



# **City of Bisbee, Arizona**

## **2009 Annual Report**

**Stephen J. Pauken, City Manager**

February 1, 2010

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 2009. 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 maintain a strong fiscal position so that we can meet the financial challenges of the coming year. Our fiscal strength, while having improved over the last four years, has been tested by reductions in State Shared Revenues in 2009, and will continue in 2010, but we've been adapting to our changing economy for the last 1 ½ years.

I have now completed my fourth year as City Manager. I feel both a greater sense of confidence in our employees, and our ability to provide a high level of service with a shrinking workforce. The current recession is making us 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. 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 department heads to ensure the smooth operation of the city.
- Advised the Mayor and City Council on policy matters and financial issues.
- Worked successfully with the Personnel Director and the City Attorney to terminate two employees of the city whose actions clearly violated the high standards of a public servant.
- 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.

- Continued a fuel reduction policy into the second year for all city vehicles to reduce both the city's costs for fuel and to reduce our carbon footprint. Indications are that we have reduced fuel consumption by over 10%, exceeding our goal with more savings to come.
- Continued 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 is into the second year of establishing a county-wide recycling program and improving our economic development efforts.
- Settled the city's claims against Brown & Caldwell for the wastewater collection and treatment project, which earned us \$150,000 in cash and design of the Hereford Road wastewater collection system.
- Fiscal 2009-10 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, 2009) with a surplus of \$40,000 even though we had projected a need to tap into reserves. The current budget projects a \$328,752 operating deficit but we will continue to stress opportunities to generate additional revenue while trimming expenditures wherever possible. Half-way through the current fiscal year we are showing a very small surplus, so our strategy is working, but as we move into the second half of the fiscal year, we may see significant additional reductions in personnel and services in order to stay within our budget.

### 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;

- City Council Agenda Packets are now available to all interested citizens on the City of Bisbee Web Site. This also allows downloading for paperless packets at Council meetings.
- City Clerk, Sharyl Honstein, earned her certification as a Municipal Elections Official.
- All City Boards and Commissions' rules, regulations, protocols and procedures are being reviewed, revamped and revised.
- The City Clerk's Department continued to perform all Web Site maintenance, posting and publishing and Channel 5 production (government channel). Additionally, this office has continued to update Project Status Reports, maintenance of monthly calendar for Boards and Commissions and meeting room scheduling.
- 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. Among the achievements of the City Attorney's office are;

- This year, Mr. John MacKinnon retired from the city and was replaced by Mr. Mark Langlitz who brings a wealth of municipal law experience in a variety of areas. He has hit the ground running and the city is fortunate to continue a high level of legal counsel.
- Assisted with the Brown & Caldwell settlement and negotiated the settlement agreement.
- Continued to work on settling claims and litigation with the Border Cities Land Corporation, and to work with the ownership of BCLC on development activities.
- Assisted Council, staff and the various Boards and Commissions on all legal matters.
- 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, provides support in the formation of the city budget to the City Manager, and serves as the liaison to the Finance Committee. The Finance Department is also involved 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 2008-09. This audit was presented to City Council in December, 2009. This audit showed that the city is in *very* solid financial position. The auditors only recommended one change, which was already implemented, to our fixed asset system.
- 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 and the 2008-09 Fiscal Year with a \$40,000 surplus. This is a remarkable achievement considering the recent financial situation nationwide, and is the standard that we will endeavor to continue despite the difficult financial challenges ahead in 2010.
- Our financial reserve in the General Fund is \$1.787 million, up slightly from \$1.741 million in the prior fiscal year. While we should be thankful that reserves went up in this very poor economy, we anticipate remaining in the area of \$1.4 million in reserves through the rest of the fiscal year.
- 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 almost 200 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 more closely with other members of the management team to ensure a higher level of fiscal responsibility in our day-to-day operations and capital improvement projects.

Goals for the next year include working more closely with management staff to present a reasonable, fiscally responsible budget to operate the city while maintaining a basic level of service, and greater staff development in anticipation of one retirement in this department, improved sewer and garbage collections, and to look into alternative mechanisms for collection and/or auditing of transaction privilege taxes.

