



**MINUTES OF THE  
HUACHUCA CITY TOWN COUNCIL  
MEETS  
THURSDAY, MAY 9, 2019, AT 7:00PM  
HUACHUCA CITY TOWN HALL-500 N. GONZALES BLVD. HUACHUCA CITY,  
AZ 85616**

**AGENDA**

**A. Call to Order**

Mayor

- Pledge of Allegiance
- Roll Call and Ascertain Quorum
- Invocation

*Any prayer/invocation that may be offered before the start of regular Council business shall be the voluntary offering of a private citizen, for the benefit of the Council and the citizens present. The views or beliefs expressed by the prayer/invocation speaker have not been previously reviewed or approved by the Council, and the Council does not endorse the religious beliefs or views of this, or any other speaker. A list of volunteers is maintained by the Town Clerk's Office and interested persons should contact the Town Clerk's Office for further information.*

The meeting was called to order at 7:05pm.

Roll Call.

**Present:** Johann Wallace, Debra Trate, Donna Johnson, Joy Banks, Cynthia Butterworth, Christy Hirshberg, Walt Welsch, Matthew Williams (Not voting), Thomas Benavidez, Attorney (Not voting).

The invocation was led by Elder James Thomas.

**B. Call to the Public**

Mayor

*A.R.S. 38-431.01 states the Public Body may make an open call to the public during a public meeting, subject to reasonable time, place and manner restrictions, to allow individuals to address the public body on any issue within the jurisdiction of the Public Body. At the conclusion of an open call to the public, individual members of the Public Body may respond to criticism made by those who have addressed the Public Body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the Public Body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action.*

Mayor Wallace recognizes Joyce Marley and asks her to come forward and state her name and address. Ms. Marley resides at 104 E. Pinal St. She states that she just bought her home, and has roses. She states that it is insane that her bill is \$91. She further states that she did not have a speech ready, but that most everybody feels the way that she feels. She says she likes living here and she hopes it doesn't raise up too much.

Mayor Wallace recognizes Trent Reed and asks him to come forward and state his name and address. Mr. Reed lives at 102 E. Pinal St. Mr. Reed states he has never done this before and he is probably in the wrong meeting, but he moved here from California about 5 years ago because he needed a lower income place to live. He states this place was perfect. The people, police officers, military. He is sure some of the stuff behind the water bill has already been discussed, unfortunately he paid most of his bills with bill pay through his bank so he doesn't pay a lot of attention to the letters that come out. He states that that is his fault. He says it concerns him. He lives alone and uses less than 1 unit of water, or less than 1,000 gallons, has no grass, no roses and his water bill went up from \$33-\$36 to all of a sudden a bill for \$56. He states that was almost double. He states he just can't understand it and just wanted to see if more people felt the same way or maybe get an explanation as to what is really going on with that. He states it seems that there are other ways the town could make money. He states that he knows we just started with the bins for trash that get taken out to the curb, and says that in California there were also bins for recyclables that the city would actually make money off of. He states that it seems like there are other ways to justify costs other than taxing or charging some of the lower income people in the way that we are for water, of all things. He states he means no one disrespect but it takes a lot to get him here and with his income that \$20 means a lot to him so he just wanted to say his peace. Mayor Wallace tells him that no month is ever the wrong month to come and talk about things.

Mayor Wallace recognizes Dale Peet and asks him to come forward and state his address. Mr. Peet resides at 113 E. Pinal St. He states that budget is very important to all of us. Money making or losing entities. According to the City Council today we have a crisis. He states we had to raise trash, which we privatized. Water and Sewer immediately were close to bankruptcy, yet in the handout that he was giving the Council and the Mayor, it shows that \$17,000 over on budget for personnel. He states he understands that money has to come out of some budget, he realizes it's water budget. He states that that was a bad budget from last year. He says that most of them were here, he has it on the thing, he got it from them. Overtime is over budget by \$875. He worked for the county and the city before and he never got a chance at overtime, it was flexed out. He says \$7,000 in personnel benefits, he understands that the people of Huachuca City that work there are very important and he is proud of each of them, they do a hard job yet we still went over budget \$3,600 for contractors. He says he realizes that something broke, but is there any way to put that back on the city workers to try and save some of that money. He says if you look at your handout, you'll see that on travel, vehicle expenses is over budget by \$756 as of the 31<sup>st</sup> of March. Fuel expenses are over by \$8,000. There is not anything these people out here can do. He can't tell them not to drive there. He says he sees the city vehicle at Sunny D's. He says if he worked here he would go eat there, but maybe he would walk. He says that every mile that you save, saves some money. And now we are trying to buy Dusk till Dawn, he doesn't even want to get into that. He says that he has noticed three people talking about this, but if he is the only one concerned about it he will sit down and shut up now, but he thinks it is bothering a lot more than just him. He asks that the Council cut this in half for 6 months, to help the elderly and the young, the people that don't have any money. Then come back, but give them a chance to adjust. He says like the young man said there, there is only so much money in that cup. We can suspend it for 6 months to give them a chance to prepare for it. He says they kind of caught us all off guard. He thanks everyone for their hard work.

