

City of Globe
Budget Work Session
May 15, 2018

Call to Order.

Present: Mayor Al Gameros, Councilman Freddy Rios; District 1, Vice Mayor Mike Stapleton; District 4, Councilwoman Charlene Giles; District 5, Councilman Lerry Alderman; District 6.

Excused/Absent: Councilman Mike Humphrey; District 2, Councilwoman Roberta Johnson; District 3

Invocation; Councilman Lerry Alderman
Pledge of Allegiance; Councilman Freddy Rios

1. **WORK SESSION ITEMS;**

A. Special Event Funding (Linda Oddonetto)

Economic Development Director; Linda Oddonetto is before Council with Economic Development and Special Event Funding and updates Council that the City currently budget supports the Halloween Event, Christmas Light Parade and community events. In regard to the ATV Jamboree, moving forward with the City Branding Project, key signatures community events will be identified that best support the City's identified brand and promote tourism. This may mean the creation of an event that does not currently exist. Globe has become more active in the rural Economic Development Community and will be hosting ED forums through the year to promote the City.

With the implementation of the Strategic Marketing Plan, the City will develop an app to be used by visitors, regional print advertising and development of City of Globe Merchandise. Ms. Oddonetto was excited to announce that one event that Globe will participate more in is the Great Canadian Picnic which hopefully would spur a preferential event here in Globe sponsored by John Won, owner of Bloom.

Local First Arizona is a sponsorship that promotes localism in Arizona, supporting the City in which you live and work. The have just been approved for a USDA Revolving Loan Program in the amount of \$200K for Gila County that could benefit Globe. Ms. Oddonetto informed Council that she is currently going through a 2-year certification process to become an Arizona Economic Development Professional that will also benefit Globe.

The Economic Development and Special Events Budget was \$27,500 for FY 2017-2018, this year the Economic Development Director proposes the following changes; changing the ATV Jamboree line item of \$3500 to Signature Event Support, with the possibility of changing the ATV event to a preferential event with the Old Dominion Mine Park Days. \$3,000 was also proposed for networking and events as well as \$6000 for

conferences, training and memberships for the Economic Development Department, which would increase the budget for FY2018-2019 to \$33,500. \$15,000 is again being proposed for the Nonprofit Grant Program to support our local nonprofit community. Council approved \$10,000 for the development of a new City website. The project was put on hold until the City Brand was developed and so Staff is proposing that the \$10,000 be rolled over into the FY2018-2019 Budget.

In support of the City's Economic Development; Councilman Alderman explains that economic development will bring more revenue into the City.

B. Non-Profit Funding (Linda Oddonetto)

Council reviewed applications and there were no suggestions or comments regarding the recommendations brought forward by the review committee. Awards stand as presented:

Cobre Valley Center for the Arts \$4200
Copper Basin Coalition \$1000
Gila community Food Bank \$6000
Gila County Historical Society \$1200
Gila House Safe Haven \$1000

C. Operation and Maintenance Budgets (Jeannie Sgroi and Carl Dudding)

Mr. Jepson reviews fund accounts; General Fund includes ongoing revenues. Enterprise funds includes ongoing fees from water and sewer utilities. One time payments represent single payments to the city such as the sale of Arlington Tank \$310,000. Fund Balance represents unspent funds accrued during the course of the budget years and carried forward from year to year. General funds; projected general fund revenue for FY18-19 current estimated is \$9.6M and still reviewing. Draft General Fund O&M expenses are still being scrutinized for each department. Strategies to mitigate fluctuations include PSPRS issue, BCBS increase, split salaries between GF and Enterprise, fleet tracking and the APS street light invoice. Budget Goals; all general fund O&M costs should be funded from General Fund revenue. To date, revenues have exceeded expenditures, and we are on track to return money to the fund balance. Utility increase is needed to maintain 1.2 WIFA ratio. Water-Wastewater income needs to stay in Enterprise Funds, for example the expected Freeport effluent funds. Bare bones CIP items are to come out of fund balance.

Finance Director; Jeannie Sgroi updates Council on budget assumptions that have been worked into the budget; included in General fund are; Cobre Valley Transit; \$73,000, Bed Tax; \$144,752 100% pass through, Staffing Model; no new positions, but initiating tiers for Fire and Public Works; Fire increase \$79,960 and Public Works increase will be

less than \$20K. Nonprofit grants; \$15K, Boys and Girls annual community support agreement; \$13K, Al Holler Sales Tax Auditor; \$24,000, Health Insurance cost increased 5%; \$71,292. BCBS Retention balance as of December 2017 is \$499,249.96. The \$71,292 increase includes the employee share of the health benefit.

