



City of Bisbee, Arizona
2008 Annual Report
Stephen J. Pauken, City Manager

March 5, 2009

Mayor Porter and Members of City Council:

On behalf of the entire staff, I am proud to present an annual report of the accomplishments of the City of Bisbee for the calendar year 2008. It was a positive year for the people of Bisbee in terms of future planning, and in building a team of people to lead this city into the future. Along the way, we also managed to accomplish a few things and to become strong fiscally so that we can meet what will surely be significant challenges in the coming year. Our fiscal strength, while having improved over the last three years, will be tested by reductions in State Shared Revenues in 2009, but it is a test we have been preparing to meet over the last six months.

Having now completed my third year as City Manager, I feel both a greater sense of confidence in our employees, but also realize that our workforce is ever-changing. As it changes, we are making it better, more efficient, more cost effective and responsive to city priorities. Our basic priorities are to provide essential services to the people of Bisbee, plan for future growth and development, and ensure our fiscal future. We have succeeded in accomplishing all of these priorities, but there is still much to be done. We will never finish working on our basic priorities, and we are committed to become better. This report will reflect on the ways we have made this city work, and conclude with some observations on ways we can achieve greater things in the future.

In no particular order of importance, the accomplishments of the various operating departments of the city of Bisbee are as follows;

City Manager's Office

The City Manager is directly responsible to the Mayor and City Council. Under the council-manager form of government, the manager is expected to run the day-to-day operations of the city while following and implementing the direction of city council. Among the achievements of the city manager's office are;

- Supervised all city departments to ensure the smooth operation of the city.
- Advised the Mayor and City Council on policy matters, city and financial issues.
- Worked with the Personnel Director, Civil Service Commission and Employee Council to approve and adopt a new Personnel Policy and change several job descriptions to meet changing priorities and conditions.
- Worked in the additional capacity of Acting Public Works Director for three months while the Public Works Director recovered from Open Heart Surgery.

- Worked as a member and Secretary of the Upper San Pedro Water District Organizing Board which is charged with establishing a new district to ensure the future of water resources within the Sierra Vista Sub-watershed.
- Implemented a new fuel reduction policy for all city vehicles to reduce both the city's costs for fuel in a volatile market and to reduce our carbon footprint. Early indications are that we have reduced fuel consumption by an average of 7%, with an annual goal of 10%.
- Appointed to serve on the Freeport McMoRan Citizens Advisory Group for mitigation of the sulfate plume that endangers our drinking water resources.
- Served as Chairperson of the Cochise County Solid Waste Rate Review Advisory Board and Economic Development Advisory Board, which will branch out into establishing a county-wide recycling program and improve our economic development efforts.
- Provided assistance in negotiating the city's claims against Brown & Caldwell for the wastewater collection and treatment project, which should settle in 2009.
- Fiscal 2008-09 Budget. The City Manager is charged with the responsibility to bring forth an annual budget to the City Council for adoption. Together with the Finance Department and the operating departments, we worked with each other and the city council to adopt a budget that is serving the people of Bisbee. While we recognize the limitations of our available resources, we are providing the best services we can offer within those constraints. We managed to complete the previous fiscal year (on June 30, 2008) with a surplus of \$207,000 even though we had projected a break-even budget. The current budget projects a \$115,000 operating deficit and an additional investment of \$150,000 of reserves to make needed street repairs but we will continue to stress opportunities to generate additional revenue while trimming expenditures wherever possible. Now half-way through the current fiscal year, we are showing a surplus, and our strategy is working.