Mayor Wallace recognizes Donna Johnson of 101 School Drive. She states she is not here to talk about the water bill, she just wants to let everyone know that one of the people that has helped this town so much, Mr. Jim Goad, from Mr. Shed, was put in the hospital because he has bladder cancer. She received an email today, well a text, he now has pneumonia. The family is asking her to ask people to pray because he has done so much for this town, for the school and everything. She asks that he be kept in prayers.

Mayor Wallace recognizes Leslie Saunders after he clarifies that she can ask a question, but they can't have a back and forth so he can't guarantee an answer. Ms. Saunders resides at 100 E. Pima St. She states that they are new residents and have been here since January 1<sup>st</sup>. Her question is when she read the letters, inserts as well as the bill, she doesn't understand why people that are paying the increased water bill, that doesn't necessarily mean an increased sewer rate. A lot of the times the water, especially some of the people who have spoken, the water is going directly into the ground, the sewer is not absorbing it. It doesn't seem proportional. Mayor Wallace states that he can't really answer during the call to the public, but he will try to sneak in an answer later. She thanks him. Councilmember Welsch states that they could suspend the rules to answer her question.

C. Consent Agenda

Mayor

*All items listed in the Consent Agenda are considered routine matters and will be enacted by one motion of the Council. There will be no separate discussion of these items unless a Member of the Town Council requests that an item or items be removed for discussion. Council Members may ask questions without the removal of the item from the Consent Agenda. Items removed from the Consent Agenda are considered in their normal sequence as listed on the agenda, unless called out of sequence.*

- C.1 Consider approval of the minutes of the regular meeting held on April 25, 2019.
- C.2 Consider approval of the minutes of the Council budget work session held on May 02, 2019.
- C.3 Consider approval of the Payment Approval Report in the amount of \$46,762.63
- C.4 Approval of Special Event Liquor License for Nomaden International Motorcycle Club for July 27-28, 2019

**Motion:** Consider approval of the Consent Agenda, **Action:** Open for discussion and/or Action, **Moved** by Johann Wallace, **Seconded** by Councilmember Butterworth.

**Motion:** Consent Agenda, **Action:** Approve Consent Agenda **Moved** by Johann Wallace, and **Seconded** by Mayor Pro Tem Johnson. Motion passed 7-0

D. Unfinished Business before the Council

Mayor

*Public comment will be taken at the beginning of each agenda item, after the subject has been announced by the Mayor and explained by staff. Any citizen, who wishes, may speak one time for five minutes on each agenda item before or after Council discussion. Questions from Council Members, however, may be directed to staff or a member of the public through the Mayor at any time.*

E. New Business before the Council

Mayor

*Public comment will be taken at the beginning of each agenda item, after the subject has been announced by the Mayor and explained by staff. Any citizen, who wishes, may speak one time for five minutes on each agenda item before or after Council discussion. Questions from Council Members, however, may be directed to staff or a member of the public through the Mayor at any time.*

**E.1 Discussion and/or Action [Manager Williams]: Council Adoption of 2017-2018 City Financial Audit. The audit will be presented by Hinton Burdick, P.C. The audit presentation might include all aspects of the Town's revenues, expenses and account balances for all of the City's departments and enterprises.**

**Motion: Open Item E.1 for discussion and/or action Action: Open Item E.1 for discussion Moved by: Mayor Wallace. Seconded by Councilmember Butterworth.**

Mayor Wallace recognizes Manager Williams. Manager Williams lets Council know that they used new auditors this year who will be presenting tonight. He also informs them that in their packets, is a copy of the financial documents and the findings, which show if anything needs to be corrected. Manager Williams states that Steven Palmer will be presenting the audit findings.

