

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

**Monday, May 16, 2011**

**5:00 pm**

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

Meeting was called to order at 5:11 p.m.

Members Present:

Mitch Lindemann

David Caveny

Mike Nava came in at 5:50 p.m.

Ana Bernal

Margaret Morales

Members Not Present:

Raul Montano

Victor Varela

Also Present:

Jorge Treviño, Finance Director

Curtis Shook, City Manager

Luis Pedroza, Finance Manager

Rocio Garcia, HR Analyst

Lorenza Rascon, Committee Secretary

**2. DISCUSSION AND/OR APPROVAL ON FINAL RECOMMENDATION TO  
MAYOR AND COUNCIL ON PROPOSED FY 2011-2012 BUDGET**

Mr. Jorge Treviño began by informing the members that some minor changes were made to the memo. On the third sentence, "forecasted" was changed to "projected". On the last sentence in the first paragraph, the word "total" was removed. On the third bullet the word "back" was removed. On Outside Agencies, "once again" was eliminated and the sentence "This is similar to the current year appropriation" was added to the end. On LTAF, the word "to" was eliminated. On Sewer & CIP Funds, the word "service" was eliminated and "consider" was replaced with "include". In Sanitation, "transferred received from"

was eliminated and “from” was replaced with “for transfers made in”. Also the paragraphs in blue and red will be clarified by Mr. Curtis Shook.

Mr. Curtis Shook explained that these two points were brought up by Mr. Mike Nava. His question was in the blue is a sentence that includes the underlined words “all in”. He asked for clarification in reference to these words. He explained that what this means is that surplus is of \$1.5 million, \$500,000 of reserve will be used. A floor has been set of 1million but everything above it is proposed to be used. What is meant by all in is that everything above the 1 million will be used. It means the city is committed in putting that amount of reserve in.

Mr. Mitch Lindemann commented that it would be confusing to the other council members and asked if he could be more specific.

Mr. Shook continued by saying that the second point was whether or not something could be added to the red paragraph in reference to Finance Committee recommending that the council take a look at putting on the ballot a question to adopt a secondary property tax for street improvements..

Mr. Lindemann inquired whether that would be a recommendation to put on this years budget or if it would be something to deal with later.

Ms. Margaret Morales commented that it was something that has been talked about before and agreed that it would be included in next years budget.

Mr. Treviño pointed out that property taxes was minor revenue for the City.

Mr. Shook explained that this is a policy question that needs to go to Council and not included in the budget. The discussion is being made in reference to not having money to make any major improvements. Staff is currently updating the 20 year street road plan. It will be presented to council in August and in September. Also, it will be brought to the committee to see if they recommend that the people are asked about an alternative to raise money do the improvements.

Mr. Lindemann asked about the Call Center tax and when that expires.

Mr. Shook answered that it expires on August 31, 2013.

Mr. Lindemann suggested maybe as a policy matter those 3/10<sup>th</sup> should be kept and used for road improvements.

Mr. Shook said it would be a possibility but the clause would have to be looked at to see how long the waiting period would be before it can be renewed.

Mr. Trevino asked about the two paragraphs in the Memorandum that need clarification and what the members suggest.

Ms. Ana Bernal suggested that the paragraph state a clarification as to what the money will be used for.

Mr. Trevino suggested that from cash reserves \$500,000 will be used.

Ms. Bernal asked for clarification as to what that money will be used for.

Mr. Shook answered that a reserve of \$1 million has been set, the \$500,000 is what is believed that the unrestricted reserve will be. The proposal is to use this amount to cover the budget and not bring the reserve to under a million. The paragraphs will be reworded and then a draft will be sent to the members for approval and for signature.

Mr. Lindemann would like to make a recommendation for the Memo to be presented to Mayor and Council on the next council meeting.

Mr. Shook pointed out that under the budget proposal staff is proposing that the entire Golf Course operation may lose a quarter of a million dollars over a years period of time. A large majority of that is operating the clubhouse. What he wants them to know is that he things he has a plan that will bring it closer together. If the calculations are not corrected and in October, November, December of 2011 things are not getting better, then he will call for a meeting as to recommend to Mayor and Council that it be closed down. If by late fall it does not appear that things are getting better then the restaurant operation will be closed down.

Mr. Lindemann would like to see if it can be longer than 4 months. He feels that this operation is going in the right path.

Mr. Shook did explain that it is going in the right path but if things don't get better he wants to make sure the members are aware of what will be done.

Ms. Morales commented that it would take at least a year for things to get back on track.

Mr. Shook explained that any well thought out plan would need one to three years for a business to succeed. This is a six piece business. It includes the apartment complex, the RV park, the golf operation, the club operation, special events and the restaurant. If the City tried to sell it, it would have to be sold all together as one package.

Ms. Morales suggested that the club operations be given at least six months before it is decided to close it down.

Mr. Shook explained that he would be presenting a quarterly report to the members and to Mayor and Council. At the end of September it will be very close to that 10 to 15% loss and him and Jorge would be deciding what route to go. If revenues are good then it will be kept open for the rest of the snowbird season. He continues by explaining that someone at the Council meeting inquired about how much money was spent in renovating the hall and said that it was a money pit. He explained that he disputes the money pit because the city owns this property and if it wasn't renovated it was going to fall down. When the crews remodeled the bathrooms there were live wires in the wall. There were outlets that had copper pennies so it wouldn't short. There were no real improvements out there, the city had a choice to fix all this or condemn it. Prison labor was used to do most of the remodeling.

Mr. Caveny entertained a motion to present the budget with recommendations as presented to Mayor and Council. Ms. Morales seconded the motion. Motion passed unanimously.

### **3. FINANCE COMMITTEE MEMBERS REPORT**

Mr. Mike Nava said that he had some recommendations for the budget. He said that in the budget report there should be a recognition of the increase in the enterprise fund user fees and a note about it coming down hardest on the people who might be less likely to afford it. A second motion that he was going to make, calls for the Call Center, Airport, and the Golf Course to become Enterprise Funds. And the third is if at the mid-year point it is found that the Golf Course subsidy would not be substantially reduced that the committee encourage city staff to put alternatives together for council to consider in the way of getting rid of the whole thing.

### **4. MANAGER'S REPORT**

Mr. Shook explained that Mr. Raul Montano called and explained his father has been very ill and wishes to resign from the committee.

He also explained that as Mr. Nava has pointed out the Resolution calls for the Members to meet quarterly and he intends to call a meeting on a quarterly basis. At that point the members can decide to change any procedures or protocol. A lot of things are being done and he would like to keep the members informed and updated on what is going on. On the first agenda after Labor Day in September, an item will be included in case the members want to make any changes to the resolution.

Mr. Lindemann stated that he would like the input of the Legal Department and City Staff as to how to better word the resolution to reflect what is being done and what will work better for everyone.

Mr. Shook informed him that a draft will be provided for their review.

Mr. Trevino said it seems like the current resolution serves the purpose. If the members want to change it, it needs to go to Mayor and Council for approval.

Members took a five minute recess to wait for Mr. Mike Nava to arrive. After meeting was back in session, a brief report was given to Mr. Nava about what has been talked about during the meeting. Meeting continued with item #3.

## **5. CITY TREASURER'S REPORT**

NONE

## **6. ADJOURNMENT**

Ms. Margaret Morales entertained a motion to adjourn at 6:02 pm. Ms. Ana Bernal seconded the motion. Motion passed unanimously.

Respectfully submitted by:

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Lorenza M. Rascon, Committee Secretary