



**WELCOME AND CALL TO ORDER:**

**CITY OF SAFFORD • CITY COUNCIL WORK SESSION • FRIDAY, JANUARY 25, 2019 at 9:00 am**  
**MEETING LOCATION: SAFFORD LIBRARY PROGRAM ROOM • 808 S. 7<sup>TH</sup> AVE SAFFORD, ARIZONA**  
**“The mission of the City of Safford is to make Safford a great place to live, work, and visit”**

Mayor Kouts called the meeting to order at 9:25 a.m.

**2. ROLL CALL:** A quorum of the Council was present.

**COUNCIL PRESENT:** Jason Kouts, Mayor; Richard Ortega, Vice Mayor; Councilmembers’ Gene Seale, Arnold Lopez, Steve McGaughey, and Michael Andazola. Councilman Taylor was absent.

**STAFF PRESENT:** Horatio Skeete, City Manager; Glen Orr; Lance Henrie, Public Works Director/Assistant City Engineer; Leslie Norton, Human Resources Officer; Alma Flores, Finance Officer; Victoria Silva, Library Director; Georgia Luster, City Clerk; Tami Webster, Deputy City Clerk; Sam Napier, I.T. Officer; Dan Braatz, Electric Division Supervisor; Nathan Estes, Water Division Supervisor; Raymond Osornio, Gas Division Supervisor; and Morgan Seale, Wastewater Division Supervisor.

**OTHERS PRESENT:** Laura Tolman and Micah Windsor, representing the Chamber of Commerce.

**3. MAINTENANCE OF PARKS:** Because City Parks are growing in the City and in order to begin planning this Fiscal Year’s Budget, City Manager Skeete asked for Council direction in respect to planning and maintaining City Parks.

Mayor Kouts stated that he has some concerns with Firth Park. He recommends assigning a dedicated staff to just Parks to ensure restroom facilities and the Park areas are clean and safe, and to ensure the “pan-handlers” are not camping in the Park. Otherwise, the restroom facilities need to be locked. Mr. Henrie pointed out that Firth Park restrooms are locked Thursday night and not re-opened until Monday morning. Staff does drive by on the weekends to check and empty trash cans.

Councilman Lopez pointed out the deterioration of playground equipment/tables and believes there needs to be more attention paid to the details of the equipment. He referred to 14<sup>th</sup> Avenue (play area leaning/splintered boards) and the tables (were removed but haven’t returned) at La Tierra, playground equipment at St. Rose Catholic Church, and shooting range (bees).

Vice Mayor Ortega commented that the City is developing more and more parks and believes they must be maintained properly. He supports hiring additional staff.

Lance Henrie, Public Works Director, acknowledged the Parks Division is stretched thin and does need additional staff. Inmates do assist staff with park maintenance. He noted that Parks currently have five employees: one staff member covers the Airport and Dry Lake; one staff member covers the cemetery; leaving three other staff members to maintain all other Parks and areas throughout the City. He spoke to the concerns that Councilman Lopez mentioned:

**14<sup>th</sup> Avenue Park/Playground equipment:** This equipment is more of a hazard to the city because of the board structures and should be removed/replaced. He plans to discuss this playground area in this year's budget. There is the need to eliminate playground equipment or install newer, durable playground equipment/tables.

**St. Rose of Lima Catholic Church Playground area:** Area is being addressed and plan to eliminate this playground within the next year.

Councilman McGaughey expressed concerns of the Firth Park restrooms being locked on the weekends because of the visitors traveling through Safford. He would like for staff to work on a solution to keep them open.

Councilman Seale stated it's a difficult situation and there is not an easy solution. However, the City built a skatepark which gets used a lot on the weekends. He too would like for staff to work on a solution to keep them open.

Mr. Henrie pointed out that the people using the Park are not using the restrooms because of the "pan-handler" problems.

Chief Brugman assured the Council that he and Mr. Henrie are in constant contact about the situation. He believes the "pan-handler" situation is getting better.

