Town of Wickenburg

MINUTES

WICKENBURG COMMON COUNCIL
STUDY SESSION MEETING
Monday, April 7, 2025 - 3:00 P.M.
155 N. TEGNER - COUNCIL CHAMBERS
WICKENBURG, ARIZONA 85390

A. **CALL TO ORDER** – Mayor Bratcher called the meeting to order at 3:00 PM

B. **ROLL CALL**

Present:	Mayor BG Bratcher
	Vice Mayor Brian Jones
	Councilmember Kristy Bedoian
	Councilmember Shawn Clark
	Councilmember Margaret Nyberg
	Councilmember Rebecca Rovey
	Councilmember Art Rubash
Staff Present:	Troy Smith, Interim Town Manager
	Trish Stuhan, Town Attorney
	Tim Suan, Deputy Town Manager/Economic Development
	Steve Boyle, Community Development Director
	Amy Brown, Town Clerk
	Les Brown, Police Chief
	Robert Martinez, Finance Director
	Tarah Mayerhofer, Human Resources Director
	Ed Temerowski, Fire Chief
	Herschel Workman, Public Works Director

C. **NEW BUSINESS**

1. Discussion and Direction to Staff Regarding the Proposed Draft Budget and Capital Improvement Plan for Fiscal Year 2025-26

   Troy Smith, Interim Town Manager, stated that the purpose today is to discuss different aspects of the budget and to get direction from the Council. Management has given the department directors the following direction:

   - No increases to departmental baseline operating budgets for the fiscal year with a focus on maintaining core service levels, increased costs only due to inflation, policy changes and utility increases
   - No new personnel requests
   - Create a 5-year Capital Improvement Plan (CIP)

- Reduce reliance on one-time revenues – there are global and national economic retraction indicators, so the budget needs to be conservative

The budget creation has an emphasis on strategic resource allocation including:
- Aligning funding with Council priorities and adopted plans
- Preserving financial resilience while supporting key initiatives
- Limiting operational spending within anticipated revenue projections
- Department budget numbers presented today do not include personnel increases
- Use of fund balance limited to capital improvement projects

There is a recommendation to create an operating contingency line item:
- Designed to address unforeseen needs or emerging priorities
- Requests for expenditures require Town Manager approval
- Provides flexibility and increases accountability
- Funded by reducing General Fund departmental baseline budgets

The annual budget is a fundamental policy document of the town. It is a financial plan which is the best guess for expenses and revenues for the next year. The budget has to be high enough to be able to use any grants that we receive during the year, but we don’t know at this time what grants will open and if we will receive any of them. It does establish the expenditure limitation, which is the only thing that can’t change. It also establishes the property tax rate. It is the provision of the town's financial resources to provide the community programs, services, and projects. The budget numbers will change as we progress through the process of getting to the final budget as more expenses and revenues are received.

Robert Martinez, Finance Director, shared that the General Fund revenues are mostly flat with the exception of the local sales tax, which is being decreased by $1 million. Last year’s budget estimated the local sales tax to come in around $9.5 million, but based on the numbers we have now, we expect that to be closer to $8.5 million.

	2020-21 July-February	2021-22 July-February	2022-23 July-February	2023-24 July-February	2024-25 July-February
LOCAL SALES TAX	$4,349,854	$5,011,213	$5,333,787	$7,179,859	$5,684,552
STATE SALES TAX/TPT	$609,668	$685,811	$742,492	$797,635	$762,939
STATE INCOME TAX/URS	$770,976	$668,814	$973,168	$1,399,152	$1,151,992
TOTALS	**$5,730,498**	**$6,365,838**	**$7,049,447**	**$9,376,646**	**$7,599,483**

	2020-21 March-June	2021-22 March-June	2022-23 March-June	2023-24 March-June
LOCAL SALES TAX	$2,180,570	$2,794,340	$4,412,101	$2,706,025
STATE SALES TAX/TPT	$350,309	$377,920	$394,988	$364,451
STATE INCOME TAX/URS	$385,488	$328,564	$486,584	$699,576
TOTALS	$2,916,367	$3,500,824	$5,293,673	$3,770,052

The next item for discussion is property tax. The current rate is .4132 and the levy is $600,000. The town is waiting for more information from Maricopa and Yavapai Counties for the property tax.

