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**MINUTES  
FINANCE COMMITTEE MEETING  
CITY OF DOUGLAS  
COUNCIL CHAMBERS  
425 TENTH STREET  
DOUGLAS, AZ 85607**

**THURSDAY, NOVEMBER 10, 2016**

**5:30 PM**

**1. CALL TO ORDER/ROLL CALL**

Meeting was called to order at 5:30 p.m.

**Members Present:**

Chairperson, Mr. Ken Nelson  
Member, Mr. Michael Gutierrez  
Member, Mr. Mike Nava  
Ex-Oficio, Mr. Fernando Betancourt

**Members Not Present:**

Member, Ms. Araceli Quinonez  
Member, Mr. Alan Manquero

**Also Present:**

Interim City Manager, Ms. Brenda Aguilar  
Finance Director/City Treasurer, Mr. Luis Pedroza  
Account Clerk III, Ms. Mari Daniel

**2. PERSONS WISHING TO ADDRESS THE COMMITTEE IN WRITING OR  
VERBALLY ON ANY ITEM NOT ON THE AGENDA**

None

**3. APPROVAL OF MINUTES FOR MAY 24, 2016**

Mr. Nava stated that there were some changes he wished to propose for the minutes after discussing with the Finance Department.

Mr. Pedroza stated that we should go over together and then make a motion to approve as corrected.

Mr. Pedroza stated on the second page, 4<sup>th</sup> paragraph down, the sentence reads "hope is that some of that can be made up with the construction of the CVS and the hospital", what was implied was "ER" instead of "hospital".

47 He continued that on the third page, 5<sup>th</sup> paragraph down, “Mr. Carlos De La Torre  
48 explained that is only a one time revenue” and saying that “petitioning to the vendor”  
49 it should say “fictitiously portrayed”.

50  
51 Under page five, 1<sup>st</sup> paragraph, “Mr. Nava asked if the project bid for the bank is  
52 included in that and if that is where that would filter” instead of “filter” replace with  
53 “come from”

54  
55 Page six, 1<sup>st</sup> paragraph and last sentence “...as he was told Nogales and San Luis  
56 have lobbyists in relation to the courts” it should say “ports” instead of “courts”.

57  
58 Page eight, 4<sup>th</sup> paragraph, “Mr. Nava stated there is savings” insert “or” “unexpended  
59 money each year” insert “for the last several years” and delete “for” and replace with  
60 “from vacant staff positions and ask if staff anticipates reducing those in favor” and  
61 then it became inaudible thereafter.

62  
63 Page ten, 2<sup>nd</sup> paragraph “Mr. De La Torre stated there are two options in terms of how  
64 courts are run in Cochise County. There is either stem long” it should say “stand alone”  
65 instead of “stem long”.

66  
67 Page twelve, last paragraph and 2<sup>nd</sup> to the last sentence it should say “debt” instead  
68 of “delta”.

69  
70 Second to last paragraph the sentence reads “...the final state shared revenue which  
71 will be included with the decrease of about \$1,000 less that” it should say “than”  
72 instead of “that”.

73  
74 Mr. Mike Nava made a motion to APPROVE the minutes with corrections noted for  
75 May 24, 2016. Mr. Michael Gutierrez seconded the motion and minutes passed  
76 unanimously.

77

78 **4. APPROVAL OF MINUTES FOR MAY 31, 2016**

79

80 Mr. Mike Nava made a motion to APPROVE the minutes for May 31, 2016. Mr.  
81 Michael Gutierrez seconded the motion. Motion passed unanimously.

82

83 **5. APPROVAL OF MINUTES FOR JUNE 21, 2016**

84

85 Mr. Mike Nava made a motion to APPROVE the minutes for May 31, 2016. Mr.  
86 Michael Gutierrez seconded the motion. Motion passed unanimously.

87

88 **6. PRESENTATION / DISCUSSION OF 1ST QUARTER FINANCIAL UPDATE FOR**  
89 **FY 2016/2017**

90

91 Mr. Luis Pedroza began by explaining that at the end of the first quarter ending  
92 October 31, 2016 the cash position was as follows: General Fund Unrestricted  
93 \$5,176,986 Restricted Funds moneys for HURF at \$999,383, Capital Projects  
94 \$471,401, RICO at \$375,715, Debt Services at \$134,985 and the Alex Black Fund at  
95 \$137,808; this is a fund that a gentleman donated money towards the Fire  
96 Department for fallen fire fighters that experience loss in the line of duty, this fund  
97 will cover medical expenses and/or funeral expenses. The Insurance Claim Reserve  
98 Fund is at \$319,075 this fund must be kept since the City is a self- insured entity, the  
99 City pays out its claims, there is no insurance company that does that. The Police  
100 Auction is at \$28,125 this is money from vehicles that were obtained and sold by the  
101 Police Department, this is restricted for police equipment.  
102

103 He continued to explain that HURF is money strictly for street purposes, the Capital  
104 Projects is money from 3/10 of cent sales tax that was passed a few years ago and  
105 still have some fund balance left, the City no longer has that revenue source. Rico  
106 moneys are from seizures from the Police Department that is only used for Capital  
107 expenditures, the JCEF is the court enhancement fund and that money is collected  
108 through fines that can only be used by the courts. The Municipal Court will be turned  
109 over to the Justice Court; JCEF has a balance of \$41,207 collected by the City that  
110 will be used for the court consolidation.  
111

112 Mr. Mike Nava asked for clarification if the cost for the City consolidating with the  
113 Justice Court was that \$16,000 or \$60,000.  
114