Mr. Steve Palmer states it is his pleasure to be there, and also that he does a lot of these presentations and there are not usually so many members of the public present. He states that he is impressed by that. He states that what he is going to be discussing is the fiscal year 2018 audit, which covers the time period of July 1<sup>st</sup>, 2017 thru June 30<sup>th</sup>, 2018. The first item is a big deal for the town. He states that whenever they do an audit there are several reports that they are required to do. First, and most significant is the independent auditors report. He says that for the fiscal year, they issued an unmodified, or clean opinion, which means that in their opinion, the financial statements present fairly, the town's financial position and the results of its operations in 2018. This does not mean that everything is great, it simply means that the information in the financial statements, in their opinion, is fairly presented. It is good information you can use to make decisions. That is such a big deal because on the previous two fiscal years, the town did not receive an opinion on their financial statements. A lot of effort was put into this, and there had to be several adjustments to the town's beginning equity balances and those kind of corrections, to things that weren't right in the prior years because there wasn't the clean opinion. He states that after a whole lot of work, they felt confident in issuing this unmodified opinion. He reiterates that this is a big deal and he wants to congratulate the town on that.

He states they are also required to issue a report on the current control over financial reporting and/or compliance. This is where they list items that in their opinion are significant enough to warrant the attention of management. He states that they have a letter of these things that was in their council packet. There are three levels of severity of their findings. The most significant being material weakness, the second being significant deficiency and then there is other items as well. There was one material weakness, which was related to grant management. There was one significant deficiency noted, which was the number of missed statements that they noted as they went through the audit. There were two compliance items noted, one being that the general fund has a deficit, and is unbalanced, which he believes everyone is aware of. The other compliance item is the state law requires the financial statements for previous years be posted on the town's website, which he states Manager Williams told him has since been corrected. He states that he hasn't actually logged on to the site, but that he was told it was done.

He states they are also required to issue a report on state legal compliance. This mainly deals with the town's highway user revenue fund monies. He says that the town receives monies that is restricted, and can only be used to repair and maintain streets. They issued an unmodified or clean opinion on that as well, mainly because the town spent very little on streets last fiscal year. He believes it was in the \$4,000 to \$5,000 range.

They also submit a letter to management communicating some other items they found that were less significant, they just wanted to communicate to them that these were things they also should look at and correct if at all possible.

He would like to look a little bit at the town's finances. He says that the total deposition of the town if you were to take all of its assets, subtract the liabilities that residual amount is the equity. At the end of the fiscal year, that was a little over 10 million dollars. He reminds everyone that that is not just cash, that is capital assets, land, that is all the assets minus all the liabilities. That is the residual amount. He states that over time if this amount goes up, it is an indication that the town's financial health is getting better. If it's going down it's an indicator that the town's financial health is deteriorating. He says that in 2018 the amount decreased by nearly \$900,000.00. The net position of the governmental activities decreased by about \$500,000.00. That would be the general fund, HURF and all those governmental-type funds. The business type activities decreased by about \$400,000.00. That would be the utility funds water, sewer, sanitation, landfill. Governmental capital assets, mainly the general fund, decreased by \$282,000-\$283,000. The town reported \$54,000.00 in additions and disposals of \$352,000 and \$337,000 in depreciation expense. He says that Manager Williams did a lot of work. The capital asset listing didn't accurately reflect the assets owned by the town. So Manager Williams spent a lot of time going through and determining what was really here, what was gone so they feel like they have a good number now to move forward with. The business type capital assets decreased by \$44,000.00 net. The town had \$336,000.00 of additions, disposals of \$137,000.00. Manager Williams jumps in to explain that on the capital assets aspect, what Mr. Palmer was saying was that if you remember in the past, the town paid a large sum for a forensic audit. That was completed and a capital asset statement was prepared by Beach Fleischman, which listed things like cars, trucks, fire hydrants, water pipes you name it, every kind of asset the town could have, all of that. We had had Beach Fleischman for several years and they had not updated the capital asset statement since 2015. Furthermore, going through these statements there is capital assets on this sheet that this town never owned. One was a school bus, the town has never owned a school bus but it was on there. So mistakes have been removed from the asset list, so the asset list is now correct and updated so next year, it will be much easier for the auditors. Just to show a point, they hadn't been corrected since 2015 and they were that far off.

Mr. Palmer brings up the town's long term liabilities. The governmental long term liabilities, again the general fund, was about \$840,000.00 which consisted of \$392,000.00 capital leases, \$44,000.00 in compensated absences, which means if the employees were to all quit, that is what would be owed in vacation, and about \$400,000.00 in pension and other post employment liabilities, that's pension due to police officers. He says you may recall that several years ago the net pension and other liabilities were not on the books of the town, they were not on the books of any governmental entity, but the governmental accounting standards order came out and said you have to have them on there. He says that Huachuca City is not alone with that big number, every single municipality that has a pension plan for their employees has to recognize their proportion share of that liability. Overall the governmental long term debt decreased by \$64,000.00.