Councilmember Bedoian stated that she always wants to decrease the property tax but at a minimum, she would like to keep the levy the same. No one understands the Truth in Taxation information, so it is best to not increase the rate to avoid that confusion.

Vice Mayor Jones stated that he doesn't want to see an increase in sales tax.

Consensus of Council was to keep the levy at $600,000 which will lower the rate. Interim Town Manager Smith reminded the Council that the property tax is only about 5% of the town's revenue and only 4% of the total property tax collected goes to the town.

Finance Director Martinez then shows a few summary slides showing the department general fund actual expenditure overview and the budgeted expenditure overview. The Human Resources (HR) and Information Technology (IT) departments are new, so they don't have numbers prior to last fiscal year.

Interim Town Manager Smith wanted to then go through some general updates on projects or issues to make sure the Council agreed with the direction that staff is moving.

The first is a transportation plan that was on the list of projects but is very expensive costing between $150,000 to $250,000. The town has talked to Maricopa Association of Governments (MAG), and they can help with the plan and only charge the town about $20,000 for the plan.

Town Hall restrooms have been an issue that the Council brought up at the retreat. The newly renovated restrooms are now open, and the hours will be changed to be open from 6:00 am to 8:00 pm, 7 days per week. He would still like to look at the visitor's center being open more for visitors to use their restroom. In addition, there might be an option to add a restroom on the outside of the Smokeater's building.

The Community Rodeo Association of Wickenburg (CRAW) wants to do some improvements at the rodeo grounds including a waterline, power, sewer, barn and possibly a drive through roadway. They are applying for a Wellik Grant for some of the funding. The town has submitted a letter to Wellik stating that the town is not applying for a grant and wants to support the CRAW application. There was a question about the cost of increasing the lighting at the rodeo grounds, which will be brought back with the amount for a possible CIP project.

There is a new line item for property abatement that will have $50,000 put aside for non-compliance issues. This will only take care of one property a year and will clean it up, with a lien placed on the property.

Hershel Workman, Public Works Director, reported that the town has received the bids for the south wastewater treatment plant liquid intensification that will increase the capacity of the plant by 400,000 gallons per day. The estimate was $1.4 million, so the town received Water Infrastructure Finance Authority of Arizona (WIFA) funding in loans for $1.4 million. The bid came in at $2.9 million. We have contacted WIFA to see if we can increase the amount. The town received wastewater loans in the amount of $5.2 million with $1 million in forgivable principal. The town also received water loans in the amount of $3.4 million with $829,000 in forgivable principal. These funds are for several different projects.

Tarah Mayerhofer, HR Director, requested direction on employee compensation. In April 2023, the Council approved the town’s classification and compensation philosophy to have a fair, transparent and equitable rewards system. The market rate for any job is at the midpoint of the range. Some employees might lag the market or lead the market depending on if they are above or below that midpoint. This is called the compa-ratio, which is determined by taking the employee’s salary and dividing that by the market midpoint. If they are at the midpoint, they will be at 100%. The goal is to get everyone to 100% to remain competitive and fair. Misalignment is usually anything outside 10% of the midpoint. For example, if the market midpoint is $60,000 and someone is paid $57,000, their compa-ratio is 95%. If someone is paid $63,000, their compa-ratio is 105%. The above or below should reflect their experience, skills and tenure. There are several employees who have been with the town for over five years in their position and they are not at the midpoint, but we have hired people in close to their salary, which causes compression, which can result in turnover.

