

**Town of Superior  
Work Session  
Tuesday, June 26, 2012, 5:00 P.M.  
Superior Senior Center  
360 W. Main Street, Superior, AZ 85173  
MINUTES**

**A. CALL TO ORDER**

Mayor Jayme Valenzuela called the work session to order at 5:21 p.m.

**B. SALUTE TO THE FLAG**

Mayor Valenzuela led the Salute to the Flag.

**C. OPENING PRAYER**

Council Member Chris Tomerlin led the opening prayer.

**D. ROLL CALL**

**Present:** Council Members Hank Gutierrez, Chris Tomerlin, John Tameron, Gilbert Aguilar (arrived after roll call at 7:46 p.m.), Soyla “Kiki” Peralta (arrived after roll call at 6:10 p.m.), Mayor Jayme Valenzuela and Vice Mayor Olga Lopez; **Absent:** NA

**E. DISCUSSION**

1. 2012-2013 Budget Discussion

Interim Town Clerk Rita Wentzel said this was the third of three scheduled budget meetings. She said they would have SPD Lieutenant Campbell give his presentation.

Mayor Valenzuela apologized for keeping the public waiting. They had been waiting for two council members they thought were going to be there, but they were not there yet. Next time they would start at the stated time.

Lt. Campbell presented police department recommendations and responded to questions.

Ms. Wentzel discussed the budget, responding to council questions as they arose. She presented key estimated general fund numbers: **Revenue \$1,528,909, Debt Service \$712,417, Available \$816,492.** She said the debt service had not been discussed prior to the budget for the past five years. The debt service was valid and unchanging. It comes off the top, leaving for the general fund \$816,492 (estimated) available to budget against. All of the departments’ expense budgets could not exceed that. On the day of the meeting, before any cuts, the estimated expense for the general fund was \$1,535,312.

Referencing the budgets the departments had presented, she said she understood because that was how it had been done in the past. The assumption had been that if the revenue is \$1.5 million, the expense against the revenue stream can be equal. That had been what in

the past was called a balanced budget. The Schedule D form for debt service had not been completed. Yet they had the same debt servicing or more. Therein lay the problem. They have not accounted for their debt servicing yet increased the expense part of their budget because they expected revenue to come in. But, in fact, you have to take debt servicing off the top of your revenue and work with the remaining balance only.

Mr. Gutierrez asked questions regarding the senior center and how figures showed they were running it in debt. Ms. Wentzel said that was correct and explained how the grant for the contract with Pinal-Gila had been reduced. Expenses had been increased when the revenue stream had decreased so the town match is up. Mr. Gutierrez said the bottom line is it runs at a deficit of \$127,000. Ms. Wentzel said that is what the numbers show. She said the town had to look at it. It wasn't that they are mean. They had to take the stance that they were fiscally responsible and holding themselves accountable for the situation they created, not their taxpayers.

Mr. Gutierrez commented on the whole body being responsible. There was a lack of continuity. Ms. Wentzel discussed the audit presented at the end of the 2005 fiscal year. This was just after she had left her job with the town. Mayor Valenzuela said he had asked her not to leave. She said this was the best audit the town ever had and according to the auditors the best by a small community that their firm had ever done. So they knew where the line in the sand was. She discussed the qualifications and experience necessary to be a finance person in a small town. Municipal government accounting was difficult. You have a fiduciary responsibility because it isn't your money. It is taxpayer money that comes in and you are charged with fiduciary responsibility.

She cleared the air regarding an error in the 2000-2005 county excise tax audit. That was a period over which she had finance responsibility. She said \$26.70 was spent buying lunch for the T/TAC (Transportation) committee. That is not an appropriate HURF expense. And, \$286 in chemicals was charged to abate weeds along the streets. That is not an appropriate expense. She took full responsibility for not posting those to the right line item. It was her belief at that time that because those were activities directly related to transportation, they would be funded through HURF. That was incorrect.

Ms. Wentzel presented the council with a list of budgetary recommendations. The fiscal impact of \$379,036.31 would provide 50 percent of what was needed to balance the general fund.

There were further comments. The council recessed from 7:19 to 7:34 p.m.

Following the recess, Mayor Valenzuela asked if everyone knew where they were. Did everyone understand? It was a pretty clear picture. Vice Mayor Lopez said it was pretty bleak. The mayor said it was a pretty bleak picture but they owned it and had to do what they could to move forward. He said he had no desire to file bankruptcy. He knew when he ran that the picture was what it is. He didn't know it was this bad. He was there to try to make it better, as everyone was at the council table. He said to Ms. Wentzel that she had provided numbers to them that are true numbers. They see where they are. There is \$816,000 they have to work with, so they just move forward. They have to make some decisions. They have until July 19. He thought they needed the whole council there to have everyone understanding what they have to do. There are going to be a lot of rumors but

they can't worry about that. They have hard decisions to make. That is why they were elected, to make those hard decisions.

Mayor Valenzuela made suggestions on changing the meeting schedule and there was a discussion of this. The consensus was to move the regular July 5 meeting to July 11 at 7 p.m. with a possible budget session before that.

Members of the public were asked if they wished to speak and two responded:

**Sonnie Sansom:** Properties are owned by the town that don't pay property taxes or produce income. With the utilities and interest rate, each property is a force in the debt rate. Every business person he knows, including himself, when they get in trouble, they start to sell assets. He knows they are not going to get top dollar. The longer they wait, the more the properties deteriorate so if they do gain more money down the road, they don't gain anything. Today they could take some of those buildings and actually give them away to put a business in that would return money to the town in sales tax, property tax, no maintenance, no utilities for the town, no interest to the town.

**Leslie Martin:** Have been there two years. It is such a relief to be there at the meeting that night and have everything finally come to a head.

Mr. Gutierrez responded to Mr. Sansom. He agreed to some extent. But they had been through this when the mine closed. They had potential developers come and buy good buildings. But because there was a depression and no growth, they kept the buildings. They deteriorated or brought the tax rate down.

There was further dialog, including a discussion of town employees. Mayor Valenzuela asked department heads who were there to take back to their people the situation the town is in. They might be needed to wear different hats and go that extra mile. Ms. Wentzel commented on positive aspects of working for municipalities such as small towns.

## F. ADJOURNMENT

**MOTION:** Mr. Tomerlin moved to adjourn. Ms. Lopez seconded. **VOTE:** The motion passed unanimously. Mayor Valenzuela adjourned the meeting 7:53 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the Town Council of the Town of Superior held on the 26<sup>th</sup> day of June, 2012. I further certify that the meeting was duly called and held and that a quorum was present.

/s/

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**Rita M. Wentzel, Interim Town Clerk**

These minutes were compiled and transcribed by Cindy Tracy, an independent contractor. Final editing of these minutes and their content is completed and verified by Town of Superior staff members.