

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

The City of Douglas Mayor and Council met in a Special Meeting on Wednesday, June 16, 2010, 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 HUIH - WARD FIVE		X (excused)
COUNCIL MEMBER RUDY QUIÑONEZ – 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. RESIGNATIONS AND APPOINTMENTS.

Program Coordinating Committee Appointments

Resignations submitted by the following members: Olga Ramirez de Miguez, Ana Varela, and Lupe Mora.

Motion by Council Member Lindemann, **second** by Council Member Shelton, to approve the appointment of Mario Merino, Rosalinda Gomez, and Ana Luna.

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

“Douglas – the premier southwestern border community.”

3. DISCUSSION/DECISION ON APPROVAL OF RESOLUTION NO. 10-794, A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, COCHISE COUNTY, ARIZONA, ADOPTING THE TENTATIVE ESTIMATES OF THE AMOUNT REQUIRED FOR THE PUBLIC EXPENSE OF THE CITY OF DOUGLAS FOR THE FISCAL YEAR 2010 – 2011; ADOPTING A TENTATIVE BUDGET TO INCLUDE HEALTH INSURANCE CONTRIBUTION CHANGES AND PERSONNEL RECLASSIFICATIONS; SETTING FORTH THE RECEIPTS AND EXPENDITURES; THE AMOUNT ACTUALLY LEVIED AND THE AMOUNTS ESTIMATED AS COLLECTIBLE FOR THE PREVIOUS FISCAL YEAR; THE AMOUNT PROPOSED TO BE RAISED BY VARIOUS MEANS; AND GIVING NOTICE OF THE TIME FOR HEARING TAXPAYERS ON THE ADOPTION OF THE FINAL BUDGET; AND FOR FIXING THE TAX LEVY.

Curtis Shook briefly explained the budget process followed by the Finance Committee and by the staff.

Motion by Council Member Shelton, **second** by Council Member Lindemann, to approve Resolution No. 10-794.

A PowerPoint presentation was given by Rocio Garcia, Human Resources Analyst, and Luis Pedroza, Finance Analyst, pertaining to the following topics:

- 2010/2011 Operating Budget
- Key Points/Budget Philosophy
- Reserve Cash Position
- Consolidated Budget Summary
- Personnel
- Projected Budget – GF
- General Fund

Council Member Lindemann commented that it was the Finance Committee's recommendation to award \$2,150 to the Senior Citizens since it would be their sole support and the Cochise Cycling Association was capable of conducting their own fundraising.

- Projected Budget – Special Revenue
- Special Revenue Funds

Council Member Lindemann commented that a lawsuit had been filed against the State of Arizona for restoration of the lottery funds.

Mayor Gomez inquired if \$14,675 (from reserves for grant match) would be collected through the sales tax increase and if it could be legally used since it was destined to be used for the call center only and not for construction around it.

Luis Pedroza agreed that it would be collected through the sales tax collection and Curtis Shook further explained that the widening project was specifically for the call center.

- Projected Budget – Enterprise Funds
- Enterprise Funds
- 2010 Sewer Model
- 2011 Sewer Model
- 2010 Water Model
- 2011 Water Model
- 2010 Sanitation Model
- 2011 Sanitation Model
- 2010 Call Center Model
- 2011 Call Center Model

Council Member Lindemann inquired if the grant match funding could be reflected as a credit due to non-acceptance of grants by the city.

In response, Luis Pedroza stated that if the call center grant was being referenced, it was in progress and had been accepted, adding that the city might not need all the fund award, thus reducing the grant match.

Council Member Shelton requested the golf course status.

Luis Pedroza informed that significant improvement had been made in the last three years although currently it was not self-sustaining, but with the new RV Clubhouse more revenue might be generated.

Mayor Gomez inquired if the rationale had changed regarding the establishment of a partnership with IDA for economic development and suggested an explanation be given to the council.

Curtis Shook stated that it was anticipated for the city to move away from being the sole funding source for economic development in recognition that over the long term it would take public/private partnerships to serve the greater Douglas region.

