

## MINUTES

MINUTES OF THE WORK SESSION OF THE MAYOR AND COUNCIL OF THE CITY OF BISBEE, COUNTY OF COCHISE, STATE OF ARIZONA HELD ON MONDAY, MAY 10, 2010 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 Raymond Rodgers, Ward II, Mayor Pro Tempore  
Councilmember Ken Budge, Ward I (Excused)

#### STAFF

Stephen J. Pauken, City Manager  
Gloria P. Gonzalez, Interim City Clerk  
Dee L. Flanagan, Finance Director  
Jim Elkins, Police Chief  
Jack Earnest, Fire Chief  
Tom Klimek, Deputy Public Works Director

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

1. PRESENTATION AND DISCUSSION OF THE PROPOSED  
FY 2010-2011 BUDGET.  
STEPHEN J. PAUKEN, CITY MANAGER

Mr. Pauken presented a summary of the proposed Fiscal Year 2010-2011 Budget. He said that because of the economy difficulties and the State of Arizona's fiscal situation made the revenue side of the budget a real challenge. He added that the challenge mitigated the fact that there was not much funding left for the extras needed to function beyond the Core mission.

Mr. Pauken explained that there were two layoffs because of the budget situation. He hoped that the current level of employment would be maintained through the next Fiscal Year. Mr. Pauken presented a general overview of graphic charts and the City's ups and downs over the last few years.

#### **REVENUE GENERAL FUND, TAXES:**

This item includes City Sales Tax, Bed Tax, State Sales Tax, Vehicle License Tax and Property taxes and of these items, only two taxes trending upward were vehicle license tax and property tax.

- Vehicle License Tax generated a steadily increasing trend.

- The Property Tax Levy, set by Council on staff recommendation annually, reflects the maximum amount that the City is allowed to charge by State law. The current tax levy was 2.08

**LICENSES AND PERMITS**

This includes building and sign permits, occupational and liquor licenses, special event licenses and dog licenses.

- Building permits was projected to make budget this year, because of a couple of fairly good size building permits.
- New construction permits on remodeling remained a healthy industry.

**INTERGOVERNMENTAL**

- The State Urban Revenue Sharing is the City's share of the State Income Tax. It has been anticipated that this year the City would receive its full allocation of \$848,000, but that next year, that allocation would drop to \$639,000.

**CHARGES FOR SERVICES**

This includes many line items, but only a couple of fairly large numbers.

- Professional Service Reimbursement-Planning & Zoning is a pass-through. This refers to if the City had to pass through on a certain grant or item with a consultant where the City receives revenue.
- Vehicle Impound Fees at \$20,000 was a fairly substantial number, but has been better and worse. A couple of years ago the impound fees were increased; however, in the near future, these fees may be revisited for adjustment. He said right now there is a cap on impound fees of \$1,000 per vehicles and after a very short period of time, the vehicles sit in impound, rent free.

**FRANCHISE FEES**

- There is currently \$210,000 in Franchise Fees based on agreements with certain public utilities and feel confident that the money currently in the budget would hold up because it is basically a fixed amount based on a percentage of services sold to the people of Bisbee.

**AMBULANCE FEES**

- This item is believed to be ok this year based on the trending to date and feel very confident to do this in the coming year. He said this would be the 3<sup>rd</sup> year in a row at the current ambulance rate.
- The amount of demand for the services had not decreased, but as far as trending is concerned is that it may increase, but will not be too optimistic in this category, because it is unknown what the impact of cuts to ACCHS, Medicare made do in the future. The City shall remain conservative on this line item.

**MISCELLANEOUS**

- Anticipated COPS Grant – There was one vacant position in Police Department for one year. The City applied for a COPS Grant about a year ago, but were not funding in the first round. There is another round of COPS money available that the department will apply for. Mr. Pauken commented that those who have applied for these grants in the past, only need to review the application, make the adjustments, resubmit the application and hope to be funded.

