



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

**CITY OF SAFFORD CITY COUNCIL WORK SESSION MINUTES
MONDAY, JUNE 27, 2011 @ 6:00 PM
PHELPS DODGE ROOM AT THE LIBRARY**

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

MEMBERS ABSENT: Council Member Danny Smith

STAFF PRESENT: David Kincaid, City Manager; Don Knight, Director Management & Budget; Ann Waite, Finance Director; John Griffin, Police Chief; Christine Fisher, Personnel Director; Eric Buckley, Utilities Director; Rob Chesley, Public Works Director; Dave Faulkner, Streets Supervisor; Randy Petty, City Engineer; Linda Rosales, Court Assistant Magistrate; Kim Larkey, Information Processing Supervisor; Georgia Luster, City Clerk. Tom James, I.T. assisted with the audio/video recording of the meeting.

OTHERS PRESENT: Jim Howes, Dalton Overstreet, Dick Bingham, and Steve McGaughey.

1. **WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:00 p.m.
2. **ROLL CALL:** A quorum of the Council was present (6-1).
3. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the Flag.
4. **WORK SESSION:** Discussions throughout the Work Session may include, but not limited to the following topics:
 1. Review of Current Revenues/Expenditures
 2. Review of Future Projected Revenues/Expenditures
 3. City Attorney
 4. City Court
 5. Financial Services
 6. Golf Course

City Manager Kincaid referred to Page 2 of the General Government Summary. (Attached) He pointed out that the FY 2011-2012 proposed budget has been reduced to \$78,963 in the red. He explained small revisions such as: staff continue to cut budgets, increased the **State's** estimate of city sales tax by 1%, from 3% to 4% (matched State estimate), reviewed and have adjusted some of the city budgets (city attorney budget was cut significantly). For instance, \$1,000 a month was cut from the city **attorney's** budget because the city **attorney's** building has not been used since last August/September. Additionally, two employees have signed up for Smartworks which reduced salary budgets. He pointed out that the Boys and Girls Club budget has not been considered at this point and is accounted for in the \$78,963 figure. He noted the Boys and Girls Club budget as originally presented is \$215,000. However, staff has some thoughts on reducing the Boys and Girls Club budget. For instance, based on the fact that the Boys and Girls Club received a grant from FMI of which a portion of the grant was dedicated to a grant writer-the balance of the grant could be applied to operating expenses reducing their budget to \$135,000. Therefore, with the support of the FMI grant funds, the Boys and Girls Club could be fully supported. He explained their summer program has started and may continue through August. At that time, consideration could be given to operate the Club on a contract basis with the balance of the funds to be included with the grant funds provided by FMI. An option for the Council to consider is funding a summer only program which the budget would be about \$65,000. On the other hand, it would be necessary for the Club to pursue grants if they continue to operate on a year-round basis. He stated a decision does not need to be made tonight regarding the Boys and Girls Club continuing to operate; however, he encouraged the Council to provide direction to staff on whether or not to continue maintaining the operation of the Club.

Mr. Kincaid stated that the utilities budget, generally across the board, is in good shape. However, the electric utility is significantly impacted because of a one-time expenditure (\$1.7 million) for the upgrade of the 69 kv line that the City is required to meet in 2011-2012 according to the Co-op Agreement. The electric budget is currently upside down \$512,868 because of that significant expenditure. However, our consultant has succeeded with stabilizing the power cost adjuster. There may be a possibility to raise the necessary funds without raising rates to fund those basic one-time expenditures and not have to draw from the reserves on a permanent basis. Obviously, raising that fund would occur over a period of time which could require a transfer from reserves, but revenues would be generating that would replenish reserves. He stated reserves are there to cover short term expenses that need to be

