

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

**THURSDAY, MAY 17, 2012**

**7:00 am**

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

Meeting was called to order at 7:00 a.m.

Members Present:

Mitch Lindemann

David Caveny

Mike Nava

Ana Bernal

Members Not Present:

Victor Varela

Also Present:

Margaret Morales, Liaison

Curtis Shook, City Manager

Luis Pedroza, Finance Director/City Treasurer

Ana Urquijo, HR Director

Lorenza Rascon, Committee Secretary

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

Mr. Mike Nava addressed the committee in the public interest. He stated he is protesting the 7:00 a.m. early morning holding of the Finance Committee meeting. That as a meeting subject to Arizona's Open Meeting Law which states in its "Declaration of Public Policy" section, "It is the public policy of this state that meetings of public bodies be conducted openly. Toward this end, any person or entity charged with the interpretations of this article shall construe any provision of this article in favor of open and public meetings". The operation of this Finance Committee needs to be transparent and open to the public, but 7 a.m. is not a public-friendly time, it is not a time which is convenient for residents of this community; and, therefore, the degree of the Finance Committee's openness is in question. He continued by saying that this Finance Committee must forgo even the appearance of impropriety. This Finance Committee must provide community

residents the opportunity at a most convenient time to attend its meeting, whether any member of the public takes the opportunity or not.

He also had the following questions of Mr. Mitchel Lindemann, Councilperson, Ward 2 and Chairperson:

1. Why had you not called a meeting for six months (less 1 day)?
2. How can the members be kept up-to-date on the changing City financials in order to make an informed and knowledgeable recommendation to the Mayor and Council about a whole year's budget without meeting more than only at budget-building time?
3. Why do you schedule public meetings at the public-unfriendly time of 7 o'clock in the early-morning, even if this time is more convenient for one or more Committee Members?
4. Will you ensure the administrative "best practice" that meeting minutes be provided to Members within one week of each meeting from now on?
5. When you first came to be on the Committee and its Chairperson, why didn't you read the Mayor/Council passed Resolution #96-115 to which told the Committee what it was required to do?
6. Why didn't you act to change the Committee's practices which were violations of Resolution #96-115 before I brought up the violations?
7. Why did you allow violations of Resolution #96-115 to continue to occur for more than a year, including allowing more than 5 people to vote?
8. Why did you promote a new resolution which took away from the Committee the responsibility of meeting at least quarterly to be kept informed?
9. Why did you promote a new resolution which took away from the Committee the right to oversee and monitor the spending of taxpayer money by the city administration?
10. Why did you publicly state that a majority of the Committee voted for this new resolution when only 2 of 3 at a legally-quorum meeting voted for it, when the Committee is a 5-member committee?
11. Why did you not immediately or since for over a year correct the wrong advice of the City Manager at the Committee's May 9, 2011 meeting when he advised that a Mayor/Council resolution did not have to be followed by this Committee?
12. Why haven't you encouraged the City Manager to provide financial information requested by a Committee Member when under City Charter Article III, Section 8-B requires the City Manager "to cooperate to the fullest extent with the members of all commissions, boards or committees"?

Mr. Mitch Lindemann informed the members that as far as he recalled the meetings were changed to the evenings and that didn't work out either so it was decided to hold the meetings in the morning.

### **3. APPROVAL OF MINUTES FOR APRIL 17, 2012**

Mr. Mike Nava asked for Ms. Margaret Morales' name to be listed separate from the members list since she is not a member of the Committee. He also noted that under

item 2 the Liaison, Ms. Morales, could not vote since she was not present at the meeting. He also asked for an explanation on what was done to cut expenditures as mentioned on item 4 the third paragraph.

Mr. Curtis Shook explained that departments were very careful under the advise of management. They were told to spend carefully, most probably in the Capital areas. It was a directive from management that they must spend wisely as to stay within budget.

Ms. Ana Bernal entertained a motion to approve the minutes with corrections noted.