### Personnel Department

The Personnel Department, headed by the Personnel Director, is responsible to the City Manager. With 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, recommending to the City Council all changes necessary for best delivery of employee services and serving as the liaison to the Civil Service Commission. 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;

- Continued to revise and update our Personnel Rules and Regulations, with changes and improvements to sections on Paid Time Off (PTO), Extended Illness Bank (EIB), compliance with the Family Medical Leave Act (FMLA) and our Smoke Free Workplace Policy.
- Adopted a job description establishing the position of Deputy Public Works Director, replacing the job description of the former Public Works Superintendent.
- Filled two key positions in our organization. With the retirement of Jeff Schwarz in late 2008, an opportunity was created to hire a Professional Engineer along with preparing for succession in the Public Works Department in anticipation of the retirement of Russell McConnell in 2010. We were fortunate to recruit Mr. Tom Klimek, P.E., R.L.S. to fill this position. Additionally, City Attorney John MacKinnon decided to retire early this year so that he and his wife could join the Peace Corps. After an exhaustive search for the right person, we recruited Mr. Mark Langlitz as our new City Attorney. We are indeed fortunate to have them both.
- Unfortunately, there were two employees who had to be terminated from the city staff this year, both of which required a great deal of investigation and staff time to conclude successfully. One took his case all the way to the Civil Service Commission, but our decision was upheld there. The other required almost eight months of investigation and due process because of the nature of the charges. This too was successfully terminated.
- We continued to take a proactive role in managing employee health and insurance benefits. This year we introduced a two-tiered health insurance option for employees, including a base plan and a “buy-up” plan for those who wanted additional benefits at their own expense. This minimized the financial impact to the city. We also increased the life insurance benefits to all city employees while reducing the premium costs by negotiating for better deals through our new insurance consultant.

- Continuing employee education was completed in the following areas: ADEQ and AZ POST certified Blood Borne Pathogen class for Sanitation, Wastewater, and Police; “Dealing with Difficult People”, “Managing Personal and Employee Stress” and “Managing Challenging Workplace Behaviors” for department heads and supervisors; “Managing Stress” and “Readiness for Healthy Change” for all employees.

Goals for 2010 include assisting with the restructuring of the Public Works Department, HR certification of the Personnel Director, continuing to update job descriptions as necessary, negotiating the best possible and most cost effective insurance benefits for FY 10-11, continue to provide employee education 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 2009 was the work leading up to the placement of the new Ace Hardware Store on Naco Highway near Hwy. 92. This new retail establishment will open in the Spring of 2010. During 2009, the property was re-zoned, the site plan was reviewed, and a detailed building plan check was performed. In addition to this \$1.7 million store, two additional retail pads were created for future growth. The addition of this establishment should provide a major boost to our retail sales tax receipts.
- The remodeled Visitor Center saw continued success for tourism in this city. Visitor traffic ended up flat and website visitors continued to increase in 2008. This trend continues into 2010, which is significant given the current economic recession.
- The Queen Mine Tour gift shop continues to be profitable in all respects, with revenues from gift shop sales rivaling revenues from tours, and providing a renewed interest in the visitor experience.
- 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. The Census will be performed in 2010, and our success in counting every person in Bisbee will determine the level of federal funding we receive.
- We purchased and installed two Wayfinder Kiosks in the central business district and allowed all businesses in Old Bisbee to place their names there for free in the first year. As funding permits, we will place additional kiosks in Old Bisbee.
- Embarked in the area of “Social Networking”. Both the Queen Mine Tour and the Visitor center are participating, one is on Facebook and the other is on Twitter. While it will be difficult to tell how well it works, we know that both efforts are gaining interest. This, and other Internet initiatives will allow us to advertise tourism in Bisbee without spending vast sums of money on new efforts.
- 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, continuing with the preservation plan for City Hall and the Library, expansion of the historic district in Old Bisbee, the update of Design Review Guidelines 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;