115 Mr. Pedroza answered the amount will be \$16,000 in consolidation cost that will be  
116 paid by the JCEF fund of \$41,207.  
117

118 Mr. Nava asked if this will be a recurring cost.  
119

120 Mr. Pedroza answered that is correct  
121

122 Mr. Ken Nelson asked if the cost can be a lot higher than \$16,000  
123

124 Mr. Pedroza said that the calculation is based on 2015 figures. That the City owes  
125 the County about \$30,000 because the agreement begins January 1, 2017 and  
126 about half of that is \$16,000; the amounts will change depending on how much  
127 activity there is, such as the citations, and revenue coming in. This all determines  
128 the cost.  
129

130 Mr. Nelson said so the numbers can go up or down  
131

132 Mr. Pedroza answered correct.  
133

134 Mr. Nelson said if the City pays \$16,000 it could end up paying \$4,000 more due to  
135 higher expenses from 2015.  
136

137 Mr. Pedroza said that the \$16,000 is a set amount from the 2015 figures and next  
138 year the amount will be determined by the 2016 figures.

139  
140 Mr. Nelson asked if there will be an adjustment to the amount as the actual costs  
141 come in.

142  
143 Mr. Pedroza said the \$16,000 amount is set that will not be adjusted. This will cover  
144 from January to June 30, 2017, for next fiscal year the amount will be a different.

145  
146 Mr. Nelson asked if the amount is based on the previous year, how will the County  
147 know if the current year will be less or more per say the Cost for 2016 is \$18,000  
148 and that amount is paid and the actual cost was \$14,000 will the City be receiving a  
149 credit back for \$4,000.

150  
151 Mr. Pedroza said the Courts base themselves on a calendar year, this is based on  
152 how many citations were received this is how much was expended on prosecution  
153 cost for Douglas cases, this is how much revenue came in to cover that cost, the  
154 delta of that, revenues verses the expenditures that is what will be billed to the City.  
155 Based on whatever resources were used that year, whether more cases or fewer  
156 cases were prosecuted; interpreters cost, prosecution cost, administration all those  
157 costs.

158  
159 Mr. Nelson said so the billing is a year behind.

160  
161 Mr. Pedroza answered that is correct.

162  
163 Ms. Brenda Aguilar commented that since the City has no experience with Court  
164 Consolidation and it will begin at the start of the new year, the payment will be  
165 \$16,000 from the JCEF fund balance of \$41,207 with the remaining balance to be  
166 carried over to the next fiscal year.

167  
168 Mr. Michael Gutierrez asked if someone gets a ticket does it cost the City more  
169 money if they go to court.

170  
171 Mr. Pedroza answered yes if the City needs to have an attorney present that needs  
172 to prosecute the case, an officers cost to issue the ticket, the overhead cost and the  
173 State also takes a large sum of the fine, the City loses money receiving a small  
174 portion in the end.

175  
176 Mr. Nava commented the State characteristically over the years has taken more and  
177 more from local revenues.

178  
179 Mr. Gutierrez asked once the money is gone how will it be funded.

180  
181 Mr. Pedroza answered the City will have to find a way to fund. Once the funds run  
182 out the City will have to absorb it through the General Fund.

183 Mr. Pedroza continued to say that total cash amount for general government that is  
184 left is 7,684,684.

185  
186 Mr. Pedroza explained sales tax has been decreasing probably due to the exchange  
187 rate in the peso at this moment; compared to 2014-2015 sales tax are low and the  
188 next three months are critical, after seeing the news, and the elections the peso got  
189 devalued even more; so this holiday shopping may not be as promising. If the peso  
190 continues to be devalued or kept at that rate it may not be as much availability to the  
191 Mexican shopper to come and shop here.

192  
193 Mr. Pedroza said that for the first three months the City lost 79,621 which is less  
194 than what was collected from the prior year or 5.8% decrease. In October the about  
195 the same amount was collected as the prior year.

196  
197 Mr. Nava commented that for the last several years the administration has kept  
198 expenses down and that has helped to offset the loss of sales tax.

199  
200 Mr. Pedroza said that is correct.

201  
202 Mr. Pedroza said the more steady or predictable revenue sources are retail and  
203 restaurant & bar, however those are down. The City is keeping an eye on the sales  
204 tax for the next quarter, because the signs never look good when the peso continues  
205 to depreciate.

206  
207 The budget as far as budget vs. actual, 25% of the year; if calculated \$6,606 has  
208 been over spent which is where it should be on the General fund, other funds HURF,  
209 LTAF are a little bit over but overall funds are in the red by \$91,996; again this is  
210 against budgeted amounts considering this is the first quarter is when new monies  
211 come in and so do the expenditures like paying contracts out and making purchases  
212 knowing the money is available. Second and third quarters get leveled out, it is also  
213 important to consider accruals, revenues that are realized but not yet in the coffers.  
214 Just because the money is not there it is money that is expected to be received.  
215 Property taxes are seasonal people pay their taxes twice a year in November and  
216 April is when the City receives larger revenue. The City has not yet received huge  
217 distribution from property tax, it is a little behind. Franchise Fees get paid out  
218 quarterly and the month after the quarter ends money is received. The City has not  
219 yet received a grant from the Police Department, the State Shared revenue, Vehicle  
220 License Tax, County IGA, and DUSD Aquatic are also lagging. The Call Center  
221 lease gets realized in the following month. The purchase of two ambulances was  
222 made; it had been discussed that one would be purchased out-right with Capital  
223 Funds and the other would be leased, both were purchased ahead and the City will  
224 go in to a lease and get reimbursed that amount. E-rate Grant has not been received  
225 from the Library. Mr. Pedroza continued to say about 600,000 has been accrued  
226 and is on the books but the money has not been received.

