

MINUTES

AGENDA OF THE WORK SESSIONS OF THE MAYOR AND COUNCIL OF THE CITY OF BISBEE, COUNTY OF COCHISE, STATE OF ARIZONA, HELD ON WEDNESDAY, APRIL 26, 2017, AT 5:30PM IN THE BISBEE MUNICIPAL BUILDING, 118 ARIZONA STREET, BISBEE, ARIZONA.

THE MEETING WAS CALLED TO ORDER BY MAYOR SMITH AT 5:30PM.

ROLL CALL

COUNCIL

Councilmember Anna Cline, Ward III

Councilmember Joan Hansen, Ward II

Councilmember Frank Davis, Ward I

Mayor David M. Smith

Councilmember Bill Higgins, Ward I

Councilmember Douglas Dunn, Ward II , Mayor Pro Tempore

Councilmember Gabe Lindstrom, Ward III Excused

STAFF

Richard J. Marsh Jr., City Manager

Ashlee Coronado, City Clerk

Keri Bagley, Finance Director

Andy Haratyk, Public Works Director

Albert Echave, Police Chief

Marc Burneleit, Fire Chief

CITY ATTORNEY

Britt Hanson

THE FOLLOWING ITEM WAS DISCUSSED AND/OR CONSIDERED AT THESE MEETINGS:

1. Presentation and Discussion of the Proposed Budget for Fiscal Year 2017-2018- Continuation of Public Works Funds Budget and the Presentation of the Public Safety Funds.

Richard J. Marsh Jr., City Manager

Keri Bagley, Finance Director

Mayor Smith indicated that he would allow Call to the Public.

- Joni Giacomino, Bisbee resident wanted to clarify a blatant statement that was made about the organization and herself regarding the running of the swimming pool. She stated that at no time were they ever required to turn in the statistics for the pool (money or people). She found the comments made rather offensive and inflammatory. She spoke about the cost of running a pool and the grants that they had received. She stated that it was impossible to make a swimming pool sustainable. She talked about the certification through the Red Cross. She requested that the pool be on their next agenda regarding how many lifeguards would be hired.

- Fred Miller, Bisbee resident stated he liked the budget process this year. He had a few questions and hoped they would be answered tonight or in the upcoming sessions. He asked about fund transfers, wastewater fund transfer, the reserve account and the revenue statistics for the 1% Bed Tax.
- Donna Pulling, Bisbee resident spoke regarding the sanitation fund. Research needed to be done and this issue looked into regarding the increase in sanitation fees since there would be a transfer into the general fund for budget short falls.

Mayor Smith stated that there had been a lot of talk regarding the transfer from the wastewater to the general fund and we had spoken with our legal people regarding, but wanted to ask Ms. Bagley that if this fund change be necessary he believed that the general fund provided an amount of money \$398,000.00 to the wastewater in order to start that enterprise fund so that we could receive funding from WIFA and NAD Bank. He wanted Ms. Bagley to discuss the issue of actually using that money as a repayment rather than a transfer.

Ms. Bagley stated that when we had questions regarding the LGIP (Local Government Investment Pool) funds; where they came from originally and how they have been used. There was a resolution that took \$398,000.00 out of the LGIP funds and it was used to establish the reserve accounts for the WIFA Loan. Basically it was a loan from the general fund to the wastewater fund to establish those reserve accounts. In the resolution it was stated that it was taken out of the LGIP as to not deplete the general fund.

Councilmember Dunn asked a question regarding streets. He wanted to know what happened to the parking study they had talked about in the past, which was related to the cities commitment to expanding parking in Old Bisbee.

Mr. Haratyk, Public Works Director stated that we do not have the money to fund the study.

Mayor Smith asked if we knew how much the study was. Mr. Haratyk stated \$50,000.00.

Ms. Bagley started her presentation with the Sanitation Fund in the Public Works Department Budget. She gave the budget highlights; increased expenses \$40,270.00, adding of two (2) part-time employees to recycling and the proposed increase of sanitation fees by 16%.

Mayor Smith asked about the county tipping fees budget for \$218,000.00 was that the projection of what it will cost us based on our usage this year. Ms. Bagley stated that it was a 16% increase over FY17 numbers.

Mr. Haratyk explained the tipping fees and where this came about regarding the county tipping fees.

