



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

**CITY OF SAFFORD
COUNCIL BUDGET WORK SESSION MINUTES
TUESDAY, May 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, Kenneth Malloque, James D. Howes, and Richard Ortega.

STAFF PRESENT: David Kincaid, City Manager; John Griffin, Police Chief; Ann Waite, Finance Director; Don Knight, Administrative Services Director; Eric Buckley, Utilities Director; Leanne McElroy, Library Director; Jenny Howard, Public Works Director; 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: Kelly Owens, John Howard, Annji Craig-Wooten, Cesar & Donna Orbegaso, David Morse, Paulette LeBlanc, Don Carter, Byron Wiley, Vicki Foote, Mary Jo Nelson, Danny Smith, Nancy Shauman, Dustin Welker, Art Mata, Tisha Clark, Kim Larkey, Steve McGaughey, and others who did not sign in.

- 1. WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:00 p.m.
- 2. ROLL CALL:** All member 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:** Councilman Seale offered the opening prayer.
- 5. At the December 10, 2012 Council Meeting, Council requested to review the first quarter of landfill operations with the new fee in place to determine if the 5% closure fee would need to be adjusted in July 2013.**

City Manager Kincaid stated that at the December 10th meeting, Council requested bringing this item back to determine if the 5% closure fee was sufficient. He stated the increase of the landfill fee from \$35.00 to \$43.00 and the minimum charge from \$5.00 to \$10.00 has slightly increased revenues. From an operational standpoint, a very small surplus is projected. The closure fee

generated approximately \$45,000 in Fiscal Year 2011; approximately \$45-\$46,000 was generated in Fiscal Year 2012 and approximately \$49,500 is projected for Fiscal Year 2013 (based on the 5% of cost of dumping fee). Approximately \$141,000 was generated for landfill closure over the last three years. He noted that the 2012 Audit indicates the closure fee should be slightly over \$3 million. He said the landfill is currently generating about one-third of what is needed to just stay even. Projected closure of landfill is 26 - 27 years at present site (dependent upon EPA, ADEQ regulations and growth). The landfill closure fee would need to be increased 15-20% just to break even.

Council asked staff to provide future projections (through year 2039) for closing the landfill at the June work session.

6. At the May 13, 2013, Council Meeting, Council requested to review Golf Course operations. City Manager Kincaid provided a brief report on the operations of the golf course. He stated several complaints have been received of golf carts not being maintained properly. He explained the City continues to lease golf carts to Springbok and Springbok is to reimburse the City for rent and maintenance of carts. However, once leases expire, the City will not be obligated to provide golf carts to Springbok. (Golf Cart leases expire July 15, 2013). Springbok has been notified that all golf carts will be removed at that time and must be in good working condition per the terms of the Agreement. Otherwise, if carts are not in good working order, the City will begin to reduce its monthly payments to Springbok by those amounts not paid to the City.

Councilman Ortega commented that he has heard rumors that many of the Tournaments held at the golf course are very dissatisfied with the operations. He believes the Council should really consider alternatives for the course.

City Manager Kincaid stated there are rumors of the course not being watered and looking terrible. However, he said the course is receiving 800,000 gallons of effluent water to be used on the course. It appears the course is being watered at night. He has also heard that the public is dis-satisfied with the restaurant operations. He told the Council that they could look at several options that may make the course more operational. (close golf course, operate nine holes, etc.). He commented that the number of people golfing is decreasing and golf courses are closing nationwide because they are a financial drain. Also rumors that a plan for new development around the Golf Course has been presented to the Town of Thatcher.

Vice Mayor Bingham asked to schedule an executive session at the next Council meeting to discuss and receive legal advice regarding the operations of the Golf Course.

7. BUDGET PRESENTATIONS AND DISCUSSIONS:

LIBRARY

Library/General: FY 12-13 \$384,710; FY 13-14 \$515,330; An increase of 33.95% from FY 12-13 budget: City Manager Kincaid noted that included in this budget and according to the recent salary survey, the range for the position of Library Operations Supervisor will increase by two. In addition, reflected in this budget is one retirement. He turned the time over to Leanne McElroy, Library Director, to present the proposed Library FY 13/14 budget.

