



“The mission of the City of Safford is to make Safford
a great place to live, work, and visit”

**CITY OF SAFFORD - WORK SESSION/SPECIAL COUNCIL MINUTES
MONDAY, APRIL 16, 2012 @ 6:00 PM
PHELPS DODGE ROOM - LIBRARY**

PRESENT: Wyn “Chris” Gibbs, Mayor; Jason Kouts, Vice Mayor Council Member’s Ken Malloque, Mary Bingham, Jacque Attaway, and Gene Seale,

ABSENT: Arnold A. Lopez was excused for medical procedure.

STAFF PRESENT: David Kincaid, City Manager; Sandra Findley, Executive Secretary; Christine Fisher, Personnel Director; John Griffin, Police Chief; Don Knight, Director Management & Budget; Ann Waite, Finance Director; Jan Elliott, Library Director; Randy Petty, City Engineer; Dustin Welker, Planner/Downtown Manager; Eric Buckley, Utilities Director; and Georgia Luster, City Clerk. Tom James, IT Specialist, assisted with the audio/video recording of the meeting.

OTHERS PRESENT: Dee Dee Watkins Mautner, Jeff Campbell, Chuck Fagone, Kaye Fagone, Lana Wojcik, Charles Smith, Mildred Smith, Vincent Boit, George J. Richter, Jeff Holt, Johnny Glassqow, Don Grady, Steve Garcia, Tim Rietz, Glen Orr, D Thomas, Gale Hedges, James D. Howes, Jim and Lorraine McGhee, Mary Layton, Greg Brockmier, Laura Haynes, Scott Ford, Tisha Clark, Jim Armburst, Marion Gauna, Vicki Foote, Neil Karnes, Doug Dean, Irene Dean, Caroline Shedd, Tom Jensen, and others who did not sign in. Jon Johnson, Eastern Arizona Courier was present.

1. **WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:02:31 p.m.
2. **ROLL CALL:** A quorum of the Council was present (6). Arnold Lopez was excused for a medical procedure.
3. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs will lead the Pledge of Allegiance to the Flag.
4. **OPENING PRAYER:** Vice Mayor Kouts offered the opening prayer.
5. **WORK SESSION:**

City Manager Kincaid explained the budget for Public Works Department is being presented tonight because Rob Chesley is retiring on Thursday. Initially the work program, and five year capital projections and FY 2012/2013 Budget will be reviewed. He turned the time over to Rob Chesley who provided a PowerPoint Presentation.

6. PUBLIC WORKS BUDGET: Rob Chesley reviewed the accomplishments and goals of each division of the Public Works Department (document attached). He added that a Five-Year Capital Plan has been developed. Additionally, he noted that the Fleet Division has been moved to the Public Works Department. He is recommending implementing a Fleet management program, pavement management program and maintenance management program. He commented on the four/ten work week which is working very well in all Divisions within Public works with improved moral and increased productivity except Sanitation. **Sanitation's** productivity is good but has too much of an impact on other Divisions for coverage on Mondays. It is his recommendation to consider returning to an 8 hour work day for only the Sanitation Division. The following Divisions of the Public Works Department were reviewed. (Draft Attached)

- Administration
- Building Maintenance
- Street Lights
- Parks/Cemetery
- Sanitation
- Streets

Councilman Malloque questioned the Motor Pool charges. He asked why there are Motor Pool charges in the amount of \$553,794 in this budget. He said he has said it before and will state it again that it is another way to hide money and he does not like the motor pool charges. He stated that when the city manager began with the City, the council gave him direction to get away from those charges. He wants to see a straight line item budget so that the Council knows what those costs are. He recommended placing it on the next regular meeting agenda (May).

City Manager Kincaid responded that the Council has never directed to change the

accounting system. There has been individuals talk about it, but no formal direction has been provided. The purpose of motor pool charges is to accumulate funds for future purchases. For example, the Fire **Department's** budget also has Motor Pool charges. Because of those accumulated funds, the Fire Department was able to purchase two new fire trucks which should be delivered within the

next couple of weeks. Additionally, three garbage trucks were purchased with those funds last year. Mr. Kincaid stated a

- **REVIEW HEALTH INSURANCE BENEFITS:** City Manager Kincaid stated additional information was provided by E-mail to the Council last week. He asked the Council to express their comments and concerns.

Vice Mayor Kouts asked why there is an increase for health benefits. Was it failure in communication/education (teaching the employees how to use the insurance)?

