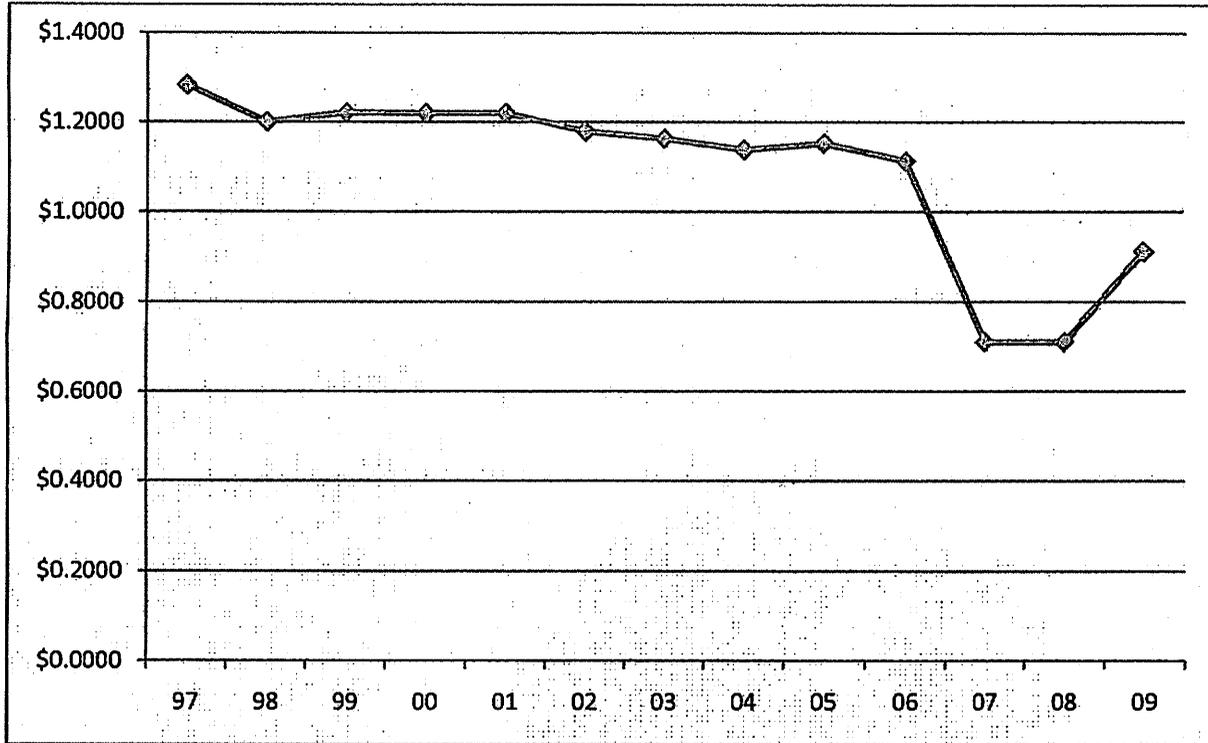
Sample Based on 2008 Tax Rates



***What is the Town's history with regard to raising property tax rates?***

The Clarkdale Town Council has a history of being very conservative in general, and specifically with regard to property taxes. The Town Council evaluates the budget each year, and sets the property tax rate at the minimum amount that it can to generate necessary revenue. The chart

below shows a history of Clarkdale property tax rates from 1997 (at \$1.28 rate) to the proposed 2009 rate (\$0.9121). The Town's tax rate has been on a downward trend since the 1997 rate of \$1.28.



***How does the Town use the Sales Tax it collects?***

The Town has several uses for the sales tax it collects. The Trial Budget includes the following uses based on the 3.0% sales tax rate for next year:

- 1.75% General Government Uses (Police, Library, Parks, Community Development, Communications Technology, Elections, Legal Services, Magistrate Court, Buildings and Grounds, Historic Preservation, etc.)
- 1.00% Streets Department (street and sidewalks repair and maintenance, public transit contract, drainage and flood control, new road projects, etc.)
- 0.25% Police Department Equipment (patrol vehicles, radio equipment, personnel protection equipment, etc)

Construction related sales are taxed an additional 1%, for a total of a 4% rate. Since these revenues are generally collected as a result of a one-time revenue, the Town chooses to use them

for one-time expenses (i.e. they are not part of our operating funds). These revenues are accumulated in a restricted Capital Improvement Project account, and can only be used to pay for capital projects.

