CITY OF KINGMAN
MEETING OF THE COMMON COUNCIL
Council Chambers
310 N. 4th Street

9:00 A.M. **MINUTES** **Monday, April 13, 2015**

WORK SESSION MEETING OF THE COMMON COUNCIL

Members	Officers	Visitors Signing in
Richard Anderson – Mayor	John Dougherty, City Manager	See attached list
Mark Wimpee, Sr. – Vice Mayor	Jackie Walker, Human Resource Director	
Mark Abram	Carl Cooper, City Attorney	
Larry Carver	Jake Rhoades, Fire Chief	
Jen Miles	Greg Henry, City Engineer	
Stuart Yocum	Robert J. DeVries, Chief of Police	
Carole Young	Mike Meersman, Parks and Recreation Director	
	Diane Richards, Budget Analyst	
	Gary Jeppson, Development Services Director	
	Rob Owen, Public Works Director	
	Joe Clos, Information Services Director	
	Sydney Muhle, City Clerk	
	Keith Eaton, Assistant Fire Chief	
	Tina Moline, Finance Director	
	Kathy McCoy, City Magistrate	
	Trinna Ware, Finance Administrator	
	Erin Roper, Deputy City Clerk and Recording Secretary	

WORK SESSION

ALL WORK-SESSION ITEMS LISTED ARE FOR DISCUSSION ONLY. NO ACTION CAN OR WILL BE TAKEN. The primary purpose of work session meetings is to provide the City Council with the opportunity for in-depth discussion and study of specific subjects. Public comment is not provided for on the Agenda and may be made only as approved by consensus of the Council. In appropriate circumstances, a brief presentation may be permitted by a member of the public or another interested party on an Agenda item if invited by the Mayor or City Manager to do so. The Mayor may limit or end the time for such presentations.

CALL TO ORDER & ROLL CALL
PLEDGE OF ALLIGENCE

Mayor Anderson called the meeting to order at 9:01 A.M. and roll call was taken. All Council members were present except Councilmember Carver and Councilmember Yocum who were late. The Pledge of Allegiance was said in unison.

FY 2015-2016 Budget Work Session

City Manager John Dougherty stated he would start the meeting by reviewing some highlights of the budget. Mr. Dougherty stated the budget included the 0.5% Transaction Privilege Tax (TPT), but if the 0.5% TPT was not extended the City would need to drastically cut the budget. Mr. Dougherty stated there was a 3% across the board pay increase for City employees.

Councilmember Carver arrived at 9:04 A.M.

Mr. Dougherty stated next year's TPT would be used to purchase a new fire engine for $750,000. Mr. Dougherty stated he asked Fire Chief Jake Rhoades to begin planning for a new fire station, Station 5, in the northeast corner of the City. Mr. Dougherty stated the planning for Station 5 assumed the Interstate 40 underpass would be built. Mr. Dougherty stated pay compression was not able to be fully addressed due to the current economic climate and the new staff, equipment and infrastructure that would have to be purchased for Station 5. Mr. Dougherty stated there was a $100,000 placeholder for contributions towards a new animal shelter. Mr. Dougherty stated there was a $60,000 placeholder for Veterans Court. Mr. Dougherty stated the General Fund balance was $1.8 million higher than last year. Mr. Dougherty stated the budget increased by $2.5 million, but was still $1 million below the 2007/2008 budget.

Councilmember Yocum arrived at 9:07 A.M.

Mr. Dougherty stated money for fireworks was included in the budget. Mr. Dougherty stated the Mohave County Fairgrounds would not host the fireworks this year, which meant the City would need a new location. Mr. Dougherty stated staff would work with the company Climatech in the upcoming year to find energy saving ideas for the City.

Finance Director Tina Moline stated budgeting was a year-round activity for the City. Ms. Moline stated at the end of Fiscal Year 2015 there would be an estimated $10.2 million in the General Fund. Ms. Moline stated the estimate did not include the TPT, which would provide an additional $1.2 million, equaling a total of $11.2 million.

Mayor Anderson stated the chart on the bottom of page 14 made it appear the City was not effectively budgeting what was needed when in fact the contingencies were not being subtracted from the General Fund. Mayor Anderson stated he would like a line added to the chart to account for contingencies. Mayor Anderson stated the Council and Staff did a good job forecasting the final budget and the chart gave the wrong impression.

Mr. Dougherty stated the City projected low revenue and high expenditures in order to remain within budget. Mr. Dougherty stated any remaining funds were rolled over into the General Fund.

Mayor Anderson asked if there would be enough time for another meeting before the budget was submitted for consideration on May 5, 2015.

Budget Analyst Diane Richards stated April 23, 2015 was set aside for another workshop if necessary.

Councilmember Miles stated the first paragraph on page 13 did not sound promising.

Ms. Richards stated the City could not know what funds the State would sweep from it. Ms. Richards stated the City needed to keep an open mind as the State could reduce shared revenue if it needed additional funds to balance the State budget.

Human Resources and Risk Management Director (HR/RM) Jackie Walker stated reduced state shared revenues would diminish the City's ability to pay for development projects.

Councilmember Miles stated the City would have to use General Funds to pay for development projects.

Mr. Dougherty stated some money from the development fund was set aside and would be spent on the I-40 underpass.

Ms. Moline stated the City's policy held 25% from the General Fund and contingencies in reserve, but anything above that percentage could be spent.

Mayor Anderson asked about the enterprise fund.

Ms. Moline stated the enterprise fund operated in a similar fashion. Ms. Moline stated the City had an outstanding loan of $35 million for the wastewater treatment plants, which the City had been paying since 2010/2011. Ms. Moline stated the wastewater treatment plant loan was a 20 year loan and the City paid $3.6 million per year out of the enterprise fund. Ms. Moline stated the City had a revenue bond for the Railroad Underpass at $300,000 per year with the last payment occurring in 2020. Ms. Moline stated the City had three more payments of $305,000 to make on a 10 year purchase agreement with the Arizona Department of Transportation (ADOT) for the public works property.

Ms. Richards stated the public works loan was split between the Fleet, Street and enterprise fund budgets.

Ms. Moline stated the City also had several improvement districts. Ms. Moline stated the East Golden Gate Addition would mature in 2017 and the Railroad improvement district in 2016. Ms. Moline stated the Hualapai/Marlene improvement district would mature in 2021 and the Kingman Airport Tract in 2023.