City Clerk's Office

The City Clerk is responsible to the Mayor and City Council. In this role, the Clerk provides all city record keeping and retention services, provides public records to the public and the news media, works with the Mayor to establish City Council meeting agendas, provides City Council with meeting packets and incoming correspondence, operates as the first point of contact at city hall for all citizens and serves in the role of chief elections officer for the city. Among the achievements of the City Clerk's office are;

- A year of challenges, Deputy City Clerk Gloria Gonzalez went on an extended medical leave. During this time, the Clerk's office has relied on increased responsibilities performed by Interim Deputy Clerk Adel Lewis, and several temporary employees.
- The City Clerk's Office has continued to perform all Web Site maintenance, posting and publishing and Channel 5 production. Additionally, this office has continued to update Project Status Reports, maintenance of monthly calendar for Boards and Commissions and meeting room scheduling.
- The protocol and procedures for Requests for Bids and Proposals continue to be reviewed and revamped to ensure continuity and conformity to all rules and regulations.
- Council Action protocols reviewed and redesigned for better flow and understanding for Staff and Council.
- Continued support of the Mayor and Council activities and priorities.

City Attorney's Office

The City Attorney is responsible to the Mayor and City Council. The Attorney provides legal counsel to the City Council and the city staff, and defends the city against all lawsuits and claims. The City Attorney is also responsible for drafting ordinances and resolutions for consideration by City Council, and serves as staff liaison to the Municipal Property Corporation along with serving as legal counsel to the Planning Commission and the Charter Review Commission. Among the achievements of the City Attorney's office are;

- Assisted the Charter Review Advisory Commission in drafting several charter amendments, of which 14 out of 15 were adopted by the voters in March of 2008.
- Negotiated with the engineering firm Brown & Caldwell to settle claims remaining from the Wastewater collection and treatment project.
- Continued to work on settling claims and litigation with the Border Cities Land Corporation, and continues to work with the new ownership of BCLC on development activities for downtown redevelopment.
- Successfully litigated the city's claim against Arizona Water Company, and succeeded in negotiating a \$1,000,000 settlement for damages, payable over three years.
- Prepared amendments to the Personnel Rules and Regulations in cooperation with the Personnel Director and the Employee Council that were adopted by City Council.
- Worked with the Community Development Department to update city codes regarding development regulations, and worked with the Planning and Zoning Commission to draft recommendations to the Mayor and Council.

Finance Department

The Finance Department, headed by the Finance Director (who also serves as the City Treasurer) is responsible to the City Manager. The Finance Department provides all of the accounting functions for the city, provides all utility billing functions, tracks all accounts payable and receivable, administers debt service, and provides support in the formation of the city budget to the City Manager. The Finance Department is also playing an increasing role in financial analysis and in enforcing the city codes relative to fair collection of city fees and taxes. Among the achievements of the Finance Department are;

- Completed the independent financial audit of Fiscal Year 2007-08. This audit was presented to City Council in December, 2008. While this audit showed that the city is in *very* solid financial position, there were two minor findings. Due to a change in accounting rules in the last year, these very minor findings would not have occurred in previous audits, and do not cause any material problems with our financial position. Nevertheless, we are dedicated to improving our financial reporting so that this does not occur again.
- Our financial position continues to improve. While we ended the 2005-06 Fiscal Year with a \$36,000 General Fund deficit, we rededicated ourselves to end the deficits and completed the 2006-07 Fiscal Year with a \$140,000 surplus. We continued this feat by ending the 2007-08 Fiscal Year with an additional \$207,000 surplus. This is a remarkable achievement considering the recent financial history of the city, and is the new standard that we will endeavor to continue despite the difficult financial challenges ahead in 2009.

- Our financial reserve in the General Fund is \$1.741 million, up slightly from \$1.523 million in the prior fiscal year. While this is still unacceptably low, we anticipate remaining in the area of \$1.5 million in reserves while investing in needed infrastructure.
- The Finance Department has aggressively collected delinquent garbage and sewer bills. We have collected those that we can, and have placed liens on all of the other properties who refuse to comply, resulting in increased revenues and compliance. We now have liens on over 100 properties to protect the city's interests. In the next year, we should see increased revenues for both funds, and will account for all customers as they currently exist. The balances in both funds did not decline as they have in the past, however, due to increasing sewer and garbage rates and the effects of the current economic recession.
- Worked with the Arizona Department of Revenue to coordinate increased compliance with collection of the Transaction Privilege Tax. Unfortunately, the current State Budget meltdown will cause widespread job losses in the DOR which will result in less compliance auditing in the foreseeable future.

