



**“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, March 23, 2015 at 6:00 p.m.  
Safford Library Program Meeting Room, 808 7th Avenue, Safford, Arizona**

**PRESENT:** Wyn “Chris” Gibbs, Mayor; Mary Bingham, Vice Mayor; Council Member’s, Arnold A. Lopez, Kenneth Malloque, Gene Seale, Richard Ortega and James D. Howes.

**STAFF PRESENT:** Horatio Skeete, City Manager; Leslie Norton, Executive Assistant; Joe Brugman, Chief of Police; Randy Petty, City Engineer; Dustin Welker, Planning and Community Development Director; Eric Buckley, Utilities Director; Terry Quest, Finance Director; Cliff Davis, Human Resources Officer; LeAnne McElroy, Library Director; Georgia Luster, City Clerk, Kim Larkey, Sam Napier and Dale Clark, Information Technology.

**OTHERS PRESENT:** Ed Ragland, Royce Hunt, Jon Stewart, Frank Granberg, Don Carter, David Morse, Valerie Buckley and others who did not sign in.

- 1. WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 5:56:21 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:** Mr. Bill Johnson offered the Opening Prayer.
- 5. CITIZEN COMMENTS ON AGENDA ITEMS:** NONE

Mayor Gibbs asked Ed Ragland to speak at this time on his a non-agenda item. Mr. Ragland thanked the Council for supporting the Jr. Basketball League. He explained what the funds are used for. He noted that his goal is not all about basketball but includes teaching the kids some discipline of keeping good grades and how to develop a good work

ethic. He expressed appreciation to the Council and to all the volunteers who help make the League successful.

**6. BOARDS/COMMISSION/GROUPS:**

1. **Southeastern Arizona Dementia Friendly Communities will provide a presentation concerning “Communities dedicated to easing the problems of dementia”.** Mr. Frank Granberg provided information regarding the concerns and problems of Dementia, a memory related disease that causes a person to be non-functional in their home or their society. He noted that seventy percent (70%) of this disease is known as Alzheimer’s disease. He and his wife started a caregivers support group nine years ago; since that time the number of Alzheimer’s patients has doubled. There are 5.2 million people in the United States with Alzheimer’s and it is expected to triple by the year 2050. Currently, the care givers are providing \$216 billion dollars of free health care by keeping their patients in their homes. The Southeastern Arizona Dementia Friendly Communities is an organization designed to educate communities and to make communities aware of what needs to happen to make the disease easier on communities, health care costs and manpower costs, etc. One of the first priorities of the organization is to have law enforcement, first responders, and rescue personnel trained to recognize dementia. Key stake holders in creating a dementia friendly community are community groups, cities, counties, churches, businesses, anyone who has been touched by dementia and Alzheimer’s. There are three things which make it easier on the caregiver and the patient: keeping them active socially, physically active and healthy. He acknowledged Royce Hunt and SEACUS for serving seniors and providing family caregiver support locally.
  
2. **Southeastern Arizona Community Unique Services presentation.** Ms. Royce Hunt, Executive Director of SEACUS provided information regarding how SEACUS serves has been serving seniors in the Gila Valley since 1978. SEACUS’ primary purpose is to give the aging community members the opportunity to live in their homes independently as possible and with dignity. Currently, SEACUS operates under four major pillars:
  - 1) Keep active seniors active which increases their quality of life – reality is people are living a lot longer than they used to. The average life expectancy expected for baby boomers parents was age 40 and now the average life expectancy is 87. In five years, one in four people in Arizona will be age 65 or older. The group of people 85 and older is the fastest growing segment

of our country's population. She pointed out that the number three fear about growing older, is being alone.

2) SEACUS supports caregivers. One in three people in this country are responsible for taking care of an aging adult. 65% of caregivers are still actively working in the workforce. SEACUS prepares and provides fresh, whole food daily for the Meals on Wheels Program for seniors. Hot lunches are delivered Monday through Friday in Safford, Clifton and

3) Advocate for seniors to help keep them safe. Educate seniors to not provide their financial information to just anyone.

4) Provide support to homebound seniors. Personal care, helping to get in and out of the shower safely, provide light house -keeping, provide rest-bed time (3-5 hours weekly). One in seven of our senior neighbors are in danger of going hungry (last year SEACUS served over 33,000 meals). Fifty-one (51%) of SEACUS's funding is provided by SEAGO's area on aging, 15% contract with Medicaid, grants and local donors.

