



## MINUTES OF WORK SESSION OF THE COMMON COUNCIL OF YOUNGTOWN, AZ

THURSDAY, OCTOBER 4, 2012, TOWN CLUBHOUSE, 12033 CLUBHOUSE SQUARE

1. **Call to Order** Mayor LeVault called the meeting to order at 6:36 p.m.
2. **Roll Call:** Council present: Mayor Michael LeVault, Vice Mayor Jacob Duran, Councilmembers Margaret Chittenden, Dorena Mello, Shirley Gustafson, Susan MacKay. Absent Councilmember Judy Johnson.  
Staff present: Town Manager Lloyce Robinson, Town Attorney Kelly Schwab, Public Safety Finance Officer Jackie Hoffman, Library Manager Heidi Speed, Public Safety Manager Mike Kessler, Public Works Manager Jim Fox, Programs Projects Grants Manager Mark Hannah, Town Clerk/Treasurer Diane Cordova.
3. **Business**
  - A. **Discussion Re: Council Financial Policies and Procedures**

Town Manager Robinson

    - This is the 2<sup>nd</sup> Work Session on this topic and is for discussion purposes only. My question to Council as we consider the City of Buckeye's Policy; on page 4, does Council want to give the Town Manager the authority to enter into contracts and sign said contracts up to \$100,000? Youngtown's Purchasing Code guideline is \$15,000. I am not making a recommendation to raise the amount, I am strictly pointing out what is written in the policy by the City of Buckeye. 1. On page 5, establishing and maintaining a general fund contingency. A commitment to adopt and implement a plan to reach the general fund contingency reserve level within three fiscal years. 2. On page 6, a rate structure for replacement of facilities, vehicles and technology is figured at \$50 per employee multiplied by the number of employees, multiplied by twelve. This is an initial reserve budget process for replacement costs.

Mayor LeVault

    - Why would we raise the purchasing policy?
    - The City of Phoenix is streamlining their whole process.

Attorney Schwab

    - The City of Phoenix is a Charter City.

Councilmember Chittenden

    - Accountability is what I like.

Town Manager Robinson

    - The purchasing policy will stay at \$15,000.

Mayor LeVault

    - Don't we currently practice the same contingency process?

Town Manager Robinson

    - Yes, the Town's contingency fund is to keep us from going over the bottom line of the Town budget. We currently have \$100,000 set aside for emergencies. Our department heads submit 5 year plans to plan out for expenditures on projects and replacement costs.

Councilmember Chittenden

    - Does the amount in our contingency plan cover the 5 year plans submitted by department heads?

Mayor LeVault

    - I don't want to twist ourselves into a pretzel. If we are already have a contingency plan in place, which is our rainy day fund, then all we need to do is memorialize our current financial practices. I just don't think having a 3 month operational reserve is enough.

Town Manager Robinson

    - How about a 6 month operational reserve?

**Mayor LeVault**

- What were last year's fiscal operating expenses, \$2.5 million? What are we actually spending?

**Finance Officer Hoffman**

- Every fiscal year's budget is different. Take for instance the previous budget year we had a police department with greater employees than presently. What we need to know is, what are we comfortable with on an amount to expend. Do we multiply a number to dollars so that we can reach a certain amount for a rainy day fund? Would Council like to increase the amount in the Local General Investment Pool (LGIP) account and have it cap without any debits to the account? We will be writing out a \$400,000 check from the LGIP account for the completion of fireflow, there will be a reimbursement from CDBG, however we do not receive immediate reimbursements from grants which decrease the amount in our LGIP account.

**Town Manager Robinson**

- May I remind Council that there will be the \$120,000 loan to Englewood Development coming out of the LGIP account, but will gain interest, then principal/interest on 2 separate amortization schedules.
- If we were to have a crisis, every project would be shut down and we would strictly do payroll, utilities, fuel in vehicles.

**Mayor LeVault**

- There is a journal entry that would be made in regards to reimbursements that you are making reference to, correct?
- I am comfortable having a 6 month at \$1.6 million worth budgeted for a rainy day fund.

**Finance Officer Hoffman**

- Yes, a journal entry is noted.
- Council can instill a 3 month policy and can always come back and revisit the policy at a later date. What is applicable now may not be 3 years later.

**Councilmember Mello**

- Council can have a written policy stating that a rainy day fund cannot dip below a certain amount.
- The \$400,000 to expend for CDBG is a big expense. What would happen to the LGIP account if in 6 -7 months later another situation hits us and reimbursement have not been completed on the first situation?

**Mayor LeVault**

- Whatever we decide, does it have to be absolute?
- The liquid funds we are loaning do have a note attached.
- Maybe we should have a written policy that states that liquid funds cannot dip below a 3 month and/or 6 month liquid amount.

**Town Manager Robinson**

- I would recommend a policy stating that in the LGIP-General Fund account, a \$1 million balance must always remain. Instead of saying that we must have a 3 month rainy day fund, let's set a dollar amount. \$1 million is a good amount to have.

**Mayor LeVault**

- Having \$1 million in the LGIP account is a good firewall.

**Town Manager Robinson**

- We can then state in a policy \$1 million to increase each year. Any money taken out must be put back in, the only exception will be matching funds or temporary use of LGIP-General Funds to forward payment on a project that we must request reimbursement i.e., the current CDBG funding on the fire flow.

**Councilmember MacKay**

- Do we need to put in a time frame? What intent are we trying to reach?

**Councilmember Chittenden**

- Another council that comes in can overturn the policy that this administration sets.

**Town Attorney**

- Yes, the policy this administration sets can be overturned by another incoming council; policy cannot be overturned by staff.

**PPG Manager Hannah**

- Setting a dollar amount, \$1 million to \$1.2 million would be appropriate.

**Mayor LeVault**

- For the size of Youngtown, we are doing a great job. Let memorialize and adopt a financial principle policy.

Town Manager Robin

- Council's intent then is; 1. Remain at current allowable levels of purchasing guidelines (\$15,000 for Town Manager, etc.); 2. Retain \$1 million in the LGIP-General Fund account; 3. State an intent to increase LGIP-General Fund account as an ongoing future goal. The financial principle policy will be brought back to Council for approval at the next Council meeting October 18, 2012.

4. Public Comments

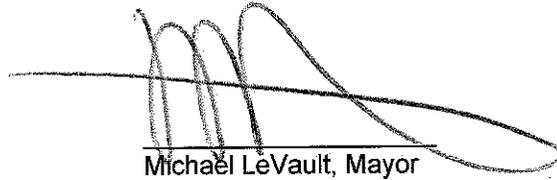
None

**Adjournment.**

Motion to adjourn – Councilmember Mello

Second – Vice Mayor Duran

Meeting adjourned at 7:19 p.m.



Michael LeVault, Mayor

Attest:



Diane Cordova, Town Clerk

Minutes approved at October 18, 2012 regular meeting