

**THE WORKSESSION  
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA  
HELD MAY 9, 2016 AT 5:30 P.M.  
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

**CALL TO ORDER:**

Mayor King called the meeting to order at 5:36 p.m. with the Pledge of Allegiance.

**ROLL CALL:**

Present were: Mayor Toney D. King, Sr., Vice Mayor Lori McGoffin, Councilmembers Pat Boyle, Jeff Cook, Joe Konrad, David Lambert and Chris Moncada.

**NEW BUSINESS:**

1. **Budget Worksession for the City of Benson, Fiscal Year 2016-2017; all revenues and expenditures of the City may be discussed**

Finance Director Dustin DeSpain addressed Council stating there are additional budget worksessions scheduled for May 23 and June 4, if needed. Mr. DeSpain then stated the proposed budget was difficult due to maintenance issues that have been deferred and now must be completed. Mr. DeSpain then stated with potential development, the budget looks inflated because it has to recognize possible development income and expenditures, noting as the Council reviews the budget, he will point out the potential income so everyone understands that if the income isn't received, it can't be spent. Mr. DeSpain then stated most of that potential development income will be seen in the Building and Planning & Zoning Departments, but noted there is also a contingency fund based on potential construction sales tax, again stating if the development income isn't received, there are many things in the budget that won't be funded.

Mr. DeSpain then stated the goal for the current fiscal year was not to spend any more of the reserve funds, adding that was accomplished in addition to putting about \$800,000 back into the reserve fund. Mr. DeSpain then stated the upcoming budget is projecting not using any reserve funds, but it does reflect only putting \$11,000 back into the reserve account, if everything in the budget is spent. Mr. DeSpain then stated this budget will be a tough decision for the Council, adding Staff has made several cuts already, but additional cuts may have to be made if the Council wants to put more funding back into the reserves. Mr. DeSpain then stated at the end of the current fiscal year, he is estimating the City will have \$1.7 million in reserves, which is a significant increase.

Mr. DeSpain then stated he increased the projected revenues of the City by \$866,000 from the current fiscal year, noting he had to contemplate the development possibility. Mr. DeSpain then stated the inflation is purely from the El Dorado development, adding if things go horizontal in the ground, the City will start seeing revenue from that development. Mayor King stated he wanted it to be very clear to everyone, that once the final budget is approved, the Council cannot spend more than the budgeted amount and asked Mr. DeSpain to explain this to the Council. Mr. DeSpain stated if more revenue than was budgeted was received by the City after a final budget was adopted, he would have to ask the Auditor General for a variance on the revenue receipt, which is a very difficult process and is up to the Auditor General, adding he would rather not do that. Mr. DeSpain then stated as far as expenditures, the City is limited to what is in the final budget, adding the additional \$866,000 in development revenue is tied to expenses the City will incur for the development, such as funding personnel for Development Services and other costs. Mayor King agreed, stating it was better to inflate the budget, but the Council and Staff need to realize not everything in the budget will be done if the income isn't received by the City. Mr. DeSpain then stated putting \$11,000 back into the reserve fund is based on actual income the City will receive. City Manager Bill Stephens stated line items are not cut from the budget, but noted if the City doesn't receive the projected income, the City won't spend up to the budgeted amount.

Councilmember Boyle asked what the increase in the total budget would be in if the proposed development income was not included with Mr. DeSpain stating the budget would be the same as the current year, if not less. Mr. DeSpain then stated the City hasn't seen any more revenue and the state is taking more funding from cities.

Mr. DeSpain then stated the proposed budget includes a 5% in personnel costs and is contingent on the Council's decision. Mr. DeSpain then stated he believed the Council had asked for \$250,000 to be put into the reserve account every year, adding the goal is to increase the reserve account every year.

Mr. DeSpain then briefly reviewed the revenue sources and some of the expenditures comparing the proposed budget to the current budget, stating sales tax collections increased over the current year but everything else stayed almost the same. Mr. DeSpain then stated anticipated grant funding was lower as the City isn't expecting as many grants and some utilities expenditures were higher because some repairs must be done caused by preventative maintenance being pushed off for years due to the financial situation.