In anticipation of an economic development corporation, presentations have been made to the IDA and the Port Authority. Additionally, presentations would be made in the following month to council and possibly to the county, community college, and the hospital. The intent is to bring a partnership of various agencies to pay for economic development in the greater Douglas region.

After the termination of the Economic Development Director and another department head due to financial problems, the council agreed that the idea and the practice of economic development would not go away. Mr. Shook feels the development of the private corporation would be a positive improvement with the various different partners paying into it for the corporation to operate. The forwarded program by the Economic Development Corporation (E.D.C.) would be focusing first on the port of entry project and to setup the E.D.C. and start looking at economic development projects.

Mayor Gomez stated that council needed to be aware that the wording was incorrect since the establishment of a partnership would not be with IDA, but it would be with the Economic Development Corporation.

Curtis Shook agreed.

Mayor Gomez stated that the approximate amount was \$25,000 and suggested that council should think about it prior to finalizing it in the following month. Mayor Gomez further stated, “We talked about it and he said that even if we approve it, he’s not gonna commit it unless this corporation is setup. And if it isn’t setup because they need to be funded by many different sources and Mr. Shook and staff are recommending that we fund this corporation by the amount of \$25,000, so keep that in mind. And then what I was thinking for council thought is that, suppose that we don’t have the corporation, the corporation does not become a reality, possibly we could look at using that money for lobbying. Seeing if we can use that for lobbying at the capitol for our port of entry. Would that be a good idea, Mr. Shook?”

In response, Curtis Shook stated that it might be a good idea.

Mayor Gomez suggested that it could be presented and studied.

Curtis Shook stated that if the E.D.C. was not formed, he would return to the council to seek ideas on how to use the money.

Mayor Gomez expressed concern pertaining to the minus twenty-two percent in projected cemetery fees.

Curtis Shook explained that it was based on the current year’s experience, adding that although higher revenue was being collected the number of burials had reduced.

Mayor Gomez inquired what the projected amount would be for the Intergovernmental Agreement with the school district.

Luis Pedroza explained that it was a special project infrastructure IGA with the schools for sidewalk installation, in which the Douglas Unified School District would reimburse the city for the cost of all materials, adding that the city had been responsible for all labor costs. An amount of \$11,392 was collected and it was expected that in the new fiscal year an additional amount of up to \$115,000 could be collected in materials reimbursement.

Mayor Gomez inquired if the 6.9 percent increase pertaining to the call center was based on sales tax projections.

Rocio Garcia stated that the city would be receiving amounts for two extra months that would have an affect on the call center, special projects, and the general fund.

Mayor Gomez stated that according to pilots, fuel sales at the airport were limited due to lack of accessibility to the fuel and requested an explanation.

Luis Pedroza stated that according to reduction on projections for low lead, there had been limited purchases by Mexican customers and the Jet A fuel. In addition, there were variations throughout the months based on need and fuel price increases would have an affect on the profit margin.

Carlos De La Torre stated that approximately 70 percent were government sales, which included an honor system for the use of a credit card. Mr. De La Torre further stated that the vast majority of clients received the service without a change or impact of not being accessible or a service not being provided. Although, personnel is not available 24 hours, a placard is in place with contact information in order to provide the service by request. Future policies will be implemented for minimum purchases and the sales reduction might be due to the pending implementation of the policy.

Mayor Gomez requested an explanation pertaining to an 11.9 percent increase to administration's general fund for travel expenses.

In response, Rocio Garcia explained that details were requested from all departments and divisions for each specific item. Only the required training to maintain certifications or retain memberships were included in travel and training.

Mayor Gomez inquire if upgrades were included in the amount of \$182,000 for management information systems contractual services for the collections of sales tax.

Rocio Garcia agreed and further stated that it also included information technology infrastructure for the city.

Mayor Gomez requested an explanation on the zero amount reflected under approved amount instead of the recommended \$2,100 for the Douglas Senior Citizens.

Rocio Garcia stated that the approved amount was left blank pending council's action and the amount would be inserted if approved by council.