Library Director McElroy acknowledged and thanked members of the Friends of the Safford Library, including Paulette Leblanc, President, as well as members of the Library Advisory Board. She introduced David Morse, Chairman, Vice Chair, Byron Wiley, and Danny Smith, Graham County Supervisor representative for attending and all that they do for the Library. She asked the Council to come and talk to her if they have any follow-up questions or wish to tour the Library. She stated she is so proud and thrilled to be the Library Director. She has been the Library Director since December 2012. Almost six years ago she started to work for the Library, working specifically with **children's** programs. She had no idea of the variety of services and the need that the Library provides to the community. She understands that Libraries are important in larger cities, but Libraries are essential in small communities - they are the community center and resource center in so many ways in this Valley! She stated she is also very cognizant, particularly with the recent passing of Lois Claridge, of the heritage and stewardship that we all have. For instance, there are rooms in this Library named after people of this Valley who have made great investments in the Library over decades that she feels a great responsibility to the Library. She presented the general library budget. She noted that actual core library services are being done for \$1,000 less this year than last year. Outside services increased because it includes the **Library's** computer management system, catalog system, technical support, and considering an outside collections service. The Supplies budget includes all books, audio books, CD's, and new collection purchases. Capital expense is for new carpeting for the main part of the Library. The current carpet is beyond repair. (General fund monies).

Library Trust (not general fund monies): FY 12-13 \$25,000; FY 13-14 \$25,000; No change from FY 12-13 budget: Library Director McElroy explained the Library receives this grant also called the State Grants in Aid grant. The grant

is received primarily because of the Library Director's certification as acting county librarian and because the Library completes and provides library statistics to the state library. She noted the grant is usually \$23,000.

Library Special Grants (not general fund monies): FY 12-13 \$416,885; FY 13-14 \$392,000; Increased from FY 12-13 budget: Library Director McElroy pointed out that five positions (two full-time and three part-time positions) of the Library are funded by grants. She explained the following grants have been applied for (FTF - Imagination Library; FTF - Early Literacy; LSTA - Job and Computer Help; FMI - multi-year (secured & pending); UW - multi-year (secured & pending); and Contingency.

Vice Mayor Bingham requested to discuss and consider increasing Library fees for non-residential users of the Library at the next work session.

PLANNING AND COMMUNITY DEVELOPMENT

Planning & Community Development: FY 12-13 \$409,479; FY 13-14 \$509,389; Increased 24.40% from FY 12-13 budget: City Manager Kincaid explained this budget includes the position of a Planning and Community Development Director which reflects the increase in salaries and employee benefits. He reminded the Council that he has been acting as the Planning and Community Development Director for several years. The debt service reflects the Label Masters building. Additionally, according to the recent salary survey, the position of Administrative Assistant throughout the City will increase two ranges. He noted the whole budget reflects a 4% salary increase for all employees.

Building Safety: FY 12-13 \$125,644; FY 13-14 \$131,501; Increased 4.66% from FY 12-13 budget: One and one-half time employees. Noted Chief Building Official will retire in May, 2014. A half-time position is being mentored between this department and building maintenance.

Recreation Program: FY 12-13 \$124,300; FY 13-14 \$135,450; Increased 8.97% from FY 12-13 budget: City Manager Kincaid explained the recreation budget reflects operations, not maintenance of the swimming pool. Maintenance of the pool is reflected in the Parks budget. Additionally, funds in Other Expense reflects funding for the Safford youth basketball program.

Vice Mayor Bingham requested to discuss and consider increasing swimming pool fees for non-residential users of the swimming pool at the next work session.

Airport: FY 12-13 \$200,847; FY 13-14 \$192,371; decreased 4.22% from FY 12-13 budget: City Manager Kincaid explained that last year the auditors recommended removing the Airport from the enterprise funds and place it into the general fund because the Airport is not self-supporting. He explained this budget reflects operations, and not maintenance of the Airport. The largest expense is debt service for construction of hangars. Revenues generated from fuel flowage, hangar leases, land leases and tie-downs will provide approximately \$135,000 in revenues.

