

**DOUGLAS CITY COUNCIL
SPECIAL MEETING MINUTES
MARCH 16, 2010**

The City of Douglas Mayor and Council met in a Special Meeting on Tuesday, March 16, 2010, at 4:00 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 HUIH - WARD FIVE		X (excused)
COUNCIL MEMBER LOUIE ACEDO – WARD SIX		X (excused)
CITY MANAGER- CURTIS SHOOK	X	
CITY ATTORNEY-JUAN PABLO FLORES	X	
FINANCE DIRECTOR-JORGE TREVIÑO	X	
CITY CLERK - BRENDA AGUILAR	X	

2. DISCUSSION/DECISION ON APPROVAL OF RESOLUTION NUMBER 10-771, A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, COCHISE COUNTY, ARIZONA, DECLARING AND ADOPTING THE RESULTS OF THE PRIMARY ELECTION HELD ON MARCH 9, 2010.

Brenda Aguilar explained that City of Douglas Charter required canvassing of the election results within seven days after the election, adding that the official results had been issued by the Cochise County Elections Department on March 11.

Motion by Council Member Morales, **second** by Council Member Lindemann, to approve Resolution No. 10-771.

Mayor Gomez inquired if the results could be challenged at any time after the adoption.

Brenda Aguilar agreed.

“Douglas – the premier southwestern border community.”

Results were read into the record by Brenda Aguilar, City Clerk.

RESOLUTION NO. 10-771

**A RESOLUTION OF THE MAYOR AND
COUNCIL OF THE CITY OF DOUGLAS,
COCHISE COUNTY, ARIZONA, DECLARING
AND ADOPTING THE RESULTS OF THE
PRIMARY ELECTION HELD ON MARCH 9, 2010.**

WHEREAS, the City of Douglas, Cochise County, Arizona did hold a primary election on the 9th day of March, 2010; and

WHEREAS, the election returns have been canvassed by the Cochise County Elections/Special Districts Office and the Certification of Canvass has been presented to the Mayor and Council of the City of Douglas; and

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Council of the City of Douglas, Cochise County, Arizona, as follows:

Section 1. The total number of ballots cast at said primary election, as shown by the poll list, was 487.

Section 2. The number of ballots to be verified was 17 and that voters found to be ineligible were 9.

Section 3. The votes cast for council members were as follows:

Ward 2	Mitch Lindemann	69
	Richard Lopez	68
Ward 4	Frank Ambriz	101
	Ray Shelton	114
Ward 6	Jose L. Acedo	42
	Rudy "Popo" Quinonez	90

Section 4. It is hereby found, determined and declared of record, that the following two (2) candidates did receive more than one-half of the total number of valid votes cast and hereby issued certificates of election:

Ward 4 Council member	Ray Shelton
Ward 6 Council member	Rudy "Popo" Quinonez

Section 5. It is hereby found, determined, and declared of record that the margin between the Ward 2 candidates was one vote. The aforementioned facts are hereby certified and therefore a recount is required.

Section 6. The City Attorney is hereby instructed to submit a petition to the Cochise County Superior Court for a recount of the Ward 2 results.

Section 7. Once the Ward 2 results are recounted and it is found, determined and declared of record that one of the candidates received more than half of the total number of valid votes cast, a certificate of election may be issued.

PASSED AND ADOPTED this 16th day of March, 2010, by the City of Douglas Mayor and Council.

Dr. Michael Gomez, Mayor

Attest:

Brenda Aguilar, City Clerk

Approved as to Form:

Juan Pablo Flores, City Attorney

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

3. PRESENTATION/DISCUSSION PERTAINING TO THE CITY OF DOUGLAS SALES TAX ADMINISTRATION AND COLLECTION PROGRAM.

A PowerPoint presentation was given by Jorge Treviño, Finance Director/City Treasurer regarding sales tax administration and the following topics were discussed:

- DOR Facts

Mayor Gomez inquired how the misallocation of payments was discovered.

Jorge Treviño explained that Luis Pedroza, the City of Douglas Sales Tax Liaison, had been provided accessibility to specific Department of Revenue (DOR) records and had discovered some of the errors.