Mr. David Caveny seconded the motion. Motion passed 4-0.

#### **4. PRESENTATION AND DISCUSSION ON 2012-2013 OPERATING BUDGET FOR THE CITY OF DOUGLAS**

Mr. Shook explained that this will be the last budget that he will be presenting to the Committee Members and to City Council. He will be covering what he believes are the philosophical points. Ana Urquijo, who has served in the last five months as Deputy Manager and special assignment and Luis Pedroza, who was promoted to the position of Finance Director, both individuals have worked an incredible amount of hours to bring the finer points of this year's budget. The numbers in the budget are meant to reflect the general philosophy, in other words, at June 30, 2013 what will we have accomplished under this proposal.

He continued by explaining that over the last four (4) years, a lot of cut backs have been done and a lot of people have done a lot of sacrifices. He explained that when he started there were 198 employees, now there are 162 or 163. There are anywhere from 35 to 38 less employees however non of the critical essential type amenities have been discontinued to the community. He thinks City Employees deserve to be recognized for that. Him and Luis have really gone thru the economic situation and found the relative factors going into this year's budget. Today he will share what he believes will be seen over the next year, how he believes the community should react to it and where the community needs to go. He believes things are getting better locally. Building permits are 25 to 30% higher in revenue than projected. Permits are being pulled for the downtown area and numerous buildings are being constructed.

He continued by saying that this year again there will be no furloughs or layoffs and a 2% cost of living increase will be proposed as of January 1<sup>st</sup>. Staff wants to recommend that because it's been a tough three and a half years for employees. They have taken a lot of extra responsibilities without any kind of compensation. Net income has gone down as a result of health care benefits and pension charges. This is the year to tell employees that things are getting better. The City can't afford to lose any other talent. The savings for the cost of living increase will come from salary savings. It is anticipated that several of the Department Head positions will be

filled by late fall or the beginning of the year. There are people in place on special assignment who have done very well and have continued to help manage and lead those departments. He explained that before he leaves he will present Mayor and Council with a reorganization package. He will not ask them to take action but it's just an informational packet for them to see what would need to be looked at going into the future.

He explained that when departments were asked to work on their budgets, they were asked to focus on what is done and done well. If there are things that are marginal then maybe they shouldn't be done anymore. The things where the best service is provided to the residents, then that is what staff will focus on. He explained he is not a fan of Operations and Maintenance but he is a fan of Wages and Benefits, Capital and Debt Management. O&M over the last few years has gone down significantly and without this things would not have been good. Staff was also asked how additional revenue can be created.

He continued to explain that State Shared Revenue increased by \$439,771. This is approximately 25% of what has been lost since 2008-2009. Legislature will not be taking any HURF revenue this year therefore the increase will be of \$72,086. The City has lost \$400,000 in HURF revenue and \$120,000 in LTAF revenue. LTAF revenue is the Lottery Tax revenue used for transportation. The City no longer receives any of the LTAF Revenue. He continued by saying that last year General Fund was balanced because Sanitation Fund paid back what was owed. Enterprise Funds have now paid back what needs to be paid back and are now operating as they should operate. He continued by explaining that an increase in local Sales Tax revenue is expected in the amount of \$38,000; as well as an increase of \$100,000 in Ambulance Revenue bringing that revenue to a million dollars. He feels it's important to note that Police and Fire Departments are critical and essential Public Safety Departments and they are not measured by how much they spend as opposed to how much they bring in. It's important to note that Ambulance is bringing in roughly a million dollars, roughly 8 to 10% of the General Fund into the General Fund. He hopes that Mayor and Council will continue to focus on renewal of essential equipment to both of those entities so they can continue the services that they provide. Most notably ambulances, fire trucks and patrol fleet.

Mr. Nava asked if in light of the way sales taxes are now if Mr. Shook didn't think that \$38,000 was being too optimistic.

Mr. Shook answered no because new businesses are coming and the closing of Safeway is already being reflected on the Sales Tax Revenue. Restaurant and Entertainment Revenue has increased and it cannot be contributed to a major federal project or anything like that. He believes it's a conservative recommendation.