**4. COUNCIL MEETING PROTOCOL/CODE OF CONDUCT:** Mr. Skeete asked the Council to give direction in respect to the public addressing the Council. Broad parameters may be added to the Council Meeting Protocol. He recommended the Clerk develop standard rules for meeting protocol which will give the Council the authority to call upon the public at the time of discussion.

**5. CONSTRUCTION OF RETENTION BASIN/PARK (10<sup>TH</sup> STREET):** The City Public Works Department will design and construct a retention basin/park on the newly acquired land at 10<sup>th</sup> Street.

Mr. Skeete stated this piece of property (south of Budweiser) is a 4.5-acre parcel that was purchased primarily for water retention in the area. He is asking for some direction from the Council and provided options for the Council to consider in this area.

Possible options could include:

- A playground with a baseball diamond and soccer goals.
- P/W storage facility.
- Could include a drywell to recharge some of the water depending on the soil's condition.
- Possibly trade the approximately 20k sq. ft. in the canal to the owner of the property on the southwest corner of 10<sup>th</sup> and 10<sup>th</sup>. Acquiring this area is not necessary for the City to accomplish its goal of water retention and discharge into the canal.
- Funding for this project could come from either the general fund or the Street/HURF funds. The City could also apply for community development grants from Freeport or United Way or any combination.

Mayor Kouts stated that he opposes placing a storage facility in a residential area because of the noise and congestion of equipment and people in and out of the area.

After some discussions of the options provided above the Council agreed to proceed to designing a retention pond/park.

6. **CHAMBER OF COMMERCE AND ECONOMIC DEVELOPMENT GROUP RELATIONSHIP:** The City's contract with the Chamber provides the following: **(INFORMATION/DISCUSSION)** Mr. Skeete said that the Chamber is in its second year of a five-year contract with the City of Safford. He provided a brief update on how the City provides support to the Chamber.

Mayor Kouts welcomed Laura Tolman and Micha Windsor.

Laura Tolman introduced herself and Micha Windsor to the Council at this time. She stated she is the newly elected Chairman of the Board of Directors for the Chamber of Commerce, and owner of CMI. Effective January 14, 2019, and Micah Windsor is the new Executive Director for the Chamber of Commerce. They said they will be happy to answer any questions the Council may have.

Mr. Skeete explained that the last agreement with the Chamber of Commerce included \$20,000 per year of the Transient Occupancy Tax for specific City of Safford centered programming for economic development that has not been utilized effectively by the Chamber. He pointed out that the Chamber of Commerce did purchase and install an electronic bulletin board for promotional purposes.

- The purchase of an electronic bulletin board, with the City receiving a minimum of 90 minutes of promotional or PSA announcements daily. Additional promotional announcements are being developed.
- The City will provide an electronic link to be included on the Chamber Website directing potential business to specific information about doing business in Safford.
- The Chamber will make available to the City at no additional cost, Chamber produced marketing materials to assist in the attraction and retention of companies to Safford.
- The Chamber will include at least a quarter page advertisement of the City of Safford in any Chamber-produced marketing magazine, a smaller reference would be acceptable in other printed material.
- The City agrees to appropriate 50% of the remaining Transient Occupancy Tax collected to the Chamber. \$20,000 is in addition to the Transient Occupancy Tax.

Mr. Skeete merged items 6 & 7 in the discussion. He said his concern is that the Economic Development group has stopped and started over the last couple of years and is now regenerating itself again and expecting the City to appropriate some funding. He is hesitant for the City to continue appropriating funds for this group. He explained his concerns: He stated the process of a "Targeted Industry Study" is currently being done which will identify the kind of businesses we want to attract for the community. Also, at a national level was the creation of "Opportunity Zones." In his opinion, Graham County fell asleep when these zones were being created. This community got the smallest community zone in the entire southeast region. He said the Opportunity Zone, as defined by the Federal Government, is basically everything west of 20<sup>th</sup> Avenue, north to the River, south to 8<sup>th</sup> Avenue and

