

Bisbee, AZ

Office of the City Manager

12/12/18

To: Council, Leadership

Fr: Robert E Smith

Re: Updates and Status

Council –

As we approach the middle of this financial cycle, I wanted to provide a more comprehensive coverage of recent updates/developments from City Hall. Further, with my performance review pending, I thought this might be an opportune place to review some of the major advances we've made in the last year, as well as the strategy behind those developments. Please contact me directly, at your convenience, if there are questions or concerns related to anything in the report.

I'd also offer again to adjust or create recurring meetings with Council members, to discuss matters of interest and provide information on items of concern. The City has been addressing many items in pursuit of sustainable, compliant operation, and there are a lot of details involved. Please let me know if your existing recurring schedule needs adjustment, or if you'd like to establish recurring meeting times to discuss matters of interest.

Successes and Precursor Advances

At hire I was tasked by all of Council to make significant changes to the administration and operation of the local government, in order to pursue and achieve sustainable operation. After observation and assessment of the administration and personnel compliment (while an interim) I began working on a strategy to achieve Council's direction. Some elements of that strategy follow below this section.

In General, items of significant importance to sustainable operation have been brought to Council, to tackle highest priority issues and achieve remedial financial stability in the organization. Progress along this track was hampered initially with impacts related to recovery from the fire, and later with receipt from ADEQ of an NOV at the waste water plant. Subsequent investigation, and resulting administration of policy and discipline related to same, as well as additional testing and process improvement at the plant demanded a lot of personnel resources and attention. Now, we are planning relocation of City Administrative Offices to avoid +\$50K rent costs next calendar year, which will present additional challenges and potential disruption of services.

Despite these diversions, significant progress has been achieved on primary elements necessary for sustainable operations, and we are capable of operating on a balanced budget that includes \$1.2M annually in payments to PSPRS as well as annual budgeting of \$1.3M in depreciation at the waste water plant.

STRATEGY

1. **Optimize and minimize expenditures without compromising service, staff compensation or supportive resources.**
 - a. **Debt Structure** – are today’s debt payments structured to fit the locality’s reality, or are they built on assumptions created years ago that have not materialized?
 - i. The Waste Water Debt – restructuring put about \$600K/Yr back into the enterprise, to provide for:
 1. A stable rate structure
 2. Development and accumulation of Capital Improvement Funds
 - a. In particular, installation of additional process hardware and equipment to provide for higher quality effluent and more consistent operations.
 - b. **Retooling the Budget Process** – A spending plan where all departments are sensitive to the challenges of each other, and mission objectives are tempered with overall challenges of the organization.
 - i. Reset expectations of each leader as well as their own budget objectives within their departments.
 1. Understanding the magnitude of resource scarcity, as well as the priority of needed mission objectives.
 2. Understanding potential risks and unmet needs when specific missions are tabled or delayed, is understood by all leadership, and prioritization of these issues across the board -- reducing harm to the provision of services to the community.
 3. Departments can phase or time expenditures, and ‘horse trade’ with each other – some holding off mission related spending in order to let others advance forward sooner, with the promise that when the time comes, the inverse occurs.
 4. Clear understanding of the overall challenges of the organization, to drive innovation at the department level and across multiple departments to increase productivity, decrease expenditures, or optimize revenue.
 - ii. Realistic budgets, recognize seasonality of revenues and expenditures to help plan cashflows and projections to avoid insufficiencies.
 1. Agreement across all department leaders to avoid blending personnel related expenditures with consumable and programmatic expenditures provides more accuracy as we collect spending data.
 2. Accurate attribution of spending across personnel will help to set appropriate compensation and classification costs, as well as operations costs in the future.
 - iii. Council members aware of all of the budget challenges and resource limitations resets expectations of the organization and creates realistic expectations when it comes to political and policy decisions.
 1. It’s important for Council to understand the financial plan for the year:

- a. The complex nature of the budget can make financial reporting (and understanding performance of the local government) hard to understand.
 - b. Council needs to understand the overall landscape of financial challenges across the local government and departmental budget structures -- important in relationship to debt structure, service rates/costs, departmental financial performance and personnel compensation.
 - c. When considering changes to the organization and its allocation of resources and charges for services and products, it's critical for Council to have an overall understanding of the budget, spending objectives and financial performance, at micro and macro levels.
 - d. When considering strategic objectives and planned progress/goals for the organization, Council needs this information as a baseline in order to set plans in place that are achievable, prioritized and directed to produce desired outcomes.
- c. **Deployment of internal spending controls** – to capture spending details, ensuring financial authorization of same, and documentation of proper procurement and receipt of goods. Upon Council's expression of financial policy for the local government unit (Q1-Q2 2019), deployment of some form of purchase ordering will occur, with software support from the City's existing financial software modules. Further, if possible with future bank services, spending cards which limit and collect data on individual employee expenditures will become data that we can review and evaluate.
- i. Reporting is simplified, as related data is captured as purchasing is occurring. Analysis and limitation of spending is also possible, and can help guide future spending decisions.
 - 1. Creation of purchase orders will capture spending intentions (timing of actual expenses), and accurately attribute spending to correct budget lines, mapping out future payments (outgoing cashflow and timing of same) to enable the City to project cash balances into the future with accuracy.

