

**THE MINUTES OF THE WORK SESSION OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THE 18TH DAY OF MAY 2009**

CALL TO ORDER-Mayor Gerald W. Lindsey called the work session to order on Monday, May 18, 2009 at 5:00 p.m.

ROLL CALL-Mayor announced all Council members are present except Councilman Donahue and will probably join us a little after 5:00 p.m.

PRESENT

Mayor Gerald W. Lindsey
Vice Mayor Larry Schultz
Councilman Elwood A. Johnson
Councilman Jimmy L. Norris
Councilwoman Monika Cronberg
Councilman Stephen Klump
Councilman Christopher Donahue-5:14 p.m.

STAFF

City Manager Pat McCourt
City Attorney Hector M. Figueroa
City Clerk Cristina G. Whelan, CMC
Public Safety Director Jake Weaver
Library Director Tom Miner
Finance Director Ruth Graham
Public Services & Works Director Dave Bonner
Building Inspector Jeff Stoddard
Human Resources Sherry Van Allen

PLEDGE OF ALLEGIANCE TO THE FLAG-Mayor Lindsey.

CALL TO THE PUBLIC-There was no response from the public present.

DECLARATION ON CONFLICT OF INTEREST-There was no response from the Mayor and Council members or staff.

ADOPTION OF THE AGENDA

MOTION: Councilman Johnson moved to adopt the agenda as presented.

SECONDED: Councilwoman Cronberg seconded the motion. **CARRIED.**

DISCUSSION REGARDING BUDGET OVERVIEW OF FY 2009-2010

City Manager McCourt reported the budget books now have the pages numbered. Supplemental information from the League of Arizona Cities & Towns is included in packets. It is good information about revenues and will be available for the public when they want to view the budget. Talks about where revenues come from and how distributed in page 1. Page 3 Local Transportation and LTAF and sources of those monies and how we get it. Vehicle License and population basis is how we get most of our revenues. Page 5 talks about local revenues sources i.e. Property tax and local sales tax. Also, Use Tax is discussed and hard to work with. Bed Tax discussed and Business License Fee, Franchise on top of page 7 and Magistrate Court important to us and User Fees. Permit Fees, Development Impact Fees we have not instituted. Property Excise Tax and Bonding which is talked about as revenue but it is about borrowing on page 9. General Obligation Bonds and Revenue Bonds, page 10 top, Street Bonds, Special District Bonds and Non-profit Corporation as a means. Debt Service we have because we did Bond Election and voters approved. Page 13 includes brief description of Funds and what those are. Only 2-required by City's General Fund and Highway Users Fund. Also talks about State Expenditure Limit and on page 14 items that are exempt. This City has a high expenditures limitation and does not have to worry about that.

Other information includes three documents on current Bond and indebtedness of the City. The first page listed as 87A questions on Highway Users Funds and when paid off. Municipal Properties Corporation of 2006 paying and is scheduled to paid off in 2021. HURF 2003 will be paid off in FY2009-10. Page 90A is Fund 20 Principal and Interest payments for indebtedness. Three issues: Water 1974; GADA 2004B and GADA 2007. Currently collecting water transfer to pay and the other two (2) are paid with Secondary Property Tax Levy that was voter approved. Water will be paid at the end of fiscal year 2014. 2004B scheduled to be paid off in June 2018, and pay off the 2007 in 2028. Page 104A is Obligation for Water and Sewer Funds. There are 3-issues Water 2005; Sewer 2001A; rural 2001B and format same as the last two. (Councilman Donahue arrived at 5:14 p.m.)

Capital Purchases- planned in the budget and pulled from different parts of the budget and pages are numbered. Mr. McCourt explained left column defines General Fund, Department and budget numbers. Fund 17 is for Special Revenue Grants and Capital Purchases.