***Why was the Clarkdale Pool closed for the summer of 2009? Will it open for the summer of 2010?***

The Clarkdale Pool costs approximately \$64,000 to operate and generates approximately \$9,000 in revenues. The 2009 pool season impacts both the FY2009 and FY 2010 budget, and both budgets had significant deficits to overcome. This year, the Town was able to cut approximately \$800,000 in costs (including the cost of operating the pool) without raising taxes. Unfortunately, even with the increases in taxes and other fees, the Trial Budget for FY 2010 does not include funding for the pool. If revenues increase unexpectedly, or the community comes together to raise funds for the pool, there is a possibility that the pool could open for the 2010 swimming season.

***What will kids in Clarkdale have to do this summer without the pool?***

The Clark Memorial Library is currently open 20 hours per week. The Town has reorganized our existing staff and developed a way to open the Clark Memorial Library for 42 hours per week. The Library will become a center for Community Services, and will not only be the focal point for community activities, but will also serve as a center for volunteer coordination.

The Clarkdale-Jerome School is also establishing a summer youth sports program that will be available in June and July at the school.

The Town of Clarkdale currently invests \$48,000 per year to provide the CAT transit route through Clarkdale. Adults and children can ride the bus for very reasonable fares, and there is a stop at the Cottonwood Pool on the route.

***How can the citizens of Clarkdale volunteer with the Town to help get through these difficult times?***

The Town of Clarkdale has always had great volunteers, and we need the community to step forward now more than ever. The Community Services Division at the Library will provide central coordination for our volunteers beginning this year. Our volunteers will be helping us with one-time special events (like the 4<sup>th</sup> of July and Halloween), on-going events (like the Concerts in the Park), and for community beautification (Adopt-A-Park, Adopt-A-Street, Adopt-A-Trail). We will also use the talents of volunteers for some of the work our employees do on a day-to-day basis (like in the Library!). No matter what your skill or expertise is, we will find a

volunteer position for you! Contact Community Services Supervisor Dawn Norman at 639-2490 for more information.

***Can we have a voluntary donation opportunity on utility bills?***

The Town Council will be discussing the use of a “check box” that would allow citizens to make donations to the Town by adding an additional amount to their utility payment. The donations might be dedicated to specific programs or services, for general town usage, or to a fund that could be used to provide one-time assistance for people having difficulty paying their utility bills. Those Council discussions will likely take place sometime between May-August, 2009.

***Can the May and June Budget Meetings be advertised the same way that the April meetings were advertised?***

The Town took many extra steps to advertise the April Budget Workshops. In addition to Press Releases and posting the notices on our website, the Town mailed fliers through the utility billing in April, and posted A-frame signs throughout the Town advertising the meetings.

Unfortunately, we will not be able to use the May utility billing to advertise the next set of meetings. We will take the other steps, including posting A-frame signs in advance of the May and June meetings.

## April 6th Trial Budget Workshop - Public Questions and Comments

What is the motive taking staff back to 40 hours?

Industry made the same time cuts and has not returned to full shifts.

Industry has had to address the same problems as the town of having to do more with less; employees have to do more with less time and pay.

Because of retirement and attritions the employee cost for next year will be lower.

What criteria were used to make decision on the department moves?

What is the actual department employee numbers not just the just the reduction numbers predicted? – Repeated on every department.

Is the IT amount set or is it variable?

The College is training volunteers for an event; maybe they could train volunteers for the Town.

Cottonwood is opening their pool later this year.

Could volunteers be used to do standard jobs like buildings and grounds?

Community projects, with the loss of the pool and staff at Fourth of July, could the town look at doing something like the community garden to increase community involvement?