covered. All other line items create a balance situation. Although, as mentioned earlier, there is a concern of legislation changing the provisions of how impact fees are assessed. We discussed accelerating the spending of impact fee funds within the water department. We may want to consider accelerating the upgrades to the Bonita Creek Water line especially if the proposed San Jose Colonias project becomes a project. Impact fee funds may be used for the upgrade of the Bonita Creek water line from a 10 inch water line to a 12 inch water line. The Project would require that the City complete new studies which would require hiring a consultant to meet the requirements of the project. City Manager Kincaid stated he expects to provide an analysis of the power cost adjuster for the Council. He encouraged the Council to meet with him if they had any questions or concerns. Additionally, he reminded the Council that the Tentative Budget will go before the Council on July 11th, which is the absolute deadline. He pointed out that once the tentative budget is approved by Council, it can be reduced but not increased. He also pointed out that \$100,000 from the **Council's** budget was moved to the Planning and Community Development Budget with the intent that those funds may be used to hire a consultant to conduct an analysis of city facilities.

City Attorney Budget: Proposed FY 11/12 Budget is \$219,315. City Manager Kincaid explained the Victim Witness budget was included in the **attorney's** budget because the Victim Witness Program no longer exists. Professional Services budget has been reduced 40% (\$60,000 budget as opposed to \$100,000). There is no major litigation pending. Expect attorney fees to run about \$3,000 per month. There will be expenses to finalize Qwest Century Link and update Franchise agreements with Valley Telecom and CableOne. He noted expenses for Prosecution Services and the debt service on the **attorney's building (should be complete 2013)**.

City Court Budget: Proposed FY 11/12 Budget is \$198,606. City Manager Kincaid commented that a new City Court is needed.

Financial Services: Proposed FY 11/12 Budget is \$464,190. Ann Waite pointed out that Professional Services include audit services and an Actuarial, post benefit retirement, will be done.

Golf Course: Proposed FY 11/12 Budget is \$205,300. City Manager Kincaid clarified there were some expenses in 2010-2011 before the Golf Course was turned over in mid-August to Springbok. Additionally, all-employee related expenses for the 45 days such as vacation and sick leave expenses were paid out at that time. He noted \$205,300 is budgeted for Springbok to manage the Golf Course or if the City takes it back. Springbok and the City will need to make

significant changes within the operations of the Golf Course from A to Z, which includes the Club House and contract **employee's** of the Club house and everything else. The City cannot continue to cover expenses one-hundred percent and have no revenue stream coming back from those operations of the Golf Course. There will be changes reflected within the operations of the Golf Course. He noted Outside Services (\$200,000) reflects payment to Springbok in the amount of \$16,666.66 for twelve months. He stated they are working on a plan for the City to take the Golf Course back as well as Springbok is working on a plan to continue the operations of the Golf Course. August 11th is the deadline. Springbok is negotiating a loan to continue the operations of the Golf Course and begin the development of the property that would carry them three to five years. The condition of the Golf Course property has not deteriorated. There was discussion in relation to expenses regarding the booster pump delivering effluent water and golf cart expenses. Mr. Kincaid pointed out that Springbok receives the revenue from golf, but all other revenue goes to Burt Watkins. Mr. Watkins has zero expenses for the Club House except for food and labor. There is an inventory list documenting city property.

5. **ADJOURN:** It was moved by Councilmember Attaway, seconded by Councilman Malloque to adjourn the work session at 6:36:20 p.m.
MOTION ADOPTED

APPROVED:

Wyn "Chris" Gibbs, Mayor
City of Safford

ATTEST:

Georgia Luster, MMC
City Clerk

CERTIFICATION



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OTHERS PRESENT: Dick Bingham, Jim Howes, Dalton Overstreet, Marie Freestone, Chamber of Commerce, Jennifer Seale, and Steve McGaughey.

1. **WELCOME AND CALL TO ORDER:** Mayor Gibbs called the regular session to order at 7:01 p.m.
2. **ROLL CALL:** A quorum of the Council was present (7-0).
3. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the Flag.
4. **OPENING PRAYER:** Minister Ken Knowlton offered the opening prayer.
5. **CITIZEN COMMENTS ON AGENDA ITEMS:** Dick Bingham will address the Council regarding Item 10, Fire Department when the item is addressed according to the agenda.
6. **CONSENT ITEMS:** The Mayor and City Council may wish to review and approve Items 1 through 10 as Consent Agenda Items.