City Manager Kincaid stated the increase is contributed by usage history, employee going to ER rather than doctor appointments, costs are more expensive because we are in rural area, national health care laws have changed, and over the past few years the City has had some extremely large losses. He pointed out in the insurance world a 2.3% increase is extremely favorable. Safford is the largest member in the Trust. He referred to 2003 council minutes when the City was self-insured. At that time the City had a City of Safford Employee Benefit Trust that managing health care costs; but at that time for a small group health care costs were escalating very, very much. At one point at time, the health trust actually had to borrow \$150,000 from general government and one other time borrow an additional \$50,000 from general government to ensure sufficient coverage because of escalating health care costs. Eventually, the trust paid \$68,000 back to general government. It was during this time that the City made the decision to join the Rural Arizona Group Health Trust because of high cost health care. Joining the Trust reduced the overall health care expenses by 15%.

Councilman Seale stated that he used to sell health insurance years ago and recalled insurance rates increasing 10-15-20% every year. Over a ten year period health care was the only thing that increased every single year. He believes a 2.7% increase is very reasonable. He referred to the cost of procedures when an outpatient procedure could cost \$30-\$50,000. He fails to see a problem with a 2.7% increase.

Vice Mayor Kouts stated that anytime he sees an increase he has a problem with it. A key factor that he sees is education as well as where are we going with a Trust.

City Manager Kincaid stated the Trust looks at the **City's** history of health care cost. Costs for insurance and plans are based on each **member's**

historical basis within the Trust. He added that the **City's** Trust is healthy because there are a significant amount of reserves to cover catastrophic loses.

Councilman Malloque asked what the City's total premium cost is.

City Manager Kincaid explained premiums are based on coverage. He pointed out that last year a four-tiered system was implemented. Tiers include: employee, employee/spouse, employee/children, and family to distribute the health care across the employee base. The **City's** portion of health care is \$1.1 million. There are currently sixteen (16) entities in the Trust. Currently, the City offers a four-tiered health program. He noted the County also belongs to a County Trust.

Councilman Malloque believes \$1.1 million is a very high cost for health care insurance for approximately 170 employees.

City Manager Kincaid noted that Graham County is a member of a County Trust (2,000 members) similar to the **City's** Trust.

Councilman Seale clarified the City received three proposals and that the Trust is the lowest bid. The bottom line is that the City will not get better coverage for a better price than what we have currently.

City Manager Kincaid responded "**yes**". He noted that other entities wanted to bid, but did not submit a bid. One entity did not submit a bid because they could not get medical reinsurance because of medical history.

- **GOLF COURSE LEASE:** Mayor Gibbs recommended not to discuss the Golf Course Lease at this time because the Council needs to seek legal advice from the city attorney. The council will adjourn executive session and reconvene open session.
- **LOCAL TRANSIT SYSTEM:** Mayor Gibbs stated that he has been working with the Downtown Transportation Group within the community. This is a group of health organizations that do call outs for people in need, health issues, and disabled individuals to transport. About four months ago the San Carlos Apache Tribe started attending the group discussions. It was discovered that San Carlos already had a system in place that was not a call out system, but a route system. They have received several grants and federal money and are very interested in supporting a local system. He and the city manager met with the director of their

transportation and scheduling person a couple months ago. Last month he and Mayor Rivera met with the same two people and the local transportation issues person wants to start a route system in the Valley. A citizens group will work with the transportation issues group to conduct a county wide survey to compile data and hopefully within the next four to six months, there may be two or three routes for transportation (vans and buses). Mayor Gibbs stated he is very excited about analyzing such a system. San Carlos presently runs a route from San Carlos to EAC, students and workers at the college. Routes will be developed and enhanced with the current help organizations. There will be no cost to the City and County.

6. **ADJOURN WORK SESSION:** It was moved by Councilmember Bingham, seconded by Councilmember Attaway, and carried unanimously (6) to adjourn the work session at 7:16:45 p.m. **MOTION ADOPTED**

SPECIAL COUNCIL MEETING

1. **CALL SPECIAL COUNCIL MEETING TO ORDER:**

It was moved by Councilman Malloque, seconded by Councilmember Bingham to enter executive session at 7:17:27 p.m. to receive legal advice from the city attorney regarding legal issues with the Springbok Development LLC lease agreement. **MOTION ADOPTED**

The Council reconvened open session at 8:01:05 p.m.

