

CITY OF WILLIAMS CITY COUNCIL

WORK SESSION
AGENDA ITEM

PAGE 1

JUNE 7, 2012
COUNCIL ACTION

I. PROCEDURES:

- A. Call to Order Mayor Moore called the meeting to order at 7:00 p.m.
- B. Roll Call Mayor John Moore, Vice Mayor Don Dent, Councilmen Bernie Hiemenz, Frank McNelly, 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 McNelly made a motion to adopt the Agenda as presented. Councilman Hiemenz seconded the motion, and it carried 6-0.

II. WORK SESSION ITEM:

A. Fiscal Year 2012/2013 Budget Review and Update on Sales Tax Item from Budget

Joe Duffy noted that Mayor and Council asked Staff to come up with ways of getting road work done. While Tourism would have a reduction of \$26,000, recreation facilities would take a major hit. An additional \$540,000 in revenues could be generated and another \$400,000 to put on streets. Seven to eight years ago an overlay program was in place. With decreasing revenues from HURF, we are looking for a way to repair and maintain streets. The Sales Tax Rate Change Comparison (attached) examines four scenarios: Reduce BBB .5% and Increase Sales Tax .5%; Reduce BBB .5%, Reduce Food Tax .5%, and Increase Sales Tax .5%; No Decrease in BBB, Reduce Food Tax 1.0%; and Increase Sales Tax .5%; and No Decrease in BBB, Eliminate Food Tax, and Increase Sales Tax .5%. If there are no changes, \$35,000 will be available for streets next year including snow removal. He noted that the City needs at least \$300,000 for material for streets and \$500,000 per year to show any significant increase in street conditions.

Jeff D'Arpa of Grand Canyon Railway and the Chamber of Commerce asked what will happen to our parks. He doesn't see a dire situation with the streets. He doesn't see a dire need to pull money from parks and recreation. He believes Council might want to reconsider.

Councilman Dent volunteered to take Jeff D'Arpa for a ride to areas where you could lose a Volkswagen in potholes. He was not talking about the main streets because we can use federal monies for those. Improvements are needed in residential areas.

Jeff D'Arpa asked if \$400,000 would make the City spectacular.

Councilman Dent replied that \$400,000 would improve it somewhat. \$5,000,000 today would not make the streets perfect. There's not enough HURF money to even run the Street Department now.

Sean Casey of Bearizona and the Chamber of Commerce asked if Council could guarantee that the money would be used for streets.

City Attorney Kellie Peterson noted that current ordinances direct BBB usage.

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PAGE 2

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Sean Casey distributed a handout that included a letter to Mayor and Council along with graphs showing 1.5% BBB Tax Revenue (on BBB sales of \$44,000,000) and the distributions to Tourism/Marketing and Recreation Facilities and 1% BBB Tax Revenue with projected distributions.

Joe Duffy said that Williams has historically had one of the higher sales tax rates in the state. All of our State revenues from State funds are based on a population of 3,000, not on hotel rooms and guests.

Councilman Dent added that the cost of our government has to build infrastructure for 13,000, including tourists. Our water plant size was dictated by the State. We have to produce enough water for tourists – one million gallons per day – plus enough for our fire structure. Similar in size, a town like Safford has infrastructure needs that are half of ours. We don't have large sales tax producers like big box stores or car dealers.

Sean Casey said he was quoting City Manager Brandon Buchanan who told him that the City has three times the Staff as in the Kansas town where he was formerly the City Manager. He asked why the City's staff was not being reduced.

Kellie Peterson reviewed the State statute that says if a tax taxes hospitality more, the first 2% that is more than the other tax must be used for non-tourism promotion. The City Code says that 1.25% of BBB tax will be used for tourism promotion. More could be used if a change were made to City Code.

Councilman Wurgler asked Brandon Buchanan how many employees should be working for the City. **Brandon Buchanan** said that it would be a five-year process to reduce staff.

Councilman Dent established that in the Kansas and South Dakota towns that were referenced, property taxes were considerably higher. He said that the plan this year is not to increase property taxes. They have been kept low, and this is a benefit of living here.

Sean Casey ended by expressing his hope that the BBB rate will stay at 1.5%.

Councilman McNelly noted that the whole discussion with the Chamber had been about the potential cut to their funding. He asked if the Chamber has planned to have ways of increasing their revenues to exist without the City's financial support.

Jeff D'Arpa replied that, if this were the case, the focus of the Chamber would have to shift to making money.

Bobby Patricca, Parks and Rec Commissioner, said he is concerned with the possibility of the recreation budget getting cut in half. Already the staff is minimal, the skate park is open only when a staff member is available, and the pool is not open very much. He asked that Council leave BBB alone and not negatively impact recreation so that it will not affect the kids.

Brandon Buchanan explained two things:

- There is a difference between the maintenance budget – which increases by \$6,500 for next year – and the capital budget.
- The pool not being open longer has nothing to do with the pool pak, it's the \$240,000 per year in expenses.

Councilman Miller added that the newest subdivision has potholes on streets with custom home lots that folks won't purchase. The streets need to be maintained in an attractive fashion.

CITY OF WILLIAMS CITY COUNCIL

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PAGE 3

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Councilman Dent proposed considering No Decrease in BBB, Eliminate Food Tax, and Increase Sales Tax .5% and making the following distributions:

Tourism/Promotion	\$454,000
Recreational Facilities	\$120,000
Visitors' Center	\$ 40,000
Roads	\$386,500

He said that we are one of the few communities in the State to tax food. This would put an extra \$35,000 into recreational facilities. He would like to see \$20,000 - \$25,000 each year put aside to build ball fields in a few years.

As **Mayor Moore** asked if this proposal would work for the Chamber, he reminded members to be thankful for having a City that supports the Chamber.

Councilman Dent said that, if we increase sales tax, we need to get rid of the food tax. Increased tax revenues need to stay in roads.

Mayor Moore asked Kellie Peterson that, when an ordinance is created, reserves for streets and ball fields be specified.

Mayor Moore ended the work session by reminding everyone that all Council can do is to make good faith decisions.

III. ADJOURN: Councilman Wurgler made a motion to adjourn. It was seconded by Councilman Hiemenz, and it carried 6-0. The meeting was adjourned at 7:59.p.m.

Mayor John Moore

ATTEST:

City Clerk