

**DOUGLAS CITY COUNCIL
SPECIAL MEETING MINUTES
SEPTEMBER 9, 2009**

The City of Douglas Mayor and Council met in a Special Meeting on Wednesday, September 9, 2009, at 4:45 p.m. in the Council Chamber of City Hall – 425 Tenth Street. The Honorable Mayor Gomez called the meeting to order and proceeded to ask for roll call.

1. CALL TO ORDER/ROLL CALL

	PRESENT	ABSENT
MAYOR, DR. MICHAEL GOMEZ	X	
COUNCIL MEMBER MARGARET MORALES-WARD ONE	X	
COUNCIL MEMBER MITCH LINDEMANN-WARD TWO	X	
COUNCIL MEMBER BOB FERNANDEZ - WARD THREE	X	
COUNCIL MEMBER RAY SHELTON – WARD FOUR	X	
COUNCIL MEMBER IVAN HUISH - WARD FIVE	X	
COUNCIL MEMBER LOUIE ACEDO – WARD SIX	X	
CITY MANAGER- CURTIS SHOOK	X	
CITY ATTORNEY-JUAN PABLO FLORES	X	
FINANCE DIRECTOR-JORGE TREVIÑO	X	
CITY CLERK - BRENDA AGUILAR	X	

2. DISCUSSION/DECISION TO CALL FOR AND CONDUCT AN EXECUTIVE SESSION UNDER THE AUTHORITY OF A.R.S. §38-431.03 (A) (4) TO CONSULT WITH THE CITY ATTORNEY REGARDING DONATION OF PROPERTY, BY THE HALPERN AND MARGOLIS FAMILY, LOCATED AT THE ADJACENT NORTHEAST CORNER OF 5TH STREET AND JEFFERSON AVENUE AND UNDER THE AUTHORITY OF A.R.S. §38-431.03 (A) (7) TO DISCUSS THE POSSIBLE SALE, PURCHASE, OR LEASE OF PROPERTY LOCATED AT 5TH STREET AND CHIRICAHUA AVENUE AND THE DOUGLAS RIFLE AND PISTOL RANGE LOCATED EAST OF DOUGLAS FROM 15TH STREET ON GERONIMO TRAIL.

Motion by Council Member Morales, **second** by Council Member Fernandez, to enter into executive session.

Council Member Shelton declared a conflict of interest regarding the Douglas Rifle and Pistol Range due to membership and did not participate in the discussion.

Roll Call: All members voted in favor. **MOTION PASSED**

“Douglas – the premier southwestern border community.”

3. ADJOURNMENT.

Motion by Council Member Morales, **second** by Council Member Huish to adjourn the meeting at 5:28 p.m. unanimously passed.

Prepared By:

Brenda Aguilar
City Clerk

**DOUGLAS CITY COUNCIL
REGULAR MEETING MINUTES
SEPTEMBER 9, 2009**

The City of Douglas Mayor and Council met in a Regular Meeting on Wednesday, September 9, 2009, at 6:00 p.m. in the Council Chamber of City Hall – 425 10th Street. The Honorable Mayor Gomez called the meeting to order and Council Member Huish led the invocation after the Pledge of Allegiance. Mayor Gomez proceeded to ask for roll call.

4. ROLL CALL

	PRESENT	ABSENT
MAYOR, DR. MICHAEL GOMEZ	X	
COUNCIL MEMBER MARGARET MORALES-WARD ONE	X	
COUNCIL MEMBER MITCH LINDEMANN-WARD TWO	X	
COUNCIL MEMBER BOB FERNANDEZ - WARD THREE	X	
COUNCIL MEMBER RAY SHELTON – WARD FOUR	X	
COUNCIL MEMBER IVAN HUIH - WARD FIVE	X	
COUNCIL MEMBER LOUIE ACEDO – WARD SIX	X	
CITY MANAGER- CURTIS SHOOK	X	
CITY ATTORNEY-JUAN PABLO FLORES	X	
FINANCE DIRECTOR-JORGE TREVIÑO	X	
CITY CLERK - BRENDA AGUILAR	X	

5. PRESENTATION OF AWARDS

Mayor Gomez presented a proclamation to Elsa Varela, Program Coordinator, regarding Domestic Violence Awareness.