2. **CITIZEN COMMENTS ON AGENDA ITEM(S):** At 8:01:59 p.m. citizen comments were welcome.

Greg Brockmier, Golf Course Road: Mr. Brockmier stated that he does not golf, but has lived at the Golf Course for 35 years. They have attended many weddings, parties, and have dinner 2-3 times a week at the Golf Course. Dee Dee and Burt have done nothing but outstanding in taking care of their needs. He does not understand how the council got roped into this thing with the Golf Course.

Mayor Gibbs reminded those speaking to limit their comments to the Golf Course Lease Agreement.

Charles Smith, 3840 W Golf Course Road: Mr. Smith stated for the past two years since the new management has taken over the golf course, the course has steadily went downhill. Everyone who has been at that golf

course knows that. There has been no preventative maintenance done to maintain the golf course, not \$1 that he can find out about and he has been there practically five days a week. Right now the fairways look green, but there is no sown Bermuda coming up because it **hasn't** been sown. By the middle of June the summer grass will die out and we will be hitting off the mud again. If something is not done, we are going to lose this golf course and it is an asset to the community. If that golf course is gone, I can name you 110 snowbirds that **won't** be here this winter. Are we trying to get rid of the only two bright spots in that whole operation right now?

Vincent Boit, 3201 E Highways 70, Space 151, Safford: Mr. Boit stated that he has only been here 17 years. He agrees with Charlie, the course has gone downhill. The only thing that I see is that they eliminated a couple jobs of people who work on the course and cut the wages of the other ones. It **doesn't** make for a very good situation. I adopted Dee Dee as my honorary guard because she is so good.

Jeff Campbell, 1528 S 17th Avenue, Safford: Mr. Campbell stated he is not a proponent of the lease and is against the lease in its current format. He suggested that the lease be terminated because it would allow eliminating the need for profit which would allow the reinvestment back into the golf course beyond what the operating costs would be. He believes reestablishing a one-year contract with Burt as well as a one-year contract on the maintenance crew would facilitate an improvement to the golf course and establishing milestones, because Management, he believes is the problem. Is it the fact that the entity involved is the reason nobody manages the course. A hierarchy needs to be established to set monthly milestones, whether **it's** over-seeding, aeration, but establish a schedule. Once established, the oversight of the course should be an outside entity outside the golf course and council. He believes the **men's** club should be the oversight to manage and take the authority to set up golf course management and those sorts of things. **I've** heard the verbiage; we are here for the people. **I've** heard efficiency. **I've** heard dollars; those kinds of things of which none of that is being taken care of this time. **It's** about inefficient as it can be and is a waste of a lot of money on the perspective of the tax payer.

Jim McGhee, 2934 Fairway, Thatcher: Mr. McGhee congratulated the employee who is retiring Thursday after 31 years of service. He believes that is part of what bothers most of them here tonight is that we have Burt,

who has been out there 32 years and instead of being retired gracefully from his position of many years of service to the people of the Valley, he is being terminated by someone outside of the Valley who is looking at it strictly at a monetary standpoint. The City should be imitating some of Jeff Holt's management technique because he has been able to run the golf course for two years for half of what it cost the City. All of us here are here because of our love for the golf course and primarily for Burt and Dee Dee. Anything that we can do to continue that relationship with them will be appreciated.

Jeffrey Holt, 4155 E Maple Street, Gilbert, Arizona: He stated that he does have roots here and family that settled this Valley and so I do have an interest in what does happen. I have roots here for many, many years. Family who helped settle this area and families buried here in this town. I do have a very significant interest in what happens here, especially for families, the youth. The youth activity at the golf course needs to be increased and we have been working on that. Just recently, it was a part of Mr. Watkins agreement under the City's management agreement to do that and it's our responsibility as well. They have implemented agronomics programs into the golf course and have had professionals folks provide support and have got wonderful compliments from the golfers. The golfers I'm talking to about Mark's work; Mark has stepped up and has done an incredible job on the maintenance with what we've had to work with. We have looked at everything that the private sector would do to cut everywhere and anywhere we can but also improve the quality of the conditions of the operations. It has been a challenge with having inheriting the situation the way that we did. However, I am open for visiting with any councilmember at the course any day of the week that they would like to go answer any of these questions that went before the city council. I know that Dee Dee and Burt have been there for a long time. They've operated and know these people very, very well and surely have great times together. I've witnessed that, but at the same time, I know that there needs to be changes for the course to stay open and to stay profitable and we believe that we can continue to make that. Mr. Holt stated he is available to answer any questions after the meeting.

