



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

**CITY OF SAFFORD
SPECIAL COUNCIL MEETING MINUTES
Monday, April 28 , 2014 @ 6:00 PM
Safford Library Program Room, 808 S. 7th Avenue, Safford, Arizona**

PRESENT: Mary Bingham, Vice Mayor; Council Member’s Gene Seale, Kenneth Malloque, Arnold A. Lopez, James D. Howes, and Richard Ortega. Mayor Gibb’s arrived at 6:18 p.m.

STAFF PRESENT: Horatio Skeete, City Manager; Sandra Findley, Executive Assistant; Eric Buckley, Utilities Director; Ann Waite, Chief Financial Officer; John Griffin, Police Chief; Leanne McElroy, Library Director; Jenny Howard, Public Works Director; Dustin Welker, Planning & Community Development Director; Don Knight, Director FlexNet Meter Renewal Project; Randy Petty, City Engineer; and Georgia Luster, City Clerk. Dale Clark, IT Assistant, assisted with the audio/video recording of the meeting.

OTHERS PRESENT: Dr. Phil Tutor, Valerie Buckley, Glen Orr, Gale Hedges, Kim Larkey, Erik Swanson, Jon Johnson, Eastern Arizona Courier, and others who did not sign in.

- 1. WELCOME AND CALL TO ORDER:** Vice-Mayor Bingham called the meeting to order at 6:00:34 p.m. Mayor Gibbs will arrive shortly. He had a previous engagement.
- 2. ROLL CALL:** A quorum of the Council was present (7).
- 3. PLEDGE OF ALLEGIANCE TO THE FLAG:** Vice Mayor Bingham led the Pledge of Allegiance to the flag.
- 4. OPENING PRAYER:** Dr. Phil Tutor offered the opening prayer.
- 5. A PUBLIC HEARING** was held at 6:00 p.m. concerning Case Z-02-14, an application to rezone from AR (Agricultural Residential) to I-1 (Light Industrial) on an 8 acre portion of Graham County Parcel #102-13-007 as well as a proposal to rezone the remaining 50.20 acres of Parcel #102-13-007 to C-2 (Highway Commercial).

Public Comments were acknowledged at this time regarding the proposed rezone. No comments/questions were presented.

Vice Mayor Bingham opened the Public Hearing concerning Case Z-02-14 at 6:03:22. She asked for public comments.

Dustin Welker, Planning and Zoning Director, stated the Public Hearing is the next step of the annexation process concerning Parcel Number 102-13-007. He provided an update regarding the annexation. The Planning and Zoning Commission held their meeting on April 18. The meeting went very well and provided a positive recommendation to the Council for a rezone from AR (Agricultural Residential) to I-1 (Light Industrial) on an 8 acre portion of Graham County Parcel #102-13-007 as well as a proposal to rezone the remaining 50.20 acres of Parcel #102-13-007 to C-2 (Highway Commercial).

6. **Adjourn Public Hearing and enter Special Council Meeting:** It was moved by Councilman Malloque, seconded by Councilman Lopez, and carried unanimously to adjourn the public hearing and enter into a special council meeting at 6:05:38 pm.
MOTION ADOPTED

7. **First Reading, by Title only, of Ordinance Number 14-006, an Ordinance of the City of Safford, extending and increasing the corporate limits of the City of Safford, Graham County, State of Arizona, pursuant to Arizona Revised Statutes Title 9, Chapter 4, Article 7, by annexing certain territory contiguous to the City of Safford.** City Manager Skeete explained Ordinance Number 14-006 is the Ordinance proceeding with the annexation. He asked the City Clerk to read the Title of Ordinance Number 14-006.

Georgia Luster, City Clerk, read the Title of Ordinance Number 14-006.

8. **First Reading, by Title only, of Ordinance Number 14-007, an Ordinance of the City of Safford, effectuating a map amendment to the zoning map, a rezone from AR (Agriculture Residential) to I-1 (Light Industrial) on an 8 acre portion of Graham County Parcel Number 102-13-007 as well as a rezone to the remainder of Parcel Number 102-13-007 to C-2 (Highway Commercial).**

Georgia Luster, City Clerk, read the Title of Ordinance Number 14-006 into the record.

9. **Consider approving and adopting Resolution Number 14-023, by Title only, a Resolution of the City of Safford authorizing the Mayor to enter into an Agreement with the State of Arizona, Department of Transportation, for an Airport Pavement Preservation Project .** Randy Petty, City Engineer, explained the Resolution authorizes the City Manager to enter into a joint Agreement with the City of Safford, State of Arizona, Department of Transportation, for an Airport runway maintenance project. This project mills and replaces the friction course of Runway 826. The estimated cost of the project is \$750,965 with a 10% match of \$75,087 by the City. The runway is showing

some signs of distress. This pavement maintenance will add to the pavement life. JPA has been approved by the attorney and staff recommends its approval.

It was moved by Councilman Malloque, seconded by Councilman Howes, and carried unanimously to approve and adopt Resolution Number 14-023a Resolution of the City of Safford authorizing the Mayor to enter into an Agreement with the State of Arizona, Department of Transportation, for an Airport Pavement Preservation Project.