Airport Improvements: FY 12-13 \$288,000; FY 13-14 \$3,115,611; increased 981.81% from FY 12-13 budget: City Manager Kincaid reviewed and explained airport improvements. Capital outlay includes the Airport apron rehabilitation (FAA Grant) and rehabilitation of 12/30 edge lights/vault (State Grant). The City's match on both projects is \$150,942. Councilman Malloque expressed concerns about the condition of the apron (significant cracks in apron).

PUBLIC WORKS

Public Works Administration: FY 12-13 \$215,130; FY 13-14 \$223,300; increased 3.80% from FY 12-13 budget: Jenny Howard, Public Works Director, provided a summary of all operations and maintenance of the Public Works Budget. She explained the department is cross-training employees for every department and continuing to streamline efficiencies. She reviewed each budget of each division.

Building & Maintenance: FY 12-13 \$605,625; FY 13-14 \$625,784; increased 3.33% from FY 12-13 budget: Jenny Howard, Public Works Director, stated the Building & Maintenance budget remains pretty close to last year. She explained proposed Capital expense including Police Building improvements, City Hall Improvements (moved to Business Services budget), change out Library interior lighting, and Demolition of Barracks Building - Airport (moved to Airport budget). Councilman Ortega suggested researching grants for remodeling or constructing new Police and Fire facilities and City Hall.

City Manager Kincaid explained the Capital of \$27,000 reflects changing out Library Interior Lighting federally which is federally mandated.

Street Lights: FY 12-13 \$80,000; FY 13-14 - \$80,000. Budget remains the same for FY 13-14.

Parks & Cemetery: FY 12-13 \$636,934; FY 13-14 \$582,330; decreased 8.57% from FY 12-13 budget: Increase in overtime due to Parks personnel required to clean park bathrooms seven days a week, and on-call for emergency at swimming pool. Cross training personnel for street flushing/chip sealing. Travel and Training increased due to pesticides/herbicides certification requirement. Capital outlay -\$63,000: resurface RC runway, construct new cross section, shotcrete 8th Avenue Path Shoulder @ canal, Chamber of Commerce parking lot improvements, and replace Firth Park play structure and shade.

Sanitation: FY 12-13 \$1,044,580; FY 13-14 \$1,129,733; increased 8.15% from FY 12-13 budget: Salaries increased because one additional sanitation driver is being requested and will be shared with building maintenance. Jenny Howard explained overtime increased because of a shortage of personnel during vacation, sick leave, and helping with special events. In the process of simplifying sanitation routes. Capital outlay is for a water efficient pressure washer.

Streets: FY 12-13 \$2,247,791; FY 13-14 \$2,361,411; increased 5.05% from FY 12-13 budget: Jenny Howard reviewed the proposed streets budget. Overtime has increased due to helping with special events. Capital Outlay: \$414,255 includes annual budget of \$75,000 for street preservation. Plan to flush 15 miles next year. She stated paving city hall parking lot project and 50/50 sidewalk program may be removed to balance this budget. ½ cent tax, HURF funding, and Auto Lieu Tax have been dedicated to streets.

Mayor Gibbs stated that he receives complaints about the condition of 14th Avenue. 14th Avenue will need to be addressed.

Golf Course: FY 12-13 \$205,300; FY 13-14 \$205,300; remained the same FY 12-13 budget: No change.

Fleet: FY 12-13 \$1,902,550; FY 13-14 \$1,558,509; decreased 18.08% from FY 12-13 budget: Jenny Howard reviewed the proposed Fleet budget. Outside services reflects a maintenance agreement with Empire who provide regular maintenance and repair of landfill equipment and Alliance Field Services provides repair of equipment. Capital Outlay: replacement of vehicles which has decreased this year.