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The City Manager asked the Mayor and Council to find dates to hold budget meetings or if additional information is required to let us know what is good and we will schedule. This is Mr. McCourt's first budget with us. Councilman Johnson suggested May 27 at 5:00 p.m.; Mayor Lindsey suggested June 1st at 5:00 p.m. and Councilman Johnson suggested June 8th at 5:00 p.m. The City Manager said we could adopt the Tentative Budget before June 30th if not sooner. Staff will try for June 15th regular meeting for adoption.

Mr. McCourt reported staff is keeping in policy mode. We are not requesting new positions; are trying to maintain status quo; lots of long term work in General Fund; talk with Mayor and Council on decision regarding long term for various utilities i.e. Gas; workable budget and need to know where to go. Mayor and Council suggested work session to brain storm on those exclusively. Staff will be bringing proposal and rate hearings in September or October for discussion. Councilman Klump asked if we can do that tonight and City Manager McCourt said we can until 6:30 p.m. because staff needs to prepare room for Health Insurance presentation.

City Manager McCourt review of Projected Budget FY 2009-10 from the last meeting. HURF revenues include State Shared Revenues and 1% Sales Tax allocation. He reported that one of the Streets Bonds will be paid off in FY10. What is not shown is Custodial Fund and included in the back of the budget book is the Fireman's Pension Fund. As of July 1, 2009 to 06-30-2010 funds spending is down \$1.5M from Reserves. We are not a bank we are here to provide services to the people. We need reserves to take care of unexpected or unforeseen expenditures. Report is missing General Fund which has personnel costs. Councilman Johnson asked what amount is in savings or cash reserves: The City Manager replied he does not know exact amount at this time. We are projecting that for FY09 General Fund will spend \$4.4 million. Because of conservative nature of spending by staff we usually spend less than the amounts budgeted, and that increases opening fund balances for the next year. Councilman Johnson asked Finance Director Graham when she will present the plan for Investment Report and she replied at the second meeting in June. All monies available are invested. Mayor Lindsey asked if monies invested are tied back to these categories and there is no special fund labeled Savings. City Manager McCourt replied in the affirmative. We have invested in Local Government Investment Pool to (1) protect principal; (2) keep it invested or lock it up in certificates, and (3) get some return in Interest to provide services. Those are the 3-goals and priorities and staff is showing all monies the City has available.

Councilman Johnson referred to page 3 for FY09-10 and asked if broken down by Departments to do comparison for 08-09. The City Manager replied that it can be prepared and will have it available before the next budget meeting. Councilman Johnson stated there are no pay raises but there are other means by paid benefits. City Manager stated we have the same number of positions. Councilman Johnson asked why in 08-09 Swimming Pools rate went up. Human Resources Sherry Van Allen explained that part of the increase was due to Minimum Wage went up and reported it is again going up this year. It is going to \$7.25 on July 24th. K-9 Patrol page 49 same 08-09 Salaries because it is not a position it is compensation for taking care of dogs. Page 33 and up to Page 40 increase of about \$20,000 in Training. City Manager McCourt replied he will get that information.

City Manager McCourt stated staff will come back to Mayor and Council with recommendation on how to reduce General Fund in the next couple of years. He does not anticipate Revenues will increase to make up the deficit. Staff is trying for documentation by departments and on Page 34 Communications breaking out personnel and the number of positions and services in that particular area and doing the same for each department. Mayor Lindsey asked for the total number of employees and Ms. Van Allen replied we have 62 full time and two part-time, not counting lifeguards or volunteer firefighters. Mayor Lindsey came up with 77 and Ms. Van Allen said he is probably counting the Mayor and Council. City Manager McCourt requested staff to prepare a sheet which lists all positions and mark if full time, part time, or seasonal position. Mayor Lindsey asked Mr. McCourt if considered a hiring freeze. Mr. McCourt replied he would not say freeze because do not know where or when roll over will occur. For example if Patrol loses six people then we would not have people to Patrol our City. Mr. McCourt does not support absolute freeze and prefers scrutinize every vacant position carefully before it is filled. Councilman Johnson said that will result in difference in services we provide for the public. If we have to pull from other departments now they are not able to do their assigned duties. Staff needs to bring recommendations to Mayor and Council on how to get costs line. Electric costs may increase by \$100,000. Does that mean we need to have candles to operate business? That is not feasible but we could find ways to increase energy efficiency. City Manager McCourt said staff will bring suggestions. Mayor Lindsey stated he is

