

MINUTES

MINUTES OF THE WORK SESSION OF THE MAYOR AND COUNCIL OF THE CITY OF BISBEE, COUNTY OF COCHISE, STATE OF ARIZONA, HELD FROM MONDAY, MAY 9, 2011, AT 6:00 PM IN THE BISBEE MUNICIPAL BUILDING, 118 ARIZONA STREET, BISBEE, ARIZONA.

THE MEETING WAS CALLED TO ORDER BY MAYOR PORTER AT 6:00 PM.

ROLL CALL

COUNCIL

Councilmember Boyd Nicholl, Ward I

Councilmember Bennie Scott, Ward III

Councilmember Luche Giacomino, Ward II

Mayor W.J. "Jack" Porter

Councilmember Anna Cline, Ward III

Councilmember Ransom Burke, Ward II, Mayor Pro Tempore

Councilmember Ken Budge, Ward I EXCUSED

STAFF

Stephen J. Pauken, City Manager

Gloria P. Gonzalez, City Clerk

Dee L. Flanagan, Finance Director

John Charley, Community Development Director

Jim Elkins, Chief of Police

Jack Earnest, Fire Chief

Jennifer L. Graeme, Personnel Director

Tom Klimek, Public Works Director/City Engineer

Peg White, Library Director

CITY ATTORNEY

John A. MacKinnon

THE FOLLOWING ITEM WAS DISCUSSED AND/OR CONSIDERED AT THIS MEETING:

1. PRESENTATION AND DISCUSSION OF THE PROPOSED BUDGET FOR FISCAL YEAR 2011-2012.

Mr. Pauken presented the proposed budget for Fiscal Year 2011-2012 Budget. He explained the impact that the recession had on the City. He explained that the Census results provided by the State prompted two Finance Committee meetings and reductions in the proposed budget.

Councilmember Nicholl asked if the transfer of Reserve Funds in the amount of \$210,533 discussed at the last Financial Meeting remained the same. Mr. Pauken replied that this was correct. He explained that the proposed budget did include the use of \$209,000 in fund balance. At this time, Mrs. Flanagan explained Fund Balance.

REVENUE GENERAL FUND, TAXES

This item included City Sales Tax, Bed Tax, State Sales Tax, Vehicle License Tax and Property taxes. Mr. Pauken provided a detailed presentation for these items.

LICENSES AND PERMITS

Revenues in this item result from building and sign permits, occupational and liquor licenses, special event licenses and dog licenses.

URBAN REVENUE SHARING

Mr. Pauken indicated that the State Urban Revenue Sharing was the City's share of the State Income Tax. He said the City's share in 2010 was \$850,000, but that in the next Fiscal Year the shares received would be almost half of that amount.

Councilmember Burke asked if this was affected by the drop in the population, to which Mr. Pauken replied this was absolutely so. He advised that the figures were provided the day after the Census came out with the population statistics. He commented that the final numbers would be provided by the State in June, but historically these numbers had not changed in past years.

CHARGES FOR SERVICES

These revenues included cemetery plot fees, public copies, vehicle impound fees, to name a few. Mr. Pauken explained the Professional Service Reimbursement and that in the next Fiscal Year, there would be an occasion for the Hospital expansion. He explained that the fee for service would be charged to the Hospital, the Hospital would pay the fee and then expended, so that at the end of the process there would be no cost or gain for the City.

FRANCHISE FEES

Mr. Pauken said that franchise fees were payments by public utilities to use municipal rights-of-way and that the fees collected helped mitigate infrastructure repairs within the City.

AMBULANCE FEES

Mr. Pauken explained that the City charged a fee for all ambulance calls, but that the fee amounts were regulated by the State. He added that for the last few years the trend for ambulance revenues had been flat and predicted it would remain the same for the coming year.

FINES AND FORFEITURES

Mr. Pauken explained that Municipal Court fines were always budgeted for zero. Five years ago, when the City combined the Magistrate Court with the Justice court, it gave up the collection of revenues to the Magistrate Court. He said that the City occasionally received a little revenue because there were still enough old fines that have not been paid and when someone shows up for court, the old fines are collected and the money is sent to the City.

MISCELLANEOUS

These revenues range from animal shelter adoption, COPS grant, school resource officer and insurance reimbursement to name a few. Mr. Pauken explained the COPS Grant and the fact that the police department applied for this grant every year, but had not yet been a recipient of this grant. He explained that service reimbursement for police department was basically if someone hired the City for police or fire services, fees would be reimbursed for the services provided. He pointed out that the rental income from SEAGO would be going down because they would be moving out in the near future.