2. Review revenue generation and cost recovery opportunities, as well as collections and aging on past due accounts and failures to collect from sources that may not be reporting business operations.

- a. **Waste Water** – Large past due balances are far delinquent and unmanaged. Annual Write-Off to occur on uncollectable balances to accurately depict receivables. Deployment of service termination process and acceleration of service terminations, Collections, Liens, and introduction of fee-based deposits, connection/disconnection, and account rehabilitation terms are under way. Focus on account care will be introduced, to contact recently delinquent accounts to encourage rehabilitation.

- b. **Sanitation** – Similar to Waste Water, also, examination of service strategy and new alternatives to collection, deployment of rollouts and reduction of open dumpsters is needed. Fee structure review, and imposition of deposits to create accounts is needed.
 - c. **Streets** – Evaluation of pavement plans and execution of same, to also include maintenance of other infrastructures. Better understanding of economic decision making associated with pavement plans and possible re-prioritization of same.
 - d. **Infrastructure** -- Long term process to create FEMA HazMit Plan and secure funding for infrastructures has been launched.
 - e. **Planning** -- Introduce external skillsets into planning/zoning/permitting processes, seek assistance and access to software from County at reduced costs. Address cost recovery/fees for planning services.
 - f. **Building**-- Introduce external skillsets into building permitting and inspection processes, seek assistance and access to software from County at reduced costs. Address cost recovery/fees for building services.
 - g. **Code Enforcement** -- Introduce external skillsets into code enforcement processes, seek assistance from County at reduced costs and deploy complaint/work ordering software to manage efforts. Address cost recovery/fees, seek additional tools for enforcement that streamline notice, filing and justice requirements/timelines.
 - h. **Police** – Seek revenue generating opportunities, address existing County Magistrate agreement and flow of fines/fees. Consider/Evaluate County Dispatching.
 - i. **Fire** – Seek revenue generating opportunities to offset provision of service outside of municipal area, investigate subscription approach to transport services. Explore opportunities to partner with adjacent departments and districts to pool strengths, share revenues/expenditures and jointly pursue grants.
 - j. **Desktop Audit** – Pursue review of allocated revenues from the state, as well as information accessible via web and business licensing to determine if the City is collecting what it should from state administered taxes.
3. **Optimize the operation and deployment of City Services, as well as the utilization of subsidized and grant funds within those operations and improvements/projects related to same.**
- a. **Waste Water** -- Pursuit of plant operational improvements and reduction of energy consumption, funded with grant/subsidized loan, to create more efficient and effective operation. Introduction of Jacobs and use of software and enhanced reporting to drive better maintenance and transparency into plant testing and effluent quality.

- b. **Sanitation** -- Examination of collection strategy, deployment of rollouts, recycling alternatives and fleet composition of garbage trucks and related maintenance of same.
 - c. **Streets** – Review of use of 1% tax and economic evaluation of maintenance plan to ensure best possible use of funds. Consideration for other infrastructures needs to be introduced in a similar, scheduled, planned manner. Examination of procurement policy and execution needs to be revisited to ensure most effective use of funds results.
 - d. **Infrastructure** -- Some infrastructure systems and services have never been reviewed for effective deployment/maintenance and replacement. Working with incoming Public Works Director to discover if some field-engineered solutions, based on minimal plans will temporarily stave off critical failures.
 - e. **Police** – Examination of County Dispatch service, and conduct of external searches to discover and pursue additional grant funding for equipment and operation, review of charge rates for security services and support to community/public functions/celebrations, exploration of volunteer presence in policing field work and logistical efforts.
 - f. **Fire** – New programmatic approaches to service delivery need to be explored, particularly EMT ambulance drivers, subscription service, expansion of service area through joint efforts to assist other departments/districts in the region, inspections and code citations.
4. **Once financial performance begins to improve, make a planned investment in the personnel compliment by adjusting wages and benefits to market rate for the region.**
- a. **Out of Class Positions** – Employees are working out of class -- redefinition of positions is needed for accurate performance review and determination of appropriate wages. Additional elements in descriptions relative to customer service, training and continuing improvement are needed to effect performance management.
 - b. **Meagre Compensation** – frozen wages and benefits are far below market and ensure that the workforce in general remains transitory. Significant value is lost due to turnover, and loss of institutional memory. Managerial advances and improvements to the operation difficult and expensive. Creation and maintenance of a compensation plan is mandatory.
 - c. **Personnel Policy Changes** – bringing practice and management of the personnel compliment current with today's acceptable norms.
 - d. **No Training & Dire Need of Middle Management** – Investment in personnel and visible support of the growth of the abilities and capacities of the workforce to improve performance and retention.

