



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

**CITY OF SAFFORD
COUNCIL MEETING MINUTES
Monday, June 9, 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: Gale Hedges, James Bryce, Kelly Owens, Jay Wright, Bill Peck, Rodney Gillion, Royce Hunt and Marie Freestone representing Chamber of Commerce, Louisa Cabrera, Norman LaRue, Michael Faunce, Sam Napier, Glen Orr, Gary Thompson, Lance Scarborough, Stan Medford, Sally Holguin, Jonathon Stailey, Erik Swanson, Dean and Mary Lou Krieg, Bill Harmon and Steve Wilson representing ADOT. Kelly Van Shaar video-taped the meeting.

1. **WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:00:20 p.m.
2. **ROLL CALL:** A quorum of the Council was present.
3. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the Flag.
4. **OPENING PRAYER:** Jonathon Stailey offered the opening prayer.
5. **CITIZEN COMMENTS ON AGENDA ITEMS:** NONE
6. **AWARDS AND RECOGNITIONS:**
 1. **Recognize Brandon Nite for receiving his Library Practitioner Certification.**
Leanne McElroy, Library Director, asked Brandon Nite to join her at the dais. She said Brandon came to the Safford Library six and one-half years ago from the Eastern Arizona College’s Alumni Library. Brandon started

as a Library Aide before being promoted to Library Technician. He attended the Arizona State Library Institute for three years - graduating last June. He also recently completed the City of Safford LEAD Program. Brandon has proven to be a dedicated library employee both in the service he provides to the patrons as well as the more technical aspects of his job such as cataloging and web management. In May, he received his Library Practitioner Certification. Library Practitioner Certification represents over 200 hours of training in a variety of library science components such as leadership, acquisitions, facilities, finance, and community relations. Brandon is an asset to the Library and to the City.

7. BOARDS AND COMMISSIONS:

1. **Approve three new Library Advisory Board members and approve continuing the terms of two existing members David Morse and Bryon Wiley for three years until June 30, 2017.** Leanne McElroy, Library Director, explained that three board members resigned. The vacancy created two vacancies. Janet Berry is being recommended for a one year term ending June 30, 2015; Sue Rasmussen for a one year term ending June 30, 2015 and Monica Medina for a full term of three years ending June 30, 2017. Also, the Board is requesting approval for continuing the terms of two existing members David Morse and Bryon Wiley for three years until June 30, 2017.

It was moved by Councilman Ortega, seconded by Councilman Howes, and carried unanimously to approve three new Library Advisory Board members (Janet Berry, Sue Rasmussen and Monica Medina) and approve continuing the terms of two existing members David Morse and Bryon Wiley for three years until June 30, 2017.

MOTION ADOPTED

8. PUBLIC HEARING:

1. **Mayor Gibbs opened a Public Hearing in compliance with Arizona Revised Statutes §38.431.02 to hear public comments considering a rezone regarding the Case Z-03-14, a rezone from R-2 (Multi-Family Residential) to C-MH (Conventional and Manufactured Home) on Graham County parcel #101-09-057; 613 16th Street, Safford, Arizona.** Dustin Welker explained tonight's Public Hearing is in response to an application requesting to rezone from R-2 (Multi-Family Residential) to C-MH (Conventional/Manufactured Home) on Graham County Parcel #101-09-057; 613 16th Street, Safford, Arizona. The property currently has an abandoned building that will be removed. Also, as part of the project, an easement will be given to the subject property which will provide proper access onto 16th Street.

The Commission has made the recommendation to accept the rezone contingent on an easement running North to South from 16th Street - giving legal access for ingress and egress to the parcel on the east side of the lot, require the manufactured home be set on a permanent foundation, and with a requirement that the home be set 10 feet from the property line to the east of existing

structure.

There were no public comments or questions from members of the public. Mayor Gibbs closed the Public Hearing at 6:16:30 p.m. and reconvened regular session.

9. NEW/OLD BUSINESS:

City Manager Skeete explained the agenda was revised to reflect different categories. He asked Randy Petty, City Engineer to address Item #1.

1. **Consider ADOT's "No-Parking proposal along US 191 (1st Avenue) from 11th Street to US 70 to take effect after the completion of their proposed project in this area.**

Randy Petty, City Engineer, presented ADOT's "no-parking" proposal along US 191 (1st Avenue) from 11th Street to US 70 and portions of US 70 to take effect after the completion of ADOT's proposed project in this area for FY 2015. Representatives from ADOT are present to answer any questions. The proposal allows parking in front of Johnson Motors, near the intersection of 8th Street and US 191 be allowed on the State Highway. He noted that ADOT is asking for the Council's support of the project to ensure that the no parking area will be enforced by the City.