6. DISCUSSION/DECISION ON CONSENT AGENDA ITEMS:

- A. EXPENDITURES FOR THE MONTH OF AUGUST 2009, TOTALING \$1,787,579.33.**

- B. MEETING MINUTES FOR AUGUST 12, 2009.**

- C. APPROVAL OF LIQUOR LICENSE SERIAL NUMBER 07, FOR LUCILA OLIVAREZ-OCHOA OF THE NEW GRAND LOCATED AT 1119 G AVENUE, DOUGLAS, AZ 85607.**

Motion by Council Member Morales, **second** by Council Member Shelton to approve consent agenda items A and B and to exclude item C, Item A included the expenditures for the month of August totaling \$1,787,579.33.

“Douglas – the premier southwestern border community.”

Roll Call: All members voted in favor. **MOTION PASSED**

Council Member Morales inquired if Lucila Olivares-Ochoa and Cruz Silva were the restaurant owners.

Cruz Silva informed that the owner was Lucila Olivares-Ochoa and he was not an owner, but was the manager.

Motion by Council Member Shelton, **second** by Council Member Huish to approve item 6C, Liquor License Serial Number 07, for Lucila Olivarez-Ochoa of the New Grand located at 1119 G Avenue, Douglas, AZ 85607.

Roll Call: All members voted in favor. **MOTION PASSED**

Items number 9 and 15 were addressed immediately after the consent agenda (6).

7. PRESENTATION/DISCUSSION BY ELSA VARELA, PROGRAM COORDINATOR, REGARDING DOMESTIC VIOLENCE.

Ms. Elsa Varela was unavailable for the presentation.

8. PRESENTATION/DISCUSSION BY BRYAN BICKEL, SEAMC CEO, TO PROVIDE AN UPDATE REGARDING THE FUTURE OF THE HOSPITAL.

Mayor Gomez declared a conflict of interest due to his daughter's employment with SEAMC and did not participate in the discussion.

Bryan Bickel, SEAMC CEO, gave a PowerPoint presentation to provide an update regarding the future of the hospital and discussed the following topics:

- The Givens
- What the hospital means to Douglas
- Economic Impact of SAMC
- Why a New Facility

Council Member Lindemann stated that a hospital taxing system needed to be formed and inquired if that idea had been considered.

Bryan Bickel responded that the idea had been reviewed, but had to be approved by the voters every five years. There would be concern with respect to the repayment of a loan if the voters did not want a hospital district after 5 years.

Council Member Lindemann inquired if there was a location for a new hospital.

Bryan Bickel responded that there were several locations, but was not at liberty to discuss.

Council Member Shelton inquired if there were grants available to build a hospital or if there was a hospital district in Arkansas.

Bryan Bickel stated that he did not have a hospital nor did he have the ability to form a hospital district, but had levied a one penny tax countywide.

Council Member Shelton inquired if it was a small county in comparison to Cochise County.

Bryan Bickel agreed that it would be population wise - logistically or geographically, adding that they had the only health care facility in the county. The county passed the sales tax since they continued to own the building.

Council Member Shelton requested the number of beds at the Arkansas and the Douglas hospital.

Bryan Bickel informed that a twenty-bed facility had been built in Arkansas and the Douglas facility was a twenty-five bed.

Council Member Shelton inquired if there was reimbursement available by the U.S. Government for illegals treated at their facility.

Bryan Bickel stated that it would depend on how they were taken in and explained different options.

Council Member Huish stated that a Coronado Hills group was willing to make land available for the construction of a new hospital.

Bryan Bickel stated that it was correct; however, there would be caveats with making the land available that would require the group to build the hospital. Mr. Bickel expressed concern since the group has never built a hospital.

Council Member Huish inquired if it would make a difference, if there was a change with respect to the builder.

Bryan Bickel stated that the parcel being offered was approximately 15 acres and that it might be adequate.

Council Member Huish requested the number of acres required to build the facility.

Bryan Bickel stated that it should be no less than 20 acres.