Business type long term debt, again this is the utility funds, was a little over \$3million at the end of fiscal year 2018. That consisted of \$284,000.00 capital assets, \$14,000.00 compensated absences and \$2.8million in landfill closure, post closure. We know the landfill won't last forever, when it's filled up you have to cover it up and you have to do all sorts of environmental work and monitoring on it. Accounting standards state that you have to recognize that estimated liability over the life of the landfill

as it fills up, so that is an estimate, a good estimate. Overall the town's business, or utility long term debt decreased by \$37,000.00 and the town as a whole, the long term debt decreased by a little over \$100,000.00.

Looking at the general fund, he only has two years worth of data on here, because he hasn't been around long. The top line represents the liabilities to the general fund. The middle line represents the assets, the bottom line represents the equity in the general fund or what is left after subtracting the assets from the liabilities. That is a large negative number and it accrued significantly, it went from \$1.8million to \$2.4million in fiscal year 2018.

General fund cash trend, the general fund did report a little bit of cash at year end. That number could have been taken to 0 and reduced the amount due to the landfill fund, but it is what it is. The general fund owes the landfill quite a bit of money. We could have used it to reduce that liability.

The general fund revenue expenditure trend, the top line is expenditures, bottom line is revenues. You can see that expenditures once again exceeded revenues. Manager Williams adds that one thing to look at is that in 1 year, expenditures dropped from 2.6 to 2.199, a \$401,000.00 decrease in 1 year, however revenues went down too, about \$200,000.00 so that leaves about \$200,000.00 better than the year before. Mr. Palmer states that part of the reason the revenues were so high in 2017 was \$317,000.00 in debt proceeds from capital lease.

The streets fund, HERF, as he mentioned before, the revenues received there must be spent on streets, if they are not, they just continue to accumulate. By state law they have to be spent on streets so the revenues on the top line are very consistent because the revenue coming from the state is consistent, but the expenditures dropped significantly because not much was spent on streets. Because not much was spent on streets, the cash increased because that money has to be spent on streets.

The water fund revenues went up a bit but they include \$231,000.00 of grant revenues for the water tank project. Expenditures were up quite a bit as well. Revenues were slightly higher than the expenditures, but that is due to the grants. There is no cash in the water fund.

Sewer fund expenses exceeded revenues by \$57,000.00. He says it is interesting we showed earlier that the general fund has a large deficit position, the general fund isn't reporting any cash to speak of. Mainly the general fund has borrowed the money from the landfill fund, it could just as easily have borrowed from the sewer fund but because the landfill fund had the most cash, we just show that total due to the landfill, when it could have been allocated to other funds as well but the landfill had the most cash.

Manager Williams would like to break this down more. On paper the general fund owes the landfill fund \$2.4million. The general fund doesn't really owe the landfill \$2.4million. He says that because if you look at the past several years, the general fund was spending \$600,000-\$800,000.00 more than it brought in every single year. Those bills still had to be paid. Former town staff had no line under the budget to transfer savings into the general fund. Because they didn't do that, the bills still had to be paid so on paper the money came from the landfill fund. It didn't really come from the landfill account, it came from savings, but former town staff had no line on the budget for that which was why on the budget you wouldn't see it. Now there has been a line added where we can show that.

Sanitation fund next. Revenues exceeded expenses by about \$40,000.00. Cash increased marginally as well.

Landfill fund expenditures exceeded revenues by about \$400,000.00. Top line is total cash from the landfill fund, the middle line is money that is restricted for future landfill closure costs. The town can't touch that money. The bottom line is the unrestricted cash. This decreased significantly in fiscal year 2018.

He wanted to thank the town for their help during this process, there was a lot of work to do to get where we are.

Manager Williams thanks him for all his work. He requests that the council and also the public come and look again a year from now because in the past it was so bad we had no opinion whatsoever, which is an

F as bad as you can get. So bad they can't even give you an opinion. Now there is a clean opinion. That doesn't mean that the town's finances are great, but they can give an opinion based on numbers which are real numbers. That is what a clean opinion means. He uses the landfill as an example, that last year the landfill lost about \$400,000.00 and right now it's about \$100,000.00.

Councilmember Banks thanks Mr. Palmer for the explanations, it helped to make things clearer and she states that she struggled figuring out what all the terms mean and this helped immensely.

Councilmember Welsch has nothing at this time until he reviews it.

Councilmember Trate states she has been through audits for other governments and that usually they are going to find something, no audit is perfect.

Mr. Palmer says that they did find stuff that needed to be corrected and they did get it corrected and now the financial statement is in a good spot.

Councilmember Hirshberg thanks Ha, stating she knows what her office looks like now. She thanks everyone.

Mayor Pro-Tem Johnson also thanks everyone for the hard work.