Councilman Alderman stated that City Employees are important; and would like to see the City absorb all of the increase. Vice Mayor; Mike Stapleton agrees.

Budget assumptions also included in the General Fund; PSPRS costs are projected at \$1,679,732 up by \$357,547. Fire percentage went up from 61% to 64%. Police Department percentage increased from 65% to 77%. The additional PSPRS .3% collections are \$568,682 and part of this will buy down the increase.

Mayor Gameros is concerned that there is a misconception payment of the unfunded liability is not going back into the system. Mr. Jepson informed Council that the City will need to keep putting in the bucket even if we eliminate personnel.

Mayor Gameros request that sales tax reports show the increase changes with the elimination of the \$15K cap on big ticket items and also the Miami tax error.

D. Library Committee Recommendations (Paul Jepson)

Library Manager; Adrea Ricke is before Council with recommendation from the Library Committee. Adrea, along with Councilman Alderman met with Finance and reviewed the Library budget in alignment with FY18-19 requests. One concern was the book budget, prior Staff devastated the southwest collection of the Library as well as the young adult section. Although economic development is important, Adrea is concerned that a core function of the community is being overlooked. Over 2500 items are checked out of the Library each month. Books are checked out and lost and need to be replaced. In prior years the \$10,000 book budget has been reduced to \$7,000 and to date the Library is overbudget on books. Ms. Ricke is proposing a 10% increase of proposed Library Budget as recommended by the Library Committee.

Council Alderman request information that would detail what the 10% increase would expense. Ms. Ricke stated that the County provides funding for the Library and they have an expectation that the City will help provide these services. In Councilman Alderman's reply he stated that the core functions of the City; sewer, water, streets, fire, police and Public Works have to be priority and other services such as the Library, Active Adult Center and Besh Ba Gowah are peripheral services. Ms. Ricke agrees every department is important however the Library is valuable. Councilman Alderman agrees that the Library is valuable as a quality of life entity, however the priority has to remain with core services. Councilman Alderman also clarifies a misconception; Council make budgetary decisions and the City Manager implements Council decisions.

Mr. Jepson informed Council that the current Library budget is approximately \$200, the County funds a little over half of that amount. Mr. Jepson request that a proposal be

brought back to Council that would reflect some beneficial enhancements that would help the Library in consideration of the request.

Mayor Gameros appreciates the library reports and is amazed at the number of people that visit and check book out. Mayor Gameros is also pleased with the request as it shows Ms. Ricke's dedication as a Library Staff to offer this resource to our community. Mayor Gameros also stated that he was saddened to hear of Adrea's resignation and that the City will be losing a valuable asset.

E. Public Works Staffing Model (Jerry Barnes)

Public Works Director; Jerry Barnes is before Council presenting a proposed staffing model which included an organizational chart, career path, skill course and departmental duties for each department including; Water Office, Fleet, Wastewater and Water Departments and the Public Works Department. Currently there are 35 Public Works employees in comparison to 62 employees in 2008.

Public Works department services over 3,700 water customers monthly including; billing, service orders, Right Away Disposal account and monthly water testing and reporting. The Fleet Department is responsible for servicing over 200 pieces of City equipment which include vehicles, heavy equipment and small engine equipment. The Public Works Department is also responsible for our 1.5-million-gallon Wastewater Treatment Plant that includes 4 buildings, 11 pumps, 907-man holes and over 500,000 feet of sewer lines. The Water Department services 14 well sites, 9 water tanks (5.61 million gallons), over 3,800 water meters and over 500,000 feet of water mains. The Street Department maintains over 138 miles of streets, over 1 million feet of roadway striping, 2500 street signs, 30 bridges, over 148,000 feet of sidewalks and 18 parking lots. The Cemetery and Parks Departments groom 12 ball fields (26 acres), 540 acres of parks with over 53,000 feet of sprinkler line, 13 sets of playground equipment, Dog Park and Besh Ba Gowah. Additional projects have included, creek clean up, 20+ special events, maintenance at the Chamber or Commerce, traffic control, fire and safety emergencies, forest service coordination, gun range maintenance and blight clean up.

Funding Sources include the Enterprise Fund over \$5M, HURF \$769K, Excise \$465K and General Fund miscellaneous revenue \$10,000. HURF funding can only be used on streets, so the entire amount is funded on projects which could include salaries. The Excise Tax is used on projects. The Enterprise Funds could be used for General Fund items however is a best practice to use exclusively for water and wastewater.