227

228 Accruals are also on the expenditure side; payrolls although it has not been paid out  
229 it has been accrued, because those hours have already been paid so the City is a  
230 payroll behind. Also a transfer of \$58,220 to the Golf Course, for a total of \$463,748  
231 that has not been realized.

232  
233 Mr. Pedroza said that the budget vs. actual on the expenditures the General Fund is  
234 a little bit over expended by \$107,387 but the overall savings are under expended by  
235 \$853,621.

236  
237 Mr. Nava commented about comparing another taxing association, he has tried to  
238 find out the fiasco by the school district; part of it seems to be that the then  
239 superintendent thought that because it was budgeted whether it was there or not it  
240 was spent.

241  
242 Mr. Pedroza said so the money was budgeted but never realized, it never came in.

243  
244 Mr. Nava answered yes to a degree but it was still spent.

245  
246 Mr. Pedroza said the most important amounts the City wants to see is where the  
247 money is coming vs. going out at the end of the first quarter; General Fund is in the  
248 red at \$113,994, HURF is doing good at \$146,640, LTAF is a little bit in the red at  
249 \$40,156 but believe that it will be ok once the Bisbee grant and the Freeport Grant  
250 are in there, Capital Projects is in the red at \$186,830, but was expected because  
251 there is no revenue only expenditures and are just using the fund balance. Airport is  
252 in the red at \$23,885 needing a little bit of help, Water/Enterprise Funds doing very  
253 well, Golf Course has no revenue coming in which is the subsidy to the MPC.

254  
255 Mr. Nava commented on the Water, Sewer, Garbage Enterprise Fund; the Finance  
256 Committee has over the years realized the rates needed to be raised, so that there  
257 is enough for Capital and replacement. In making the recommendation to Mayor and  
258 Council, the Finance Committee acts as a buffer to take some of the negativity away  
259 from the Council and he feels that it is a good value.

260  
261 Mr. Pedroza said that over the years the figures for the Enterprise Funds have no  
262 longer been in the red, they have been self-sustaining and not requiring the General  
263 Fund to pay for those departments, which is one good thing.

264  
265 He explained that first quarters trend in the red because of new money and have all  
266 these bills to pay at the beginning of the year, once the second quarter comes  
267 around those numbers need to be at a certain place and start making adjustments if  
268 those numbers grow or do not get diminished. Of course with sales tax trending  
269 down this is something that will need to be carefully monitored and see if the  
270 revenues will be able to cover the expenditures. As Mr. Nava mentioned that in the  
271 past ~~it~~ the City has been able to ~~be~~ maneuver by positions ~~by~~ absorbing duties and  
272 not hiring at some positions, doing different things that will keep the expenditures  
273 low while revenues either remain the same or have been decreasing.

274 Mr. Gutierrez asked if LTAF could be explained

275

276 Mr. Pedroza explained that the LTAF is Local Transportation Assistance Fund, this  
277 was a fund that the State provided monies from the lottery, distributing a portion to  
278 cities and towns only to be used for transportation purposes and that money has  
279 dried up and is no longer provided to the city. When the City absorbed the Transit  
280 system it was decided to use those funds in that system. As a matter of fact the  
281 auditors directed the City to segregate that money out of the General Fund and put it  
282 on its own. The Transit fund is fairly new it was started last year, all of the grant  
283 funding is received there. All of the Transit partnerships with SEAGO, Call Center,  
284 the Cochise College, Fare revenue gets recorded into LTAF and Transit employees  
285 paid from that fund as well. Last year it was a self- sustaining fund, as a matter of  
286 fact it produced \$80,000 positive fund balance that can actually be used if it goes  
287 over this year and the General Fund would not need to subsidize that fund.

288

289 Mr. Nava wanted to point out that because the State stopped funding that particular  
290 fund it has made it worse to maintain the streets.

291

292 Mr. Pedroza said that is right the City used to have about \$70,000 of street material  
293 that it used, Meals on Wheels was paid out of there as well and now it is absorbed  
294 by the General Fund.

295

296 Mr. Nelson said I know that City Manager, Economic Development Director and  
297 Public Works Director are all budgeted in this fiscal year and then there is Mr. Luis  
298 Ramirez. He asked if-is theat \$120,000 for Mr. Ramirez is good-~~on-that~~ and where  
299 did the money come from.

300

301 Mr. Pedroza said some positions are being deferred, the Finance Manager will be  
302 deferred also there was some savings from the Deputy City Manager position as  
303 well as the City Manager Position, with those three positions the City was able to  
304 come up with that money.

305

306 Mr. Nelson said he wanted clarification so the Finance Committee was aware.

307

308 Mr. Nava said that next year that position will not be as easy to fund.

309

310 Mr. Pedroza answered right next year is a new year, new monies, new expenditures  
311 and the City will need to re-shuffle the cards.