Council Member Acedo inquired if the helicopter was owned by the hospital.

Bryan Bickel stated that it was not owned by the hospital, but that it was owned by a private contractor.

9. PERSONS WISHING TO ADDRESS THE COUNCIL IN WRITING OR VERBALLY ON ANY ITEM NOT ON THE AGENDA.

Richard Lopez of 1605 9th Street made the following comments:

- Thanked Mayor and Council for taking action on a request regarding a golf course issue.
- Expressed opposition regarding newspaper articles concerning Mayor Gomez.
- Requested a review, by council, of a past golf course case and meeting minutes taken by golf course administration.
- Thanked Mayor Gomez for doing a good job and for supporting the port of entry project, also thanked council.
- Offered his support to council.

Gary James of 1521 Van Buren addressed council regarding the port of entry expansion:

- Expressed concern regarding the location of the truck crossing along with health and safety issues.

10. DISCUSSION/DECISION ON APPROVAL OF THE PROPOSED DESIGN OF THE PHELPS DODGE MERCANTILE BUILDING AND AUTHORIZATION FOR THE CITY MANAGER TO NEGOTIATE A CONTRACT WITH BURNS WALD HOPKINS ARCHITECTS.

Curtis Shook stated that the item was for discussion and it was to make certain that the general consensus of ideas, as expressed by council at the June meeting, had been incorporated. The design presented was a suggestion and the final design would be presented to council in the future. Additionally, the item was also to confirm consensus by the council on the uses of the building and to authorize the city manager to negotiate with the architects regarding the final design.

Motion by Council Member Morales, **second** by Council Member Fernandez to approve the proposed design and authorize the city manager to negotiate a contract with Burns Wald Hopkins Architects to layout floors space, electrical, mechanical, roofing and other schedules for the renovation of the PD Mercantile building.

Council Member Morales commented that it was a great concept and it was needed since there were too many empty buildings in the downtown area.

Council Member Lindemann thanked Carlos De La Torre and Victoria Yarbrough for their presentation and further stated that a teen center was needed. The development of a teen center had been previously discussed, but was not pursued due to a business opportunity at the location that was considered.

Council Member Lindemann made the following suggestions for the design of the Phelps Dodge building:

- Portable stage.
- Incorporation of green technology – solar panels at city hall and at the Phelps Dodge building.
- Luxury apartments might not work with a teen center on the lower level.

Council Member Fernandez thanked Carlos De La Torre for the presentation and further expressed agreement with all of the suggestions made by Council Member Lindemann.

Mayor Gomez suggested a stage for special events and a conference room.

Council Member Shelton made the following suggestions:

- The teen center building should be established where the library is.
- Relocation of the library into the Phelps Dodge building.
- Educational center.
- Classrooms in the upstairs area.
- Apartments might not be successful due to teens.
- Space available for a restaurant, library, computer areas, chamber of commerce
- Classrooms and meeting rooms in the upstairs area.

Victoria Yarbrough, Librarian, provided information regarding the multi purpose and multi use space included in the design.

Council Member Lindemann inquired if a stage could be setup and if various groups could be accommodated for different events.

Victoria Yarbrough ...inaudible.

Carlos De La Torre added that the intent was to create the two main areas with removable furniture to accommodate special events and also provided information on various possible uses of the building.

Council Member Lindemann agreed with the proposed use for the multi purpose and multi use areas. However, stated that if a restaurant was included it would compete with the Gadsden and suggested it might not be a good idea. Council Member Lindemann further stated that a multi purpose area for all age groups was a good idea, adding that user fees should not be established for meeting rooms at the community center.

Carlos De La Torre stated that the city would probably not be in a position to be involved in the restaurant business. However, an area could be designated and proposals could be requested for a lease agreement.

Mr. De La Torre also replied to a suggestion made by Council Member Shelton regarding the relocation of the library stating that numerous upgrades would be required and it would be a financial setback. Mr. De La Torre suggested that some services could be provided at the center as an extension of the library.