- e. **Conduct & Execute Compensation and Classification Study** – determine position compositions, update position language, reinforce customer service, training and proactive performance, and establish market rate ranges for positions. Phased implementation over several financial cycles may be necessary to effect full deployment, depending upon local government’s financial performance.
5. **After Financial Policies are adopted by Council, establish annual contributions to reserves, and annual transfers from waste water to general fund to offset historic deficit operation of waste water and repay the general fund.**
- a. **Fund the Compensation and Classification Plan** – to bring wages and benefits up to market rate for existing personnel
 - b. **Establish accruing capital and asset maintenance reserves** – possible now that there is free cash flow in the enterprise.

ACHIEVEMENTS FY 17/18

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| <ul style="list-style-type: none"> • Relocation to Melody Lane with minimal service disruption, direct support to leadership, facilitation of document recovery, integration with County space/personnel. Outreach to external organizations for support and resources. • Waste Water Debt Restructure – \$600K/Yr more in free cashflow in the enterprise. • Established Stable Sewer Rate Table (10 years) w Minimal Increases • Initiation of Compensation and Classification Plan – prep for funding/deployment in upcoming FY • Deployment of New Budget Process, ubiquitous understanding of financial plan across leadership and Council • Improvement of Financial Reporting • Conduct of Audit with new Auditor • Established HR Director, re-establishment of processes and files, introduction of needed policy amendments, initiation of volunteer management • Engagement of County Development Services Skillsets to enhance quality of planning process and decisions, as well as expansion of development services work • Begin FEMA HAZMIT Planning | <ul style="list-style-type: none"> • Begin CCRN discussions regarding waste water effluents and positive environmental impacts of plant. • Establishment of Opportunity Zone • Deployment of Software modules to reduce unnecessary paper recordkeeping, increase data acquisition and improve reporting and analysis abilities as well as transparency. • Beginning of work to make airport operation independent • Beginning development of housing (Affordable and Re-Hab) programs • Initiation of Procurement on New City Hall Construction • Initiation of Move to Touvreville and Savings on Rents • Development of updated Fee/Rates Schedule • Frequent, Detailed Reporting of Manager’s Efforts to Council, Leadership and Public – across multiple formats and channels • Increased support to Council through one-on-one meetings and status updates/information memos • Enhanced Staff Reporting and Guidance to Council, DRB and P&Z |
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CURRENT STATUS

HR

Health Care Benefits

We've been considered for membership in the Cochise Combined Trust for health care coverage. Currently we've been with a stand-alone provider for years, and no serious comparative evaluation has been conducted to see if we might do better by our personnel for health care coverage/benefits. The Trust has agreed to approve our request to join if we present one. As we approach the budget cycle Dan Duchon will begin comparisons between what we now have and what the trust offers, and we will make a recommendation for Council's consideration based on what we find.

Compensation

We are also making progress on the compensation and classification plan, to have financial impacts ready for consideration in the upcoming budget process. Dan is finalizing inventory on positions and duties, and we will be developing a market-based analysis of wages/benefits to establish ranges for positions. Leadership from all departments will be involved in the creation of a plan to bring our personnel complement up to market rate, and that plan will be part of the upcoming budget process.

Training

It's clear from daily interaction with leadership that training is needed – from natural disaster preparedness and response, to fire inspection, infrastructure review/planning, capital improvement planning, capital asset maintenance, personal and workspace safety, and current computer applications like excel, outlook, word, skype, power point, acrobat and others. We will begin focusing on an investment in the personnel compliment in the next budget process that, over time, will bring information and capabilities to our staff that will greatly improve their functionality.

Headcount

I'm proud to report that midway through the year, we have dropped 3 part time positions, but added 9 full time positions to the payroll, and we've done that within our budget for the year (and that budget is smaller than the budget we had last year)! It's nice to be moving in the right direction.