Mayor Gibbs stated that he is so thankful to have people like Mr. Granberg and his wife, and SEACUS for providing outstanding services taking care of the seniors in the community.

## 7. NEW AND OLD BUSINESS:

1. **Hinton Burdick will present the Comprehensive Annual Financial Report for Fiscal Year Ending 2014:** Terry Quest, Finance Director introduced Robin Sibley of Hinton Burdick who presented the Comprehensive Annual Financial Report for Fiscal Year Ending 2014.

Robin Sibley presented the results of the Audit for Fiscal Year Ending June 30, 2014. The Auditors Report indicated a clean opinion, no material weaknesses noted in the Compliance and Internal Control Report, no major program findings noted on the Single Audit Report. Finally, the State Compliance Report was unmodified, or clean opinion, with no reportable findings. Secondly, she reviewed the highlights for the government as a whole which includes governmental fund balances and enterprise fund balances. Additionally, she pointed out a significant change that the Governmental Accounting Standards Board has issued a new accounting standard related to the pension liability. In the past, the Arizona State Retirement System have been recording on their financial statements what they refer to as an unfunded portion of pension liability. This new accounting standard

now requires each city and town to record their portion of that unfunded balance. Meaning, the City, beginning in June 2015, will need to record a liability for this unfunded pension portion which will be a significant amount that increases annually. It is an expense that the City will need to begin accumulating funds to cover this additional expense. The State Retirement System will provide a report (based on employee census data) indicating what portion amount is related to the City.

Mr. Skeete stated the estimated amount for Public Safety's portion is \$7.9 million in unfunded liabilities. Additionally, the City has another unfunded liability as it relates to the insurance subsidy of \$1.2 million going forward. He also added that he and Chief Brugman will be working over the next couple of months to develop strategies to address this liability.

Ms. Sibley's presentation ended at this time.

2. **Request for the Mayor and City Council to ratify a contract approved and signed by the City Manager on March 10, 2015 with Kimley-Horn and Associates for \$99,800 to begin emergency work to address a notice of violation the City received from the Army Corps of Engineers.** Randy Petty, City Engineer, provided a brief update to the Council concerning some emergency work that is required at the Landfill to address the breach of some berms caused by heavy flooding in 2013. As a result, it is requested the Council ratify a contract approved and signed by the City Manager on March 10, 2015 with Kimley-Horn and Associates for \$99,800 to begin emergency work to address a notice of violation that the City received from the Army Corps of Engineers.

It was moved by Councilman Ortega, seconded by Vice Mayor Bingham, and carried unanimously to ratify a contract approved and signed by the City Manager on March 10, 2015 with Kimley-Horn and Associates for \$99,800 to develop a plan to begin emergency work to address a notice of violation the City received from the Army Corps of Engineers.

**MOTION ADOPTED**

3. **Evaluation of current employee health insurance plan.** Mr. Skeete explained that the City's membership renewal this year in the Rural Arizona Group Health Trust provided staff the opportunity to test the market on employee health insurance benefits. He stated that Cliff Davis, Human Resources Officer, pursued a request

for proposals on employee health insurance benefits to compare a match-for-match comparison on products and services. He introduced Mr. Davis at this time. Cliff Davis, Human Resources Officer, provided a brief history of when and why the City participated in the Rural Arizona Group Health Trust (RAGHT). (See attachment). The City has participated in the Trust since July 1, 2003. The Trust was formed in July of 2002 and currently is comprised of 17 entities and approximately 900 participants which consist of cities, towns, charter schools and fire districts. Further, Mr. Davis stated the City pursued proposals based on three main focuses: 1) Cost savings for both the City and employees. 2) Participation in a pool to ensure risk spread over a larger group to minimize annual premium increases; and, 3) Ensure Volunteer Firefighters remain equally insured with eligible employees. A thorough evaluation of each proposal reveals that none of the plans will provide a cost savings for the City of Safford. There was only one provider, Employee Solutions Group (ESG), that participates in a pool (Arizona Public Employers Health Pool), and the point that the Firefighters eligibility of equal benefits will be uncertain. Staff's recommendation is to continue participation with Rural Arizona Group Health Trust (RAGHT) and commit to the minimum three (3) year renewal period from July 1, 2015 to June 30, 2018.