Curtis Shook stated that due to requirements from the Government Arizona Development Authority (G.A.D.A.) money, the city could not use more than approximately six percent of the space for 501 (c) (3)s or a leased portion since G.A.D.A. bonds had a bond covenant that required public use. Approximately six percent of the building can be used for something other than city or county functions. Additionally, in relation to the library one reason there was discussion about having passive library and computer at the building was that the city was a beneficiary of \$430,000 in the current year through e-rate subsidies.

Council Member Huish stated that the Phelps Dodge building had been purchased for the development of County offices and to make it a profitable project. He further inquired if the project been abandoned and if County offices would be constructed in the building.

Curtis Shook responded that the city received a letter from the Cochise County Board of Supervisors indicating that they did not have the money available and were no longer interested.

Council Member Huish agreed with the information presented by Carlos De La Torre and staff. However, he inquired if the city could afford the project, concurred with the concept, and expressed concern regarding a possible tax or cost burden for the citizens of Douglas due to the rehabilitation of the building and questioned if the city could really afford it.

Curtis Shook stated that there would be operation and maintenance (O&M) every time something was built. However, there was a need for space from the chamber; there were volunteers that would like to operate a museum, and a recreation department that was not getting the use out of a teen center or recreation center or a civic center that the city could get if it was moved to the Phelps Dodge building. The concept that was being forwarded was that between two departments, perhaps the chamber or the volunteers program, without having to hire new staff, the city could have the ability to begin the civic center concept and to be able to provide the activities taking into consideration that the city is financially challenged.

Council Member Huish requested a timeline in which the city would be able to provide the services that had been discussed.

Curtis Shook stated that there were approximately 16.5 months to complete construction and to use between \$1.2 million to \$1.5 million of the bond funds that were borrowed in 2007. The reason for the spread was due to the purchase of additional parking property, part of the amount would have to be deducted from the total, and a decision would have to be made to reimburse the city or the general fund for the land purchase.

The funds are available for the construction of the bottom floor and Mr. Shook suggested that based on experience in the last 6 to 8 months, now would be the time to obtain best prices for professional services.

Council member Acedo commented that it was a great idea to move forward with the project and to take a risk for the benefit of the community. Council Member Acedo suggested the merging of several museums in the Phelps Dodge building.

Carlos De La Torre stated that one of the museums was controlled by the state, but other options were being explored.

Council Member Acedo agreed with comments made by Council Member Lindemann regarding a teen center and further inquired what the plans were regarding the basement.

Carlos De La Torre replied that there were no current plans, but options could be considered in the future although there would be some challenges due to the height of the ceiling.

Carlos Valenzuela of 2550 15th Street made the following comments regarding the Phelps Dodge Design:

- Commended Curtis Shook, Carlos De La Torre, and Victoria Yarbrough for their presentation (during the study session).
- Flawed design.
 - Necessities of merchants were not addressed.
 - Main floor should be a retail center.
 - Will provide an income for the city.
 - Will revitalize the downtown area.
- Before a final decision is made, the merchants should have an opportunity to provide input.

Kathleen Gomez of 1046 G. Avenue made the following comments regarding the development of a teen center:

- Good idea.
- Loud music might be disruptive to residents in the downtown area.
- Suggested the visitor center as the location for a teen center.
- Might conflict with the downtown area.
 - Safety issue.
- Beneficial for merchants to discuss ideas and provide input.

Richard Lopez of 1605 9th Street made the following comments regarding the development of a teen center:

- Previously served as Planning and Zoning President.
- Several teen areas were available in the past.
 - Teen areas were unsuccessful due to a lack of interest from the youth.
- The city should consider carefully before making a final decision.

Mayor Gomez inquired if the design was in draft form.

Curtis Shook agreed and stated that a lot of the necessary work had to do with the mechanical and the electrical components and it needed to be completed along with the rear entrance and the parking lot regardless of the configuration. In addition, the city had previously worked with Burns Wald Hopkins Architects and had received a good price and excellent service.

Roll Call: All members voted in favor. **MOTION PASSED**

11. DISCUSSION/DECISION ON APPROVAL OF JOB DESCRIPTION AND TITLE CHANGE FOR THE POSITION OF TOURISM SPECIALIST.

Curtis Shook explained the current position status and the need to revitalize the Main Street program. The current job description does not reflect the duties from the Main Street program since it was created when the program was inactive. The Economic Development Director would be assisted by the person in the position.