Hiring Practices

Practices have been changed to include proactive, periodic interviews and screening for applicants for police and fire services. Our experience has been that if we wait to screen applicants for positions only when positions become open, we are constantly understaffed within the departments. By vetting possible applicants on a regular basis we are working to establish a bench of potential new officers that we can draw from as soon as a position becomes open. Between this practice, and working to maintain appropriate staffing levels (we have increased officers on payroll) we hope to avoid using overtime in normal scheduling to populate shifts on a regular basis.

Personnel Policy

We have been working hard to bring a set of policy amendments to Council for consideration and I think about half of what we want to bring has been through the Employee Council and Civil Service Commission for review. These reviews are required prior to our presentation to Council. Expect information and request for consideration/adoption from Dan soon as we move forward.

Policies that have been through Employee Council and Civil Service Review:

- Definitions sections update
- Hiring contingencies
- Hiring policy
- Internal hires
- Light duty - return to work
- Probation
- Alternate types of appointment (interim, acting)
- Volunteer

Policies that will be going through Employee Council and Civil Service Review soon:

- Drug testing - post-accident, random, definition of security sensitive classifications
- Social media
- Whistleblower
- Purchase card (get this in manual)
- Travel (get this in manual)
- Work week/work schedule definitions
- Harassment update
- Nepotism update
- PTO cash out

Internships

I am working with UofA to discuss internships for students in their MPA program. I think we have plenty of work and could use help from students studying cutting edge management and administration in the public sector. Dan Duchon has also been working with UofA and is securing capstone students again for help on some Fire Department related work.

Public Works

PW Director

We are interviewing an applicant this Friday and hope to make a decision soon on the public works director vacancy. I'll keep you informed – we are taking the time to find the right leader for this extremely important position, and we're trying to find someone who is also a professional engineer. Having an engineer in house will help us with our projects (and related costs) as well as civil reviews on planning and building projects brought by applicants.

Sewer Rate Table

The public hearing is approaching for the sewer utility rate plan, and Mr. Jackson has prepared and sent the Council both rate plan alternatives as requested (which was included in Council's 'notice of intent...' approved last month). One rate plan maintains current rates for 3 more years, and then has \$1.40 (on average) increases to monthly residential bills proposed, for subsequent years 4-10 on the rate table. The other rate plan proposes annual increases of \$0.90 (on average) to monthly residential bills, each year for the 10 year period.

ADEQ Consent Order

I've sent information directly to Council on the ADEQ Consent Order and that item will be on the next agenda for Council consideration. Based on ADEQ's willingness to assist us in finding and resolving the causation of the WET test failure, execution of the Consent Order is recommended by staff, to gain additional time and assistance in bringing the plant into compliance for this testing regimen.

WWTP Contract

Jacobs is beginning foundational work to serve the plant and expects to have a physical presence on site in mid-January. Mario, our existing grade one operator at the plant is going through necessary application work with Jacobs now and we expect him to receive an offer of employment in mid-January as well. Jacobs has committed to helping us identify and resolve the causes that contribute to the WET testing failures we have experienced. I am confident that with their help, and ADEQ's guidance this issue will be resolved quickly. I look forward to their deployment of the online portal for the plant, which will make all environmental testing and results accessible via the internet.

FEMA Hazard Mitigation Planning

I continue to monitor and push for the FEMA HazMit plan charter draft from FEMA – we need to present that to Council for consideration and guidance. Following the charter, we will create a list of hazard mitigation items that need to be addressed and bring that to Council for prioritization. I'll also be seeking assistance from the County Emergency Management folks, as input from them, and the ability to build our plan on the foundational elements of their plan will ensure we are compliant with state and federal requirements, and that we are incorporating regional issues (and not missing anything) in our City plan.

After that we will draft a plan for Council's consideration/approval. Once in place, that plan is our roadmap for approaching FEMA for grant funding to conduct the projects identified to improve our infrastructure and reduce risks – it's a long process, but we MUST get started – this will deal with longstanding infrastructure failures and liability/risk exposures that the City has never attempted to manage. These are future life and death issues, and we have to take a long view and undertake the hard work to get this started, so we can ultimately access grant funding and begin to change things for the better.

Pavement and Infrastructure Repair Plan

As we move towards the budget season, it is likely that we will begin a review of the pavement maintenance plan with the streets committee. Over the last several months we have discovered other infrastructures in the City that have been left to degrade, that need immediate attention. Some retaining walls, sidewalks, stormwater facilities, sewer lines and fire infrastructures are in imminent need of attention, and cannot be left to catastrophically fail. Towards those ends, we may need to re-prioritize some of the funds we have in the next budget cycle, to repair facilities that pose a threat to health and human safety. This may also be a good time to revisit the paving plan, to re-assess the status of surfaces in the City, and the prioritization of work on those links. Discussions with the streets committee and Council will be forthcoming.

