



“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, June 2, 2014 @ 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: Horatio Skeete, City Manager; Sandra Findley, Executive Assistant; Ann Waite, Chief Financial Officer; Christine Fisher, Human Resources Director; Dennis Whisman, Interim Police Chief; Leanne McElroy, Library Director; Jenny Howard, Public Works Director; Dustin Welker, Planning & Community Development Director; Eric Buckley, Utilities Director; Don Knight, Director FlexNet Meter Renewal Project; Randy Petty, City Engineer; and Georgia Luster, City Clerk. Dale Clark assisted with the audio/video recording of the meeting.

OTHERS PRESENT: Michael Faunce, Sam Napier, Glen Orr, Gale Hedges, John Howard, Terry Fisher, Frank & Marion Gauna, James Bryce, Erik Swanson, and Don Carter, Pima Councilman.

1. **WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:01:03 p.m. He welcomed those in the audience and recognized Pima Councilman, Don Carter.
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:** Dustin Welker offered the opening prayer.
5. **Request for the Council to consider approving and adopting Resolution Number 14-024, a Resolution of the City of Safford, re-appointing Matt N. Clifford, P.C. as the City Prosecutor for the City of Safford for a three year term, effective July 1, 2014 through June 30, 2017, and authorizing the Mayor to execute contract.** City

Manager, Horatio Skeete, explained the Resolution authorizes the re-appointment of Matt N. Clifford, Prosecutor, for a three year term.

Mayor Gibbs read the Resolution Number 14-024 by title only.

It was moved by Councilman Lopez, seconded by Councilman Malloque and carried unanimously to approve and adopt Resolution Number 14-024, by title only, a Resolution of the City of Safford, re-appointing Matt N. Clifford, P.C. as the City Prosecutor for the City of Safford for a three year term, effective July 1, 2014 through June 30, 2017, and authorizing the Mayor to execute contract.

MOTION ADOPTED

6. Request for the Council to consider approving and adopting Resolution Number 14-025, a Resolution of the City of Safford approving Intergovernmental Agreements with Graham County for Animal Shelter, Dispatching, and Information Technologies .

City Manager, Horatio Skeete, explained the Resolution approves Intergovernmental Agreements with Graham County for Animal Shelter, Dispatching, and Information Technologies Services.

The City Clerk read the Title of Resolution Number 14-025 into the record.

Mayor Gibbs pointed out that the Dispatching IGA does not include the stipulation of the County providing for fire dispatching and recommended adding the stipulation.

City Manager Skeete stated the IGA includes all “911” dispatching.

It was moved by Councilman Malloque, seconded by Councilman Ortega and carried unanimously to approve and adopt Resolution Number 14-025, a Resolution of the City of Safford approving Intergovernmental Agreements with Graham County for Animal Shelter, Information Technologies, and Dispatching with the stipulation to add “fire” dispatching in the Dispatching IGA.

MOTION ADOPTED

7. Request for the Council to consider approving Roadway Striping and Fogging Agreement between the Town of Thatcher and City of Safford.

Jenny Howard, Public Works Director, explained the only revision to the Striping/Fogging Agreement is the addition of Materials supplied will be reimbursed at purchase price including shipping, applicable taxes and demurrage charges. The Agreement allows for the Town of Thatcher to reimburse expenses to the City.

It was moved by Councilman Ortega, seconded by Councilman Lopez and carried unanimously to approve Roadway Striping and Fogging Agreement between the Town of Thatcher and City of Safford.

MOTION ADOPTED

8. **Request for the Council to review, approve and adopt the Tentative Budget for Fiscal Year (FY) 2014-2015.** City Manager Skeete explained staff and council have spent the last five weeks discussing and reviewing various elements of the budget beginning with the basic outline, revenues, capital improvement program and various budgets of the departments. Ann Waite will present the tentative budget and explain the state forms (required by state auditor general). He pointed out one significant inclusion in the tentative budget is the forgiveness of the inter fund loans and to incorporate the new fund balances into the budgets moving forward. He turned the time over to Ann Waite, Chief Financial Officer.

Ann Waite, Chief Financial Officer, reviewed the official state forms along with the General Government Summary and Enterprise Funds Summary. The tentative budget will be published in the Eastern Arizona Courier for two weeks as required by statute.

Don Knight stated that he just noticed Schedule B is incorrect. He provided the correct proposed assessment tax rate of 0.4984 (\$230,464). The tax rate was lowered because of new construction within the City. Schedule B will be corrected before the Tentative Budget is published and a correct copy will be emailed to the Council.

