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TOWN OF JEROME, ARIZONA

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MINUTES

SPECIAL MEETING OF THE JEROME TOWN COUNCIL JEROME CIVIC CENTER - 600 CLARK STREET - COUNCIL CHAMBERS THURSDAY, OCTOBER 15, 2015 AT 10:30 A.M.

ITEM #1:	<p>CALL TO ORDER/ROLL CALL</p> <p>Mayor/Chairperson to call meeting to order. Town Clerk to call and record the roll.</p> <p><i>Mayor Currier called the meeting to order at 10:30 a.m.</i></p> <p><i>Town Manager/Clerk Candace Gallagher called roll. Present were Mayor Currier, Vice Mayor Freund and Councilmembers Stewart, Barber and Vander Horst.</i></p> <p><i>Other staff in attendance at roll call included Deputy Town Clerk Joni Savage, Peggy Tovrea, Utilities Clerk, and Rebecca Cretti, Finance Director, joined the meeting at 10:57 a.m. Fire Chief Rusty Blair and Building Inspector Barry Wolstencroft arrived later in the meeting.</i></p>
ITEM #2: 10:31	<p>EXECUTIVE SESSION: LITIGATION</p> <p>Council may enter into executive session, pursuant to A.R.S. § 38-431.03 (A)(4), for consultation with the Town Attorney regarding pending litigation (Jennifer McDonald; Richard Plough; Nordic Properties, LLC; and Hermanos Gillenwater, L.P. vs. Town of Jerome and Al Sengstock, Zoning Administrator).</p> <p><i>Mayor Currier asked for a motion to go into executive session.</i></p> <p><i>Upon motion by Vice Mayor Freund to go into executive session and seconded by Councilmember Stewart and unanimously approved, the Council went into executive session at 10:31 a.m.</i></p>
ITEM #3: 10:57	<p>ACCOUNTS RECEIVABLE/BAD DEBT</p> <p>Council will review the Town's accounts receivable, bad debt and practices regarding collections and bad debt, and may direct staff with respect to same.</p> <p><i>Ms. Gallagher explained that this item had been requested by Council. We have a reserve for bad debt but we haven't been writing it off, she said, and we should have a policy for that.</i></p> <p><i>Mayor Currier asked why the utilities report provided at the September meeting was dated for August, but the report provided for the October meeting was dated in October. Ms. Tovrea explained that she had already run the bill for October and wanted to make the report as current as possible. Previously, she had been preparing reports to cover the prior month.</i></p> <p><i>Mayor Currier noted that the August report showed a current unpaid balance of zero, but the October report shows \$614.59, and concluded that we have an unpaid balance in that amount that has accumulated over the last 30 days. Ms. Tovrea said that this is correct, and noted that we have just passed the deadline.</i></p> <p><i>Mayor Currier said that this actually goes back four months, and the arrears over a year is \$615, out of about \$512,000 billed. "I don't believe that the bad debt is significant," he said.</i></p> <p><i>Vice Mayor Freund asked if we have put liens on any properties. Ms. Gallagher replied that this has not happened since she has been here. Mayor Currier said that, during the time he was Town Clerk, they tried putting liens on houses and going to small claims court. It took</i></p>

years to get any results, but still no one had any money. It had been tried at one time, he said, but it took forever.

Vice Mayor Freund noted that, when there is a lien on the property, it would need to be satisfied when the property changes hands. Mayor Currier said that in one of the cases he dealt with, it was an old house owned by two old men that lived in San Diego. We forced them to sell the house, he said, and we still didn't get anything.

Ms. Gallagher noted that the law has changed recently, and we can no longer go after the landlord for utility payments.

Ms. Cretti pointed out one account where sewer payments are overdue in the amount of \$284. We could place a lien on that property for \$284, she said, but how much would it cost us to do that? "Sewer liens do not seem to be a good way to go unless it's a huge amount," she added.

Ms. Tovrea handed out the most current bad debt listing, which Council then examined.

Councilmember Stewart asked, if property owners are not liable for unpaid utility bills, then why do we send the landlord a notice of a tenant's unpaid bill? Ms. Gallagher said that, hopefully, they will have their tenant pay it. Ms. Cretti added that, if we don't do that, the landlord will complain. We keep them informed, she said, but they are not liable. "Then why is it their business?" Councilmember Stewart asked. Mayor Currier said that he doesn't feel that we should protect a deadbeat tenant, and Councilmember Barber said that she feels they should know, and that it is a good practice to keep in place.

