



**“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, January 28, 2013 @ 6:00 PM
Safford Library Program Room, 808 S. 7th Avenue, Safford, Arizona**

PRESENT: Wyn “Chris” Gibbs, Mayor; Mary Bingham, Vice Mayor; Council Member’s Gene Seale, Arnold A. Lopez, James D. Howes, and Richard Ortega.

ABSENT: Councilman, Kenneth Malloque.

STAFF PRESENT: David Kincaid, City Manager; Sandra Findley, Executive Secretary; Christine Fisher, Personnel Director; Don Knight, Director Management & Budget; Ann Waite, Finance Director; Randy Petty, City Engineer; Eric Buckley, Utilities Director; Leanne McElroy, Library Director; Jenny Howard, Public Works Director; Dustin Welker, Planner/Downtown Manager; Kim Larkey, Information Processing Supervisor; Tisha Clark, Accounting Specialist; and Georgia Luster, City Clerk. Dale Clark, IT Assistant and Sam Napier, IT Specialist, assisted with the audio/video recording of the meeting.

OTHERS PRESENT: Deana Stone, GWP; Michelle Swann; Allen Thompson; Kristin Thompson, Jose Hernandez; Amy Pooler; Shelby Pooler; Richard Sanchez; Rebecca Sanchez; Bill Brandau; Sherry Brady; Jacque Attaway; Kenny McKinney; Valerie Buckley; Paul Garcia; Brenda Blake; James Bryce; Kim Lackner; Vicki Foote; Jan Holder; Jon Johnson, Eastern Arizona Courier; and others who did not sign in.

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 (6-1).
3. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the flag.
4. **OPENING PRAYER:** Pastor Sherry Brady offered the opening prayer.
5. Deana Stone with the Gila Watershed Partnership will present last year’s progress and upcoming plans for 2013. Deana Stone assisted Jan Holder with the presentation.

City Manager Kincaid introduced Jan Holder, Executive Director, of the Gila Watershed Partnership. Additionally, he stated Bill Brandau will provide a brief update on the drought situation in Southeastern Arizona.

Jan Holder presented a PowerPoint Presentation of last year's progress and up-coming programs for 2013. The Gila Watershed Partnership was founded in 1992 by a group of local people. In addition she reviewed the goals of the Partnership and identified projects.

Bill Brandau, Agriculture and Natural Resource Area Agent, Graham County Director, County Cooperative Extension, distributed a PowerPoint Presentation and will discuss the weather and climate conditions, drought situation and current weather predictions. He reviewed a chart of average and record extreme daily temperature, average and record extreme daily precipitation. He pointed out that the water shed is recharged by snow pack and is approximately 15,000 square miles beginning in Alpine, Reserve, ext. Secondly, he referred to a "one thousand year" precipitation (1000-1998) chart indicating moisture cycling pattern which is a continuous cycle of wet and dry, wet and dry, wet and dry. Thirdly, a "one-hundred" year (1905-2011) precipitation chart was presented which indicated a fairly wet cycle in the early 1900's and a fairly wet cycle in early 1920's and a drying out time between 1920-1970; a fifty year period below normal rain fall. Then around 1970's, 80's & 90's was one of the wettest cycles in the last thousand years and then in the mid 1990's cycle is diving back off. We could be living with this dry cycle for some time. Fourthly, he reviewed charts indicating moisture and temperature. Typically, the temperature is warming up which makes our moisture less effective. In conclusion, he reviewed the current SPEI Drought Severity Index of which the outlook is grim which makes water resources management so much more important. The Valley could be living with these dry conditions for some time. Actually, the Valley is starting off worse this year than we did last year when it comes to water. Currently, he understands this is the first time in history that the irrigation district has zero water allocation from the Gila River which means farm irrigation will come from pumps.

City Manager Kincaid stated staff will soon present a presentation to the Council regarding how the drought is affecting the City's water wells.