Motion by Council Member Huish, **second** by Council Member Shelton to approve (the job description and title change from Tourism Specialist, Range 14, to Tourism/Downtown Specialist, Range 14).

Council Member Fernandez inquired why a bilingual requirement had been excluded.

Curtis Shook replied that he did not know.

Council Member Fernandez suggested the inclusion of the requirement unless the position had already been filled.

Curtis Shook suggested the addition of the bilingual clause through an amendment of the job description, adding that due to budgetary concerns the hiring of the position might be frozen for some period of time.

Council Member Morales commented that the language should be “bilingual preferred” since it could be a violation.

Curtis Shook stated that “preferred” could be included at their request.

Council Member Morales further commented that it could be considered discrimination, if the term “bilingual” was just included.

Original motion withdrawn.

Motion by Council Member Huish, **second** by Council Member Morales to approve the job description and title change from Tourism Specialist, Range 14, to Tourism/Downtown Specialist, Range 14, with an amendment to the requirements that it be “bilingual preferred” if that is legal.

Council Member Huish commented that the city should be within the law when advertising a job description.

Ana Urquijo, Human Resources Director, stated that the preference could be provided, adding that when posting announcements the preferences or ideal candidate statements were included. However, if there was a requirement that was an essential function for a position, the city could certainly seek more than a preference such as for a police dispatcher position that had a bilingual requirement.

Council Member Shelton expressed concern regarding the bilingual preference since it could possibly exclude a good candidate.

Mayor Gomez stated that it would supersede the other one.

Roll Call: All members, except Council Member Ray Shelton, voted in favor.
MOTION PASSED

12. **DISCUSSION/DECISION ON APPROVAL OF THIRD READING OF ORDINANCE NO. 09-969, AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, COCHISE COUNTY, ARIZONA, ESTABLISHING USER FEES FOR THE DOUGLAS PARKING LOT AT 1ST STREET AND CUSTOMS AVENUE; AND ESTABLISHING AN EFFECTIVE DATE THEREOF.**

Motion by Council Member Shelton, **second** by Council Member Huish to approve third reading of Ordinance No. 09-969 by number and title only.

Roll Call: All members, except Council Member Ray Shelton, voted in favor.
MOTION PASSED

13. **DISCUSSION/DECISION ON APPROVAL OF THIRD READING OF ORDINANCE NO. 09-970, AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, COCHISE COUNTY, ARIZONA, AUTHORIZING THE CITY TO ACCEPT A DONATION OF REAL PROPERTY FROM THE HALPERN AND MARGOLIS FAMILY OF UNIMPROVED REAL PROPERTY, IDENTIFIED AS LOTS 6, 7, 8 AND 9 BLOCK “D” DOUGLAS TERRACE SUBDIVISION IN THE CITY OF DOUGLAS, ARIZONA ACCORDING TO THE MAP OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF COCHISE COUNTY ARIZONA, IN BOOK 3 OF MAPS, AT PAGE 173.**

Juan Pablo Flores stated that the process was moving forward with the Halpern and Margolis family to finalize the donation. However, the process to clear the title was still pending and recommended that council table the item for a period of sixty days.

Motion by Council Member Lindemann, **second** by Council Member Shelton to table the third reading of Ordinance 09-970 for sixty (60) days or until resolution is obtained.

Roll Call: All members, except Council Member Ray Shelton, voted in favor.
MOTION PASSED

14. DISCUSSION/DECISION ON APPROVAL OF FIRST READING OF ORDINANCE NO. 09-972, AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, COCHISE COUNTY, ARIZONA, AMENDING TITLE 6 OF THE DOUGLAS MUNICIPAL CODE RELATING TO ANIMALS BY AMENDING ORDINANCES 787 AND 09-963 PERTAINING TO CHAPTER 6.04 AND ESTABLISHING ADDITIONAL REGULATIONS ON DOG MAINTENANCE; ESTABLISHING SEVERABILITY OF COMPONENTS OF ORDINANCE.

