

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

**TUESDAY, MAY 24, 2016  
7:30 AM**

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

Meeting was called to order at 7:34 a.m.

**Members Present:**

Chairperson, Ms. Margaret Morales  
Member, Ms. Sandi Thomas  
Member, Mr. Mike Nava  
Member, Ms. Araceli Quiñonez

**Not Present:**

Member, Ms. Ana Bernal (Excused)

**Also Present:**

Ex-Officio, Mr. Luis Greer  
City Manager, Mr. Carlos De La Torre  
Finance Director/City Treasurer, Mr. Luis Pedroza  
Committee Secretary, Ms. Lorenza Gonzales  
Account Clerk II, 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 FEBRUARY 18, 2016**

Mr. Mike Nava made a motion to APPROVE the minutes for February 18, 2016. Ms. Sandi Thomas seconded the motion. After further discussion, minutes passed unanimously.

**4. PRESENTATION / DISCUSSION OF 3RD QUARTER FINANCIAL UPDATE  
FOR FY 2015-2016**

Mr. Luis Pedroza began by explaining that the third quarter ending March 31 will be presented. The cash position as of May 17<sup>th</sup> was as follows: General Fund

Unrestricted was at \$5,360,205. It is staying very steady, growing a little bit. As far as the Restricted Amounts, it is the same as the Members are used to seeing, there was one particular line item added that was segregated, the insurance claim reserve is at \$162,943. Anything that is not spent according to what was budgeted has to be set aside. Those funds need to be set aside for claim reserve as part of being a self-insured City. Everything else is basically staying the same. Approximately \$2,592,878 in restricted funds there, while close to \$7,953,083 is in the cash position at this point.

Mr. Mike Nava asked how the insurance claims are running and if it is more or less than what was anticipated.

Mr. Pedroza answered it is less. He explained that with the claims one month can be very good. But overall, for these past ten months it has been very good.

He continued by explaining that sales tax revenue has been short for the past four months, it is averaging around 7-8% down. About \$35-\$40,000 that is what that translates to. Overall, this year compared to last year, sales tax revenue is down about \$140,000. The retail side and the construction contracting side are the ones that are lagging compared to last year. Construction contracting is very much dictated by particular projects, builds that are happening within the city. The hope is that some of that can be made up with the construction of the CVS and the hospital(ER). However, the retail side should be fairly steady and it is showing that it is down probably having to do with the folks from Mexico not buying as much. So the huge differences are there. Also, the telecoms increased a little bit, part of that has to do with one of the payers being late but that makes up about \$3-\$4,000. The rest of the difference has to do with some of the Telecoms just going away. There used to be more providers and some of them started going away. Telecom includes cellphone providers, direct TV services, internet providers, things like that. They rent equipment and provide telecommunication services so we are seeing that particular category has gone down as well.

Mr. Nava asked if the State is now collecting Sales Tax, or not yet.

Mr. Pedroza answered not yet. It is scheduled to transition in January and it has been said for the past two years. It looks like this time around everybody seems to think that it is happening because testing is being done on schedule and deadlines are being met.

He continued by explaining that as far as revenue, budget vs. actual, overall there are about \$928,000 to reach the goal but as the members know there are some cushions there that are not expected to be met unless property is sold. Some revenues have been accrued, at this point, just for the Members' information, accruals are revenues that are recognized but have not been received but they will be received before the fiscal year ends in the amount of

about \$387,000. Accruals and expenses are also recognized in expenses even though they are not in the books yet. On that end, a payroll amount is being recognized for June 30th and accrued into the books in the amount of \$312,000. Also transferring another \$153,000 to the Golf Course is another expense that has not yet been placed in the books. The other funds that have payroll total about \$68,000 in accrual.

Mr. Nava asked how the property taxes are coming in.

Mr. Pedroza answered Property Taxes are coming in as projected. Actually, November and May are when the largest distributions are received. That is why it lags throughout the whole year and then it is made up during those months in the budgeted vs. actual on the expenditure side.

