

**SPECIAL MEETING MINUTES
DUNCAN COMMON COUNCIL
MONDAY, MARCH 2, 2020; 5:00 PM
DUNCAN TOWN HALL; 506 SE OLD WEST HIGHWAY**

CALL TO ORDER: MAYOR THURMAN CALLED THE MEETING TO ORDER AT 5:00 PM.

ROLL CALL: COUNCILMEMBER SUSAN RIOS, COUNCILMEMBER DEBORAH MENDELSON, COUNCILMEMBER JILL WEARNE, MAYOR ANNE THURMAN, TOWN ATTORNEY JOHN GRIFFITH, AND TOWN MANAGER JOHN BASTEEN JR. ARE PRESENT. VICE-MAYOR VALERIE SMITH IS ABSENT. QUORUM PRESENT.

PLEDGE OF ALLEGIANCE: LED BY MANAGER BASTEEN.

OPENING PRAYER: LED BY MAYOR THURMAN.

- 1. PRESENTATION OF THE FY 2019 AUDIT:** MATT BINGHAM FROM COLBY AND POWELL, PLC PRESENTED THE AUDIT TO THE COUNCIL. THE AUDITORS FOCUS ON WHERE MOST RISKS LIE. HE GAVE A CLEAN OPINION ON THE AUDIT FOR FY 2019.

THERE WERE THREE SIGNIFICANT DEFICIENCIES THIS YEAR AND THEY HAVE BEEN AROUND FOR MANY YEARS: (1) PAYROLL LIABILITIES, (2) SEGRATION OF DUTIES OVER THE WATER LAB, AND (3) PREPARATION OF THE WORKING TRIAL BALANCE.

AT 5:10 PM, VICE-MAYOR VALERIE SMITH APPEARED AT THE MEETING.

COUNCILMEMBER MENDELSON ASKED HOW DO THEY COMPARE TO TOWNS SIMILAR IN SIZE ON HOW LONG IT IS TAKING THEM TO IMPROVE ON THESE AREAS. HE SAID FOR DUNCAN'S SIZE THESE ARE PRETTY NORMAL FINDINGS. HE SAID THERE ARE PROBABLY FIVE OR SIX TOWNS THAT ARE ALL SIMILAR IN SIZE THAT HAVE SIMILAR PROBLEMS. HE SAID YOU ONLY HAVE SO MANY RESOURCES AND IT IS NOT ABNORMAL.

HE JUMPED INTO THE FINANCIAL STATEMENT PART. FIVE YEARS AGO, THE ACCOUNTING STANDARDS CHANGED AND PRIOR TO THAT, PENSION LIABILITIES WERE NOT INCLUDED IN THE FINANCIAL STATEMENTS. THEN CITIES STARTED HAVING TO FILE FOR BANKRUPTCY PROTECTION AND THINGS CHANGED AND THEY HAD TO START INCLUDING PENSION LIABILITIES SO THAT COUNCILS AND CITIZENS CAN BE MORE AWARE OF THESE THINGS HANGING OUT THERE. THE TOWN OF DUNCAN HAS THE HEALTHIEST ONE OF THE BUNCH AND THAT IS THE ARIZONA STATE RETIREMENT SYSTEM. HE COMPARED LAST YEAR AND THE YEAR BEFORE AND IT HAS INCREASED BY ALMOST \$30,000. THE TOTAL PENSION LIABILITY FOR FY 2019 IS \$284,000.

HE POINTED OUT THE NET POSITION, YOU TAKE ALL YOUR ASSETS MINUS ALL YOUR LIABILITIES AND THE EQUITY IS WHAT YOU ARE LEFT WITH. IF THAT DECREASES FROM ONE YEAR TO THE NEXT, YOU CAN PROBABLY ASSUME YOU ARE NOT DOING AS WELL.

HE GRAFTED OUT THE NET POSITION OVER THE LAST FIVE YEARS ON A GRAPH. HE TOOK THE BUSINESS TYPE ACTIVITIES, WHICH IS WATER, SEWER AND LAB ACTIVITIES AND THE OTHER IS GOVERNMENTAL ACTIVITIES SUCH AS ADMINISTRATION. HE SAID OVER THE LAST FIVE YEARS THE TOWN HAS RECEIVED GRANT MONEY FROM FMI, UNITED WAY AND CDBG. HE LOOKED TO SEE

HOW THINGS WOULD LOOK IF THEY HAD NOT RECEIVED THAT MONEY. HE SAID HE LEFT THE CDBG MONEY IN, BECAUSE ALL THE TOWNS GET CDBG MONEY.