Goals for the next year include greater financial policy development, establishing written accounting policies and procedures, continue the audit of business licenses for Transaction Privilege Tax compliance and greater staff development.

Personnel Department

The Personnel Department, headed by the Personnel Director, is responsible to the City Manager. With over 100 employees and a large array of personnel-related issues, this department is responsible for implementing the terms of the Personnel Rules and Regulations, assisting our employees with getting the most out of our benefits package, working with our benefits consultants to obtain the best possible benefits for the least possible cost, and recommending to the City Council all changes necessary for best delivery of employee services. The Personnel Director is also responsible for administrative support to the City Manager and the City Attorney, which are duties that we had hoped to separate into an additional position of Executive Assistant, but have been unable to accomplish due to budget constraints for the foreseeable future. Among the achievements of the Personnel Department are;

- Without a doubt, the crowning achievement of the Personnel Department in 2008 was the adoption of a completely new set of Personnel Policies and Regulations. This policy replaced an outdated and largely confusing set of policies that had not been reviewed comprehensively since the 1990's. Literally everyone was able to provide input and counsel in the formation of this policy, including the Employee Unions, the Employee Council, the Civil Service Commission, the Department Heads, and City Council. Special recognition is deserved for the efforts of the Personnel Director, the City Attorney, the Finance Director, and the Chair of the Employee Council for their dedication to producing a policy that our employees can actually *USE*.
- Revised and adopted job descriptions for the positions of Program/Grants Administrator and Visitor Center manager in the Community Development Department, along with a new position of Gift Shop Attendant at the Queen Mine Tour.
- Filled two key positions in our organization. A new Wastewater Superintendent was hired in Public Works, which has brought new and effective leadership and skill to this operation that is providing a high level of technical skill along with new dedication to customer

service. Also, the new position of Gift Shop Attendant has improved sales in the Queen Mine Tour Gift Shop along with providing a higher level of customer service

- During 2008, there were nine resignations, four retirements, one employee laid off, and four employees dismissed. At the same time, there were ten new full-time hires, six part-time hires, one part-time hire on a job-sharing basis, and two temporary hires. Employee turnover was reduced by 4.6% from the previous year.
- Critical Incident Stress Debriefing; In January we had a tragic fire that took the life of an 18 month old boy. We arranged a CISD for employees of the Police and Fire Departments who were first responders to this tragedy for the first time in our history. The results were appreciated by all employees who responded to this incident.
- Continuing employee education was completed in the following areas: ADEQ and AZ POST certified Blood Borne Pathogen class for Sanitation, Wastewater, and Police; “Creating a Positive Work Environment” for department heads and supervisors; Nutrition Classes for all employees; “Effective Workplace Communications” attended by 53% of all employees; and a Fitness and Exercise class for all employees.

Goals for 2009 include HR certification of the Personnel Director, continuing to update job descriptions as necessary, successfully hire a new Deputy Public Works Director with succession in mind, negotiating the best possible and most cost effective insurance benefits for FY 09-10, and to revise Personnel Rules and Regulations as needed.

Community Development Department

The Community Development Department, headed by the Community and Economic Development Director, is responsible to the City Manager. This department provides a multitude of services; planning and zoning, building inspection, economic development, visitor and tourism services, Queen Mine Tour, transportation services, and grant writing and administration. This department also provides staff support to the Planning and Zoning Commission, Board of Adjustment, Design Review Board, the Bisbee Arts Commission and the Committee for Disability Issues. Among the department’s achievements are;

- The most notable achievement in 2008 was the San Jose District Planning Charrette. Over a six day period, Planners, Architects, city staff and members of the community worked together to envision and document the future design and growth of San Jose. The Planning and Zoning Commission is working to incorporate the guidelines and best practices derived from the Charrette into the City Zoning Code, Subdivision Code and General Plan to ensure that these guidelines and best practices will be an active part of public policy into the future.
- The newly remodeled Visitor Center saw new records for tourism in this city. Visitor traffic increased by 5% and website visitors increased by 57% over 2007. This trend continues into 2009.
- Made major upgrades to the Queen Mine Tour gift shop proving to be profitable in all respects, with revenues from gift shop sales rivaling revenues from tours for the first time ever.
- The Bisbee Gem and Mineral Show, with shows at the Mine Tour during the Memorial Day and Labor Day weekends, is building momentum after an absence of many years.