It was moved by Vice Mayor Bingham, seconded by Councilman Malloque, and carried unanimously to approve the City of Safford's participation with Rural Arizona Group Health Trust (RAGHT) for a three (3) year term beginning July 1, 2015 to June 30, 2018. **MOTION ADOPTED**

**8. CONSENT RESOLUTIONS:**

1. **Request for the Mayor and City Council to approve and adopt Resolution Number 15-010 authorizing the execution of Contract No. 15-159-20, Inmate Work Labor with ASPC-Safford and authorizing the City Manager to execute.**

The City Clerk read the Number and Title of Resolution Number 15-010 into the record.

It was moved by Councilman Ortega, seconded Councilman Lopez to approve and adopt Resolution Number 15-010 authorizing the execution of Contract No. 15-159-20, Inmate Work Labor with ASPC-Safford and authorizing the City Manager to execute.

2. **Request for the Mayor and City Council to approve and adopt Resolution Number 15-011 approving an Assignment Consent, a PPA Amendment and a Lender Consent in connection with the SPPR/SEMPR Power Purchase Agreement.** Mr. Skeete asked Eric Buckley, Utility Director, to explain the changes.

Eric Buckley, Utilities Director, provided a brief background regarding the revisions to the SPPR/Sempra Power Purchase Agreement. He noted that the current PPA with the SPPR Group was brought before the Council in September 2014 to approve a second amendment. Right after the approval Sempra Energy contracted to sell their interest in the generating station to ArcLight (a private equity fund) which presented a whole host of issues that had to be addressed in a rather quick manner. He reminded the Council that beginning January 1, 2015 the group would start buying power. The third amendment before the Council tonight takes care of a lot of loose ends brought forth during the sale of the generating station. He explained what the negotiations achieved for the City. "It identifies the problem of a future sale without buyers' consent (Safford being one of the buyers') to somebody who does not own a fleet of generators and who is not in the day-to-day business of buying and selling power the way Sempra was." Council action now requested does not alter the binding validity of Safford's execution of the PPA or prior amendments. Under the terms of the PPA, Sempra requires at least 66% of the Buyers' to consent to the PPA assignment, agree to a conforming third amendment of the PPA, and to consent to certain requirements of ArcLight's lender(s) relevant to security for current and future financing. Under the existing PPA, the Byers may not "unreasonably withhold, condition or delay" their consent Sempra and ArcLight have requested the Buyers' agreement with certain new conditions (mostly pertaining to rights to make future additional assignments and modify some terms relevant to credit assurances); and conversely, the Buyers have insisted upon certain new conditions to protect Buyers' rights and expectations of the physical performance capabilities and credit assurances of the new assignee "Seller" after the ArcLight purchase and in the event of future such assignments of the PPA and/or sales of the Block.

The City Clerk read the Number and Title of Resolution Number 15-011 into the record.

It was moved by Councilman Howes, seconded by Councilman Malloque, and carried unanimously to approve and adopt Resolution Number 15-011 approving an Assignment Consent, a PPA Amendment and a Lender Consent in connection with the SPPR/SEMPRA Power Purchase Agreement. **MOTION ADOPTED**

Mayor Gibbs and the Council wished Eric the best as he begins his new career.

**9. ORDINANCES:**

1. **Request for the Mayor and City Council to approve and adopt Ordinance Number 15-001, a rezone from R1-6 (Single Family Residential) to C-MH(Conventional and Manufactured Home) on Graham County Parcel # 101-19-043, 1213 9<sup>th</sup> Avenue, Safford, Arizona.** The City Clerk read the Number and Title of Ordinance Number 15-001 into the record.

It was moved by Councilman Ortega, seconded by Vice Mayor Bingham and carried unanimously to approve and adopt Ordinance Number 15-001, a rezone from R1-6 (Single Family Residential) to C-MH(Conventional and Manufactured Home) on Graham County Parcel # 101-19-043, 1213 9<sup>th</sup> Avenue, Safford, Arizona. **MOTION ADOPTED**

2. **Request for the Mayor and City Council to approve and adopt Ordinance Number 15-002, an amendment to Title 17.16.020 of City of Safford Municipal Code, Nonconforming Buildings and Uses, eliminating restrictions to the use of properties in the event of a fire, flood, or other calamity or act of nature.** The City Clerk read the Number and Title of Ordinance Number 15-002 into the record.

It was moved by Councilman Malloque, seconded by Councilman Ortega, and carried unanimously to approve and adopt Ordinance Number 15-002, an amendment to Title 17.16.020 of *City of Safford Municipal Code*, Nonconforming Buildings and Uses, eliminating restrictions to the use of properties in the event of a fire, flood, or other calamity or act of nature. **MOTION ADOPTED**

Mr. Skeete explained monthly/quarterly reports will be presented at the second meeting of the month. Several reports were modified and a report of the Human Resources was added. He asked the Council if they had any questions regarding the reports.