Mayor Wallace clarifies that this is for 2017-2018 and even when we start looking at fiscal year 2019, it will show a negative value because we actually put it for and show the transfer from savings into the general fund. Basically the town is still broke. He says he realizes what went into this, and having a clean opinion, even when that clean opinion says your finances are horrible, is huge. This isn't the first bad audit this town has received, they have been bad for ten years and keep getting worse. That is not happening anymore. He thanks everyone as well.

**Motion:** Adopt the 2017-2018 city financial audit. **Moved by Mayor Wallace, Seconded by Councilmember Butterworth.** Motion passed 7-0

E.2 Discussion and/or Action [Manager Williams]: Approval of HAWE Invoice 04-25-2019 in the amount of \$31,460 to complete the ADEQ required well project in the Town Landfill.

**Motion:** Open item E.2 for Discussion and/or Action **Action:** Open Item for discussion. **Moved by Mayor Wallace, Second by Councilmember Butterworth.**

Mayor Wallace recognizes Manager Williams who states that this is the second half of the well project at the landfill. He reminds everyone that he included both invoices for a point of reference. The first one is for the current invoice which is for the labor of the job for \$31,460. We have already paid the invoice dated for November 3, 2018 which was for the infrastructure for the wells and pumps. It was a bill of \$23,534.00 and has been paid. So the equipment was paid for last fall, this is for the labor. This has to be done at the landfill as an ADEQ requirement.

Councilmember Welsch asks if this is paid out of the closure fund. Manager Williams says that it is not. He informs them that we can't touch the closure money until that cell has been closed out.

Councilmember Welsch asks when we can use the money, is it after the cell has been closed and we move on to the next. Manager Williams states that yes, it can be used once the cell is closed and we move on to the next. That money has to be there in case the cell doesn't get closed right.

Councilmember Welsch asks if the closing costs of that cell are itemized. Manager Williams states that is why a landfill trust fund is set up like it is.

Mayor Wallace clarifies that you cannot use the closure money until the cell is closed. That is the only time you can use the closure fund, any other time this money cannot be used. Councilmember Welsch wants to know if you can then use 50% or the full amount. Manager Williams says that it depends on how much you close. Only a small part of a cell will be closed at a time and another part of a different cell will be opened. Councilmember Welsch states that he has never heard an explanation.

**Motion: Approve invoice 04-25-2019. Moved by Mayor Wallace, Seconded by Councilmember Trate**  
**Motion passed 7-0**

**E.3 Discussion and/or Action [Mayor Wallace]: Second Required Reading and Adoption of Ordinance 2019-11, AN ORDINANCE OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, AMENDING THE TOWN CODE TITLE 2 "ADMINISTRATION AND PERSONNEL," CHAPTER 2.35 "OFFICERS," SECTION 2.35.015 "TOWN MANAGER," TO ALLOW THE TOWN MANAGER TO SELECT HIS OR HER DESIGNEE IN THE TOWN MANAGER'S ABSENCE AND TO ALLOW THE TOWN COUNCIL TO SELECT A DESIGNEE DUE TO THE TOWN MANAGER'S INCAPACITY OR SEPARATION; AND TO REQUIRE COUNCILMEMBERS TO GO THROUGH THE TOWN MANAGER TO CONSULT WITH TOWN EMPLOYEES REGARDING TOWN BUSINESS.**

**Motion: Open E.3 for discussion. Action: Open for discussion. Moved by Mayor Johann Wallace. Second by Councilmember Hirshberg.**

**Mayor Wallace states this will be the required second reading for the adoption of the Ordinance 2019-11, and read it aloud verbatim.**

**Motion: Approve change to ordinance 2019-11. Moved by Mayor Wallace, Seconded by Councilmember Hirshberg. Motion passed 6-1, Councilmember Welsh in dissent.**

**E.4 Discussion and/or Action [Mayor Wallace]: Second Required Reading and Adoption of Ordinance 2019-12, AN ORDINANCE FOR THE MAYOR AND TOWN COUNCIL OF THE TOWN OF HUACHUCA CITY, COCHISE COUNTY, ARIZONA, AMENDING THE TOWN CODE, TITLE 9, "PUBLIC PEACE MORALS AND WELFARE," CHAPTER 930 "JUNKED MOTOR VEHICLES," SECTION 9.30.010 AND SECTION 9.30.020, TO REVISE THE DEFINITION OF "INOPERABLE VEHICLE" AND PROHIBIT CERTAIN STORAGE OF INOPERABLE VEHICLES ON PRIVATE PROPERTY; AND ADDING SECTION 9.30.060 PROVIDING CIVIL AND CRIMINAL PENALTIES FOR VIOLATIONS.**