6. The City Manager will provide a quarterly update on the City's Financial Situation for October, November and December 2012. City Manager Kincaid provided a quarterly update on the second quarter (July 1 – Dec. 30) FY 2013 financials. In referring to the General Government Summary, resources and expenditures are at 45-46% of what was estimated; however, many revenues are lagging 30 days (indicated at bottom of chart). On the expenditure side, expended about 45%, but may have a few lagging expenses. Additionally, he reviewed Page 2, Utility resources and expenditures summary. Overall, finance picture is relatively good. Staff has done a really good job of controlling expenditures over the last couple of years.

- Landfill: Rate increase becomes effective February 1st. Significantly less than 50% on revenue side and have been able to keep operating expenditures down.

- Water: Revenues right at 50% and have kept operating expenditures down.
- Wastewater: Revenues right at 50% and have been able to hold operating expenses.
- Treatment Plant: Contract – grant funding and debt service. He noted there is no longer debt service on the treatment plant. In the process of negotiating the recovery of approximately \$3 million that the City expended.
- Gas: Revenues are down because of a very warm winter. Expect to see gas usage increase because of a cold January. Currently running at a deficit.
- Electric: Revenues are holding, but may see a decrease next quarter.

Page 3: Local Sales Tax Collections (July thru December): FY 2013 revenues are finally above previous years; however, revenues are still significantly below revenues received in 2007 through 2009.

Page 4: FY13 Local Sales Tax Collections by Category for July through December: Revenues are increasing. Revenues are still significantly below revenues captured in 2007, 2008 and 2009. Revenues are up year to date 9.77% with a 4.34% increase December over December. One concern is that most of the growth is occurring in restaurant & bar accommodations which indicate a strong contractor appearance. Retail trade is still growing about a 4% (core local community is not recovering like restaurant and bar accommodations). There is the concern that the growth is not occurring locally but from outside.

Page 5: Local City Sales Tax Collections by Category for July through December: Breakdown of revenue received from various business transactions. Construction activity is recovering.

Page 6: Six (6) year History of Local City Sales Tax Collections: Revenues by Category as of June 30, 2012, highlighting construction sales tax. Mr. Kincaid noted that the Governor is pushing legislature should simplify tax collections through DOR by eliminating Construction Sales Tax. Elimination of the construction sales tax would move Arizona and all local governments to a point-of-sale, materials-based tax collection system would negatively impact millions of dollars in state & local revenues. He will be attending several legislative meetings in an attempt to kill at least three of the ten provision of the Bill.

7. Discussion of employee pay raise/bonus. City Manager Kincaid noted that a couple councilmembers had previously approached him about compiling a recommendation to compensate employees of the City. He noted that the City has not been in a financial situation to compensate employees since June of 2008. Since that time, employees have not received any form of compensation. He worked with the department heads in an attempt to reward the employees without being detrimental to the City. He stated his recommendation is to compensate employees of the City of Safford on full time status with the City as of July 1, 2012 be awarded a one-time payment of 4% of their current salary. A chart indicating the impact on Budgets (General Government and Utilities) for a Potential One Time Pay Bonus of 3% and 4% was attached. He noted that the Council previously directed staff to complete a compensation study which will be done shortly.

Councilman Seale stated that he has a couple of concerns: Compensation study comparison is not complete and that the City has raised property tax, raised trash collection, water rates and landfill fees. The economy does appear to be recovering but may be short term. He believes staff should be adequately compensated, but prefers to wait to make sure the City financially gets through this fiscal year.

City Manager Kincaid also noted that employees are taking home smaller paychecks because of insurance contributions, federal tax increases and increase in contribution to social security.

Councilman Ortega commented that he does not support a one-time bonus. He believes the employees have taken a hit and has concern because employees have not received any form of compensation since 2008. He prefers giving employees a 2% or 3% salary increase and asked to see what the impact would be to the City.

City Manager Kincaid explained a 2% or 3% increase would be a portion of what was identified in the chart provided. At this time, he is not comfortable recommending a (long-term) salary increase but does support a one-time bonus for employees.