Energy Efficiency Projects

I have been working with Mark Reader (Stifel) and Matt Vacarro (Siemens) to structure the finances for an energy efficiency project under ARS Title 34. I'm encouraged about what we are finding in terms of financial alternatives, and we will work to bring those to Council in the first quarter of the new year. We believe we can make upgrades to the sewer plant that will lower electrical consumption and leave more solar generated power for us to sell back to APS. These upgrades would include the installation of improved pumps at the plant and in our lift stations, as well as the improvement of filtration in the UV channel (which should make it easier for us to create consistent treatment and

better quality of effluent). Other minor operational improvements, such as the introduction of drying beds for plant solids, should lower electrical consumption and tipping fees.

We are also contemplating a conversion of the City's streetlights to LED, and the installation of controls and fixtures that would guarantee 'dark sky' conditions in the City for the future. Generally, LED street lighting creates a 30% reduction in electrical consumption. Installation of controls that allow us to set intensity and color temperature of lights can also drive further savings. We currently pay about \$60K a year for streetlighting – a 30% savings would be about \$18-20K per year, which should be more than enough to pay for the conversion project.

Other elements are included in the energy reduction project, but are minor. These include the replacement of very old HVAC units (15+ years) as well as the installation of controls that will allow us to more efficiently control the use of electricity on the new units installed. In combination with interior LED lighting in some places, we hope to update the City's physical plant while reducing our electrical consumption and carbon footprint.

Investigation of financing mechanisms for the above indicated that for sewer plant improvements we would have access to WIFA financing at a subsidized rate, and that we would qualify for forgivable principal as well (a grant). Discounts on the financing would lower the cost we experience, and either accelerate the payoff of the projects, or present more attractive savings on our utility costs. Structure of the financing and payment schedule would be up to Council's decision. Again, remember that Siemens is willing to guarantee that the electrical savings alone will pay for the cost of the project.

Utility Line Insurance Program

The Service Line Warranty company will publish a press release soon, introducing their service to the City of Bisbee residents. Shortly thereafter, the company will issue a mailing to every address in the zip code, containing additional information for property owners to consider. This is the company that presented information to Council several months back – they offer a low-cost insurance product that property owners can sign up for (if they want to), that would provide insurance on utility lines (water and sewer) from the home/structure to the municipal service line in the street. I've had Britt review the letter, and he and I presented edits to the Company which were incorporated into the final draft.

Cochise County Recharge Network

Efforts and work with the network stalled somewhat, while the City has been resolving the ADEQ NOV and enters into a Consent Order. Discussion with CCRN about effluent and San Pedro recharge are resuming, and the issue will be brought to Council for consideration in 2019.

Bus System

One of our buses was involved in a wreck that disabled it and caused about \$11K of damage to the bus. Douglas is our operator (under contract), and I am meeting with them next week to get the details on the accident and how we are responding to it. I am concerned about liability, and I'm concerned that our administration of the program (along with Douglas and Benson) might be better organized if we all shared a single program administrator. I'll report back to Council on the discussion I have with Douglas asap.

Development Services

Warren Historic District

I met with the State Historic Preservation Office to discuss the Warren Historic District and steps we need to take to move that forward. With support from our County Development Services planning staff, we'll bring a grant application forward to Council for consideration. This would provide the funding necessary to complete the inventory of structures the state needs. I was impressed by the state's willingness to fund the work, and their desire to help us finish the district. The fact that we have County planning helping us is a great advantage, and I'm looking forward to reporting progress on this soon.

Warren and Opportunity Zone Funding

I and Dan Coxworth (County Development Services Director) have been discussing the use of Opportunity Zone Funding for the City's construction project to develop a new City Hall. I requested the Governor to approve Warren as an opportunity zone last year, and our construction project is a perfect fit for funding through that new program. We are exploring feasibility right now, and if this materializes, we'd present Council with a proposal for review. Use of Opportunity Zone Funds would get the building constructed with opportunity zone funds, and then the City would lease/purchase the building over time, rather than expend the entire balance of liquid funds from the insurance proceeds in an up-front purchase. By holding onto that cash the Council would have reserve balances at the ready, in amounts that would actually make a difference, if there was a major disaster or emergency in our community.