He continued by explaining that the General Fund is \$1.1 million under what it should be at 75% of the year. Overall, in all funds it is about \$2.5 million. The third quarter actuals when revenue vs. expenditure are compared come to \$561,000 in the black. The HURF and LTAF fund is also in the black. Capital Projects is not expected to be in the black because fund balance is used which is money collected in prior years to finish those projects. All of the funds are in the black except for the Golf Course, of course. Overall, the City is about \$1.3 million in the black at this point also. General Fund is \$531,000 in the black. However, there is some Restricted Revenue received that will be segregate out. That includes sales of property which hopefully can be used for future capital projects, instead of just using them to collect into the fund balance.

Mr. Carlos De La Torre explained that is only a one-time revenue so instead of ~~petitioning the vendor~~ (fictitiously portrayed), it is being segregated for other capital improvements or reinvestments throughout the City.

Mr. Nava asked if it is anticipated that any more property will be sold in the new budget year.

Mr. De La Torre explained that space is limited already. There are only two properties left and the only two he can think of at this time is the Rivera Building and the Tunnel building. Pretty much everything else has been absorbed. The other building that may come into play is the Early Learning Center on Third Street, the tenant may propose to purchase. They are currently leasing it; they informed him a couple weeks ago that CAS may be interested in purchasing it outright.

Mr. Nava asked what the second building that he mentioned was.

Mr. De La Torre answered that is the Tunnel building which is basically an old warehouse that the City acquired after a confiscation about twenty five years ago. That is the only facility, outside of the Rivera building, that may still be

available. The other property that is out there is the Seventh Street Service Center. It is being leased out; currently it operates as the Recreation Program. One of the tenants has approached the City about expanding their operations and may take the entire space, so that building may be fully occupied by tenants instead of tenants and City.

Mr. Nava asked where the Recreation Department will go.

Mr. De La Torre explained that is being looked into. In terms of this coming fiscal year, a couple locations have been identified as to where they can be placed.

Mr. Nava asked if the City has a plan to purchase the bank building.

Mr. De La Torre answered that is one of the things that is being recommended because the Library is running out of space and obviously need some space for the Recreation Department. That is one of the reasons staff feels that it is a good buy; it is in the middle of town, and has been vacant for at least a couple of years. It is not expected that the market will absorb that building; it could be a vacant building or additional space for the Library and the Recreation Program as well.

Mr. Nava asked if there is any hope that whoever owns it might donate it.

Mr. De La Torre explained that staff tried that and it did not really work out; when they were first approached about this building, the original asking price was \$560,000. An initial offer of \$150,000 was countered at \$350,000. It was just recently put back on the market at \$360,000 and an offer of \$275,000 was made. There are no agreements in place so nothing has been agreed upon yet.

Mr. Nava asked if the \$275,000 is in the budget.

Mr. De La Torre answered yes.

Mr. Pedroza explained the other Restricted Revenue that was received this year was from Police Auction. Police use these funds for their purchase of vehicles, \$78,000 this year; and the Officer Safety Fund that is used to buy officer equipment is \$3,000. Overall, \$230,000 of Restricted Funds that once subtracted out of the \$561,000; are in the black for \$330,000. Another healthy fund is the LTAF which is the Transportation Fund by about \$67,000. The City is also likely to receive another \$80,000 from SEAGO for future years for City Match to be met. Capital Projects still have about \$107,000 in projects that have been set out to do, and carry almost \$690,000 in Fund balance. That is the Restricted Revenue that has been allocated for these Capital Projects, so there is going to be some money left over.

Mr. Nava asked if the projected bid for the bank is included in that and if that is where that would filter (come from).

Mr. Pedroza answered partially.

