

MINUTES

The City of Douglas Mayor and Council met in a Special Meeting on Wednesday, October 30, 2024, at 5:30 p.m., at City Hall Council Chamber, 425 10th Street. The Honorable Mayor Donald Huish called the meeting to order.

- 1. CALL TO ORDER. 5:30 p.m.**
- 2. ROLL CALL.**

	<u>PRESENT</u>	<u>ABSENT</u>
MAYOR, DONALD C. HUISH	X	
MAYOR PRO TEMPORE, MARGARET MORALES	X	
COUNCILMEMBER, JOSE MONTANO	X	
COUNCILMEMBER, DANYA ACOSTA		X (Excused)
COUNCILMEMBER, RAY SHELTON	X	
COUNCILMEMBER, MICHAEL BALDENEGRO	X	
COUNCILMEMBER, RICHARD C. ACOSTA	X	
CITY MANAGER, ANA URQUIJO	X	
CITY ATTORNEY, DENIS FITZGIBBONS	X	
CITY TREASURER, LUIS PEDROZA	X	
CITY CLERK, ALMA ANDRADE	X	

- 3. READING OF PROCLAMATION.**

A. EXTRA MILE DAY.

Mayor Huish read the proclamation and stated that the following individual made a difference in the community by going the extra mile:

- Nancie Ames:

"The Mission of the Society of St. Vincent de Paul is "a network of friends, inspired by Gospel values, growing in holiness and building a more just world through personal relationships with and service to people in need."

The Society of St. Vincent de Paul has been assisting our friends and neighbors in Douglas, Pirtleville and McNeal Arizona since 1953. For over 70 years the members of St. Vincent have provided food, financial assistance in the areas of utilities, rental/mortgage assistance. We assist in paying medical and dental bills, providing transportation, and fuel for medical appointments. We will also assist by paying for birth certificates and government ID's.

Nancie Ames, a Vincentian since 2010, has been the president of the Immaculate Conception/St. Luke Conference since 2020. She works collaboratively with other St. Vincent de Paul conferences in Southern Arizona as well as organizations within Douglas and the surrounding area to provide support to those in need. Nancie is grateful for the generosity of the members and benefactors of the Society of St. Vincent de Paul who make our mission possible and make it possible for the Society to go the Extra Mile in serving thousands in our communities."

Mayor Huish stated Ms. Ames is very humble in her offering and she has a loving heart. Part of it comes from her mother and her dad, and part of it comes from her desires to lift people up. Mayor Huish would love to honor her tonight as a citizen that goes the extra mile.

- 4. PERSONS WISHING TO ADDRESS THE COUNCIL IN WRITING OR VERBALLY ON ANY ITEM NOT ON THE AGENDA.**

Ms. Andrade stated no public participation forms were submitted.

- 5. PRESENTATION/UPDATE/DISCUSSION/DECISION on APPROVALS.**

A. **RESOLUTION NO. 24-1637**, a Resolution of the Mayor and Council of the City of Douglas, Cochise County, Arizona, **AUTHORIZING** the City of Douglas to **ACCEPT GRANT FUNDING** from Walmart in the amount of \$5,000 as part of their **FY2024 COMMUNITY GRANTS PROGRAM**.

Chief Fullen provided background. He stated the City of Douglas has been awarded a \$5,000 grant from Walmart's Fiscal Year 2024 Community Grants program, reflecting Walmart's commitment to supporting the communities they serve. The grant proposal, submitted collaboratively by the city's police, fire, and library departments, aims to fund three initiatives: the Kids and Cops holiday event, the 2024 Holiday Food, Toy, and Jacket Drive, and library programming for the summer reading program. Staff is seeking approval for the distribution of these funds.

Motion by Council Member Morales, second by Council Member R. Acosta to approve Resolution No. 24-1637.

Motion PASSED by a vote of 6-0. Roll call: Voted in Favor: Mayor Donald Huish, Council Members: Margaret Morales, Jose Montaño, Ray Shelton, Michael Baldenegro and Richard Acosta. Voted Against: None.

B. **RESOLUTION NO. 24-1638**, a Resolution of the Mayor and Council of the City of Douglas, Cochise County, Arizona, **AUTHORIZING** the City of Douglas to **ACCEPT GRANT FUNDING** and ENTER into an AGREEMENT with the STATE of ARIZONA GOVERNOR'S OFFICE of HIGHWAY SAFETY for a reimbursable grant in the amount of **\$55,608.00** for the purchase of vehicle extrication equipment.