**Motion: Open E.4 for discussion and/or action. Action: Open for discussion. Moved by Mayor Wallace, Seconded by Councilmember Butterworth.**

**Trate: I have a question for Chief Thies, do you have a rough idea how many vehicles in town are we talking about? Chief Thies: At least 30. Manager Williams: One point I want to make on that, we cannot just go out and start citing people for cars, we can only do that after a complaint has been made with us.**

**Motion: Adopt revised Ordinance 2019-12. Moved by Mayor Wallace. Seconded by Mayor Pro-Tem Johnson. Motion passed 6-1, Councilmember Welsh in dissent.**

**E.5 Discussion and/or Action [Mayor Wallace]: Second Required Reading and Adoption of Ordinance 2019-13, AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE TOWN OF HUACHUCA CITY, ARIZONA, AMENDING THE TOWN CODE, TITLE 10 "VEHICLES, TRAFFIC AND PARKS," CHAPTER 10.20 "ABANDONED VEHICLES," SECTIONS 10.20.030 AND 10.20.090, TO REMOVE THE FEE AMOUNTS FROM THE TOWN CODE AND TO ALLOW THE TOWN COUNCIL TO ESTABLISH AND AMEND A FEE SCHEDULE BY RESOLUTION.**



**Motion:** Open E.5 for discussion and/or action. **Action:** Open for discussion. **Moved by Mayor Wallace.**  
**Seconded by Councilmember Hirshberg.**

Mayor Wallace read the ordinance aloud verbatim. Chief Thies was asked to comment. Manager Williams informs Chief Thies there is a copy of the ordinance in the packet if you want to bring it up here. Chief Thies reports we talked about this last time. Mayor Wallace so this is just the one for the impound fee right? Chief Thies yes, take that out and revert to ARS.

**Motion:** Adopt revised Ordinance 2019-13 **Moved by Mayor Wallace.** **Seconded by Councilmember Hirshberg.** Motion passed 7-0.

E.6 Discussion and/or Action [Chief Thies]: Council staff direction to receive an official response from Cochise County in regards to animal shelter renovation funding.

**Motion:** Open E.6 for discussion **Action:** Opened for discussion/action. **Moved by Mayor Wallace.**  
**Seconded by Councilmember Butterworth.**

Chief Thies reports he wanted this on the agenda because he knew the county board of supervisors were meeting. I attended that meeting; they have already approved the purchase or lease of 7 acres through a company for a future animal shelter for county. It is apparent they are not going to tell us no we won't, and that's okay. But they are moving forward, we are not part of that plan but that is their right. So with that in mind, we now have to look at our shelter in a different way. County is no longer an option. We will pursue the IGA with Sierra Vista, we will continue with them for as long as we can. If we ever open up our shelter, we do not have enough animals to facilitate a full time shelter. It was never designed for the town of Huachuca City to have a full time shelter on its own. It required the cooperation and participation of Cochise County and we no longer have that. So effective immediately we are devising a plan for the complete shutdown of the shelter, remove the items that are in there, perishable items such as food and get it to other shelters and rescue groups that need it. We will still have 2 part time animal control officers but this will be a much smaller picture right now. It is possible we could get a grant, or the annexation of Whetstone would do it. We just need to move forward now. Mayor Wallace: I can't believe they are not willing to give us 150,000 and an annual 45,000 rather than spending the money to build a complete shelter with of the expense of staffing and everything else, it's a shame but we can pursue grants or if we find a benefactor, we find a benefactor. So it's still in the budget and I don't think we are going to take anything out. But, if the stars align and we get lucky we'll be able to do it. So you are now looking to us to get an official response from county. We will direct staff to see that we close this out with county.

**Motion:** Close the shelter and formally terminate the IGA with county. **Moved by Mayor Wallace.**  
**Seconded by Councilmember Banks.** Motion passed 7-0.

E.7 Discussion and/or Action [Manager Williams]: Consider adoption of Resolution 2019-16, A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF HUACHUCA CITY, ARIZONA, AUTHORIZING THE TOWN TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF SIERRA VISTA FOR ANIMAL CARE SERVICES.