Mayor King asked if a utility rate increase was in the budget with Mr. DeSpain stating the utilities revenues include a rate increase that he will be bringing to Council for consideration, adding he has all the numbers necessary and will be creating a presentation for the public and the Council. Mr. DeSpain then noted the utilities expenditures also include the needed repairs that were put off in the past. Mr. Stephens then stated all maintenance and repairs for the utilities should have been built into the utilities themselves, but they haven't been and instead those expenditures have been paid for from the general fund, which decreased the amount of funding for general fund expenditures. Mr. Stephens then stated if the utilities become self-sufficient, it will relieve quite a bit in the general fund. Mr. DeSpain then stated bond proceeds remain at \$1.7 million, adding he bought 3 more years in which the proceeds can be used and stated those funds will be available for the next 3 years in case they are needed.

Mr. DeSpain then briefly addressed some of the personnel expenditures stating the 5% increase will bring the personnel costs up to \$5.46 million for the year. Mr. DeSpain then stated this includes an 8% health insurance cost increase, adding negotiations are still ongoing with our benefits administrator and the City's health insurance carrier, Blue Cross/Blue Shield. Mr. DeSpain then stated the first renewal quote was a 19% increase, but the quote currently is for an 11% increase, adding he believes the final quote will be an 8% or 9% increase, adding the increased cost is all based on federal law. Mr. DeSpain then stated the state retirement contributions are basically the same, noting a little fluctuation in the actual retirement rate and long-term disability which wash each other out. Mr. DeSpain then stated the Public Safety retirement is also the same because the Council elected to pay the higher amount to keep the City out of the problems other cities are in, but noted this may change. Mr. DeSpain stated a new law may result in dispersing other cities' problems onto all the cities in Arizona, adding this will be voted on in May and may change how Public Safety retirement is dealt with and may increase the City's cost due to those burdens. Mr. DeSpain then stated there are some salary adjustments in personnel for the City Clerk and the City Manager, should the Council elected to adjust the City Manager's contract, adding the City Manager will also receive any COLA the Council chooses to approve in the budget.

Mr. Stephens then stated his salary is the only salary that comes before the Council for consideration, adding the City Clerk's salary adjustment should not be before the Council because he is the only person who makes that call or adjustment for all other employees. Mr. Stephens then stated the 3% COLA/Merit amount in the budget is for all employees and is potentially available to distribute across the board, depending on how Council divides it. Mr. Stephens stated the Council can approve a 3% COLA across the board and that would spend all the money available for pay raises, including the City Manager and the City Clerk or the Council could split it any way they want, such as a 1% COLA and 2% Merit, a 2% COLA and 1% merit or a 1.5% COLA and 1.5% Merit, if they wanted to split it up at all. Mr. Stephens then stated he also needed to point out that the 3% amount in the budget was based on the sales tax increase, so the Council needs to consider whether or not the development will come in and the City will gain money from that development. Mr. Stephens then stated if the City does gain money from the development, the pay increases can be sustained in 2023 when the increased sales tax ends, but if it doesn't happen, some tough decisions will have to be made in 2023 and he wanted to Council to be aware of that.

Councilmember Konrad asked what the total personnel costs were in Fiscal Year 2013-2014, prior to furloughs with Mr. DeSpain stating they were \$5.1 million. Councilmember Konrad then asked about the 2 prior years with Mr. DeSpain stating he would have someone get those numbers. Mr. DeSpain then stated the Council needed to remember that in 2018, the City will lose .5% in sales tax, which is about a \$500,000 decrease in revenue. Mr. Stephens then stated he also wanted to point out that as the Council talks about personnel costs increasing, it's comparative to the fact that the City had these positions on the books and paid for prior to having to do furloughs, noting the furloughs created a false level of personnel funding. Mr. Stephens then stated the personnel cost increase is simply based on the fact that vacant positions have been filled that were already filled prior to furloughs, adding when employees left, those positions were left vacant in order to bring the reserves back up, noting these positions are not new positions, but are positions that were already in play. Mayor King stated in comparing the personnel costs to previous years, the Council needs to remember some of those personnel costs include insurance, retirement and other factors.