HE SAID WITHOUT THE OUTSIDE HELP OPERATIONALLY THEY ARE NOT COVERING ALL THEIR EXPENSES. THEY ARE NOT GENERATING ENOUGH REVENUE TO COVER THEIR OPERATING COSTS. HE SAID THE WATER, SEWER AND LAB ARE NOT COVERING THEIR COSTS AND THEY ARE BASICALLY HAVING TO SUBSIDIZE WITH THEIR GENERAL FUND. COUNCILMEMBER WEARNE SAID THEY ARE WAY LOW COMPARED TO TEMPE. HE SAID WITH A SMALL CUSTOMER BASE YOU CAN DOUBLE YOUR FEES AND IT STILL MAY NOT COVER COSTS. THE MANAGER SAID THE CHLORINE FOR WATER AND SEWER HAS GONE UP QUITE A BIT.

HE ALSO TALKED ABOUT THE NET POSITION ASSETS THAT ARE INCUMBERED BY SPENDING RESTRICTIONS. THEY CAN SPEND THE UNRESTRICTED ON ANYTHING THEY WANT TO SPEND IT ON, BUT UNFORTUNATELY THEY HAVE A BIG NEGATIVE NUMBER ALL THE WAY TO THE TOTAL COLUMN. WHAT THAT SAYS TO HIM IS THAT THEY ARE LIVING OFF OF DEBT. HE SAID LAST YEAR THAT NUMBER WAS (\$159,000) AND NOW IT IS (\$254,000). IT IS A STRONG INDICATOR OF OUR OVERALL FINANCIAL HEALTH AND IT IS DECLINING.

HE ASKED FOR QUESTIONS. COUNCILMEMBER RIOS SAID IT LOOKS LIKE FMI IS KEEPING US AFLOAT. SHE ASKED IF UNITED WAY IS DOING ANYTHING NEAR WHAT FMI IS DOING FOR US. THE AUDITOR SAID UNITED WAY HAS GIVEN THEM \$120,000 FOR THE SENIOR CENTER AND THEY HAVE RECEIVED \$275,000 FROM FMI FOR THE WATER LINE.

COUNCILMEMBER WEARNE WANTED TO KNOW HOW TO MAKE THEIR FINANCIAL HEALTH BETTER. COUNCILMEMBER MENDELSON SAID THEY HAVE TO ANALYZE WHETHER THE COST OF ANNEXING WOULD MAKE THE ADDITIONAL TAX INCOME WORTH IT. MATT SAID YOU ALSO PICK UP EXTRA COSTS WHEN YOU ANNEX.

COUNCILMEMBER MENDELSON SAID AS AN ALTERNATIVE THEY COULD START A SURCHARGE ON PROPERTIES THAT GET THE BENEFIT OF TOWN SERVICES, BUT THAT ARE NOT IN THE TOWN. SHE SAID THEY WILL BE LOOKING AT THOSE ALTERNATIVES AND SEE WHAT WOULD BE BETTER FOR THE TOWN. MATT SAID THEY COULD ALSO RAISE THE PROPERTY TAXES. COUNCILMEMBER WEARNE ASKED IF THAT WOULD BE THROUGH A VOTE. HE SAID YES, HE THINKS SO. THE MAYOR SAID IF YOU LOOK AT THE PROPERTY TAXES IN DUNCAN, THEY ARE VERY LOW.

2. **CONSIDERATION OF APPROVAL TO ACCEPT THE FY 2019 AUDIT: COUNCILMEMBER DEBORAH MENDELSON MADE A MOTION TO ACCEPT THE FY 2019 AUDIT. COUNCILMEMBER JILL WEARNE SECONDED. ALL FAVORED. MOTION CARRIED.**

3. **CONSIDERATION OF APPROVAL TO INCLUDE THE PROPOSED ALTERNATIVE EXPENDITURE LIMITATION HOME RULE OPTION ON THE 2020 PRIMARY ELECTION BALLOT: VICE-MAYOR VALERIE SMITH MADE A MOTION TO INCLUDE THE PROPOSED ALTERNATIVE EXPENDITURE LIMITATION HOME RULE OPTION ON THE 2020 PRIMARY ELECTION BALLOT. COUNCILMEMBER JILL WEARNE SECONDED. ALL FAVORED. MOTION CARRIED. THE OUTCOME WAS 5 APPROVE AND 0 DISAPPROVE.**