Mayor Gomez inquired if the school assisted the city with aquatic center repairs or if the city would be asking for repairs.

Curtis Shook stated that it would not take place during the current fiscal year, but the percentage of use would be analyzed and had spoken to school personnel pertaining to rate increases in the following year.

Mike Nava of 2120 10th Street, inquired if monies left over from the bond issue could be used to assist with the matter.

Mayor Gomez and Council Member Shelton disagreed.

Curtis Shook stated that bond counsel would have to be approached.

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

4. DISCUSSION/DECISION ON APPROVAL OF RESOLUTION NO. 10-795, A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, ARIZONA, AUTHORIZING THE EXECUTION OF A TWO-YEAR EXTENSION OF THE AGREEMENT BETWEEN THE CITY OF DOUGLAS AND ALMA VILDOSOLA TO PROVIDE SERVICES AS THE CITY MAGISTRATE FOR THE CITY OF DOUGLAS.

Mayor Gomez stated that he had made an inquiry to the attorney and was following his advice. He informed the council that according to charter, the appointments were made by the mayor with council's approval for reappointments to a commission, committee or the mayor had the charge of appointing the manager, the attorney, the clerk, and the magistrate with the approval of the council.

Mayor Gomez further stated that the appointment did not have to be made prior to agreeing to the contract since the magistrate was already in the position, adding that he would not be making the appointment for that reason.

Motion by Council Member Shelton, **second** by Council Member Lindemann, to approve Resolution No. 10-795.

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

5. **DISCUSSION/DECISION ON APPROVAL OF RESOLUTION NO. 10-796, A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF DOUGLAS, ARIZONA, AUTHORIZING THE EXECUTION OF AN AMENDED SERVICE AGREEMENT BETWEEN THE CITY OF DOUGLAS AND SMARTSCHOOLSPLUS INC. AN ARIZONA CORPORATION D/B/A SMARTWORKSPLUS TO PROVIDE PROFESSIONAL SERVICES, INCLUDING EMPLOYEE STAFFING SERVICES FOR THE CITY OF DOUGLAS HUMAN RESOURCES DEPARTMENT.**

Curtis Shook stated that after council's contract approval with Smartworksplus in March (2010) staff had moved forward and several employees were interested in the program. However, Council Member Quiñonez contacted Mr. Shook via telephone to express concern pertaining to double dipping and requested council's consideration to table the item in order to allow him an opportunity for discussion at the following meeting. Additionally, Mr. Shook informed Council Member Quiñonez that as part of the budgetary process the savings had already been calculated.

Motion by Council Member Shelton, **second** by Council Member Morales, to approve Resolution No. 10-796.

Council Member Lindemann commented that there was nothing wrong with double dipping.

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

6. **DISCUSSION/DECISION ON APPROVAL OF CONTRACT RENEWAL FOR EMPLOYEE HEALTH INSURANCE WITH HEALTH NET FOR FISCAL YEAR 2010/~~2010~~ 2011.**

Curtis Shook informed the council of negotiation efforts by human resources staff to reduce a 57% projected health insurance increase.

Motion by Council Member Morales, **second** by Council Member Shelton, to approve a contract with Health Net for employee health insurance for fiscal year 2010-2011 with plans as presented.

Mayor Gomez inquired if employees would be responsible for the first \$1,500 in deductible.

Ana Urquijo, Human Resources Director, informed the council that employees would be responsible for the first \$800 and the city would be responsible for the next \$1,700, any remaining amount would be divided between the employee and the city at a 30/70 percent.

Mayor Gomez requested the total amount the city would have to pay once an employee reached a full deductible.

Ana Urquijo stated that it would be \$1,550 for the employee and the city would be \$3,450.

Mayor Gomez commented that quite a few might had reached the full amount.

Ana Urquijo stated that the amount forecasted for HRA had been more than what was used since there had been an approximate 18 percent usage of what was expected thus creating a savings. However, the few impacts and deductibles that were used had been large claims, but deductibles were not overused.