Mayor Smith stated that in reality our citizens are being stung because they are recycling and to pay our prorated share in the county the tipping fees go up. Mr. Haratyk stated that we are one (1) factor and explained the loss of tonnage in the county.

Mayor Smith asked about the transfer to IT that was being budgeted for in sanitation. It hadn't happened before. Was this based on the fact that we were going out for an RFP for IT services, was this built into that.

Mr. Haratyk stated that there were several new transfers this year. There was no money left in the general fund and we were trying to fund some of these expenses and the enterprise funds have to pick up some of these expenses to balance the budget.

Ms. Bagley addressed the transfers, IT had never been allocated before, but all of the departments benefit from IT even sanitation. We all have internet, emails and those IT costs have never been allocated to the enterprise funds even though they are benefitting from it. She talked about the transfers. She didn't feel the cost were unreasonable.

Mr. Marsh stated that with the current budget the general fund was covering the cost and moving forward this year they thought it best that if they were using the service they should pay for it.

Councilmember Hansen asked questions regarding the transfers and stated that she didn't understand how they were determined. How do we come up with these figures? Ms. Bagley stated that she did a spread sheet where she took the cost for those departments and figured out a percent of what those departments used.

Mayor Smith said he could comment on the legal services as an example we have been spending a lot of time with the attorney's reference to the overhaul of the sewer bills and the future planning for what will be coming to the Mayor and Council and to the public.

Mr. Haratyk stated that the enterprise funds reflected the overall deficient that we had.

Mr. Marsh felt that the budget presentation could be improved going forward. Cost allocation could be a part of the budget presentation to answer the questions. Going forward a new budget model would be used. What Ms. Bagley can do is send council and the public a list of the person's and the direct cost allocations for the enterprise funds.

Councilmember Hansen stated she had a concern about funding the general fund from the enterprise funds. She just wanted all the facts.

Ms. Bagley stated that it had been recommended to do an indirect cost allocation study it will help with allocating costs.

Councilmember Davis asked what would the financial impact would be on the average person's bill. Ms. Bagley stated that it would be about a \$2.00 increase.

Councilmember Cline was glad that Councilmember Davis brought up the 16% increase and to say that it will only be a \$2.00 increase. For some it will not faze them in anyway, but for some it will make a difference in their budgets.

Councilmember Dunn commented that both our sewer and garbage was a service rather than a volume charge, he wanted to be clear on that. It was not based on how much garbage you generate or how much sewer you generate. Also, we had different cost in different parts of the city. Regarding personnel you made a statement, he didn't see indicated in the numbers, you stated that you are increasing part-time salaries for two (2) part-time persons which was indicated in the increase, but if you add the three numbers for salary together you have an increase of \$1,460.00.

Mr. Haratyk stated that, that was correct they went through the budget and cut there was no wiggle room. These transfers are to fund the general fund. He explained the cuts in personnel.

Mayor Smith commented that the big thing of course continued to be the Public Safety Retirement and this coming year July 1 our contribution rate for the Police Department raises to 134.54%. He explained what that meant. The question was what can be done? A task force, summit of Mayor's has been called for which he will attend on May 5th. This will be a summit of Mayor's from major cities not just the little guys and legislators in an attempt to actually do something about this.

Ms. Bagley went over the highlights of the Police Department Budget; PSPRS Employer Contribution Rate increased from 91.16% to 134.54%. This was an increase of \$250,000 over FY17 and accounts for 41% of the Police Department Budget, Overall there budget increased \$28,743 due to the cuts they made in other areas and the expected reimbursements from the Stone Garden program, there was a reduction in order to cover their shortages and it included a lease payment for two (2) new police vehicles. She spoke regarding the expenses for the Police Department compared to the general fund expenses overall.

Mayor Smith spoke regarding the \$1,000.00 for Recruitment/ Employee Testing. He stated that we will had two (2) officers retiring this year and so there would be testing involved. He had suggested that the Education and Training be raised to \$2,000.00. Training was absolutely mandatory for police / fire. He asked the chief to explain the jump to \$24,000 in the telephone and fax line item.

Chief Echave stated that he wanted to do was outfit every one of his police officers with smartphones. All police officers were issued cellular telephones, digital cameras and voice recorders they have not purchased the last two items in some time, they are subject to wear and tear and rather than continuing to purchase those items separately by outfitting a police officer with a smart phone we can have all those items into one.