Mr. Dougherty stated the impending close of some of the loans was the reason for planning the Fire Department expenditures. Mr. Dougherty stated the last payment for the Golf Course was this year and as loans were paid off they would be replaced with new debt to keep the budget stable.

Ms. Moline displayed the following slides:

Transaction Privilege Tax (TPT) Summary (2.5%)

CITY OF KINGMAN -TRANSACTION PRIVILEGE TAX HISTORY

MONTH	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
July	1,221,289	877,495	971,461	923,497	1,198,227	1,519,051
August	980,910	1,021,720	775,194	1,060,554	926,327	1,014,184
September	1,142,718	736,901	979,818	754,480	1,068,355	946,504
October	922,328	874,975	893,681	789,892	1,381,777	1,315,107
November	1,010,997	881,920	804,659	1,108,231	1,074,511	1,091,407
December	608,113	860,786	912,655	727,653	1,035,649	1,302,811
January	983,661	1,026,739	784,358	901,534	1,265,775	1,140,284
February	958,303	724,594	829,461	865,154	1,021,310	1,212,562
March	889,013	731,805	988,310	869,489	1,103,886	1,619,504
April	933,010	841,086	841,746	699,654	1,417,322	
May	891,603	1,014,821	860,449	1,121,031	1,080,312	
June	668,904	925,702	896,168	1,129,121	1,339,270	
TOTAL	$11,210,848	$10,518,544	$10,537,960	$10,950,290	$13,912,721	$11,161,413
Thru Mar	8,717,331	7,736,935	7,939,597	8,000,484	10,075,817	11,161,413
Thru Mar % increase (decrease)	7.04%	-11.25%	2.62%	0.77%	25.94%	10.77%
Year-to-Date	-3.96%	-6.18%	0.18%	3.91%	27.05%	
Top 3 Categories	Retail, Restaurants/Bars, Construction					

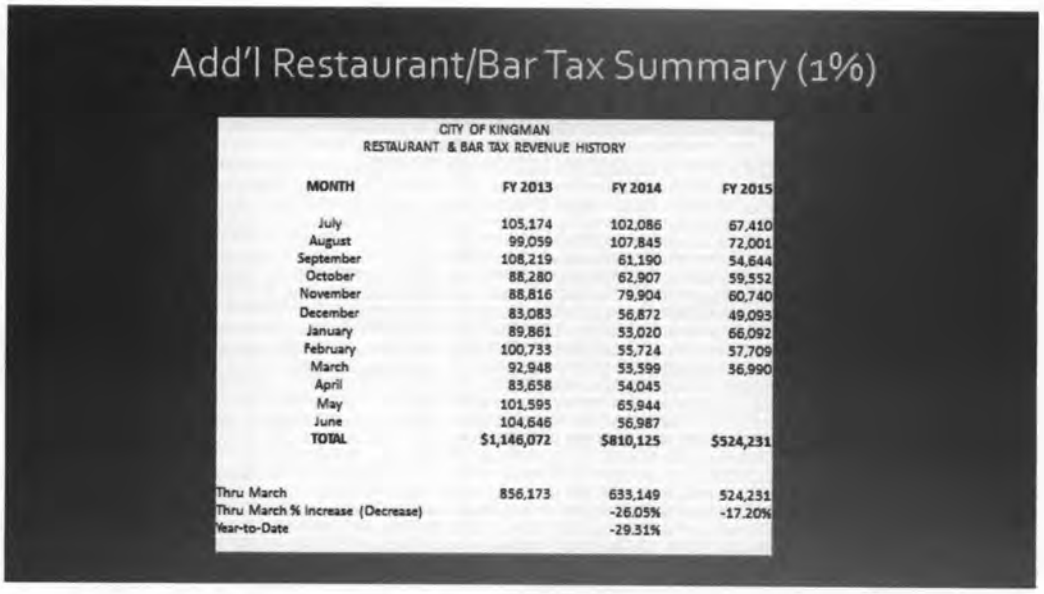
Ms. Moline stated slide one showed a history of the 2.5% TPT. Ms. Moline stated revenue remained consistent until the TPT was increased by 0.5% in Fiscal Year 2014, which resulted in a significant increase in revenue of $2.9 million. Ms. Moline stated the City expected to receive $14.1 million this year, which was more than last year. Ms. Moline stated that was why it was important to remove the sunset clause on the 0.5% TPT.

Add'l Room Tax Summary (4%)

CITY OF KINGMAN
ROOM TAX REVENUE HISTORY

MONTH	FY2010	FY2011	FY2011	FY2012	FY2013	FY2014	FY2015
July	69,074	62,744	63,886	64,766	70,102	67,872	93,887
August	65,930	76,792	73,995	73,462	73,694	75,157	66,146
September	66,450	75,038	74,274	79,028	62,594	78,908	83,815
October	65,080	70,906	68,267	73,838	75,430	67,310	85,694
November	66,248	77,612	70,412	65,478	61,119	63,974	71,489
December	60,720	60,558	61,615	60,152	54,038	66,414	69,782
January	52,268	58,060	56,329	48,556	45,912	54,410	25,434
February	50,270	53,154	52,337	45,360	44,352	46,969	84,383
March	46,656	47,702	47,206	46,692	45,056	51,097	24,904
April	45,892	25,194	36,463	54,364	45,202	52,479	
May	58,488	82,752	71,943	62,862	67,958	68,980	
June	62,936	73,940	72,043	59,110	67,030	68,005	
TOTAL	$710,012	$764,452	$748,769	$733,668	$712,487	$761,572	$605,533
Thru March	542,696	582,566	568,320	557,332	532,297	572,109	605,533
Thru March % Increase (Decrease)	-0.33%	7.35%	4.72%	-4.33%	-4.49%	7.48%	5.84%
Year-to-Date	1.08%	7.67%	-2.05%	-4.03%	-2.89%	6.89%	

On slide two Ms. Moline stated the revenue received from the room tax was split between the Tourism Development Commission (TDC) and capital projects. Ms. Moline stated the City projected to receive $700,000 this year.



On slide three Ms. Moline stated the restaurant/bar tax was an additional 1% that went to the Highway-User Revenue Fund (HURF). Ms. Moline stated Fiscal Year 2013 had a higher revenue rate because the tax was at 2%.

Councilmember Miles stated it appeared the restaurant/bar tax was still declining.