Council Meeting Minutes

June 27, 2011

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1. Council Meeting Minutes: May 9, 2011, Council Meeting Minutes; and May 23, 2011 Council Meeting Minutes.
2. Police Report for May
3. Building Inspection Report for May
4. Public Works Report for May
5. Business License Report for May
6. Library Report for May
7. Utilities Consumption Report for May
8. Summary of Projects Planning and Grants Administration
9. Airport Report for May
10. Prosecution Report for May

It was moved by Councilmember Attaway, seconded by Councilman Malloque, and carried 7-0 to approve Items 1 through 10 as Consent Agenda Items as presented.

MOTION ADOPTED

7. **PROCLAMATION:** Proclamation proclaiming August as Drowning Impact Awareness Month.

It was moved by Councilman Malloque, seconded by Councilmember Attaway and carried 7-0 proclaim August as Drowning Impact Awareness Month.

MOTION ADOPTED

8. **TAX CODE AMENDMENT:** The Mayor and City Council may wish to approve and adopt Resolution No. 11-020 declaring "THE 2010-2011 AMENDMENTS TO THE TAX CODE OF THE CITY OF SAFFORD" and adopt Ordinance No. 11-009 adopting "The 2010-11 amendments to the Tax Code of the City of Safford" by reference; establishing an effective date; providing for severability and providing penalties for violations.

City Manager Kincaid explained amendments to the Model Tax Code are provided through the League of Arizona Cities and Towns. He pointed out two minor errors that the League recognized. Section 4: The provisions of section 1 of this ordinance shall be effective from and after June 1, 2011. The provisions of section 2 through 5 of this ordinance shall be effective from and after July 29, 2010. The provisions of section 6 of this ordinance shall be effective from and after May 1, 2010. The provisions of section 7

of this ordinance shall be effective from and after September 30, 2009. Also change second section 6 to section 7.

It was moved by Councilmember Attaway, seconded by Councilman Smith, and carried 7-0 to approve and adopt Resolution Number 11-020, declaring as a public record that certain document filed with the City Clerk and entitled "The 2010 -11 amendments to the Tax Code of the City of Safford.

MOTION ADOPTED

It was moved by Councilmember Attaway, seconded by Councilman Smith, and carried 7-0 to approve and adopt Ordinance Number 11-009, relating to the Privilege License Tax; adopting the 2010-2011 amendments to "The Tax Code of the City of Safford" by reference; establishing an effective date; providing for severability and providing penalties for violations.

MOTION ADOPTED

9. **HURF ALLOCATION FUNDING:** The City of Douglas through the League of Cities, Counties and Towns and its Municipal members is requesting the Arizona State Legislature freeze future sweeps of Highway User Revenue Funds allocated to Arizona Cities and Towns. The Mayor and City Council may wish to support the City of Douglas to call upon the Arizona State Legislature not to further reduce HURF fund allocations to Arizona Cities and Towns and further advocate that the Arizona State Legislature develop a plan to, at a minimum, restore HURF funding to Arizona Cities and Towns to the Fiscal Year 2008 levels over the next 3 to 5 year period.

City Manager Kincaid explained the League of Arizona Cities and Towns have a Resolution Committee that provide support to cities and towns who wish to provide new resolutions to be considered. He explained the City of Douglas is asking for support to call upon the Arizona State Legislature not to further reduce HURF fund allocations to Arizona Cities and Towns and further advocate that the Arizona State Legislature develop a plan to, at a minimum, restore HURF funding to Arizona Cities and Towns to the Fiscal Year 2008 levels over the next 3 to 5 year period. He commented that HURF funds have been reduced and this is an attempt to stop the reduction. The City of Douglas will provide a resolution to the League's Resolution Committee for consideration. Mr. Kincaid stated approximately 70 cities and towns will take action supporting this resolution.