The sales tax rate increase, has it been approved?

With the current economic times and families struggling to make ends meet, is this the right time to make these increases?

In other states and communities, communities have gone to a wage tax on those who work in the community.

Property tax values do not reflect what my property is worth, why?

How do the revenue numbers relate to the expense numbers?

Water rate structure by Town of Clarkdale?

Was it tiered and did it help conserve water?

Too much detail.

Some individuals will print out the budget and take the time to get involved.

Great job, very clear.

Increase font size on screen.

How did you hear about meeting today?  
Signs – 4      Radio – 2      Utility Bill - 1

## April 16<sup>th</sup> Trial Budget Workshop – Questions and Comments

What type of budget was this? Zero base?

Did anyone receive an increase in salary?

Did we budget for overtime on P&R events?

Are employees prohibited from volunteering?

Are you going to advertise for volunteer positions?

What is the P&R position going to be doing if the events are being done by volunteers?

Does the P&R position need to be a 40 hour position?

How many people use the pool - average?

How did you look at cutting the hours or days?

Have you looked at raising the pool rates?

Have you thought about special programs that bring more money to the pool?

Kids need the opportunity to use the pool. What are they going to do this summer. What is the impact to the kids?

Economic downturn means the families are not going away for summer vacations. The mix of children is positive.

Suggest the staff go back to 36 hours a week so the pool can remain open.

No one knows about the Clarkdale pool. Need to advertise more.

The staff does not need to be paid time and a half to work the events. They should gladly volunteer their time.

Suggestion to privatize the pool.

Programs are real important to the community. Need to re-think.

Maybe there needs to be a 10% cut in salaries to share the pain.

Maybe you can stagger the days off.

Confusing figures in budget on fringe figures and salary percentages. Where is the 5%/10% cut? That should be shown in actual. The projection seems off.

4.5 Community Development employees seems to many.

MG put up 3 million – what happened to that money?

Are water user fees going to increase?

Will the budget numbers be changed based on the comments tonight?

Is the IT position a city position? How did we look at other options?

Employees at 100% of health care – what about tiered costs?

Worst budget year we have all seen. Human side is the hard side.

Frustration is what you are seeing. Commend you for having these meetings.

People are on SS are being hit hard. Feel for the seniors.

Are there any incentives being developed to bring businesses here?

When do we expect to see changes in the budget based upon these comments?

How can the Town keep 40 work week when other businesses are cutting 10% - 20%? We are being hit from all sides.

Can we get the same effort in outreach for the council work sessions?

Are the Town buildings able to be rented? Businesses need to have places to meet and would generate income.

Too many strings attached to stimulus money.

Where is the regional dispatching in discussions?

If you get the school resource officer funding can that money be used for the pool?

Have you looked at other services that could be contracted with other communities?

Are the police cars take home cars. What about sharing services? Is the main benefit quick mobilization?

Is the court that busy that it needs 1.5 FTE?

Have you looked at sharing recreational services?

Is there any way we can negotiate to get sales tax back from Cottonwood?

What about the market building on Main Street?

Could we place a tax on vacant commercial property?

Has any consideration been given to getting a grocery store in Clarkdale?

Is the raise in property tax prudent in the economic downturn?

Has the city looked at the cumulative effect of all these tax increases? Is the budget based on 40 hours a week personnel costs?

What do the residents get in return for the increased taxes?

Is there an adjustment to the employee salaries?

This appears to be a local stimulus plan.

If the Town goes back to 40 hour work weeks, will you be open 5 days?

## April 22nd Trial Budget Workshop – Questions and Comments

How are employees affected by the amount they participate regarding the 12% increase in health insurance?

The Foothills Terrace area has had multiple water line breaks in the past two years. The Town purchased the Water Company knowing the system was old and required additional equipment to maintain and then tripled rates. In the best of times, how did purchasing the water company benefit residents?

More information and explanation regarding bond projects listed.

Sewer Development Impact Fee – How are monies used?

Do the recycling services generate cash returns?

Will recycling ever include curbside glass?

Explain Fringes.