Councilmember Vander Horst pointed out that the statute which prohibits us from seeking payment from landlords uses the words "may not require," and questioned whether that means "shall not" Mayor Currier said that, in this instance, it does mean "shall not." Ms. Gallagher agreed that it is an odd term, and said that we have consulted our Town Attorney about this, and he has confirmed that we cannot require payment from a landlord.

Vice Mayor Freund asked if we require deposits for all new accounts and for how many months. Ms. Tovrea responded that we require one month's deposit. Ms. Cretti clarified that, technically, it is not a deposit. It is the last month's payment in advance. When you have a deposit, she explained, you can only hold it for one year and it would require us to pay interest.

Mayor Currier asked Ms. Cretti for her input regarding the list of bad debt she had provided. Ms. Cretti said that we don't need a policy in order to write off bad debt, but it would be a good idea to have one. Bad debt assumes that it is an uncollectable amount, she said. None of this has gone to collections, however it is so old that it shouldn't. She recommended writing off the debt on the list provided (totaling around \$15,000) and added that the Ross debt needs to be written off also, as it is beyond the statute of limitations for collections. The amount is \$26,303.16 and we have an allowance account for that.

Ms. Cretti clarified that, even though the bad debt is written off our books, the individual is still liable for the debt. It stays on their account -- we are not forgiving the debt.

Vice Mayor Freund asked if we are only able to place a lien for the amount owed for sewer. Ms. Cretti confirmed this, noting that the State law reads, "utility user fees means fees charged for the provision of sewer."

Ms. Tovrea added that when a house sells in town, if it goes through escrow, we get a sewer assessment from the realtor and it's dealt with at that point. On a foreclosure or bankruptcy, we don't get that.

Councilmember Vander Horst asked why we have not ever gone to collection. Ms. Cretti responded that this is because we do not have a collections policy. That would have to be put into place first. She recommended using a collection agency.

Mr. Vander Horst asked if the collection policy would be part of the financial policy. Ms. Cretti said "Yes, but you could also do it sooner and you could get on the ball with it."

Mayor Currier asked when Council will see the financial policy. He would like something to

	<p>happen soon. Ms. Cretti suggested that Council first adopt a collections policy and that we consult with a collections attorney, rather than the Town Attorney, to review it, stating that she did not trust Mr. Sims. Mayor Currier stated that staff should draft a collections policy for review by our Town Attorney, then bring it to Council.</p> <p>Ms. Cretti asked what they would want included in the policy. "We want your recommendation," Councilmember Vander Horst replied. Ms. Cretti recommended that late fees stop after one year.</p> <p>Councilmember Vander Horst asked if Council could take action now to write off the bad debt. Ms. Cretti said that she would prepare the amount to be written off.</p> <p>Council briefly reviewed some of the items included on the list.</p> <p>Councilmember Barber asked if we shut off utilities after three months. That was confirmed by staff. Ms. Barber suggested that we could shut off utilities after two months instead of three.</p> <p>Councilmember Vander Horst asked if Council will have a collections policy for discussion on the next meeting agenda. Ms. Cretti said she did not know how long it would take the attorney to review it.</p> <p>Mayor Currier said that Council is looking for, on the next agenda, a motion to write off the bad debt, and a collections policy. It will be one element of the financial policy.</p> <p>Councilmember Vander Horst asked if the collection policy will include liens and Ms. Cretti confirmed that it would.</p>
<p>ITEM #4: 11:26</p>	<p>FINANCIAL REPORTS</p> <p>The Finance Director will review and explain the process used in creating the financial reports provided monthly to Council.</p> <p>Mayor Currier started by saying that, before he gives the floor to Ms. Cretti, he wanted to show the Council something he had prepared. He took the previous months of June, July, August and September financial figures, as per the reports provided, and compared them to October's figures. He handed out his spreadsheet to the Council and to Ms. Cretti. "You will notice," he said, "if you take the previous month's report and look at the actual year to date you get a number. And then look at the next month's report and you look at what actually came in that month and add it what was left in the account the prior month, you will get the actual year to date number. However, in the report, when you add it, you'll note that it's off by 20 cents. Computers don't make these mistakes, something happened." He said that he did the same thing with the water account, and it's off by hundreds of dollars. He looked at transfers, and found a discrepancy there also.</p> <p>Ms. Cretti explained that what Council is seeing in the "actual" column is what is in the system so far, and she had sent a memo about that. "What you see," she said, "is that I have not done the adjusting entries. You are looking at an estimate." The Mayor said that we had finally changed the agenda to state that the numbers are "presumably correct," but they are not. He added that he does not believe Ms. Cretti is doing anything wrong, but "we cannot trust those documents." "Yes, you can," Ms. Cretti replied. "You just need to understand them. You can ask if I have all the journal entries in."</p> <p>Ms. Gallagher asked Ms. Cretti if it is possible to provide a separate page with the budget to actual reports indicating what changed from one month to the next. Ms. Cretti said that it was not.</p> <p>Councilmember Vander Horst asked if the difference between what's on these sheets and what reality is, is a material difference. Ms. Cretti replied that, in health insurance, it would be because she hasn't done the journal entry. It would be several hundred dollars. Mr. Vander Horst said that that would be immaterial.</p> <p>Mayor Currier mentioned \$11,000 transfers into the new Capital account, and asked when that happened. Ms. Cretti said that it was done in July, and that she had given Council a report telling them that. Mayor Currier asked why wasn't that posted as an actual transfer during July. Ms. Cretti explained that the budget was just barely adopted at that time. Mayor</p>