Mr. Nava asked if he is more optimistic now that the Sales Tax Revenue at the end of the year will be closer to what was projected.

Mr. Pedroza answered that the first half of the year was lower than projected but the second half is where the City needs to be since the beginning of the year. It's a good sign that Sales Tax is where it need to be the second half of the year. That is why staff is more optimistic going into next fiscal year that the sales tax revenue will be better. And it's not revenue that just passes by like contracting, its retail and restaurant revenue that is increasing.

Mr. Shook continued by saying that \$600,000 have been included in Capital from reserve to provide the new Mayor and Council money for any initiatives that they may decide to move forward with. They may decide not to spend any of it or they may decide to spend some of it. And with the excitement of the new Government Center, there will be a ribbon cutting ceremony and a tour of the building as soon as they know what dignitaries from the Government will be able to come and everyone has completely moved in. The Government Center will generate between 200 and 300 people per hour. When you get in to see that building you will feel pride and it will be the first step towards the revitalization of downtown.

He continued by saying that he enjoyed working with all of them and that a lot of things have been done based on the creativity of people here.

Ms. Ana Urquijo began by explaining that Mr. Pedroza and herself will be explaining the budget. She began with the budget summary. Staff worked very hard over the last three months to reach the number of net balance over expenditures and have ended with \$179,076 for balancing the budget. In the end Members will see that there are some policy making decisions that will need to be made to Mayor and Council.

She continued with a couple of points that she wants to explain in reference to O&M Expenditures increasing by \$217,000 due mainly to contractual services across most departments. Accountability was done when reviewing contractual services but cost increases took place. Staff was asked to bring backup paperwork in all their contractual. The transfer to HURF shows a decrease from prior year of \$65,686. Staff also included the taking over of the transit program in October as has been approved previously by Council. The contract is being held by Catholic Community Services thru ADOT but they will no longer hold that contract. The City has been awarded that contract. Some increases in retirement have been added in the amount of \$213,841. There is a big proposal on a change to health insurance for City employees which will be explained in detail later.

Mr. Nava asked about the previous year proposal to a public vote for additional tax revenue for street paving.

Mr. Pedroza explained that there was a minimal increase from the State therefore construction material was increased as a result. The construction material line item is used for paving and pothole maintenance. That was increased by \$25,000.

Mr. Pedroza continued by explaining the FY2013 Revenue and Expense. The current cash position as of May 16, 2012 is \$2,804,867. There is a CD investment thru the CDARS program at \$506,590. The GADA Loan reimbursement is \$408,744. Restricted funds that include LTAF II of \$3,250 which will be paid by the end of the fiscal year to Catholic Community Services, JCEF of \$74,577 which is restricted for court expenditures, auction money of \$86,800 which is restricted for police vehicles and \$626,416 which has been restricted for debt service. This leaves a net balance of \$2,929,160.

Ms. Urquijo continued by explaining that in terms of personnel issues there has been a significant increase in retirement rates not only in Public Safety but also ASRS for Civilian Staff as well. The total impact is of \$232,537. Continued budget savings are included in this budget from the vacant positions of the Library Director and the IT Director for 6 months and the Tax Collector for 12 months for a savings of \$153,081.

Mr. Nava asked about the library position being funded for 6 months on the current fiscal year but not currently filled and now the proposal is for it to be vacant for another 6 months.

Ms. Urquijo answered yes that is correct. She also asked Members to keep in mind that all these positions the City would not be able to do without. They are crucial positions. There is an interim action plan so as to not compromise the functions. She is currently working with three former Librarians, not necessarily former to the City, in the community who have their Master's in Library Science who have agreed, on a voluntary basis, to work with Staff to make sure that the City does not falter or compromise any major area. Staff is incredible in all these departments but guidance is needed in certain technical expertise for the Library. Staff is working with 3 MLS's and doing something similar with IT. No future design changes are planned since the former director took the City to new levels and acquired some cutting edge systems. What is being done is maintaining what the City has but as these systems depreciate then Staff needs to come up with a replacement and that is a huge impact as well. There are various things to consider so that position needs to be filled soon to decide if a design change is needed but at the moment there is a strong commitment and contract with LOGICALIS, a Contractor that comes in and is here at a moment's notice to help Staff troubleshoot any major system failures.