312

313 **7. DISCUSSION / DECISION ON FINANCE COMMITTEE RECOMMENDATION**  
314 **REGARDING THE PERIODIC REPORTING TO THE DOUGLAS MAYOR &**  
315 **COUNCIL AND THE PUBLIC OF THE RESULTS OF THE PORT OF ENTRY**  
316 **DEVELOPMENT PROJECT AS APPROVED THROUGH RESOLUTION 16-1173**

317

318 Mr. Mike Nava made a motion for Item number seven as follows:

319 I move that the Finance Committee, as part of the Finance Committee's Charter  
320 financial oversight responsibility and to ensure accountability for the expenditure of  
321 City of Douglas funds, recommends to Mayor and Council that it require reporting of  
322 the written statements (items A and B) and subsequent action from the prospective  
323 Port-of-Entry Consultant to include, but not be limited to:  
324

325 A. The Goal defined in specific and measureable terms of the professional services  
326 of the Consultant, with copies for the public at the meeting.  
327

328 B. The Consultant's detailed, step-by-step plan with realistic time-line by which the  
329 Consultant is to achieve this Goal, with copies for the public at this meeting.  
330

331 C. All progress to-date in relation to this detailed plan to be reported verbally and in  
332 writing by the Consultant to the Douglas Mayor/Council and public monthly at  
333 each regular Mayor/Council meeting with copies for the public at each meeting.  
334

335 Ms. Brenda Aguilar said that before a second motion and decision is initiated the  
336 City Attorney Juan Pablo Flores, City Attorney is the Project Coordinator and is here  
337 to provide additional information as necessary and may expand on some of the  
338 request being provided.  
339

340 Mr. Ken Nelson asked prior to the second.  
341

342 Ms. Aguilar answered yes  
343

344 Mr. Nelson said yes because some of the items ~~are warrant by giving we want to~~  
345 give clarification.  
346

347 Mr. Juan Pablo Flores said that Mr. Nava's points is well taken obviously as part of  
348 the Finance Committee he is not previewed to all the different news and occurrences  
349 and reports that are coming in, although meetings are done regularly and try to  
350 update him with information as he is part of the Finance Committee. I believe that  
351 Mr. Ramirez will meet with the Council in person on a quarterly basis and  
352 periodically provide written reports; he feels it is not out of the question for the  
353 Finance Committee to be asking for the same monthly report that will be provided to  
354 the Council. Mr. Flores said that we are still trying to establish goals. The end game  
355 is a new port of entry west of town, but there are different modifications necessary.  
356 It is a significant amount of money away.  
357

358 Mr. Nelson said his only concern is the realistic time line; there are so many  
359 variables that are out of our control, goals can be set and give a time line but if it  
360 becomes a realistic time line its...  
361

362 Mr. Flores said that it may not be able to be provide it.  
363



364 Ms. Aguilar said there are so many stake holders involved; local, state, federal also  
365 Bi-national as well and to be able to say you can say to have a set date is not  
366 feasible because of the fact that there are so many players involved.

367  
368 Mr. Nava said that a time line can be defined as flexible

369  
370 Mr. Nelson said that yes Mr. Ramirez can definitely provide a step by step in the  
371 goals and an assumed time line these goals should be able to be accomplished

372  
373 Mr. Nava asked if there was a second motion.

374  
375 Mr. Nelson asked if the wording should be changed on the document.

376  
377 Mr. Nava said yes and after further discussion it was decided that it would be as  
378 follows:

379  
380 All progress to-date in relation to this detailed plan to be reported verbally and in  
381 writing by the Administration to the Douglas Mayor/Council and public monthly at  
382 each regular Mayor/Council meeting and Quarterly by the Consultant with copies for  
383 the public at each meeting.

384  
385 Mr. Nava said that the basis of his motion it to insure that there is accountability and  
386 the public is being informed so that there is a greater propensity to support what it  
387 knows than wonder what is going on.

388  
389 Mr. Michael Gutierrez asked if there was some agreement that is being signed that  
390 could be previewed too.

391  
392 Ms. Aguilar answered that there is an agreement that has been executed and can be  
393 provided with a copy.

394  
395 Mayor Robert Uribe addressed the Chair by suggesting that maybe some  
396 background should be given to Mr. Gutierrez on who Luis Ramirez is because he is  
397 not familiar with what is going on with the Port.

398  
399 Mr. Flores asked if he should explain that.

400  
401 Mr. Nelson answered yes please.

402  
403 Mr. Flores explained that the port of entry project has been in the fore front of city  
404 business when Mayor Gomez was in office in 2008, there was a lot of talk with GSA  
405 & CBP, there were several meetings and for various reasons mainly he suspects  
406 was the inability to coordinate on a Bi-National level that project fell apart, which was  
407 a five year plan. Then the next administration also came in and hired a consultant  
408 Mr. Luis Ramirez who has a monopoly in the state as far as a Bi-National consultant  
409 that can deliver and has delivered at the state level for the San Luis Port of Entry

410 also for the Nogales Port of Entry. Mr. Ramirez worked with the City 2½ years ago  
411 and also delivered on some goals; the canopy and the Senti Lane. Mr. Ramirez  
412 stopped working for the City. There were two submittals to the Federal government  
413 for a new port that failed which were looking to get more efficiency for the port. City  
414 wants to get a new feasibility study to show that our port is inadequate. Our facility  
415 has not had major upgrades in 20 plus years. City administration not expected to do  
416 all work so we must get a lot of stakeholders involved. IDA, Council, Douglas  
417 Regional Economic Development Corporation, Port Authority, Congressional  
418 assistance and Mr. Ramirez. Port of entry project has regressed significantly in past  
419 two years since Mr. Ramirez hasn't been with the City. When the City was asked  
420 what the Port of Entry project was; the incorrect answer was a New Port of Entry  
421 which is 10 years down the line and \$40 million dollars, the answer is what is going  
422 to be done in the meantime. His suggestion was improve efficiency, and to improve  
423 traffic through the border; to get the Mexican shoppers in and out the wait is an hour  
424 wait to cross. In a presentation to Mayor and Council, vehicle traffic is down 18-  
425 20%.

426  
427 Mr. Nelson asked if Mr. Nava would like to make the changes and have a second  
428 motion. The Motion Passed unanimously with the following Correction to Item C:  
429 All progress to-date in relation to this detailed plan to be reported verbally and in  
430 writing by the Administration to the Douglas Mayor/Council and public monthly at  
431 each regular Mayor/Council meeting and Quarterly by the Consultant with copies for  
432 the public at each meeting.

433  
434 **8. PRESENTATION / DISCUSSION / RECOMMENDATION ON REQUEST FROM**  
435 **MPC FOR ADDITIONAL FUNDS TO BE USED FOR CAPITAL IMPROVEMENTS**  
436 **AT THE DOUGLAS MUNICIPAL GOLF COURSE**  
437

438 Mr. Ken Nelson read a document composed by Mr. Jeff ~~Smith-Smythe~~ Manager of  
439 the Golf Course that was unable to attend due health reasons. The two page  
440 document had several items; some of them did not have prices and gave a brief  
441 description.

442  
443 He asked if in future budget meetings that the MPC be included on Capital requests;  
444 whether approved or not, at least included in the process. The Golf Course is a good  
445 amenity to the City, it needs to be kept and maintained it has been neglected for the  
446 past several years. The MPC took it over and hired its own personnel and is working  
447 on a subsidy of \$165,000 from the City. The Golf Course is trying to work on items  
448 that need to be addressed and it does not have the capital money in the bank to  
449 make the repairs.

450  
451 He continued by saying that some items were not a necessity at this time: floor  
452 covering in the bar area, floor covering in the Pro Shop, new sand bunkers, and a  
453 grader/dozer; but was asking if the City of Douglas would assist in some of the  
454 repairs instead of calling in professionals; repairing the leaking roof in the ladies  
455 bathroom, the leaking toilet in the ladies hall bathroom, the men's urinals, replace

456 the vent fan in the west bathroom, and putting "AB" on the cart paths. We are  
457 hoping that the City as the landlord can make these repairs.

458  
459 He explained that the Golf Course is in need of a commercial freezer, some  
460 sprinklers, valves and valve boxes, control boards, chairs for the bar and tables that  
461 could be requested in the future budget. Not having a freezer limits on food that  
462 they can store. Mr. Nelson said that if they could get at least 30 sprinklers. They  
463 have been trying to steal from other areas to properly water; asking for 4 control  
464 boards and the sand for bunkers and grater-grader not a priority.

465  
466 He said that he would like to defer talks on the cost of converting back nine water  
467 systems once the new City Manager comes into office. We can save a lot of money  
468 by being on City water but making sure if ADEQ allows.

469  
470 He continued by explaining that the Golf Course is trying to generate revenue and  
471 there is a large interest in Foot Golf; a family sport, played like soccer. Foot golf can  
472 generate a lot more revenue than regular Golf; there is a large interest from the adult  
473 soccer team and the AYSO/Chuy Duarte which includes 450 soccer players. You  
474 can play with regular golfers to coexist. We may be able to do it for \$5.00. MPC  
475 needs about \$5,000 to get this program going and should pay for itself. We may be  
476 able to draw people from Agua Prieta.

477  
478 Projects mentioned are about \$35,000 and if Mayor and Council can find this out of  
479 \$400,000 set aside for capital improvements that are Mayor and Council approved.  
480 The golf's operating expense is around \$400,000 and City is paying \$165,000 and  
481 MPC is coming up with the rest

482  
483 Mr. Michael Gutierrez asked what the year's revenues were for the MPC.

484  
485 Mr. Nelson said that the MPC generates and operates with approximately \$220,000;  
486 The City pays \$165,000 and the MPC comes up with rest about \$220,000 from the  
487 Restaurant, Bar, Hall, Golf and the RV Park

488  
489 He said that another item that hurts the Golf course is the RV Park; it services  
490 mobile homes with 30amps of power, newer mobile homes need 50amps and are  
491 being directed to the new RV Park that rents a space from the Golf Course; which  
492 receives 20% of the rentals. The MPC would like for the City to pay for an upgrade in  
493 the electricity, which would help the MPC make more revenue.

494  
495 Mr. Gutierrez said it would make more sense to use the money on the electrical  
496 rather than other items being requested for the Golf Course.

497  
498 Mr. Nelson said that it needs to look at what would generate revenue.

499  
500 Mr. Mike Nava said that the items listed do not give a good idea of what the MPC  
501 would settle for or the cost.

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Mr. Nelson said that the sprinkler system is what is needed but he would settle for any amount that was presented, because that would be more than what is already budgeted. Next year he hopes to get more.

Mr. Nava asked for a definitive list in writing of the items needed with prices.

Mr. Nelson said that Jeff would be the person to get that but to provide the bare minimum.

Mr. Gutierrez asked if there were some timing issues on some of the items being requested such as seed.

Mr. Nelson said that we have been seeding, which are some of the reasons that we fall short on payroll. MPC has bought mowers and aerators but just not making enough money to keep up with all of these expenses.

Mr. Gutierrez asked what was the amount budgeted for Capital Improvements.

Mr. Luis Pedroza said that it is budgeted at \$550,000, and the money is already allocated for different projects; and some expenses have already been executed and some projects are still pending.

Mr. Gutierrez asked if there have been any savings that could go towards this.

Mr. Pedroza said no not so far some projects may come over budget or under budget and need to play around with those figures.

Mr. Nelson said that he would speak to the MPC to compose a list of the bare minimum items that are needed and if Mr. Pedroza could show where the \$500,000 is being allocated to.

He asked if the sprinklers could be purchased as a fixed asset.

Mr. Pedroza said that it depends on an established policy by the City of Douglas and it must meet two criteria: useful life of more than a year and the purchase is more than \$5,000.