barely into Central. Therefore, fifty to sixty percent of the economic opportunity zone is in the middle of Thatcher and in the middle of the Thatcher/Central corridor. The advantage that the Opportunity Zone creates for the Valley, as a whole, is that it allows for capital gain investments for the next ten years to be tax-deferred and tax-free up to about fifteen percent, depending on the level of activities created. It includes housing, new businesses and any restarts in the area. Capital gains can be reinvested in this area. Therefore, any capital gains and new investments accumulated in this area will receive up to a fifteen percent tax deduction for up to ten years. With the completion of the Targeted Industry Study, there will obviously be some opportunities for the people in the Valley to focus on what they think should be done in the Valley. Coupled with the tax-free zone, the Economic Development Group could regenerate itself and be a very active group for a couple of years and try to attract some of that capital investment in the Valley. It is great for the Valley, but it does nothing for the City of Safford directly! It is his opinion that the City of Safford should do what it can to make it successful, but the City of Safford does not need to invest financially to the group at this point. The City of Safford has its own economic development fund. He believes the City of Safford should compete and attempt to attract some of those businesses into the City of Safford rather than appropriating \$20,000 to the Economic Development Group when the most lucrative area is going to be primarily Thatcher. The City of Safford's \$20,000 annual investment has been a significant investment to the Economic Development Group.

Mayor Kouts inquired about the enactment of the Transient Occupancy Tax. Mr. Skeete provided a brief history of when the Transient Occupancy Tax was adopted. He pointed out that after 1991, communities greater than 100,000 population had a restriction of dedicating 50% to the tourism industry. In 1994, the City of Safford increased its Bed Tax from 1.5% to 5%, and with the support of the hotels, recommended the Bed Tax promote the community and tourism within the community. At that time, the consensus was to dedicate 50% of the Bed Tax to the Chamber of Commerce and economic development. The City of Safford has honored this process for twelve years and will continue to honor it. He is confident with and supports the Chamber of Commerce. He recommends the City of Safford continue its commitment of 50% of the Transient Occupancy Tax collected to the Chamber of Commerce; and, secondly commit \$20,000 to the City's economic development fund. Many of the Chamber's activities are centered around Safford.

Mayor Kouts complimented the Chamber for the new amazing electronic sign/billboard. He is excited to see the direction the Chamber is taking and is looking forward to working with the Chamber.

Mr. Skeete noted that the address of the Chamber is now officially 1051 Thatcher Boulevard.

Micah Windsor thanked the Council for their support. She said she is very excited and energetic about the rebranding of the Chamber and improving the website to promote all that Safford has to offer.

Ms. Tolman stated the business of the Chamber is to keep businesses here and growing. The last thing you want to tell a business is that you are bringing in competition. Although, the Chamber cannot promote economic development it will definitely embrace them when they are here. She said the majority of their events are City of Safford. They are excited to be partnering with Eastern Arizona College and Freeport mine. She is super excited to tell the City of Safford what the Chamber is planning to do and where they expect to go in their next report to the Council

7. **REGIONAL ECONOMIC DEVELOPMENT GROUP:** The Regional Economic Development Group is currently being rebuilt and no funds were budgeted for this group this year. However, with the completion of the “Targeted Industry Study” and the “Opportunity Zone” designation in the area this year, we may be asked to assist in the establishment of an office. City Manager Skeete’s recommendation will be for some small amount. **(DISCUSSED WITH ITEM 6)**

Mayor Kouts: Is it time to discuss annexation? Mr. Skeete explained that annexation is driven by the property owner. Although, the City should reach out to developing properties and explain the advantages/incentives of building and developing in the City of Safford.

Vice Mayor Ortega: Should we reach out to the private property owners?

Mr. Skeete explained revenues collected from the Bed Tax are allocated in the council budget, of which 50% is allocated to the Chamber of Commerce and the remainder goes to the General Fund for economic development for events such as the Harvest Festival, etc.

A short break was called at this time.