Town Clerk slide – why are operating expenses down so much from 07-08?

ICT slide – why the difference from operations amount in 07-08?

Sometimes we see lights on at the ball field... Why?

Have first 2 budget meetings resulted in volunteer sign ups?

Bldg&Grnd slide – Are these figures based on 36 or 40 hour work week?

What is GADA debt service?

Library slide – How will the Library Advisory board and the Park and Recreation Board change under the new Community Services Department?

Will make up of Boards change?

Police Slide - What is the number of full time police officers?

PD -Are violent crimes up or down?

PD - Does Police Chief feel comfortable with the current amount of staff?

PD - Have any of you thought of reducing salaries?

PD - What about funds from outside organizations?

PD - What is the proven benefit of School Resource Officer?

## April 22nd Trial Budget Workshop – Questions and Comments

PD – What happens when School Resource Officer funding stops?

PD – If only .75 of animal control officer, change balance to 10.25.

Are there any reserve firefighters in this budget?

What is the proposed property tax increase?

Revenues – Expound on building permits. What are the building fees for the Town?

Revenues – What are all fees to build on a lot? Have a friend that wanted to build and fees were close to \$22,000.

What does someone get for paying those fees?

Describe the APS charge?

Does proposed property tax increase take into effect the change in property valuations?

What makes up the wastewater user fees?

Do we have A+ wastewater capability?

Where does Yavapai-Apache Nation funding show in budget?

How much more money needs to be raised to make the projected \$600,000.00 shortfall?

Is there a possibility of including information on utility bills so that we could donate additional funds?

Give synopsis on decision to close pool.

## April 27<sup>th</sup> Trial Budget Workshop – Questions and Comments

Employees should take a 10% - 20% wage cut so that the Town would not have to raise taxes.

Why are we using Cottonwood services for water operations?

Is there a list of volunteer opportunities?

People not on the sewer system also paid a \$1,000 sewer development fee.

Are we going to offer any other services to the youth of the Town?

In terms of early retirement taken – what is the cost associated?

Is there a net figure of revenue projections?

Clarify the APS Franchise Fee.

Suggestion that the Town consider creating the opportunity for donations to be made with utility bill payments.

Explain the Construction Sales Tax.

How does property tax affect rental properties?

Are there any water rate increase projections?

Is there a way to have incentives for water conservation?

Are we getting taxes from Clarkdale Metals?

Is the Council considering an end to these fees( tax rate, property rate, APS fee) as the economy improves?

How much savings by cutting staff to 36 hours?

When we went to 36 hours, Town operational hours were cut to four days – will that stay the same with 40 hours?

Since the public is used to shorter hours, why are you going back to 40 hours?

Commend the staff for doing these workshops and the sacrifices made.

#### 4-9-09 Voice Mail from Gary O'Sullivan – 649-5995

Thinks water company purchase was a mistake, as was the Highlands Subdivision. Upset that we use contractors to make line repairs. Suggests cutting staff to 30 hours per week and keeping their health benefits in tact. Expressed strong opposition to any tax increases.

I returned Mr. O'Sullivan's call and left a voice mail noting that I would record the concerns he expressed.

#### 4-9-09 Phone call from Bill Snyder

Suggested having a 5<sup>th</sup> meeting after the 4 April meetings and inviting those who participated back since they would have a solid background on how we budget and where we are. The 2 hours it took for the first public meeting was long, and lots of details, but people probably need that. Suggested cutting Parks and Recreation since it is not a necessity.

#### 4-14-09 Voice Mail from Gary O'Sullivan – 649-5995

Noticed as many as 3 Clarkdale Police Officers often working traffic on 89A during roundabout project. Suggested that if we have enough staffing for that, we should cut two Police Officers to reduce the budget. Reiterated that he is adamantly opposed to any property tax increase, and is spreading the word to his neighbors.

I returned Mr. O'Sullivan's call and left him a message clarifying that our Police Officers were on overtime and were paid by the contractor. I also told him that I understood that he was opposed to a property tax increase regardless.