4. **CONSIDERATION OF APPROVAL OF RESOLUTION NO. 20-03-04 MAKING THE 2012-19 TAX CODE A PUBLIC RECORD:** THE CLERK EXPLAINED THAT THIS ITEM IS TO MAKE THE TAX CODE A PUBLIC RECORD AND THAT WAY THEY ONLY HAVE TO PRINT ONE PAGE IN THE NEWSPAPER. OTHERWISE

THEY WOULD HAVE TO PRINT ALL CHANGES IN THE NEWSPAPER. **VICE-MAYOR VALERIE SMITH MADE A MOTION TO APPROVE RESOLUTION NO. 20-03-04 MAKING THE 2012-19 TAX CODE A PUBLIC RECORD. COUNCILMEMBER DEBORAH MENDELSON SECONDED. ALL FAVORED. MOTION CARRIED.**

5. **1ST READING OF ORDINANCE NO. 2020-03 ADDING CHANGES FROM THE 2012 – 19 TAX CODE AND SWITCHING CHAPTER 16 TAX CODE AND CHAPTER 17 WATER DEPARTMENT IN THE CODE BOOK:** MAYOR THURMAN READ ORDINANCE 2020-03 TO THE PUBLIC.

6. **CONSIDERATION OF APPROVAL TO SUMMARIZE MEETING AND WORKSHOP MINUTES:** MAYOR THURMAN TALKED ABOUT WHAT A CHORE IT WAS FOR THE CLERKS TO TYPE THE MINUTES VERBATIM AND WHAT A CHORE IT WAS FOR THE COUNCIL TO READ THEM. COUNCILMEMBER MENDELSON SAID SHE IS IN FAVOR OF SUMMARIZING, SHE ASSUMES THERE ARE CONVENTIONAL WAYS OF SUMMARIZING GOVERNMENT RECORDS OF MEETINGS. SHE ASKED THE CLERK IF SHE WOULD CHECK IF SHE IS NOT FAMILIAR WITH THEM. THE CLERK SAID YES.

THE MAYOR CHECKED WITH THE ATTORNEY. HE SAID THE COURTS SUMMARIZE THE MINUTE ENTRIES ALL THE TIME AND THEY MISS THE BEST PART OF HIS ARGUMENT. MAYOR THURMAN ASKED IF THEY COULD SAY FOR THE RECORD IF THEY SPECIFICALLY WANT SOMETHING ADDED ON. THE ATTORNEY SAID YES, THAT IS WHAT THEY DO IN COURT.

COUNCILMEMBER MENDELSON WANTED TO KNOW WHAT THEIR METHOD FOR SUMMARIZING WILL BE FOR WORKSHOP MINUTES. VICE-MAYOR SMITH SAID SHE THINKS IT WOULD BE THIS WAS COVERED AND WE TALKED ABOUT THIS. SHE SAID THEY WILL HAVE THEIR OWN NOTES ALSO AND THEY WILL NOT TALK ABOUT POLICIES AND CHANGE THEM IN A WORKSHOP.

COUNCILMEMBER MENDELSON WANTED TO KNOW IF THEY HAVE A PHOTOGRAPHIC RECORD, CAN THAT BE ATTACHED. THE MAYOR SAID YES. THE ATTORNEY AGREED. **VICE-MAYOR VALERIE SMITH MADE A MOTION TO APPROVE SUMMARIZING MEETING AND WORKSHOP MINUTES. MAYOR ANNE THURMAN SECONDED. ALL FAVORED. MOTION CARRIED.**

7. **ADJOURNMENT: AT 5:35 PM, MAYOR ANNE THURMAN MADE A MOTION TO ADJOURN. COUNCILMEMBER SUSAN RIOS SECONDED. ALL FAVORED. MOTION CARRIED.**

CERTIFICATION:

I HEREBY CERTIFY THAT THE FOREGOING MEETING MINUTES ARE A TRUE AND CORRECT COPY OF THE SPECIAL MEETING MINUTES OF THE DUNCAN TOWN COUNCIL HELD ON THE 2ND DAY OF MARCH, 2020. I FURTHER CERTIFY THAT THE MEETING WAS DULY CALLED AND HELD AND THAT A QUORUM WAS PRESENT.

DATED THIS 3RD DAY OF MARCH, 2020.

CYNTHIA NICHOLS, TOWN CLERK