Mayor Gomez inquired if State Law effective September 30 (2009), would require future changes to the ordinance.

Juan Pablo Flores informed that the proposed ordinance would not be in conflict with State Law.

Motion by Council Member Shelton, **second** by Council Member Huish to approve the placement of Ordinance No. 09-972 on its first reading by number and title only.

Juan Pablo Flores stated that the public had previously addressed council to express opposition regarding the dog limit and had also expressed that the dog owners should be responsible for their animal. The new proposal is not to have an animal limit; however, there would be several restrictions to prevent a dog from becoming a public nuisance. Mr. Flores also explained the proposed fee increases and the requirement to provide year-round care for the dog. Furthermore, Mr. Flores read several sections of the proposed ordinance.

Mayor Gomez stated that his concern was the issue had been initially addressed due to a situation involving a vicious dog and also expressed a safety concern regarding the citizens in the community. Mayor Gomez inquired if the fine would be strong enough for persons who could not take care of a vicious dog.

Juan Pablo Flores replied that the vicious dog ordinance had been in place prior to the situation involving Mrs. Cloud; however, the dog involved in the incident had not been caught. Mr. Flores explained the enforcement process through the court system.

Mayor Gomez requested further explanation on the restitution component of the ordinance.

Juan Pablo Flores read the proposed section in the ordinance regarding restitution and suggested that through the court system out of pocket expenses could also be addressed.

Council Member Acedo requested the total number of signatures collected by petition.

Brenda Aguilar stated that there were approximately sixty signatures.

Council Member Acedo inquired if there was a certain percentage of signatures required pertaining to the votes and further expressed support regarding the proposed ordinance.

Juan Pablo Flores replied that there was a requirement for voting, but that there was not a minimum requirement for the petition signatures.

Council Member Huish suggested jail time for individuals who fail to pay a fine.

Juan Pablo Flores explained the process through the court system in order to have a civil arrest warrant issued.

Council Member Huish inquired if there was a leash law and was informed by Juan Pablo Flores that there was; otherwise, it would be considered a dog running at large and the owner would be fined.

Council Member Shelton requested an explanation regarding section 6.04.030.

Juan Pablo Flores explained the process followed by Humane Officers after picking up a dog.

Council Member Shelton suggested the establishment of evening work hours for the Humane Officers and expressed support regarding the proposed ordinance.

Council Member Lindemann thanked staff for their work and commented that the good owner was not being punished and enforcement would have to be addressed. Council Member Lindemann suggested a review of the following matters:

- Humane Officers' work hours.
- The length of time animals are held.
- Customer service.

Council Member Lindemann supports the proposed ordinance.

Mayor Gomez commented that State Law established the number of days a dog could be held and Juan Pablo Flores agreed.

Council Member Morales thanked Juan Pablo Flores for a great job on the ordinance and agreed with Council Member Lindemann regarding not punishing the good dog owners and with making the citizens responsible and agreed with Council Member Shelton regarding a review of different hours (for the humane officers). Council Member Morales also stated that responsible citizens should also report vicious dogs.

Juan Pablo Flores summarized the proposed dog ordinance.

Diane Foley of 1411 9th Street expressed concern regarding vicious dogs and also expressed appreciation regarding council's actions.

Council Member Huish inquired about liability issues if a vicious dog was shot by a citizen in self-defense.

Juan Pablo Flores stated, "If you were protecting yourself, if you were protecting others, or protecting property, you are allowed to defend yourself and the law would generally not assess or find you liable."

Roll Call: All members voted in favor. **MOTION PASSED**

15. DISCUSSION/DECISION ON APPROVAL OF FIRST READING OF ORDINANCE NO. 09-973, AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, COCHISE COUNTY, ARIZONA, ESTABLISHING SEWER RATES AND OTHER CHARGES FOR USERS OF THE CITY WASTEWATER SYSTEMS, AMENDING ORDINANCES NO. 602, 755, 794 AND 06-904, USER FEES.