Mr. DeSpain then stated if the Council approves the personnel costs with the increases of the estimated 8% for health insurance, the slight changes in retirement, the current suggested salary adjustments and the 3% COLA/Merit pool, the additional costs in personnel is about \$173,000. Mr. DeSpain then stated he would need the Council to determine the adjustment to the City Manager's contract, adding when the Council discussed it previously, they decided to discuss the possible adjustment during the budget worksession and asked the Council to direct Staff in the matter. Mr. Stephens stated he appreciated the fact that the Council had included a pay raise in the budget for him; however, if the City can't afford it, he is fine where he is.

Councilmember Moncada stated he felt the 3% pool should be used as a 3% COLA. Mayor King stated a 3% COLA would leave no merit increases available with Mr. Stephens stating the City Manager would receive the same COLA approved for employees. Mr. Stephens then stated if the Council doesn't allow any of the 3% to be used for merit and pay raises, then those who have worked exceptionally hard and have produced, in terms of their work production, a level of which would merit a pay raise above a COLA, would not be given anything more than the 3% COLA. Councilmember Moncada then stated he would like to approve a 3% COLA and a 2% merit, but he knew the City couldn't afford it. Mr. Stephens stated he had heard talk of a 5% increase and wasn't sure where it came from, but it was never proposed in the budget.

Councilmember Boyle asked about the Council approving a 2.5% COLA and the .5% being used to give a one-time bonus to an employee who has done exceptional work with Councilmember Moncada stating he believed it could not be done due to the gift clause. Councilmember Boyle asked if it were possible with Mayor King stating he believed this came up a few years ago and he thinks it can't be done. Mr. DeSpain then stated as far as he knew, a bonus could not be given to a City employee, but the City Manager would be able to any merit funding for increases to individual employees, based on their evaluation, adding the increase should be sustainable.

Mayor King stated in the past, Council has given a COLA by a certain percent and a merit by a certain percent, adding the merit was given out based on evaluations. Councilmember Boyle asked if a merit increase had to be continued in perpetuity or if that money could be given to another employee who performed better in the future with Ms. DeSpain stating a merit increase is a salary increase and would be perpetual.

Councilmember Cook stated he was very uncomfortable trying to fix a certain percent for a merit increase, adding during his first year on the Council, there were people who wanted to target their allies, making merit increases a popularity vote. Councilmember Cook then stated in the past, the Police Department decided among themselves who was deserving of a merit and brought it forward to the Council, adding he thinks that is the way it should be done. Councilmember Cook then stated if there's any funding for merit increases, the Council should have an idea of who the candidates are in each department so the Council could have an idea of what kind of dollar figure was being looked at and then the Council could affix a percentage. Mr. Stephens stated that would fall within the realm of the City Manager's authority, not the City Council's authority. Councilmember Cook then stated the Department Heads should decide if there

are any employees worthy of a merit and bring that to the City Manager, who could then bring it to the Council, adding the Council could consider that and hopefully provide a 1% or whatever percentage would be needed. Mr. Stephens stated he goes to the supervisors for their input on recommended merits based on performance and if the Council approves a percentage to be used for merit pay raises, he would then use that percentage and divide it between departments to be able to provide some form of funding for those employees who were recommended by supervisors for merit pay raises based on their performance. Councilmember Cook stated that is what he was saying with Mr. Stephens stating he thought he heard Councilmember Cook asking for employees' merits to be brought to the Council. Councilmember Cook then stated there could be some merit funding approved as part of the budget process, but he would like to know if there are any employees deserving of merit increases when the Council discusses funding for merits and how much they should consider; otherwise, it's just a waste of time to consider any percentage in the budget. Mayor King stated the only thing Council does with merits is approve funding for merit increases, adding the City Manager decides and administers any merit increases using the Department Heads recommendations. Councilmember Cook stated that is what he was saying.

Mayor King then spoke about some salary adjustments being made in the Police Department for officers who have worked for the City for a while and are being paid the same salary as a brand new officer coming out of the academy. Mr. DeSpain stated there was a compression problem and it resulted in adjustments for 1 Police Officer and a few employees in Public Works, which are built into the budget.

Mr. DeSpain then stated he had the personnel costs numbers for the prior year, which was \$4.9 million. Councilmember Konrad asked Mr. DeSpain what year that was with Mr. DeSpain stating it was for Fiscal Year 2012-2013. Mr. DeSpain then stated the \$5.1 million figure mentioned earlier was for Fiscal Year 2015-2016 and the personnel costs for Fiscal Year 2014-2015 (prior to furloughs being implemented) was \$5.4 million.

Vice Mayor McGoffin stated she knew all the employees have worked hard and the 8% increase in health insurance costs will affect the employees and suggested a 2% COLA and a 1% merit, adding the merit needs to be budgeted for all employees in case they all deserve one. Mr. DeSpain agreed, stating the percentages are based on the overall personnel budget.

Councilmember Lambert then agreed with Vice Mayor McGoffin and stated if the total percentage is 3%, he would also like to see a 2% COLA and 1% merit or a 2.5% COLA so everyone would get a raise and then use the .5%, which is about \$27,000, for merit increases for those who deserve it. Councilmember Lambert then stated the Council could also just actually just approve it as a 3% COLA/Merit increase and let the City Manager divide it up. Mayor King asked how much each percentage amounted to with Mr. DeSpain stating 1% equals \$54,600.

Councilmember Konrad stated he was thinking a 3% COLA across the board is more reasonable approach rather than merit increases. Councilmember Konrad then stated he wasn't saying employees don't deserve it, but that the City is still trying to backfill from furloughs and he felt 3% across the board was the most equitable way to do it, adding he would prefer not to give the managers the latitude to make those decisions at this time; he thinks the Council should take that responsibility and do what they can for the employees and then see what happens next year.

Councilmember Moncada stated it was simpler also, noting it's not a lot of money individually and he thinks 3% across the board is good.

Councilmember Boyle stated he agreed with 3% across the board with Vice Mayor McGoffin agreeing. Mayor King then stated he agreed also, adding he would like to see more, but after looking at the numbers, 3% is the most sensible figure, adding he is ok with a 3% COLA straight across and no merit increases.

Councilmember Cook stated one of the most glaring losses the City had during the furloughs was when the Supervisor in the Gas Department was offered 3 times his City wages to work for Kinder Morgan. Councilmember Cook then stated it was probably the reason he left the City, adding the Council didn't pay

attention to merit increases. Councilmember Cook then stated he thinks the Council is setting themselves up for losing other employees by simply setting 3% across the board, adding he heard talk of it tonight and he thinks it can be attributed to a lack of merit pay. Councilmember Cook then stated he would prefer a 2% COLA and 1% merit.

Vice Mayor McGoffin stated she did appreciate the City Manager and the Council did approve an assistant for him; then asked about the money budgeted for his raise. Mr. DeSpain stated an increase was in the budget, but if the City Manager's contract was not adjusted, the increase would go back into the reserves. Mr. DeSpain then stated COLAs raise base pay, adding when the City hires new employees at the base pay, those employees will get 3% more also, which is harder to do if the costs are not sustainable. Mr. DeSpain then stated if the Council decides the 3% would only be used for merit increases, the base pay wouldn't change and in 2023, when the temporary 1% sales tax increase goes away that is financing the 3%, it would be easier to handle financially.

Councilmember Moncada asked if the base pay had to be raised with both Vice Mayor McGoffin and Mr. DeSpain stating COLAs do affect base pay for all positions. Mr. DeSpain then stated unfortunately, the salary survey the City is working with is from 2006, adding salaries have changed since then, but the City doesn't have the money to do another study.