8. **Discussion and review on water rates, water rate study, and rough draft ordinance and resolution adding Water Conservation Policy to the City of Safford Municipal Code.** Mayor Gibbs introduced David Morse who addressed

the Council regarding water usage. He read a statement presenting some facts, and three points he feels are important. “**According** to US Geologic Survey the average person uses about 100 gallons daily. On average, city of Safford customers use 130 gallons per day. The **Mayor’s** goal is to reduce usage to 65 **gals/day.**” His first point is regarding a rate structure. “**Rate** structures should be simple, fair and reflect not just quantity used, but system **stress.**” His second point: “**We** are eighteen years into drought and seven years into severe drought. The City of Safford declared a water emergency last year due to dwindling water resources. The City needs to be admonished for not having addressed this issue sooner. We should have been having this meeting last year. That is water under the bridge, to coin a phrase. We need to look **forward.**” His third point: “**it** is incumbent upon this Council, to have the vision and political courage to take steps to prepare for next year, three years from now and ten years from **now.**” He suggested that by no later than this time next year, the City of Safford have in place an operational enough alternate water sources to offset at least thirty (30) percent of current water requirements. Furthermore, he suggested the City consider a goal of within three years having available enough alternate water resources to offset up to 100% of current needs. Those could be wells drilled or purchased, but not necessarily connected. “**Drought** conditions are expected to last for many years to come. Citizens want to know they will not be facing water emergencies every year. Businesses looking to locate in the Gila Valley want to be assured they **won’t** dry up a few years down the road. If there is any population growth to be expected, water resources must be available to meet new demand. Having in place sufficient water resources will allow future years to be devoted more to economic growth than worrying water emergencies - while conserving water to avoid higher bills.” (Statement attached)

City Manager Kincaid distributed a format of the proposed rate structure to the Council for review and discussion. He said the proposed design is a four tier rate structure based on consumption and the needs of the system overall.

Page 1: Basic service charge for various meter sizes.

Page 2: Safford residential and commercial consumption per 1,000 gallons (understanding that Thatcher would be 10% above those rates and Graham County 25% above those rates).

Page 3: Graph indicates increases based on various uses of 1,000 gallons, and percentage of usage increases.

Mayor Gibbs believes the Council’s obligation is to make sure there is a water supply for the future. He believes the goal of the Council is to find a rate structure that slows consumption and maintain the system’s level of operation and cost.

He believes the proposed rate structure is too low and needs to be increased. He expressed concern about the proposal increasing the base rate and slightly increasing rates per 1,000 gallons. "Consumption must be reduced."

City Manager Kincaid asked the Council to really be cognizant about what the true needs of the water system are when looking at a new rate structure. He explained this information is just a small portion of the Study. The consultant will present the proposed rate structure at the June 17th meeting. He stated the consultant has built in from a revenue standpoint, needs over the next five years to include capital, finding new water sources/new wells, etc.

There was discussion about the proposed rates being too low and concerns about the proposed annual base rate adjustment. Discussed keeping base rate the same, or lowering the current rate, and consider setting rate depending on amount of water used. Discussed preserving the resource at whatever means it takes. The Council requested holding a special work session on Wednesday, June 19th to discuss and review the proposed rate design. The meeting will start at 6:00 p.m.

Water Conservation Policy Discussion: There was a short discussion of the proposed Water Conservation Policy ordinance. It was the consensus of the Council to implement the policy up to Section 13.20.088. Section 13.20.089 and beyond will be added at a later time.

Discussion included: reworked trigger levels and stage alerts; Section 13.20.085 gives utilities director and staff ability to initiate drought response stages. Expand notification process; reviewed enforcement of drought restrictions violation fees; Building codes, plumbing codes need to match; and address new development.

A draft ordinance to include the information through Section 13.20.088 will be presented to the Council for consideration at the next meeting, June 10th.

Mayor Gibbs said the National Guard will be coming home Friday morning, May 31st. A Parade & Ceremony may be held at 10 AM on Main Street to welcome them home.

Annual League Conference, August 27th: Discussed cancelling the August 26th Council meeting so that the Council may leave the night before the conference.

9. **ADJOURN:** It was moved by Vice Mayor Bingham, seconded by Councilman Howes and carried unanimously to adjourn the work session at 8:51:42 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, May 28, 2013, and approved at a Regular Council Meeting on Monday, July 8, 2013. I further certify the meeting was duly called, held and that a quorum was present.

Dated: July 8, 2013

Georgia Luster, MMC, City Clerk