Currier said that, if he went back and looked at the July budget to actual, it wouldn't be in there. Ms. Cretti said that it would be in there, and the budget to actual would show it. However, the report that was printed in July would not show it because it hadn't been done when that report was run. "If you look at it now, you'll see it," she said. "It was done as of July 1, 2015."

Mayor Currier explained that posting dates and transaction dates are sometimes different, and it doesn't show up in the monthly transactions, "so how will we ever know what's what?" Councilmember Vander Horst said that we would need a "journal entries not posted" report. Ms. Cretti said, "If you want to see all the Journal entries posted in the month, I can do a report for that." Mayor Currier replied, "for years, we've been living with it the way it is."

Ms. Gallagher pointed out that the reports are now more current. Years ago, there was a month in between (for example, in January, Council would receive reports for November). It is now more current, she said, but we had to give up something, and some entries are made after the fact. Mayor Currier said that he would be perfectly happy to look at any report that might explain this better.

Ms. Cretti stated that, normally, she would have given them a July, August, September report after fully entering the budget. There are still things that need to be done. "If you want to wait until I'm through, then I could give you the actual," she said, adding that there are fire department entries that have yet to be made. Mayor Currier said that he understands the problem, he just wanted everyone to see the situation.

Ms. Cretti explained how the budget is entered in the CYMA system. The budget amounts for the year are divided by twelve and one-twelfth is put into each month. She had provided an example showing liability insurance and what it would look like if we change that to reflect how we're actually billed, which is quarterly – there would be nothing in July or in August. "Personally," she said, "I don't like to see it like this. I like to see the actual monthly costs. On the revenue side, she said, if Council wants sales tax to be done according to Ms. Gallagher's report (by anticipated revenue each month rather than divided by 12), she believes that would be a very good idea because it would show the fluctuations throughout the year. Expenses are messier, she said, and she believes it is just tidier to divide them by 12.

Councilmember Vander Horst said that he feels that expenses should be budgeted for when they occur. He added that, if the budget to actual report doesn't reflect reality, then there is no value in it.

Mayor Currier suggested that what Mr. Vander Horst is looking for is a cash flow chart. "In other words, if you know that 90% of property taxes come in the first couple of months, you can plan your expenses." He said to Ms. Cretti, "If you could get the data to create a cash flow chart, that would be wonderful."

Councilmember Vander Horst said, "if we know things are quarterly, I don't see why it couldn't be entered that way. Revenue projections should not be divided by twelve, those should be entered by the projection for the month." Ms. Cretti suggested that perhaps we could do that for next year's budget. Councilmember Vander Horst agreed that we don't want to go back and change things this year.