Mr. Gutierrez said wont the purchase of sprinklers meet the specifications required. Mr. Pedroza clarified that it must be strictly for Capital purchases and not for fixing & maintaining a building.

Mr. Gutierrez asked if they are fixing the building.

Mr. Nelson said that they don't have the capital to fix it.

548 Mr. Pedroza asked if they need \$5,000 worth of sprinklers.

549

550 Mr. Nelson said they need \$9,000 up to \$12,000.

551

552 Mr. Pedroza said that it is also important to provide a revenue and expense report,  
553 what the needs are and bank balance and a list of capital projects to make an  
554 informed decision.

555

556 Mr. Gutierrez asked how much money is being lost from the other RV Park.

557

558 Mr. Nelson explained the MPC only gets 20% of that revenue.

559

560 Mr. Gutierrez said that the money should be used on upgrading the electricity.

561

562 Mr. Pedroza said that is not a for sure item that can be upgraded because it will  
563 need panels, transformers, and rewiring. At least golfers are coming to Douglas, but  
564 not being turned away. The MPC is receiving 20% of revenue for being there.

565

566 Ms. Brenda Aguilar asked if there is an idea of the number of visitors.

567

568 Mr. Nelson said it varies throughout the year.

569

570 Mr. Nava asked if the anticipation of the actual required subsidy will be more.

571

572 Mr. Nelson said that is not the goal.

573

574 Mr. Pedroza added that \$41,000 is where it should be at but are close to \$57,000  
575 but there are insurance up-front costs that need to be spread out throughout the  
576 year.

577

578 Mr. Gutierrez asked how long the MPC has been in existence.

579

580 Mr. Nelson said it has been a year and a half.

581

582 Mr. Gutierrez said that maybe a cash flow analysis is needed. Maybe receive the  
583 money now to get repairs now during RV season to address problems now.

584

585 Mr. Nava asked if all capital money are from sunset sales tax and if there is  
586 something that is not specific.

587

588 Mr. Pedroza said that it is all from the 3/10 cent sales tax and \$550,000 is all that is  
589 left.

590

591 Mr. Nava asked how well the golf course would be able to increase usage.

592

593 Mr. Nelson said that it hurt them that they lost the greens to fungus. They are going  
594 to have tournaments and have asked Mayor to assist attracting golfers from Agua  
595 Prieta. The golf course had been neglected and not run consistently and that affects  
596 business.

597  
598 Mr. Nava asked if the members were to meet in a month can they get what was  
599 requested.

600  
601 Mr. Pedroza said yes.

602  
603 Mr. Nelson asked if the repairs such as the toilet not working, repair of the roof and  
604 gravel can be taken care of.

605  
606 Mr. Pedroza said that yes the City can look at those repairs.

607  
608 Mr. Nelson said that they wanted to get foot golf started and get a recommendation  
609 today. He asked how the City would be able to provide those funds.

610  
611 Mr. Pedroza responded that there is a procurement process and the City could make  
612 those purchases and there shouldn't be a delay.

613  
614 Mr. Nava asked if the City budget can take a \$5,000 expense.

615  
616 Mr. Pedroza answered that usually what can be done is that the MPC could pick up  
617 bills down the road by increasing play. It is worth looking at when the investment  
618 generates revenue.

619  
620 Mr. Gutierrez asked how much do they charge for foot golf?

621  
622 Mr. Nelson said less than golf about \$5-\$10.

623  
624 Ms. Aguilar asked how it is played.

625  
626 Mr. Nelson said that it is played like regular golf except using a #3 soccer ball and  
627 kicking the ball down the fairways. The greens are not used. The cups are off to the  
628 side.

629  
630 Mr. Nava stated that if the Council approves the \$5,000 at least until the \$165,000 is  
631 expended that could be considered part of the subsidy; with hope that revenue will  
632 balance.

633 Mr. Nelson said that if the subsidy comes at \$170,000, the revenue would come in to  
634 the MPC, and the MPC could at least show that to the Mayor and Council and  
635 reduce the operating expense.

636  
637 Mr. Gutierrez said he doesn't understand where the \$5,000 is going to come from.  
638

639 Mr. Nelson responded that the subsidy of \$165,000 is a very tight number. Based  
640 on previous year they should be able to make it.

641  
642 Ms. Aguilar said that last year there was only \$120,000 budgeted.

643  
644 Mr. Nelson said yes but they ended up spending \$187,000.

645  
646 Mr. Pedroza added that it was more like \$150,000 after all the City incurred  
647 expenses were deducted.

648  
649 Mr. Gutierrez asked how the City pays for the maintenance of other buildings.

650  
651 Mr. Pedroza said that each department has its own building maintenance line item  
652 where it expends to maintain to their buildings.

653  
654 Mr. Gutierrez asked if the MPC has its own line item.

655  
656 Mr. Pedroza explained that the MPC is its own entity. The City decided to get out of  
657 the golf business. The MPC operates under their own budget with the help of City  
658 subsidy.

659  
660 Mr. Gutierrez asked if the City owns the building shouldn't it maintain the building.

661  
662 Mr. Pedroza said that the MPC is leasing the building along with all equipment.

663  
664 Mr. Gutierrez said if the lease states that the MPC would take care of all repairs.

665  
666 Mr. Pedroza said yes.

667  
668 Mr. Nelson added that it's a great amenity to have.

669  
670 Mr. Gutierrez said that nothing should be added but fix the stuff that will bring  
671 revenue. A 50 amp service needs to be added.