Curtis Shook stated that in 2007 the City of Douglas was given a notice of violation and eventually a consent decree from the Arizona Department of Environmental Quality (ADEQ) regarding violations of the Clean Water Act. The city subsequently signed a legal agreement called a consent order in which the city agreed to make renovations of the current wastewater treatment plant in line with the demand to change from a class c facility to a class b facility that required certain upgrades. In order to comply, the city is having to borrow money through the Water Infrastructure Authority of the State of Arizona at a very low rate; however, the bonds need to be repaid over a twenty or twenty-five year period. To repay the bonds there will have to be rate increases; the staff and finance committee have made recommendations to council for rate increases for the next five years.

Motion by Council Member Shelton, **second** by Council Member Huish to approve the placement of Ordinance No. 09-973 on its first reading by number and title only.

Mayor Gomez suggested that council consider the following residential rate increases:

- Increase now \$3.25, next year \$7.00
- Increase now \$4.50, next year \$5.75
- Increase now \$4.25, next year \$6.00

Mayor Gomez expressed concern regarding a possible increase of over 50% with the \$3.25/\$7.00.

Council Member Lindemann stated that there had been expectation of having updated numbers for review as previously discussed at a finance committee meeting. He further stated that the increases were necessary, but the scale needed to be adjusted without having a high increase.

Juan Pablo Flores inquired with Carlos De La Torre if there was a financial capital requirement that was considered in the two years used to develop the fee schedule.

Carlos De La Torre explained that it was necessary to be at \$10, as recommended by the Finance Committee, in the current year. Two fee structures or rate structures were also discussed with the Finance Committee and suggested that if a revised public report was requested an amendment could be issued. Mr. De La Torre further explained the proposed fee schedule from a PowerPoint slide.

Mayor Gomez stated that when addressing volume use, it would be established three years from now.

Carlos De La Torre responded that the rate structure had to be established now in order to show WIFA that the city had the means and the capital money to make the payments.

Mayor Gomez stated that if the rate increase was \$3.25 the city would not go into debt coverage; however, if the city increased to \$4.25 in the first year it would go into debt coverage and would be a better presentation to WIFA.

Curtis Shook stated that the city could obtain 2% financing on a WIFA (loan) for the entirety of the improvements that were required. However, the city could not refinance the loan or borrow additional money at the 2% rate unless the city could show that the money can be repaid. Additionally, WIFA will not allow the city to borrow more than the \$4.5 million because the city's rates do not allow for repayment of the bonds. With the rate increases that are being proposed in the current year, only wages, benefits, and O&M would be covered, but not the debt coverage. Making an increase of more than \$3.25 would show WIFA higher debt coverage and they would be willing to refinance the city's loan and allow the city to borrow all the money needed to make the improvements at the lower percentage rate. However, if rates are not increased, WIFA will not refinance our loan and the city might be forced to borrow at a higher interest rate.

Council Member Lindemann inquired if the increase would be at 48%.

Carlos De La Torre agreed.

Council Member Lindemann stated that the discussion should be regarding a 50% increase for three years and then to go volumetric.

Mayor Gomez requested the rate at a 50% increase.

Carlos De La Torre stated that it could be done, but the cash flow would have to be considered and further explained different calculations from the PowerPoint slide.

Curtis Shook stated that the reserves would be used this year and that the proposed rate this year gets would get the city through the O&M. The increase in the 2nd year would provide the cash flow and it would allow the city to make the bond payment.

Mayor Gomez inquired if goals could be accomplished according to the debt service.

Carlos De La Torre referenced the PowerPoint slide to explain scenarios in relation to WIFA requirements and the possibility of building a reserve over a five-year period.

Council Member Lindemann commented that it was a good place to start.

Roll Call: All members voted in favor. **MOTION PASSED**

16. A. DISCUSSION/DECISION ON APPROVAL OF FIRST READING OF ORDINANCE NO. 09-9974, AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, COCHISE COUNTY, ARIZONA, RELATING TO THE PRIVILEGE LICENSE TAX; ADOPTING “THE 2009 AMENDMENTS TO THE TAX CODE OF THE CITY OF DOUGLAS” BY REFERENCE; ESTABLISHING AN EFFECTIVE DATE; PROVIDING FOR SEVERABILITY AND PROVIDING PENALTIES FOR VIOLATIONS; AND DECLARING AN EMERGENCY.

