

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

Monday, May 9, 2011

6:00 pm

1. CALL TO ORDER/ROLL CALL

Meeting was called to order at 6:02 p.m.

Members Present:

Mitch Lindemann

David Caveny

Mike Nava

Ana Bernal (present at 6:34 pm)

Margaret Morales

Members Not Present:

Raul Montano

Victor Varela

Also Present:

Jorge Trevino, Finance Director

Curtis Shook, City Manager

Ana Urquijo, HR Director

Rocio Garcia, HR Analyst

Luis Pedroza, Finance Manager

Lorenza Rascon, Committee Secretary

2. APPROVAL OF MINUTES FOR APRIL 20, 2011

Mr. Mike Nava entertained a motion to approve the minutes as presented. Ms. Margaret Morales seconded the motion. Motion passed unanimously.

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

• REQUEST FOR LTAF FUNDING CATHOLIC COMMUNITY SERVICES

Mr. Curtis Shook began by explaining that the budget philosophy has been explained to the Members and a copy of the budget as proposed has been given to them as well. At this time Staff is expecting a recommendation from them for

Mayor and Council. The intent is to try to get a good overview so that staff can present a memo to Mayor and Council.

Mr. David Caveny asked if the health insurance information has been received.

Ms. Ana Urquijo answered that it has not been received. The insurance company said they would be presenting a quote by the end of May.

Mr. Jorge Treviño explained that the Fire Chief approached Staff about the Capital budget for Fire and EMS. The original budget for Capital was \$21,000 that was allocated for one cardiac monitor. He needs at least five. After doing some research, a company in Phoenix was found that will allow the City to lease the five monitors needed for the same amount of money. The proposal is to move the \$21,000 that had been allocated in Capital to Debt service so that the monitors can be purchased within the next five years. There will be no direct impact with the exception of changing it from one line item to another.

Mr. Mitch Lindemann asked what the life expectancy of the monitors are.

Mr. Treviño answered that the life of a monitor is between five and seven years.

He continued by explaining that Catholic Community Services submitted a request for LTAF Funding. In the previous meeting a request from DARC was submitted and presented. There are approximately \$18,000 available. The Members need to make a recommendation as to how to distribute the money available in the LTAF Fund.

Mr. Curtis Shook explained that he met with a transient consultant who has been an employee with Catholic Community Services for the last 5 years and has 2 weeks left as an employee with the company. She took the transit system and over the last 5 years has built it into the best and fastest growing transit system in the State of Arizona. He is very impressed with Connie but not impressed with CCS. From what he understands they are intending to move forward using just dispatchers and drivers. While no one is irreplaceable they have to try and replace those that come real close. Bisbee is moving away from CCS and Benson will as well. An RFP has been sent out to see if anyone is interested in taking over the transit service. What they are looking for is an allocation of \$13,000. At this point in time at least \$13,000 needs to be allocated to the transit system. He said he is worried about losing public transit. A lot of people are starting to rely on it. If there is an RFP there is an opportunity. Staff had talked about closing the City Parking Lot, the thought would be to use the area for a transit system where they can physically park the busses and vehicles for customers. Over the next 3 to 4 years there will need to be a way to build partnership with the transit system. He also explained that he has met with Gary Clark from DARC and offered help to do some fundraising at the Golf Course. DARC also has a contract with the City for Janitorial Services. But if the

Committee Members wish for Staff to fund them thru other sources then the funds will be looked at again.

Mr. Lindemann asked if there is a charge for the use of the transit system.

Mr. Shook explained that CCS takes in about \$18,000 a year in fares. The good thing about this is that Douglas is considered by ADOT to be a 93/7. What that means is that for every vehicle that is purchased, \$93 out of every \$100 is paid by ADOT for public transit.

Mr. Lindemann commented that DARC has other fund raisers as well.

Mr. Shook explained that we all do something for DARC, whether it is the Mother's Day Cake Auction or buy or helping with the carne asada's that they have.

Ms. Margaret Morales asked if the transit service is local only.

Mr. Shook explained that they go as far as Cochise College. They no longer go to Bisbee or Sierra Vista.

Mr. Nava asked if there are 3 organizations requesting funds and how much is being allocated to each one.

Ms. Rocio Garcia answered that \$15,000 is going to CCS and \$13,000 going to DARC. And the other organization is separate from LTAF.

Mr. Nava asked if there was no problem in providing that fund.

Ms. Garcia answered no because it is appropriated. There is \$16,589 available at the moment to be distributed between CCS and DARC.

Mr. Shook explained that the City used to receive LTAF II money from the lottery. LTAF I can only be used for transportation and LTAF II was for public transit. The State swept LTAF II money. The City has money left over from what was given before and that is what the balance is.