- Continued Work with the U.S. Bureau of the Census to prepare for the upcoming 2010 census.
- New development opportunities developing in the coming year include a new full-service hardware store scheduled to open in 2009, and a potential multi-family housing project that will depend on federal tax credits to succeed.
- Unfortunately, several development efforts stalled in 2008 due to the economy. These include the Sierra Cobre subdivision and the Copper Leaf development. Each of these developments faces serious financial challenges and probably won't recover economically under existing ownership.
- Acted as the Project Manager for the expansion of the Bisbee Senior Center to establish a new SEAGO office for the Area Agency on Aging.
- Continued working with a wide variety of investors, developers, and builders in an effort to encourage smart growth and development within the city.

Goals for the coming year in Community Development include implementing Development Impact Fees and continued efforts to provide a high-quality tourism experience for our visitors.

Public Works Department

The Public Works Department, headed by the Director of Public Works, is responsible to the City Manager. This department has numerous divisions, including the Wastewater Division, Sanitation Division, Street Division, Fleet Maintenance Division, Parks and Recreation Division, Building Maintenance Division, Airport Division, and Public Works Administration. This department oversees operations that involve expenditures from the General Fund, Streets Fund, Sewer Fund, Sanitation Fund, and the Airport Fund. This department also provides staff support to the Parks and Recreation Advisory Commission, the Airport Advisory Commission, Youth Commission and the Cemetery Committee. Easily, this department is responsible for the greatest amount of operating expenditures of all city departments. Among the department's achievements are;

- Hired a new Wastewater Superintendent, Mr. Jim Gutowski, who comes to us from Illinois and possesses a Grade 4 Treatment and Collections operator license in Arizona. Under his direction, the Wastewater Division has new vigor in achieving water quality objectives.
- We lost our longtime Public Works Superintendent, Mr. Jeff Schwarz, to a medical disability. Jeff's good humor and friendly demeanor will be missed by the entire community. The search for a replacement for Jeff is currently underway.
- At the Fleet Maintenance Garage, we reduced the number of employees from 2.5 FTE to 1 FTE, and entered into an IGA with Cochise County for fleet maintenance. Through six months, there has been a significant reduction in costs, but more time will be necessary to determine the success of these changes.
- Due to a reduction in HURF revenues of \$30,000, we continued to operate the Streets Department at a reduced personnel level of seven. We anticipate that this will continue, with possible future reductions in force as HURF funds continue to dwindle.
- Improved our recycling program by increasing solid waste diversion to 3% of the waste stream. We acquired an additional trailer and containers to allow for greater commercial tonnage, and established drop-off sites at the Bisbee Co-op and in Old Bisbee. During the year, the prices for materials we recycle dropped considerably due to the economic downturn, but we are using imaginative methods to cut costs while moving the product into

the market. In the coming year, we will cooperate with Cochise County to expand recycling countywide.

- The sanitation department continued to provide refuse collection, while also responding to 632 work orders for yard waste collection, which is now taken to the County Transfer Station for processing instead of the Wastewater Treatment Plant, saving time and fuel.
- Continued the process of providing sewer and wastewater service to the residents of Tintown. The Border Environmental Cooperation Commission (BECC) has hired a consultant to conduct additional engineering. The anticipated cost of this project is \$4 million.
- In the Parks and Recreation Division, we entered a new era of programs by empowering Caroline Gonzales to establish new youth activities during breaks in the school year. As a result, the youth of Bisbee were able to participate in eleven new activities never held before. Best of all, these new activities were established without additional cost to the city.
- Completed Phase 1 of Bakerville paving and drainage improvements, and hired an engineering firm to design Phase 2. Funds for these projects are provided through CDBG formula funding administered by SEAGO.
- Worked with an engineering firm to design the Arizona Street improvements, which was preliminarily 100% complete. Because of the state budget meltdown, our HURF exchange was cancelled, but we were able to move this project up on the time schedule, eliminating the need to borrow funds for construction. The delays caused by the loss of the HURF exchange will cause this project to be constructed starting in late 2009.
- Bisbee Municipal Airport improvements. Runway 17-35 was widened from 60' to 75' and resurfaced to allow larger aircraft to land in Bisbee. We have been successful in acquiring FAA funding for two other projects; a new fire suppression system and new runway and taxiway lighting. These projects will not be constructed for the foreseeable future, while we update the Airport Master Plan during 2009.