8. **POLICE STATION - LOCATION AND FUNDING:(INFORMATION/DISCUSSION)**

Mr. Skeete stated that the County is discussing the City’s offer in respect to the old Jail property. However, he wants the Council to understand that they do have other options to consider, like the 14<sup>th</sup> Avenue property that the City owns. He pointed out that the City of Safford receives approximately \$240-\$250,000 in property tax that can be designated to fund building a police station rather than going to a bond election. The City of Safford can support a \$4 million bond towards a police station.

- The offer to purchase the old County Jail site is still on the table. This could be the most convenient location but could also be a costly proposition to construct.
- A second alternative would be to utilize the land purchase at 14<sup>th</sup> Avenue North of HWY-70 to design and build a new facility from the ground up. This could be done in conjunction with a developer or independently.
  - This project would be eligible for General or Secondary Assessment Bond funding but subject to a bond authorization election approval.
  - An alternative would be to issue a Revenue Bond at a slightly higher interest rate without a bond election.
  - The City’s General Fund could support about a \$4 million bond with a 25-year repayment schedule.

Mayor Kouts commented that the City of Safford owns a lot of property and maybe some of these properties would be the ideal location for a police station, plus it would be shovel ready. On the other hand, he believes the projected growth area should also be looked at for the location.

Councilman Seale stated that it is important for a fire station to be located centrally because of response time. Most officers respond to calls while they are in their police officer vehicle and not from the station location.

Chief Brugman believes a police station should be a centrally located, ground structure that is accessible and inviting to the public. He would like to see a building that the community can use for different things such as the council chambers, etc. It is his opinion that the 14<sup>th</sup> Avenue corridor, north or south of the highway would be an ideal location.

Councilman McGaughey believes the police station needs to be located by a traffic light for emergency exits, or a traffic light constructed if the location doesn't have a traffic signal.

Mr. Skeete pointed out the Hatch properties on the north side of Highway 70. However, Mr. Hatch has plans for developing the area in the future. He noted that the 14<sup>th</sup> Avenue area is an attractive area because it creates incentives to the adjoining property owners to work with the city to develop its infrastructure, road, etc.

Vice Mayor Ortega recommends the City Manager continue to negotiate the Hatch properties.

Councilman Seale inquired about appropriating the property tax funds (\$250,000). Mr. Skeete noted that over a twenty-five-year period, \$4 million will fund the station and City of Safford property taxes will not increase. He believes the public would support this option because the City is not creating any extra burden to the community.

Mr. Skeete will continue negotiations with the Hatch property owners (on 14<sup>th</sup> Avenue) and Graham County in respect to the old jail property.

**9. FIRE STATION – LOCATION: (INFORMATION/DISCUSSION)**

- The PW Yard-2 on Central and 9<sup>th</sup> is an ideal location for a future Fire Station.

Mr. Skeete pointed out that the current fire station will house the new ladder fire truck that will arrive in June. The firemen have assured him that the truck will fit. However, and for the future, he believes a better facility is needed. In looking at city owned properties, he looked at the Public Works Yard 2 which would be too small. However, as he was looking at Yard II, he found out that the other half of the lot is for sale (Church property). The whole lot would be a viable property to construct a fire station. One traditional drawback of the property is that it is south of the railroad tracks, but the firemen do not see it as a problem. This location would give quick access to Highway 191 going south and/or east on Highway 70. More importantly, the City of Safford property owners would continue to receive the maximum ISO rating insurance benefit. If the Council is interested in the location, he recommends buying the land now, and to give staff a chance to systematically begin to look at what to do with Public Works Yard II, and to begin a design of new fire station, etc.

Councilman McGaughey recalled a survey of possible properties for a fire station being done several years ago that identified the corner of 1<sup>st</sup> Avenue and 8<sup>th</sup> Street as the ideal location (Vista Recycling). He does not support a combined fire station/police station and to get the best insurance rate the fire station must be within two and one-half miles from the edges.