#### 4-16-09 Note from Drake Meinke submitted at a Public Meeting

Is there any real estate properties owned by Clarkdale that may be sold and then these funds could be used to make up some part of the deficit?

Is there any equipment that could be sold? For example, the street sweeper. I see it seldom being used. Could these funds help?

#### 4-20-09 Voice Mail from George Parks, 1371 Lynda Avenue

Says the value on his home dropped \$50,000 this year and will drop another \$50,000 in 2010. Doesn't think this is the time to increase property taxes. Doesn't think they should go down, but should stay the same.

## 4-20-09 Email from Lawrence Runke

“G;

I see that the city raised taxes and cut spending too. You have asked for more money from people who have less of it and those who still have some have to pay more in times when they can't afford to do so. If you were a business, would you raise your prices when business is slow to keep your same income? Businesses can only cut expenditures to the point of going bankrupt. Governments can cut spending but also can tax people and especially businesses that employ people so they then lay off more people to pay the increased taxes. Businesses can never keep services and people because the service or business is essential. There is no such thing as essential when the boat is sinking. Everything is on the block all the way to bankruptcy.

Governments should do the same. Raising taxes in a recession for any reason is unsound fiscal policy. They should cut their budgets to balance their expenditures with their income and if they want do anything to possibly stimulate the economy, they should cut taxes on the very people that pay government bills. You can't eat the horse you are riding. If you do, you will fail even faster.

Governments should not operate any differently than people and businesses. When the economy gets better is the time to raise taxes to catch up from the bad times not the other way around. Now is the time to nurse your goose back to health so that the golden eggs will come to you again and that should not involve cooking it.

I know you just work there and think that you have no say but, in fact, you are ex-pfc Wintergreen.....refer: "Catch 22".

Lawrence C. Runke”

### Gayle's Response

Dr. Runke,

I've copied your other comments and will include them with all the comments that we receive on the Trial Budget that has been developed. As you may have heard, we are using a very different budget process this year. The Trial Budget is being discussed in a series of Public Workshops in April (the last two meetings are Wednesday, April 22<sup>nd</sup> at 2:00 p.m. and Monday, April 27<sup>th</sup> at 6:00 p.m.). We will then take the input gathered from the public, along with (hopefully) some definitive information once the State sets their own budget (because what they do will undoubtedly effect our budget), and compile that information with recommendations and options for the Council to consider in May and June.

The only taxing action that the Council has taken so far was to raise the Clarkdale Sales Tax from 2.25% to 3.0%. As you can probably imagine, Clarkdale's sales tax revenues are a bit different from those collected by neighboring cities and towns. Most of the basic goods and services that Clarkdale residents shop for are, unfortunately, purchased in Cottonwood. The majority of our tax collections come from tourism related businesses and construction. It was with the thought that a sales tax increase would be the least likely tax to impact Clarkdale residents, and with the knowledge that leaving the rate at 2.25% would leave us in an even deeper deficit based on projections that sales will continue to lag next year, that the Council adopted the 3.0% sales tax rate. The new rate will go into effect on May 15, 2009 and, because of a lag in remittance, the Town will start seeing income from those new rates in July. In essence, if you spend \$3,600 on taxable items in Clarkdale per year (\$300 per month), you will see an increase of \$27.00 in that year (or \$2.25 per month) as a result of this new sales tax. We are projecting that the majority of Clarkdale residents actually spend less than this per year in Clarkdale.

Trial Budget Comments Received by Town Manager Mabery

The two other tax issues that the Council will consider in May and June are a property tax increase and an APS Franchise Fee. The property tax proposal is to go from a rate of \$0.71 to \$0.9121. The effect for residential property owners at these rates would be:

| Limited Cash Value | <u>Current Trial Budget</u> |           | <u>Increase</u> |
|--------------------|-----------------------------|-----------|-----------------|
|                    | FY 2009                     | FY 2010   |                 |
|                    | @ \$0.71                    | @\$0.9121 |                 |
| \$100,000          | \$ 71.00                    | \$ 91.21  | \$20.21         |
| \$200,000          | \$142.00                    | \$182.42  | \$40.42         |
| \$300,000          | \$213.00                    | \$273.63  | \$60.63         |

For instance, on your property on Hackberry Lane (APN 406-28-021F), your 2008 Limited Cash Value was \$112,735, resulting in an \$80.05 property tax payment to the Town of Clarkdale. Your 2009 Total Limited Cash Value will be \$137,568. At that value and with the proposed new rate, your property tax payment to Clarkdale on this property in 2009 would be \$125.48, resulting in an increase of \$45.43 for the year (\$3.79 per month).