Ms. Moline stated it took two months to receive data and if conditions remained consistent the City would receive $800,000. Ms. Moline stated the City expected to receive the same amount of State shared revenue as last year, which would create a $100,000 increase overall. Ms. Moline stated the City also received revenue from local fees in the Parks & Recreation programs, Wastewater and Water, Police Department, Golf Course and business licenses. Ms. Moline stated the City received some HURF money and expected to receive more this year, though the exact amount was unknown. Ms. Moline stated page 20 of the preliminary budget reviewed the projections. Ms. Moline reviewed the new programs and enhancements section on page 21.

Ms. Richards stated an expense was left out of the preliminary budget. Ms. Richards stated the Police Department would upgrade a MAGNET administrative secretary position to administrative assistant, but it would be covered by a grant.

Ms. Moline stated there was a $1 million decrease in Personnel Expenses compared to the 2008 budget due to the current number of vacancies. Ms. Moline stated Staff received a 2.5% across the board raise last year.

Mayor Anderson stated the loss of 40.5 City positions equaled a 10% reduction in City staff. Mayor Anderson stated the City continued to serve an expanding population and thanked Staff for keeping up with the increased workload.

Ms. Moline reviewed the retirement contributions on page 22.

Mayor Anderson stated the data from the last five years on employee turnover showed the City's rate was about 10% per year. Mayor Anderson stated people were leaving for higher paying jobs and compression was a serious issue in the City. Mayor Anderson stated there was a lot of turnover in the Police Department due to the inability to pay employees at full performance level. Mayor Anderson stated employees tried to

compensate by earning overtime (OT), however exempt employees such as supervisors were unable to earn OT, leading to subordinates earning more than supervisors.

Councilmember Abram stated it was important to look at all aspects of employee retention such as job satisfaction.

Councilmember Miles stated she wanted more information on competitive salary. Councilmember Miles stated compression was a problem everywhere in Mohave County. Councilmember Miles stated it could take a lot of money to move people up to the midpoint. Councilmember Miles stated the City was depending on the continuation of the 0.5% TPT and facing possible state shared revenue sweeps. Councilmember Miles stated the Council should delay for a year in order to obtain more information.

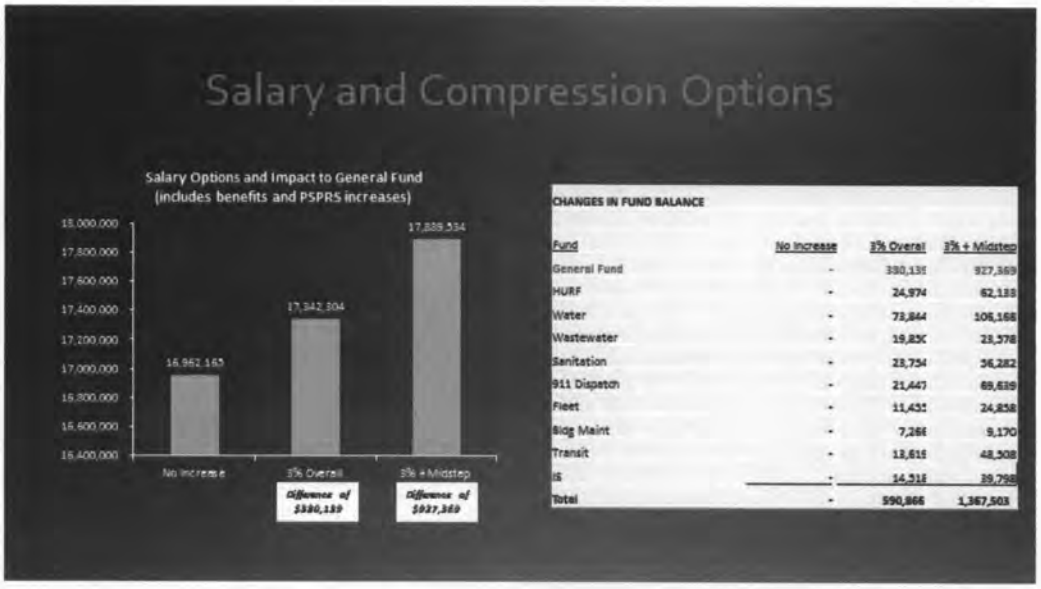
Councilmember Carver stated employees would already receive a 3% raise and making additional adjustments would increase payroll costs. Councilmember Carver stated the City would need to find another revenue source or make cuts in the budget before addressing compression.

Mr. Dougherty stated compression was discussed by two different committees. Mr. Dougherty stated an initial committee of frontline employees was created to decide whether the City should address compression or increase salaries. Mr. Dougherty stated the committee decided on a 3% increase in salary. Mr. Dougherty stated a second committee was created to discuss how to bring employees to the salary midpoint. Mr. Dougherty stated the City was currently at a 35% salary level and was trying to get to a 50% level. Mr. Dougherty stated the City could not compete with Mohave County, Bullhead City, Lake Havasu City or the Department of Public Safety.

Councilmember Miles stated the other cities had additional sources of revenue whereas the City was completely dependent on maintaining the current TPT level. Councilmember Miles stated the City needed to consider where the revenue would come from for the long term.

Councilmember Young stated compression needed to be a priority starting next year and corrective action should be phased in over the next several years. Councilmember Young stated the Council helped create the problem by freezing wages for so many years. Councilmember Young stated the City needed to look for revenue sources that could be used to address compression.

Mayor Anderson asked to what degree compression had been addressed.



On slide four Ms. Moline stated if the City addressed compression it would result in an additional $547,000 from the General Fund. Ms. Moline stated this would include increases in the cost of benefits and retirement system contributions. Ms. Moline stated it would be an overall increase of $770,000 and would put about 239 employees at the City's midpoint level.

Councilmember Carver stated bringing all employees to the midpoint would cost approximately $5 to 6 million.

Mayor Anderson stated addressing compression would not be a one-time expense. Mayor Anderson stated revenues and population were increasing. Mayor Anderson asked Staff to brainstorm on how transition to accommodating a 5-10% population growth. Mayor Anderson stated the City may need to adjust its operations. Mayor Anderson stated Lake Havasu City contracted out Street services and Bullhead City did not operate the water system.

Councilmember Young stated some enterprise companies were rate based. Councilmember Young stated contracting out administrative functions such as Parks & Recreation or HR would be better than enterprise departments.

Ms. Moline stated the supplies and services budget was $13.6 million, which was $870,000 more than last year due to an increase in the cost of supplies. Ms. Moline stated the Arizona Department of Revenue (ADOR) also began charging $60,000 for TPT collection. Ms. Moline stated capital purchases would be made using the room tax and TPT. Ms. Moline reviewed the capital purchases listed on pages 22 and 23. Ms. Moline stated the group would now discuss each department's proposed budget beginning with the City Council.

