



Friends of Carefree, ready or not Summer Solstice has arrived with a blast – boy howdy, has it ever! And, by virtue of a government decree in 2008, Monsoon season now arrives on June 15th, every year, science be damned. Bureaucrats decided it was simpler to understand a fixed calendar date rather than the meteorological factors that had always announced the actual arrival of monsoon season. Spoil sports!

It's been some time since my last update, and for that I apologize. A confluence of factors precipitated the temporary cessation of the CFM Newsletter and associated website updates. Professional seminars, business matters, a troubling illness, and finally a long overdue vacation for my wife and I all contributed to a brief CFM sabbatical. During that absence there were a variety of important and some controversial matters that were addressed by the Council, not the least of which was the new fiscal year budget which takes effect July 1st. Many aspects of the budget process were routine but the budget itself was not without some interesting debate. This edition of CFM will not be recounting specific Council actions but rather will address several issues of particular concern to me personally. Anyone offended by a differing perspective of either prudent or wasteful government spending may wish to avoid reading further.

On June 6th a special Council meeting was held to vote on adopting the Town budget, which had been accepted by a Council vote of 5 – 1 during the May meeting. Councilman Van Allen was the sole No vote *at that time*. Councilman Farrar was absent from that meeting due to surgery. During budget workshops, and the May meeting, there were questions posed regarding several expense categories including Marketing and Salary&Benefits. [Marketing, in particular, had been the focus of *vigorous* discussion during the Budget workshops.] I too missed that May meeting because of illness and subsequent hospitalization. Consequently I didn't get to share my concerns with the Council, *at that time*. I did request to speak at the June meeting, pointing out that I would have addressed the Council in May if I were able.

Sadly, and just when it appeared that the Hitchon communiqués were being tamed by reason and a much needed effort to recount actual truth, Herbert felt compelled to write his wife a letter. His wife published the letter for her readers. That poke, intended as it was, did spark some of those readers to join the fray (not unlike the modern 'news' media spreading fake news like a wildfire). Herbert wrote to his wife that he was appalled by "certain aspects of the final budget meeting" and went on to misconstrue my address to council members, adding a cheap shot at Councilman Van Allen; this was reminiscent of the vicious attacks against Councilman Farrar some time ago. Oh well, many adolescents and millennials text each other on dates. I suppose letters are how some old-schoolers do it.

Lyn began to fan the sparks with this:

"John Traynor asked to speak. He said he hasn't been as "participatory" of late as he might have been, and missed the last meeting where the budget was discussed. But he has questions and concerns. The Town is putting more and more money into marketing and he hasn't seen any tangible return. Some things take time, but what are the "guideposts" for return on investment and what is the "exit strategy"? Revenue is decreasing and the expenses are increasing for marketing and for staff salaries and benefits. He disagreed with these expenditures, calling them drags on the Town's economy"- Carefree Truth, Issue #570, June 9, 2017

Illness and hospitalization are apparently not a good enough reason for missing a meeting in the Hitchon World, not that I'm required to provide one. Not noted in her little recap is the fact that my comments were neither hostile nor accusatory of anyone. The reality is that **Carefree will have spent more than \$1.4 Million on 'Town Marketing' over three years when this new budget takes effect. For FY2018 the \$561K Marketing Budget represents more than 26 % of the Town's Local Sales Tax revenue for the entire year.** Beyond that, the town predicts that income from local Sales Tax will be 10% lower in the upcoming fiscal year. Through 3 quarters in the current fiscal year local Sales Tax was down 10.7% from the prior year. When I addressed the Council I discussed facts and reality – hard to swallow for some folks. Keep that in mind as you read Herbert's letter to his wife.

Enter Herbert:

"I found certain aspects of the final budget meeting appalling. Anyone who has run a successful business knows that people make the organization. Team oriented, knowledgeable, and loyal employees are rare. Carefree is well run by a small, dedicated staff. Each member of the staff performs tasks above and beyond their job description. Every encounter I have had with members of the town staff has been positive. I wish I could say the same for the writer of the "alternative" press and his former partner who is now a Councilman. I was shocked by their opposition to merit raises for the hard working staff. Penny wise and dollar foolish comes to mind. Herbert Hitchon" - Carefree Truth-Letters from Readers: 6/14/17

While neither Herbert nor I have been awarded Harvard MBAs, I like most rational people realize that successful businesses don't remain successful by repeatedly making questionable financial decisions. Businesses succeed because they achieve results; they meet their business goals. Failing to do so has consequences and failure generally results in 'change management' – CEOs get fired/replaced, managers get fired. Government, *at all levels*, operates differently.

I suspect we all appreciate good, hard working, loyal employees. Why tolerate less? I also believe we all understand 'cost of living' increases. U.S. Bureau of Labor Statistics figures show that cost of living increases since 2010 have generally run just over 2%. Ask seniors who depend on Social Security. Merit increases are an entirely different matter, too often based purely on subjective reasons. Successfully *businesses* have clear job descriptions and they evaluate employee performance against those job descriptions, and established goals, at least once a year. Merit increases should be awarded based upon how employees perform up to those measures. In the new budget several employees will receive very healthy salary increases. I took a deeper look at each department's budget detail to get a feel for the extent of pure salary increases (no loads). Here are some examples:

[FTE = # of Full Time Employees in a given department]

Administration	2 FTE, +\$28,310	(18.2%)	Town Administrator +1 clerical
Town Clerk	2 FTE, +\$11,734	(7.5%)	Town Clerk + Accountant
Marketing	1 FTE, +\$11,284	(12.4%)	Director
Planning	2 FTE, +\$8,665	(7.6%)	Town Planner +1 clerical
Public Works	4 FTE, -\$3,344	(-1.7%)	Superintendent + 3

Overtime payments were another concern during budget discussions. In the fiscal year just ending Carefree paid a substantial amount of overtime. 'Exempt' employees are not legally entitled to overtime, yet it appears that rule may have been overlooked.