Mr. Nava asked since there is a time frame from the time the positions are advertised to the time the person is hired when does Staff anticipate advertising for these openings.

Ms. Urquijo explained that the IT Director position has been opened until filled. Also in anticipation of not knowing where the numbers would go in the budget, the Library Director position will be advertised in the fall.

Mr. Nava asked if the Library Director position was not advertised at all during the current fiscal year.

Ms. Urquijo answered that is correct. Staff is also working with the County and some key personnel from the State Library on guiding staff on some grants as to not lose out on any opportunities. By accessing the State Library, Staff was able to salvage a very important grant, the BTOP grant, which is providing job, employment, coaching and skills development for the community.

She continued by explaining that the recommendation for health insurance is to move to a self-funded plan. The City has been looking into doing that for many years but had not had the opportunity to do it. But the experience rating had not been good enough to do that. The City has had an excellent year so the Broker that the City has been working with has made the recommendation that this is the time to do it. A very thorough analysis has been done and it's ready to be taken to Council. What this means for the employee is a decrease in premium for family contributions of about \$27 per pay period, it's not huge but it's still an impact in their pay checks. Also a richer benefit because the City was able to self-design the plan, Staff accessed what it was in the current plan that wasn't working for us in our community and our group, The biggest thing was emergency room rates which were \$250, the urgent care rates are \$50 but we don't have urgent care here, so the emergency room rate was able to be brought down to \$100. The deductible piece was able to be eliminated for diagnostic procedures which means lab and x-ray will be either 100% covered or it will be \$25. That is a huge benefit for employees, it provides a richer benefit to something that is highly needed in the area because employees were having to travel out of town for this services because we don't have an independent lab.

Mr. Nava asked in reference to urgent care if there is any hope in the near future that any of the current clinics will be providing urgent care.

Ms. Urquijo explained that not that she is aware of but that the brokers are always working with the clinics and hospitals in the area.

She continued to explain that as mentioned before there are currently 39.5 vacant full time positions and 12 have been filled by non-permanent employees or limited staff, limited staff is a position that is grant funded for no more than 36 months but the City has been able to utilize that to conserve certain benefits and allow savings but at some point a decision needs to be made to make those positions permanent because they have been around longer than was originally intended. Along with the vacant positions that are being maintained thru the hiring freeze there are areas that have to be filled. They will be filled either by internal promotion or if they are filled from the outside as non-permanent staff. Staff from the IT Department has never become permanent and the Golf-Pro will reach his 36-month point during the new fiscal year. The Admin Secretary and Airport Laborer are in the same position and will go into the process to become permanent and receive benefits. That cost

primarily is for health benefits and retirement in some cases and brings the total to \$18,200 which is minimal compared to what they are providing for the City.

Mr. Pedroza continued by explaining where the General Fund stands. He explained that the projected revenue is \$14,940,554 and projected expenses are at \$15,119,630 with a deficit balance of \$179,076. This is a better number than the previous year. The Visitor Center does have an increase of \$20,139 due to the transfer of personnel from Administration to the Visitor Center. This particular employee is already there but during the beginning of the current fiscal year they were not there so it was not budgeted but you will see it budgeted now. What will happen is that the money will be transferred from the Administration budget item into the Visitor Center line item. He explained that in Finance there will be a savings because it has been decided to postpone the hiring of a Tax Collector or Finance Manager whose duties will be distributed between staff within the department including himself until Fiscal Year 2014 which will create a savings of \$68,688. There is an increase in Contractual Services by \$16,210 due to an increase in ambulance billing which is based on a percentage of revenue received and we expect to have an increase in revenue therefore increasing the cost and maintenance of sales tax equipment which is the folder and sealer for mailings that are sent out on a monthly basis.