Water, Sewer and Sanitation are doing well. In Sewer, part of the reimbursement for the WIFA Loan for the solar project has been received. About \$475,000 is still pending to finalize that. Even then, Sewer is still operating in the black. Savings are starting to show on the utility bills due to the solar project. For Golf, \$153,000 is required this year; that's way over what was originally projected. About \$180,000 of subsidy this year is projected.

## **5. PRESENTATION / DISCUSSION ON 2016 - 2017 OPERATING BUDGET FOR THE CITY OF DOUGLAS**

Mr. Nava began by reading his perspective on the Operating Budget. He has six points. The City of Douglas can ill afford any new expenditures. If a new or additional expenditure is proposed or is unavoidable, it will force a review of current expenditures in maybe all of the budget categories. Revenue has been and will continue to be less. State Revenue sharing is projected to be less. Sales Tax Revenue has been less than estimated for the last several years, including projections for the coming year and we don't know yet if the effect of the peso devaluations will continue. Sale of property proceeds should not be depended upon to augment the budget revenues, especially as the number of city property owned diminishes. He thinks anticipated additional expenses are a larger than anticipated subsidy for the Golf Course, the pension payments for Police and Fire, the County Court... Is that becoming a reality? The acquisition of Pan American Avenue which despite what he has been told about the projections, he is afraid of future commitment of funds there. And of course, our street maintenance and repair possibly alleviated through a bond issue, although he does not know how realistic that is at this point. Current service levels have been maintained for several years by the dedicated work of City employees who have had only one small scheduled salary increase in the past several years, and only one or two small bonuses paid from the savings of budgeted expenditures not made, mainly from unfilled employee positions the last several years. Vacant employee positions have been budgeted at least from what he has seen, primarily to maintain budget capacity so expenditure levels can be maintained in the future when additional revenues are realized, all made necessary by State budget restrictions which would be punitive rather than helpful. If there is a staff reduction, this would mean lesser service to our residents. Lastly, I have identified what I think are a number of bright spots: The Enterprise Funds are able to produce enough excess revenue to fund some future replacement and enhancement costs. Unlike many Arizona cities, the City of Douglas has a reasonable level of cash reserves. This comes with the caution that these reserves need to be maintained for true emergencies. The continued dedication of city employees, Douglas Realtors downtown beautification efforts, the

expansion of the sewer collection system to Bay Acres, and the increase in the Sewer Treatment Plant capacity. Finally, he thinks this is probably the lynch pin of everything that can be seen in the future – a new Port of Entry is the key to future economic improvement in Douglas. He has a question from a recent meeting of City officials with officials in Washington. He asked if this might necessitate employing a lobbyist, as he was told Nogales and San Luis have lobbyists in relation to their courts (Ports) in Washington.

He asked if there are any factors that might substantially change what he has stated as his prospective.

Mr. Pedroza stated that most of this is right on point. Revenue levels have been and will probably continue to be very much the same. As far as expenditures the City has been able to keep them relatively the same without affecting services. Some of the things that have helped are luck and also just being able to produce good systems. One of the largest savings in this budget is the Transit system. Last year, it required almost \$200,000 Grant Match being budgeted for the Transit system. As mentioned in the quarterly presentation, that is no longer needed because once the Bisbee operation was brought in it actually supplemented the Douglas operation. In receiving additional Grant funding to operate that, the partnerships that have been formed with local entities are now a self-sustaining operation.

Mr. Nava commented that he thinks that shows leadership.

Mr. Pedroza commented some of the lucky things that staff have run up against this year are the fact that insurance premiums will stay flat; it is not increasing at all and workers' compensation decreased.

Mr. Nava questioned if there is any luck in changing the State legislature to be benevolent.

Mr. Pedroza said no.

Mr. Nava commented it is a terrible situation that Schools, Cities and Counties have to face.