Mayor Smith wanted to know if we were getting the best deal from Verizon since we would be adding all of them. He was told that it would be looked into.

Mayor Smith also asked the chief about the professional fees going from \$2000.00 to \$5000.00. Chief Echave stated that some of those costs we ended up paying for things involving an officer's retirement and had to cover some legal costs, from outside legal regarding the Public Safety Retirement Board so we had a contract for those services and some other professional services for that retirement process. Hopefully that was a onetime deal hopefully not something that we have to use all the time, but that was a possibility, so we increased that to \$5,000.

Mayor Smith stated that they had discussed the office supplies and the chief was willing to lower it by \$500.00. Chief Echave stated that the \$4500.00 was reduced to \$4000.00 and the remaining \$500.00 was put into Education and Training brining that up to \$2,000.00.

Mayor Smith stated that we didn't change the bottom line just shifted \$500.00 from office supplies up into training. He asked Chief Echave to explain what Operational Expenses means.

Chief Echave stated that Operational Expense \$21,479.00 they had received several bills form the hospital this year and some from last year that we haven't had in a long time. They were people who were in our custody for serious offenses that had to be booked into jail, but were injured or had injuries, or too intoxicated to be booked into jail without medical clearance because they were in our custody and we took them to the Copper Queen Emergency room for an evaluation if those people didn't pay their bills then the Copper Queen sent the bill to us and that was what the bulk of that \$21,000.00.

Mayor Smith asked as far as restitution from the courts for those people who were in custody that we had to pay money for were we able to ask (if found guilty of a crime) for restitution on the money that we have spent. Chief Echave said that in certain cases we would most definitely be able to ask for restitution. Unfortunately in most of these cases the case has been adjudicated before we get the bill. We are not getting the bill the next month we are getting it months and months down the road. The hospital does make every effort to collect from the individual prior to billing us, but as the hospital has stated that it was our patient that we brought to them they didn't solicit that patient we caused that to happen and they don't feel they should be stuck with that bill. He said that every one of those bills we've gotten has been at a reduced rate compared to what the actual bill was.

Councilmember Hansen asked if these were basically uninsured. Chief Echave stated "Yes". She asked if there was some other way of covering that. Ms. Bagley stated "No". Mayor Smith stated that every department has to pay it.

Councilmember Cline said that chief had stated that some of these were from last year why are they coming up now was it that the Copper Queen didn't bill us or did it get lost in the paper shuffle. Chief Echave said that some of them were held on to that we didn't want to pay and there was some discussion back and forth with the hospital as to whether or not we had to pay and we lost. So, that was why some of this was bigger this year. He stated that the \$18,000.00 we are proposing in the budget we are praying that we don't have to use that money at all, but in the event that we have to take someone to the hospital to get evaluate before we out them into custody at the Cochise County jail we want to make sure we can cover that. We shouldn't be stopping that process to wonder if we can pay for it or not. He also stated that there are still some bills that they are disputing whether or not they are theirs or not. He explained what the issue was regarding the ones that they are disputing.

Councilmember Lindstrom asked about the contract services the reduction and what that included. Chief Echave said that the biggest bulk of the \$34,989.00 was what they were paying the Cochise County Sheriff's department to cover us during the time they were down to six (6) officers working those guys came out. He explained how they got paid. He didn't want that to completely go away because heaven forbid we got into a situation that we need help and extra coverage we still had a small cushion for that. That also covers their copy machine, pest control and generator maintenance.

Councilmember Cline asked how many officers we currently had. Chief Echave stated that they currently had eleven (11) police officers that include one in the police academy right now. They had one open position once that person was hired it will bring up that number to twelve (12). That was two (2) positions down from fourteen (14) over the last two (2) years. Councilmember Cline also asked if Chief Echave was include in this number to which he stated yes he was.

Councilmember Cline asked if with dispatchers were we at full staff. Chief Echave stated that they had four (4) full time dispatchers one of those was an emergency hire due to a vacancy, they had two (2) part time record clerks and one (1) part time dispatcher, they are getting ready to hire another dispatcher at part time, one (1) part time animal control officer, one (1) part time impound lot custodian. They had openings for volunteers. He said that total they have 23 employees.