Councilmember Nicholl questioned the Auction Funds in consideration of the new law and the City actually pulled in last year of \$55,000 and hoping for \$100,000 – that was a big gap. Mr. Pauken replied that actually the City anticipated close to \$70,000 worth of revenue, budgeted \$100,000, but the impact of the economy has impacted everyone. Mr. Pauken commented that any changes in the law that have surfaced in the last few weeks would probably impact the City minimally in terms of the day-to-day operation.

Councilmember Nicholl commented that this would be a little car business. Mr. Pauken Replied that the City did not really want to be in the car business, but the City had to do something with the vehicles and the City does have seizure. He added that the cars are not being retrieved so the City has to do something with the vehicles, otherwise, it would be one gigantic scrap yard.

**CONTRIBUTIONS AND TRANSFER**

- Use of Reserves – Mr. Pauken explained that the figures for the next Fiscal Year was at \$378,000. He reminded Council that when at last year’s budget meeting regarding this line item, it was anticipated that \$129,000 would be used from reserve in the current Fiscal Year, and the year before that it was anticipated to use \$314,000 in reserves. Mr. Pauken explained that the reason for this anticipation was to make sure that everything necessary for the core mission has been funded as a City government. He said that through the year, the City wants to make sure the money is spent as wisely as possible, but that the goal is actually not to use this Fund. He pondered if the Reserve Fund would be used before the end of this Fiscal Year, but was not sure if this would actually happen. Mr. Pauken reported that the City was still \$78,000 in the black, with two months to go. He added that this was good, but that \$78,000 could evaporate in no time and that has been proven. He hoped to remain in the black, barring no major catastrophes that would cause the City to use the Reserves and that the City continued to work hard to conserve every penny. He estimated that the City could end the year using \$80,000 in Reserves, but was very confident that the City goal to use \$0 in Reserves would be successful.

Mr. Pauken indicated that what it all came down to was the anticipation of the General Fund to amount to \$600,499,000. In 2010, a fiscal budget adopted was \$6.7M worth of revenue and essentially was looking at little more than \$200,000 less than the previous year.

**EXPENDITURES FOR INDIVIDUAL DEPARTMENTS:**

**MAYOR AND COUNCIL**

The proposed budget was \$46,000 last year; budgeted \$53,000, with anticipated expenditures at the end of the year was \$42,500.

Mayor Porter commented that the biggest reduction was \$7,000 for fireworks and commented that donations were being accepted by the Bisbee Rotary Charities and was tax deductible.

**CITY MANAGER’S OFFICE**

The proposed budget was \$128,000; budgeted \$129,000 last year, and ended the year with expenditures of \$127,000. He said there were no personnel costs as this was a one-person office. Councilmember Nicholl inquired on the City Manager’s increase in salary. Mr. Pauken explained that on January 17, 2011, he will be at the five-year mark which reflects one-half of a two-year increase in the base salary.

**FINANCE OFFICE**

The department is a five-person office, with nothing new added for the next fiscal year. Mr. Pauken said that the \$34,000 item for auditing by contract had already been negotiated. The remainder of expenditures were consistent and constant with annual credit card fees, postage and fund management, and unavoidable in the process of conducting business throughout the year.

**CITY CLERK'S OFFICE**

There would be no new changes financially in this department. A couple of things needed to be mentioned in this department.

Personnel costs for the same number of individuals remained the same as budgeted the previous year - two full-time and one part-time person. Councilmember Nicholl asked if the office was staffed with one full-time and one part-time person at the same amount of money. Mr. Pauken replied in the affirmative. Councilmember Nicholl asked where the City would draw from for a third employee; Mr. Pauken replied the General Fund.

Mrs. Flanagan commented that it was already budgeted. Mr. Pauken explained that although the Clerk's Office had a vacancy for three months, the City continued to pay three employees based on a contractual obligation.