Mr. De La Torre stated the points that Mr. Nava outlined are the reality of things that are being faced. What is being presented to the Members this coming budget is to work around all those issues that are being brought up and coming up with innovative ways of compensating for that, obviously this could not be done without the staff and some of the key positions in terms of Transit. Ana Urquijo, Deputy City Manager, was key in reaching out to Bisbee and getting them on board. Staff is working with Sierra Vista now and maybe reaching out to an external provider to make a connection so that if someone gets on the Bisbee Rides they can actually make their way up to Las Vegas. It is a pilot program but

essentially it is really something that staff is working closely with not only with regional partners but also with the private partners making improvement. He thinks one of the things is making some sacrifices, adding more responsibility to some of the positions, combining functions and functional areas into one. That is really what needs to be done in order to compensate all of the negatives that are forthcoming. At the same time, looking the other way, he does not think services are being reduced, he thinks they are increasing. The City has to continue to reinvest and provide the services that the community needs and really wants.

Ms. Morales asked if there is any money in the budget this year to give the employees any type of a raise or a bonus.

Mr. De La Torre stated that he thinks it will be covered.

Mr. Pedroza discussed the unrestricted General Fund cash even though there have been rough years in the past the City has been able to slowly increase General Fund reserve and one of the things that has been done is to meet policy objectives which are the Financial Policies that were passed. Reserve levels set in those policies have been met and have a little bit excess on top of that. There has been a steady increase that shows a really good sign that cash levels have remained pretty much healthy; this is what the General Fund looks like now. There is a balanced Budget right now, staff has most of the information that is needed from outside sources, and \$14,800,000 is a very solid number right now. The Operations changes at the moment as Ms. Morales mentioned is recommending a 1% COLA for the Employees, two things that would benefit employees directly would be the 1% COLA and additional step that is believed the Finance Committee had discussed about in prior meetings. There is a Salary Step System that goes all the way to G-step. So what is being proposed is to add another step in between F-step; which right now step E is at 9 years of service, Step F is all the way to 22 years of service. So the proposal is to add a step in between.

Mr. Greer asked if that would serve between the current years and if that would help the Police department that gets 1 point all the way up.

Mr. Pedroza answered that is correct, by adding that step, step E at 9, step F now at 17, step G would be at 22 and then the additional step H would be at 27. So it fills that gap that used to be there from 9 all the way to 22.

Mr. Nava commented that it will give a better salary horizon.

Mr. Greer asked if that will be sustainable.

Mr. Pedroza commented staff thinks so, in fact this particular fiscal year it is about \$98,000.

Mr. Pedroza addressed Mr. Nava about the building being budgeted for implementation about one-third of the year. Staff is projecting that the building will be bought, outfitted and have people in there. Like Mr. De La Torre mentioned, as an extension of the Library, possibly also Recreation programs to operate out of that building. It is a combination of how it is proposed to be budgeted. The City has a down payment of \$161,000 that can be used from the special sales tax, the rest of it will be financed over a period of 5 or 7 years. That is the proposal on how the City will be able to manage the numbers in there.

Mr. Nava asked how will opening this facility impact cost to the City over the next several years with additional staff and so forth.

Mr. De La Torre answered the projected amount is of about \$100,000 a year to run that additional facility, so this year only a third of that is being accounted for. Again, it is one of the things that sacrifices need to be made for and an investment needs to be made. Just like every year staff will manage to figure something out in terms of making the COLA, the additional salary range and the additional facility that eventually could be put in place and sustainable.

Mr. Nava stated there is savings- (or) unexpended money each year (for) the last several years for (from) vacant staff positions and asked if staff anticipates reducing those in favor....(inaudible)

Mr. De La Torre answered that the vacant positions in Police and Fire will remain open. The other positions must be figured out, if somebody retires, if somebody leaves City service, then those are the opportunities to co-mingle services related to cross-pollinate, cross-train to compensate for those additional expenses. A lot of technology is already in place so there is a lot of other stuff that instead of just immediately filling that position is looked at to make the area functional. So those are the things that over the years have been very successful for the City to compensate the additional expenses that have been seen in the past few years.

