

**SPECIAL COUNCIL MEETING
BUDGET WORKSESSION
TUESDAY, JUNE 27, 2017
3:00 P.M.
SCHIEFFELIN HALL
(CORNER OF FREMONT AND FOURTH STREET)**

- I. CALL TO ORDER** Mayor Dustin Escapule called the Special Council Meeting to order on Tuesday, June 27, 2017.
- II. PLEDGE OF ALLEGIANCE** Mayor Dustin Escapule led the Common Council and the general public in a recitation Of the Pledge of Allegiance.
- III. ROLL CALL**
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| Councilmember Anna Salcido | Present |
| Councilmember Bill Barlow | Absent |
| Councilmember Brian Davis | Absent |
| Councilmember James Newbauer | Present |
| Mayor Dustin Escapule | Present |

Also in attendance – Ruben Villa, Finance Director
Brenda Ikirt, Interim City Clerk

A Quorum was declared

IV. BUDGET WORK SESSION

- A. DISCUSSION AND/OR ACTION:** Mayor and Council to review and discuss budget status for the Fiscal Year 2017/2018 with Finance Director Ruben Villa.

Finance Director Villa; “Good afternoon members of the Council, Chief and Deputy and staff.

I didn’t really bring a presentation because I think that I can answer some questions first and then just have a general discussion so we don’t spend a lot of time. First if the Council has any questions I would like to address those first.

Mayor Escapule; “I do have a question. I will relay a message to you from Councilman Davis. First he thanks you for the extra effort that you put in getting him that information and he also said that he thinks you are doing an excellent job and very happy with the budget and (inaudible) with you”

Finance Director Villa; “I appreciate that! I did spend a few minutes with him on the phone and then later I sent him a report. His questions really had to do with the changes in the totals for the last three years. I was able to show him that over the years the actual revenue has declined slightly. The changes in the budget have more to do with our expectations on grants and the capital

projects but the slight decline in revenue; and I guess this opens that up for discussion is the implication of any slight decrease in revenue is in the form of expenses. Those expenses include salaries and includes benefits and includes other things. The challenge in putting a budget together every year is that we don't just have Marshal's Department, we just don't have Public Works we have a whole organization that not only has salaries and benefits but we have roads that need construction and repair; we need buildings that need to be up kept and we need to pick up garbage and all that! The challenge in all that is to make all those dollars that we think are available fit. Anytime we try to move things, either you take something from something else and tilt the scale some other way or try to balance it. It's a huge challenge and I know that every department has needs and has particular dynamics that is individual to the department but overall it's my job to put a budget in the general way. I think we focused as we could for the last few years in addressing some of the issues. We figure a little bit of the Marshal's Department. Last year we were hoping to do this year for the rest of the individuals; the rest of the employees but there is simply not enough revenue there. As a topic of revenue, the general fund is a collection and I mentioned this last time, is a collection of revenues that are all really based on things that we have very little control. For example the majority of the dollars, and you can see that in the general fund detail, come from State Shared Revenues and they are based on the number of residents in town. So those we can't change. Whatever they tell us we are going to get that's what we can get. The only one that we may have some and it is a huge number there it's the largest number in the revenue lines is your sales tax. The City is already at the highest level in the region for taxation and sales tax, plus bed tax. If you were to raise another half a cent or another one percent you would be way over the region. It is a tourist town and you create competition; you don't want to be over Bisbee. Now if there is ever a need to the point there is an emergency that is a place that you could go! Property taxes we cannot exceed last year's levy by two percent. So we are really locked on that. That primary tax. Secondary Property Tax are locked into the amount of money paying the bond back. So that's General Fund! That all ways there and then you have the Enterprise Funds where they are all based on user fees. None of those would pay for police, fire and some of the administrations. Even if you were to go and increase the revenue in water for example, or waste water; it would not help any other department. It is unfortunate that we have people that are not getting paid what other people get paid around the region but it is unique to small towns. The challenge of keeping people, training people, paying them a decent wage and just keeping them for a long time that doesn't really happen. I see police departments and fire departments rolling people. You train them and they move on to a bigger department. We try with other incentives but it is a huge challenge and this is the time to discuss if you want me to look at other opportunities but we have exhausted those. We start our process in February. Actually in January this year and then we wait for the State to finalize their numbers and then we begin to bring everything together, and then we move things around; we move salaries around, we move benefits. It's a puzzle and then we arrive to what we have here tonight. It is up to the Council what areas you want me to focus on and see if we can change things. We have to July 17, to adopt a tentative budget."

“Tentative Budget is the highest number of the budget we can have. We adopt that and then by the final we can make changes but we can’t exceed that number. We can lower it, we can move things around but we can’t exceed it.”

Mayor Escapule asked for clarification on the date of adopting the tentative budget and if it coincided with the next regular council meeting.

Interim City Clerk stated that the next regular council meeting would take place Tuesday, July 11, 2017.

Finance Director Villa stated that; “that date was fine and that the 17th, was the statutory deadline and he further stated that the calendar was based on dates that are completely out of our control. The time that the State finishes their budget the tentative budget has...even our publications are dictated by statute. If we do it before that is fine. The eleventh would work. We still have until the end of the process which would be the final budget to change things around if the council so chooses.”

Mayor Escapule asked if the County had to adopt their tax rate before we adopted ours.

Finance Director Villa stated that they adopt their tax rate after we adopt ours. He further stated that they adopt it on August 7th and that it may be at the next regular council meeting.

Interim City Clerk stated that the August council meeting would be August the 8th.

Finance Director Villa stated that it would have to be before that.

Mayor Escapule stated that a special meeting would have to held before the next meeting and asked if it could be held in July.

