

**Minutes
Town of Clifton
Town Council – Work Session
May 10, 2016
10:00 A.M.**

Members Present

Felix Callicotte, Mayor
Luis Montoya, Vice Mayor
Barbara Ahmann, Council member
Ray Lorenzo, Council member
Roy Tyler, Council member
B. Waddell Reyes, Council member
Ray West, Council member

*Absent

A quorum was present.

Call to Order: The meeting was called to order by Mayor Felix Callicotte followed by the Pledge of Allegiance.

General discussion of FY 2017 proposed budget:

Town Manager, Ian McGaughey explained that he was notified by the Greenlee County Assessor of an error to the town's valuation for FY 2016 Levy Limit Worksheet as reported to the Property Tax Oversight Commission. A Levy Limit Worksheet provides the town's current year's net assessed values which determine the Truth in Taxation rate for the fiscal year. The incorrect tax rate was 4.5356. The correct rate of 3.112 a clear overstatement to the primary property tax revenue source considered in the FY 2017 Budget.

He continued to reported that this error will impact the proposed budget. Mr. McGaughey presented three options for council's consideration/guidance in moving forward with adjusting the budget due to the error:

Option 1 : Calculate the primary property tax on the current Truth in Taxation Rate of 3.1121 and make the necessary adjustments to reduce the budget;

Option 2: Implement the Truth in Taxation process and propose to increase the rate to 3.2680 which would levy sufficient funds to balance the proposed budget; or

Option 3: Implement the Truth in Taxation process and consider increasing the rate to 3.4936 which would levy additional funds to cover town services. It was noted that although this rate would trigger the Truth in Taxation process, the impact to the local property tax owner would be minimal as compared to last year's rate of 3.6899, in fact should result in a reduction in taxes.

Also impacting the proposed budget figures was the health insurance renewal fees. As previously reported, the town had been informed that the health insurance benefit currently provided by Blue Cross Blue Shield of Arizona would increase by 18%. Mr. McGaughey reported that quotes had been received by other health insurance providers with much higher premiums due to the town's current employee census age factor. He also reported that the town had not yet received the dental benefits premium renewal, also impacting the final budget.

The Town Manager offered various options to address the health insurance increase which included reducing benefit options to employees, eliminate the current (2%) Cost of Living Adjustment factored into the budget, cut more out of the current budget line items, sell the Chase Creek properties or consider utilization of fund balance to cover the increase.

The general consensus of the Council was to continue the benefit plan as currently offered to town employees. Additionally, the sale of the Chase Creek properties would only provide a temporary fix. Discussion from the council addressed the property tax options and considered the least impact to the property owners.

After a lengthy discussion regarding the property tax options, the Town Manager was directed to move forward with factoring in option 3 to the proposed budget.

Final discussion was the utilization of the town's Fund Balance. The Town Manager explained that each department had requested funding for major purchases as previously discussed. Members of the Council were agreeable to allocate \$100,000 to the Mayor and Council's Contingency Fund. Utilization of this allocated amount of fund balance would cover the dental insurance renewal rates then excess funds would be considered for each of the departments capital purchases which would be addressed individually at a later time.

Adjournment: Motion to adjourn was made by Vice-Mayor Luis Montoya, second to the motion was made by Council Member Ray Lorenzo. Motion carried. Meeting adjourned at approximately 10:45 a.m.

Approved:

Felix Callicotte, Mayor

Attest:

Esperanza Castaneda, Town Clerk