Mr. Nava commented that he has noticed several places in the proposal where there are large decreases in salaries and asked what explains that.

Mr. Pedroza answered it depends on which ones because everyone is probably different.

Mr. Nava asked in general if staff is rearranged in the departments

Mr. Pedroza responded yes, there are several, for example one of the things that are being proposed for this budget is Mr. De La Torre, City Manager, acting as Public Works Director, and part of the salary to be funded through the Enterprise

Funds just like a Public Works Director is. The Deputy City Manager is also going to be funded partially through Transit; those are some of the changes.

Mr. De La Torre commented going back to the position of the Public Works Director the salary was probably funded 70% from Enterprise Funds. Since he is functioning in that role too, part of his salary is going to be derived from the Enterprise Funds, instead of most of his salary being derived from the General Fund. There are also some vacant administrative positions, since he is in Administration and in Public Works, it does not make sense to have two Administrative positions; instead combine those two positions, combine those functions and integrate those two departments. Obviously down the road, if he is no longer an employee, then staff will have to come back and fill those positions separately. So those are the things that are not ideal, are not perfect, but what is needed in order to make ends meet. That applies to the other functional areas as well.

Mr. Nava commented by saying that the various functions that are being performed by City Staff are being budgeted where they really belong.

Mr. De La Torre and Mr. Pedroza answered yes.

Mr. Pedroza stated staff is still working on a re-organization, it is not outlined in the presentation but staff wants it to be part of this budget. So the members will see it probably in the next month.

Mr. Nava stated that has been an outgoing process.

Mr. Pedroza commented that is correct.

Mr. De La Torre commented that it will continue to be that way

Mr. Nava said with a very restricted budget, some things cannot be made permanent that should be made permanent. And again thinks this reveals a high level of leadership and knowledge of the City in operation.

Mr. Pedroza stated another thing being looked at is the court consolidation; it was budgeted last year but it is very much a reality, probably at the beginning of this fiscal year. That means reviewing the revenue sources from court, some of the expenses and also adding jail cost to the mix as well. There are some court funds restricted for court operations only; so \$30,000 is being budgeted to be used initially to cover the court consolidation cost.

Mr. Nava asked if the City of Douglas realize any revenue from the County court system that is due to the business that the city generates from the courts.

Mr. De La Torre said it is actually the other way around; it takes probably a lot more money to run the Court system than the revenue it brings in. To run the Court defense attorneys, prosecution attorneys, and interpreter costs, and all those things that are very high in cost are needed and so the revenue does not offset the expenses. For example, someone has a speeding ticket and there is an essential amount, but most of that amount is kept either at the State level, the County level, and the City will see very little of that amount. When those numbers are tallied up, it costs the City more than the revenue it brings in.

Mr. De La Torre stated there are two options, in terms of how Courts are being run in Cochise County. There is either a ~~Stem-Long~~ (stand alone) Court System, like Tombstone and Huachuca City, having to provide all the services: Prosecution, Defense, Interpreters and run the Court on top of all that if someone is prosecuted jail cost has to be paid, or Court consolidation. If the Court is not consolidated the County will not prosecute any misdemeanors. People can be cited but the County will just let them go. So the City police force will be very defective if the Court is not consolidated. If the Courts are consolidated then the Magistrate Court will eventually be dissolved. The City will be entering into a three year agreement, that can be renewed, and it will be a tallied up as to what the revenues are, what the expenditures are, and at the end if the County Court makes money on the City, then the City gets to keep that; if the City owes them money, then it will have to be paid. That is the cost of running the City in a Court system and the cost is associated with the Court.

Mr. Pedroza mentioned that Capital Funds has \$680,000 in fund balance, \$650,000 will carry-over for Capital Projects in the following year, with \$170,000 in pending projects being budgeted for in the new fiscal year. The leasing of two ambulances is being looked into. Traveling to Bisbee, the ambulances have been taking quite a beating and include what will remain from what is received from the Chase building minus \$161,000 down payment towards that.