Curtis Shook explained that the Model City Tax Code was sent by the League of Cities and towns, which included changes in the law, on an annual basis and adoption was required by council.

Motion by Council Member Shelton, **second** by Council Member Fernandez to approve the placement of Ordinance No. 09-974 on its first reading by number and title only and declaring an emergency.

Roll Call: All members voted in favor. **MOTION PASSED**

Motion by Council Member Shelton, **second** by Council Member Morales to approve the first reading of Ordinance No. 09-974 and to place it on second reading by number and title only and declaring an emergency.

Roll Call: All members voted in favor. **MOTION PASSED**

Motion by Council Member Shelton, **second** by Council Member Morales to approve the second reading of Ordinance No. 09-974 and to place it on third reading by number and title only and declaring an emergency.

Roll Call: All members voted in favor. **MOTION PASSED**

Motion by Council Member Shelton, **second** by Council Member Huish to approve the third reading of Ordinance No. 09-974 by number and title only and declaring an emergency.

Roll Call: All members voted in favor. **MOTION PASSED**

B. DISCUSSION/DECISION ON APPROVAL OF RESOLUTION NO. 09-642, A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, ARIZONA, DECLARING AS A PUBLIC RECORD THAT CERTAIN DOCUMENT FILED WITH THE CITY CLERK AND ENTITLED “THE 2009 AMENDMENTS TO THE TAX CODE OF THE CITY OF DOUGLAS.”

Motion by Council Member Shelton, **second** by Council Member Morales to approve Resolution No. 09-642.

Roll Call: All members voted in favor. **MOTION PASSED**

17. RESIGNATIONS AND APPOINTMENTS.

Motion by Council Member Shelton, **second** by Council Member Huish to approve the appointment of David Bond to the Planning and Zoning Committee.

Roll Call: All members voted in favor. **MOTION PASSED**

18. MAYOR’S REPORT.

- Met with Mayor Juan Escamilla and was informed that San Luis has a 20% decrease in revenue.

19. COUNCIL MEMBERS' REPORTS.

Council Member Lindemann:

- Requested follow-up from Chief Melis at the 15th Street Park regarding problems that have interfered with the softball games.
- Inquired if a projection could be made on the future revenue collection by the contracted company.
 - Curtis Shook informed that it was too early.

Council Member Fernandez:

- Made the following comment, “Gaytan”.
- Inquired how the economic situation would be addressed.

Council Member Shelton:

- Likes the idea of having a teen center separate from the Phelps Dodge Mercantile.

Council Member Shelton:

- Spoke to people at the League of Arizona League of Cities and Towns Conference regarding the port of entry and found that there was support.

Council Member Acedo:

- Reported loose gravel in the area of 20th and 21st Streets.
- Requested curbing date for the area of 20th Street.
 - Carlos De La Torre informed that it would be addressed in early November.
- Suggested clean-up of junk yards on 20th and 21st Streets, east of Douglas in the area of ward 6, and reported razor ribbon wire on the west side (no further information provided).

20. CITY MANAGER'S REPORT.

- Revenue projections for local sales tax revenue are off by approximately 18%.
 - In the first two months, \$120,000 less was collected than what was projected.

- If trend continues, within a month or so, some recommendations will be made to council.
- Alternatives are being considered.
- Expressed concern.
 - Tourism Downtown Specialist position might not be filled right away.
 - Considering additional partnerships.
 - Two or three different alternatives will be considered.
 - Lay-offs would be the last item for consideration.
 - Balanced budget presented to council was due to revenue estimates.
 - Fluctuations in last year's budget were possibly due to Department of Revenue's reimbursements.
 - Currently not receiving the dollars from across the border.
- Remembrance ceremony at the fire department on September 11, 2009, at 9:11 a.m.
- Curb and gutter installed in the area of 23rd Street and should be completed by weekend.

21. CITY ATTORNEY'S REPORT.

None

22. ADJOURNMENT.

Motion by Council Member Fernandez, **second** by Council Member Shelton to adjourn the meeting at 8:58 p.m. unanimously passed.

Prepared By:

Brenda Aguilar
City Clerk