Mr. Nava asked if next year there will be no money for this and if it would be appropriate to use money from other places for this.

Mr. Shook explained that there will be no more money left after this year. He also explained that it is legal to use money from other sources but he is trying not to lay off employees or create furloughs. If he transfers money from General Fund for other expenses that are not city services then it will come to laying off and furloughs.

Mr. Nava asked if DARC would be getting the other \$3,589.

Mr. Shook answered that yes they would be.

Mr. Caveny asked what the effect would be if the money was split 50/50 between both organizations.

Mr. Shook explained that somehow the amount needed for CCS will need to be found from other areas. The money would be allocated to transit services not to Catholic Community Services.

Mr. Treviño explained that the Douglas Senior Center made a request of \$2,050 which is the same amount that they have gotten in previous years.

Mr. Lindemann asked if recommendations need to be made or if another meeting will be scheduled.

Mr. Treviño explained that the same process as before will be followed where a memo from the Committee to Mayor and Council will be presented for their review. Then they will need to make a decision as to approve it or make changes and as to who will be presenting it to Mayor and Council.

Mr. David Caveny made a motion to present the budget as it has been done in the past. Mr. Mike Nava seconded the motion. Motion passed unanimously.

Mr. Shook explained that in his initial presentation he presented some ideas for additional packages. They are not necessary to balance the budget but they are open for discussion. If the members want to leave that open to come back and review them in early fall then that can be done as well.

Ms. Urquijo explained that what Mr. Shook is referring to is the idea of not having a reduction in force or having furloughs for the first half of the fiscal year.

Mr. Shook continued by explaining that the budget is balanced but some of the ideas are to close the Aquatic Center for a period of 3 months to create some savings and also other ideas to create more savings. The ideas are open for consideration in the 2nd half of the fiscal year if things don't get better.

Mr. Caveny expressed that with his military experience he feels that it will be a good idea to revisit those packages at a later date and consider if it would be appropriate to implement some of them.

Mr. Shook expressed his gratitude and explained that he would like to revisit and see if anything can be improved.

Mr. Lindemann asked the Members if the recommendations suggested for the LTAF II funds will be good with them.

After further discussion, Mr. Mike Nava made a motion that \$13,000 will be allocated to transit services and the remainder of \$3,589 to DARC. Mr. David Caveny seconded the motion. Motion passed unanimously.

Ms. Margaret Morales made a motion to allocate \$2,150 to the Douglas Senior Citizens. Mr. Mike Nava seconded the motion. Motion passed unanimously.

Mr. Mike Nava made a motion that the proposed budget be changed to include, number 1: the replacement of 15th Street Park playground equipment due to safety and liability concerns, and 2 the continuation of “desirable and acceptable services in parks, recreation (including the Halloween candy distribution) and library”. I further move that whatever items 1 and 2 cost, this be paid for by appropriately reducing the City’s General Fund subsidy of the Golf Course (currently proposed to be \$255,372), the transfer from Special Projects fund for Capital Outlay (\$82,719) and/or the Capital Outlay budgeted for “improvements to Country Club” (\$20,000). Mr. David Caveny seconded the motion.

Mr. Nava explained that the members were told that the playground equipment at the 15th Street Park will need to be removed soon so that it removes a threat of liability to the City, his suggestion is that the number of people who benefit from that and the increase value of the park to the community will support replacing the equipment. And members have been told that priority will be given to critical and essential services such as Police, Fire, Public Works, Public Health, Welfare and Safety and that these things will be funded first. They have been to the best of the funding ability. The list does not include Golf Course as being critical and essential. The move of the money from one area that benefits a smaller number of people is a good move by the City. It is philosophically and morally good because we are looking for servicing the most people with the most service that we can.

Mr. Caveny asked if anybody has an idea how much it would cost to replace the playground equipment.

Mr. Shook answered it would cost between \$10,000 to \$15,000. He also explained that if that is the desire of the Finance Committee that the language be changed from restricting the money to be found strictly from the Golf Course that the language be changed to say that it would be found within the recreation programs. He explained that there is a big loss with the Aquatic Center and that thru control of utilities staff may be able to find the money within this fund.

Mr. Lindemann expressed that his feeling is that now is not the time to be replacing the playground equipment. He would rather see the playground equipment at the 8th Street Park be replaced instead.

Mr. Nava said that he does not oppose that but that Members of the Committee have been told that the 15th Street Park playground equipment must be removed and no one said anything about the 8th Street Park.

Ms. Morales asked if there was any idea of how many people actually use the playground equipment.

Mr. Shook explained that more likely it was the 3 to 7 year olds that go with their families while the older kids are playing softball.