Councilmember Young asked why City Promotions increased to $30,000.

Mr. Dougherty stated $27,000 was for a contractual point of information officer (PIO)/downtown coordinator position. Mr. Dougherty stated the proposal from an interested candidate was $65 per hour and the placeholder amount in the budget could be decreased. Mr. Dougherty stated the Mayor mentioned a PIO would be helpful, especially with Kingman Crossing. Mr. Dougherty stated part of this person's job would be to coordinate with downtown businesses and relay information to the Council.

Mayor Anderson asked if an economic development position was included somewhere else in the budget.

Mr. Dougherty stated there was only a PIO position.

Mayor Anderson stated the priority Council relayed to Staff at the March 2, 2015 meeting was for an economic development position.

Mr. Dougherty stated he did not include an economic development position. Mr. Dougherty stated it was suggested the economic development person should be a joint position with the City and the Kingman Airport.

Councilmember Miles stated there should be collaboration between the City and Visitor Center when discussing Downtown and that Development Services Director Gary Jeppson was currently serving as the City's point of contact for economic development. Councilmember Miles stated the City needed a person who could talk about logistics and foreign trade zones, which would not be inexpensive.

Councilmember Young stated the proposed contract with the Visitor's Board had a community coordinator position built into it. Councilmember Young stated she would rather use the money to hire a qualified economic development person who would use some of the tools the Economic Development and Marketing Commission (EDMC) created.

Councilmember Carver stated the Council was trying to raise salaries to the midpoint, which would be about a 6% reduction in supplies across the board, yet was also trying to find money for an economic development position. Councilmember Carver stated this did not make sense.

Councilmember Abram stated economic development efforts could take years, resulting in expenses with no returning income. Councilmember Abram stated the City needed to remember the Airport's primary focus was the Airport and Industrial Park, not the City. Councilmember Abram stated he did not know where the funds would come from, but the priority needed to be the economic development position. Councilmember Abram stated hiring a top notch person could cost $80-90,000, which the City was currently not able to afford. Councilmember Abram asked what the City could do in the interim.

Councilmember Young stated the City could create a workgroup to identify projects.

Councilmember Miles stated the City had EDMC.

Councilmember Young stated EDMC created some good tools, but the commission did not meet enough. Councilmember Young stated a workgroup could meet once a week or twice a month.

Councilmember Miles stated EDMC created two subcommittees, one for manufacturing and one for retail. Councilmember Miles stated the EDMC subcommittees could identify worthy projects.

Vice-Mayor Wimpee, Sr. stated any financial partnership with the Airport would result in the money being used to promote the Airport, not the City.

Mayor Anderson stated the Airport was a place of employment and the employees had to live and shop in Kingman.

Councilmember Miles stated the Airport provided the jobs that gave people enough income to buy retail.

Mr. Dougherty stated the person he had in mind for the PIO position was more enthusiastic about economic development and marketing than PIO duties.

Ms. Richards stated she would move the PIO position from City Promotions to Professional Services to make it easier to track.

Mayor Anderson stated he wanted to add funding for the City to recognize and award water conservation ideas. Mayor Anderson stated the funding would not come directly from the City, but from a separate 501(c)3. Mayor Anderson stated a group of local leaders would evaluate submitted ideas.

Councilmember Young stated waiting until next fiscal year would allow the Council time to obtain more information on how the program would benefit the City.

Councilmember Carver asked who the economic development person would report to and where the funding for the position would come from.

Mr. Dougherty asked if the Council wanted to change the designation for the $27,000.

Councilmember Abram stated the amount should remain the same, but $20,000 should go towards the economic development position.

Mr. Dougherty reviewed the City Manager's budget. Mr. Dougherty stated the only change was he would attend the International City/County Management Association (ICMA) Conference, which would increase the Travel and Training budget.

Ms. Moline stated the next section was the City Clerk's budget.

Councilmember Abram asked why there was a large reduction in Professional Services.

City Clerk Sydney Muhle stated the amount of money budgeted for Professional Services alternated due to election services provided by the County. Ms. Muhle stated the cost would increase next year when the City held elections.

Mr. Dougherty asked where the cost for the new agenda management software system was included.

Ms. Muhle stated it was included in Professional Services. Ms. Muhle stated printing costs would drop, but she was not sure by how much.

Ms. Moline stated the next section was the City Attorney's budget.

Councilmember Abram asked why cellular phone costs increased.

City Attorney Carl Cooper stated his office wanted to use laptops in the court room and cell service would remotely connect the computers to the office's system.

Ms. Moline stated the next section was the Magistrate Court budget.

Judge Kathy McCoy stated Mohave County Jail fees increased by 12%. Judge McCoy stated the Veterans Court was included in the budget. Judge McCoy stated she would hesitate to support a regional court until the City knew how money would be spent and if Bullhead City was submitting the same amount. Judge McCoy stated the Magistrate Court was asking to increase a part-time position to a full-time position. Judge McCoy stated there would be a lot of paperwork and monitoring if Veterans Court was implemented even though the veterans would attend court in Lake Havasu City.

Mr. Dougherty stated $60,000 was put into the budget for the Veterans Court; however, the amount could change if other cities did not participate.

Judge McCoy stated $60,000 did not factor in transportation for the veterans to Lake Havasu City for court.

Vice-Mayor Wimpee, Sr. asked if the veterans could teleconference.

Judge McCoy stated teleconferencing could be an option. Judge McCoy stated the only other item of note in her budget was the La Paz Jail costs. Judge McCoy stated La Paz did not increase their costs and sending long term inmates to La Paz Jail continued to save the City money.

Ms. Moline stated the next section was the TDC/EDMC budget.

Councilmember Abram asked about the inclusion of the 4th of July fireworks in the TDC budget.

Mr. Dougherty stated the money was included if the Council wanted to fund the fireworks. Mr. Dougherty stated the cost was not presented to the TDC because they were generally not interested in an event unless it put "heads in beds."

Councilmember Young asked about the yearly funding for the museum.

Ms. Richards stated the preliminary budget was prepared before the museum contract was approved, but it would be included.

Councilmember Young stated visitors used the museums in the Powerhouse. Councilmember Young stated the fireworks should not come out of the TDC budget.

Mr. Dougherty stated the fireworks display was tourism because it brought people to town. Mr. Dougherty stated tourism did not need to only be "heads in beds."