Mayor King stated he was worried about the .5% leaving in 2018, but he is a true believer in the development coming in, adding what people don't realize is in the first 2 years of development, there is going to be 2,800 jobs created in the development of the infrastructure. Mayor King then stated no one can say that some of those workers won't be living in Benson and spending money in Benson. Mayor King then stated when the .5% is gone, the City will have to make up the \$250,000 decrease in revenue. Mr. DeSpain stated Mayor King was correct, adding if the City doesn't receive any extra revenue and the .5% goes away in 2018, the City will have to make up \$250,000 instead of \$500,000 because at that point, the \$250,000 payment to Wal-Mart will be gone. Mr. DeSpain then stated he would be very cautious about counting chickens before they hatch and would caution Council on spending money before the revenue is seen. Mr. DeSpain then stated there will also be a big delay in construction sales tax and he would suggest that construction sales tax is not used to fund salaries, because once the construction stops, that revenue stops.

Councilmember Moncada stated the first couple years of the development won't bring in sales tax, it will bring in construction sales tax, and that can't be used to sustain salaries. Councilmember Moncada then stated when he first became a Councilmember, the City of Avondale had a big problem when they used construction sales tax to fund employees, adding when the market crashed, Avondale had to lay off half of their employees. Councilmember Moncada then stated he didn't want to use construction sales tax for anything but one-time capital improvements and then stated the City of Benson won't see a sales tax increase from the development for years. Mayor King disagreed, stating he thinks the City will have some people moving here for the construction jobs. Councilmember Moncada stated he thought people wouldn't be moving to Benson right away, but would be traveling back and forth to Tucson, Sierra Vista or other places. Mr. Stephens then stated the point he made earlier was if the Council gave a 3% COLA, it would be based on the current sales tax that sunsets in 2023 and if the City doesn't see any increased sales tax before that time, the choices would be to either not have the tax sunset or layoffs.

Vice Mayor McGoffin stated she thinks every employee deserves a 3% raise and she is personally against merits because some employees work hard, but won't get a merit raise due to personalities involved. Vice Mayor McGoffin then stated in looking at the bottom line, she would rather have a sum to be used for merits instead of a COLA because it wouldn't increase the base pay of job positions and in the years to come, the City would be in a better position.

Mayor King stated the majority of the Council is in favor of a 3% COLA.

Councilmember Boyle asked Mr. DeSpain what the number for pay increases would have to be lowered to in order to negate the \$250,000 shortfall the City will be facing if there is no increase in revenue with Mr.

DeSpain stating it would have to be eliminated completely, adding there is a personnel cost increase of about \$176,000 based on the health insurance costs. Councilmember Konrad asked Mr. DeSpain how confident he was the increase would be 8% with Mr. DeSpain stating he is confident the increase will be 8%, but it could be 9%. Councilmember Konrad stated he would not want the extra 1% to be taken from the 3% COLA/Merit funding with Mr. DeSpain stating the extra 1% would be compensated for from anything else he could. Councilmember Konrad stated he wanted to be sure it wouldn't be taken from the 3% or be passed on to the employees with Mr. DeSpain stating it wouldn't. Mr. DeSpain then stated he should have the final quote from the insurance company before the recommended budget goes to Council for the final approval. Councilmember Konrad then stated he is in favor of a 3% COLA and not having any insurance costs dipping into that amount.

Councilmember Lambert stated a COLA raises the base pay, but a 3% merit across the board would result in everyone getting a 3% increase and wouldn't raise the base pay for all future employees. Mr. DeSpain stated merits are typically done with an evaluation process and he was guessing the City Manager could alter that at his discretion. Councilmember Lambert stated the Council all agrees to a 3% amount, but is just trying to decide between a COLA and merits. Councilmember Lambert then stated for budgeting purposes in the future, he thinks a 3% merit increase across the board would be better. Mayor King stated he thinks the majority of the Council is saying 3% COLA, with himself, Vice Mayor McGoffin and Councilmembers Boyle, Konrad and Moncada all agreeing. Vice Mayor McGoffin then stated she would rather go with a merit increase instead of a COLA, adding in 2023, if she was still on the Council, she didn't want to be explaining to the Council why she passed raises this year that can't be funded in the future.

Councilmember Konrad stated the last market survey was in 2006 and he's willing to bet, between 2006 and now, the base salary for positions have gone up so far above this 3% the Council is talking about that it's safe to go with 3% COLA at this point in time. Mr. DeSpain then stated the City has not kept up with the base pay for new employees and if the City went out to the market, the Council would see a huge difference in pay, noting he even had to adjust the City's minimum wage just to keep up with Arizona's minimum wage, adding that show how far behind the City is.