Chief Lomeli provided background. He stated the Douglas Fire Department has been awarded a \$55,608 grant from the Arizona Governor's Office of Highway Safety for fiscal year 2025 to purchase vehicle extrication equipment, including cutters, spreaders, and rams (Jaws of Life). The proposal was prepared by Captain Matthew King, whose efforts are acknowledged and appreciated. Staff recommends approval of the grant award.

Motion by Council Member Shelton, second by Council Member Baldenegro to approve Resolution No. 24-1638.

Council Member Montaño inquired whether the grant-funded equipment aligns with a budget request or if it will be similar to the existing equipment.

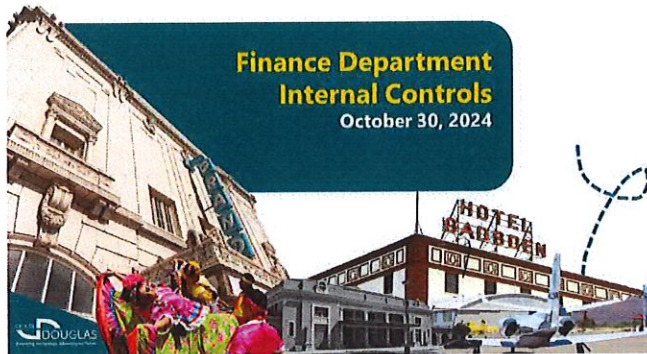
Chief Lomeli answered it would be for battery.

Mayor Huish expressed hope that the Jaws of Life equipment will never need to be used.

Motion PASSED by a vote of 6-0. Roll call: Voted in Favor: Mayor Donald Huish, Council Members: Margaret Morales, Jose Montaño, Ray Shelton, Michael Baldenegro and Richard Acosta. Voted Against: None.

C. FINANCE DEPARTMENT INTERNAL CONTROLS OVERVIEW.

Alejandro Martinez provided the background on the presentation. He stated that on October 18, 2024, he submitted a written report detailing finance internal controls and current practices within the finance department. The presentation provided is a high-level summary of that report, with an opportunity for questions to follow.



Finance Department Internal Controls

October 30, 2024

Purpose

The purpose of this presentation is to provide Mayor and Council with an overview of the internal controls implemented within the Finance Department to ensure proper handling of public funds, minimize risk of fraud, and maintain compliance with regulatory standards. The key focus areas include cash disbursement (accounts payable), wire transfers, checks, ACH payments, cash handling, payroll and the procurement process.



What are internal controls?

Internal controls refer to processes, procedures, and policies designed to safeguard financial resources, ensure accurate financial reporting, and promote operational efficiency. These controls help detect and prevent errors, fraud, and misuse of funds by segregating duties, requiring approvals, and maintaining accountability across all financial activities.



Procurement Process

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Cash disbursement (AP)

- 1. Invoice check and ACH payments:
 - Supervisors' approval required
 - The AP Specialist reconciles each invoice against the corresponding Purchase Order (PO) if applicable.
 - The AP register is electronically reviewed and approved by the Finance Director.
 - Payments made via ACH or wire transfer require **dual control** through the Wells Fargo bank account.

Dual control ensures no single individual has complete authority over both the creation and approval of payments, thereby reducing the risk of fraud.



Cash handling

- ✓ Departments collect payments and make daily deposits at City Hall.
- ✓ Revenue Clerks receive the deposits from each department
- ✓ Finance Admin. Assistant verifies and stores in a locked vault at the end of each day
- ✓ The accounting specialist prepares the daily cash reconciliation report.
- ✓ Cash is deposited at Bank the next day.



Payroll

Payroll processing involves multiple layers of internal controls to ensure accuracy, prevent fraud, and maintain compliance with labor regulations.

- ✓ Employees complete timesheets, which must first be approved by their immediate supervisor and then by Department Director
- ✓ **Payroll Specialist** prepares the payroll report
- ✓ **Accounting Technician** verifies accuracy
- ✓ Final payroll report is sent to the **Finance Director** for final approval



Monthly Bank Reconciliations

- ✓ Finance conducts monthly bank by comparing the City's internal ledger with bank statements.
- ✓ Timely Reconciliations help detect potential fraud, unauthorized transactions, or bookkeeping mistakes early, ensuring that corrective actions are taken promptly
- ✓ Reviewed by Finance Director



Compliance with State Law

- Municipalities in Arizona are required prepare and submit comprehensive financial statements that detail revenues, expenditures, assets, and liabilities
- The Auditor General's office ensures that municipalities comply with Generally Accepted Accounting Principles (GAAP) and state regulations
- Municipalities with significant federal funding must comply with the federal Single Audit Act, which evaluates the proper use of grant funds.