Councilman Seale stated that part of the response time is getting the firemen to the station, and that is why several of the areas will not work. Hopefully, the fire department remains a volunteer fire department for some time, but at some point in time, response time may not be an issue, but for now it is a concern. Maybe in the future, firemen may be staying at the station twenty-four hours at time.

The Council directed the City Manager to continue negotiating the purchase of the Public Works Yard II if the complete lot (to include the used car lot and church property) can be secured.

**10. EFFLUENT WATER - ALTERNATIVE USES: (INFORMATION/DISCUSSION)**

- Suggestions for the alternative use of the effluent water:
  - Facilitate getting effluent water to EAC (XX % of the water sold to EAC is used for irrigation).
  - Facilitate getting effluent water to the irrigation district for use on the farms.

Mr. Skeete restated the offer is on the table to Graham County in an effort to get effluent water to the Fairgrounds, but in the meantime, the City of Safford has a water line currently taking water to the Golf Course. Mr. Skeete stated that EAC is interested in possibly bringing effluent water to its campus to water the ball fields. EAC would fund the construction of the infrastructure to get the water to its campus. Another alternative is to turn the effluent water into the irrigation ditch in return for credits.

Councilman McGaughey asked what the city's deficit would be if Graham County, EAC, and the Safford School System all decided they want an effluent waterline? (there is not enough effluent). How do we get the water back from Safford Ranch and Solomon? What is the City's plan for twenty years out? Is the City going to run sewer from San Jose to Safford? He is aware of several failed septic systems in the Solomon area.

Mr. Skeete responded ultimately "yes" a sewer expansion plan will be required beginning with the State Prison as a major partner. He believes that conversation will be sooner than later. USDA grant monies might be available and low interest loans may become available.

At that time, Councilman McGaughey asked if it is realistic for Safford to lower its rates as an incentive for Thatcher to get its effluent to Safford?

Mr. Skeete explained that part of Thatcher's cost is building the infrastructure to Safford in order to get their effluent to Safford. He believes all rates will be lowered if that happens.

Councilman Lopez noted that Thatcher has effluent lines at JD's and the Home DePot.

Mr. Skeete will continue to explore all possibilities.

**11. GAS – RESET SERVICE AREA: (INFORMATION/DISCUSSION)**

Mr. Skeete stated there were discussions about realigning the gas service boundary back when the electric service area was realigned with Graham County Electric. Conversations were being held, but for some reason, the ball was dropped and a gas service boundary was never defined.

Councilman McGaughey commented that he would like to consider an alignment in square miles, rather than one service at a time.

- Work with Graham County Electric Cooperative to reset the service area for the Gas Utility and possibly take over the water service area west of Thatcher.

**General information on Gas:**

- The City's Gas Utility Division serves approximately **3,550** customers with sales of just over \$2 million per year.
- **147** of these customers are outside the City limits mainly to the east of the City.
- The average collection for the last two years from these customers is approximately \$84,000 per year.
- In 2007, when the electric service area boundaries were being realigned, discussions were also held on possibly realigning the service area boundaries for gas. For unknown reasons, the gas realignment was not completed.
- Graham County Utilities serves approximately **40** customers within the City limits
- The attached map shows; the City limits in blue, the proposed service boundaries considered in 2007 in red, and a new proposed service area in yellow.

The Council directed Mr. Skeete to begin discussions with Graham County Electric Coop to see what it will take to realign gas service boundaries.

## **12. WATER - General information about the system: (INFORMATION/DISCUSSION)**

Mr. Skeete reviewed the below information about the water system and asked for direction regarding selling the Central portion of the water system to the Coop.

- The City owns and operates a water system that serves over **8,100** customers in the City of Safford, the Town of Thatcher and the immediate County area to the west including "Central".
- The City's current budgeted operating cost is \$4.45 million and the five-year capital budget system wide is slightly over \$20 million.
- Last year the average cost of water production was \$3.75 per 1000 gallons.
- The City owns and operates 11 wells and a gravity feed water collection system in Bonita Creek producing just over 1.2 billion gallons of water per year.
- Over the last four years, the City sold an average of 1.13 billion gallons per year with the high being in 2011 at 1.264 billion gallons.

