



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

**CITY OF SAFFORD - COUNCIL WORK SESSION MINUTES  
MONDAY, MAY 29, 2012  
PHELPS DODGE ROOM - LIBRARY**

**PRESENT:** Wyn "Chris" Gibbs, Mayor; Mary Bingham, Vice Mayor; Council Member's Ken Malloque, Gene Seale, Arnold A. Lopez, Jim Howes, and Richard Ortega.

**STAFF PRESENT:** David Kincaid, City Manager; Christine Fisher, Personnel Director; Don Knight, Director Management & Budget; Ann Waite, Finance Director; Jan Elliott, Library Director; Eric Buckley, Utilities Director; Dennis Whisman, Police Captain; Marion Gauna, Lead Staff Accountant; Jenny Howard, Special Projects Manager; Reed Larson, Engineer; Gale Hedges, Water Division Manager; and Georgia Luster, City Clerk. Sam Napier, IT Lead Specialist, and Dale Clark, IT Support Specialist, assisted with the audio/video recording of the meeting.

**STAFF ABSENT:** Randy Petty, City Engineer; John Griffin, Police Chief; Sandra Findley, Executive Secretary.

**OTHERS PRESENT:** Steve McGaughey, Kenny McKinney, Mary Jo Howes, William Wilson, Dalton Overstreet, and Kevin Johnson.

- 1. WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting order at 6:38:43 p.m.
- 2. ROLL CALL:** A quorum of the Council was present (7).
- 3. LANDFILL:** Recognize Landfill Staff for a successful ADEQ Landfill inspection. ADEQ conducted a compliance inspection of the Landfill and Waste Tire Collection Site. The Landfill was found to be in compliance with ADEQ's solid waste regulations.

City Manager Kincaid announced that ADEQ completed a successful surprise inspection of the Landfill and Waste Tire Collection Site and found the facilities to be in compliance.

- 4. UTILITIES BUDGET PRESENTATION:** Presentation and discussion of the

Utilities budget and discussion of rates beginning July 1, 2012. (documents attached)

Eric Buckley, Utilities Director, provided a PowerPoint Presentation of the Utility Department Services, 5-Year Capital Plan, and each individual division, Electric, Water, Gas, Wastewater/Water Reclamation Plant, Landfill and Support Operations (Accomplishments attached).

- FY 2011/2012 Major Accomplishments: The Utilities Department is comprised of six divisions: Electric Division; Water Division; Wastewater Division; Gas Division; Landfill Division; and Water Reclamation Plant. Mr. Buckley reviewed and highlighted major accomplishments of each department.
- Initiatives 2012/2013 and 2013/2014 were reviewed for the Electric, Water, Wastewater, Gas, Landfill Divisions and Water Reclamation Plant.
- Significant Changes 2012/13 and 2013/14 were reviewed.
- Reviewed authorized positions of the Utility Department. Budgeted to employ a total of 35.5 people; however, currently have 33.5 working. There is a vacancy in the electric and in the water divisions.
- Program Outcomes and Objectives were reviewed.
- Future Projects for each of the divisions were reviewed.
- Utility 5-Year Capital Schedule: City Manager Kincaid commented that staff will follow the enclosed 5-Year Capital Schedule. He encouraged the Council to visit with Eric if they have any questions or comments.

**UTILITIES LINE ITEM BUDGET FY 2012-2013**

City Manager Kincaid explained that there are not a significant amount of changes in the line item budgets other than capital. (Attached)

**Utility Support Fund:** FY 11-12 Budget = \$441,704    FY 12-13 Budget = \$447,368; 1.28% increase from the previous year. Support Distribution by percentage and dollars:

Landfill - 10% = \$44,737

Water Div - 35% = \$156,579

Wastewater (670)- 10% = \$44,737

Wastewater (671) - 5% =

\$22,368

Gas Div - 15% = \$67,105

Electric Div - 25% = \$111,842

**Landfill:** FY 11-12 Budget = \$1,092,281 FY 12-13 Budget = \$1,093,841; 0.1% increase from the previous year. Revenues are projected to come in below that level this fiscal year. There needs to be discussion regarding landfill rates. The initial attempt is to eliminate the \$5.00 residential rate and implement a flat tonnage rate at \$35.00 per ton which is the rate for commercial. He explained residential haulers will be prorated. There is a problem with contractors delivering as residential haulers and not commercial haulers to avoid the tonnage fee. Beyond that staff believes a rate study to really look at rates is necessary in order to maintain the landfill in a compliant manner.

