



**CITY OF SAFFORD
CITY COUNCIL WORK SESSION MINUTES
MONDAY, JUNE 20, 2011 @ 6:00 PM
ANNEX COMMUNITY ROOM - 808 8th Avenue**

PRESENT: Wyn “Chris” Gibbs, Mayor; Council Member’s Danny Smith, Jacque Attaway, Ken Malloque, and Mary Bingham.

ABSENT: Vice Mayor Kouts and Councilman Seale were excused.

STAFF PRESENT: David Kincaid, City Manager; Don Knight, Director Management & Budget; Christine Fisher, Personnel Director; John Griffin, Police Chief; Eric Buckley, Utilities Director; Jenny Howard, Special Projects Specialist; Michael Rhodes, Fire Chief; Georgia Luster, City Clerk. Tom James, I.T. assisted with the audio/video recording of the meeting.

OTHERS PRESENT: Dave Faulkner, Streets Supervisor; Kenny McKinney; James Bryce; Kim Larkey; and Valerie Buckley.

1. **WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:01 p.m.
2. **ROLL CALL:** A quorum of the Council was present (5-2).
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. Fire Department
 4. Utility support
 5. Landfill Division
 6. Water Division

7. Wastewater Division
8. Wastewater Treatment Plant
9. Gas Division
10. Electric Division
- 11.

(Spreadsheets attached)

Review of Current Revenues/Expenditures and Review of Future Projected Revenues/Expenditures: City Manager Kincaid referred to the General Government Summary. He stated staff is tracking sales tax revenues as it relates to where we think we will be next year. He reviewed current revenues and expenditures. Revenues reflected in the General Fund are short approximately \$550,000. He pointed out that the projected FY 2011-2012 Budget is approximately \$600,000 less than the FY 2010-2011 Budget. Staff is continuing to look at where cuts may be made.

Fire Department: Reviewed proposed FY 2011-2012 Budget. Budget was based historically on fire calls conducted this year. Fire Chief and 27 firefighter positions. Budget reflects the replacement of two fire trucks (\$600-\$800,000). Chief Rhodes expressed concern about the proposed decrease in the supply budget and recommended increasing the supplies budget to \$15,000. Don Knight stated that some of the areas may need to be adjusted.

Utilities Summary:

Reviewed summary of proposed Utilities FY 2011-2012 Budgets. Mr. Kincaid stated the electric budget is going to be the most difficult budget to manage over the next four years because of the integration of the SPPR and Co-op buyout into the **City's** system. He explained discussion needs to include where we are going and where we may need to look to meet the needs and the goals of the intent of both the buyout and the SPPR Agreement. He pointed out a significant amount of capital (\$2.3 million) is being budgeted this year (Pages 13 & 14) - Co-op \$1.7 million reconductoring project per the agreement must be completed in FY 11/12 and setting aside funds for both the Co-op purchase (\$1.2 Million) and SPPR (1/3 participation fee for 2013). He pointed out that the **City's** rate structure is not set up to absorb these kinds of charges in a single year. He stated staff is working with K.R. Saline attempting to lay out a program (power cost adjuster allowing city to pass savings to customers) to meet those obligations without asking the Council to consider a rate increase in the short-term. Rates will probably need to be addressed in year 2015. Mr. Kincaid pointed out that Don and Ann are separating each utility fund based on historical data back to 2002.

Utility support: Page 1. Positions: Utilities Director, Administrative Assistant and Part-time Courier. **Change in function of position - need for Administrative Assistant position.**

Landfill Division: Reviewed proposed FY 2011-2012 Budget, Page 2 & 3. Positions: Landfill Supervisor, 2 Landfill equipment operators, Temp landfill equipment operator. Landfill division recognized very modest decrease in landfill activities. Experimenting with contracting out maintenance of landfill equipment; Installing GPS equipment on landfill equipment to help monitor hours of machines, fuel expense, compaction, etc. Landfill is not a revenue generating division. Capital expenses were provided through 2015.

Water Division: Reviewed proposed FY 2011-2012 Budget, Page 4, 5 & 6. Positions: 10 Full-time positions. Don Knight reviewed a chart indicating residential water charges throughout Safford, Graham County, and Thatcher reflecting rates in 2009 in comparison to current rates. He pointed out that the **City's** revenue stream dropped \$600,000 after the new rate schedule was adopted last year based on current customers and not projected growth. The cost of service is tremendously greater to supply water to Graham County and Thatcher residents. Capital projects and use of impact fees were reviewed. A schedule of the **City's** annual debt service was reviewed (attached). Approximately 20% of water revenues are going to debt service. On a positive note, Ann Waite pointed out that 2009 WIFA Wastewater Loan will be paid off sooner because of the debt forgiveness of \$1.4 annually. An option to reduce the water budget \$330,000 is to budget the Morris Cluster/8th Ave Bridge Upgrade/replacement in FY 2012-2013 instead of FY 2011-2012. This project may be funded through impact fee funding.

Eric Buckley informed the Council about a proposed grant in conjunction with Graham County. The Colonias Water Project (upgrade/improvement to the current water infrastructure through Solomon). The system was installed in 1934.

Wastewater Division: Reviewed proposed FY 2011-2012 Budget, page 7 & 8. Positions - 6 Full-time positions. \$150,000 proposed capital for FY 2012. Reviewed capital projects projected through FY 2014-2015. The proposed FY 2012 Budget decreased 21.12%.

Wastewater Treatment Plant: Reviewed proposed FY 2011-2012 Budget. The replacement of the Sand filter has been completed. FY 2011-2012, capital improvements include a new belt press. Eric Buckley reminded the Council of prior discussions regarding the Council giving consideration to adopting a "**grease ordinance**" prohibiting the release of grease into the system by commercial businesses. Eliminating grease from the plant is what makes the plant sufficient and provides additional capacity. Reviewed capital projects projected through FY 2014-2015.

Gas Division: Reviewed proposed FY 2011-2012 Budget, pages 11 & 12. Six full-time positions. Completed ACC Audit last week. The proposed FY 2012 Budget decreased 11.36%. Don Knight pointed out that gas purchasing costs for resale are down significantly. Reviewed capital projects projected through FY 2014-2015.

Electric Division: The Electric Division budget was discussed at the beginning of the meeting. (See above). Reviewed proposed FY 2011-2012 Budget, pages 13 & 14. Six full-time positions. Reviewed capital projects projected through FY 2014-2015.

Page 15, Utilities transfer charges for General Fund functions were reviewed.

It was moved by Councilmember Attaway, seconded by Councilmember Bingham, and carried 5-0 to adjourn the meeting at 8:12:59 p.m.

APPROVED:

Wyn "Chris" Gibbs, Mayor
City of Safford

ATTEST:

Georgia Luster, MMC
City Clerk

CERTIFICATION

STATE OF ARIZONA)
) ss
County of Graham)

I hereby certify that the foregoing minutes are true and correct minutes of the Council Work Session of the City of Safford, Graham County, Arizona held Monday, June 20, 2011, and approved at a Regular Council Meeting on August 8, 2011. I further certify the meeting was duly called and held and that a quorum was present.

Dated: August 8, 2011

Georgia Luster, MMC
City Clerk