



**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 (<i>meeting locations subject to change</i>)</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 (last year)	FY 2009 (current)	FY2010 (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:

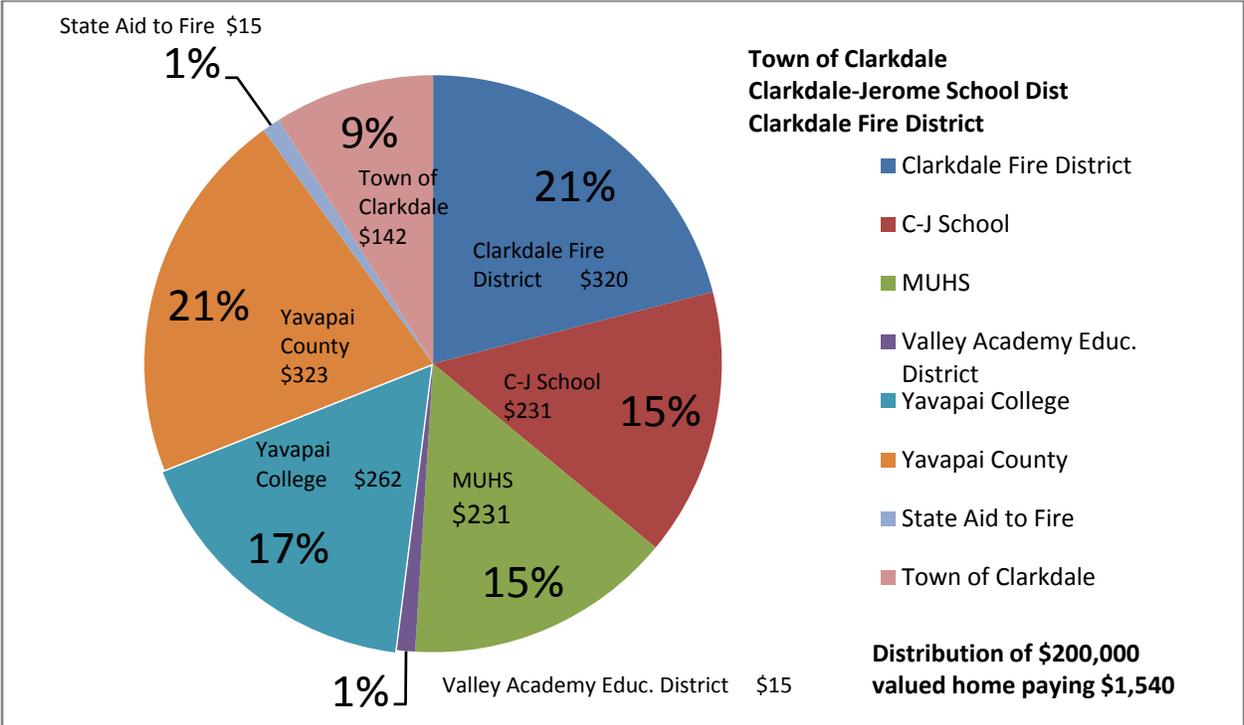
Total APS Bill	2% Franchise Fee
\$50	\$1.00
\$100	\$2.00
\$150	\$3.00

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.

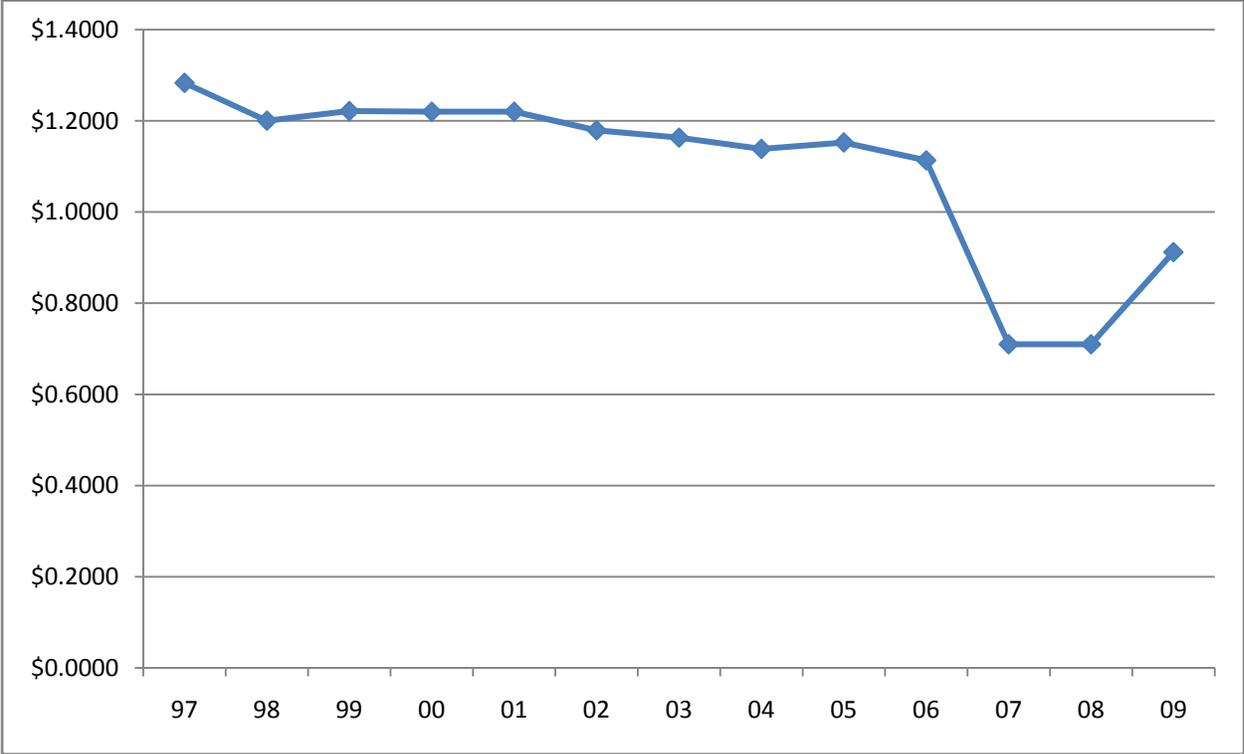
Sample Based on 2008 Tax Rates



***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.