CONTRIBUTIONS AND TRANSFER

Use of Reserves or Fund Balance - Mr. Pauken explained that the expected use for this year was \$154,000 and last year, the budgeted use was \$378,000, but that slightly less than half was used. He said that the year prior the budgeted use \$328,000, but the City did not use the monies. He also explained the process to how the use of reserves might end up in the Contingency Fund.

Mr. Pauken indicated that this concluded the revenue side of the proposed budget. He said that if everything went as projected, the total general fund revenue would be \$6.192M. He said that last year, the projected budget was \$6.500M, but that the City might end up at \$6.167M.

SWIMMING POOL

Mr. Pauken indicated that the pool issue needed to be addressed and solicited Council direction on how to proceed. He indicated that many suggestions and recommendations were provided by the public of all ages and strongly encouraged them to continue with their fundraisers and donations for the pool. He said that admission revenues for the pool last year generated about \$4,000 and if the same amount of people utilized the pool this year, the \$4,000 would rise to \$8,000. He explained that \$40,000 would be needed to run the pool this year. He added that there was currently \$9,000 budgeted for remodeling and improvements at the Pool and that according to the Public Works Department, significant repairs needed to be made. He noted for the record that this discussion was not about the pool, but that it was about the General Fund. He said there have been many discussions on where the City wanted to end up this Fiscal Year and where to end up heading into the next Fiscal Year. He said that the recommendation to not open the pool was not personal, but that it was a business decision. He commented that he would like to see the Pool opened, but asked how. He suggested the many alternatives, but still encouraged the fundraisers.

Mayor Porter believed that Councilmember Budge recommended opening the pool from the Arizona Water Company settlement and that he agreed with this recommendation.

Councilmember Giacomino asked how much money was in the settlement. Mr. Pauken replied that there was \$357,000 remaining in the settlement. He said that if the cost would be no more than \$49,000 for the pool, it would leave \$317,000 for street repairs. Councilmember Giacomino also recommended opening the pool.

Councilmember Nicholl commented that he liked that the community was stepping up, encouraged raising the pool fees and that the youth become involved in this process as well. He commented that he did not have a problem with using a little of the settlement money, as street repairs would be addressed next year and the City would then run into the same problem.

Councilmember Burke commented that he was a supporter of user fees and those that used City facilities should demonstrate their support by paying all fees to help fund the pool.

Councilmember Scott commented that he would like to see the pool opened, but had concerns for those that questioned street repairs. He encouraged City funding for the pool, but if the public wanted a pool, they needed to fund it as well by possibly knocking on doors.

Councilmember Cline supported the opening the pool and commented that there were many children that relied on the pool as there were not many places to go. She stated that if everyone worked together, it could happen,

Councilmember Giacomino commented that it was great to see the community come forth in support of opening the pool because it meant so much to the children. She said it was wonderful for the donations, but that it was a shame that this had to happen this way. She hoped that it did not become a pattern when the economy faltered and that the City would step up and do right for the children.

Mr. Pauken noted for the record that his direction was to ensure the pool opened and be funded.

EXPENDITURES FOR INDIVIDUAL DEPARTMENTS:

MAYOR AND COUNCIL

This budget was reduced significantly over the past couple of years. Mr. Pauken indicated that the 2010 budget was \$53,000, the 2011 budget was \$40,000 and the 2012 proposed budget was \$32,000. The items reduced significantly were conference, business travel and the videotaping contract. He added that memberships and dues needed to remain in the budget because there were certain organizations that the City needed to belong to - Arizona League of Cities and Towns and the other is SEAGO, to receive assistance for funding as needed. He said that SEAGO reduced the dues because of the economy and that with the League; an adjustment might be made because of the Census population figures.

CITY MANAGER'S OFFICE

The current year budget is \$128,000, projected year end estimate is \$125,000 and the projected budget for next year was \$130,000. He explained that two items were responsible for the increase ASRS increased and also that City has a longevity policy that has been in existence for many years and the City Manager is at the 5-year milestone. Mr. Pauken indicated that he did not eliminate the League Conference from the budget, but would remove it from the budget if it was Council's recommendation.

Councilmember Cline commented that if the League Conference was removed from the Council budget, it should also be removed from the City Manager budget and explained that it was important for representation but felt the representation should be the Mayor and Council. Mr. Pauken replied that the conference would be eliminated from the budget.