**Motion:** Open E.7 for discussion **Action:** Opened for discussion/action. **Moved by Mayor Wallace.**  
**Seconded by Councilmember Butterworth.**

**Manager Williams:** Mayor and Council you signed a very similar agreement before. Our shelter closed down December 15, 2018 due to a water leak and electrical fire. No animals for staff were harmed during that event. The City of Sierra Vista stepped in, and agreed to take our animals in and will continue to do so. I would add that our animals are totally safe and sound at the Sierra Vista shelter and nothing bad has happened to the animals from Huachuca City. We no longer accepting county animals, we no longer have a shelter anymore. Also, the statement has been made that Huachuca City backed out of the shelter IGA, we did not do that, it never happened. I suspect the crew has given us the answer already, this changed a few words in the IGA that you signed back in January and you will find the wording change in the terms section, which is on the second page of the IGA, and the change that they are after is they shall automatically renew for successive terms as of July 1 of each year. This agreement was going to expire on June 30 of this year. So now it will renew automatically for the next 3 years. The rates didn't change, none of the prices changed, and you may remember, we still pay for immunizations and we still pay for spay/neuter costs. Once we do all of that, we take the animal to Sierra Vista and its \$49 per animal flat rate. It's a very good deal for us. I think at this point, we have taken 15 animals to Sierra Vista since January. This is a very small change to the IGA which is the wording change for the renewal term.

**Motion:** Adopt Resolution 2019-16 the revised IGA with the Sierra Vista Animal Shelter. **Moved by Mayor Wallace. Seconded by Councilmember Hirshberg. Motion passed 7-0.**

**E.8 Discussion and/or Action [Attorney Benavidez]:** Consider adoption of Resolution 2019-17, A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF HUACHUCA CITY, ARIZONA, ESTABLISHING A UNIFORM VIDEO SERVICES APPLICATION AND AFFIDAVIT AND UNIFORM VIDEO SERVICE LICENSE AGREEMENT, PURSUANT TO SENATE BILL 1140 AND HOUSE BILL 2229.

**Motion:** Open E.8 for discussion **Action:** Opened for discussion/action. **Moved by Mayor Wallace. Seconded by Councilmember Butterworth.**

**Attorney Thomas Benavidez:** Mr. Mayor and City Council, this is something that all cities and towns have to do. The legislature says we all have to use the same license agreement and same application form. Someone is going to come in and do video services. We have to have a uniform agreement so all the cities and towns are doing the same thing, and that's all this is. The League of Cities and Towns put this together with a committee of city attorneys. All they did was follow the statute and put everything in there that the legislature wants, there's nothing else we can do because we have to adopt it. **Mayor Wallace:** Ok this is something we are going to have to do.

**Motion:** Adopt Resolution 2019-17. **Moved by Mayor Wallace. Seconded by Councilmember Hirshberg. Motion passed 7-0.**

**E.9 Discussion and/or Action [Mayor Wallace]:** Executive [closed] session, pursuant to A.R.S 38-431.03(A) (1) & (4), for the annual employment evaluation of the Town Manager, Matthew Williams, and discussion of his employment and contract terms. Any formal action on this item will be taken in open session.

**Motion:** Open E.9 for discussion in an executive session. **Action:** Clear the room and opened for discussion. **Moved by Mayor Wallace. Seconded by Councilmember Hirshberg.**

Mayor Wallace: we will need everybody to vacate the public. The public cleared the room. Mayor Wallace: We are now in executive session. Mr. Benevidez please address. Attorney Thomas Benavidez: Mr. Mayor we are going to have to keep this session confidential, we cannot take any action. The executive session occurred and recording was paused at time of 7:59 and recording was restarted at time of 8:15.

**Motion:** Close the executive session of item E.9. **Moved by Mayor Wallace. Seconded by Councilmember Hirshberg. Motion passed 7-0.**

Public session re-opened by Mayor Wallace.

**Motion:** Direct staff to take action based on what was discussed in the executive session. **Moved by Mayor Wallace. Seconded by Mayor Pro-Tem Johnson. Motion passed 7-0.**

Mayor Wallace: We are going to take a 10 minute break.

**E.10 Discussion and/or Action [Manager Williams]: Approval of Huachuca City Fiscal Year 2019-20 Tentative Budget. All Town revenues and expenses may be discussed and acted upon.**

Mayor Wallace: Let's call this meeting back to order.

**Motion:** Discussion and/or Action for approval of Huachuca City fiscal year 2019-20 tentative budget. **Moved by Mayor Wallace. Seconded by Councilmember Hirshberg.**

