

MINUTES OF THE BUDGET WORK SESSION OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, HELD MAY 23, 2012, AT 5:00 P.M. AT THE CITY COUNCIL CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

CALL TO ORDER AND ROLL CALL

Mayor Joens called the work session to order at 5:00 p.m.

COUNCIL MEMBERS PRESENT

Diane Joens, Mayor
Karen Pfeifer, Vice Mayor
Jesse Dowling, Council Member
Tim Elinski, Council Member
Ruben Jauregui, Council Member
Linda Norman, Council Member
Terence Pratt, Council Member

STAFF MEMBERS PRESENT

Doug Bartosh, City Manager
Steve Horton, City Attorney
Matthew McLean, Deputy Clerk
Rudy Rodriguez, Administrative Services General Manager
Dan Lueder, Development Services General Manager
Kyla Allen, Executive Assistant to City Manager

DEPARTMENTAL BUDGETS—Engineering Services, Public Works, Planning & Zoning, Building Maintenance, Water, Wastewater, Airport, Street Maintenance & Construction

Dan Lueder, Development Services General Manager, reviewed the accomplishments, goals and proposed 2013 budgets for the following departments: engineering services, public works, planning and zoning, building maintenance, water, wastewater, airport, and street maintenance and construction.

CIP Fund

Mr. Rodriguez reviewed the CIP (Capital Improvement Projects) Fund which included the architecture design for a new city hall; design for the new communication center; two new portal signs coming into the city; the Old Town Jail remodel; Riverfront Park improvements to the parking lot; design/consulting for a second fire station; and the remodel of the back half of the Council Chambers building.

FUNDING OF OUTSIDE AGENCIES THAT PROVIDE CORE SERVICES

Old Town Association

Lisa Pender, President of the Old Town Association, gave a report of the past year's accomplishments and stated they were requesting an additional \$10,000 to hire a part time manager.

Adopt for Life Center for Animals

Kyla Allen, Executive Assistant to the City Manager and President of the Adopt for Life Center board, introduced the new director and stated they were not requesting any additional funding for the next fiscal year.

Veterans Van

Camille Severson stated they had created a sister company and were working on acquiring the 501(c)(3) required by the city council for their funding by the city.

Phil O'Neil addressed the Council and stated nowhere was it written that there was a requirement for non-profit agencies to acquire a 501(c)(3) number.

Catholic Charities

Carol Quasula, from Catholic Charities, reviewed the funds that had been used the past year that were provided by the city for emergency assistance with water utility bills. She indicated the federal funding they used for utilities assistance had been cut by 50 percent this next year.

Senior Center

Elaine Bremner gave an extensive report of the Senior Center's events and meals served and delivered the past year. She requested additional funding for the center of any amount the Council saw fit.

BUDGET WRAP-UP

Mr. Rodriguez stated there is still a lot of work to be done on the budget. There is an item that he wanted to bring to the Council's attention which would be adding two additional part-time staff members to open the Library for half a day on Mondays.

The Council agreed to add two part-time staffers to the library.

Mr. Rodriguez stated we had a request to add a utility billing clerk to assist at the front counter in the utility billing department. In the past, Tawni Fanning would cover the front counter. She has been spending more time having to review records and she is less available to cover the counter. It would have to be put into the utility budget and split between the water and wastewater departments.

Mayor Joens stated the need has been stated and she would support it because Tawni needs to be doing other things.

Council Member Pratt asked if this would be a full time position.

Mr. Rodriguez stated it would be a full time position to cover and assist the three billing clerks.

Council Member Pratt asked if there is enough work there.

Mr. Rodriguez stated Mr. Lueder has stated that there is enough work there.

Council Member Dowling asked if adding staff would raise the rates.

Mr. Rodriguez stated it would, but it would be a minor one. This is mostly to see if the Council wants to hire additional staff.

Mr. Bartosh stated Ms. Fanning is playing two critical roles right now; one is moving us over to a single bill for water and wastewater and the other reason is an audit function to make sure that we are billing people appropriately.

The Council agreed to hire a utility billing clerk.

Mr. Rodriguez stated there was an oversight on his part when they started putting the budget together that is causing a cramp for us. He pointed out the Operating Transfers for the library on a slide and stated the issue is whenever we have transfers out from the general fund over to any other fund, the amounts have to match. We have done this exercise so many times, when we started reviewing the document he glazed right over it. This one area he overlooked in reviewing the document. He pointed out the corrected numbers on a new slide. The correct number is \$961,170 from \$439,710 for 2012 and we have to cover that. Also the \$532,085 is supposed to be \$1,075,440 for 2013. We handed you a balanced budget and it isn't anymore. Right now we are off by about \$1,064,815 over a two year period for fiscal year 2012 and 2013. The bottom line is that this is still a proposed budget and we are supposed to have errors, but not this large. We are going to have to scurry and figure out what happen to this. Some of things we are looking at are our payments to see if we made errors. One of the things we do every year is if we are going to lease purchase something this particular year, he puts the full payments for the whole year into the next budget. Since we did our financing so late into this year we are actually going to have an additional payment which will kick some money back to the general fund. We are

also reviewing all of the revenues. There was a fund balance that we paid to NAIPTA that will be coming back to us and we are expecting approximately \$230,000 to be returned after July 1. We are still checking on the indirect costs among the funds and we are also looking at the compensation study, which he had budgeted at \$600,000. He wanted to bring it to their attention because he knew that there were people that would be asking for more funds. The budget they have now does have an error in it. At the next general manager's meeting we are going to come up with some additional options to cover everything, but we will come back with a balanced budget. He asked if there were any questions on that.