Goals for the coming year in Public Works include improving customer service, quality of work, and organization and management of operations. Also, the hiring of a new Deputy Public Works Director who has management skills and is a Professional Engineer is a major goal, with succession to the position of Public Works Director by July of 2010.

Police Department

The Police Department, headed by the Chief of Police, is responsible to the City Manager. This department is responsible for all law enforcement activities, including patrol, investigations, drug interdiction, School Resource Officers, community policing, animal control, and the Animal Shelter. Additionally, this department plays a vital role in incident command for disasters and a cooperative role with the Department of Homeland Security. Among the department's achievements are;

- In response to management concerns, the method for reimbursement for officers participating in Operation Stonegarden was changed to pay for officer benefits and vehicle mileage along with the overtime accruals. We also established limits for overtime that each officer can work on Operation Stonegarden, and limited the total amount of money that each officer is allowed to earn doing this detail.

- In response to an additional management concern, we dedicated all revenues derived from RICO auctions to payment of the lease purchase made in 2007 for nine new police vehicles. At the rate we're paying this debt, we anticipate paying down this debt in three years instead of the five years that we contracted for the purchase of these vehicles and associated equipment.
- Obtained \$100,000 from Operation Stonegarden to fund police officer overtime in an effort to reduce the flow of illegal immigration and illegal drug transport.
- Hired two new patrol officers, and one new dispatcher. It is a continuing challenge to recruit and retain officers and dispatchers, but we continue to recruit to retain a full complement of law enforcement staff.
- Held three public auctions of surplus vehicles and equipment netting \$207,802 for the General Fund. These funds were accrued over two fiscal years, and assist in balancing the General Fund and ensure quality law enforcement.
- Assisted the County Attorney's office in auctioning their impounded vehicles. This assistance generated \$43,000 that will be deposited in the RICO Fund.
- New fees for impounding confiscated vehicles were implemented to help defray the administrative costs of impoundment.
- Assigned one officer to assist the DEA in drug interdiction activities. This assignment already has netted one arrest of a suspect possessing ten pounds of cocaine, along with property and cash.
- Assisted the Arizona Rangers in establishing security patrols and special event details, thereby supplementing the law enforcement needs of the community.
- Other notable arrests include a stash house in Warren that, when the house is sold, will net 80% of the proceeds to the city, and the arrest of three suspects in the burglary of a Main Street merchant, which returned most of the \$50,000 in merchandise that was stolen.

Goals for the coming year include searching for funding of Phase III of the radio project, working with Public Works to convert the Warren lagoons into a firing range, implement new programs to cooperate with the Arizona Rangers, maintain high-visibility patrols in Old Bisbee to deter most of the undesirable activity in the area, stay within budget, and to continue to protect and serve the people of Bisbee.

Fire Department

The Fire Department, headed by the Fire Chief, is responsible to the City Manager. This department is responsible for fire suppression, rescue, investigation, prevention, and emergency medical services. This department also provides inter-facility transfers of patients to hospitals in Sierra Vista, Tucson, and Phoenix. Additionally, this department plays a vital role in incident command for natural and man-made disasters.

One of the unique features of the City of Bisbee is our full-time Fire Department. Almost all of the cities in the United States of our size operate with a volunteer fire department. After the great fire of 1908, this city decided that we should have a full-time fire department, and that tradition continues to this day. While the cost of this service is prohibitively high, we supplement this cost with our inter-facility transfer service. Without this service, which funds up to 2/3 of the department's budget, we could not continue to uphold this tradition.