Staff is proposing three steps to try to deal with the compa-ratio and compression issues. We are early in the budget process so we are not sure that we can afford all of this, but this is the proposal that we are planning to add to the budget.

- Step 1 – Increase base salary by 4% for all employees to keep pace with market trends and cost of living.
- Step 2 - Employees with more than 5 years of service in their position and below the market midpoint will be brought to midpoint (100% Compa-ratio). This prevents new hires from leapfrogging more experienced employees.
- Step 3 – Employees below 86% Compa-ratio will be moved up to at least 86%. This ensures the most misaligned salaries are addressed first. It allows new employees to reach midpoint in about 5 years.

There are 14 full-time employees that will be affected by step 2 and 7 full-time employees in step 3. There are 4 part-time employees that this will also affect. There was a request to bring back the Employee Cost Index (ECI).

Interim Town Manager Smith stated that before anyone receives any of this, there will be a review to make sure there are no discipline or performance issues. If they are on probation, they will not be eligible. He stated that other cities in the West Valley, which is where we lose police and fire employees to, are proposing 4-10% increases to their pay. Last year the increase was 6%.

HR Director Mayerhofer then discussed employee benefits. The town has employee benefits through Arizona Metropolitan Trust (AzMT), which means that we are self-insured in the pool. The increase for this next year is at 4.5%. The Council is now eligible for benefits, there are new voluntary benefits and there will be a change to the Health Savings Account (HSA) vendor.

HR Director Mayerhofer reported on the Arizona Municipal Risk Retention Pool (AMRRP) renewal for this next year. This is also a self-insured pool with coverage for auto, cyber, property & casualty, liability and workers compensation. With a change in staffing, the risk management asked AMRRP to do an audit of the town properties to make sure there was adequate coverage and all properties were included. It was found that there was $42 million in additional property that was not listed in the town’s assets so there was no insurance coverage for over 70 locations. The cost for this additional coverage will increase the premiums by $76,000 per year. AMRRP understood that that was a large jump, so they are allowing the town to build up to that over five years with increases of $15,500 per year. In the review, the property deductible was reviewed and suggested to change it from $5,000 to $10,000 for an annual savings of $19,227. Since 2017 there have been two claims under the $5,000 deductible and two claims around $20,000.

Finance Director Martinez moved on to the financial policies.

Procurement Thresholds:
- $0 - $4,999.99: No quotations or bids required
- $5,000 - $24,999.99: 3 written quotes approved by Department Director
- $25,000 - $49,999.99: 3 written quotes approved by Town Manager
- $50,000 and Above: Sealed bids, competitively procured contract, or cooperative purchase approved by Town Council

Budget Transfers:
- A transfer from a capital line item (9#### account) requires Town Council approval prior to incurring the expense
- A transfer between funds requires Town Council approval prior to incurring the expense

- A transfer within the same department requires approval of the Department Director prior to incurring the expense

Reserves and Contingencies:

- Should be appropriated to provide for emergencies, mid-year requests, and unanticipated expenditures
- General Fund Reserve will be maintained in an amount not less than 15% of new General Fund revenues for the budgeted fiscal year
- Contingency will be established for all other applicable funds of at least 10%, and the equity of all funds will be maintained to meet the objectives of the fund
- $100,000 will be budgeted under General Services each year to indemnify the town of unanticipated insurance claims
- Expenditures may be made from contingencies only upon approval by the Town Council

Interim Town Manager Smith moved on to the fee schedule because during the Town Council meeting when the proposed fees were posted to the public, the Council indicated they wanted to have a discussion during the budget workshop regarding fees. Mayor Bratcher stated that her concern was the water and wastewater rate increases. Interim Town Manager Smith stated that the town needs to wait a year to see the data, which will not be until July and then to analyze, this can be brought back in September to review the rates. Staff have looked at one of the larger expansion projects and due to a possible decline in water usage, that project might be able to be moved out a few years. No further input on changing the fees was provided by the Council.