Mayor Currier asked Ms. Cretti to create a cash flow chart.

Vice Mayor Freund complimented Councilmember Vander Horst on his summary report. He added that he would like a larger left hand margin, and suggested that grants be separated into a separate block. He also said that he would list every non-salary expenditure over \$500.00. Councilmember Stewart suggested that he put the fiscal month on the form.

Councilmember Vander Horst said that he would like a consolidated balance sheet. Ms. Cretti said that it's better to run it by fund. There are some receivables accounts that only get adjusted once a year at the end of the fiscal year. She asked if Council wants to see those accounts (accrued payroll is an example, and does not change throughout the year). Mayor Currier suggested she print one out and let Councilmember Vander Horst see it. Ms. Cretti said that she could give it to everybody and highlight the accounts.

ITEM #5:
11:48

LEANING WALL

Council will review the status of the leaning wall project, and may approve a change order, if available at meeting time, for Elite Performance Concrete.

Mayor Currier asked Ms. Gallagher to bring the Council up to speed.

Ms. Gallagher explained that the structural engineer (Core Structure Group) inspected the wall work and has requested additional items. There is a gap between the steel and the wall that they want to see bolted, and they are requiring completion of a bond beam across the top of the wall.

Barry Wolstencroft, the Town Building Inspector, said that the bond beam was a part of the structural engineer's original plan, and apologized for having not seen that previously. He added that the plans were very vague, and the contractor apparently did not see it either. Mr. Wolstencroft added that he is not sure why we are going above and beyond the original plans, and apparently, there were more details that the structural engineer drew up which never got to us.

Mayor Currier said that he had attended a meeting with the contractor and structural engineer. Apparently, the original plans were stamped and given to the contractor, and the contractor proceeded with the work. There was a question about the cross beams and they called the engineer. The original structural engineer was on vacation, and his boss took the call, and said that he would do the changes and get the plans back to us. "That never happened," Mayor Currier said. "The plans never left the structural engineer's office, as far as we can tell." He added that Shephard-Wesnitzer did not receive them either. "Then the guy comes back from vacation," the Mayor continued, "comes out and inspects, and realizes things weren't done that had been specified. The question is what do we need to do now."

Mayor Currier referenced plans that were in front of Council, and Councilmember Stewart stated that the detail that has changed is the bolting of the rail into the middle.

Mayor Currier said that it appears the cross beam across the top was on the original plan and didn't get done. Mr. Wolstencroft said, "Yes, it was vague and I missed it."

Mayor Currier said that he thought that the contractor did see it on the plans but didn't do it, which seems to be a serious problem because it is structural. Councilmember Stewart said that part of the reason for not doing that was that a section of the wall that was being filled fell out. The contractor felt it would do no good to continue the beam to the far right hand column, and it was vague on the plans. Mr. Stewart said that the special inspector had been there and had signed off on what the contractor had done, so because the column on the far right was grouted, he felt it was alright.

Mr. Stewart added that the contractor has no problem with continuing the bond beam across the very top of the wall. However, there is now a new requirement for four vertical columns that extend all the way down the wall. This is above and beyond the original plan, and additional rebar is being required.

Mayor Currier asked what might happen if we decided that the project is complete as it is. Ms. Gallagher said that our insurer could object to our using the horseshoe pits, and she feels it would be a bad idea to ignore the recommendations of the structural engineer.

Councilmember Stewart said that the special inspector came out twice. He added that he believes that the gap between the rail and the wall needs to be shimmed, but he sees no benefit in continuing the bond beam. He read a portion of the fine print on the plans, which states that, if the building official provides a certificate of occupancy for the structure without having received the final special inspections report, the building official would assume liability for it. That, he said, would mean that the Town could take responsibility for it. "Them coming back as an engineer and stating they want these vertical columns is above and beyond what they originally said," he said, and added that he does not know why they now want added reinforcement.

Mayor Currier said that he would like to get a bid from the contractor as to what the extra work would cost. Councilmember Stewart estimated that it would come to between \$15,000

and \$20,000, and added that he does not see the benefit of the added columns, which would change the whole look of the wall. He again wondered why they would give us these new requirements.