It was moved by Councilman Malloque, seconded by Vice Mayor Bingham, and carried unanimously to support ADOT's "No-Parking" proposal along US 191 (1st Avenue) from 11th Street to US 70 as presented.

MOTION ADOPTED

2. **Provide an update to the Mayor and Council about the status of Gila Valley Economic Development Corporation.**

City Manager Skeete stated that he received a request from a Councilmember to look into the matter of the Gila Valley Economic Development Corporation. Ironically, on June 1st, 2014, he stated that he received a letter from the IRS requesting additional information in order to complete the process of the application of the Gila Valley Economic Development Corporation. He provided the background of the forming of the Gila Valley Economic Development Corporation which was led by the four local governments - managers' of the Valley (Graham County Manager, Town of Thatcher Manager, Town of Pima Manager and City of Safford Manager). The corporation is organized and will be operated exclusively for charitable and educational purposes under Section 501 (c) (6) of the Internal Revenue Code. Funding for this organization would come from its members - the four local governments. The Board of Directors is also members of the four local governments. He asked for direction from the Council in respect to continuing to be a part of the organization, him serving on the Board of Directors, and what kind of structure/organization does the Council expect the City to be involved in and included in. He pointed out that the application (501(c) (6)) has to be refiled by June 18th. The two managers from Thatcher and Pima want to continue the process. He asked for direction from the Council.

Councilman Ortega suggested the four local governments get together to discuss and determine whether or not to proceed with the corporation.

Mayor Gibbs said that he supported the concept of an economic development group before he became Mayor, and still supports the idea. He was aware of the process but, believes the Council was not included in the discussions/corporation of the organization. He would like to see business people involved in the process. About a year ago, he had a discussion with David Kincaid and Supervisor Smith regarding the organization. He is concerned that organizations like FMI cannot contribute because of the 501(c)(6) status. He would like to have a discussion with the four local entities and the Council. He wants to involve private business people. He supports an organization that benefits everyone in the Valley and not just a group.

Councilman Malloque stated the Council needs to know what the city's involvement is and wants to have the process laid out before proceeding.

Mr. Skeete believes the intention of the group was to create an organization similar to those in larger suburban communities like Yuma and Phoenix Metro area. Those organizations are managed by a private board of directors that are members of a covered area - two levels - elected official type structure and administrative type structure - Independent staff hired and reports to this board not jurisdiction. He explained one of the significant differences between the 501 (c) (6) and the 501(c) (3) status is that the 501 (c) (6) can lobby and the 501(c) (3) cannot lobby. The current structure is not very clear.

The Council supports the concept of developing and organizing an economic development organization. However, they want to understand and be involved in the process. They requested Mr. Skeete work with the current members to assess and develop a plan to go forward with.

3. **Continue discussion of Fiscal Year 2014-2015 Budget.** City Manager Skeete recapped the proposed balanced budget which includes:

- No property tax increase.
- No water rate increase -Amend water rate resolution increasing water rates effective July 1st and going forward through 2017.
- Sanitation rates increase fifty-cents (.50) per household because Fund is not self-sustaining. (\$116,000 short). Considering converting landfill operating fund into enterprise fund.
- Five percent (5%) employee salary increase.
- Health insurance benefit increases 6% (City 6% and employee 6%).

He noted the FY 2014-2015 Budget is \$48.277 million (\$4.3 million less than the FY 2013-2014 budget). General Government represents \$13.56 million; Enterprise Funds - \$22.29 million; Street funding represents \$5.33 million and \$7 million in contingency between general government and the proprietary funds. Also included in this Budget is a one-percent (1%) budgeted fund balance increase anticipated during this fiscal year. This Budget also includes proceeding with the forgiveness of the inter-fund loans between

general government and the proprietary funds as well as setting new standards to maintain an adequate level of fund balances to provide for the continuation of services to the community in case of unexpected emergencies or economic downturns. An acceptable level in the General Government category is to have enough funds to cover about six months' worth of normal expenditures. An acceptable level in Enterprise Funds should be between three and four months' worth of regular expenditures. Capital projects will be done in-house rather than contract delivery. Mr. Skeete turned the time over to the Council for discussion regarding budget items.

Councilman Seale referred to earlier discussions about the Council granting a 3% bonus last year and discussion considering a permanent raise if circumstances allowed this year. He is concerned about things going forward because contractors are leaving town. He feels good about granting a 3% raise across the board.

Councilman Malloque mentioned the national news - businesses are currently on a downturn. He noted the City of Phoenix just went through a bunch of salary cuts because of the downturn in the economy. "Safford sets in a bubble. Because of FMI, Safford seems to feel these budgetary things after the rest of the country has. Since we started the budget process, Morenci has laid off 4,000 contractors. Our business is seeing a pretty sharp downturn in the work that is available." He is concerned that a raise is not fully sustainable and would hate to lay people off in six months because of the downturn in the economy.