Mayor Gameros is impressed with the Career Path as presented as it allows an Employee to promote themselves.

City Manager; Paul Jepson fully supports Mr. Barnes proposal as it answers Council's request to offer career paths not just jobs. Mr. Jepson informed Council that Staff is putting into place a three-tier step system that will bring order to the salary study. The

projected cost if everyone one completed tier three for Public Works would be \$103,979 the sixth year out. Mr. Jepson promotes the proposal stating that this will give stability and will show staff that Council values them.

Councilman Alderman appreciates the positive manner it was presented. These are core services and this Council strongly knows the importance of these people.

Mayor Gameros would like to see Administration to commit to this program. Mr. Jepson assured Council that Human Resources will be involved with the implementation of this program and follow-up.

Mayor Garmeros appreciates all staff and states that it is Council's responsibility to be creative in order to pay for services without increased revenues.

F. Water and Sewer Rate Increase (Paul Jepson)

Jerry Barnes informs Council that this rate increase is proposed because that the required debt to revenue ratio for WIFA has dropped below the 1.2%. Mr. Barnes reviews a 10-year rate increase plan that was presented to Council in 2013, and because the planned increase was not executed in 2015 and 2017, a 10% increase is required this year; 2018 and 8.8% increase for the remaining 10-year plan, if approved by Council will go into effect on October 1, 2018. Based on an average of 15,000 gallons usage per month, customers will see an average \$7.36 increase for city water usage and \$2.25 increase per month for sewer. This increase will keep the City WIFA qualified.

Mr. Jepson concludes as the City has done well in the investment with the WIFA funding and the City needs to keep the required 1.2% debt to revenue ratio. Through the funding water pressures have improved and infrastructure has been replaced, this will help keep the City going forward and out of the condition of dis-repair that as part of the rate request Staff will bring back a fund balance presentation.

Mayor Gameros request that the Public Hearing be advertised heavily and that the benefits of the WIFA funding be presented to the Public at that time.

G. Type 3 fire Engine (Chief Gary Robinson)

Chief Robinson is before Council with a request for a Type 3 Fire Engine that could potentially generate revenue for the City of globe. The addition would also increase response capabilities and provide a funding source for equipment purchases. The Type 3 Engine would also provide enhanced capabilities such as; 4-wheel drive, larger pump and tank, greater storage and can be configured for dual purpose. In relation to revenue; in 2016 Globe Fire Type 6 brought in \$41,364.50 for 5 responses compared to Tri City fire Type 3 Engine in the amount of \$102,287.00 for 5 responses.

Mayor Gameros reminds the Council that there is no way to access the sewer plant if the creek ran without the help of the Type 3. Chief Robinson told Council that the Department is looking for the sustainability to fund items such as emergency equipment and the Type 3 Engine would provide that. This would be an excellent use of funding to generate it back and sustain some of these larger purchases.

Chief Robinson discusses option to pay for the purchase of the engine, one being a lease purchase option. Another option would be extra revenue generated in active wildland fire seasons to either pay ahead or set aside for lien years. The price of the engine would be approximately \$320,000. Grant opportunities for something like this is limited. In terms of budgetary sacrifices within the Department, Chief Robinson stated that the Department has been lucky to only one piece of equipment that had a payment associated with it.

City Manager Jepson suggest a possible loan to the Fire Department that they would pay back with generated revenue within 40 years and recommends Council request more solid numbers for an outright purchase that could be built into the budget.

Further discussion revealed that the current Type 3 Engine is unsafe and going back to the State. Chief Robinson confirmed that a new Type 6 Engine would be housed in the bay currently being used.

Mr. Jepson clarifies that once this is a revenue producing vehicle, the revenue would be used in the General Ledger as needed by the City. Chief Robinson agreed that this would be the decision of Council but would request that a portion of the revenue be set aside for emergency equipment. Mr. Jepson stated that if the numbers were right, there is no reason not to include in the FY2018-1019 budget.

2. ADJOURNMENT.

Motion: Meeting adjourned at 9:01 pm., **Action:** Adjourn, **Moved by** Councilman Freddy Rios; District 1, **Seconded by** Councilwoman Charlene Giles; District 5.

Motion passed unanimously.

I hereby certify that the foregoing are a true and correct copy of the Budget Work Session Meeting minutes of May 15, 2018 and that the meeting was duly called and a quorum of Council was present.



Shelly Salazar, CMC, City Clerk