Several of the audience requested a copy of the lease agreement. They **were informed to go to the Clerk's office and request a copy.**

Mayor Gibbs stated that he realizes how compassionate everyone is about the golf course. He stated the Council is here to do what is best for the

City of Safford.

3. **HEALTH INSURANCE BENEFITS:** The City of Safford pursued Request for Proposals on employee health insurance benefits to compare nine (9) products/services which included agent services, medical stop loss, PPO network, administrator, FSA, prescription, dental, vision and life. It is staff recommendation to continue participation with RAGHT and request another three (3) year renewal period from July 1, 2012 to June 30, 2015.

City Manager Kincaid stated that health insurance benefits were discussed during the work session. He noted two resolutions need to be adopted to continue participation with the Rural Arizona Group Health Trust (RAGHT) for a three year renewal period.

Councilman Malloque asked if the renewal with RAGHT could be for a one-year period rather than a three-year period.

City Manager Kincaid responded that all members of the Trust must enroll for a three-year period. He noted a longer enrollment eliminates insurance companies from coming in and going out. If any member leaves the Trust they cannot re-enroll for three years. The **City's** costs are not the same as the other eight **entities - their cost for insurance and plans are solely based on a historical basis.**

Councilman Seale stated that a lot of large insurance companies in the past would not insure municipalities, school districts and things like that. Typically, they would go out to bid every year. What happens, for example, is if we had a million dollars worth of claims this year, whoever is the insurer would be obligated to pay those expenses. Therefore, a new company would inherit a lot of on-going expenses even though they had not collected any premiums. At the end of the year, the entity goes out to bid again, and have had a tremendous loss because of claims and administrative cost. He believes a three-year term is not unreasonable. With this company we have a history of rates not increasing in an absorbent manner. He is not uncomfortable with a three year term.

Councilmember Attaway asked Mr. Karnes (Graham County employee) if he knew what the total cost of health insurance is to the County.

Mr. Karnes explained family and single health insurance premiums.

Councilman Malloque believes the cost of health care insurance (\$1.2 million for approximately 170 employees) is too high. He believes it would be advantageous for the Council to see the complete RFP and suggested having a consultant to look at lowering rates before the next renewal period.

City Manager Kincaid stated staff talked with a consultant in an attempt to consider lowering health insurance benefits. Their comment was that the City would be wasting its money because they could not compete cost wise with the Trust. Therefore, rather than to expend funds for a consultant, it was **staff's** recommendation to continue coverage with the Trust.

4. **RESOLUTION NUMBER 12-013:** Consider approving and adopting Resolution Number 12-013, a Resolution of the City of Safford, authorizing the renewal of the City of Safford's Membership in the Rural Arizona Group Health Trust and appointing a Trustee and an Alternate Trustee to serve during the renewal period.

It was moved by Councilman Seale, seconded by Councilmember Bingham, and carried 5-1 to approve and adopt Resolution Number 12-013, a Resolution of the City of Safford, authorizing the renewal of the City of **Safford's** Membership in the Rural Arizona Group Health Trust and appointing a Trustee and an Alternate Trustee to serve during the renewal period. Vice Mayor Kouts opposed.

MOTION ADOPTED

5. **RESOLUTION NUMBER 12-014:** Consider approving and adopting Resolution Number 12-014, a Resolution of the City of Safford, approving the amendments to the Rural Arizona Group Health Trust Agreement and Declaration of Trust Dated July 01, 2012.

It was moved by Councilmember Bingham, seconded by Councilman Seale, and carried 5-1 to approve and adopt Resolution Number 12-014, a Resolution of the City of Safford, approving the amendments to the Rural Arizona Group Health Trust Agreement and Declaration of Trust Dated July 01, 2012. Vice Mayor Kouts opposed. **MOTION ADOPTED**

6. **GOLF COURSE LEASE AGREEMENT:** Discussion and possible action on amending the lease agreement with Springbok Development. It was moved Councilmember Attaway, seconded by Councilmember Bingham, and carried unanimously not to amend the lease agreement with Springbok Development. **MOTION ADOPTED**

7. **MEETING/ACTIVITIES HELD BY COUNCIL OR CITY STAFF:**

Work Session, Monday, April 23, 2012 to discuss CAFR and other financial items