Ms. Richards stated the fireworks were in TDC's budget about six to seven years ago.

Councilmember Miles stated the Council needed to see the contract for the Visitors Board proposal to know how money would be handled, especially the $200,000 allotted for contingencies.

Mr. Dougherty stated the office manager position included in the proposed contract would not put "heads in beds" or be a good use of tourism money.

Councilmember Carver asked when the contract would be ready for review.

Councilmember Miles stated in May, 2015.

Councilmember Carver stated the TDC budget should remain on hold until the Council reviewed the proposed contract.

Ms. Richards stated budget adjustments could be made as long as they did not result in an increase.

Mr. Dougherty asked if the Council wanted to move the $35,000 allotted for fireworks to another part of the budget.

Councilmember Abram stated the funds should remain in the TDC budget.

Councilmember Carver stated he was more concerned about the $10,000 allocated for the Bluegrass Festival and wanted to know what it contributed to the City.

Councilmember Miles stated the festival brought in $10,000 to the City.

Councilmember Young asked about funding for the Andy Devine Days Parade.

Ms. Richards stated the name was changed to the Best in the West and the budget was increased.

Mr. Dougherty directed the Council's attention to the EDMC budget and stated Council needed to give direction to EDMC on how many people attended conferences. Mr. Dougherty stated many commissioners wanted to attend the same conferences even though there were more opportunities across the state.

Councilmember Yong stated it was more important for Staff and Council to attend conferences than commissioners as Staff and Council were the ones able to discuss the City's limitations with developers. Councilmember Young stated Council should define how many commissioners attended.

Mayor Anderson stated appointments with developers did not need to take place at conferences. Mayor Anderson stated he wanted EDMC to look at a variety of opportunities, not just retail. Mayor Anderson stated the City needed more support and input from realtors regarding available properties.

Councilmember Abram stated $10,000 was sufficient for Travel and Training, but Marketing Materials may need to be increased because the City needed to promote Kingman.

Ms. Moline stated the next section was the Human Resources & Risk Management budget.

Councilmember Abram asked about the increase to Succession Planning.

Ms. Walker stated it was due to the tuition reimbursement program. Ms. Walker stated approximately 16% of City positions required higher education. Ms. Walker stated the City wanted to provide an avenue for employees interested in promoting and would increase the number of participants in the reimbursement program to six. Ms. Walker stated participants received $4,500 per year, which resulted in some monetary investment from the participating employee. Ms. Walker stated the program examines the employee's degree program and does not reimburse programs with grants.

Mr. Dougherty asked Ms. Walker to explain the Employment Expense and Travel and Training.

Ms. Walker stated Employment Expense was for recruitment costs such as backgrounds and reimbursement to candidates for travel expenses. Ms. Walker stated turnover was increasing and was not expected to drop. Ms. Walker stated the Travel and Training budget was $9,500 in 2014. Ms. Walker stated there were three people in her department who were certified and required continuing education to maintain their certificates. Ms. Walker stated other departments unique training could also come out of the HR budget. Ms. Walker stated RM was combined with HR in prior years, but it was now broken out for easier tracking. Ms. Walker stated an HR position was moved to RM and that person was working to bring the City into compliance with safety related regulations. Ms. Walker stated health physicals were also moved into RM and the costs increased due to an aging workforce and turnover.

Mr. Dougherty stated the City had new HR software, but it would take time for it to be fully operational. Mr. Dougherty stated departments complained HR was behind and the only way to fix the problem was to utilize temporary software.

Ms. Walker stated the department bought an applicant tracking system last year and received a free employee benefit system with it, which would save staff time. Ms. Walker stated staff currently changes three different systems when an employee makes a change to his or her benefits. Ms. Walker stated the new system allowed the employee to enter the information one time, after which HR staff would verify and approve it. Ms. Walker stated there were automatic fees built into the Professional Services budget in order to upload the information to the new system. Ms. Walker stated the City job descriptions were 10 years old and needed to be updated and reformatted in order to be inputted into the new system.

Ms. Moline stated the next section was the Financial Services budget.

Councilmember Young asked why Professional Services increased.

Ms. Richards stated that was the $60,000 ADOR fee increase to collect the TPT. Ms. Richards stated it was a flat fee per year.

Councilmember Abram asked if Merchant Card budget increased due to more people using them.

Ms. Richards stated that was correct and it was a result of the phone payment system for improvement district fees.

Ms. Moline stated the water department Merchant Card budget also increased. Ms. Moline stated the department wanted to implement online bill pay in the hopes that another 10% of transactions would be placed on credit cards. Ms. Moline stated it was $2 per transaction, which would result in a $42,000 increase.

Councilmember Young asked if the queue would need to be increased on the phone payment system.

Ms. Moline stated it would not.

Information Technology Director Joe Clos stated there were about 2,500 transactions per month and the system successfully decreased the pressure on the queue for those waiting to talk to a representative.

Ms. Moline stated the next section was the Information Technology budget.

Councilmember Abram asked about the increase in Travel and Training.

Mr. Clos stated the department did a majority of training online and through webinars, but the staff needed more specific training, especially due to recent specialized equipment purchases.

Councilmember Young asked about the increase to Professional Services.

Mr. Clos stated the increase was due to a change in vendors for some of the systems.

Vice-Mayor Wimpee, Sr. made a MOTION to RECESS until 12:30 P.M. Councilmember Abram SECONDED and it was APPROVED by a vote of 7-0.

The Council returned at 12:40 P.M.

Ms. Richards stated the Magistrate Court Personnel Costs would need to be adjusted as they were based on Judge McCoy's current salary. Ms. Richards stated the costs would increase due to the Council increasing the Magistrate's salary range.

Ms. Moline stated the next section was the Police Department budget.

Councilmember Abram asked if the animal shelter contributions would have any impact on the Police Department budget.

Chief of Police Robert DeVries stated it would not unless the shelter was relocated to Golden Valley. Chief DeVries stated relocating the shelter would add travel time to the Code Enforcement Officers' shifts.

Councilmember Miles stated the $50,000 to the Humane Society was for fees to house the animals impounded by the Police Department.

Chief DeVries stated the Abatement budget was $25,000. Chief DeVries stated any significant abatement projects would require additional funds to be granted by Council.

Councilmember Carver asked why Travel and Training increased by 20%.