I'm happy to discuss this or any information with you further, and encourage you to attend one of our remaining Trial Budget Public Workshops if you can. Please email or call anytime (639-2400).

The Town Council will not make a decision on the property tax rate until June.

## 4-20-09 Email from Lawrence Runke

Gayle;

Somehow, you missed my point or purposely avoided it. It had to do with cutting expenditures and not raising taxes at all just like businesses have to do. It doesn't make any difference who pays the tax, it shouldn't be instituted in this climate. Too bad that businesses cannot tax the government when they have a shortfall.

That is the problem today. Government is disconnected from the people. This will cause trouble in the future, IMO.

In addition, you plan to raise evaluations and taxes of property that has significantly gone down in value. That logic escapes me. I would bet that you will never lower the rates when the crisis is over.

Lawrence C. Runke

### Gayle's Response

Dr. Runke –

I certainly didn't miss your point. It was quite clear that any proposal for increases in any sort of tax at this time is not something you support. As I noted, I've made a copy of your comments to pass on to the

Council during their discussions on the budget in May and June. I've also taken note of them myself, since, as you noted, I certainly play a large part in making those policy recommendations to the Council.

I only included the specifics of the tax proposals so that you had that specific information. You can preview the entire Trial Budget on the Town's website at [www.clarkdale.az.us](http://www.clarkdale.az.us) if you are interested. It includes all the revenue projections, as well as the information on where costs have been reduced.

Just FYI, the Town of Clarkdale does not set property valuations. The Yavapai County Assessor's office does that. Your frustration with the method of determining property values is shared by many. The two year lag in setting those values can lead to significant differences between the assessed value and the market value of properties, especially in times like these. I don't think I've ever met anyone, myself included, that thinks Arizona's system for establishing property values is a good one.

The Clarkdale Town Council has actually had a history of trying to lower our property tax rates whenever possible. Here is a brief history of Clarkdale's tax rates:

|      |                     |
|------|---------------------|
| 1997 | \$1.2833            |
| 1998 | \$1.2004            |
| 1999 | \$1.2214            |
| 2000 | \$1.22              |
| 2001 | \$1.22              |
| 2002 | \$1.1792            |
| 2003 | \$1.1631            |
| 2004 | \$1.1384            |
| 2005 | \$1.1526            |
| 2006 | \$1.1134            |
| 2007 | \$0.71              |
| 2008 | \$0.71              |
| 2009 | \$0.9121 (proposed) |

I truly appreciate your willingness to share your opinions with the Town. Citizen involvement is critical, especially when we are faced with such significant hurdles. That involvement is appreciated by the Council and the Staff, whether it is through attendance at meetings, emails, phone calls or personal contacts.

## April 25, 2009 Email from Gerald Maser

Dear Mr. Mayor,

Since something always seems to come up and I have not been able to attend any of the budget meetings, I would like to pass on some thoughts.

Often, whenever cities, counties, states, etc. face budget crises, the first thing they talk about is cutting essential services such as fire, police & schools, because they know this scares people, so they can raise taxes, fees, etc. So far, I have not seen Clarkdale doing this. You have cut other things, like the swimming pool and town office hours. I would like to offer two more suggestions, the library and the weekly brush pickup program.

I live on Old Jerome Hwy, near Black Hills Drive, so everything in Cottonwood is closer to me than things in Clarkdale. I would guess most residents of Clarkdale do most of their shopping in Cottonwood, as I do, and pay one of the highest sales taxes around, which supports a very nice library, swimming pool and soon, a recreation center, and I use them all. So why continue to maintain a library in Clarkdale?