672  
673 Mr. Pedroza said that customers are not being turned away they are only being  
674 passed next door. People were being turned away and not coming to Douglas, now  
675 they have a place where they can go and they can golf at. RV revenue has been  
676 variable throughout the years.

677  
678 Mr. Nelson said that the new RV Park is not adequate because it does not have Wi-  
679 Fi, showers or Laundromat and our facility does have that. It is definitely a benefit to  
680 the golf course to have a 50 amp service.

681  
682 Mr. Gutierrez said that with foot golf you are creating something that requires  
683 maintenance and spend money.

684

685 Mr. Nelson responded that foot golf would generate more money for the golf course  
686 to purchase items such as sprinklers.

687

688 Mr. Gutierrez stated that you are hoping foot golf brings more people to the  
689 restaurant and bar.

690 Mr. Nelson said yes.

691

692 Mr. Pedroza said that operating expenses should remain the same

693

694 Mr. Gutierrez asked what the \$5,000 would be used for.

695

696 Mr. Pedroza answered to purchase cups, certifications and signs.

697

698 Mr. Nelson said that he feels that the foot golf will generate a higher amount than  
699 regular Golfers. We have about 40 core golfers and foot golf could generate 100  
700 core foot golfers.

701

702 Mr. Gutierrez asked what happens in November and December to golf.

703

704 Mr. Nelson responded that they get winter visitors. He suspects that foot golfers  
705 would still go out there. He envisions higher amount of foot golfers than regular  
706 golfers.

707

708 Mr. Gutierrez asked if they need the money now or it can wait a month

709

710 Mr. Nelson responded that it could wait.

711

712 Mr. Nava stated that he did not have information for other requests but was ready to  
713 make a motion for the foot golf.

714

715 Mr. Nava made a move to the Finance Committee to recommend to the Mayor and  
716 Council to appropriate \$5,000 for the foot golf to be taken in the meantime from the  
717 subsidy. Mr. Gutierrez seconded the motion, with further discussion.

718

719 Mr. Gutierrez stated that he wanted to be clear that the money would be taken from  
720 the existing subsidy and that the subsidy will not increase.

721

722 Mr. Pedroza said that technically it will because the Members are approving an  
723 added expense to the existing amount; with the hopes that the existing subsidy can  
724 absorb it, but based on the budget projections it will not and will increase it.

725

726 Mr. Nelson mentioned that they were able to save electrical costs based on a  
727 change to their metering rates.

728

729 Mr. Gutierrez asked if they will make \$5,000 in a year.

730



731 Mr. Nelson said yes.

732

733 Mr. Nelson called for a vote and motion passed 2-1.

734

735 Mr. Nelson made a recommendation to get more data and have a meeting  
736 scheduled as soon as possible.

737

738 **9. DISCUSSION / RECOMMENDATION REGARDING ADJUSTING THE CITY OF**  
739 **DOUGLAS TRAVEL POLICY INCLUDING PER DIEM RATES FOR IN AND OUT**  
740 **OF STATE TRAVEL AND MILEAGE REIMBURSEMENT**

741

742 Mr. Mike Nava made a motion to accept the policy to open for discussion. Mr.  
743 Michael Gutierrez seconded the motion.

744

745 Mr. Nava asked if employees are encouraged to double up on room and if an  
746 employee elects to have their own room when doubling up would be more cost  
747 effective is the employee asked to pay the difference.

748

749 Mr. Luis Pedroza answered that it is encouraged to double up, but it is not a policy. It  
750 is encouraged when it is appropriate and this would be the supervisor's advice but  
751 employees are not charged the difference if they have their own room.

752

753 Ms. Brenda Aguilar answer that it also depends on the amount budgeted for travel  
754 and training. She explained that if there is not a lot of money budgeted in that line  
755 item then that action will need to be taken.

756

757 Mr. Michael Gutierrez asked how the rates are established.

758

759 Mr. Pedroza proceeded to explain that the last time the per diem rates were set was  
760 in 2005. Staff feels that the current per diem rates are not adequate for employees to  
761 travel, pay for their meals and pay for their expenses. A comparison of City, State  
762 and Federal per diems was made with the Cities of Fountain Hills, Phoenix, Tucson,  
763 Sedona and Prescott which are currently at the Federal rate which is about \$.45 per  
764 mile that they reimburse for a personal vehicle, the per diem rate at one tier is at  
765 \$51.00 on the Federal rate. There are several tiers depending on where you live,  
766 from the lowest at \$51.00 and the highest at \$74.00. The City of Cottonwood has its  
767 own per diem rate at \$36.00 and the Federal rate of \$.45 per mileage. Payson has a  
768 per diem of \$36.00 and \$.54 per mileage. The City's current per diem rate is at  
769 \$31.00 and it gets broken down if traveling half a day or a whole day; \$6.00 for  
770 breakfast, \$10.00 for lunch and \$15.00 for dinner.

771

772 Ms. Aguilar said that is the In-State rate, so employees that are traveling are  
773 spending out of their pockets because \$6.00 does not take them very far and are  
774 having to compensate the difference and there are some employees who may not  
775 be able to afford that.

776

777 Mr. Pedroza explained that a same day travel is subject to taxation by the Federal  
778 Government. If traveling and returning the same day an employee will get \$16.00 for  
779 breakfast and lunch then get taxed at the appropriate tax rate because it is just like  
780 income and they could end up with only \$12.00 for per diem.

781 Mr. Nava asked if staff is satisfied with the increases in the rates being more  
782 adequate than not.

783  
784 Mr. Pedroza answered yes. The City matched its rates with the State rates. The  
785 State does a more thorough analysis and staff chose the rates they use to pay per  
786 diem to the Tucson and Phoenix areas which is where employees travel the most to.  
787 Staff decided to mirror the State rate of \$49 per day for In-State meals and \$55 per  
788 day for out-of-State.