Mayor Gibbs stated he supports a one-time bonus but maybe on a smaller percentage basis to express appreciation to the employees because they are doing a good job of keeping expenditures below budget. He believes salary increases may be considered during the budget process to see if the financial situation remains stable. Also, the salary comparison study should be complete.

Councilman Ortega commented what happens if the budget doesn't allow a salary increase

Councilman Seale commented that the City has great staff and realizes they have done a tremendous job cutting expenses. Currently, there are the funds, but still has concerns of giving a bonus before the end of the year.

Councilman Howes reminded the Council that Council unanimously directed staff to conduct a Salary and Compensation Study by March 1st. He recalled making a motion (6 months ago) to give a 1.5% salary increase which at that time died for a lack of a second. He noted that a 1.5% salary base increase six months ago would not have made a big difference but it would have been done and we would not be having this discussion. He would like to see the results of the Compensation Survey and does not support a one-time bonus. Historically, working all those years without any salary increases affected his retirement. He referred to the \$1.7 million budget for the transmission line of which \$400,000 was saved, basically because the employees reconfigured the project; \$44,000 was saved in just the electric department because of the four day, ten hour work week; and the City received a rebate of over \$80,000 for safety through its insurance risk pool. He would support a one-time bonus, but does not support a one-time bonus and nothing else.

Vice Mayor Bingham stated it is hard to make a decision without having the compensation survey comparison. On the other hand, the council is justifying rate increases to the public. She asked if there was a way to place a cap on the increase. She too, would like to see the salary compensation study before making a decision and then during budget time give consideration to a form of a raise.

Councilman Lopez also wants to see the compensation survey comparison before making any decisions. He questioned how the survey is done.

There was a lengthy discussion about awarding employees a one-time bonus (short-term financial impact) of 3% or 4% of their current salary or implementing a salary increase (long-term financial impact) on the employee's base salary. The Council came to a consensus to not award a one-time payment (bonus) of 3% or 4% to employees at this time. The Salary and Compensation Survey will be complete by the first of March. It was the consensus of the Council to discuss and review the survey at the March 25th work session. The Council may consider giving employees a one-time bonus this Fiscal Year or consider a salary increase to become effective the next budget year (FY 2013-2014). Mayor Gibbs asked that the item be presented as an "action item" at the March 25th meeting.

8. Review proposed amendments to Title 5 Business Licenses and Regulations, Chapter 5.04 Business Licenses Generally, of the City of Safford Municipal Code.
9. Review proposed amendments to Title 5 Business Licenses and Regulations, Chapter 5.24 amending Transient License procedure of the City of Safford Municipal Code.

City Manager Kincaid stated both items #8 and #9 may be addressed together.

There was a discussion regarding the Revocation-Hearing Procedure of which the City Clerk determines. Secondly, there was discussion about the business license renewal period being too long. The Council felt the City Magistrate or City Prosecutor should manage the revocation process. It was the consensus of the Council to discuss the revocation process with the City Attorney and to provide options to the Council for their consideration.

10. The library advisory board and staff request the consideration of the following revised library policy: Donations to the Library. It was the consensus of the Council to consider the Donations to the Library Policy at the next regularly scheduled council meeting.
11. Consider appointing new board member to fill one vacancy left by a retiring member: Bryon Wiley. It was the consensus of the Council to consider filling the vacancy of the Library Board member at the next regularly scheduled council meeting.

12. **ADJOURN:** It was moved by Councilman Howes, seconded by Councilman Ortega and carried unanimously to adjourn the work session at 7:44:30 p.m. MOTION ADOPTED

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 a true and correct copy of the Council Work Session of the Safford City Council, Graham County, Arizona held Monday, January 28, 2013, and approved at a Regular Council Meeting on Monday, February 11, 2013. I further certify the meeting was duly called, held and that a quorum was present.

Dated: February 11, 2013

Georgia Luster, MMC, City Clerk