It was moved by Councilman Howes, seconded by Councilman Lopez, and carried unanimously to approve and adopt the Tentative Budget setting the maximum expenditure limits for Fiscal Year (FY) 2014-2015, to forgive the inter fund loans and to incorporate fund balances into the FY 2014-2015 Budget.

MOTION ADOPTED

9. **Provide an update to the City Council on the Smartworksplus contract and receive guidance regarding renewal of the contract and/or any modification the Council may desire.** City Manager Skeete stated that he received a request to review the Smartworksplus Program. He referred to a summary that he prepared of the contractor, benefits to the City, engaged employees, analysis of where we are and options that the Council may consider. He opened it up for discussion.

Councilman Malloque began the discussion by stating he is the guy who voted against the Smartwork's Program initially. He believes the Program has not worked the way it was intended in regards to mentoring and training succession employees. He is not aware of any other field where it takes three to five years of training; and secondly, has not followed succession planning, but have done the opposite by placing employee's in the Smartwork's Program and continue working until retirement and then put the employee on contract. He still opposes the program.

Councilman Lopez spoke, as stated last week some things are ambiguous and have not had any guidelines. He stated the program has saved the City money but believes the contract should be tweaked and the following items discussed:

- Provider provides workman's comp
- Raises and bonuses apply to Smartwork's employee's (he was hesitant to give raises in the past to the Smartwork's employees because they are not an employee of the City). However, according to the contract, Smartwork's employee's also receive any increase or bonus.
- Vacation accrual

Councilman Lopez stated he is not against the Program at this time if we can get a hold of it.

City Manager Skeete explained the provider does provide workman's comp; however, the fee for workman's comp is paid for by the City because the provider can attain dramatically lower rates. The City will pay Smartworksplus certain payroll costs (including FICA, Workers Comp cost, etc.), a 4% management fee and any increase or bonus an employee would have received if they were a regular employee. The first contract entered into provided for an employee to join the program for up to 3-years or age 62 whichever is greater. These employees were hired back at 80% of current salary. The second contract signed in 2011 capped the length of time an employee could stay on the program to 5-years or until age 65. The employees were hired back at 75% of current salary.

Vice Mayor Bingham asked Mr. Skeete to explain how the program worked in other jurisdictions he previously was employed with.

Mr. Skeete stated he had been approached in other jurisdictions about the program. However, following an evaluation of the program, he decided on two separate occasions, not to enter into an agreement because he did not have the time required to develop the training and succession planning component of the program. The program was sold as a succession planning program. He did point out one of the major benefits to those jurisdictions and what made it very attractive to both the school district and any other city that considers it, is the significant savings in payroll. As of today's date, the City of Safford has saved \$970,000. Some jurisdictions were satisfied with the payroll savings. However, he was not comfortable establishing a program just on that account. He believes the Smartwork's Program is a very good program, but some time needs to be spent and increment a very specific succession/mentoring program that gives the departments and the manager to evaluate the operations. The program should be mutually beneficial to the City and the employee. He believes the structure of the program could be modified to be a beneficial program for the City. The way the current program is structured and implemented leaves a lot of ambiguities still and opportunities for people not to adhere to a strict set of rules. Additionally, it is not fair to any employee for them to enter into an agreement with the City and through Smartwork's and constantly have the rules changes. An evaluation of the expectations and the deliverables of the program should be done to ensure that the goals of the City are met or if the City's needs have changed. Clear options need to be identified.

Councilman Seale commented that he would like to implement a program so that employee does not have to worry about whether or not they are employed. He believes the program has merit if there is benefit to both the City and to the employee and more than just a savings in salary to the City. He does not oppose the concept, but not in favor of the way the program has been implemented from the City's standpoint.

Mayor Gibbs believes the length of time an employee could stay on the program is equitable. He could see Option #4 as recommended by Mr. Skeete, provides a clear action plan to the program. He believes the Council shall honor those contracts currently in the program.

Option #4: Keep the program, change the eligibility criteria and develop an action plan for succession planning within each eligible department/division. For example:

- a). Annual renewable contract up to five years pending satisfactory performance and supervisor recommendation to the City Manager.
- b). Annual renewable contract pending city staffing needs and if the replacement position has been posted and interviews conducted without a successful candidate being placed.
- c). Annual renewable contract pending a documented and approved plan to share knowledge as a part of a succession plan.

