

**THE MINUTES OF THE WORK SESSION MEETING OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 5TH DAY OF APRIL 2010**

CALL TO ORDER-Mayor Gerald W. Lindsey called the work session to order on Monday, April 05, 2010 at 6:00 p.m.

ROLL CALL-City Clerk Cristina G. Whelan, CMC, called the roll:

PRESENT

Mayor Gerald W. Lindsey
Vice Mayor Larry N. Schultz
Councilman Elwood A. Johnson-6:18 p.m.
Councilman Jimmy L. Norris
Councilwoman Monika Cronberg
Councilman Stephen Klump

ABSENT

Councilman Christopher Donahue

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 Works Director Dave Bonner
Building Inspector Jeff Stoddard

PLEDGE OF ALLEGIANCE TO THE FLAG-Mayor Lindsey

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

ADOPTION OF THE AGENDA

MOTION: Councilwoman Cronberg moved to adopt the agenda as presented.

SECONDED: Councilman Klump seconded the motion. **CARRIED.**

DISCUSSION REGARDING THE FORMAT AND PRELIMINARY BUDGET FOR FY2010-11

City Manager Pat McCourt addressed the Mayor and Council and reported that about a year ago started this process and it is on-going continuous process. Referring to tonight's handout it explains the general background of the budget. The format was reviewed by Fund and Mr. McCourt gave a brief explanation of each line item. Since October 2009 staff has instituted reduction in internal expenses. Interest earnings are dismal. General Fund has significant costs this fiscal year due to rate charge for Unemployment which increased from .95% to 2.18% or 200% increase. Arizona State Retirement System increased from 9.4% to 9.85% and Public Safety Retirement System increase from 19.84% to 22.53%. Workman's Compensation is based upon classification, experience and group modifier. Basic increase July 1, experience modifier July 1, and group rate is to decline slightly due to member years. Health Insurance is projected at 20% and preliminary should be less than that.

The Summary sheet for FY09-10 is the adopted budget on the #10 General Fund and includes all the entire budget of the City. Each fund is like a separate column. The City will still spend down savings of \$486,520 which is less than projected, therefore, projected is less. In the HURF apparently in 2006 Street Project on Arizona money came from a Bond and only used for specific purposes. Also Capital Improvements expenses for this bldg. There was not enough money in Streets and had to borrow to repay and that is proposed amount of \$50,665. (Councilman Johnson arrived 6:18 p.m.) Tax collections are coming in slower and have adequate revenue. Gas, water, sewer and refuse all look positive. Money to pay back General Fund in the amount of \$120,622 has not been moved at this time. The City is in better shape than originally projected in October. City Sales Tax is coming in very slowly and less than projected.

FY2010-2011 draft budgeted revenues, expenses and Fund Balances. Revenues are 100% estimates and staff figures are conservatively. Mr. McCourt stated if everything occurs as projected ending balance of \$713,304 and used up \$958,095 of reserves. We will use up reserves and hope to be going out of recession. HURF is causing more problems showing negative number of \$2,930 at the end of the year. Therefore need to make reductions to make it balance and not have negative balance. In 3-years we will payoff capital expenditures and that will reduce expenditures. Debt services not concerned. Gas, water, refuse, and sewer we are saying "OK" but important it is operating expenses. We are not generating revenues for capital expenses or infrastructure improvements.

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City Manager McCourt next addressed the Budget message which has multiple concerns. The City is here to deliver services to the public and that is our goal. We do look to the future, watching reserves; we understand we can not spend more than bringing in only in short term not long term. General Fund is a problem in long term sense and we will need to address that and reduce expenditures.

The Budget book presented tonight is to introduce the FY2010-11 budget. Included are explanations on revenues, transfers and Fund Balance. A change is the Expenses for Mayor and Council i.e. change to Subscriptions/Memberships which was included in General Fund Administration. There are 3-organizations that the City of Willcox belongs to: 1) League of Arizona Cities & Towns, 2) SEAGO, and 3) Coronado RC&D. The estimated dues are in the amount of \$5,623.00. General Fund Administration has annual dues to the IICM, City Managers Association, IIMC and Arizona Municipal Clerks. The Mayor and Council travel budget was left the same at \$4,000.00. Following each budget sheet is brief general information for the public. Community Program is the cost to pay the Utilities for the Community Center. The Willcox Chamber of Commerce gets half of the Bed Tax and they staff and run the Visitor Center. Economic Development is the amount the Mayor and Council have asked to have available and it is the same amount as last year. Tourism Agreement is the Cochise Count Tourism Council joint advertising and literature. WASA runs programs for the youth especially during the summer months. Grant Matching in the amount of \$23,750 is for the Senior Center. Community Program \$3,500 is the General Fund contribution for Fire Works. General Fund Administration is talking about contracting employee services and if approved we will have reduction in that fund and it is not reflected at this time. General Fund Utilities reduced cost to run pump at Golf Course. The expense came out of this department and now it has been shifted to the Parks Department. Airport staff has put same amount as last year and we do not anticipate expenditures this Fiscal Year. Legal & Courts has been assembled in one location. Magistrate Court Trust Fund is the explanation of revenues and expenditures. Same process is followed throughout the budget book.

Streets Fund is the Highway Users Fund. The LTAF was lottery source of funding and City's received a portion. LTAF I for general street operation and LTAF II for mass transit and we gave our portion to the Hospital and School. As of February that money was cut off and we will not get any next year. HURF Revenue projected \$283,036 and State projected \$281,000. The City Sales Tax 1% for Streets is down in 2010 and projecting slight increase this year. Bond Payment transfer out for the Ft. Grant Beautification. Projected for Capital Purchases is area we need to do some work and reduce expenditures to get us through FY11 and FY12. In 2013 and 2014 we will see relief from the HURF payments.

The City has several Grants going on in the City. The Ft. Grant Beautification staff will bring to the next meeting in-depth discussion on expenses, grant monies, local monies and State IGA. Mr. McCourt heard today that the CDBG money is coming. Federal Stimulus monies are for the Quint Fire Truck and if we do not get the grant then we will reduce expense.

The WasteWater Treatment Plant will be on the next meeting agenda.

Tonight staff wanted to present to the Mayor and Council the budget format this evening. If the Mayor and Council members are looking for particular project or programs staff will explain where they are.

ADJOURN

There being no further business before the Mayor and Council, Mayor Lindsey adjourned the work session meeting at 6:50 p.m.

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 5th day of April 2010. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 12th day of May 2010

City Clerk Cristina G. Whelan, CMC

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PASSED, APPROVED AND ADOPTED this ____ day of _____ 2010.

MAYOR GERALD W. LINDSEY

ATTEST:

City Clerk Cristina G. Whelan, CMC