Mayor Gibbs verified with Mr. Skeete that the proposed budget is based on revenue projections.

Yes. Mr. Skeete explained the City receives revenues from State Shared Income tax, Sales Tax, and HURF, etc. As a matter of principal, the budgets reflects 98% of what the State projects. The City of Safford is projected to receive approximately \$5-6 million from the State, (about 2%) of what the State has projected. The proposed budget is reduced 2% of what State projections are. The State is projecting a 5% increase in revenues. Current trends indicate a 7%-8% increase in revenues, month over month. He explained projections for this proposed budget is based on last year's numbers and projected at 2.5% percent instead of the trend (7%-8%). Projections were reduced to accommodate the economic changes and slowing down economy anticipated by some. He added, projections for the end of this fiscal year will end in excess of \$1.3 million, revenues over expenditures. Staff is projecting to not expend what was budgeted for this fiscal year. \$1.2 million dollars will be saved from reduced spending and increased revenues.

Councilman Malloque stated that he is still nervous because of the major downturn he is seeing in the economy everywhere. He believes all employees are the greatest asset, making the City what it is. They do deserve a raise, but he is still a little optimistic and would like to pull back to a 3% raise.

Councilman Ortega stated that last year he was against giving a bonus because he did not feel giving a bonus was the answer. At that time, he felt like a 3% raise was necessary. He stated he is very confident with the Budget and very comfortable about giving a 5% raise. "They are still behind - they deserve it."

Councilman Howes verified the proposed budget is conservative based on revenue estimates. Last year, and in the previous five years, the cost of living has increased 9.1%. He believes a "5% raise is well deserved and believes it's time we show the employees they are worth it."

Vice Mayor Bingham stated she supported a bonus as opposed to a salary increase last year because Mr. Kincaid told her that he could not guarantee a sustainable budget. She stated that she understands the budget is projected and not actual. She still supports a 3% raise as the Council discussed last year. Although, she is "getting the feeling, if we want 3%, then they want 5%, then we're the bad guys. I don't like being made to feel that way. As a previous business owner, and she looks at the city of Safford as a business, your goal is to make money, your goal is to have money in excess, and your goal is to maintain your employee base and believes we are doing that. Maybe next year, seeing the trend with the mine, we can visit something different. Maybe we won't be able to do anything next year. She is comfortable with a 3% raise."

Mayor Gibbs commented that one of the things that make Safford "A Great Place to Live" is the amount of passion our employees have to make it a better place. He supports a larger raise because the employees give a lot and have gone too long without a raise. He supports a 5% raise.

Councilman Lopez stated a "3% bonus was given last year to the employees' with the idea to make it permanent the following year if it was sustainable. That's how he began the budget process this year by making it a permanent 3% raise. He never said he didn't want to give a raise. This is the best window we've had for quite some time- we are not backing up any services, not raising any rates, except for trash. Employees are taking home a lot less money. He believes this is the best window to go forward with a 5% raise."

Mr. Skeete explained Council has adopted the Tentative Budget which set the maximum expenditure limit. If the Council chooses to not increase expenditures there is no need for a motion because the 5% salary increase is included in the Tentative Budget.

Mayor Gibbs stated there is no need for a motion to change the budget because it is written for 5%, but he asked if he hears a motion to be less than 5%. "Nothing being heard or said, staff can continue with the budget".

11. **Approve a request for the City Manager to serve on the Board of Directors of Southeastern Arizona Community Action Program (SEACAP).** Mr. Skeete stated SEACAP invited him to serve on the Board of Directors for SEACAP.

It was moved by Councilman Ortega, seconded by Councilman Lopez and carried unanimously to approve of the City Manager serving on the Board of Directors of Southeastern Arizona Community Action Program (SEACAP). **MOTION**

ADOPTED

10. CONSENT AGENDA: The Mayor and City Council may wish to consider approving Items 1 through 12 as Consent Agenda Items.

1. May 5, 2014, May 12, 2014, May 19, 2014, May 27, 2014 and June 2, 2014 Council Meeting Minutes
2. Police Report
3. Building Inspection Report
4. Public Works Report
5. Business License Report
6. Library Report
7. Utilities Consumption Report
8. Summary of Projects Planning and Grants Administration
9. Prosecution Report
10. Airport Report for March
11. Expense Report over \$5,000
12. Purchasing Card Report ending March 20, 2014.

There was discussion about the increase in the consumption of water monthly instead of decreasing.

Mr. Buckley explained that some of the increase in water consumption may be because of the newly installed water meters. The old water meters were not accurate because of their age.

It was moved by Councilman Howes, seconded by Councilman Ortega, and carried unanimously to approve Items 1 through 12 as Consent Agenda Items as published.