BTW, not once did I criticize *any* member of the staff. Not once did I say I was opposed to 'merit' increases, nor did Councilman Van Allen. He too is now a target because he has the temerity to ask difficult questions in the face of continuing poor financial results. He asks lots more questions in private but those are easily shielded from the public. Asking questions at a formal meeting, on the record, is a different matter. Responses that are deliberately untrue, or used to mislead the public should/must have consequences.

Here is Herbert's next contribution:

"The issue Councilman Jim Van Allen made of the May paid bills is a recurring theme. I was on the Board of a hospital for 12 years and have been on the Boards of various state medical organizations. **The correct protocol if one has a question is to make inquires before a meeting and get the facts, something this Councilman routinely fails to do.**

The Christmas tree had been discussed multiple times during the budget meetings. It has also been pointed out multiple times that money can be moved from one budget department to another as long as the bottom line is not exceeded. There was money left in the 2016/17 fiscal year budget to make the down payment on the Christmas tree, which required this much lead time in order to be delivered for the kick off of the Christmas Festival.

This is not the first time he has tried to get a gotcha on staff members or on other Council members, in obvious attempts to put them on the spot. **Jim Van Allen's "challenge" of the "unauthorized" check cut for the Christmas tree was petty and abusive. Shame on you Councilman Van Allen, for not acting professionally.**

"A jackass can kick down a barn, but it takes a carpenter to build one."

Former House Speaker Sam Rayburn

Herbert Hitchon - Carefree Truth-Letters from Readers: 6/21/17

Herbert probably doesn't realize that the meeting documents are not always available until the last moment, allowing no time for research or 'off the record' inquires before a meeting. And, as I said in response to his prior criticism of Councilman Van Allen, there is a big difference between asking questions on and off the record; even Herbert should understand that simple fact. Van Allen was questioning what appeared to be a procedural anomaly and wanted to hear the reason for having to deviate from the norm. Organizations sometimes try to avoid having to re-justify expenses by paying in advance from a current budget year. Did it really harm you Herbert to hear the explanation? I don't believe the plan to prepay half the \$18,000 cost was publicly disclosed during prior budget discussions, but hey, I missed one damn meeting, right?

Herbert might remember that back in an August or September 2016 meeting Councilman Van Allen raised concern about sharply decreasing Local Sales Tax income and rising expenses. Although that disparity continues, neither Hitchon has written any letters about that problem. ***Why isn't that a concern to them? "A director (as in Board of Directors) may not simply accept the information presented. Rather, the director must assess the information with a "critical eye," so as to protect the interests of the corporations and its stockholders."*** As a board member of various organizations, Herbert must have known that he had a fiduciary responsibility to question results. Council members have that same responsibility to the Town and its residents. ***Councilman Van Allen takes his responsibility seriously.***

Two Hitchon readers decided to pile onto Councilman Van Allen. One gal apparently is under the misguided impression the 'Christmas Tree' will cost the town **only \$9,000**; somebody please give her the full bill and explain it was only the down payment! Ask if she would like to fork over the balance for a tree used less than a month. This brings me to

Councilman Van Allen's next critic, a former 1 term council member that just won't go quietly away. Trying to demonstrate his arithmetic skills and acerbic wit, he mocks Councilman Van Allen's assertion that the tree will cost Carefree \$600 per day. By contrast Arthur's estimate is only \$30 per day. Really? Well Arthur that doesn't sound bad, so if we are all here 20 years from now, the amortization term you used to arrive at an absurd \$30, I'll buy both you and Jim a warm beer or whatever you'll be drinking at that time and we'll all laugh about Carefree buying an \$18,000 Christmas tree during a time of declining revenue and rising expenses. Perhaps you'll volunteer to help take down and carefully store the tree each of those 20 years and then carefully unpack it for display each subsequent year.

P.S. Thanks for the other story too... I'm having hot dogs and a *cold* beer for dinner!

After all was said and done, the new budget was finally approved by a vote of 4-3. Council members Farrar, Orrico, and Van Allen were the dissenting votes. This is the first time in memory that 3 Carefree Council members would not support the new budget. All residents should thank those 3 Councilmen for having the integrity to question and debate the budget based on their real world business experiences.

There have been some ugly things quietly happening in Carefree lately. From all indications there was a long, tense, and conflicted Executive Session following the regular monthly Council meeting on June 6th. No topics or details were disclosed but there were numerous indications that Marketing and/or significant changes to the Christmas Festival plans had caused a potentially explosive situation to develop which necessitated discussion behind closed doors. When any town government appears to turn on some of its best volunteers, business owners, or residents we all need to evaluate how well that government performs. Over time Council members come and go, as do Mayors. One has to look beyond the obvious and try to determine what the single common denominator has been these past 7 or 8 years of mostly economic and business decline in Carefree.

I know well that my comments will generate swift and pointed reaction from some quarters. Those with a vested interest in the status quo will complain the loudest. Bring it on because I will not be quiet, discreet, or patient any longer.

Respectfully submitted by John Traynor

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