

MINUTES OF THE SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, HELD JULY 9, 2013, AT 6:00 P.M., AT THE CITY COUNCIL CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

CALL TO ORDER AND ROLL CALL

Mayor Joens called the special meeting to order at 6:00 p.m. Roll call was taken as follows:

COUNCIL MEMBERS PRESENT

Diane Joens, Mayor
Karen Pfeifer, Vice Mayor
Tim Elinski, Council Member
Jesse Dowling, Council Member
Terence Pratt, Council Member
Randy Garrison, Council Member

COUNCIL MEMBERS ABSENT

Ruben Jauregui, Council Member

STAFF MEMBERS PRESENT

Doug Bartosh, City Manager
Steve Horton, City Attorney
Matthew McLean, Deputy Clerk
Rudy Rodriguez, Administrative Services General Manager

PUBLIC HEARING REGARDING ADOPTION OF THE CITY'S TENTATIVE BUDGET FOR FISCAL YEAR 2013-14

Mr. Rodriguez went over the highlights of the tentative budget that he presented to the Council. The economy is recovering slowly. We had more people coming this year and asking for more money for some of the outside reporting agencies. We are not fully recovered and we are still struggling with our revenue streams, but we are turning the corner. We still survive on the 3 percent sales tax without a property tax. We still have the merit, longevity and COLA included as employee compensation. We are striving to improve the recreation center's recovery rate. Capital infrastructure has been tapping heavily into our reserves. Right now, we have come to the conclusion that we need to slow down because the economy isn't recovering. We are going start work on 12th Street. We are also looking to raise the water and wastewater rates. We had received seven new staff requests, but none were approved for this coming year. We did have one reclassification for a project manager which is going to cost the city about \$6,000. Health insurance costs continue to rise with a 6.5 percent increase this year. This upcoming year we are looking at a \$70,875,000 budget and it is a 17.6 percent increase over the fiscal year 2013 revised budget. On the expenditure side, there is a 30 percent increase due to all the projects we have that didn't come through. Public safety is still getting the lion's share of the capital equipment. He then reviewed the outside funding agencies as follows: we increased the Old Town Association from \$13,000 to \$15,000; the Senior Center goes from \$45,000 to \$55,000; the veteran's van is no longer in existence; Adopt for Life is \$42,400; Catholic

Charities continue to get \$10,000 to \$15,000; Chamber of Commerce is about \$110,000 which comes from the bed tax; Old Town Center for the Arts is receiving \$20,000; and the Boys and Girls Club is requesting \$25,000, but they must complete their financial audit and pay their payroll taxes. He reviewed the general fund reserves – we have a fully funded 60 day coverage at \$2.3 million, our capital accumulation fund has not increased over \$1 million, our undesignated reserves started at \$100,000 and it is down to \$53,000 and we also tapped into our sales tax general fund capital to do a couple of capital projects. We still don't have anything budgeted for the .2 percent sales tax since we aren't doing any lease purchase this year so we can replenish it a bit. There is \$3.6 million in general fund reserves.

Mayor Joens asked him to review with the Council that a lot of folks shop in Cottonwood and we really appreciate that, but how much of that funds our budget.

Mr. Rodriguez stated our sales tax covers about 50 percent of our general fund and everything else comes from state shared revenues and other fees that we have throughout the year. People that live within the city also contribute their sales tax to the state that comes back to us as well as a portion of their income tax, which doesn't happen with the residents that live outside the city limits.

Mayor Joens stated the council contingency was reduced by \$19,000 and it used to be \$30-35,000. She asked if it was reduced for this year.

Mr. Rodriguez stated we did reduce it. The council contingency is budgeted at \$15,695 and if council wants it at \$35,000 we can take it out of the undesignated reserves and move it over.

Mayor Joens asked what would happen if we left it at \$15,000 but we found a dire need, could we take the other \$15,000 out of undesignated reserves in the middle of the year or would it be better to do it now.

Mr. Rodriguez stated it doesn't make a difference and we have the capacity to make the budget adjustments.

The Council agreed that to leave the council contingency at \$15,000.

Mayor Joens stated she would like to see bathrooms at the kids park, and that needs to be a priority next year.

Mayor Joens opened the floor for the public hearing and there were no comments from the public.

ADOPTION OF THE CITY'S TENTATIVE BUDGET & EXPENDITURE LIMITATION FOR FISCAL YEAR 2013-14

Council Member Pratt moved to adopt the fiscal year 2014 tentative budget and establish the city's fiscal year 2014 expenditure limitation as presented. The motion was seconded by Council Member Elinski and carried unanimously.

ADJOURNMENT

Council Member Garrison moved to adjourn. The motion was seconded by Vice Mayor Pfeifer, and carried. The special meeting adjourned at 6:30 p.m.

Diane Joens, Mayor

ATTEST:

Matthew McLean, Deputy Clerk

CERTIFICATION OF MINUTES

I hereby certify that the attached is a true and correct copy of the minutes of a special meeting of the City Council of the City of Cottonwood held on July 9, 2013. I further certify that the meeting was duly called, and that a quorum was present.

Matthew McLean, Deputy Clerk

Date