### **Central Water System – Background Facts**

- The City of Safford has been serving this area since 1955 when we purchased the Thatcher Water Company.
- As of today, Central has approximately **280** residential and commercial accounts.
- The Central Area consumed approximately 46.1 million gallons of water in 2011 and 42.3 million gallons in 2018.
- The system consists of the following infrastructure:
  - 2,320 linear feet of 1.5–inch main line
  - 8,295 linear feet of 2–inch main line
  - 15,985 linear feet of 4–inch main line
  - 13,985 linear feet of 6–inch main line
  - 16,345 linear feet of 8–inch main line
  - 35 fire hydrants
- The age of this infrastructure ranges from 1938 to 2016 and includes a variety of piping materials.

### **Consideration in selling the Central portion of the water system to the Cooperative**



**Pros:**

- A reduction of our service area without any negative impact on our water rights or current supply.
- Future cost avoidance as it relates to capital upgrades and maintenance.
- The connection of the two utility systems allows for possible emergency assistance in the future should the need arise.
- Provides instant capacity to serve potential customers within the City limits without additional production capital investment.

**Cons:**

- Sudden reduction in cash flows of approximately \$215,000 per year.

**Analysis:**

- This would reduce the total water sold by the City by approximately 42 million gallons per year.
- The value of sales/revenue loss per year to the City would be approximately \$215,000.
- This course of action would need to be approved by the Arizona Co-operation Commission.

The Council agreed for Mr. Skeete to continue discussions with the Graham County Electric Coop to see what it will take to realign gas service boundaries.

**13. Contract Services: (INFORMATION/DISCUSSION)**

**Wastewater Treatment Plant** - The services for the wastewater treatment plant is currently being provided by Inframark.

- Inframark manages the daily operations of the plant with three regular full-time employee and management oversight from the Az Regional Manager.
- Inframark is entering the second year of a ~~two~~ three-year contract with the City. The contract is expected to increase by 3% to an overall cost of approximately \$458k.

Mr. Skeete it will be a benefit for the City to take back and operate the wastewater facility. It could save the City approximately \$150,000 annually. Refurbish the facility over the next two years and train someone to take over the operation within the next two years. Another advantage is that the City can ask for assistance and partner with other municipalities who operate their own plant. There are many resources out there that the City can reach out to.

**2. Health Insurance:**

Mr. Skeete opened up the discussion regarding the employee health insurance program. He said staff has not explained to council what the Trust has done for the City. He explained that the City is part of a rural insurance pool, of which an agreement is renewable every three years. Every year the Pool administrator is responsible for going out to bid to all insurance providers to get the best health care price for its pool. Because of the commitment to the Trust, the bidding process is a very competitive process. The Pool has

significant benefits, but also being part of a Pool also has its drawbacks. The biggest drawback is that Safford is only one vote at the table with other municipalities from across the state that are a part of the process and making the decisions. Sometimes the benefit package may not seem to be the benefit package that benefits Safford the most. Higher premiums result based on extensive claims (such as cancer claims) filed by other Pool members; but, on the other hand, lower premiums result based on lower claims filed by other Pool members. It's a give and take process! It's a difference of insuring 200 family units against insuring 800 family units. He stated the Pool modified its structure last year by adding the high deductible.