Project Manager/Procurement

- ✓ In general, a conflict of interest arises when an individual's responsibilities in one role could improperly influence their decisions or actions in another role
- ✓ Procurement specialists are typically responsible for ensuring that procurement processes are fair, transparent, and competitive
- ✓ If dual roles are unavoidable, there should be clear disclosure and mechanisms in place to mitigate any potential conflicts, such as oversight by a separate committee or authority
- ✓ Current situation is temporary only and there are no active procurement tasks are necessary or occurring.

Project Manager/Procurement

- ✓ Project management tasks are limited to coordination between City and Engineers during planning phase
- ✓ Engineering firm under existing contract will provide Bid Assistance services for construction by writing bid specifications and creating a bid tabulation form
- ✓ When ready to begin procurement for construction and if dual role still present an internal committee will evaluate RFP document before it is published
- ✓ Bids received will be reviewed by an internal committee of at least 3 not to include Procurement Specialist
- ✓ Normal scoring bid parameters and approvals will apply
- ✓ Procurement cross-training opportunities are currently being pursued

Ms. Urquijo acknowledged that the presentation was prompted by insightful questions from the mayor and council at a previous meeting. She emphasized that self-assessment is valuable and does not imply unethical or inappropriate behavior. Municipal operations involve managing numerous responsibilities, and the city adheres to regulations enforced by multiple agencies. To address concerns, the city reviewed its procurement practices against the standards of the National Institute for Governmental Procurement and confirmed compliance. Ms. Urquijo assured confidence in the city's systems, cross-checks, and balances, while noting that additional measures are being taken to uphold high standards across all operations.

Council Member Shelton expressed gratitude, acknowledging the excellent work done on the budgets and by the budget committee.

Mayor Huish inquired whether the detailed report will be made available to the public for those who wish to view it.

Ms. Urquijo confirmed that the City Council Report (CCR) is available on the finance page of the city's website, or will be uploaded there if not already.

Mayor Huish expressed appreciation to the staff for providing the information.

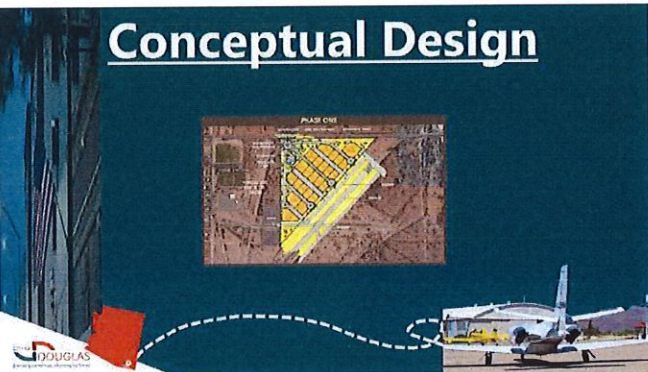
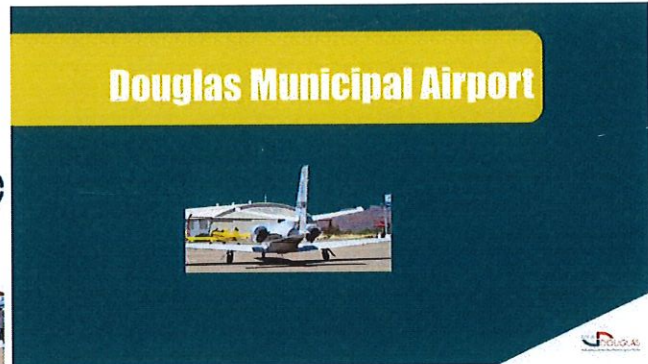
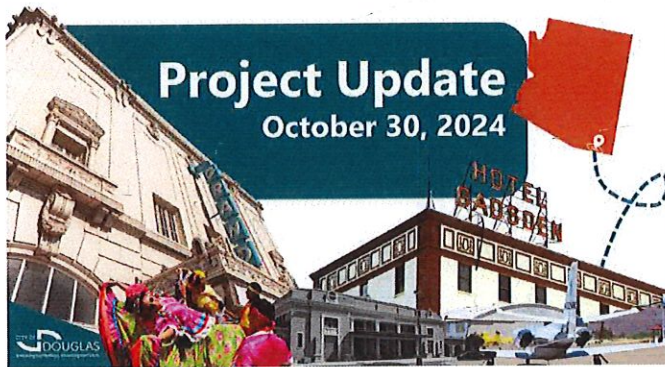
D. PROJECTS UPDATE.