Ms. Gallagher asked if Mr. Stewart's cost estimate included the bond beam that should have been done initially. Councilmember Stewart replied that the bond beam on top and filling in behind the rails is about a day's worth of work, and was within the original contract. The contractor will fulfill that, he said.

Fire Chief Rusty Blair was in attendance at this time, and said that he doesn't see that it would cost that much.

Ms. Gallagher opined that part of this is because we opted to use two railroad ties rather than one steel beam in order to save money, but in the process, the ties were not able to be flush. Councilmember Stewart pointed out that any beam would have had to been shimmed to the wall. Chief Blair said that that, given the angle of the wall, the beam would had to have been cut and the steel re-welded.

Councilmember Vander Horst asked Mr. Wolstencroft for his opinion.

Mr. Wolstencroft said that he would have the contractor finish the work on the original plans and then go to Shephard-Wesnitzer and ask why we are required now to do more, because the wall hasn't changed. Apparently there were plans that didn't get to us, he said. He added that he had called Shephard-Wesnitzer and asked them what an "S" beam was (as was originally specified) and what it was being used for. They gave him a vague answer as to what this beam was to do. Every time you drill into this wall, he said, you are losing structural integrity.

Mayor Currier agreed, and said that, as a practical matter, we can't make a decision at this point without the contractor's input.

Ms. Gallagher asked, if the structural engineer made an error, can we hold them liable?

Mr. Wolstencroft said that he finally saw the line for the bond beam, which wasn't very clear on their plans.

Councilmember Stewart said that using rails instead of the steel beam was really a very small portion of this. No matter what was used, it would need to be shimmed because of the design of the wall. That detail was lacking on this plan, just like the lack of detail on the bond beam that goes across the top. The addition of four vertical columns has never been discussed and is above and beyond any of their original drawings. If they felt that those should have been in place at the time of the original drawing, they should have included it at that time and not now. "I don't think we should entertain a bid for the additional columns that were not necessary," he said. He noted that, in their most recent statement, the engineers say that they reserve the right to change their opinion as more information is made available. Obviously, he said, they have already changed their opinion from the original drawing to make it more elaborate. He said that he believes that, at some point, we need to stick with their original plans. "We paid them for the original plans," he said. "Why are they changing their minds and they won't sign off?" He said that he believes that safety concerns were expressed to them by Town staff, and he doesn't think this is necessary. It is up to the contractor to finish some things that were in the original drawings. "We should not get an additional bid on this," he repeated.

Mayor Currier said that he sees no reason not to finish the bond beam and the things that the contractor was instructed originally to do. Councilmember Stewart noted that the engineers have added drilling holes that were not a part of the original design.

Ms. Gallagher said that she doesn't see us going to bid for additional work. She said that she would like Core Structure Group to revise their recommendations and sign off on it. Mayor Currier agreed, and said that, if they won't, then the ball is in Shephard-Wesnitzer's court. He would like to see a timeline for this project--when the phone call was made to the structural engineer and whomever answered the phone and agreed to the change.

Ms. Gallagher noted that the structural engineer said that they were going to give us a

second set of plans, but they didn't. Mayor Currier asked what happened between the time that Core said that they were going to produce another set of plans and the time that the contractor did whatever work he did. He asked if Shephard-Wesnitzer had been out here at all. Ms. Gallagher said that they had not. Councilmember Stewart confirmed that, and said that the special inspector, through Core Structures Group, came out twice. "And he didn't see that there was a second set of plans?" the Mayor asked. "Correct," Mr. Stewart replied, "and also in these plans it states that the special inspector is ultimately in charge of the contractor following exactly what is on the plans. The special inspector gave Coby [the contractor] the go ahead on everything." Mayor Currier said that it seems to him that the inspector should have had the current plans in his hand and should have made sure that the contractor had the same plans. Councilmember Stewart agreed.

Mayor Currier said, "At that point, something should have happened. Somebody should have said 'something's wrong,' and it should have been the engineer. And if they made the mistake, the liability is with them."

Councilmember Stewart talked about the work that had been done and the additional four columns that the engineers now want added. They were never a concern to the engineer before they drew up the plans, he said, and added that Chief Blair sent the engineers a photo along with his safety concerns, and that is where these new plans have come from. He said that he feels that any additional safety concerns should have been addressed in the beginning, and we should move forward with the project. "We should have Coby finish what he is supposed to do," the Mayor said.