Mayor Wallace: Mr. Williams so we did have a workshop on this budget, we did have some changes, please highlight any changes from that conversation. Manager Williams: Mayor and Council it is mostly the same, there are a few small changes and the changes you will see, the one that is the big one is the 3<sup>rd</sup> page in, it is the savings about sheet, this is something you guys requested, it show the savings accounts and the interest earned on those accounts. This is a brand new sheet so if you like it, don't like it, we can set it on fire, let me know what changes you want to make on this. Again it is a page you didn't have before so let me know any concerns you have on that one. We did make the move that the court clerk has discussed percentage wise, the court clerk is now 70 percent general admin, 30 percent under clerk. So you will see the personnel cost under general admin did change because of that as discussed. I did add another grant line item to the expense side and revenue side and that is a USDA equipment facility grant for the police department, so they can get a car. I think the mayor is going to make a small change on the IT budget. The police budget went down a little bit, Chief Thies was able work the academy cost into the police budget without increasing his budget. We do appreciate his budget went down a little bit. Also the shelter budget went down a little bit. There was a change in the library budget on the internet cost as far as the consultant if you remember that item, it didn't change the bottom line a lot, it just moved it from one line to the other. Sir what are you pondering on? Mayor Wallace: I was wondering on the IT budget \*\*not able to understand the rest of the statement \*\*. Manager Williams: And again this is just the tentative budget, we can certainly make changes to intend in final, that is why we do a tentative. Councilmember Welsh: if there is change needing to be made, how soon do you need to know? Manager Williams: On that question, I would love to know before May 15<sup>th</sup>, and the reason I say that is because the final budget will be adopted on June 13<sup>th</sup>. That way it gives us a little less than a month to give you the final budget books like you had. If May 15<sup>th</sup> is too soon we can do May 20<sup>th</sup>, that will be fine. We just need enough time to make any changes and enough time for you to get them to me. Does May 20<sup>th</sup> work for you? Mayor Wallace: So May 15<sup>th</sup> is next Wednesday

and that is too soon, May 20<sup>th</sup> is a Monday so... Manager Williams: Give me a date sir. Mayor Wallace: the 24<sup>th</sup>? Councilmember Welsh: Whenever the Friday is so they can start on it the following Monday. Mayor Williams: Let's do the 24<sup>th</sup> because we have a work session with the council in the 23<sup>rd</sup> and it's possible that work session might effect changes. So have everything back on the 24<sup>th</sup> by 5pm. Manager Williams: Everything back on the 24<sup>th</sup> by 5pm for final changes, works for me. Councilmember Welsh: We should do it by noon, so he has time to address it before he leaves on Friday, I am used to deadlines being at noon in business. It's up to him. Mayor Wallace: You okay with noon? Manager Williams: That is okay. Unknown party: that Monday is Memorial day too. Mayor Wallace: If have any more questions, comments, changes, anything else, obviously please don't wait until the 24<sup>th</sup> to do it. Councilmember Welsh: I believe even though we are discussing it here it would be appropriate to send out a reminder, an email, and state that that's the date. Manager Williams: Yes sir. Councilmember Welsh: and you might also want to send it out again on the Monday before it is due. Mayor Wallace: that will be Monday the 20<sup>th</sup>. Councilmember Welsh: Ok, you should send it out on Monday the 20<sup>th</sup> to remind people you need it by Friday the 24<sup>th</sup> by noon. If you don't get one you don't get one but somebody like me can't say I forgot. Manager Williams: I will schedule an email to be sent out on the 20<sup>th</sup> sir. Additionally, these are hard copies and if there is a specific budget item you would like to see a copy of let me know and I will be happy to send individual sheets on out to you. There may be one that interests you so again let me know. And we will again have the nice budget books for the June 13<sup>th</sup> file post. Another thing they will be numbered, I know that was a big request that they be numbered. There is the Stonegarden sheet now, I will tell you what page it is now because I don't have one, and it has revenues and expenses all on one page, it makes it easier for us having it all on one page. HERF we did the same way, revenues and expenses on the same page. You will see on a few small things I made for ease of reading, for example on the budgets in the past it said road user fund, now it says HERF road user fund, because some people don't know what road user fund means. Like it use to be Magistrate, now it says Magistrate Court just for ease. So that would be your changes, again if there questions, comments, concerns please let me know. As far as the requirements for this, we have to publish the intended budget within 7 days of the approval tonight. So our CPA will prepare that sheet for us and it has be to be published for 2 weeks in the local newspaper, it will be published in plenty of time and you will have the final budget on June 13<sup>th</sup> and we have to publish it too. Questions, comments, concerns?

**E.11 Discussion and/or Action [Manager Williams]: Approval of a uniform training cost reimbursement agreement for new police hires in relation to Police Academy costs.**

- F. Town Manager Report**
- G. Reports of Current Events by Council**
- H. Items to be placed on future agendas**
- I. Adjournment**

Approved by Mayor Wallace on May 23, 2019



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Johann Wallace, Mayor

Attest:   
Matthew Williams, Interim Town Clerk

Seal:



**Certification**

I hereby certify that the foregoing is a true and correct copy of the Minutes of the Meeting for the Huachuca City Town Council held on May 09, 2019. I further certify that the meeting was duly called and a quorum was present.

  
Matthew Williams, Interim Town Clerk