Ms. Urquijo provided background and stated that along with Mr. Pedroza, they would provide an update on three projects, starting with an update on the airport. Ms. Urquijo mentioned that Mr. and Mrs. Whitman were available for questions or statements. She noted that negotiations regarding the sale of the property surrounding the municipal airport are ongoing and would be the focus of the update.

Mayor Huish inquired if all information about the various projects is available on the city's website for the public to view.

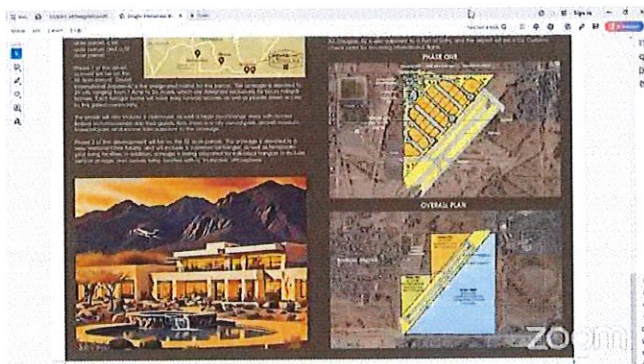
Ms. Urquijo explained that a brief memo outlining the key points of the presentation is available on the agenda. Additionally, the full presentation will be uploaded to the EngageDouglas.gov project page, which can be

accessed through the main website. The project pages for all initiatives are available, and the presentations, along with other documents and information, will be added to these pages.



Mr. Pedroza provided an update on the Douglas Municipal Airport, focusing on land development around the airport. A conceptual design has been received for the land, with the council approving the sale of the parcels. Phase one involves the construction of 23 hangar homes in the northernmost section. Phase two, on the west side, includes a restaurant, hangars, luxury hangar homes, and pilot facilities. Phase three, in the eastern triangle-shaped section, is planned for a luxury RV park and commercial/manufacturing facilities. Currently, the city is negotiating a contract amendment with the buyer, addressing height restrictions, zoning, and utilities around the airport. The expected closing date for the sale is February 2025. A conceptual design was also shared, showing the layout for the hangar homes.

Ms. Urquijo introduced a brochure created by Mr. and Mrs. Whitman, which outlines their conceptual design and development plans for the airport. The brochure was used by the Whitmans at the Oshkosh Festival to promote their vision to potential buyers. Ms. Urquijo emphasized the Whitmans' commitment to the project and their efforts to bring it to the community. She invited Mr. Whitman to share his experience at the Oshkosh Festival.



Mr. Whitman shared his experience attending the Oshkosh Airshow, where they gained significant exposure for the Douglas airport project. With a crowd of 600,000–700,000 people, they wore City of Douglas caps, sparking interest in the project as attendees asked about the city. The response was very positive, particularly from aviation enthusiasts, as the long runway (5,750 feet) is ideal for corporate jets. He emphasized the importance of completing the property purchase, aiming for a February closing. The Whitman team, including their business partner and son, is working with Callie and Associates on architectural plans and with Kimley-Horn on development proposals. They believe the project will attract aviation enthusiasts and benefit the city, potentially drawing international interest due to the airport's location.

Council Member Montaño asked Mr. Whitman about the expected timeframe for beginning the first phase of the project and the subsequent phases after the closing.

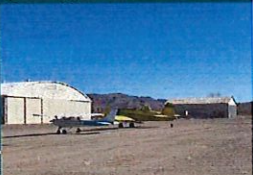
Mr. Whitman outlined the planned timeline for the project, starting with the construction of four large luxury hangar homes on the Southwest Triangle, which is well-suited for development with nearby utilities and good access. He plans to sell these hangar home lots immediately after acquiring the property. Additionally, he aims to build a restaurant with a large hangar for aviation use, accommodating larger aircraft like Gulfstream jets. Afterward, he intends to develop the northwest corner with 23 more lots and a recreational area, including a swimming pool, near the city park and ball diamonds. The vision is to create a well-integrated, attractive development.