Ms. Urquijo explained that the IT budget shows a decrease in maintenance contracts of \$76,744. Staff was able to go in and broaden new quotes or looked at different vendors. An audit took place and some phone lines were eliminated which created a savings of \$28,296, also the savings of postponing the hiring of a new IT Director for 6 months which creates a savings of \$48,544. All this brings a total savings of \$143,371 from the current fiscal year.

Mr. Pedroza continued by explaining the General Government department. This is where all transfers to other funds are shown. The transfer to HURF will decrease by \$65,686, last year it was showing at \$240,000. The transfer to Airport is \$89,450 to cover Grant Match and other operations. The Grant Match for Runway and Taxiway Capital Improvements is around \$600,000. An additional grant will be received to create security fencing around the Airport but construction won't begin until Fiscal Year 2014 and that is why it is not being considered here. The transfer to Golf is for \$269,827 which is a decrease of \$67,597 compared to last year transfer. Next is the requested funding for outside sources, the Centennial Committee is requesting \$5,000 for their events and DARC is requesting \$13,000 for their Meals on Wheels Program.

Mr. Nava commented that he noticed that the figures are there but there is no figure on the recommended.

Mr. Pedroza explained that since the Committee has not made a recommendation those figures will not be shown yet.



He continued by explaining that the Library has a salary savings of \$35,849 for hiring of the Library Director in January. Fire and EMS has a big increase because of Public Safety Retirement Contribution Rate which increased \$83,465. Police increased by \$130,376 as well. In this department there is a higher increase but \$145,762 is grant funded and reimbursable thru the overtime grant that the Police receive.

He continued by explaining that in the Call Center there is a decrease of \$231,232 in IT Equipment Maintenance due to the contract expiring. Now it is the responsibility of ACT to maintain the equipment. The newly created department, which is Transit, includes an Operating Budget of \$436,394, Capital is \$311,800 which includes the purchase of 2 buses, 2 laptops and a modular building. The total budget is \$748,194 of which \$679,794 is from grants and the City will match \$68,400.

Ms. Urquijo explained that the City Match is a conservative amount to balance the needs for Transit but the intent of the City is to solicit partnerships throughout the community to help offset that in terms of local match. The Call Center, Cochise College and the hospital which in the past has put in \$35,000, are agencies that are being considered. There are opportunities out there and the City has already talked with Cochise College and the Call Center. Cochise College is definitely on board. Call Center has started with Catholic Community Services but a match with the City has not been established yet.

Mr. Nava asked if there would be an additional expense to service the College or if that is already considered in the budget.

Ms. Urquijo explained that it has already been anticipated and included in the budget. She explained that the first year will be a learning curve but the City will reach out to those entities. ADOT has always been a big supporter of transit in the community and they have access to so many options and benefits even to the City. They are working diligently on a transition plan trying to come up with certain funds that can be provided before October 1 to train some of the staff.

Mr. Pedroza continued by talking about Capital purchases. Police Department asked for new tasers that will be purchased thru RICO funds. From grant funds, \$323,050 includes the purchases for Transit mentioned before and ballistic vests. From Auction funds, \$160,000 has been set aside for vehicles. The thought is that Police will be able to raise more funds for the vehicle purchases.

Mr. Nava asked what the estimated cost for a fully equipped vehicle would be.

Mr. Pedroza answered that a fully equipped vehicle would cost around \$40,000. He continued by explaining that General Fund is \$128,000 which will be used for UPS (Uninterrupted Power Supply), fire hoses, A/C, a new Cemetery lowering device, a utility vehicle, the roof for the pump at Paseo La Amistad, a new boiler, and

partitions for the Government Center. That concluded the highlights to major changes to General Fund Departments.