As far as the brush pick-up program goes, I don't use it either. When I walk around my neighborhood, what I see is small bundles of clippings or even just grocery bags of leaves, which could just as easily go in the regular trash and eliminate the truck and two workers spending time picking it up. We are already paying for trash service, and I am sure it will not be long before we will be faced with a substantial increase in the weekly trash pickup fees. And the people who are carefully bundling their yard clippings are not the type who are going to dump it along the roadside.

I am sure there will be a lot of people saying, "Oh, we can't eliminate the library or the brush pickup". Well, in times like these, all governments need to eliminate sacred cows and pork barrels.

Thanks for reading.  
Gerald M. Masar  
[azsun99@earthlink.net](mailto:azsun99@earthlink.net)

P.S. I won't even talk about the single biggest item on my tax bill, the Clarkdale Fire District, because I know that is out of your hands now. But, when the push was on for that, we were told (promised?) a commensurate reduction in Clarkdale property taxes. I can't recall seeing any such reduction.

Mayor's Response:

Hi Gerald,

Thanks for your comments. I'll make sure that all the councilors and our Town Manager get them. I appreciate that you have taken the time to send your thoughts even though you can't make it to a public meeting!

As far as the Fire District is concerned, from the earliest Town Council meetings on the subject more than 6 years ago, the council talked about decreasing the Town's property tax rate from \$1.41 to 71¢ when the district was formed. We did lower the rate to 71¢. The council never decided to reduce the Town's property tax to balance out the Fire District's, but we did talk about cutting it in half.

Thanks again for writing and for your suggestions,

Doug

## April 26, 2009 Email from Judith Nelson

To whom it may concern,

Several of my neighbors in the Foothills Terrace have suggested that Clarkdale is proposing raising our property taxes 30% to 40%. I cannot attend the April 27th 6 p.m. meeting, but would like to go on record as saying that there must be a better way for the Town of Clarkdale to meet its operating needs. I am one of the many who lives on a very small fixed income which does not increase with the costs of living. Since it is already difficult to make ends meet, I can only imagine that such an increase in taxes would

cause great hardships possibly even creating the need for us to give up our homes. How could that benefit the community?

Thank you for your consideration.  
Judith K. Nelson  
1301 Deborah Drive

Gayle's Response

Dear Mrs. Nelson,

I just received a copy of the email you sent to the Town on April 26<sup>th</sup>, and wanted to take the opportunity to respond. I'm sorry that you couldn't attend one of the Trial Budget Workshops, but appreciate the fact that you have communicated your concerns to the Town. I will make sure that the Town Council has a copy of your comments.

For your information, the presentation used during the Workshops is available on the front page of the Town's website at [www.clarkdale.az.us](http://www.clarkdale.az.us) The presentation includes the details of the Trial Budget.

The Trial Budget does indeed include a proposal to increase the Town of Clarkdale's portion of your property taxes from 71 cents per \$1,000 of valuation to 91.21 cents per \$1,000 of valuation. The Town of Clarkdale portion of your property tax bill is about 9% of your total tax bill (for instance, your 2008 total tax bill was \$1,307.28, and the Town of Clarkdale portion of that bill was \$109.38). I took the liberty of looking up the impacts that this proposal would have with regard to your property at 1301 Deborah Drive, and determined the following:

|                  | <u>Limited Cash Value</u> | <u>Clarkdale Tax Rate</u> | <u>Total Property Taxes Due to</u> |
|------------------|---------------------------|---------------------------|------------------------------------|
| <u>Clarkdale</u> |                           |                           |                                    |
| 2008             | \$154,059                 | \$0.71                    | \$109.38                           |
| 2009             | \$169,464                 | \$0.9121 (proposed)       | \$154.57                           |

As you can see, the total increase in taxes for the property at 1301 Deborah Drive next year would be \$45.19 (\$3.77 per month) if the \$0.9121 rate is adopted by the Town Council.