Council Member Shelton expressed appreciation for the interest shown in Douglas and the willingness to contribute to its future. He emphasized the strategic importance of planning to ensure the city's growth and prosperity, describing Douglas as a great city with a focus on initiatives to enhance its success.

Mr. Whitman reflected on the two-and-a-half-year collaboration on the project in Douglas, expressing gratitude for the city's helpfulness and emphasizing the importance of a strong partnership. He highlighted that the project is a shared effort and will benefit everyone involved.

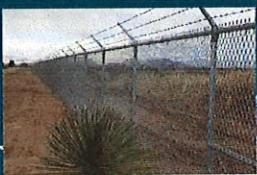
Preservation of Large Hangar

- Awarded Save America's Treasures Grant for up to \$750,000 with 1:1 match
- Received SOW from Architect – Need grant approval
- Finish Architectural Assessment
- Develop a SOW
- Design/Construct



Perimeter Fencing Project

- \$300,000 to enclose Airport property
 - Phase III of perimeter fencing
 - 10,000 linear feet
- RFP to go out in November



Council Member R. Acosta mentioned reviewing the website for a new land development near the airport and noted the impressive hangar designs. He inquired whether, if the new airport project proceeds, the existing hangars would be updated to match the modern and upscale appearance of the new ones.

Mr. Pedroza clarified that the goal for the historic hangar is to preserve it as close to its original state as possible. Regarding the new hangars being built by the Whitmans, he explained that while these must meet current standards and codes, there are no specific design specifications beyond compliance with existing regulations.

Ms. Urquijo noted that the modern hangars being developed align well with the restoration of the historic hangar, complementing the city's slogan of "embracing our heritage and advancing our future." They emphasized the importance of balancing and leveraging this approach to benefit the municipal airport. Additionally, they highlighted ongoing efforts to align the airport's capital improvements with the new development, including budgeting, revenue planning, and investment strategies, describing the project as exciting and forward-looking.

Mr. Pedroza highlighted a recent improvement at the airport of a concrete apron addition around the existing T-hangars, which has made it easier for pilots to maneuver their aircraft. This enhancement was well-received, particularly during a recent fly-in event that attracted many participants.

Council Member Shelton expressed a desire to allocate funds toward enhancing the airport museum, envisioning it as a prominent attraction showcasing the airport's history and its significance to Douglas, Cochise County, Arizona, and the United States. He highlighted potential support from the Cochise County Historical Society and connections to Ms. Ames uncle, who was influential in the Arizona Historical Society. He suggested that such collaborations could help secure grants and funding to create an exceptional museum.

Mayor Huish stated that staff is exploring additional funding opportunities and grants.



Douglas Municipal Golf Course

Architectural site plan of the Douglas Municipal Golf Course.

Golf Architectural Master Plan

- Options for Irrigation and golf course improvements presented to committee
- Moving to Design Phase – SOW and fee pending
- Looking at 2 phase approach –
 - Back 9 completion Summer 25
 - Front 9 completion Summer 26
- Additional grant opportunities being sought to cover expected funding gap



Preliminary Plan Designs

Photograph of a golf course green and fairway.

Funding Plan

- Revenue: \$1,431,595
 - Sale Proceeds \$1,301,595
 - AOT Grant \$30,000
 - RV Park Capital Appropriation for \$100,000
- Capital Investment Incurred to date: \$402,167
- Estimated Remaining Project Cost \$1,433,500
- Plan to cover funding gap of \$404,072
 - Grant opportunities
 - National Golf Foundation
 - Future fiscal year capital improvement program



Capital Purchases

Projects/ Purchases Completed

- Equipment: Sprayer, Greens Mower, Mower Refurbished, Spreader,
- Aerating Service
- Irrigation repairs/supplies
- RV Park electrical upgrade

Upcoming Projects/Purchases

- Aerator, Turf Collector, Tractor, Buffalo Blower, Mower Reels
- Golf Polo Barn
- Bathroom remodel in progress
- Architect Masterplan/Design in progress
- Flooring in Bar Area- quotes received



RV Park

- Waiting on APS to upgrade transformer - funded
- Final connections to follow - funded
- Repaving of RV park – not budgeted

Ms. Urquijo mentioned that several capital purchases have already been completed. She highlighted the new golf superintendent, who is working with the team to assess the current work plan with limited resources. Efforts are underway to gather the necessary resources for the golf course, and plans will be adjusted once additional resources are acquired.


