

CITY OF WILLIAMS CITY COUNCIL

BUDGET HEARING
AGENDA ITEM

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MAY 17, 2012
COUNCIL ACTION

I. PROCEDURES:

- A. Call to Order Mayor Moore called the meeting to order at 7:03 p.m.
- B. Roll Call Mayor John Moore and Councilmen Don Dent, Frank McNelly (late), Bill Miller, Lee Payne, and James Wurgler were present and constituted a quorum.
Present from City Staff were Brandon Buchanan, City Manager, Joe Duffy, Finance Director, and City Clerk/HR Director Susan Kerley. Gioia Goodrum, President/CEO Williams-Grand Canyon Chamber of Commerce was present.
Newly-elected City Councilman Craig Fritsinger was present.
- C. Adoption of Agenda Councilman Miller made a motion to adopt the Agenda as presented. Councilman Dent seconded the motion, and it carried 4-0.

II. WORK SESSION ITEM:

A. Fiscal Year 2012/2013 Budget Review

Gioia Goodrum reviewed briefly the Chamber of Commerce budget which included a cut of \$26,000 in City funds. She said that the AOT (Arizona Office of Tourism) has once again begun a program for cooperative marketing. \$26,000 has been set aside for this. AOT will pay 50% of ads. \$159,000 has been cut to \$140,000 for tourism marketing. The Chamber needs opportunities for non-dues revenue, like an LED board, to reduce its dependence on the City. She believes their projection of \$47,000 for Events Income is high. She is good with breaking even, but is not willing to lose money on events. This doesn't take into account the expenses of Chamber Staff, etc. She thanked Council for its continued support.

Mayor Moore added that the City spends quite a bit, too, and that we need to look at the actual costs of producing events.

Joe Duffy introduced the sales tax issue by explaining his methodology: He took the last two fiscal years' sales tax, divided that number in half and came up with an average. Then he broke sales taxes down by categories. Even motels and restaurants with retail sales could be broken out. The *Local Retail* category includes Family Dollar, Old Trails, Circle K, etc. The *Utilities* category includes Quest, the City, Unisource, and Superior Propane. The Food category includes Safeway. *Other Retail* includes numerous people paying sales tax on Internet purchases, leasing a car, etc., often \$25 - \$100 apiece. This breakdown proves that tourism accounts for about 65% of the City's sales tax collections. If the food tax were reduced by .5%, there would be about a \$44,000 reduction in food tax collections. The projected annual number would be about \$471,000 with a .5% decrease in food tax.

Mayor Moore said he likes the idea of getting .5% off the food tax.

Councilman Dent thinks it's a good idea to pass it back to the locals who have to buy here.

Councilman Miller believes there should be some increase in BBB tax with the Bistro and the Winchester opening.

Mayor Moore noted that there was a consensus of Council members to ask Staff to draft an ordinance on the .5% decrease in food tax and the .5% increase in retail tax. He reiterated the three main points:

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- Improve roads
- Reduce food tax
- Increase retail tax

To make certain the increase in retail sales will be used on streets, **Joe Duffy** will transfer the tax money to the streets account each month. He added that the auditors have asked him to amend the budget for any department that has exceeded its budgeted amount.

III. ADJOURN: Councilman Payne made a motion to adjourn. It was seconded by Councilman Wurgler, and it carried 5-0. The meeting was adjourned at 7:32.p.m.

Mayor John Moore

City Clerk

ATTEST: