



“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, February 25, 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, Kenneth Malloque, Arnold A. Lopez, James D. Howes, and Richard Ortega.

STAFF PRESENT: David Kincaid, City Manager; Sandra Findley, Executive Secretary; John Griffin, Police Chief; Christine Fisher, Personnel Director; Don Knight, Director Management & Budget; Ann Waite, Finance Director; Randy Petty, City Engineer; Leanne McElroy, Library Director; Jenny Howard, Public Works Director; Dustin Welker, Planner/Downtown Manager; Kim Larkey, Information Processing Supervisor; Marion Gauna, Lead Accounting Specialist; Gale Hedges, Water Division Manager; and Georgia Luster, City Clerk. Dale Clark, IT Assistant assisted with the audio/video recording of the meeting.

OTHERS PRESENT: Mark Brawley, Jenifer Seale, Steve McGaughey, Rev. Gail Carlsen, and Jon Johnson, Eastern Arizona Courier.

- 1. WELCOME AND CALL TO ORDER:** Mayor Gibbs called the work session to order at 6:00:05 p.m.
- 2. ROLL CALL:** A quorum of the Council was present (7).
- 3. PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the Flag.
- 4. OPENING PRAYER:** Rev. Gail Carlsen, Vicar, all Saints Episcopal Church in Safford, offered the opening prayer.
- 5. HintonBurdick, PLLC will provide a financial review of the Fiscal Year Audit Ended June 30, 2012:**
Ann Waite introduced Robin Sibley, Supervisor Senior Auditor, of HintonBurdick, PLLC, who will present the City of Safford, Fiscal Year 2012 Audit. This is the first year that HintonBurdick conducted the City’s Audit. (copy attached)

Ms. Sibley presented the results of the Fiscal Audit for Year Ended June 30, 2012. She reviewed the following:

- Independent Auditors Report (pg1-2)
 Unqualified or “clean opinion”
- Report on Compliance and on Internal Control over Financial Reporting (pg 109)
 No material weaknesses noted.
 Two deficiencies noted for fiscal year 2012.
- Single Audit Report
 No major program findings.
- Government Wide Financial Highlights
- Fund Financial Highlights

City Manager Kincaid stated it has been a pretty solid year, with some struggles. Staff has done a tremendous job of managing and controlling expenses. He noted that the cash balance in electric fund includes the S.P.U.R. Graham County Electric buyout.

Ms. Sibley reassured the Council that the accounting staff is doing a very good job.

6. Review Library Bylaws: Reviewed Library Advisory Board Bylaws.
City Manager Kincaid asked the Council to review Items 6 and 7. He stated Leanne McElroy, Library Director, is present and will answer any questions that the Council has. The Library Advisory Board Bylaws and the Library Meeting Room Policy will be presented to Council at a regular meeting for approval.
7. Review Library Meeting Room Policy: Addressed above.
8. Hangar P-12 is currently being leased by Ponderosa Aviation. With the construction of their new hangar, they no longer have a need for the hangar. The City of Safford has been approached about selling Hangar P-12 (originally known as the Swartz Hangar) at the Safford Regional Airport. Discussion and direction authorizing staff to advertise for proposal to sell Hangar P-12.

City Manager Kincaid stated the City currently has some debt on Hangar P-12. The City has been approached about selling Hangar P-12 (aka Swartz Hangar) at the airport. The hangar is currently leased by Ponderosa Aviation on a month to month basis. With the construction of **Ponderosa's** new hangar they no longer have a need for Hangar P-12. He noted a public formal bid would be required if the Council directed the sale of the hangar. If the hangar is sold the proceeds could be used to pay down debt or other assets at the airport. He noted the leasing fee is considerably less than the debt payment. The goal is to retire the debt of the hangar.

It was the consensus of the Council for staff to provide an analysis (length of lease, debt, size, etc.) of the hangar to them before they make a decision to sell the hangar.

9. On April 23, 2007, the Council at that time adopted recommendations of a K.R. Saline report on

electric rates. Electric rates currently in place were never adopted by resolution (Section 13.04.140 of the Municipal Code). Staff is recommending bringing back a resolution ratifying electric rates adopted by Council on April 23, 2007 with an effective date of May 1, 2007.

City Manager Kincaid stated that the council back in 2007 adopted the recommendations of the K.R. Saline report on electric rates. However, electric rates currently in place were never adopted by resolution which is required according to the Municipal Code. He stated a resolution will be provided to the Council in the Special Meeting. To be compliant with the Municipal Code, he encouraged the Council to approve the resolution. He noted electric rates have not increased for six years.

10. Discussion of budget process and schedule: City Manager Kincaid stated staff is in the process of identifying revenues, projects, capital priorities, work program changes, etc. for FY 2013/2014. He asked what process the Council would like to have this year in terms of meetings, presentations, etc. to begin the budget process. At this time, state projections have not been received. Concerns still remain such as the gas tax is down and has not changed in 15 years., HURF funds may be swept to fund DPS, LTAF funds may go back to cities/towns, Legislation for construction tax to be point of sale (could cost the city \$250,000-\$400,000).

Councilman Malloque referred to prior council minutes - the Council wished to form a group to discuss the budget process and to change the budget process to a single line item budget process.

City Manager Kincaid stated a subcommittee was formed and did meet one time. In order to provide a simpler, more understandable budget, staff could provide the budget in a different format other than the format submitted to the State.

11. Discussion of water concerns, shortage, restrictions and penalties: City Manager Kincaid stated the water shortage is not improving at all. Static well depths are not recovering. **“We** are today where we were in **August”**. Staff is recommending reinstating the original water emergency proclamation. The results of the water study should be available shortly. Part of the study will include rates that will conserve water. However, the City is undertaking a fairly aggressive stance on water resources: Drilling two new wells in the Swift Trail area and negotiating to acquire two wells. The well that was drilled several years ago is on BLM property and will take congressional action for the City to acquire and distribute. Several months ago, discussion occurred with Graham County Electric Co-op representatives to consider tying into their water system in an emergency situation. However, their line is only a 4” line and discussions will need to continue regarding the cost to get water to the City.

Mayor Gibbs referred to the static well charts - he pointed out that in three years, discounting Bonita/Clonts Well static well depth, wells have averaged a 15 ft. drop. He stressed there is no end in sight of the drought and stated **“we** will be out of water if we **don’t** hurry up to stop and start to curb water **usage.”** We are in the eighteenth year of a