**10. MONTHLY/QUARTERLY REPORTS:**

1. Police Report
2. Building Inspection Report
3. Public Works Report
4. Human Resources Report
5. City Clerk's Office Report
6. Library Report
7. Utilities Consumption/Water Production Reports
8. Projects Planning and Grants Administration
9. Prosecution Report
10. Airport Reports
11. Expense Report Over \$5,000
12. Purchasing Card Report

Councilman Lopez asked for clarification regarding the Staffing Update in the Quarterly Report about seeking Council approval to be able to keep the Library open six (6) days a week from the Library Director.

Leanne McElroy, Library Director, explained that she receives daily requests about keeping the Library open six days a week. Extending the hours of Library will require 2.5 personnel staff members. She stated the Library is looking to serve the public in a variety of ways and building on-line resources.

Secondly, Councilman Lopez requested an update regarding the Bonita Creek siphoning project.

Vice Mayor Bingham inquired about the replacement of a gas department truck. Jenny Howard, Public Works Director, responded stating the truck was included on the capital replacement list.

**11. CONTRACTS, AGREEMENTS, BIDS:**

1. **Request for the Mayor and City Council to discuss and approve an FBO Lease Agreement renewal with Ponderosa Aviation.** This item was tabled. Dr. Bryce could not be contacted last week because he was on vacation (Spring Break).  
**TABLED**

**12. BUDGET PRESENTATION:**

1. **Revenue Forecast.** City Manager Skeete provided a PowerPoint Presentation of a Five-Year Revenue Forecast (2015-16 through 2019-20). He explained the purpose

of providing a Five Year Revenue Forecast is to provide a baseline for operations. It also provides a long term view of current revenue streams, provides an estimate of funds that could be available, and establishes realistic yet conservative revenue estimates. Included is a summary of revenue forecast that staff will continue to project and operate on. This numbers will continue to be modified and changed. The entire Five-Year Capital Improvements List will continue to provide the five-year projections and will be presented annually, but only the current fiscal year budget will be presented for Council's consideration for adoption. Revenue Projections are broken into three major funds: General Fund, Special Revenue Fund, and Enterprise Funds. He explained these three major funds make up the backbone of the City's operations. He continued to present the PowerPoint Presentation (PowerPoint Presentation attached).

**13. MEETINGS/ACTIVITIES HELD OR TO BE HELD BY COUNCIL OR STAFF:**

City Manager: Attended a very successful initial meeting with representatives of the Forest Service, Game and Fish, Graham County and local cities/towns to discuss the Frye Mesa Dam. Frye Mesa Dam is a valuable resource of the Valley and will look at ways to collectively maintain it. Further meetings will be held to discuss alternatives. The City of Safford maintains the Frye Mesa Dam that does not attribute financially.

Mayor Gibbs: March 31<sup>st</sup>, Caesar Chavez Day.

**14. COUNCIL OR STAFF REQUESTS FOR AGENDA ITEMS:**

Councilman Howes requested a discussion of the Salary Survey. City Manager Skeete stated that a salary survey is not currently being considered in this fiscal year budget; but, he will take it into consideration and will bring the discussion forward.

Councilman Malloque requested a discussion regarding wastewater treatment plant. (More expenditures than revenues). Mr. Skeete explained the loss projected in the financial statement is not attributed to operating costs over operating revenues, but based on depreciation.

**15. CITIZEN COMMENTS ON NON-AGENDA ITEMS:** Ed Ragland presented a non-agenda item (Jr. Basketball League) at the beginning of the meeting.

**16. ADJOURN:** It was moved by Councilman Ortega, seconded by Vice Mayor Bingham, and carried unanimously to adjourn the meeting at 8:02:29 p.m. **MOTION ADOPTED**

APPROVED:

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Wyn "Chris" Gibbs, Mayor

ATTEST:

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Georgia Luster, MMC  
City Clerk

STATE OF ARIZONA    )  
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County of Graham    )

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Special Council Meeting Minutes of the Safford City Council, Graham County, Arizona held Monday, March 23, 2015, and approved at a Regular Council Meeting on Monday, April 13, 2015. I further certify the meeting was duly called, held and that a quorum was present.

April 13, 2015  
Date:

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Georgia Luster, MMC, City Clerk