Mayor King stated 4 of the Council were still for a 3% COLA.

Councilmember Cook then stated he was for having a merit also, adding it was the right thing to do. Councilmember Cook then stated he would not want to face the employees that ask why an employee gets the same increase as an employee who does better, adding Department Heads may lose an employee because they can't give a merit to that particular employee. Councilmember Cook then stated he relies on Department Heads to tell Council what their needs are, adding those are the reasons he thinks a COLA and a merit pool is preferable to just a COLA.

Mayor King then restated there are still 4 Councilmembers who want a 3% COLA. Mayor King then stated the Council had only 25 minutes left and should plan for another budget worksession. City Attorney Gary Cohen stated he wanted to make sure the record was correct, adding the City Manager is correct that based on the recommended 3% COLA, he does not also get an additional merit raise, but that does not preclude a consideration by Council, if they choose to do so, to make an adjustment to his contract to give him a pay raise. Mr. Cohen then stated he wanted that to be clear to the Council.

Mr. DeSpain then stated other changes in personnel include moving some positions in reorganizing departments with the City Manager.

Mr. DeSpain then addressed City revenues in the General Fund, stating he is estimating the general property tax will decrease about \$4,000 as property values have gone down and he is suggesting leaving the current rate of .5858 in place and not adjusting the property tax this year. The Council consensus was to keep the property tax rate the same. Mr. DeSpain then stated City sales tax collections are estimated to be \$3.8 million, adding the City is on track to hit that or a little more this year. Mr. DeSpain stated Bed tax is struggling and he's not sure it will hit the \$70,000 budgeted last year, but he left it the same, adding he's

not sure why it decreased. Mr. DeSpain then stated most other revenue sources stayed the same except for state shared revenue, which decreased \$20,000, adding he has the preliminary numbers, but they are not final yet because several cities did a mid-census. Mr. DeSpain then stated once those are completed, the numbers will be adjusted again and he should have the final numbers by the end of May.

Mayor King asked about the sale of fixed assets with Mr. DeSpain stating he left the revenue line at \$5,000 in case items are sold, such as the old vehicles from the Police Department and the City Manager's office.

Councilmember Cook asked about HURF funds with Mr. DeSpain stating the HURF funds are in the Streets Department budget and cannot be spent on anything other than streets.

Mr. DeSpain then stated the Council could see the Building and Planning & Zoning Department budgets were inflated quite a bit with \$150,000 in revenues expected from the development moving forward, noting the Council will see those exact mirrored expenses on their expenditures side, adding those revenues would only be used for development expenses and asked the Council to keep that in mind. Mr. DeSpain then stated the other significant increase would be construction sales tax from the development. Councilmember Konrad asked if the Public Works review fees are internal or outsourced with Mr. DeSpain stating the majority is outsourced. Mr. DeSpain then stated the expense side of the budget included hiring a Building Official/Planning & Zoning Director, noting this is a dual role position. Mayor King asked where the items were that El Dorado was to pay for with Mr. DeSpain stating those things would not happen for a few more years and would be in future budgets.

Mr. DeSpain then continued, stating the Police Department revenues, which includes Animal Control and the Fire Department revenues had no significant increases. Vice Mayor McGoffin asked about the line item "other income" that was budgeted for \$3,000 in the current year, but was showing \$15,000 was received with Mr. DeSpain stating \$15,000 was an error he would correct; then stated the amount the Police Department received was actually \$3,000 as part of a grant for a fingerprint machine. Vice Mayor McGoffin asked about the animal control donations being \$27,000 with Mr. DeSpain stating there were a large unexpected donation this year, but he left the usual budgeted amount at \$10,000 in the proposed budget. Vice Mayor McGoffin then asked about the shelter fees from Cochise County being \$1,700 instead of the budgeted \$8,000 with Mr. DeSpain stating the fees in the current year were significantly lower because the County didn't use the shelter as much.