- In 2010, Public Works Director Russell McConnell will retire after 10 years of service to our community, and many more years of service with Cochise County, Phelps Dodge Mining Company, and private business. In his place, Mr. Tom Klimek, who was hired in 2009, will take the reins of the Public Works Department, and the department will be re-organized to address the needs of the people of Bisbee with a smaller, more efficient workforce in our contracted economy.
- 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 and heavy equipment maintenance. Over the past year, we have seen significant reductions in the cost of maintaining our entire fleet. So what started a year ago as an experiment has clearly worked, and we will continue to pursue methods to reduce fleet maintenance costs.
- In the Wastewater Division a number of significant achievements took place. Our laboratory was certified by ADEQ, so we will no longer be required to send test samples for e-coli and suspended solids to Tucson daily for analysis. We also achieved a substantial amendment to the Aquifer Protection Permit, which eliminates monthly testing on a majority of constituents, and changes testing requirements to quarterly or semi-annually. This will result in a substantial savings in operating costs. We also received environmental clearance to begin pumping effluent to the Turquoise Valley Golf Course, a goal we have been waiting to achieve since we began treating wastewater in 2006.
- In the Street Division, we achieved a number of improvements. Using funds received from our settlement with the Arizona Water Company, we were able to rehabilitate numerous streets in Old Bisbee, the Warren District, and the San Jose District under our IGA with Cochise County. Additionally, we completed the Bakerville Phase II street and drainage improvements using CDBG funds, and completed the Main Street Sidewalk project using Transportation Enhancement funds. Due to a reduction in HURF revenues of \$104,000, we continued to operate the Street Division by reducing the number of employees from seven to six through attrition. We anticipate that reductions in force will continue due to further reductions in state HURF funding in the coming year.
- Also in Streets, we continued the frustrating task of rehabilitating and repaving Arizona Street (the major arterial road through the Warren District) with grant awards from the

Federal Transportation Improvement Plan and the Transportation Enhancement Plan. Due to the state budget meltdown in 2008, we were forced to accept direct federal funding for this work, and it has resulted in considerable delays due to the red-tape caused by the change in funding sources. Late in 2009, we successfully lobbied the Governor's office for assistance in cutting the red-tape, so we will start 2010 with a renewed commitment to get Arizona Street under construction by July 1<sup>st</sup>.

- The Sanitation Division continued to provide refuse collection, while also responding to 520 work orders for yard waste collection. During 2009, we changed the management structure of the division to improve services, and we will continue to change our waste collection practices into 2010 to further reduce costs and improve efficiency.
- Improved our recycling program by doubling the number of cardboard recycling containers to commercial recyclers. To handle the increased flow of recyclable materials, we evaluated the use of DOC inmates, and decided to pick up inmates from the Douglas prison with city personnel each day resulting in increased productivity of two hours per day per inmate. The price of recyclable materials bottomed out and then increased during 2009, allowing us to exceed our revenues budgeted for FY 2009-2010 in six months. Also, we added plastics and metal cans to our list of recyclable materials. During 2009, we reduced our tipping fees by 10%, allowing us to forego a rate increase for garbage pickup to our residents.
- 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 the second year of programs by empowering the Coordinator to establish additional youth activities during breaks in the school year. As a result, the youth of Bisbee were able to participate in additional new activities never held before. Best of all, these new activities were established without additional cost to the city.
- Bisbee Municipal Airport improvements. We completed the Airport Master Plan study, and will be bringing the final document to City Council for final approval early in 2010. Additionally, we were approved by FAA for improvements to our fuel farm and maintenance equipment purchases. During the year, budget cuts forced us to terminate the contract of our Fixed base Operator, but we have been able to continue providing services to our airport patrons by using existing city employees, primarily in the Wastewater Division.

Goals for the coming year in Public Works include improving customer service, quality of work, and re-organization of management and operations.