Councilman Howes stated he could support Option #4. He also noted that when the program was implemented as employee's. He was eligible for the program, but did not believe the program would last very long. An annual, renewable clause would be necessary in order for the City to measure the accountability of the employee and City.

Councilman Seale questioned option 3. Once the program is stopped, how would you proceed with phasing out the existing contracts? Secondly, he asked if the City could consider another program similar to Smartworks?

Mr. Skeete responded that he has not developed a plan to phase out those currently on the program. However, he believes the City should honor existing contracts and allow them to lapse. Secondly, he responded that the State Retirement System has recognized Smartworks as a program moving forward especially in the school system and have developed an alternative contribution rates. He explained the only alternative would be through the state retirement system which allows the rehire of a retired employee after the employee has been retired for one full year. Additionally, rehiring a part-time employee is another option to consider, but any rehiring would have to be an open and competitive process.

Councilman Malloque commented that employees on the current Smartwork's program makes it difficult for the good quality employee to move up because the Smartwork's employee may retain a position for several years or until age 62 or 65. The good quality employee will get discouraged and move on. The program should be fair and equitable

and offered to everyone in the City. It's a matter of saving a few dollars up front and not getting the bang for our buck in the end.

Mr. Skeete responded that Option #4 as presented would require the employee to demonstrate:

- 1) Why they should go on Smartwork's?
- 2) What are they going to do for the City?
- 3) How that is going to benefit the City?
- 4) How the process will be evaluated.

At that time the employee's supervisor and department head must approve the request and ultimately require the approval of the city manager.

Councilman Ortega stated that he could support Option #4 and believes Mr. Skeete could develop a plan addressing issues of the program.

Vice Mayor Bingham asked Mr. Skeete how he intends to manage the program? She could support Option #4 if the program is managed that way. Additionally, she questioned Smartwork's employees receiving the same benefits as a regular employee.

Mr. Skeete responded that he would put together a team of staff that will devise a program and provide input about developing the criteria and develop an action plan for succession planning of the program. He believes there should be a definite distinction between regular employee's and contract employees In response to Smartwork's employees receiving the same benefits as a regular employee.

Councilman Seale inquired about the ability to modify the Smartwork's contract giving management the ability to pick and choose employees who go on Smartwork's? Secondly, he asked if the program could be stopped, phase out existing employees on the program and enter into another new program/contract with new criteria for those wishing to enter into the program? (Option #3 & Option #4). He favors a three-year term rather than a five year term.

Mr. Skeete: Yes, the contract may be modified if the need no longer exists. Secondly, the program may be stopped, existing employees may be phased out and new contracts may be negotiated for new employees wishing to go on the program.

It was the consensus of the Council to direct the City Manager to modify the Smartwork's program/contract and pursue Option #4. He will provide recommendations to the Council in July. Councilman Malloque opposes

10. MEETINGS/ACTIVITIES HELD OR TO BE HELD BY COUNCIL OR CITY STAFF:

Councilman Ortega: Attended a SEAGO Meeting in Bylas a couple of weeks ago. He invited City Manager Skeete to attend. Recommended more interaction with the Tribe.

11. **COUNCIL OR STAFF REQUESTS FOR AGENDA ITEMS:** **Councilman Lopez:**
Believes the budget needs to be tweaked. He requested placing another discussion of the Fiscal Year 2014-2015 budget on the June 9th agenda to consider employee salary increase of 5% verses giving employee bonus, or giving a 3% salary increase, and discuss Smartwork's employees getting a 5% raise.
12. **FUTURE MEETINGS:**
- Monday June 9, 2014 Regular Council Meeting
 - Monday, June 23, 2014 Special Council Meeting: Public Hearing, Adoption of Final Budget
 - Monday, July 14, 2014 Regular Council Meeting: Adopt Tax Levy
13. **ADJOURN:** It was moved by Councilman Malloque, seconded by Vice Mayor Bingham, and carried unanimously to adjourn regular session at 7:16:23 p.m. **MOTION ADOPTED**

APPROVED:

Wyn "Chris" Gibbs, Mayor
City of Safford

ATTEST:

Georgia Luster, MMC, City Clerk

STATE OF ARIZONA)
) ss
County of Graham)

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Special Council Meeting of the Safford City Council, Graham County, Arizona held Monday, June 2, 2014, and approved at a Regular Council Meeting on Monday, June 9, 2014. I further certify the meeting was duly called, held and that a quorum was present.

June 9, 2014
Date:

Georgia Luster, MMC, City Clerk