The Clerk's Office budgeted for two elections, Primary on August 24<sup>th</sup> and General on November 2<sup>nd</sup>. If the Primary election caused a run-off to occur at the General Election, then the City would need to budget for that as well. The final cost to cover both elections was estimated at \$20,000.

**COMMUNITY DEVELOPMENT DEPARTMENT**

Current Fiscal Year budgeted \$222,000; the end of year expenditures would be \$158,000; next year proposed budget would be \$195,000. Aside from personnel costs, there are Pass-Through Grants and expenditures estimated at \$35,000 and a Grant Match of \$21,821 for the following items: \$6,067 for Warren Townsite Survey; \$7,000 to complete design guidelines; and \$8,154 to continue with the Preservation Plan for City Hall and Library.

**ADMINISTRATION & GENERAL GOVERNMENT**

This area is a part of the General Fund where expenditures are related to no particular department, but a part of many departments in general, mostly for administrative and City Hall. City Hall general financial obligations are also taken from this account. The transfer to Bed Tax may be a little short this year, but optimistic on seeing positive signs in local revenues over the next 12-13 months; the transfer to debt service of \$67,000 was mostly for vehicles and for the mortgage at Fire Station 81. This item also include the payments for two ambulance vehicles, of which one will be paid off this month. The Fire Department will go out to bid for another ambulance before the end of this Fiscal Year.

**PERSONNEL FUND**

This department is a one-person office and the amounts budgets for the current Fiscal Year and the next Fiscal year are virtually identical. Mr. Pauken said this came from a small increase on personnel side of the budget and was being offset by decreases of small proportions to other items in the budget. In terms of lab test, there was a change in the law that now prohibits pre-employment drug testing on individuals whose job are not known as Safety Sensitive. State law states that it needs to be Public Safety. Recruiting costs have been lowered and sources have been identified for recruitment that do not cost money.

**LEGAL SERVICES**

The City Attorney Office is a one-person department and there was absolutely no change to the budget. Mr. Pauken said there would be slight reduction in the cost from \$126,000 to \$124,000. He said other than personnel costs there were no big items. There was \$5,700 in expenditures for Professional Fees when Chris Hitchcock provided legal services to the City after Mr. MacKinnon retired and a new attorney was hired.

**WATER SYSTEM**

This budget for the Old Bisbee Fire Protection System was cut significantly based on five years of no expenditures. The City obtains water from Arizona Water Company for the reservoir if needed and billed accordingly by the gallon.

**INFORMATION SYSTEM**

This line contracts Sean Trachtman who provides the bulk of the IT services throughout the year; and also accounts for telephone and T-1 lines which are essentially fixed costs.

This item changed decreased from \$40,000 to \$38,500 and anticipated not spending more than \$34,000 for this service.

**POLICE DEPARTMENT**

This department showed a decrease in budgeted expenditures. Last year it was budgeted at \$1.9M and this year, it was budgeted at \$1.87M. The year end estimate was \$1,774M so the expenditures would be lower than one year ago because the City was below budget on overtime and salaries in general. Part of that was that there was one person short for the last year.

Fuel was budgeted at \$65,000; the year end estimate was \$50,000. Mr. Pauken said he was being too conservative on the fuel line item reduction because it was not known what to expect in the form of a major incident. He added that fuel conservation had become a way of life for most of the City employees.

Councilmember Cline asked how many sworn officers and how many total employees for the police department. Mr. Pauken replied that there were 15 sworn officers, two of whom are about to graduate from the Academy. The position that had been vacant for the last year remains vacant. Civilian personnel there is an Administrative Assistant, Records Clerk and 4 Full-time dispatcher, 2 part-time dispatchers, and 1 Animal Control Officer. Mr. Pauken commented that overtime for the last two fiscal years had been reduced.

**FIRE DEPARTMENT**

The Fire Department budget remained reasonably constant. Mr. Pauken stated that there had been turnover in the department, but were currently fully staff which showed a slight increase in personnel cost. Mr. Pauken said that he hoped that the department would remain fully staffed for the next fiscal year.

