

**SUMMARY REPORT
OF COUNCIL DISCUSSION & DIRECTION GIVEN AT THE MAY 25, 2010,
BUDGET WORK SESSION**

This summary is a statement of actions taken by the Cottonwood City Council at a budget work session pursuant to A.R.S. § 38-431.02(D), and is being provided as required by A.R.S. § 38-431.01(D.).

Council Members Present: Mayor Diane Joens, Vice Mayor Karen Pfeifer, Council Members Tim Elinski, Duane Kirby, Linda Norman, Terence Pratt, and Darold Smith.

Mayor Joens called the meeting to order at 6:00 p.m.

OVERVIEW OF THE CITY'S 2010-11 FISCAL YEAR BUDGET

Administrative Services General Manager Rudy Rodriguez stated the current budget totaled \$102,980,045 which was down from last year's budget of \$132,562,405 because the recreation center and other building projects were part of last year's budget. This year's budget included no provision for new staffing. It included expenses related to the first full year of operations of the recreation center and of the 12 new firefighters hired in conjunction with a S.A.F.E.R. grant.

Bond issues were being considered for the HURF fund to fund the 12th Street project totaling \$3,750,000 and \$36,910,000 in bonding to refund the MPC water bonds which would sever current ties with the Town of Clarkdale.

There would be no cost of living adjustment for employees and a strategic position freeze would stay in place. The employee merit program would not be funded, but \$450,000 would be set aside in reserves for possible use in December if revenues warranted. The city would re-evaluate its priorities by need to keep from adding staff. There would be shift of health care costs to employees.

Grant opportunities were being reviewed. Transit grants were budgeted for just over \$2 million, but transit service could be subject to cuts if funds were not forthcoming from federal sources as anticipated.

Employee retirement costs and health insurance rates had increased. Reserves had been added for operations & maintenance of the recreation center and a possible mid-year merit program. Revenues were down. Sales taxes were beginning to pick up but were still below 2007 levels. Interest income was down substantially because of a fall in rates and use of reserves which formally earned interest.

Funding to designated outside agencies would continue at the same level currently given, provided they met reporting requirements.

The city maintained \$4,857,555 in reserves of which \$100,000 was undesignated and \$450,000 set aside for possible later use for a merit program.

Summary Minutes
Budget Work Session
May 25, 2010
Page 2

ADJOURNMENT

The budget work session adjourned at 7:18 p.m.