Ms. Urquijo explained that some thought has been give to talk to the owners of the Coronado Courts about sharing the cost of replacing the equipment since the tenants there use the playground as well.

Mr. Shook explained that he would like to spread the cost within the recreation department and not just specifically take the money from Golf Course.

After further discussion a vote was taken with a result of 2 yes votes and 3 no votes. Motion did not pass.

Mr. Shook explained that as a result of this meeting, staff will draft a recommendation that will be given to the Members within 2 to 3 days before the next meeting. Any changes recommended will be done and the final draft will be sent for approval and/or recommendation to be presented to Mayor and Council.

4. DISCUSSION FINANCE COMMITTEE DUTIES AND ORGANIZATION

Mr. Mike Nava requested to make a motion.

Mr. Mitch Lindemann informed him that this was just discussion and no motion could be made.

Mr. Nava requested that for next meeting if this could be made a discussion/action item. He continued by explaining that in looking at the ordinances that govern the Finance committee, it should include specific topics and the requirement is that the committee meet quarterly. He has programmed various topics and various times making it loose by saying on or about a particular date. Number 2 speaks to the number of people on the committee which also is an ordinance item. If the members who have not been able to attend if they still want to function on the finance committee a recommendation will need to be made to city council to change the ordinance to reflect the practice rather than reducing the practice to meet the ordinance. It is a positive move to help the committee.

Mr. Shook explained that there is a difference between an ordinance and a resolution. 96-115 is a resolution not an ordinance. He also expressed that he would have no problem meeting quarterly if that is the Finance Committee's wish. An ordinance means that you will do what it says but a resolution means that you can do what it says, it is not necessary. It will be the members decision. He is not sure how deeply they want to get into reviewing the finances but staff will be happy to share quarterly reports if the members so choose to.

Mr. Nava expressed that by resolution the expectation is that the committee will meet quarterly and if it doesn't then the city council should be made aware of that.

Mr. Shook expressed that he would be happy to meet quarterly if that is what they so choose to do or some variation of it.

Mr. Lindemann said that he is not opposed to the practice being put forward into a resolution. He is not aware of when it turned into what it is now. He would like some recommendations from the legal department and other staff to put something together. As far as he is concerned the way meetings have been set has worked for everyone. The committee is in the middle of the budget and is doing very well. Recommendations will be made to council and after that the legal department can make suggestions and go over some final points.

Mr. Nava explained that he is not disputing that the committee is not doing the process well. His concern is that the finance committee should be more of an oversight that the one shot budget responsibility. He would think that city staff would appreciate it because they could validate what city staff does and if questions come from the public they would be there to assure the public that there is oversight and the money is being used properly.

5. FINANCE COMMITTEE MEMBERS REPORT

Mr. Nava asked if 3 topics of discussion could be added to the next meeting. In reviewing the list of city vehicle, there are 153 vehicles of various types, whether they are all in commission or not is not known. There are 163 employees, that is basically 1 vehicle per employee, that ratio seems to be rather high. The second consideration is the pickup size, he doesn't know the proportion from the small to the big pickup trucks. It seems like every person that has a large truck doesn't need a big truck. He would also like to see a vehicle replacement program for all the city fleet not just police. He would like to be told about the policy on travel and training and who approves. And thirdly he has no idea about city credit cards, who has them and who is authorized to use them. He would like to be made aware of that.

Mr. Lindemann explained that these questions could be answered by a visit with the City Manager. He also said that he has full faith, he is not interested in getting into the militia of things like this.

Mr. Nava expressed he will make an appointment with Mr. Shook but he would like to leave open the possibility of discussion with the members on the next meeting.

Mr. Shook informed him that Mr. Trevino and himself will be happy to answer his questions. They are considerations that are looked at on an annual basis and there is a reason for how to proceed at this point and certainly part of it is the financial status at the moment. He knows that the fire safety equipment will be bought and the patrol vehicles so that the officers are not driving around in cruisers that have too many miles on them. Regarding the rest, the fact of the matter is that organizationally, staff chose not to get into a vehicle replacement program this year because he doesn't want people to take part in empty exercises. Things are bad enough without asking people to tell him things that they wish for that they are not going to get. He is not going to ask people to do a 5 year capital improvements program when nothing will happen.

6. MANAGER'S REPORT

NONE

7. CITY TREASURER'S REPORT

NONE

8. ADJOURNMENT

Mr. Lindemann asked about the date for the next meeting. After further discussion, it was agreed to meet next Monday, May 16, 2011 at 5:00 p.m.

Ms. Morales entertained a motion to adjourn at 7:07 pm. Mr. Caveny seconded the motion. Motion passed unanimously.

Respectfully submitted by:

Lorenza M. Rascon, Committee Secretary