MOTION ADOPTED

11. CONSENT RESOLUTIONS:

The City Clerk read the Title and Number of Resolution Number 14-026, Resolution Number 14-027, Resolution Number 14-028, and Resolution Number 14-029. Mayor Gibbs asked for comments from the Council.

1. Resolution #14-026 authorizing investment monies in the Local Government Investment Pool (LGIP).
2. Resolution #14-027, designating depository account and persons authorized to sign related documents at National Bank, Safford, Arizona.
3. Resolution #14-028, designating depository account and persons authorized to sign related documents at Chase Bank, Safford, Arizona.

4. Resolution Number 14-029, approving and authorizing purchases from the Mayor and members of the Council.

It was moved by Councilman Ortega, seconded by Councilman Howes, and carried unanimously to approve and adopt Resolution Number 14-026, Resolution Number 14-027, Resolution Number 14-028, and Resolution Number 14-029. **MOTION**

ADOPTED

ORDINANCES:

1. Ordinance Number 14-008, Case Z-03-14 effectuating a map amendment to the Zoning Map of the City of Safford, Graham County Assessor's Parcel #101-09-057, a rezone from R-2 (Multi-Family Residential) to C-MH (Conventional and Manufactured Home). Mr. Skeete explained the reading of Ordinance Number 14-008 is the First Reading. Dustin Welker is present to address any comments. The City Clerk read the Title and Number of Ordinance Number 14-008.

13. CONTRACTS, AGREEMENTS, AND BIDS:

1. Consider approving Agreement for Contracted Services between the Boys and Girls Club of the Gila Valley and the City of Safford for a three year term, July 1, 2014 through June 30, 2017. Per Section 7 of the Agreement, the Director will provide a written report and provide a presentation of the Club's activities and accomplishments for FY 2013-2014. James Bryce, Chairman of the Board of Directors of the Boys and Girls Club of the Gila Valley, stated Aimee Staten is ill and is not present. Mr. Bryce provided an overview of the Club's activities and accomplishments for FY 2013-2014.

Councilman Malloque expressed concern about extending the lease for a three year period because a portion of the property belongs to another property owner. Mr. Bryce explained this contract reflects the building and has no bearing on the property lease. The property lease is a year to year lease between the Club and the property owner.

It was moved by Councilman Malloque, seconded by Councilman Lopez and carried unanimously to approve Agreement for Contracted Services between the Boys and Girls Club of the Gila Valley and the City of Safford for a three year term, July 1, 2014 through June 30, 2017. **MOTION ADOPTED**

2. Consider extending Agreement for Contracted Services between the City of Safford and Graham County Chamber of Commerce effective July 1, 2014 through June 30, 2015. Per Section 9 of the Agreement, a written report and presentation of the Chamber's activities and accomplishments for Fiscal Year 2013/2014 will be presented. Mr. Skeete explained this item addresses an

extension of the Chamber of Commerce Agreement. Marie Freestone and Royce Hunt provided an overview of the Chamber's activities for FY 2013-2014.

It was moved by Vice Mayor Bingham, seconded by Councilman Malloque, and carried unanimously to extend an Agreement for Contracted Services between the City of Safford and Graham County Chamber of Commerce effective July 1, 2014 through June 30, 2015. **MOTION ADOPTED**

14. MEETINGS/A CTIVITIES HELD OR TO BE HELD BY COUNCIL OR CITY STAFF:

Mayor Gibbs: Attended broadband emergency services meeting today.

Mayor Gibbs and Eric Buckley: will attend water meeting sponsored by the Water Research Center of the University of Arizona. He stated Lake Powell and Lake Mead (two major water resources for the Colorado River) are at 42% capacity. They should be somewhere in the 80% range. Also, the State of Arizona is #5 on the new Climatology Chart for server draught (New Mexico, Kansas, Nevada and California). Water is going to be the issue in the near future.

Councilman Lopez: Encouraged participation in the League Youth Program during the League of Arizona Cities and Towns Conference.

15. COUNCIL OR STAFF REQUESTS FOR AGENDA ITEMS: NONE

16. FUTURE MEETINGS/ANNOUNCEMENTS:

- June 23, 2014 - Public Hearing on FY Budget 2014-2015 and Tax Levy Adoption
- July 14, 2014 - Regular Council Meeting - Tax Levy Adoption
- July 21, 2014 - Council Work Session

17. CITIZEN COMMENTS ON NON-AGENDA ITEMS: NONE

18. ADJOURN: It was moved by Councilman Howes, seconded by Councilman Malloque, and carried unanimously to adjourn the council meeting at 7:47:00 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 Regular Council Meeting of the Safford City Council, Graham County, Arizona held Monday, June 9, 2014, and approved at a Regular Council Meeting on Monday, July 14, 2014. I further certify the meeting was duly called, held and that a quorum was present.

July 14, 2014 _____
Date:

Georgia Luster, MMC, City Clerk