Mr. Nava asked if that will be an additional two ambulances.

Mr. De La Torre answered that would be to replace two current ambulances due to age, wear and tear.

Mr. Nava asked if the Fire Chief has tried asking the people who own the house next door to the fire station to sell it to the city.

Mr. De La Torre mentioned that one of the things the City has done is submit a tax lien for that particular property; taxes have not been paid, but the City needs to wait a few years before foreclosing on the property.

Ms. Morales stated the ambulance situation should improve by January.

Mr. Greer asked Mr. Pedroza if leasing is a lot less expensive than purchasing.

Mr. Pedroza answered it is believed so.

Mr. Greer asked if this is a lease to buy option or just a regular lease.

Mr. De La Torre answered that it would be purchased and be paid to the bank or the financing over a five to six year period. So instead of paying cash outright, the payment can be absorbed with the additional billing.

Mr. Pedroza stated that is conservatively projected at about \$83,000.

Mr. De La Torre stated each ambulance is roughly about \$130,000.

Mr. Pedroza mentioned the sales tax collection will go back to the State in 2017, Health Insurance Premiums and the insurance plans are remaining the same as this year. One of the other things budgeted for under the HURF fund is the \$650,000 worth of street work. Currently there is a little bit of fund balance within HURF and with some additional revenue that will be received in 2017, about \$650,000 worth of street work can be done for the year. So that is one particular change in this budget.

Mr. Nava asked if staff thinks that this amount of money will be sufficient to placate complains about the deteriorating conditions of the streets so that a bond issue is not contemplated.

Mr. De La Torre said it will put a very small dent in the entire needs. That really equates to roughly six road miles; so when looking at it, 10<sup>th</sup> Street at Pan American all the way to the east side of town is roughly 3 miles. That means only a couple of streets will be done. So yes, it will be looked at very closely in terms of what areas will need fixing and that is going to be very difficult and controversial in making the decision of what streets to invest in.

Mr. Pedroza said the other change that is being budgeted for is the Sanitation automation service. Staff feels that there is enough money within that fund to go out and purchase a couple of trucks and purchase the cans necessary to go into the automated mode. Projecting almost a \$1 million investment initially, and moving that way for this particular budget.

Mr. Nava asked what the long term impact on that is and if it is going to reduce, other than the startup Capital, the City's expenses.

Mr. De La Torre said it will not fully reduce or stabilize them but this will allow the continuation of the flat rate for more years rather than increasing so the City does not heavily rely on the significant savings. Staff hopes to improve on this service and reduce the issues in the alleys, in terms of trash and things like that. It will be a gain that way and with that comes more operating expenses; the trucks are more expensive to maintain also carts have to be delivered and maintained as well. The hope is to break-even but hope to see some savings. With those savings staff hopes to not have the need to increase rates in Sanitation down the road.

Mr. Nava asked about the employees.

Mr. De La Torre answered that at the moment staff has gone over this program for quite some time so there are not that many full time employees. The routes have been filled with limited employees. Once this is implemented another task or another thing for them to do within the City will be found, or have them help transition over time in terms of assembling and delivering the containers, and trying to do other services that would increase the level of service out there. Maybe there is an opportunity to do yard pick-up, maybe once a month per sectors, those extra employees can go out there and pick up that green waste, instead of putting it in the can. So those are the things that can be done but again the system will need to be fully deployed.

Mr. Nava asked how many employees in the Sanitation department would be potentially displaced.

Mr. De La Torre said three.

Mr. Pedroza continued with the outside agency requests for funding that have all been part of the budget and have all been funded. The Rotary has the fifth annual Fly-In Pancake Breakfast, the Senior Citizens requested \$1,500 for their holiday parties, DARC requested \$13,000 for fuel for its meals on wheels and Youth Football and Cheer requested \$1,500 for the Douglas Fiestas as a contingency if the money does not come in it would be used for family activities.