Mr. DeSpain then moved on to the Library, Parks & Recreation and Tourism budgets, stating the Library revenues increased a little, noting the Council would see a new printer/copy machine in the Library's expenditures, noting the copy machine is used by the public a little more at the library since a business that provided copy services closed. Mr. DeSpain then stated the library would adjust their copy rates to help with toner expenses. Mr. DeSpain then stated Greyhound was removed from the Tourism budget since the contract with Greyhound had been cancelled and ends May 11, then noted everything else was pretty much the same.

Mr. DeSpain then moved to the magistrate budget, stating he left out citations revenue since the City doesn't collect citations anymore, adding the \$10 and \$17 figure Council sees is misallocated and he has corrected it to the proper fund. Mr. DeSpain then stated Cemetery plot sales in the Cemetery budget will remain budgeted at \$1,000, adding the fund typically doesn't reach that amount. Mr. DeSpain then stated the Contingency reserve is \$400,000 and he is estimating the carry forward balance to be \$1.3 million for a total of \$1.7 million the City will have in the reserve account. Mr. DeSpain then stated this covers all the revenues in the General Fund.

Mr. DeSpain then moved to General Fund expenditures with a brief overview of the changes, beginning with the City Council budget. Mr. DeSpain stated after speaking with City Clerk Vicki Vivian, the Council travel was increased to compensate for newly-elected officials training. Mr. DeSpain then stated the Council's computer supplies also increased due to the expired warranties on the Council's iPads, noting the line item would be to replace the iPads and is discretionary, adding if an iPad goes down, the expense to fix

them is more than purchasing one. Mr. DeSpain then stated the Capital expenditure for video recording equipment has been pushed off to the future.

Mr. DeSpain then reviewed the Community Enrichment budget, stating he included \$1,500 for the Christmas tree lighting and noted a tree will not be purchased as the City will be taking over the event and will have it at City Hall with the trees there. Mr. DeSpain then stated other items in the Community Enrichment fund are discretionary and can be shifted, if needed. Mr. DeSpain then stated he increased the 4th of July line item by \$5,000, adding advertising had gotten more expensive, but he had reduced the Economic Development line item by the same amount, noting the total overall budgeted amount for Community Enrichment was basically the same.

Mr. DeSpain then moved to the City Manager/Administration budget stating the Council could ignore the personnel costs, which would be determined on salary adjustments and would be readjusted. Mr. DeSpain then stated the budget has gone down, noting the major adjustment came from removing the legal fees and that there were no capital expenditures.

Mr. DeSpain then moved to the City Clerk budget stating the personnel will be adjusted according to what the City Manager recommends, adding there are no real changes, but there are a few more things for computer supplies and Education and Training, needed for the City Clerk and Deputy Clerk to earn and maintain their certifications. Mayor King asked about another notary with Ms. Vivian stating the City had 3 notaries, but 2 employees left and she was the only notary left at the City. Ms. Vivian then stated she would check on having the Deputy Clerk become a notary, but noted it was not very expensive and wouldn't change the overall budget.

Mr. DeSpain then addressed the Tourism budget stating some computer supplies had been added as well as the monthly alarm system fee being put back in the budget, adding the Visitor Center has a new model train, souvenirs and cash on hand and it was important to have an alarm system. Councilmember Cook stated the Visitor Center may need cameras because of the recent vandalism problems with Mr. DeSpain stating he has met with Tourism Director Bob Nilson and they have discussed purchasing an inexpensive camera system that is motion sensitive and would send alerts to Mr. Nilson when no one was supposed to be at the Visitor Center, adding hopefully, that will address the problem.

Mr. DeSpain then reviewed the Finance Department budget, stating it has increased primarily due to increased personnel costs and increased computer supplies because the Finance Office has 4 utility computers and the one that reads meters is on its last leg, noting if that computer goes down, the program goes with it and the City wouldn't be able to bill for utilities. Mr. DeSpain then stated he would be cautious, but will need computers to handle the capability of the Finance Department's programs. Mr. DeSpain then stated he would work with Public Works Director Brad Hamilton, then stated in reality, the utilities funds should fund these computers instead of the Finance Department.