EPA Brownfield Grant

Work with the County and the Brownfield Coalition Grant is ongoing – this is the coalition with the County to secure EPA funds to remove hazardous materials (like lead based paint or asbestos) from buildings. We are being solicited for suggested properties to include in the grant proposal, and I am suggesting several in the Warren area – among them, the Old Fire Station on Bisbee Road, the Hotel Building on Arizona Street, and the Hillcrest building. If the grant is awarded, Council will be the ones to approve where the funds are expended.

Zoning Code Updates

County planners are also going through our zoning code to recommend changes to the code to make it consistent with current law, as well as to make it consistent with itself. Codification is a process where the entire city code can be examined and made consistent (after changes and amendments occur), about every 5-7 years, to avoid conflicts and inaccurate code sections. As we approach the budget season this will be a topic for discussion with the City Clerk, as currently they have been doing this function themselves, and as the code becomes larger and more sophisticated, this becomes an unsupportable mission in the face of limited human resources.

Web Accessible GIS Mapping for Addressing & Zoning

In working through addressing inconsistencies (across our building/planning files, e-911 information and utility billing addresses) I've discovered that city addressing (via e-911 mapping) has changed rubrics and execution over time. The deployment of assigned addresses has not always been consistent, completed, and/or adopted per the original e-911 addressing plan.

We need correct and clear addressing, tied to a GIS map that also correlates tax parcel information and zoning designations on properties. The establishment of new parcels (subdivision) and new

addresses (construction) needs to be standardized across the City and maintained in such a GIS format so the City can work with the information, and so citizens can access this information via the internet. Currently our addressing is assigned by Joe, and input into a stand-alone application (Map View), but the historic information in this application is not all correct, and access is limited to city personnel.

The City's zoning maps were produced by a planning service in Tucson, and we only have access to static (we can't edit them) adobe acrobat image files. These are zoning maps that haven't been updated or corrected for years, and many zoning projects have occurred over time. All of the physical zoning files and documents, up through November of 2017 were consumed in the fire at City Hall, so we are not well positioned to attempt an update. These maps have zoning district boundaries drawn on top of an aerial photographic image layer, and the image layer doesn't correspond with actual zoning district and property line locations.

I'm speaking with the County planners about this to see if we can include services within our IGA to create GIS map layers on top of the tax assessor's parcel map, which would show addressing and zoning map information. As the County is working to make the assessor's maps available to anyone on the internet, the property ownership, tax information, zoning information and addressing would all be in one convenient place, and be correct. Further, as the County is helping us with planning services now, it would be natural for them to update mapping information for the City via this process, as they help people with planning/zoning/subdivision applications and projects. I'll report progress as Joe and I work with the County.

Census Count Committee

The County is heading up a committee to address the upcoming census, which will be largely conducted on line. In localities like ours, we might expect an undercount from this change in collection of data, and local committees are being formed to try and hedge against that. We're working with the County committee, and will likely seek to install computer kiosks in several service areas in the City to facilitate counting/collection of citizen data. As we develop more I'll keep Council updated.

Municipal Property and Lease Management

I have asked that an RFP be developed for property management services – the City owns quite a bit of property, and we need an inventory. Further, we need advisement from Council on whether or not to retain or sell any of this property. Lastly, we have quite a few structures and leases on City property – and none of them are managed. Leased property should be inspected, and where we have people residing or working out of leased spaces, we should be responsibly maintaining those properties. Further, lease agreements are not being reviewed at the end of term periods – inspection of these properties and possibly renegotiation of lease terms needs to be managed. As soon as we have an RFP out and responses back, I'll begin reporting to Council. Our first step will be to ask for guidance on which properties the City should continue to hold, and which properties should be sold, and to begin inspections on properties that are leased.

Museum Lighting Project

Through a generous donation from the County, our Museum is conducting an upgrade of exterior lighting, which has been designed by local architect Al Hopper. This project is in process with staff and has been presented to the Parks committee for feedback. We are looking forward to bringing this enhancement to Old Bisbee, and will have reporting to Council prior to the commencement of construction.

Housing – Low Income and Rehab

I am in discussions with Step Up Bisbee, Tucson Habitat for Humanity, and SEAGO to address housing issues here in Bisbee...Both rehabilitation and new affordable housing are under discussion, and if we can all work together, I think the grant dollars will stretch much further, benefiting a large number of recipients each year. Habitat is proposing 25-30 new housing units behind Safeway in a mix of affordable and market rate homes, and we can access about \$300K a year for housing rehab work from the State to assist existing homeowners. Initial discussions with individual parties are solid, and we are now organizing a group meeting to explore ways to support this mission and maximize positive impact. If possible, we'll involve the high school construction classes as well as the Cochise College programs in our construction efforts. I'll share our progress as soon as possible.