**MAGISTRATE OFFICE**

The Magistrate Office combined with the Justice Court through an Intergovernmental Agreement; with the line item remaining pretty much the same.

Councilmember Nicholl asked if this created revenue. Mr. Pauken responded sometimes. He added that if someone skipped out on paying a fine or court cost in previous years, their names remained on the computer system at the County. If a person returned to the Justice Court, their name would come up during a check of the computer system for past fines. So in turn, the City has collected some back fines.

**CEMETERY FUND**

The Cemetery expenditures have always been less than \$5,000 a year. Revenue in the General Fund was basically for the sale of lots and then returned to the General Fund. There was also a revenue line in the Street Department for burials and since the Street Department personnel actually dig the graves and do the work for the burial, the revenue goes into the Street department. Mr. Pauken advised that State Law forbids that HURF funds be used for that purpose and the cost of actual burials are not General Fund Revenue. Mr. Pauken explained that based on the fairly low amount of money spent last year, the City budgeted conservatively this year. Every year, the Cemetery Committee recommends that \$10,000 be put in the budget for repairs. Some of the improvements have come from other line items.

**BUILDING MAINTENANCE**

There was a reduction in personnel from \$55,000 to \$6,000. He said the \$6,000 was basically assuming that there would be unemployment compensation for the laid off employee. Repair and Maintenance of Building line item has increased to \$25,000 and the year end expectation for the current year was \$14,000. In the meantime, if contracting with other Sierra Vista and Cochise County may look to a long term benefit. In the meantime, for other general cleaning and supplies, there were other Public Works employees who have been reassigned to do certain duties.

**PUBLIC WORKS ADMINISTRATION**

Mr. Pauken explained that there would be some major reallocation in personnel cost over the previous year. He explained that the Public Works Director salary and benefits were paid by Public Works Administration.

**GARAGE**

This department is a one-person department with no major changes anticipated. It has been financially beneficial to utilize the service agreements through the County.

Councilmember Cline asked if there was only one full-time employee and no part-time employee. Mr. Pauken replied that this was correct.

**BUILDING INSPECTOR**

This department is a part of Community Development and has one employee, with no major changes. The Building Inspector will be arriving at his 5-year anniversary which will cause a slight increase. Fuel and lubricants are now a part of the General Fund and have merged into the Administration and General government fuel cost.

**PARKS MAINTENANCE**

This department includes Parks programs, a portion of parks recreation, and two maintenance personnel. He commented that this area would see an appreciable increase in the DOC worker line and although in the past not utilized, this Fiscal Year will surely utilize the DOC worker.

Mayor Porter asked if this department had 2.5 employees because the Recreation Coordinator was half-funded out of Wastewater and should be spending half of their times on Public Works Wastewater items. Mrs. Flanagan replied in the affirmative.

**SWIMMING POOL**

This department has been able to hold costs down mainly because of a shorter pool season. It was budget at \$54,000 for this Fiscal Year, last year it was \$58,000, with an anticipated \$47,000 of expenditures. The Snack bar will once again be stocked this year.

**COPPER QUEEN LIBRARY**

Mr. Pauken advised that personnel costs were identical to last year and that the staff and director have done a good job on saving costs without having to be asked. Although the economy had gone down, business has gone up at the Library and they were truly doing more with less, with the hope to increase their library collection in the future.

**SENIOR CENTER**

The budget in this department has not changed, other than getting close to the line on their telephone bill and utility bills.

**CONTINGENCY FUND**

Mr. Pauken explained that this fund provided for unexpended expenditures, emergencies, and opportunities, and was always there to provide for unassigned expenses

Councilmember Rodgers commended City Manager and Staff for taking steps to curb some of the expenses and that pre-planning paid off.

MOTION: Councilmember Nicholl moved to adjourn.

SECOND: Councilmember Rodgers. MOTION APPROVED: UNANIMOUSLY

ADJOURNMENT: 7:59 P.M.

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W.J. Porter, Mayor