The City Clerk noted a typo in the Resolution, stating the Resolution authorizes the City Manager to enter into the agreement and not the Mayor. The City Clerk read the correct Title of Resolution Number 14-023.

It was moved by Councilman Malloque, seconded by Councilman Howes, and carried unanimously to amend Resolution Number 14-023, authorizing the **City Manager** to enter into an Agreement with the State of Arizona, Department of Transportation, for an Airport Pavement Preservation Project.

MOTION ADOPTED

Mayor Gibbs arrived at this time.

10. **Discuss revenue projections for Fiscal Year 2015 for all Funds**. City Manager Skeete explained staff will be preparing the budget for the next fiscal year over the next couple of weeks. He asked the Council to dedicate the next five to six Monday's to discuss and review the budget for Fiscal Year Ending June 30, 2015. He stated the budget process is dictated by State regulations and state required deadlines. Revenue Projections will be presented tonight. (See Attached Power Point Presentation). It is important that the Council understand that all operating expenses of the City, including any outstanding debt service, be funded primarily to current projected revenues. It's a principle that serves the City well and as a rule, should not be utilizing fund balances and general reserves to fund any ongoing operating expenses. There might be an occasion that a one-time expenditure is necessary, but will require a discussion of the Council.

Furthermore, the City of Safford has a number of Funds that are legally, separate entities that operate under the conglomerate of the City. Each one of these Funds should be balanced within themselves and should not target the overall balance of the budget. Each Fund should be sufficient to manage the operations and capital improvements of those Funds.

In reference to General Fund Revenues, Council has the most discretion with these Funds. Another guided principle is that Council should discuss the designation/separation of any of the General Fund revenues. The budget time is also a time to review the operations of the City and a time to prepare and present the most efficient and effective budget. During the next few weeks contracts will be reviewed and the obligations of these contracts will be discussed and presented. He added Smartworks Program contracts will continue as long as the benefits are mutually

beneficial to the City and the employee. He explained Smartworks allows for salary savings to the City as it is designed for City staff eligible for retirement with specific dates. He plans to capitalize on the salary savings for training and educating other staff members to fill that void and gap during the retirement process.

Capital equipment and technology will continue to be budgeted and will be charged as a rental rate structure. This structure will allow for the City to set aside funds to replace capital equipment as it is needed. The natural life cycle and life expectation of the equipment will be reviewed and adjusted annually and the decision made of when to purchase that equipment.

He stated an attempt will be made to present a Five-Year Capital Improvement Program. However, only the first year of the Capital Improvement Program will be funded and your approval of the budget will only authorize and approve the first year of the Capital Improvement Program. The other four years of the Capital Improvement Plan is designed to give Council and the public an idea of upcoming events, activities or developments. Each year the Capital Improvement Program will be reviewed, revised and approved annually. Capital equipment and capital needs will be evaluated on a three step type of process. 1) Priority given to ensure existing assets of the City given priority in reviewing, improving and protecting those assets. 2) Replacement of those assets will be the second evaluated cycle that staff reviews. 3) Any new venture will be third priority. We will protect what we've got and take care of what we've got before adding any new capital expenditures to the operations. With those general guiding principles as we go through the process and develop the capital improvement projects, will be presented next week. Then, the following week operational budgets will be presented. Additional detailed principles will be provided to evaluate elements of the budget with the intent of those principles to become part of the final budget document based on the Council's discussion.

City Manager Skeete explained the Presentation will be presented in the following format:

(Copy of Presentation is attached).

- General Fund
 1. Local Revenues
 2. State Shared revenues
 3. Sanitation
 4. Miscellaneous
- Street Funds
 1. HURF
 2. Local Sales Taxes
 3. Vehicle License Tax
- Enterprise Funds
 1. Water
 2. Waste Water

3. Gas
 4. Electric
 5. Landfill
- IGA's
1. Graham County Library support (no current IGA and amount has not changed)
 2. Fire District

Discussions included:

- Miscellaneous Revenues Slide: Scheduling of a loan to repay the City from Street Funds. Mr. Skeete stated an amortization schedule will be prepared and presented to the Council.
- Water & Wastewater: Revenues are down from what was anticipated. Consumption down because of the cooperation of the public conserving water. Water rate structure was projected to yield sufficient ongoing operating revenues and some cushion in operating and capital fund balances to be used for emergencies. After reviewing Study that reflected a 30% increase in water rates and discussing financial situation with staff, he suggested a 12% increase effective July 1 of this year and to commit to a revised study to accurately adjust water rates, operating expenses and revenue projections rather than following what Council previously adopted.

The Council opposed any increase in water rates this next Fiscal Year and directed staff to conduct an annual study and to analyze water rates. Once a rate study has been complete, the Council will make a decision regarding rates.

Mr. Skeete stated staff would proceed with establishing another rate study that will be in order to satisfy the obligations of the department.

No recommended changes to wastewater rates. Mr. Skeete believes the City should build in the use of effluent water and not give it away. He stated that he does not know of a city/town that gives away their effluent water.

- Landfill - project and hope to set aside \$50,000 - \$60,000 this year for closure of the landfill.

Several Monday meetings are proposed to discuss the Fiscal Year Budget - Capital Improvement Program will be presented next week; the following week present various department operating expenses.