Building and Code Enforcement

Fire Inspections and Code Enforcement

I have initiated a discussion with Joe (Building Official) and Chief Castillo over the fire inspection position that was recently created. We are exploring whether or not the mission of that position might be expanded to also inspect/enforce codes, and what resources might be brought to bear to effect that. Still in the discussion phase, I'll be creating an administrative transition plan if this idea proves to be feasible – if it does, I'll bring it to Council for consideration and advisement.

Complaint Management

All code enforcement items are now being input, by staff (at Joe's direction), into SeeClickFix, to begin management of the complaints, creation of work orders, and scheduled inspection/resolution of the items. In the future, users of the application should be able to see ongoing progress updates – however we are still not fully deployed on the software and training as well as tablet deployment is pending asap through the holidays.

A new Code Enforcement Tool

We are requesting legal to research the creation of a citation (ticket) that can be immediately issued by a code enforcement officer, to cite for a violation and require the person cited to appear before the magistrate. Correctly prepared and administered, we may be able to immediately resolve some issues that prior have taken months to process. I'll keep you posted on progress and if we are able to develop this, will bring to Council for consideration and possible adoption.

Tourism and Marketing

Jen has resigned (Marketing and Tourism) and after a few discussions with her, I plan to have her present some information to Council, and then I'll be requesting feedback and direction from Council on how we should move forward. This will likely surface in January.

Airport Commission

I am working to support the airport commission in their efforts to establish a 3rd party to operate the airport, and after a productive meeting, I think there is a well understood mission and deadline for the production of a business plan that would start the ball rolling. I'm very hopeful that by this upcoming budget season we will be well under way to create an organization that can focus on growing our airport and related services. I have a single point of contact lined up with the FAA and AZDOT, so as we move forward with a plan and review for compliance with state and federal law we are ready.

Fire Department

I'm proud to say that the Fire Department has stepped up and is supporting Bisbee FireWise (a volunteer group), and is actively helping in grant applications that should begin to funnel much needed resources and equipment into Bisbee. One of the first efforts is to create a fire break around Old Bisbee. Next week the department will accept a grant of a water tender truck and more breathing apparatus through sources in CA and Mr. Timbey.

For the first time in a long time, the Fire Department officer ranks are fully filled. After testing and advancement the Chief has a full slate of captains to help him with operation of the department. I'm looking forward to working with the Chief and making progress on several items which will improve the department's operation, capital & equipment plans, maintenance/support resources, fire suppression infrastructure rehab & development, revenue generation, and interdepartmental support of other fire departments and districts. We have an excellent department that has the capacity to expand its impact and protection, and I'm looking forward to getting Chief Castillo the resources he needs to grow these benefits to the community.

Police Department

Academy Cost Structure

Changes in police academy costs are going to affect our departmental operations budget; how much of an impact is still unknown. The College is undertaking the development of a training school, but class size and demand have an effect on startup, scheduling and cost. It's likely that there will be some variation in cost year over year, and our demand for this service will fluctuate with departmental turnover. It's likely in the new budget year that we will be entertaining larger numbers in this line to ensure that we have funds to cover what we can't reliably project.

Persistent, Non-Cited Calls for Service

Chief Echave is in Boston this week and the Deputy Chief has been inundated with complaints from Laundry Hill related to Mr. Sky and his neighbors. I've asked Elda to consider the matter and provide an advisory to the City on how we might manage and possibly cite frivolous complaints where the police department is being abused by frequent, unreasonable calls for police presence.

County Dispatching Service

The Chief and I will also be meeting with the County Dispatch folks to further discuss their pricing model to continue to see if there is enough economic savings to warrant a change in our current operations. Sunk costs related to radio replacement or upgrades need to be part of the consideration, and whether or not our functionality will suffer if we do not purchase the expensive, multi-band radios that are planned for the county system. If the County can help the City with up front costs on such equipment, offering a 'payment plan' to give us time to spread the cost of radios out

over time, there may be economic incentive to contemplate a change. Results of that conversation and analysis will come directly to Council from me and the Chief asap.

The City Auction is shaping up to be a fairly large event. We expect good income from sales.

Finance

Audit and Financial Policies

The audit for last FY is largely complete (we'll be reporting final results to you asap), and we are approaching midpoint of this financial cycle. It's time to begin presenting financial policies to Council, and to begin anticipating the upcoming budget process. Over the course of the next few months we will make progress on the above in preparation for creating our financial plan for the next year.