### 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;

- Continued to make progress cutting operating costs by limiting patrol vehicles to 75 miles per shift, and met the goal of 10% fuel reduction within the department.
- Continued to pay down the debt for the purchase of nine new police vehicles in 2007 using the proceeds from RICO auctions. It is anticipated that we will pay off this debt more than one year earlier than scheduled.
- Obtained \$120,000 from Operation Stonegarden to fund police officer overtime, \$14,400 in mileage reimbursements and \$75,000 for video surveillance equipment in an effort to reduce the flow of illegal immigration and illegal drug transport.
- Awarded \$150,000 in Operation Stonegarden grants to fund Phase III of the radio system upgrade.
- Awarded a Byrne Memorial Justice Assistance Grant in the amount of \$12,220 to purchase digital cameras and rifles. All patrol vehicles now have cameras and rifles on board.
- Held a public auction of surplus vehicles and equipment netting \$41,698 for the General Fund. These funds 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 \$58,000 that will be deposited in the RICO Fund.
- Worked in cooperation with the Fire Department to obtain a conviction in the 30 Moon Fire investigation. The defendant was found guilty of misdemeanor charges.
- Awarded a Homeland Security grant to participate in the Spillman Technologies record keeping and computer-aided dispatch system in cooperation with Cochise County. The grant amount is \$362,000, and ongoing maintenance costs for the system in future years will be paid out of the RICO Fund.
- Filled two promotional vacancies at the rank of Sergeant due to one retirement and to fill a long-term vacancy. This was the first promotional test administered in the Police Department in nine years.
- On a less than positive note, we received the resignation of the Deputy Chief after a very long and intense investigation. While we do not ordinarily consider this an accomplishment, it does offer the opportunity to raise the level of professionalism in the department and improve the morale.

Goals for the coming year include implementing Phase III of the radio project, implementing the Spillman system, working with Public Works to convert the Warren lagoons into a firing range, continue to cooperate with the Arizona Rangers, maintain high-visibility patrols in Old Bisbee to deter most of the undesirable activity in the area, work hard to find ways to cut the budget and increase revenues, 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 Arizona State Forestry Service in the amount of \$16,000 to purchase wild land firefighting equipment.
- Purchased \$46,000 of new firefighting equipment (hose and nozzles) in cooperation with the San Jose Fire District and the Naco Fire Department. All three departments' hose equipment is now interchangeable.
- Replaced engine and pump on Brush 81 which was irreparably damaged during the Mule Pass Fire. This equipment was donated to the city by the Arizona State Forestry Service.
- Completed mandatory annual HAZMAT training.

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 of 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;

- For the second year, implemented a reporting model for measuring performance, which shows a "Return on Taxpayer Funding" of 7.4:1, up 2% from the previous year. 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.
- Served as the liaison to the Library Advisory Board
- Raised over \$5,000 at the annual Friends of the Library Chocolate Tasting.
- Maintained a registered borrower list of 6,304 out of 6,500 residents.
- Total attendance at the Library was 46,849, and a total circulation of 53,868 items.
- Total circulation of children's materials was 6,986 items.
- Had total attendance at Library Programs of 2,681.
- Number of users at the 12 public Internet Terminals was 14,134 persons.
- Number of online catalog searches was 61,000.
- Number of hits to the Library website was 43,055.

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 2010

We are looking forward to another great year in 2010. There are many challenges ahead; continuing to rebuild our infrastructure, continuing to support 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, the deepest since the Great Depression of the 1930's will have a significant impact on our ability to raise revenues and provide services to the community. With significant cuts in personnel and services being a real possibility for the first time in my career, the year 2010 will determine just how good we are at administering our financial affairs.

The FY 2010-11 Budget will again be a major challenge, and it is certain that we will experience another round of major cuts in state shared revenues. It has been reported that the Arizona state budget will fall short of break-even by approximately \$3 billion. We experienced about \$100,000 in cuts in state revenues to the General Fund in 2009, and the Highway funding was cut about \$100,000. In the next fiscal year, we expect General Fund reductions of \$300,000 to \$400,000 in state revenues, and possibly another \$100,000 cut in highway finding. After four years of work maintaining order in our fiscal house, this is not welcome news. As usual, preparing the municipal budget will be a complicated task, and for the first time in years, it will be a grim assignment.

Finally, I want to emphasize that the accomplishments of 2009 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 2010!

Sincerely,



Stephen J. Pauken  
City Manager