789  
790 Mr. Nava asked if it would be appropriate on the ~~gravel~~travel policy under A. 3. after  
791 the comma after the “a” to insert “total not to exceed...”.

792  
793 Mr. Ken Nelson explained that it cannot exceed that amount because it is a flat per  
794 diem rate, if an employee exceeds that than they pay out of their pocket.

795  
796 Mr. Pedroza explained that it is not appropriate because employees don't get paid in  
797 excess or less either. They get paid according to the policy and how they are  
798 traveling.

799  
800 Ms. Aguilar explained that currently the per diem rate is \$36, with the increase  
801 employees are getting \$13 more and it will not be reduced or increased. It is a set  
802 amount and is based on where the employee is traveling to and for how long they  
803 are traveling.

804  
805 Mr. Gutierrez asked what is the amount currently spent for travel.

806  
807 Ms. Aguilar said it would need to be taken into consideration that these rates are  
808 only for half a fiscal year and that most of the travel is done in the beginning of the  
809 year as opposed to this time of year.

810  
811 Mr. Pedroza said that the mileage would increase by 18% and the per diem would  
812 increase by 58% projecting an increase for the remaining of the fiscal year to  
813 \$4,700.00, considering that trainings change.

814  
815 Ms. Aguilar explained that some trainings are one-time trainings; training may be  
816 reduced, may stay the same or may increase, since there is no history for the  
817 current year.

818  
819 Mr. Nava asked if some changes could be made to some wording on the document:  
820 “Meals can be pro-rated for partial day travel as follows-” to “Meals shall be pro-rated  
821 for partial day travel as follows:”  
822

823 Mr. Pedroza agreed with that suggestion.

824

825 Mr. Nava asked if there was a possibility of the City Manager or designee abusing  
826 the section that reads "Documented actual cost..." to include more expensive  
827 meals.

828

829 Mr. Nelson said the employee does not have to eat breakfast, lunch and use the  
830 money at dinner.

831

832 Mr. Nava asked if there is a possibility that the actual cost be paid and there be a  
833 possibility of the actual cost being over and above the per diem.

834

835 Mr. Gutierrez clarified that what is being asked is if the City Manager can decide if  
836 an employee can go have lobster and steak dinner then submit the expense and get  
837 reimbursed for what was spent.

838

839 Mr. Pedroza explained that when requesting travel & training an employee must  
840 submit a form that explains where they are going, an agenda for the training and if  
841 meals are provided for the training then they don't get those meals. The form has to  
842 be signed by the supervisor and all training has to be signed by the City Manager.  
843 An employee would have to explain where they are going, include an agenda and if  
844 requesting mileage, attach a map to show the mileage.

845

846 Mr. Gutierrez explained that the way the document reads the City Manager can  
847 approve a per diem higher than what the policy states.

848

849 Ms. Aguilar explained that a check requisition has to be submitted in advance with  
850 proper documentation guided by the process that Mr. Pedroza just explained and it  
851 has to be preapproved not approved after the fact.

852

853 Mr. Pedroza explained that where it says "Documented actual costs will be  
854 paid/reimbursed if approved by the City Manager." means that if those costs go  
855 above the per diem rate there is an authority to approve that extension.

856

857 Mr. Nava asked if it would matter what was submitted to satisfy policy number 5.

858

859 Mr. Pedroza explained that there are situations when it can happen that staff is  
860 conducting City business and may need to pay for a client's meal.

861

862 Ms. Aguilar said that travel and training is one situation but when management takes  
863 out an elected official from another community out to dinner then that would not be  
864 considered per diem. It is very few instances and is not seen very often.

865

866 Mr. Pedroza explained that when it says to be paid and reimbursed that also means  
867 through the p-cards. It also means that through the current policies and procedures

868 of using the p-card for business meals and the Business Meal Policy which guides  
869 Staff as to what is a business meal and what is not.

870  
871 Ms. Aguilar also explained that on the policy it says "...approval prior to the  
872 scheduled event..." which gives the City Manager and opportunity to review the  
873 documentation as well and determine whether it should be considered or not for  
874 payment so it doesn't mean that it will be an automatic approval.

875  
876 Mr. Nava asked on section 7, if there are two employees going in one personal car  
877 who receives payment for mileage; it does not specify and he would imagine it gets  
878 paid to the driver but it doesn't say that.

879  
880 Ms. Aguilar answered that the documentation states "...private vehicle,..." which  
881 implies that person that owns the vehicle would receive the mileage.

882  
883 Mr. Nava asked if on the "bold" face statement beginning with "Lodging"; it does not  
884 state a consequence. He asked what would happen if this is not done within 3 days  
885 then what happens.

886  
887 Mr. Pedroza said that is a violation of Policy and that will be taken care of through  
888 the Personnel rules. The Personnel rules says that if policy is violated then a verbal  
889 warning is given then a written reprimand and so forth.

890  
891 Mr. Nava asked that on Section B if the wording "The City will not pay..." should be  
892 changed to "The City shall not pay...".

893  
894 Mr. Pedroza agreed and will make that change.

895  
896 Motion passed unanimously with corrections and clarifications noted.

897  
898 **10. ADJOURNMENT**

899  
900 Mr. Ken Nelson made a motion to adjourn at 7:30 p.m. Motion passing unanimously.

901  
902  
903 Respectfully Submitted by:

904  
905  
906 \_\_\_\_\_  
907 Mari Daniel, Account Clerk III