Mr. DeSpain then moved to the Police Department budget, stating professional services has been increased in anticipation of the proposed development and things the Police Department may need to outsource for. Mr. DeSpain then stated the Police Department budget does include some IT services, noting all of IT expenses used to be in the Administration budget, but the Police Department has some unique IT needs, such as updating the dispatch area. Mr. DeSpain then stated the Capital Improvement Projects include the continuance of the replacement of cars, replacing portable communications due to the aging radios and computer supplies to replace the heavy duty laptops used in police cars, noting those ruggedized laptops are a large budget, special order item that will be done slowly over the next few years. Mayor King asked about vehicle replacement with Mr. DeSpain stating the 3-year lease program the Police Department recently entered is showing up as a CIP for the next two years due to the payments that will be made in the next two years. Mayor King asked Chief of Police Paul Moncada if those replacement vehicles were enough with Chief Moncada stating they were, as long as the Council continued to look at it every 3 years. Mr. DeSpain then stated the development agreement (with El Dorado) includes helping the City out with that. Mr. DeSpain then stated there is a line item for a new drug dog because the former dog didn't work out. Vice Mayor McGoffin asked if the City received a refund with City Attorney Gary Cohen stating a

demand letter just went out and if the dispute continues, he will inform Council and bring the issue to them. Mayor King asked how long it would be before the Police Department got a new dog with Chief Moncada stating he couldn't expend any approved funding until the new fiscal year started on July 1. Mr. DeSpain then stated if the City does get a refund, it would be applied to the CIP, but any new expenses would have to wait until July when the new budget is in effect.

Mr. DeSpain then reviewed the Fire Department budget stating there were no real increases except in Education and Training, turn out replacements, supplies and vehicle maintenance. Mr. DeSpain then stated there is a CIP for a new command vehicle that would require Council approval, adding the vehicle Chief Spangler drives blew the engine and the cost to replace it is significant, so Staff is proposing an F150 truck be purchased. Vice Mayor McGoffin asked about the Council approving the vehicle with Mr. DeSpain stating it would be addressed when the CIPs were reviewed by Council.

Mr. DeSpain then addressed the City Attorney budget, stating it included the professional fees for Mesch, Clark & Rothschild, the City prosecutor and her assistant, adding nothing has really changed.

Mr. DeSpain then addressed the Magistrate budget stating the Magistrate's contract stipulates that he get the 3% COLA also. Mayor King asked about the City not having to pay for jail costs with Mr. DeSpain stating Mayor King was correct and the City would not be paying for those costs. Mr. DeSpain then stated he went to a meeting with Cochise County regarding the agreement the City has with the County for court services, adding the County wanted to reevaluate the agreement. Mr. DeSpain then stated the County wanted to pass all the jail costs onto cities, noting the City currently pays for the first day, then the County pays for the rest. Mr. DeSpain then stated the County got a huge pushback from all the cities, adding it is the County's responsibility to pay the jail costs as mandated by State law. Chief Moncada addressed the Council stating the County was trying to implement a separate billing system for prisoners for each community in the county, adding the Police Chiefs got together and discussed the legalities that were preventing that. Chief Moncada then stated the County was asked to contact their legal advisors and when the next meeting on the matter was held, the Police Chiefs informed the County that cities could challenge the legality of being billed. Chief Moncada then stated fortunately, the County Manager was aware that it was the County's responsibility and the County was trying to see if the cities would be willing to contribute to those costs, but unanimously, the cities declined to do so. Mr. DeSpain then stated the court fees and prosecution are paid through the fees the Police Department writes and the County keeps those, adding if there is a shortfall, the City pays the difference, noting in the current year, it will be approximately \$2,000.

Mayor King stated the worksession would stop here and resume on May 23 beginning with the Library budget.

#### **ADJOURNMENT:**

Vice Mayor McGoffin moved to adjourn the meeting at 6:59 p.m. Seconded by Councilmember Konrad. Motion passed 7-0. Mayor King stated the regular meeting would begin at 7:05 p.m.

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Toney D. King, Sr., Mayor

ATTEST:

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Vicki L. Vivian, CMC, City Clerk