He continued with Special Revenue funds. The expenditures are \$8,060,456 and revenue is \$7,552,081 which is at a negative \$508,274. The breakdown of the \$508,274 is as follows. \$600,000 is being proposed so that Councilmen may make a decision on capital projects or it may not even be used at all. The Debt Service Fund will be at a surplus of \$161,632 due to the 3/10<sup>th</sup> of a cent that was raised in order to cover the Call Center debt. It is expected that after debt obligations are paid this amount will be left. From JCEF \$8,060 will be used out of the reserves of \$74,000. Grants is \$61,946 which does not include the amount for Transit. The match will be \$61,946.

He continued with HURF fund which has increased from \$72,086 to \$1,178,000, Construction Materials increased to \$25,057. The General Fund will be transferring \$65,686 less. The Backhoe Lease will be shared with other departments. The portion that HURF will be paying is \$5,000 and Water, Sewer, and General Fund will be paying an equal amount per year. He continued by explaining again about the proposed \$600,000 from Reserve for Council directed capital projects.

He continued to talk about Debt Service Fund. He explained that General Government Debt Service for Fiscal Year 2012-2013 is \$2,149,084. Out of that the Call Center Debt Service is \$1,076,621. The Fire Aerial Ladder Truck is \$40,000 for the 1<sup>st</sup> year of the lease. The plan is to lease it by capitalizing the interest and making just one payment. There is a \$161,632 surplus from the 3/10<sup>th</sup> of a cent sales tax which is restricted. From JCEF \$8,060 from Court Reserve will be used for Court Operations. In Grants, the Grant Match amount is \$61,946. An additional Grant Match is accounted in General Fund for the Transit Program. The Grant Match for Airport is \$45,000 for the Runway and Taxiway projects. Also \$3.5 million is being budgeted in Grants to be received and expended throughout the fiscal year. Finally Housing is using current staff to administer the Transit Program.

Mr. Pedroza continued to talk about Enterprise Funds. It is projected that \$270,733 will come from reserves. There is a surplus in Sanitation of \$232,317 but Water is at a negative \$503,051, some of these funds will be taken out of its reserves for some capital projects. Airport will have a decrease in fuel sales by \$64,820. The main customers were Border Patrol and they have not stopped by as often. Also customers from Mexico have not been fueling as often. Complains about the runway and taxiway have been received and it is hoped that with the revitalization more customers will make use of the airport. The total in Grants is \$780,000 of which \$45,000 will come as a Grant Match from the City. The Golf Course and Restaurant transfer from General Fund is \$269,827 for operating expenses which is a decrease of \$64,000 compared to this year. Those are budgeted numbers, the actual transfer this year will be less than projected. Revenue is expected at \$339,936 at this point.

He continued by explaining that in Sanitation Fund \$60,000 is being budgeted for DOC crews to do some cleanup in the alleys. This is a new endeavor. There was some Council interest in getting the alleys cleaned up. At the end of this fiscal year, Sanitation will have paid General Fund in full. In Water and Water CIP, the City is in the process of completing Well 17, approximately \$400,000. The surplus reserves will be used to complete this project. The Reservoir and Elevated Tanks Rehab is an ongoing project of \$100,000 each for a total of \$200,000.

Ms. Urquijo explained that there is a Mechanic position that will be funded 50% by Sanitation and 50% by Transit. The advantage of this is that all mechanics will be able to train thru ADOT for the maintenance of both refuse trucks and transit buses.

Mr. Pedroza continued by explaining that in Wastewater and Wastewater CIP include the last scheduled rate increase scheduled for July. The WIFA Loan Debt service is \$450,000. Also a VAC Truck will be leased at approximately \$48,000 a year. The actual price for a VAC Truck would be \$250,000. And Phase II of the Engineering for the Wastewater Treatment Plant will be \$120,000. Now this is where the City wanted to be at. This year there is a reserve of \$48,128 for depreciation. Depreciation is not fully funded but this is the beginning of it.