At this time, Mr. Pauken returned to the Council budget and indicated that the donation line item had not been funded in a couple of years for the 4th of July activities. He indicated that the coaster race through donations was in good shape; but that the Fireworks were another matter. He said that there was an effort to raise money for the event, but in order to hold the fireworks, \$7,000 needed to be raised; He also indicated that donations would be accepted at City Hall.

FINANCE OFFICE

The Finance budget was decreased from \$384,000 to \$382,000 and the year end estimate for this year was \$371,000. Mr. Pauken explained that for a considerable period of time, there was one person short in the department; one person was out due to illness and one person retired. He said this year, the personnel cost would not be the same as in prior years and that one position would be made vacant.

CITY CLERK'S OFFICE

Mr. Pauken indicated that there was a termination and one resignation in the last Fiscal Year. The current year budget was at \$168,000 and projected expenditures was \$129,000. He added that last year, the office had three employees, but only two employees were included in the proposed budget and would remain as such for the next fiscal year.

COMMUNITY DEVELOPMENT DEPARTMENT

The current Fiscal Year budgeted was \$195,000 and next year would be \$173,000, and year end was estimated at \$136,000. Mr. Pauken indicated that there were no plan reviews farmed out so the \$135,000 would not be used. Personnel costs included one resignation which took awhile to be filled. He also advised that the Warren Charette was removed from the budget.

ADMINISTRATION & GENERAL GOVERNMENT

This is a part of the General Fund where expenditures are related to no particular department, but is a part of many departments in general, mostly for administrative and City Hall. City Hall general financial obligations were also taken from this account. He indicated that the Property Casualty and Liability insurance policy's premiums were also taken from this account. He said that this item included the Wastewater debt service, bed tax and Bisbee Bus to name a few.

PERSONNEL FUND

This one-person department not only served as the Personnel Director, but also provided administrative support to the City Manager, the City Attorney and also serves as the coordinator of the IT budget. He addressed that through her negotiations; the City received a decrease in the cost of the T-1 line by 50% and also was successful in only a 1% increase for health insurance.

Councilmember Giacomino commended the Personnel Director for keeping personnel files well maintained for City employees.

LEGAL SERVICES

Mr. Pauken indicated that the full-time City Attorney resigned in December of last year. As a result, Mr. MacKinnon who served as the City Attorney prior to his retirement was asked if he would provide legal services for the City on an interim basis and as a result, Mr. MacKinnon graciously consented to provide services on a part time basis. Mr. Pauken said that \$100,000 was budgeted, but did not believe this amount would be used so long as nothing major occurred.

WATER SYSTEM

This item pertains to the Old Bisbee Fire Protection System that services Old Bisbee and has served the City well close to 100 years. Mr. Pauken indicated that Mr. Klimek had concerns because of the age of the infrastructure and that \$5,000 was placed in the budget for system maintenance, replacement of back flow preventers and some pressure reducing valves. He said that there were no pressure valves in the system and operated entirely on head pressure. The system may undergo some changes in the next year, as well as reducing the system's pressure.

INFORMATION SYSTEM

This budget is overseen by the Personnel Director. Mr. Pauken indicated that this budget is responsible for the telephone, fax, and T-1 lines. He said that two years ago, the projected budget was \$9,000 and this year it was budgeted at \$6,000. He explained that Computer Professional Fees had been set at \$20,000, but was slightly over budget because the server needed to be replaced. He said that other challenges needed to be addressed in the coming year and added an additional \$1,000 to the budget. He explained that \$23,000 was paid to a local computer professional to service the computer needs.

POLICE DEPARTMENT

In 2011, the department budgeted \$973,000, but was expected to end the year at \$968,000. Mr. Pauken said that personnel costs of \$10,000 were less than budgeted, but that the largest question mark in Public Safety was the allocation of overtime. The budget for overtime was \$103,000, but would end the year at \$175,000. He explained that overtime could not entirely be controlled for the police and fire because Public Safety was primarily based on demands from the people served. He explained that the budget was estimated at \$1.871M and year end estimates were less than budgeted at \$1.809M. Mr. Pauken conveyed that there would be a reduction in force of one police officer and one communications officer.

Councilmember Giacomino asked if the City paid into their retirement or if the government from Stone Garden paid their retirement. Mr. Pauken replied that the allocation from Stone Garden included the overtime wages, cost of employment and fuel reimbursement.

MOTION: Mayor Porter moved to adjourn the meeting.

SECOND: Councilmember Scott.

MOTION PASSED: UNANIMOUSLY

ADJOURNMENT: 8:15 P.M.

W.J. Porter, Mayor