Vice Mayor Pfeifer stated she appreciates him showing that to us; he didn't have to do that.

Mr. Rodriguez stated one of things that we have prided ourselves about is trying to be as transparent as possible. It was important that the council knew there was an oversight of the final review of the document and we need get it squared away. They will prepare a chart explaining the difference between the tentative budget and the actual budget and explain what we have spent. We are restoring Robert Hardy's salary to the natural resources budget. The compensation study was at \$35,000 in our budget and we reduced it \$30,000.

Mayor Joens stated she thought it only cost \$20,000.

Mr. Rodriguez stated that was correct. We asked for \$30,000 of authority because once we sit down with the consultants there may be some little tweaks they want to expand and so forth. The growth study will be moved into fiscal year 2013 so we have \$100,000 for the study for next year. The issue about the City Clerk's server has been addressed and it is already in the works. We are still getting the numbers about upgrading the playground equipment. If they can't be repaired, then we will look at replacing those. We are also looking the costs of replacing the two Lynx buses. We have added \$1500 to the public safety budget to replace the carpet at the public safety building for fiscal year 2012. We are still reviewing all revenues and expenditures. We are also looking at the county's distribution of funds for the library. We have asked the senior center for details on the distribution of services and looking at contributions from other areas. We will be making last minute adjustments based on recent data.

Mr. Bartosh stated it would be good to ask Elaine if these breakdowns for Cottonwood are by mailing code or are they actual sign-in numbers. This could include Verde Villages as well.

Council Member Norman asked if we are talking with Clarkdale and the county about their contribution for the CAT/Lynx system.

Mr. Bartosh stated he asked Mr. Faust that and he is talking with them, but their proposed numbers are going down.

Mayor Joens asked if that was because they had fewer riders.

Mr. Bartosh stated it was due to eliminating one of the routes which have cut down on some of the cost, but we got better support from ADOT.

Mr. Rodriguez stated the proposed funding to outside agencies is: Senior Center current funding \$45,000; Old Town Association current funding \$10,000; Humane Society current funding \$40,000, and questioned if the council wanted to do the \$10,000 building allocation; Veterans Van current funding \$2,500; Catholic Charities current funding 10,500 - \$15,500; Verde River Days current funding \$2,000; Birding Festival current funding \$1,000; and Verde Vaaley Concert Association current funding \$2,000

Council Member Jauregui asked if there were other ways to help the Senior Center besides this amount.

Mr. Rodriguez stated he has been talking with them to try and get some support from other agencies, and some of their support comes from CBDG funds, but that doesn't come from an annual contribution. He has given them some numbers to look at for seeking contributions outside of the city.

Council Member Pratt stated we should look at getting funding from outside of the city that serve the Senior Center and it is only fair, but we should keep the amount we contribute where it is. And he would agree to the \$10,000 for the building allocation for the Humane Society.

Council Member Norman stated it is hard to say we will give them more money when we don't get more money.

Mr. Rodriguez stated we are struggling this year to even take care of the compensation funding.

Vice Mayor Pfeifer stated it is similar to not laying off employees and not filling positions and keeping status quo and if we have to do that, then they have to understand that.

Council Member Jauregui stated all of these organizations have been on the budget in the past.

Mayor Joens stated if she were czar for a day she would like to give the Senior Center \$50,000.

Council Member Pratt stated we should go after the other communities before we do that.

Mayor Joens stated the senior center does so much for the community and it is in our city, and that is why those other communities don't fund it.

Council Member Jauregui stated one thing about the veterans van program is they will take your spouse with you to a doctor's appointment, where the other vans will not.

Mayor Joens stated she would like to see some money in the budget for the Vietnam Veteran's Welcome Home event, and we are also talking about the wall and it seems like a really good thing to support.

Mr. Bartosh stated a project like that is really ripe for private donations and funding. The city is going to step up and provide a lot of funding by providing staff time and overtime. His recommendation to the council would be to not budget anything for that right now. But if they fall short the Council still has their \$35,000 contingency they could use.

The Council agreed to continue the funding for the outside agencies as presented.

Mr. Rodriguez reviewed the general fund reserves, which is subject to change as we transition from the proposed to tentative to final as follows: 60 days reserve coverage \$2,249,300; capital accumulation fund \$1,000,000; undesignated reserves \$100,000; 1.0% sales tax general fund capital \$493,020; 0.2% sales tax public safety capital fund \$121,170; and reserves for salary plan implementation \$830,000.

Mr. Rodriguez stated the tentative budget hearing and adoption is on June 19, 2012, and the final budget hearing and adoption is on July 17, 2012.

ADJOURNMENT

Mayor Joens moved to adjourn. The motion was seconded by Council Member Dowling, and carried unanimously. The work session adjourned at 8:15 p.m.

Diane Joens, Mayor

ATTEST:

Marianne Jiménez, City Clerk

CERTIFICATION OF MINUTES

I hereby certify that the attached is a true and correct copy of the minutes of a budget work session of the City Council of the City of Cottonwood held on May 23, 2012. I further certify that the meeting was duly called, and that a quorum was present.

Marianne Jiménez, City Clerk

Date