Current Performance and Reporting

Mid-year financial performance looks good (on track), apart from a few lines that are either seasonally affected or have been budgeted too conservatively. In terms of magnitude, the differentials there are not material to the departments' or local government unit's performance. I've been working with Keri to include more narrative with our financial reporting and our Accounts Payable reporting, to help provide additional understanding of our numbers and how we are changing our performance to trend in positive, sustainable directions. Expect to see more as we improve our approach.

Past Due Accounts

Aging on utility billing continues to move slowly – we've been challenged to install valves fast enough, and some of the payment plans established during the amnesty are failing. We are, however finding that past due accounts are coming in for remediation when we appear on site and locate pipes prior to installing valves for cutoffs. Further, our collections efforts began just last month and we are experiencing rehabilitations on accounts and revenue from this effort. Continuing work on these efforts, in combination with changes to the code relative to deposits and fees should help us close this gap over time and lower the past due totals.

Banking Services

We have received responses from the RFP for banking services (surprisingly, National Bank did not respond), and we are evaluating the responses. Reporting to Council will be brought for consideration and advisement as soon as possible.

Online – Express Bill Pay

We are deploying Express Bill Pay (they will be on-site) and we will be working to have the ability to show our customers how to sign up for on-line payments at our utility windows. Review of additional modules within our Cassell financial software is underway to see if deployment might help us with workloads

Cassell Financial Software Deployment

We have discovered that the City has access to financial software that hasn't been deployed in the past, and is valuable for us to use. Just recently we began using the timesheet/timekeeping module in Cassell and now our timekeeping docs (timesheets) are all processed within the financial software suite we use to process payroll – dramatically reducing processing time needed in finance. Similarly, we are deploying leave request and approvals in Cassell to further reduce processing and

recordkeeping burdens. Having this information in our software allows us to review leave taken and accrued, and it's my goal to begin to partially fund this currently unfunded liability. We will also be reviewing the Purchase Order module in the software, as internal control and management of this data will greatly reduce paper recordkeeping and authorization timeframes, as well as enhance the collection and recordation of procurement documentation that is required by our code. Data from this being captured in the procurement module will assist us in projecting cashflows and resulting cash balances into the future – visibility we greatly need.

Cost Recovery -- Fees, Fines and Rates for Services

I'm working with staff and assembling a proposed update to the City's fee/fine schedules – it's been several years since many of these fees have been considered, and I've asked staff to think about the basis for the fees and suggest any amendments that might be needed. I've also requested legal to research tying some of our fee structures together – for instance – if you're past due on your sewer service, and you come in for a business license, could we require you to come to an agreement with us on coming current on your sewer service before we release the business license (or vice versa?). I'll report findings as soon as I have feedback from legal – we may have a way to begin to get more serious on collecting or making payment arrangements on past due balances.

Clerk

Relocation to Touvreville

We are in the middle of facilitating the move to the Touvreville location, and of course IT is a concern. Ashlee has been working to have the building assessed, and a plan developed for how we will handle networking, internet access and phone services from that location. Further, IT planning is occurring to unify departmental networks, provide stability through backup servers and enhanced network security. IT service costs continue to be less than what we experienced last FY.

Several of us are working to secure furniture from surplus or donation locations to continue to save our insurance replacement funds wherever possible. Dwayne is working on physical plant issues at the building. Cleaning and some light demolition is already underway. We will also have some electrical outlets replaced, and will likely have minor floor, wall and plumbing repairs. Painting will come last – we're anticipating a move in February, as the Holidays are slowing things down.

Recording Meetings and Video Access

The RFP for A/V services to assist us in recording meetings and making them available on the internet has been out and we will be reviewing respondents and selecting a proposal soon.

See Click Fix Deployment

Now that the tablets are in hand and prepped with software, Ashlee is arranging for training of front line staff and in house administration to begin running our work ordering and complaints through the See Click Fix application. We are spooling up departmental use of the application, as well as daily monitoring of the items in que. Further we're exploring some of the notification features which may become very useful. I'm looking forward to fully engaging the software and seeing what impact we may create. Currently, Public Works is now processing all work orders through the application.

Customer Contact and Customer Service

On a related note, we have several software applications as well as counter services where we directly contact customers (citizens) and provide services. However our position descriptions and performance measures do not speak to customer service, quality of service, or customer feedback. I am beginning dialogue with Dan, Ashlee and Keri to discuss how we might begin to focus on customer service, and define it in our position descriptions and performance evaluation process. Product from this effort will materialize in the re-definition of positions in the compensation and classification plan.