Councilmember Cline asked regarding the volunteers due to the sensitive nature will they have to go through background checks and all. Chief Echave stated that they would it also depends on the job or task at hand. He also stated the types of volunteers that they need.

Councilmember Hansen asked a question regarding salaries in the front it said that it was based on thirteen (13) police officers. Chief Echave stated that it should have been twelve (12). Councilmember Hansen said that his budget was less this year than it was last year. Chief Echave said that his pension liability went up \$250,000.00 from what it was last year, but his overall budget only increased by \$28,000.00 the biggest factor in that was the overtime they went a good part of this year with only six (6) officers covering two (2) shifts twenty-four (24) hours a day seven (7) days a week and these guys were working a lot and if anybody needed time off or vacation everyone else was picking up the rest of that burden there was a lot of overtime that was used. They did not need to budget that much and if they can keep that number that was the hard part. If we go back down to six (6) again this overtime would not be able to maintain.

Councilmember Hansen said that the general salary for last year was \$662,501 and your estimate for end of year was \$598,467 that doesn't leave a whole lot to try to get up to the twelve (12). Chief Echave stated that the \$617,000.00 was with the twelve (12) plus the all the part time employees and the full time dispatchers. Councilmember Hansen said that it was less than last years. Chief Echave said that last year they had budgeted for two (2) part time animal control officers and they lost one of those positions last year. We are only down to one (1) part time animal control officer.

Ms. Bagley stated that it was the same as sanitation there were a lot of vacant positions budgeted for last year that might not have had an actual person there. They looked at how at many people they actually needed and changed the budget.

Councilmember Cline asked if it was because of the reimbursements we are getting back from Stone Garden for the ERE's for salaries does that help offset the bottom line. Chief Echave said that no he thought that was a different line item. Ms. Bagley said they do offset the bottom line. Chief Echave said that they were still budget for twelve (12) last year we just didn't have them and that the big increase was the PSPRS jumping up from the \$550,000 to \$764,000 if it wasn't for that we could have hired another officer or two (2) and still come under budget he thought.

Councilmember Dunn asked that Chief Echave explain how many shifts there are, how you allocate your officers and what you are actually doing day in and day out in terms of serving the people of Bisbee. Chief Echave explained in detail the shifts, how they allocate the officers and what they do day in and day out. Councilmember Dunn thanked Chief Echave for explaining, and stated he was a supporter of the neighborhood watch program that had been initiated here. Chief Echave spoke regarding the neighborhood watch program; it's a good educational tool.

Ms. Bagley spoke regarding the Fire Department budget highlights; the PSPRS only went up a small percentage and it accounts for 36% of the department's budget, increase in expenses of \$43,586 that was mostly for bringing the fire department overtime budget up to a more accurate amount. She stated that they would be quite a ways over at the end of this year from what was budgeted it was budgeted at a number that was too low they tried to bring it up to a more accurate number. She went on to say that no capital expenditures were expected and budgeted for a grant match in the event that we do get awarded a grant.

Mayor Smith said that there were some changes that they had discussed earlier today; if you look at recruit / employment testing they added \$500.00 one reason was it was zero and it was \$500.00 now we have a lieutenant paramedic retiring right now. That money came from office supplies we cut it to \$1,000.00 which was \$2500.00 dollars and the other two (2) \$500.00 went into disposable equipment & tools and vehicle parts & labor increasing each \$500.00 with that you

will note that the bottom line was the same we just shuffled some money around to make it more realistic.

Councilmember Cline asked Chief Burneleit on the grant match that was in the budget was this for another FEMA grant or another outfit. Chief Burneleit stated that right now it would be for another FEMA grant that they have currently put in for and if we were successful with the current grant our matching will be just under \$12,000.00 and if we don't get it, it rolls over so that they could attempt in putting something in again. Councilmember Cline asked if the grant was for breathing apparatus. Chief Burneleit stated that it was for air packs (breathing apparatus).

Councilmember Hansen asked if they were good with turn out gear. Chief Burneleit stated that they have new turn outs. Chief Burneleit stated that the uniform & clothing was increased because it was voted on last year but it never made it into the budget. They were allowed to spend that money and now they are currently caught up.

