

My Turn: Opportunities still exist even in a down economy

by Diane Joens

During our last city council meeting, our finance director updated the council on the status of the city budget. While you may have read about this update in the newspaper, I wanted to take a little time to provide our citizens with a few more details and some background on recent purchases made by the city.

Whether the city is facing good economic times or challenging times, there is opportunity through future planning and vision. The downturn in the economy will not last forever and we need to be prepared for what faces the city in the future. We also need to look for the opportunities to energize our local economy when possible through projects and purchases that sustain jobs in our community.

One such project is the recreation center. Some question the wisdom in pursuing the construction of the center. However, based on the vote of our citizens supporting the center, the city borrowed \$17 million for the construction of the center. This funding was borrowed prior to the economic downturn, but the terms of the loan do not allow us to repay it for 10 years. The decision to proceed with the construction not only provides us with a valuable community asset that will serve all generations of citizens, it also represents an enticement to other employers looking to locate to a community that provides such amenities. The construction also places funding into our local economy, particularly when local contractors bid the jobs and win the bids—determined by a legal process by which the city must abide. Contractors and their employees who live out of town will use our hotels, restaurants, and other stores, which will also benefit our economy.

Our city manager and department heads have reduced expenses several times with cost-cutting measures this budget year. We have delayed filling some positions. Currently we are not filling any positions unless they are in the queue—already advertised—through the end of the fiscal year. We reduced travel and training budgets, operating supplies, and eliminated continuing education for employees. We eliminated any chance of a cost of living adjustment, eliminated a cost and benefits of growth study, eliminated a compensation study and reduced the council and manager's contingency. The council has been very frugal with that funding, and in fact, last year we didn't spend any of our contingency. It all went back into the general fund. We have reduced overtime whenever we can, if it doesn't negatively impact public safety, and reduced other operating and maintenance costs. Departments reduced their budgets by 6.7 percent, or \$1.32 million. The remaining \$120k shortfall will be absorbed by the general fund balance. We are continuing to monitor revenues and expenditures for changes as the budget season moves forward.

Other projects the city has initiated, such as the reclamation plant in the area of Riverfront Park and the purchase of the Gardner property in Old Town, are related. Both of these projects would be funded by sewer user fees and the reality is, if approved by the

city council, the reclamation plant will not even begin construction for a few years. The Gardner property will not only help to revitalize a portion of Old Town, the city will also potentially be able to trade that property to State Parks for property needed at Riverfront Park. It is wiser to purchase property when land values are low versus waiting until the economy recovers and values increase. The reclamation plant will also help sustain our current wastewater system and allow for some expansion. It will also allow us to use reclaimed water to keep our parks and cemetery green year round if needed. We will also be able to support the irrigation needs of the state park. If the council decides to go this route, this plant will be a start-of-the-art project that will serve the community well into the future.

Another example of buying at the right time is the purchase of the Foxworth-Galbraith building. This building will house the city's Utilities Department that is currently operating out of inadequate leased property. The cost per month for the leased facility rises to \$3,700 per month on April 1. The lease will expire in October and if we were to stay in this facility, that is too small, the lease payment would most likely increase. The Foxworth building will meet our needs for several years and we were able to obtain the property at a good price because of the slumping market. Again, this property was purchased with reserve funding derived through water and sewer enterprise fees.

We also continue to do some roadway projects such as the Willard Street Extension, 12th Street improvements, Mingus between 89A and Willard, and repaving projects because they are severely needed and it supports our local economy. Some of these projects also involve grant funds that must be spent—use it or lose it.

So some may ask, if we have the money to do these projects, why did we need an eight-tenths percent increase in our sales tax? As noted above, most all of these projects are funded through user fees, grants, or loans. Our general funds that support basic city services rely extensively on sales tax revenue. Without the eight-tenths percent increase for this year, city services would have been severely reduced to include reduction in library hours, elimination of recreation programs, limited roadway maintenance, reduction in CAT transit services, and even reductions in public safety services. The council considered the history of the financial predictions and the fact that Cottonwood had the lowest tax burden in the county and chose to increase the sales tax as opposed to significantly reducing basic city services. The public has been supportive in their desire to keep basic city services intact.

Even with this sales tax increase, our revenues continue to lag behind previous years and we are continuing to cut expenditures. In the process of cutbacks, we have not had to downgrade basic services that our citizens depend on from the city. We are also fortunate to still live in a city that has the lowest tax burden in the county in a state that has the 47th lowest tax rate in the nation. In Cottonwood, our citizens do not pay for a fire district, water district, sewer district or a city property tax. For three cents on every dollar, we are able to enjoy the benefits of a full service city where we are safe, our water and sewer are dependable, there is quality in our life, and we can enjoy the environment of the Verde Valley.