Ms. Urquijo explained that Staff is working on trying to eliminate some of the \$179,000 deficit by presenting some different analysis from services that are provided. In terms of Recreation Center, without compromising the recreation services to the community, it is felt that the current location does not suit the needs of the children in our community because it's not easily accessible. There are some options if it stays in that location so that maybe the Transit program can shuffle kids back and forth to better access that location. However right now it is only used during the camps that are held. There are camps every time there is a break during school which would be Fall Break, Spring Break and 2 during Summer Break. These camps are very well attended. The facility is very conducive for that type of thing but during the rest of the year outside of the Senior Fitness Center which is very well attended there are only 5 to 7 students that are there after school. What is being considered is either only to use that facility for seasonal camps and for the Senior Fitness Center to reduce operating costs and use staff to move recreation programs on the road. The thought is to move them to the other facilities that the City has and to access thru the partnership with the schools some of the school gyms for afterschool programs and maybe even the Visitor Center for cake decorating since there is a kitchen there, the multipurpose room in the Government Center for multicultural programs like guitar lessons. Those are some of the things that have been suggested by staff. Just move them to other areas that might have better success with some of the programs that are being offered.

Mr. Nava asked how liable would the schools be in letting the City use their facilities.

Ms. Urquijo explained that the partnership has been excellent with the schools. She also explained that the thought is to lease out the classrooms in the Recreation

Center as much as possible to give them better use instead of keeping them vacant during the year.

Mr. Nava asked if there is another location where the Senior Fitness Center could be moved to.

Ms. Urquijo explained that there is no other place unless it is moved downtown. But it is believed that the bigger users of that are the residents of the surrounding area and close proximity to that location.

Mr. Nava asked if there is a possibility that that building could be sold as to create savings in operations.

Ms. Urquijo explained that the operating cost is \$12,000 and that there are other facilities that have a higher cost in operations. But that it could be a possibility. This facility used to belong to the church and it was the CCD center, then it became property of the schools which the City traded with the property on Estrella Avenue.

Mr. Nava asked if the location was to be sold if the savings would only be \$12,000.

Ms. Urquijo explained that the savings would probably be higher but that the figure given here was not taking into consideration the possibility of selling. She continued by explaining that the next option that is being suggested is in Bar and Restaurant. The Bar sales are profitable but the Restaurant sales are not profitable. Staff knew when the restaurant began that it would be a matter of time and it can still be waited out. Generally it takes 3 to 5 years for a small restaurant to show profit. But in this analysis it gives the option to close the restaurant and just leave a few items for golfers as part of the bar operations for a possible savings of \$22,000. She continued by explaining that to further decrease the subsidy for Golf Course it is suggested that the course is closed 1 day a week.

Mr. Nava asked if the Golf Course in other cities were closed at all.

Mr. Pedroza explained that most Golf Courses function 7 days a week.

Ms. Urquijo continued by explaining that the previous year the Aquatic Center was closed for repairs for approximately 4 months. The suggestion is to close for 4 months to yield a possible savings of \$42,006.

Mr. Nava asked what that would do to the schools use of the facility.

Ms. Urquijo explained that the closing would be coordinated with the schools during a time when they use it less or not use it at all. It doesn't interfere with their swim season.

Mr. Pedroza explained that the previous year the center was closed December, January, and February.

Mr. Nava asked what that would do to the regular swimmers that use the facility.

Ms. Urquijo explained it would certainly impact those people but that it would be advertised with plenty of time so that everyone is aware of the change.

Mr. Pedroza explained that another option would be to close during the time that the 8<sup>th</sup> Street Pool is open as to maximize the use of that facility.

Ms. Urquijo explained that currently the 8<sup>th</sup> Street Pool is open from Memorial Day to Labor Day.

Mr. Nava asked if there is any idea of how many people use the Golf Course on the proposed day of closure and how many people use the Aquatic Center.