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optimistic that the economy is going to turn around but we need to see what the State will do. Councilman Johnson asked the Finance Director for the April tax dollar figures and Ms. Graham replied we do have them and will have report at the next meeting. Mr. McCourt stated staff does not feel there is a need to adjust projected amounts. At the end of Fiscal Year the numbers will not be exactly what we have projected. At this time trying to maintain current service levels and that is the first goal in the budget. Mayor Lindsey asked staff if there has been any discussion over the Magistrate Court continuing to be handled by JP4. Mr. McCourt reported he met with County Administrator last week and they finally finished analysis we sent and their revenue stream. City items were much lower than what had been projected when initially entered into agreement. The County indicated that is a problem and want to enter into a 1-year agreement at the same funding level and then in Fiscal Year 2011 work on that. Difference was \$60,000 from what we showed in the previous year. Not sure why that is because our numbers came from our Audit Report and neither has time to work on that due to we are all working on budget. The City Manager stated staff needs to know what types of things the Mayor and Council want so that staff will have it available.

Councilman Norris stated we can not sustain a deficit of \$750,000 in the General Fund and suggests that staff cut 10% overall because he knows "there is fat in everything." The City Manager replied this is discussion he is leaving and coming back to Mayor and Council with recommendation where to reduce and what are the consequences. The City Manager thinks important to look at what is a reasonable amount for us to have in Reserves. The Bond people want to know you have money to back up borrowing, and at the same time we have to deliver service. Councilman Johnson suggested we look at closing buildings one day a week and City Manager said we need to find ways to reduce and still keep the service. Councilman Johnson said if economy is to rebound and Willcox is behind and have not felt it and comes back and put monies in savings then we are looking at 2-3 years. City Manager's question is how much do we need in Reserve and have not found that answer. Some Cities have 3-months operating expenses in Reserves. This is policy decision that the Mayor and Council have to make. Staff will bring suggestions and the Mayor and Council need to define what is appropriate for each of these funds. Some mandates have to be set aside.

Councilman Norris asked if there are any services to subcontract out and City Manager McCourt replied we can conceivably do that and need to ask: when we sub something out need to closely define what subbing out so that we can properly write contract i.e., painting stripes on streets and sidewalks and we can clearly define that and in theory contractible job. Then when we do those jobs that need to be done, contractor has to have enough line painting to make it feasible. Mayor Lindsey added we also need to determine employee doing that job and take that position out. Mr. McCourt replied normally we do not cut hours back from 40-36 when sub things out. Currently we contract Trash Collection in this City. It is area worth looking out to see if it makes sense to contract out services. City Manager McCourt said we know rate adjustment for Refuse and need to hold public rate hearings. The City Manager does not anticipate holding those rate hearings until September. Staff is looking at recycling to lower tipping amount.

City Manager McCourt suggested a break to absorb information and if particular items for staff to prepare or explanations. Staff seeks to maintain current level of service and not increase or decrease. After this meeting contact Ms. Graham on the type of information the Mayor and Council would like to see prepared. Mr. McCourt concluded by stating that the budget is going to be tough next couple of years.

ADJOURN

There being no further business before the Mayor and Council, Mayor Lindsey adjourned the meeting at 6:10 p.m.

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CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the City Council of the City of Willcox held on the 18th day of May 2009. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 13th day of July 2009

/s/ Cristina G. Whelan, CMC
City Clerk Cristina G. Whelan, CMC

PASSED, APPROVED AND ADOPTED this 20th day of JULY 2009.

/S/ GERALD W. LINDSEY
MAYOR GERALD W. LINDSEY

ATTEST:

/s/ Cristina G. Whelan, CMC
City Clerk Cristina G. Whelan, CMC