Chief DeVries stated recent turnover increased gaps in specialized training levels and the increased funding was needed to fill those expertise gaps as well as send new officers to the academy. Chief DeVries stated there was a new line item on page 86 for Cyber Crime Lab Supplies. Chief DeVries stated equipment and initial training was provided through a grant. Chief DeVries stated there was also a K-9 program funded through a grant and the money included in the budget was for on-going supplies.

Councilmember Carver asked why the Community Policing budget doubled.

Chief DeVries stated the majority of the budget was for School Resource Officer materials. Chief DeVries stated the program did not have many materials left and wanted more to hand out in the classrooms.

Mayor Anderson asked about the volunteer program.

Chief DeVries stated there were between 15 and 18 volunteers that assisted with parking enforcement, property checks and traffic control. Chief DeVries stated the volunteers provided about 5,000 hours of work per year and were a huge asset. Chief DeVries stated the volunteers were not armed and only assisted officers in non-conflict situations. Chief DeVries stated the volunteers also transported Driving Under the Influence (DUI) checkpoint arrests to Mohave County Jail.

Ms. Moline stated the next section was the Fire Department budget.

Chief Rhoades stated the Travel and Training budget would increase in order to address deficiencies in training. Chief Rhoades stated the other significant increase was in Professional Services due to the new physical training (PT) program. Chief Rhoades stated the department would hire a third party company to conduct physical performance tests and evaluate the department's PT program as a whole. Chief Rhoades stated the Other Work Equipment budget included the purchase of PT equipment for the stations as well as electronic patient care reporting and new hose.

Councilmember Miles asked about the costs associated with the new fire station.

Mr. Dougherty stated the first expense would be hiring an architect.

Chief Rhoades stated the department was looking at using the same plans for Station 2 and Station 5 in order to cut costs in architectural fees.

Ms. Richards stated the fees were not budgeted yet and would be added into capital projects.

Councilmember Young asked if the new stations would include room for an ambulance service.

Chief Rhoades stated Station 5 was the priority and space for an ambulance service would be included. Chief Rhoades stated Station 2 currently received 46% of all calls and adding Station 5 would reduce the load on Station 2. Chief Rhoades stated another station would also improve response times as the department was only meeting national standards approximately 20% of the time. Chief Rhoades stated he was looking at available land.

Mayor Anderson asked if it would be possible to obtain land for Station 5 that was adjacent to the Kingman Regional Medical Center Hualapai Campus.

Chief Rhoades stated the City owned land at the end of Louise Avenue, but it would be difficult to respond from that area. Chief Rhoades stated land adjacent to the hospital would be pricey. Chief Rhoades stated the other opportunity was free land on Prospector Street, but the location posed risks as it was between the two schools. Chief Rhoades stated there was also the possibility to offer the Police Department space in Station 5 for a satellite station.

Mr. Dougherty stated the land along Route 66 where Station 2 was currently located was too valuable to be used for City buildings and should be used for commercial operations.

Chief Rhoades stated there were no significant changes in the 911 Dispatch Center budget other than trying to fill two to four vacancies.

Mr. Dougherty stated the other agencies that utilized the dispatch center complained they were getting overcharged as they were charged for full staffing, but the center was never fully staff.

Ms. Moline stated the City offered to refund a portion of the money, but the agencies changed their minds and wanted the money to go toward large capital projects in the center.

Chief Rhoades stated the other agencies originally paid for the salary of two dispatchers, but the new Intergovernmental Agreement (IGA) would include all costs of operation, such as training and equipment, in addition to personnel costs. Chief Rhoades stated the agencies were charged according to the number of calls received.

Councilmember Abram asked about the decrease to the Minor Equipment budget.

Chief Rhoades stated the center was new and some equipment would come out of other areas of the budget. Chief Rhoades stated a call taker position would also be created.

Councilmember Abram asked how the center would do more training with only a 2.6% increase in the Training and Travel budget.

Chief Rhoades stated a lot of the training would be done in-house, such as sessions on policies and organizational structure.

Ms. Moline stated the next section was the Development Services budget.

Mr. Jeppson highlighted some of the upcoming expenditures for the department including money for scanning files, Geographic Information Systems (GIS) software and funds for historic preservation efforts.

Mayor Anderson stated there was a water problem in Mohave County. Mayor Anderson stated the last two years had the lowest water consumption rates in Kingman, primarily due to lower construction rates and higher sewer rates. Mayor Anderson stated he wanted to show that Kingman was proactive and wanted the Council to consider providing a reduction in permit fees on new single family dwellings if the home's plumbing system included graywater capture and on-demand hot water heaters. Mayor Anderson suggested a $300 incentive for graywater capture and a $1,000 incentive for on-demand hot water heaters. Mayor Anderson stated there would be a reduction in revenue from the General Fund, but the City needed to take action on water conservation. Mayor Anderson stated an ordinance requiring the systems could also be a possibility.

Mr. Dougherty stated he was concerned about programs that decreased revenue to the General Fund when the City was trying to expand revenue.

Vice-Mayor Wimpee, Sr. stated on-demand hot water heaters were very expensive and did not automatically solve the problem of running water until it was hot enough.

Councilmember Carver stated any incentive or reduction in rates the contractor received would most likely not be passed on to the customer.

Councilmember Young stated the City would need to increase water and sewer rates if a decrease in revenue occurred in order to meet its obligations on loans.

Mayor Anderson stated the Council and City existed to support the community, not collect revenue. Mayor Anderson stated the City needed to look at ways to reduce water consumption in order to avoid a crisis situation such as that currently happening in California. Mayor Anderson stated the City would add wastewater and water customers, which would supplement the loss in revenue from the program.

Councilmember Young stated the solution should not be subsidies.

Councilmember Carver stated if the City became more restrictive it would continue to lose favor with builders.

Councilmember Miles stated the budget included funding for a water master plan and a reclaimed water usage study which would look at the City's effluence. Councilmember Miles stated more study was necessary if the City was going to start requiring certain plumbing fixtures. Councilmember Miles stated the City could not afford to subsidize.

Mr. Jeppson stated his experience was builders took incentives without consulting customers, which resulted in customers becoming dissatisfied that decisions were made without their input.

Mayor Anderson stated a workgroup with Staff and Council may be needed to investigate solutions.

Mr. Jeppson stated the Building Inspections Professional Services costs increased due to contracted services for commercial building checks, which allowed the City to keep inspections timely.

Councilmember Abram asked about the increase in Codes & Ordinances printing.

Mr. Jeppson stated the cost was on a three year cycle and new copies for the City's inspectors would need to be printed in the next year.