Finance Director Villa stated no because the publishing has to be sixty days prior to the meeting.”

Mayor Escapule stated we would have to have a special meeting prior to the regular Council meeting.

Marshal Robert Randall asked if he could comment.

Marshal Randall; “I understand the issues behind the finances with the City. I truly do and before I go on I want to say how much the Marshal’s Department has appreciated both Ruben the Mayor and the Council’s efforts from last year getting those guys a pay raise. You bumped it up from nothing to something but it still not livable. It’s not comparable to any of the other agencies and the thing that slaps these guys in the face is Huachuca City is making eighteen dollars an hour. I have three deputies right now that are seeking employment from other agencies only because they can’t afford to live here or work here anymore. They don’t see a light coming up. They don’t see a possibility of getting their wages increased so they have to look for themselves and they

have to see if they can get another job. We all understand that this is a small agency and as in most small agencies they are used as a stepping stone. These guys have been in Tombstone for a little over two years that I have been here. They have established themselves, they have proven themselves to the City and they are worthy deputies. If we are to lose one deputy in order for me to cover the City of Tombstone I've got to revamp my entire schedule which is going to require overtime from some of the deputies. If we lose two and I have three in the process; if we lose all three of them I can tell you it's going to be disaster number one and number two trying to get the coverage and number three if I have to replace these guys we are looking at sending someone to the academy for four months, FTO for three months, so were not going to see them on the road for seven months down the road. That is something I really think we need to look at if we can. I understand a comment that was made that it is not fair to give a wage increase to one department if we can't give it to another department. I believe in that! I truly do! I think everybody needs to get as much as they can out of this but I also have to say that in order to get a trained law enforcement officer for the Marshal's Department it takes a little bit more than putting an application in the newspaper to hire somebody for skilled labor, for Public Works, for whatever else we have. I just wanted to put my two cents in. I know the budget is tight. I know that there is probably no way you can do it but I would be remiss if I didn't ..."

Mayor Escapule; "I want to respond to you Marshal. First of all each and every one of us would like to see the deputies brought up to whatever Sierra Vista or Huachuca City or whatever. On the other hand, last year we gave all the deputies a good raise, a substantial raise, also put them in brand new cars, we bought all the uniforms for them. We treat the Marshal's Office like they were way up here and we treated the other departments like Public Works like they were way down here and I made a promise that if anybody got any raises this year it would be Public Works. We can't give Public Works any raises. So if I was to say Ruben figure out how to do it. It would have to take away from that department. Just so you guys understand; I think it would be horrible for me to do that to the Public Works employees where these guys they might not seem important but there out there working a sewer line today in hundred and five degree temperature in the bottom of a hole and these guys deserve more than ten, twelve or thirteen dollars an hour. They are way under paid! I am understanding what you are saying, I am sure Ruben does and I am sure that if we could figure out a way to get the whole city employment staff a raise we would do it but we are struggling to balance the budget as it is and if it wasn't for Boot hill coming in (inaudible) we would not have a balanced budget today we would still be trying to figure out where to get the money to balance the budget. I just want you to know what our position is. It is not that we don't want to give anybody any money. This isn't the first time that Tombstone has been used as a stepping stone to another department. Look at the Sheriff's top deputies. They started right here in Tombstone. This young man is upset and I am sorry but that is the best we can do."

Finance Director Villa; "Unfortunately the deputy left but I think that it is important that when we compare other jurisdictions we highlight the differences. If of all we can't compare Tombstone with Sierra Vista. Population wise we just can't. As I said shared revenues based on the number of

residents so we couldn't even begin to compare ourselves with Sierra Vista. We can't even compare ourselves with Huachuca. We may be relatively similar in population size but they have a landfill there that is a huge enterprise. My career has been only with small towns. Some careers have been in larger departments and I can tell you that the biggest struggle for a small department is to keep employees with the salaries that can be afforded. One of the worst things you can do for moral is keep throwing money at the one department because you are still going to keep losing them. That happens. You throw money at a department and they still leave and you have other departments that are still being neglected. One of the things that I did last year and Mayor and Council approved it is a pay structure. What that means is that compared to other times many years ago as employees were coming in and putting down their experience that was their rate of pay. Now we have a structure where everybody is in a certain level compared to others. You don't want a Public Works employee making more money than somebody who has cashiering or money handling or their putting their lives on the line. I am not picking on Public Works it's just saying there is a structure that compares salaries based on levels of responsibility and then we created a flow of that persons or positions salary throughout longevity but that requires funding. To be able to say that this year everybody is going to move from a to b in the longevity scale that's three percent, five percent that's two hundred and fifty thousand dollars to move everybody three percent. I understand and it's always going to be a heated discussion especially as personal as salaries are. Our jobs as managers is to manage what we have and it is unfortunate that we are limited but that is what a small department a small agency requires from us. We are constantly trying though. We put a salary budget together the first thing out of the shoe and then we put everything else. Depending how far we are on the other side we start trimming and we start going back. It's a simple idea on how to build a budget but its complex when you put all the moving parts to it and all the sensitivities and all the emotional parts. It's incredible difficult!"

Mayor Escapule asked for further question. There being no further questions Mayor Escapule moves to adjourn the meeting.

V. MOTION TO ADJOURN

Mayor Escapule entertains a motion for adjournment.

MOTION by Councilmember Newbauer, **SECOND** by Councilmember Salcido, to adjourn the Special Council Meeting for Tuesday, June 27th, 2017.

VOTE: 4/0

MOTION: Carried

The Special Council meeting/Budget Work Session for Tuesday, June 27th, 2017 thereby adjourned at 3:22 p.m.

Dustin Escapule, Mayor

Brenda A. Ikirt, Interim City Clerk