"That is a day's worth of work, and how do we continue with the other work?" Mr. Stewart asked.

"At that point," Mayor Currier said, "we need to bring the engineers back and say 'we believe it's done, what about you?' If they say no, which they probably will, then we say, 'Where's the liability?'"

Councilmember Stewart said that when the Core engineer came out, he said that the Town could opt to leave the wall just as it is, but they would not sign off on it. The Town would have to accept liability for it. "In order for them to take the liability on this," he said, "they want these vertical columns and the additional things on these plans, and then they reserve the right to change their opinion again."

Ms. Gallagher said that she believes we should talk to Town Engineer Richard Aldridge, and that we should find out from the contractor how much the additional work might cost. Mayor Currier said, "If it's a couple of thousand dollars then it's not worth a legal fight. If it's ten or fifteen or twenty thousand, then it's worth getting the attorneys involved."

Councilmember Vander Horst said that he shares everyone's opinion, and that he is concerned that we're going to do so much with it that it won't look like the wall anymore. "We've spent a lot of money," he said, "but if it's a couple of thousand...."

"I don't want to go to war over pennies," Mayor Currier said.

Chief Blair said, "We've come this far--it's hard to turn back now."

Vice Mayor Freund said that he believes that Council will need a special meeting once we have more information, but they can't go any further at this meeting.

Councilmember Barber said, "Finish the work he was doing, then we need to meet again."

Ms. Gallagher said that she had a technical question: For the contractor to finish the bond beam as per the original plan, as vague as it was, does that impact any of the vertical columns that are now being required? Councilmember Stewart said that it would. Ms. Gallagher recommended that, in that case, we should first talk to the engineer before we have the contractor finish the work.

Councilmember Stewart said that he believes that the weight distribution of that wall right now is toward the backside of it. "It should just be left alone. Delete that bond beam, fix the rail and be done with it."

	<p>Vice Mayor Freund said that he believes that whomever generated this plan lost sight of the fact that we are just restoring a ruined wall, we're not trying to make it fully functional as a structure.</p> <p>Councilmember Stewart stated, "There is just air behind it. If we have an earthquake, we have bigger problems than that wall."</p> <p>It was agreed that Ms. Gallagher would speak with the Town Engineer before the contractor does any further work.</p> <p>Chief Blair said that he thinks the complication is that, during the process of the pouring on the right hand side, a piece of the wall blew off, and the beam then wasn't continued to the other side.</p> <p>Councilmember Barber asked how far the wall would fall anyway, and said that this is all overkill, in her opinion. She asked if the piece that fell endangered anyone.</p> <p>Councilmember Stewart said, "Chief Blair is wrong. The contractor never intended to connect the piece that fell with the other part on the right hand side. The cell on the right hand side is grouted down. That piece of it falling out had nothing to do with the continuation of the bond beam."</p> <p>Mr. Wolstencroft agreed with Ms. Gallagher that we should first speak with the engineer. "If Coby finishes this and then you went to the engineer, you might be past the plans," he said.</p> <p>Councilmember Stewart recalled that Mr. Aldridge had suggested multiple types of shims behind the rails and not having to be drilled in. "We should definitely talk with Richard Aldridge," he said. Chief Blair agreed, and said, "once you start drilling below, all it's going to do is break."</p> <p>It was agreed to discuss the matter further at another meeting.</p> <p>Councilmember Stewart asked if the contractor had been paid. Mayor Currier confirmed that he had been.</p>
<p>ITEM #6: 12:22</p>	<p>WILDLANDS REVENUES</p> <p>Council will discuss the wildlands revenues earned by the Fire Department and the spending of those revenues.</p> <p>Mayor Currier said, "I believe I made a mistake." He explained that we had budgeted for wildlands revenues and expenses as a contingency. He thought about encumbrances and appropriations, he said. "Sometimes we get encumbered money from the CDBG. When unencumbered funds come in, the Council will appropriate it for something. Sometimes money comes in unencumbered and un-appropriated." Regarding the wildlands revenues, he said, "We said we would spend it but didn't say for what. Chief Blair asked if we'd like to spend it on the Polaris, and so we decided to do it. However, it was never appropriated by the Council. I believe I shouldn't have signed the check, but we've spent it, and I don't know what to do about it. Obviously, in the future we should get these things appropriated."</p> <p>Ms. Gallagher said that she spoke with the auditor about this, and he told her that it was within her authority to make this purchase, but a transfer should have been made by Council ahead of time. He recommended that Council approve a transfer of the revenue and expenses to the Fire budget so that it's reflected in the proper budget.</p> <p>Ms. Gallagher noted that, by Code, she has purchasing authority up to \$25,000, the level at which something has to go to formal bid. "I don't see where you can spend money that is not authorized by Council," the Mayor said. "In a sense, it was," Ms. Gallagher responded, "because it was budgeted as 'Use of Wildlands Revenues.'" It was not specific, she explained, but some other line items in the budget are general as well.</p> <p>Mayor Currier asked, "what if we sell the cemetery land and it brings in a couple hundred thousand? You could just spend the money from the cemetery sale." Ms. Gallagher said that she wouldn't do that. "But you could," the Mayor said.</p>