He continued by explaining other changes in expenditures, which consist of the Transit match being almost \$200,000 in the expenditure that will be incurred. Worker's Comp is \$34,000 less. As mentioned before the Public Safety Retirement will see an increase of \$100,000, the extra step is \$98,000, overall departments operations, maintenance, contracts, things like that, will increase about \$84,000. The impact on the General Fund for the 1% COLA is \$80,000. Personnel changes which is the normal changes step increases that are gonna happen throughout the year is \$76,000. The extension of the library 1/3 of the year about \$44,000, debt services increasing about \$40,000, new debt for the ambulances about \$83,000 but have reduced about \$40,000 compared to last year so the overall delta (debt) is about \$40,000. And the court consolidation

once revenue, expenses and use of the JCEF money is taken out leaves an impact to the General Fund of \$40,000. As far as changes in revenue, for ambulance fees is expected to be \$1.4 million to \$1.5 million this year. The projection for next year is at \$1.4 million, ambulance revenue was increased by \$200,000, small increases in Grant and Operating Revenue for Police and Fire training reimbursements to \$20,000 and \$50,000. Property taxes increased by about \$10,000 and the Tax Levy passed through the council already. As Mr. Nava mentioned \$185,000 decrease in State shared revenue and revenue on the court fines which is revenue that will be handed over for the consolidation. The School District has decreased dramatically the use of the Aquatic Center for the last year. They are charged according to usage and according to expenses, so it is about \$33,000 less this year. There will be \$17,000 less in transfer from Enterprise funds which is about 10% of admin costs over each year. Since expenses are a little bit less, some of the salaries are being transferred elsewhere. So that has a total net effect of about \$125,000. The Capital Projects that have been selected for funding in the next year are as follows, \$107,000 are for the projects that already exist and will carry over into the new fiscal year also the new projects with the remaining fund balance. Overall there was about \$1.8 million in requests but all of those requests will not be funded.

Mr. Nava asked if this includes the bank building somewhere.

Mr. De La Torre said yes it does, purchase of the Chase building, down payment of \$161,100.

Mr. Nava asked what the last item is.

Mr. De La Torre stated furnishing and equipping the building which is the furniture for the Chase building.

Ms. Morales asked if the roof would still need to be replaced if the 7<sup>th</sup> Street building is sold.

Mr. De La Torre answered that the 7<sup>th</sup> Street Building is not going to be sold it will continue to be leased.

Mr. Nava asked if there are any possibilities of selling it.

Mr. De La Torre stated maybe at a later date since there are two tenants it may be difficult just to sell the building but it is a possibility.

Mr. Pedroza added the additional \$1,100,000 special revenue capital items are being funded out of restricted revenue that is made up of RICO funding for Police Auction and the officer safety fund. HURF as mentioned has \$650,000 for road improvements and a lot of that is also funded by Transit and the grant for a new bus, bicycle racks, bus wraps and mobile base system. But a lot of that is mostly

Police. They have different sources of funding that is particular for capital projects; they are able to fund those projects that way. Overall it is about \$1,100,000 and about \$1,800,000 in Capital Improvements that the City is going to set out to do or proposed to be budgeted for the next fiscal year.

He reiterated the pending items that will be brought back to the Finance Committee which are the reorganization and job description that will change the way things are done now. The final state shared revenue which will be included with a decrease of about \$1,000 less ~~that~~ (than) what was showing. Mr. De La Torre talked about the additional routes that Transit is thinking of making. Those numbers are relatively solid but if more routes are done then operations may change somewhat. There really is not a whole lot; mostly it's the reorganization that is pending to be look at.

After further discussion it was decided to meet on Tuesday, May 31<sup>st</sup>, at 5:00pm.

## **6. ADJOURNMENT**

Mr. Nava made a motion to adjourn at 8:40 am. Ms. Thomas seconded the motion. Motion passed unanimously.

Respectfully submitted by

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Mari Daniel, Account Clerk III