Among the achievements of the Fire Department are;

- Generated over \$1,000,000 in revenues through Interfacility Transfers.
- Awarded a grant from Southeast Arizona Medical Services Council of \$10,000 for medical equipment.
- Awarded a grant from the Bureau of Land Management of \$20,000 for urban land interface wildfire mitigation.
- Awarded a regional grant from FEMA of \$46,000 for new firefighting equipment in cooperation with the San Jose Fire District and the Naco Fire Department.
- Established the new position of Lieutenant/Fire Marshal to coordinate fire safety inspections and other fire prevention activities.
- Completed mandatory annual HAZMAT training.
- Purchased and installed a vehicle exhaust removal system in Fire Station #2 for increased employee safety and health.

Goals for the coming year include continuing to provide high-quality firefighting and emergency medical services to our community, enhancing training opportunities for emergency personnel, working with the various departments of the city to ensure that new development is built in a safe manner, and to continue seeking new grants that will enhance our firefighting and emergency medical services.

Copper Queen Library

The Library, headed by the Library Director, is responsible to the City Manager. This department is responsible for all operations attendant to libraries. It is unique to Bisbee that we have a library that is owned and operated by the city. Many communities this size do not. We are fortunate to have this resource for the benefit of our people. Among the achievements of the Library Department are;

- Implemented a new reporting model for measuring performance, which shows a “Return on Taxpayer Funding” of 7:1. This is an amazing return on the taxpayer dollar.
- Continued to successfully utilize “job sharing” as means to staff the library with qualified people on a flexible basis.
- Raised over \$5,000 at the annual Friends of the Library Chocolate Tasting.
- Maintained a registered borrower list of 5,948 out of 6,500 residents.
- Total attendance at the Library was 41,335, and a total circulation of 50,429 items.
- Total circulation of children’s materials was 7,430 items.
- Had total attendance at Library Programs of 2,308.
- Number of users at the 12 public Internet Terminals was 12,664 persons.
- Number of online catalog searches was 80,700.
- Number of hits to the Library website was 46,067.

The continued increases in Library statistical data reflect the popularity of the Library as a public resource, but may also reflect the deteriorating state of the economy as recessionary times continue. Remarkably, the Library is a public resource that can provide service to the community in good times and bad times.

Looking ahead to 2009

We are looking forward to another great year in 2009. There are many challenges ahead; continuing to rebuild our infrastructure, continuing to support and improve Tourism as our core industry, diversifying our economy through new opportunities, improving the quality of municipal services we provide, paying for the wastewater project, dealing with new development, increasing our tax base and remaining fiscally sound.

It cannot be overstated, however, that the continuing deep recession being experienced nationwide will have a significant impact on our ability to raise revenues and provide services to the community.

The FY 2009-10 Budget will again be a major challenge, and it is certain that we will experience major cuts in state shared revenues. The Arizona state budget will fall short of break-even by approximately \$1 billion. We currently receive approximately \$1.3 million in sales and income taxes from the state, along with nearly \$600,000 in highway funding. We experienced about \$30,000 in cuts in state revenues to the General Fund in 2008, and the Highway funding remained about even with the previous year. In the next fiscal year, we expect General Fund reductions of \$200,000 to \$300,000 in state revenues, and possibly a \$100,000 cut in highway funding. After three years of work getting our internal financial house in order, this is not welcome news. As usual, preparing the municipal budget will be a complicated task, but that's what makes it so fun!

Finally, I want to emphasize that the accomplishments of 2008 are the product of a large number of people. The Mayor and Council, city staff, many people who serve on our large number of boards and commissions, and hundreds of volunteers throughout the community have all played a part in our success. The city government cannot do everything, but there are large number of events and fundraising activities each year that contribute to this success that make the difference between a good community and a great community. We are a great community because many people go the extra mile to improve our quality of life.

Despite the poor economy and shrinking revenues, we look forward to great things in 2009!

Sincerely,

Stephen J. Pauken
City Manager