It was moved by Councilman Malloque, seconded by Councilmember Bingham, and carried 7-0 to offer a letter of support to the City of Douglas to call upon the Arizona State Legislature not to further reduce HURF fund allocations to Arizona Cities and Towns and further advocate that the Arizona State Legislature develop a plan to, at a minimum, restore HURF funding to Arizona Cities and Towns to the Fiscal Year 2008 levels over the next 3 to 5 year period. City Manager Kincaid will write the letter of support.

MOTION ADOPTED

Mayor Gibbs called on Mr. Bingham to comment at this time regarding Item 10, Fire Department.

Richard "Dick" K. Bingham, 927 West 12th Street, Safford, Arizona: Mr. Bingham stated he is present tonight representing himself, a citizen and tax payer of Safford. He commented that anytime the Fire Department comes up on any agenda, his ears perk up because he spent thirty-five years as a member of the Safford Fire Department. He has a concern of what happens to the Fire Department. He realizes, by the scratch of a pen, things can change overnight. He commented that he understands politics because he was the Fire Chief for several years. He has seen city **manager's** move in and move on to something else. He said that he considers David Kincaid a friend. Nonetheless, city **manager's** move on, but whatever rules the city manager makes during his tenure remain. He believes the Mayor and Council, as local citizens, would have more interest in what happens with the Fire Department. He stated the volunteer Fire Department received its Class 4 rating on December 6, 1966. Safford was the first volunteer Fire Department in the United States to receive a Class 4 rating. He proudly recalled the formality of when the Fire Department received its rating - rating engineers from San Francisco came to Safford to present the award. "It was a big deal and still is a big **deal**." He asked the council to really research the issue, ask people around town, observe and understand how the change will affect the town and the fire department. He pointed out that "**Volunteers** are not treated the same way paid people are treated. **It's** a whole different **operation**." He encouraged the Council to keep the appointment and dismissal of the Fire Chief under the direction of the Council.

Mayor Gibbs thanked Dick Bingham for all his years of service to the community.

10. FIRE DEPARTMENT:

It was moved by Councilman Malloque, seconded by Councilmember Bingham and carried 7-0 to enter executive session at 7:22:38 p.m. regarding Item No. 10, Fire Department and pursuant to Arizona Revised Statutes §38-431.03(A)(3) and (A)(5) to consult with and seek legal advice from the Interim City Attorney and to give direction regarding compliance with the open meeting law restrictions on revealing executive session discussions, fire department issues including hiring practices and procedures, departmental rules and regulations in reference to alcohol consumption on City premises, and possible amendment to the Municipal Code in reference to appointment and accountability of Fire Chief to City Manager instead of Council and reference to a possible amendment to the Municipal Code to address improper actions by Council members. The Council may elect to enter open session to give direction to City Staff and Interim City Attorney and to take possible action regarding the above, including:

- (a) Adoption of hiring practices and procedures for fire department personnel;
- (b) Authorizing a letter to the Fire Chief concerning accountability of the Fire Chief and consumption of alcohol on City premises; and
- (c) Amendment to City Code.

At 8:16:17 p.m. the Council adjourned executive session and convened regular session in Phelps Dodge Room of the Library.

It was moved by Councilman Malloque, seconded by Councilman Smith, and carried 7-0 to approve the letter presented tonight as written with a modification to the last sentence of Paragraph 2 to read: It is the desire of the Council to maintain this relationship at this time assuming the Fire Chief reports to the City Manager, as required by the Code and this letter; to modify consumption of alcohol; and, acknowledge the role of the day to day activities of the Fire Department are managed through the City Manager. The Mayor and Council, as a whole, will sign the letter and the letter will be presented to Mike Rhodes. **MOTION ADOPTED**

It was moved by Councilman Smith, seconded by Councilman Malloque, and carried 7-0 to adopt the modifications to the Hiring Process provision in the Safford Fire Department Rules and Regulations as presented and outlined with a modification to Item #4 to include the two (2) Fire Department members selected on a random basis by HR Director to serve through one hiring process. The Mayor and Council, as a whole, will sign the letter and the letter will be