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

7. DISCUSSION/DECISION ON APPROVAL OF AN INCREASE TO THE FLEXIBLE SPENDING ACCOUNT LIMIT FOR MEDICAL REIMBURSEMENT FROM \$3,000 TO \$4,000 PER YEAR THROUGH EMPLOYER SERVICES GROUP.

Motion by Council Member Morales, **second** by Council Member Lindemann, to approve an increase to the Flexible Spending Account limit for medical reimbursement from \$3,000 to \$4,000 per year through Employer Services Group and new HRA design as presented.

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

8. DISCUSSION/DECISION ON APPROVAL OF CONTRACT RENEWAL FOR LIABILITY INSURANCE WITH TRAVELERS FOR FISCAL YEAR 2010/2011.

Curtis Shook explained the insurance coverage and commented that there had been a minor reduction of approximately five percent.

Ana Urquijo stated that the reduction in comparison to last year's proposal was \$7,898.

Motion by Council Member Shelton, **second** by Council Member Morales, to approve a contract renewal for liability insurance with Travelers for fiscal year 2010/2011.

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

9. DISCUSSION/DECISION ON APPROVAL OF BID PROPOSAL SUBMITTED BY AMBISERV FOR EMERGENCY MEDICAL SERVICE BILLING TO THE CITY OF DOUGLAS.

Curtis Shook provided background information regarding substandard service by Intermedix and contract default, adding that contract termination was due to negligence and nonperformance.

Motion by Council Member Lindemann, **second** by Council Member Morales, to approve the bid proposal submitted by AmbiServ for Emergency Medical Service Billing to the City of Douglas.

Mayor Gomez inquired if AmbiServ had reduced their fee from 6 percent to 4.75 percent.

Curtis Shook agreed and commented that AmbiServ had been previously successful in the collection of approximately \$300,000 on behalf of the City of Douglas, but had not been contracted during the bidding process due to charter purchasing procedures requiring selection of the lowest bidder.

Council Member Shelton inquired if 64 percent was the collected amount.

Jorge Treviño explained that the year to date billing collection with Intermedix was 44 percent, with the former collections clerk it had been 56 percent, and with AmbiServ it had been 65 percent.

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

10. DISCUSSION/DECISION ON APPROVAL OF THE PLANS AND SPECIFICATIONS FOR REPAIRS TO THE WATER STORAGE TANKS AT CAUSEY PARK AS REQUIRED BY THE ARIZONA DEPARTMENT OF HOUSING, CDBG SSP PROGRAM.

Motion by Council Member Shelton, **second** by Council Member Lindemann, to approve the plans and specifications for repairs to the water storage tanks at Causey Park as required by the Arizona Department of Housing, CDBG SSP Program.

It was noted by Carlos De La Torre, Public Works Director/City Engineer, that the grant had been secured by Christina Gomez, Housing Director. Mr. De La Torre informed that the Department of Commerce required council approval of the plans and specifications, which is typically an administrative process. Information pertaining to the scope of work was provided and it was pointed out that the SSP grant of approximately \$293,000 might not be sufficient to cover all project costs. Therefore, council will be informed of the difference, which will be paid possibly through the water and sewer fund.

Curtis Shook and Mayor Gomez recognized Christina Gomez for writing a successful grant.

Mayor Gomez inquired if the problem with the overflowing water tanks had been rectified.

Carlos De La Torre stated that it had been rectified and explained the process.

Mayor Gomez inquired if low pressure could be anticipated.

Carlos De La Torre confirmed that a reduction in pressure would occur, the tanks would be out of service for approximately 30 to 45 days, and residences west of Dolores Avenue line would be affected, but not the residences to the east of Dolores Avenue.

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

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

Alice Novoa of 832 2nd Street, commented on the following:

- Immigration status pertaining to City Magistrate, Alma Vildosola.
- Thanked the council for allowing her to use the Placita del Sol and reported a water leak at that same location.

12. ADJOURNMENT.

Motion by Council Member Fernandez, **second** by Council Member Lindemann to adjourn the meeting at 6:03 p.m. unanimously passed.

Prepared By:

Brenda Aguilar
City Clerk