Mr. Skeete presented a comparison of contributions for calendar years 2017 and 2018:

The City of Safford's contribution for premiums for calendar year (January – December) 2017 was \$1,979,000, whereas premium contributions paid by the City of Safford for calendar year (January- December) 2018 was \$1,869,000. Calendar year over calendar year, the City of Safford premiums decreased because of the addition of the High Deductible Insurance Plan. A significant number of employees went to the high deductible plan which lowered the City's overall premium. Additionally, this is the last Pool in the state that was set up under these rules where a portion of the fund balance is isolated and identified. For example, in fiscal year 2017, the City of Safford received a credit of \$215,000 that reduced our premium. In fiscal year 2018, the City of Safford received a \$360,000 credit from the Pool which will be applied to this year's premium which at the end of this Fiscal year the insurance budget will be reduced by \$360,000. The Pool has about a \$7,900,000 fund balance of which \$1,200,000 is the City of Safford's. He said he wanted this discussion now because if the Council chooses to go out to bid for health insurance, we need to begin collecting data to effectively compete and compare "apples to apples" for a bid next year.

Mayor Kouts' stated his concern is why there is only a few cities and towns a member of the Pool? Several cities and towns save considerable money by self-insuring. Secondly, he believes only the voting member should attend the conferences. It is unnecessary for three staff members to attend. Finally, he doesn't like getting the agreement at the last minute. He wants to ensure the City is providing the best insurance coverage for its cost.

Councilman Seale asked how much it would cost to conduct a bid. He said he has never been unhappy with the Trust, but also understands there are other points of view.

Mr. Skeete suggested hiring someone from the outside to provide their opinion/view of our current plan. He recommends hiring a representative to conduct an independent evaluation. This representative would review the current plan and if determined that a comparison is needed, the representative would consider the kind of data to collect to effectively compare other insurance companies. This representative would represent the City if the Pool is to review the bid. He believes the cost to do this would be about \$10-\$15,000 to conduct an independent evaluation. It was not done, last year because he was aware that the Trust was going to offer the high deductible plan. The Trust is not going to change for the next five years. Now is the time to start the process of making "apple to apple" comparisons.

Mr. Skeete explained that he is the voting member. However, he relies on HR staff because they have insurance knowledge and provides guidance to him. Secondly, they need the

exposure to the process. It's not a fun meeting. Mr. Skeete explained that Erin Collins is an extension of this staff and is acting on the City's behalf – they are an extension of the Human Resources and is contract staff doing work for us. It is not a bidding process. For example, the process is similar to the service K.R. Saline and Associates provides the City. He also noted another program administrator is the City's liability insurance group, Southwest Risk. Again, lack of information to the Council.

**14. WILL SERVICE LETTERS – DEVELOPERS:** “Will serve letters” to developers from the water division is required by the State Land Department. An issue with this subdivision was conflicting engineering reports on the level of service. (INFORMATION/DISCUSSION)

Councilman McGaughey asked Mr. Skeete to explain why this particular developer's agreement came to the Council when it is standard procedure for staff to manage.

Mr. Skeete explained the issue was that the developer had a will serve letter that was issued when Springbok Development was considering this development years ago. The developer perceived the City of Safford had already accepted their right to develop all 192 lots and interpreted that the developer did not have to pay for any additional infrastructure to develop their subdivision. The “will serve letter” did not provide all of the details. The water division insisted that the City could not provide and meet the standards for the complete development. Therefore, a standard test was conducted by the City and the developer which determined 65 lots could be served water, but there is the need for additional infrastructure to complete the remaining lots. This agreement commits the City of Safford to serve (water) to the first 65 lots. However, any additional development after the initial 65 lots requires the developer to test again and to fund the infrastructure.

Mr. Skeete stated there have been several “Will Serve Letters” presented to him, each with different demands. Unfortunately, staff are not aware of these letters and there are no official records on file, but yet land owner(s) have a will serve letter that says the City will do certain things. He is working with the City attorney to create a form that requires all demands be identified and with all appropriate signatures.

The Council commented that they like holding these work sessions and being able to discuss items openly. Vice Mayor Ortega suggested cutting future work session agendas in half so that the meeting don't run too long. Mr. Skeete stated the next work session will be regarding capital projects and budget.

**15. ADJOURN:** It was moved by Vice Mayor Ortega, seconded by Councilman Andazola and unanimously carried to adjourn the meeting at 2:15 p.m.

**APPROVED:**

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Jason Kouts, Mayor

**ATTEST:**