Councilmember Cline asked about the Wildland being taken out of the budget was there a possibility for reimbursement of our equipment and stuff like that. Mayor Smith stated that was on the income side.

Councilmember Dunn said that it was clear to everyone that we had a fire department that was not sustainable in 2015 he spent quite a bit of time investigating what other cities are doing in terms of controlling cost and increasing revenues he shared those with council and Councilmen Hansen and I requested a work session in terms of discussing those there was a huge emotional push back in terms of any proposal towards change. Certainly a proposal that was on his list was that we investigate in establishing a fire district outside of the city limits of Bisbee, to in turn contract for services from our existing fire department that was misconstrued in terms of saying that we are proposing to replace our existing system with a volunteer fire department.

He stated a motion was made at that time to direct staff, city council to seriously research alternatives in terms of reducing costs and increasing revenue looking at what other cities are doing and investigating whether those were possible that motion passed by 4 to 3 vote which basically set back any further discussion and investigation in terms of alternatives.

Councilmember Dunn was proposing an action and commented that we just went through Public Works in which this year we are certainly infusing money into the general fund and in turn Public Safety from Public Works they have been good soldiers and he commends them for that. In regards to the transfers it was a huge amount of money in terms of the two (2) funds.

His proposed action was that he would be voting "Nay" in adopting this budget unless there was a rider a resolution attached to this budget and formally approved by the council that states: By the end of fiscal year 2018 there will be enforce fully incorporated into the operation of the Bisbee Fire Department actions that will reduce general fund support for the Fire Department by 10% of their current budget a reduction of \$220,000.00 through cost savings and/or increased net revenue and at the fiscal year 2019 the City of Bisbee budget will reflect those changes.

Mr. Marsh responded to Councilmember Dunn they have been working in cooperation with the fire chief and the union they had come up with seven (7) different models of which I have read three (3) for service delivery without having a negative impact on the citizens of Bisbee within the next sixty (60) days we are going to come back to you with some ideas and recommendations.

Councilmember Dunn stated that we were at a point that we are not sustainable we have got to take action he was concerned about supporting that we have this viable Fire Department into the future. He was determined that this would be indicated his action the only way he was going to budge on this if somebody suggest we raise it from 10% to some larger percentage. Let's not talk about it, plan or hope let's make a commitment. He wanted to support the Fire Department in terms of moving forward. We will not have a sustainable system if we continue to do what has happened in his prior five (5) years of budgets.

Councilmember Hansen agreed with Councilmember Dunn, but we can't kick this can down the road anymore and we had been doing that for the last three (3) years that she had been on council and we just keep on looking at it, but there has also been action done and she appreciated that on the part of the chief and the Mayor. She was looking forward to sixty (60) days from now to see what you have and how we are going to do this.

Councilmember Cline commented that the union was working on it. There overtime budget was cut in half last year and you couldn't expect them to work more and bring in more revenue and then give them the riot act because they went over budget on overtime. They were looking at the numbers and doing everything they could, but change isn't going to be overnight.

Mayor Smith commented that it was an untenable budget and that they have done the best that they could. We were trying to make that better.

Chief Burneleit stated that they understood the position that they have been put in. We were in a crisis situation two (2) years ago we only had three (3) paramedics they were working in unsafe conditions with unsafe equipment their CON was at risk. Our CON was what allows us to generate revenue and bring income into the city as far as Public Safety goes we understood that the unfunded liability was the big gorilla in the room. As you just saw there's has only gone up a small percent yet you are only proposing to cut only my budget that was something that he needed to defend his department and his guys . They were trying to be as creative as possible we do have other revenue streams besides the ambulance service in mind we are going to try to charge fees for fire inspections and increase the fire inspection program, looking to do cost recovery regarding billing for services. The Fire Department's main goal and purpose regardless of finances and money was to protect this community and give you the best service we could and we would continue to do that.

Mayor Smith said that they appreciate that and he appreciates that fact that they are able to meet and discuss methods to save money, to make money and what your troops need to do their jobs. Council appreciates Chief Burneleit and the department along with the citizens. He thanked Chief Burneleit for his time.

MOTION: Councilmember Davis moved to adjourn the meeting.

SECOND: Councilmember Cline

MOTION PASSED: UNANIMOUSLY

ADJOURNMENT: 7:48pm

David M. Smith, Mayor