Mayor Anderson asked the department heads to include performance measures in next year's budget booklet in order to make it easier for the Council to evaluate the effectiveness of the departments, especially in regards to use of their budgets.

Ms. Moline stated the next section was the Engineering budget.

City Engineer Greg Henry stated the first increase in spending was OT for inspectors. Mr. Henry stated there were a lot of projects scheduled, especially on Stockton Hill Road, and the inspectors would work 10 to 12 hours a day monitoring the projects. Mr. Henry stated the department was short two engineering tech positions. Mr. Henry stated there was funding included for a water sewer GIS needs assessment and it involved most departments in the City. Mr. Henry stated the City was two months away from monsoon season and there was money set aside for any projects that occurred as a result of the storms. Mr. Henry stated the only other increase was in Travel and Training because the department was behind on training, especially software training. Mr. Henry stated there were capital purchase requests for the Engineering building including replacing the roof, upgrading the HVAC system, interior and exterior painting, and addressing the hot water issues in the Engineering building. Mr. Henry stated a solar hot water system was a very effective and inexpensive solution and he would investigate its use in the building. Mr. Henry stated he also needed to replace one vehicle and a large scanner.

Ms. Moline stated the next section was the Parks & Recreation budget.

Mr. Meersman stated the cost for inmate labor would increase from $0.50 per hour to $1.50 per hour due to new legislation. Mr. Meersman stated this was large increase; however the inmates' contributions were very valuable. Mr. Meersman stated the department needed additional administrative support, especially in the spring. Mr. Meersman stated the department had not replaced mower equipment since 2006 and was requesting a 16 foot triple deck mower that would be able to mow three times more area than the current mowers. Mr. Meersman stated the department was down three groundskeepers and the new mower would help the department keep up with mowing. Mr. Meersman stated the cost of a new aerifier to help maintain the City's turf would be split between the Parks Department and the Golf Course. Mr. Meersman stated the department budgeted for a new van as the current van was 18 years old and recently broke down on a trip to Las Vegas.

Mayor Anderson asked when the draft schedule for the new solicitation for the Golf Course would be available.

Mr. Meersman stated he forwarded it to Mr. Dougherty. Mr. Meersman stated another expense for the Golf Course was the cart lease. Mr. Meersman stated a percentage of money for improvements came from the Golf Course management agreement and some of the funds would be used for new carpeting in the pro shop. Mr. Meersman stated the department would need to plan for the long term maintenance costs associated with the construction of the Splash Pad. Mr. Meersman stated the City would need to eventually add more turf and he was evaluating potential land options as well as the future possibility of using wastewater effluence to water the turf. Mr. Meersman stated he received many requests for services including bike trails, additional dog parks, a neighborhood garden and sand volleyball courts. Mr. Meersman stated it was important to continue to improve the parks and services offered in order to attract people to Kingman.

Mr. Dougherty stated he wanted the Council to consider putting money aside to support the arts in Kingman, such as installing sculptures on City land.

Mayor Anderson stated there was a City emblem painted on the building next to 420 Beale Street and the new tenants were looking at re-painting it. Mayor Anderson stated he wanted the Council to consider whether they wanted to support the project.

Mr. Cooper stated the Council needed to be careful about the gift clause and any money provided must have a direct economic benefit to the City.

Mr. Dougherty stated the Sandbox Committee was looking for projects to fund using the money earned from selling bricks.

Ms. Moline stated the next section was the Public Works budget.

Mr. Owen stated the department used its Professional Services budget to contract services for traffic studies, appraisals and environmental clearances. Mr. Owen stated the largest expenditure in Pavement Preservation was chip seal. Mr. Owen stated the City had to contract services for paving Sycamore Avenue so that it could be completed in conjunction with Wal-Mart's parking lot paving and the department wanted to complete the rest of the project from Detroit Avenue to Airway Avenue with some money left over for a smaller chip seal project.

Mayor Anderson asked when the roadwork schedule would be available.

Mr. Owen stated the bid for oil and the roadwork schedule would be available by the next Council meeting on April 21, 2015. Mr. Owen stated the roadwork would be planned around special events. Mr. Owen stated the Curbs & Sidewalks budget included the Fourth Street glass panel replacements and Americans with Disabilities Act (ADA) upgrades. Mr. Owen stated Travel & Training increased due to traffic control training requirements. Mr. Owen stated the department would continue installing backup power to three to four traffic signals per year and this year would include re-wiring the signal at Fourth Street and E Andy Devine Avenue as it was currently connected to the railroad crossing signal. Mr. Owen stated the department would replace a grading tractor and purchase electronic roadway message boards. Mr. Owen stated the department was able to save $40,000 by purchasing a used bucket truck and was requesting to replace one vehicle. Mr. Owen stated the Kingman Area Regional Transit (KART) program administration was funded 80% through a grant. Mr. Owen stated KART needed two new vehicles and the local match would be $50,000 if the program was funded at 80%.

Mayor Anderson asked Mr. Owen to explain the bus cameras.

Mr. Owen stated the buses have surveillance cameras which were very helpful when there were incidents on the bus. Mr. Owen stated he wanted to upgrade the cameras as the current equipment has failed in the past. Mr. Owen stated he would be bringing a new meter reader services contract to the Council soon at $250,000 per year on a year to year contract.

Mr. Dougherty stated he spoke with Unisource and they would be switching to an automated meter reading system.

Mr. Owen stated the contract was cost effective for the City as the company also read Unisource's meters. Mr. Owen stated the price of the contracted service would probably increase substantially if Unisource switched to an automated meter system. Mr. Owen stated he was requesting one crane truck as the current truck was undersized and unsafe for some of the larger boxes the City serviced. Mr. Owen stated he was requesting two service trucks including a smaller truck for use in easements and alleys. Mr. Owen stated the Hilltop Wastewater Treatment Plant needed equipment for the pretreatment and monitoring program now required by the Arizona Department of Environmental Quality (ADEQ) and that ADEQ recommended separate line items in the budget for these activities.

Councilmember Abram asked if Mr. Owen was adding any personnel.

Mr. Owen said no.

Councilmember Abram asked why Personnel Expenses increased.

Ms. Richards stated there were a lot of vacant positions and these were factored into overall expenses.