Mayor Gomez inquired if the city received a lump sum from DOR since they might not be able to itemize the reimbursements.

Jorge Treviño agreed and further explained that a monthly report (from DOR) reflected the payment amount and identified the taxpayer, adding that reimbursements were deposited in the LGIP account.

- City Collecting
 - Strengths and Weaknesses

Mayor Gomez requested clarification on daily tax collections.

Jorge Treviño explained that upon receiving payments, the deposits would be made on the following day.

Mayor Gomez inquired if based on minimal O & M costs, the city had the software available to support the collection process.

Jorge Treviño stated that the information would be provided later in the presentation; however, O & M would reference supplies, paper, and postage.

Mayor Gomez requested clarification on the filing of two separate tax returns by the merchants.

Luis Pedroza, Financial Analyst, stated that only one form was required for filing and explained that the form had been changed to reflect a sales tax increase from 2.5 percent to 2.8 percent.

- City Collecting
 - Opportunities and Threats

Council Member Lindemann inquired if the rental property tax had been in ordinance, but had not been enforced and further requested an explanation of the collection process.

Jorge Treviño agreed and explained the collection process.

Mayor Gomez inquired what process would be followed to educate business owners regarding the submittal process.

Jorge Treviño stated that workshops would be scheduled for a general orientation of the process.

Mayor Gomez inquired if ownership of three or more rentals was required in order to pay taxes.

Curtis Shook agreed.

Juan Pablo Flores further explained that in addition to the residential rental/lease tax, the tax would also apply to businesses that rent commercial properties and the restriction would be one rental.

Council Member Shelton requested software information.

Andrew Dym, IT Director, stated that two programs were evaluated: Incode/Vision system owned/operated by the City of Nogales and an in-house custom programmed system with the City of Apache Junction. After evaluating both systems, the recommendation was to move forward by purchasing a module, which attaches to the Incode system and explained the benefits in addition to the city already owning the hardware. Mr. Dym further explained the high cost of a custom-made program.

Council Member Lindemann requested the module cost.

Andrew Dym stated that the module would be a one-time purchase of \$16,000, a one-time implementation cost of \$10,000, and an annual maintenance cost of \$4,125.

Council Member Shelton requested further explanation on the difference in cost for the two programs.

Andrew Dym explained the benefit of custom programs and the disadvantage in cost and maintenance and further explained the advantage of purchasing the application through Incode, adding that the only major disadvantage would be to conform some of the city policies to matchup with all the software operations.

Council Member Shelton inquired the length of time the company had been in business and their location.

Andrew Dym stated that it was approximately 25 years and they were in Texas with facilities throughout the country.

Council Member Lindemann inquired how the purchase would be funded.

Jorge Treviño stated that a determination would be made during the budget process and a lease/purchase analysis would be conducted.

Council Member Lindemann inquired what the implications would be if the state was able to pass a bill that would prohibit the in-house activity.

Curtis Shook stated that the in-house process would be automatically recommended if a third party could not be hired, adding that moving away from the state was in the city's best interest.

Council Member Lindemann inquired if it was possible for the state to prohibit the cities of conducting the in-house process.

Curtis Shook stated that the state could not make the prohibition and there were several major cities conducting their own collections.

- RDS Collecting
 - Strengths and Weaknesses
- RDS Collecting
 - Opportunities and Threats
- 1st Year Projected Costs
 - City Collecting
 - RDS Collecting
- 2nd Year Projected Costs

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

Frank Ambriz, 2154 12th Street, expressed concern regarding the following:

- A possible discrepancy on the ward 4 boundary for 12th and 13th Street between Polk Avenue and Airport Road.

Richard C. Lopez, 1605 9th Street, expressed concern regarding the following:

- Council Members voting on election results.
- Election challenge.

5. ADJOURNMENT.

Motion by Council Member Morales, **second** by Council Member Fernandez to adjourn the meeting at 5:12 p.m. unanimously passed.

Prepared By:

Brenda Aguilar
City Clerk