Public Works Director Workman requested some direction on the recycling program.

- Regulation: Maricopa County Environmental Health Code (MCEHC), P-14, Section 5, Regulation 4: Frequency of Collection requires *two (2) pickups per week*
- Council's Previous Direction: Limited recycling losses to $25,000/year (previous losses were $66,000/year)
- Resident Survey (2019): Indicated support for a $1.50 increase to offset losses – this was included in the recent rate increase
- Current Recycling Limitation:
  - ✓ Current budget funding does not guarantee the ability to recycle all year long
  - ✓ Contract service provider has both equipment and personnel reliability issues. There is a concern about CR&R's ability to haul the recycling for the town.
  - ✓ This has led to resident concerns about whether the town actually recycles, impacting program credibility and contamination rate increases
- Potential Options:
  - ✓ Maintain the $25K cap
  - ✓ Increase the cap to $66K to cover the entire fiscal year

- ✓ Eliminate the program entirely so the town would have no recycling program which could cause public backlash, the town would have to deal with the blue bins and the town is still required to do two weekly pickups, so there will probably not be a cost savings
- ✓ Seek outside contracts for recycling through an RFP process

Vice Mayor Jones would like to look at eliminating the recycling program as that seems to make the most fiscal sense.

Councilmember Bedoian would like to stop paying for the program due to the high contamination rate, so she would support either eliminating the program or reducing the cap.

Councilmember Nyberg would like to see the town start fining people for contamination to make the recycling more valuable.

Interim Town Manager Smith stated that usually all costs are passed on to the residents and if there is not a savings, the town can look at elimination.

Public Works Director Workman stated that the costs used to be $19.60 per month plus $1.50 for a recycling surcharge. In 2023 the rate was increased to $26 and then $27 in 2024 with both fees rolled into one total amount. The town has a contract with CR&R to transport the materials and Waste Management charges the town $105 per ton to process the materials. To look at a place in town to drop off recycling, the town would need to add staff at that location, which will not save any money.

Consensus was to bring back the costs of eliminating the recycling program and explore alternative vendor options.

Public Works Director Workman turned discussion to the Coconino Parking Lot. He started with the history:

- 2020 – Council approved an agreement to swap a town parking lot with this property with the Desert Caballeros Western Museum
- 2023 – Town entered into a contract with Art Barber to move fill dirt into the lot
- 2024 – Town entered into a temporary construction easement with the museum to use the property for staging
- 2024 – Town entered into an agreement with John Lape, Architect, Inc. to design the Coconino parking lot

Councilmember Bedoian didn’t think another parking lot was needed downtown.

Councilmember Nyberg disagreed and thought that parking would be needed especially when the new museum is built, but it is not needed immediately.

Interim Town Manager Smith stated from his research there was a perception that the town would be building a parking lot. The museum will use that temporarily for construction staging. The project will be moved to a later date in the CIP list.

D. **EXECUTIVE SESSION -** (Council May Vote to Go Into Executive Session Pursuant to A.R.S §38-431.03(A)(3) to Receive Legal Advice from the Town Attorney on Any of the Above Agenda Items.)

E. **ADJOURNMENT**

MOVED BY Councilmember Margaret Nyberg to adjourn at approximately 4:59 PM
SECONDED BY Councilmember Shawn Clark
VOTE: 7 – 0 (Yes – Mayor Bratcher, Vice Mayor Jones, Councilmembers Bedoian, Clark, Nyberg, Rovey, and Rubash)

BG Bratcher, Mayor

ATTEST:

Amy Brown, Town Clerk

CERTIFICATION

I, Amy Brown, the duly appointed and qualified Town Clerk of the Town of Wickenburg, do hereby certify that the foregoing minutes are a true and correct copy of the minutes of the special meeting of the Town Council of Wickenburg, Arizona held on April 7, 2025. I further certify the meeting was duly called and held and that a quorum was present.

Amy Brown, MMC
Town Clerk