Council Member Baldenegro inquires if the upgrades will be ready in time for the winter visitors arriving in Douglas, who typically start coming in November.

Ms. Urquijo responded that they don't have a specific timeline but expressed hope that the project will be completed within the next couple of months.


Mr. Pedroza explained that when the solar panels were introduced, the transformer upgrade, which was originally planned for the RV park, was affected. The sizing of the transformer may not have been appropriate, so it needs reassessment. He is currently waiting for details on the timeline and work involved. The good news is that the funding for the transformer upgrade will now be covered, whereas it was initially expected to be funded by the city due to its relation to the RV park. The addition of the solar panels changed the project's scope.

Solar Project

- Waiting on APS to upgrade transformer
- Structures and solar panels installed




Downtown Streetscape



Final Design

- Notice to Proceed: July 18, 2024
- Survey complete: August 15, 2024
- Drainage Review and Engineering Development Options: September / October 2024 – includes G and F Avenue
- Engineering, Hardscape, Landscape/Irrigation, and Lighting Design Development: November 2024
- 60% Design Submittal: December 5, 2024
- 95% Design Submittal: January 30, 2024
- 100% Final Submittal March 13, 2025
- Bid Advertisement will occur as soon as environmental clearance is completed.
- (Environmental Clearance to be done by a different consulting team)



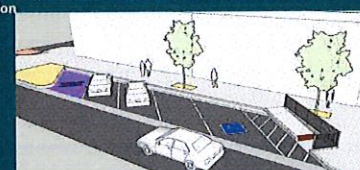
Grant

- Finalizing Grant application (funding secured)
- Working on environmental compliance
- Coordination with RAISE Grant




Purple Heart Parking

- Three block area design for Streetscape shows parking designated for Combat Wounded
- Outside of three block area can follow the same designation or a general Veteran designation



Questions



Council Member Shelton reflected that the city is addressing tasks that should have been done 20 or 30 years ago, acknowledging the exceptional teamwork of the mayor, council, and employees like Ms. Urquijo and Mr. Pedroza. He expressed hope that the ongoing efforts will improve Douglas and benefit both the community and Southern Arizona.

6. DISCUSSION/DECISION to call for and CONDUCT an EXECUTIVE SESSION.

A. Under the authority of ARS 38-431.03 (A1) to finalize the **ANNUAL EVALUATION** and continue Contract Review for the **CITY MANAGER**.

Motion by Council Member Shelton, second by Council Member Morales to enter into executive session at 6:33 p.m.

Motion PASSED by a vote of 6-0. Roll call: Voted in Favor: Mayor Donald Huish, Council Members: Margaret Morales, Jose Montaño, Ray Shelton, Michael Baldenegro, and Richard Acosta. Voted Against: None.

Motion by Council Member Shelton, second by Council Member Morales to adjourn the executive session at 7:07 p.m.

Motion PASSED unanimously.

7. UPDATE/DISCUSSION WITH POSSIBLE DECISION regarding the EXECUTIVE SESSION item.

A. APPROVAL of the ANNUAL EVALUATION for the CITY MANAGER and approving a market rate salary adjustment for the CITY MANAGER.

Motion by Council Member R. Acosta, second by Council Member Shelton to approve the annual evaluation for the city manager and set the city manager's salary at the market rate of \$175,000.

Motion PASSED by a vote of 6-0. Roll call: Voted in Favor: Mayor Donald Huish, Council Members: Margaret Morales, Jose Montaño, Ray Shelton, Michael Baldenegro, and Richard Acosta. Voted Against: None.

B. APPROVAL of the EMPLOYMENT AGREEMENT for the CITY MANAGER.

Motion by Council Member R. Acosta, second by Council Member Baldenegro to approve the city manager's employment agreement for a 3-year period.

Motion PASSED by a vote of 6-0. Roll call: Voted in Favor: Mayor Donald Huish, Council Members: Margaret Morales, Jose Montaño, Ray Shelton, Michael Baldenegro, and Richard Acosta. Voted Against: None.

8. ADJOURNMENT.

Motion by Council Member Morales, second by Council Member Shelton to adjourn the meeting at 7:10 p.m.

Prepared by:  Cynthia Acuña Robles, Deputy City Clerk