We are currently compiling all of the comments that we received during the Trial Budget meetings, tabulating new financial information that is developing, and waiting to learn how the State Legislature's adopted budget will impact the Town. All of this information will be presented to the Town Council during their May and June budget meetings, in order for them to adopt a budget for the Town on June 23<sup>rd</sup>.

Trial Budget Comments Received by Town Manager Mabery

also send you a copy of a document titled "Trial Budget Frequently Asked Questions", which will provide some additional information about the Trial Budget. That document should be ready later today.

The Trial Budget does indeed include a proposal to increase the Town of Clarkdale's portion of your property taxes from 71 cents per \$1,000 of valuation to 91.21 cents per \$1,000 of valuation. The Town of Clarkdale portion of your property tax bill is about 8% of your total tax bill (for instance, your 2008 total tax bill was \$939.60, and the Town of Clarkdale portion of that bill was \$76.28). I took the liberty of looking up the impacts that this proposal would have with regard to your property at 1300 Deborah Drive, and determined the following:

| <u>Clarkdale</u> | <u>Limited Cash Value</u> | <u>Clarkdale Tax Rate</u> | <u>Total Property Taxes Due to</u> |
|------------------|---------------------------|---------------------------|------------------------------------|
| 2008             | \$140,353                 | \$0.71                    | \$76.28                            |
| 2009             | \$154,388                 | \$0.9121 (proposed)       | \$109.90                           |

As you can see, the total increase in taxes for the property at 1300 Deborah Drive next year would be \$33.62 (\$2.80 per month) if the \$0.9121 rate is adopted by the Town Council.

We are currently compiling all of the comments that we received during the Trial Budget meetings, tabulating new financial information that is developing, and waiting to learn how the State Legislature's adopted budget will impact the Town. All of this information will be presented to the Town Council during their May and June budget meetings, in order for them to adopt a budget for the Town on June 23<sup>rd</sup>.

I would be happy to discuss any information with you further either by phone or in person. You can reach me at the Town Hall at 639-2400 or by email.

Thank you again for taking the time to express your concerns about the Town's budget.

I would be happy to discuss any information with you further either by phone or in person. You can reach me at the Town Hall at 639-2400 or by email.

Thank you again for taking the time to express your concerns about the Town's budget.

### April 29, 2009 Voice Mail from David Witt, 801 Lisa Street

Mr. Witt stated that a neighbor had come to his house and suggested that property taxes were being increased by 30-40%. He asked for more information about the budget proposals.

I returned Mr. Witt's call and gave him information about the tax rate proposal in the Trial Budget, and answered his questions regarding the actions the Town has taken to cut costs. Mr. Witt stated that he was satisfied with the Town's actions to cut costs as well as increase revenues, and that the property tax proposal seemed fair.

### April 30, 2009 Email from Susan Rakay

To whom it may concern,

Some of my neighbors in the Foothills Terrace have said that Clarkdale is proposing raising the property taxes 30% to 40%. I could not attend the April 27th meeting, but would like to say that there must be a better way for the Town of Clarkdale to meet its operating costs (closing an extra day during the week or cutting some extras such as movies, etc.). I live on a very small fixed income which does not go up when the costs of living do. It is already hard for me to make ends meet, especially with the cost of my prescriptions as I am widowed and disabled; and an increase in taxes would cause great hardships and I may even have to give up my home and move. With peerople having to do this I don't seen how is would benefit the community if no one could afford to live here anymore.

Thanx  
Susan Rakay  
1300 Deborah Drive  
Clarkdale

#### Gayle's Response

Dear Ms. Rakay,

I just received a copy of the email you sent to the Town on April 30<sup>th</sup>, and wanted to take the opportunity to respond. I'm sorry that you couldn't attend one of the Trial Budget Workshops, but appreciate the fact that you have communicated your concerns to the Town. I will make sure that the Town Council has a copy of your comments.

For your information, the presentation used during the Workshops is available on the front page of the Town's website at [www.clarkdale.az.us](http://www.clarkdale.az.us) The presentation includes the details of the Trial Budget. I will