Mr. Shook clarified that this is not something that will be done but it's being proposed. He said that if this were to be done the Golf and Social Club volunteers would be involved under the volunteer program to have the area open for people who have carts there and it will be open for players who want to walk the course. When it is closed, golfers have no access to carts because of the liability.

Mr. Nava asked if while it is closed if it means they have no access to carts.

Mr. Shook explained that they would have no access to the paid carts. If Golf and Social Club volunteers are willing to volunteer they would open the area for the private carts that are being stored.

Ms. Urquijo continued by explaining that the intention is not to compromise the recreation to the youth. The recreation on the road concept would work well to maximize and provide more services and make that more effective. As far as the other facility consideration as mentioned before. There does need to be some considerations and decisions over current functions, current uses, and expansion. As mentioned earlier part of the budget message was to create new wealth and as all the different intricacies where worked out in the different budgets and departments it was considered whether the facility is best utilized to its full capacity. In the Visitor Center there is very limited use and fee schedule for the non-profit groups. There is some concern from the non-profit groups on having to pay even if it's a \$30 or \$40 fee. There is no access for private use. Maybe that is something to consider and make it accessible for special events to make it more as a community center. Also the front area, should it be left as a Visitor Center or Tourism Center or should that area be moved to the Government Center in the Museum area. Those are different considerations to brainstorm. She believes that better use of the Visitor Center for special events could give more access from the public to be able to put in some modifications to be able to do something like that.

Mr. Nava asked if there are other locations available for small meetings if that could reduce the expense of the Visitor Center.

Ms. Urquijo explained that whether there is a meeting or not the expense is still there. The small meeting use will still be available in the 2 rooms that are at the Government Center that were created specifically for that.

Mr. Nava asked if the police department still offers the meeting room.

Ms. Urquijo answered no they don't. The Fire Department does at this time but not the Police Department. She explained that as the County takes up space at the new Government Center the City will take over 2 buildings from the County. One of the buildings is the Juvenile Detention Center at 640 10<sup>th</sup> Street. That building is being considered for Transit Operations because it has a chain linked area for the buses. Currently buses are being parked on 1<sup>st</sup> Street at the Tunnel Building. That is also where Catholic Community Service is currently parking their buses. Because there is grant funding of \$150,000 for building opportunities it is believed that it would not impact General Fund to take over that building. The Recreation Center building was also thought of to use but quite some capital money will have to be put in to it and the size may not be suitable for this purpose. The other thought is to put a modular building by the Parking Lot on 1<sup>st</sup> Street to also make use of the parking function. She explained that \$150,000 would be used for the renovation of the Juvenile Detention Center. She continued by saying that the other building is the service center at 661 G Avenue.

Mr. Shook pointed out that the City is in a unique position when looking at the assets that the City has. Some great decisions have been made that benefit the community and also provide revenue whether it be the visitor center or it be the Y or the Rivera Building or the vacant land in the downtown area or the county buildings all provide new and additional options that Mayor and Council can decide how best to use them. The purpose of focusing on this is to point out that the City has developed quiet a list and inventory of assets that can be used and reinstates that part of this years focus is to look at how the City creates new wealth. Staff is not making any decisions on the use of these facilities, that is clearly for Mayor and Council to decide however with their direction, staff will make recommendations as to how this buildings can be used. There are assets that can be used either by providing official services to the residents or as a revenue source. Obviously 661 N G Avenue not only has revenue potential but it has Downtown Revitalization as well.

Ms. Urquijo informed Members that meeting will continue at this point the next time it reconvenes.

## **5. CHAIRMAN'S REPORT**

None

**6. FINANCE COMMITTEE MEMBER'S REPORT**

None

**7. CITY MANAGER'S REPORT**

None

**8. CITY TREASURER'S REPORT**

None

**9. ADJOURNMENT**

Mr. David Caveny entertained a motion to adjourn at 8:45 a.m. Ms. Ana Bernal seconded the motion. Motion passed 4-0.

**Respectfully submitted by**

---

**Lorenza M. Rascon**  
**Finance Committee Secretary**