Mr. Owen stated the department also needed a new chipper and tractor for the compost program as well as a service truck replacement and laptop for the Hilltop Wastewater Treatment Plant. Mr. Owen stated the Sanitation Department's Professional Services costs increased due to the increase in inmate labor wages. Mr. Owen stated landfill fees have also increased. Mr. Owen stated the department needed an attachment for the skid loader to assist with extra trash hauls and brush. Mr. Owen stated Sanitation wanted to replace one service truck and one refuse truck.

Councilmember Carver asked if the reduction in contributions to the landfill was due to improved composting techniques.

Mr. Owen stated that was correct and the City saved $70,000 in the first year due to no longer hauling sludge to the landfill.

Councilmember Abram asked why Fleet Services increased 9.9%.

Mr. Owen stated the heavy fleet including refuse trucks, buses, Fire Department vehicles and Police Department vehicles frequently used Fleet Services and resulted in a 10% increase. Mr. Owen stated he wanted to track usage throughout the upcoming year in order to review overall allocation of costs since some departments had a bigger impact on the budget.

Councilmember Miles asked if the City auctioned old vehicles.

Mr. Owen stated the City used the same online auction service as Mohave County. Mr. Owen stated some vehicles were kept in reserve, in particular busses and sanitation trucks. Mr. Owen stated the Public Works building suffered several lightning strikes last year which resulted in problems with the gas pump and gates. Mr. Owen stated the gates had to be replaced. Mr. Owen stated the Fleet Parts would be over budget this year and the department would try to minimize costs next year as it did not have enterprise reserve funds. Mr. Owen stated Facilities would require a new building maintenance tech position and this person would be dedicated to correcting issues discovered in safety audits. Mr. Owen stated the department would also continue to work on parking lot repairs.

Mr. Dougherty stated on the bottom of page 18 there were four options to consider regarding wastewater funding and rates. Mr. Dougherty stated Staff's recommendation was option four, which would maintain the current sewer rates, but provide a credit at the end of the year to each customer's wastewater bill.

Mayor Anderson stated option four was a good plan.

Mr. Meersman asked if the money could be used to prepare to pipe effluent to City turf.

Mayor Anderson stated that cost should be covered by the water treatment plant.

Mr. Meersman stated the water treatment plant was several million dollars away from being ready to pump.

Mr. Owen stated the study would show what the City needed to prepare to pump. Mr. Owen stated there were also big dollar items that needed to be addressed in the wastewater plants in the future.

Councilmember Miles stated the City should not implement option four if there were major projects in the future.

Ms. Moline stated Staff's number one recommendation was to continue expanding water and sewer lines, however if Council wanted to provide some sort of reduction option four was the next best solution.

Councilmember Carver asked for the minimum funding requirements for the wastewater treatment plants.

Ms. Richards stated the City was required to add $535,000 to reserves per year for repair and replacement and the current reserves were $3.9 million. Ms. Richards stated the information was on page 224.

Ms. Moline stated all the options on page 18 took those requirements into consideration.

Vice-Mayor Wimpee, Sr. stated $4 per month did not do a lot for the customer and it cost the City a lot of money. Vice-Mayor Wimpee, Sr. stated he would not support that option.

Mayor Anderson stated the City raised the rates, but now did not need the $1 million to achieve its goal and it could either fund $300,000 of continued expansion or decrease rates.

Councilmember Carver stated the last 25% did not generate $1 million, only $700,000.

Councilmember Miles asked if the revenue was consistent with what citizens conserved.

Ms. Richards stated the department educated a lot of customers on winter quarter averaging, which resulted in customers working to keep their water usage low during that time period.

Mayor Anderson asked to review the budget for Wastewater.

Ms. Moline stated it was on page 223 and the budget was $8 million for user fees.

Ms. Richards stated the figure may decrease due to winter quarter rates.

Ms. Moline stated the projection was $8.3 for next year.

Vice-Mayor Wimpee, Sr. asked who requested the options on page 18.

Mr. Dougherty stated Mayor Anderson asked for options on reducing sewer rates.

Vice-Mayor Wimpee, Sr. stated the residents would probably appreciate long term expansion to get rates down permanently rather than a one year reduction of $4 per month.

Ms. Richards stated page 215 included the projects requested by Council.

Mr. Dougherty stated the place marker for the animal shelter would roll over until the City was ready to contribute.

Councilmember Young left the meeting at 3:02 P.M.

Vice-Mayor Wimpee, Sr. stated the Venture Club was hoping the City would contribute $25,000 to the Splash Pad.

Mr. Meersman stated the City received a lot of good requests for services. Mr. Meersman stated the City would have a hard time withholding funding from those ideas if it donated to the Splash Pad. Mr. Meersman stated the City would also have ongoing expenses related to maintaining the Splash Pad.

Mr. Dougherty asked what time the Council wanted to have the meeting on April 23, 2015.

Vice-Mayor Wimpee, Sr. suggested 8:00 to 10:00 A.M. and Councilmember Miles agreed.

Councilmember Abram stated he would have to leave at 9:00 A.M.

Mayor Anderson stated he wanted the Council to have the materials several days in advance.

Ms. Richards stated she would provide new sheets showing the changes including the Police Department change in Personnel Costs for the MAGNET administrative assistant, Magistrate salary increase, Station 5 architect fees and compression adjustment.

Councilmember Carver stated the compression adjustment would result in a $700,000 reduction somewhere else.

Ms. Richards stated it would be spread across all departments.

Vice-Mayor Wimpee, Sr. made a MOTION to ADJOURN. Councilmember Abram SECONDED and it was APPROVED by a vote of 6-0.

ADJOURNMENT --- 3:09 P.M.

ATTEST:

Sydney Muhle
City Clerk

APPROVED:

Richard Anderson
Mayor

STATE OF ARIZONA)
COUNTY OF MOHAVE)ss:
CITY OF KINGMAN)

CERTIFICATE OF COUNCIL MINUTES
I, Erin Roper, Deputy City Clerk and Recording Secretary of the City of Kingman, Arizona, hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Work Session Meeting of the Common Council of the City of Kingman held on April 13, 2015.

Dated this 5th day of May, 2015.

Erin Roper, Deputy City Clerk and Recording Secretary

CITY OF KINGMAN INCORPORATED 1952 ARIZONA

VISITORS IN ATTENDANCE

City of Kingman

Meeting of the Common Council

Council Chambers – 310 N. 4th Street – Kingman, Arizona

Meeting Date: 04/13/2015

	NAME - PLEASE PRINT	EMAIL ADDRESS AND PHONE NUMBER
1	Doug McMurdo	dmcmurdo@kdminer.com
2	Brian Zacit	ON FILE
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