**Water:** FY 11-12 Budget = \$6,120,625 FY 12-13 Budget = \$7,017,167; 14.56% increase from the previous year. Increase in salaries reflects the hope to employ two additional employees. Professional services have increased because of additional compliance testing, Gila Water Shed, Thatcher Agreement, Fire Flow Test, Impact Fee and Rate Study, and update of 20/20 Vision Plan. Mr. Buckley explained the 20/20 Vision Plan is a twenty-year vision of where the City wants to be with water (where to go with the system and improvements). Don Knight pointed out a correction to the impact fee amount of \$164,500 on the second page of the water budget (Page 4). As he copied the five year plan to this work sheet, the impact fee amount should be \$1,600,000 instead of \$164,000. City Manager Kincaid referred to a Memo he wrote to the Council regarding a water rate schedule that was adopted in 2006. According to the schedule the water rate will increase 5%. Staff is recommending the Council allow the rate increase effective July 1<sup>st</sup>. He noted that scheduled water revenues have decreased drastically from projections. At one point and time water revenue projections indicated Thatcher residents and County residents going to a 50% differential in their rate structure based on an agreement with Thatcher. Subsequently, decisions from the Council, Thatcher residents pay a 10% differential and County residents pay a 25% differential rate causing a drastic reduction in revenue projections in our water rates in an effort to continue to operate the water system. Beyond that, from analyzing our consumption and revenue there currently is a significant imbalance where low water using customers are paying a significantly higher proportion of revenues than our large water users. He pointed out that high water customers pay less than any comparative

system in the state. For instance a customer utilizing over 20,000 gallons of water is not penalized for any costs of water over 20,000 gallons. Additionally, it is important to begin to discuss water rate structures as we need to create a system that rewards conservation. Our current rate structure does not accomplish that. Staff recommends increasing the water rate 5% and during the year conduct a rate study evaluating the entire system. Mr. Kincaid encouraged the Council to look at the breakdown of water customers, what they use and the percentage they actually pay. He believes those customers pay 1.5% of the rates and use 17% of the water.

**Wastewater:** FY 11-12 Budget = \$1,315,668 FY 12-13 Budget = \$1,542,939; 17.27% increase from the previous year.

Eric Buckley pointed out that the increase in Professional Services Budget includes funding for a rate study and wastewater master use plan (computerized model).

**Wastewater/Treatment Plant:** FY 11-12 Budget = \$2,670,275 FY 12-13 Budget = \$2,588,463; 3.06% reduction from the previous year.

Contracted professional services and debt services.

**Gas:** FY 11-12 Budget = \$2,957,483 FY 12-13 Budget = \$2,815,862; 4.79% decrease from the previous year.

Don Knight pointed employee benefits is in error because of inserting a line into the spreadsheet. He will make the correction. Continue gas rebate.

**Electric:** FY 11-12 Budget = \$8,928,471 FY 12-13 Budget = \$7,629,837; 14.54% reduction from the previous year. Large portion of electric budget is purchase for resale (approximately 60%). City Manager Kincaid recalled a 2.3 cents cost adjuster was implemented last year which over the next five years will capture funding for the SPPR and purchase of the Co-op System. Capital expenditures = \$1,164,500 (indicated on spreadsheet).

5. **CAPITAL PROJECTS UPDATE:** Jenny Howard provided a presentation

regarding the status of all active Capital Utility Projects: 69 kV Transmission Line Upgrade, Electrical Conduit Installation, Manhole Rehabilitation FY 11-12, 250,000 Gallon Thunderbird Tank, Bonita 12" Line Phase I, Bonita (Solomon/Colonias) Phase II and Gas Renewals. (PowerPoint Presentation attached).

6. **TRUCK BRAKE RETARDING SYSTEMS:** Discussion prohibiting the use of Compression Brakes (Jake-brakes) that create unwarranted noise within the city limits of Safford.

City Manager Kincaid said that a fair number of complaints have been received about "Jake-brakes" from residents along 8<sup>th</sup> Avenue from the bridge from the north and south along Highway 191. It appears the increase of truck traffic are using their "Jake-brakes". He stated the Council may consider enacting an ordinance prohibiting compression braking or Jake brakes within the City limits. A sample ordinance was reviewed and will need to be implemented in order to enforce prohibition.

The Council directed staff to visit with the truckers in an attempt to resolve the issue rather than implementing another ordinance. The Council directed staff to bring back an ordinance prohibiting compression braking or Jake brakes within the City limits for consideration.

Budget work session scheduled for Monday, June 4, 2012 @ 6:00 p.m.

Gene Seale reminded the Council that the Council had volunteered to do some concrete work for the SAFE House. He suggested bringing this item back to the Council to determine a date and time to do the work.

Mr. Kincaid asked the Council to delay doing the project right now because the 20<sup>th</sup> Avenue Roadway Project could impact the project.

7. **ADJOURN:** It was moved by Councilman Malloque, seconded by Councilman Ortega and carried unanimously to adjourn at 8:20:05 p.m. **MOTION ADOPTED**

APPROVED:

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Wyn "Chris" Gibbs, Mayor  
City of Safford

ATTEST:

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Georgia Luster, MMC  
City Clerk

CERTIFICATION

STATE OF ARIZONA )  
  ) ss  
County of Graham   )

I hereby certify that the foregoing minutes are a true and correct copy of the Council Work Session of the City of Safford, Graham County, Arizona held Monday, May 29, 2012, and approved at a Regular Council Meeting on July 9, 2012. I further certify the meeting was duly called, held and that a quorum was present.

Dated: July 9, 2012

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Georgia Luster, MMC  
City Clerk