	<p>"You could fix that," Ms. Gallagher said, and added, "Technically, what the auditor said is that we should have done a transfer first out of the contingency to the budget line where it is going to go, to the Fire budget. In the case of the cemetery, if you were going to sell the cemetery, the money should be transferred out of the contingency first, prior to spending it. She apologized for her error. "It's my error," the Mayor replied. "I signed the check."</p> <p>Ms. Gallagher said that she would like to explain why we felt that the purchase of this Polaris was a good idea for the Town.</p> <p>Councilmember Stewart said that the Polaris is only \$16,000 of the \$45,000 or so in revenue, and the purchasing of it is not the issue, but how it all went. It's contingency money that could go into parks, sewer, roads or anything we want, he said. The issue is that Council didn't have anything to say about how the money was spent.</p> <p>Mayor Currier agreed with Councilmember Stewart that, from this point on, these types of items should go before the Council first.</p> <p>Ms. Gallagher said that she would bring information to a future meeting so that Council can transfer the funds for what we've spent so far of the wildlands revenue.</p> <p>Chief Blair noted that, in addition to the Polaris, he had spent money on some other expenses, including a new engine in his Chief's vehicle. Councilmember Stewart estimated that about \$25,000 had been spent so far.</p> <p>Mayor Currier instructed Chief Blair to stop spending wildlands money immediately and find out what Council wants to do with the rest of it. Chief Blair said that there was \$42,834.84 in net revenue. "Okay," the Mayor said, "we'll consider that and come up with some ideas."</p> <p>Vice Mayor Freund suggested that Council establish a policy for future expenditures. Ms. Gallagher said that it could be included in the Financial Policy, or the Town Code could be amended to place a lower limit on the Manager's spending authority. Mayor Currier said that he feels the issue here is the spending of unencumbered and unappropriated funds.</p> <p>Councilmember Stewart said that, in Cottonwood, when revenue is received from the fire trucks, some of it may be earmarked for equipment, but it goes into a general fund and then it goes from there. In a fire district, it goes into the district fund. It should not automatically go into the Fire Department budget. "It can go wherever you would like it to go," Ms. Gallagher said.</p> <p>Mayor Currier said that the money is unencumbered, and should go into the general fund and then distributed. He said that he has no objection to giving the money to the fire department, but it's a matter for the Council to decide. Chief Blair will provide a list of expenditures and it will be brought to Council.</p> <p>Mayor Currier said, "This came in with no strings. I understand why it was thought it was appropriate to do all of this stuff, but it would have been better to run it by the Council. I will be more careful about what I sign."</p> <p>Councilmember Vander Horst said, "I agree that we need to shore up the policy, but I think we would have ended purchasing the same things anyway. I don't think there is any shame involved."</p>
<p>ITEM #7:</p>	<p>ADJOURNMENT</p> <p>Upon motion by Councilmember Barber, seconded by Councilmember Vander Horst and unanimously approved, the meeting was adjourned at 12:40 p.m.</p>

Edited by Town Manager/Clerk Candace Gallagher from minutes taken and transcribed by Deputy Town Clerk Joni Savage.

APPROVE:

ATTEST:

Lew Currier, Mayor

Candace B. Gallagher, CMC, Town Manager/Clerk

Date: _____