

**THE WORKSESSION  
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA  
HELD MAY 10, 2010 AT 6:00 P.M.  
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

**CALL TO ORDER:**

Mayor Fenn called the meeting to order at 6:04 p.m. with the pledge of allegiance.

**ROLL CALL:**

Present were: Mayor Mark M. Fenn, Vice Mayor Toney King, Sr. and Councilmembers Jo Deen Boncquet (arriving at 6:08 p.m.), David Lambert, John Lodzinski, and Al Sacco. Excused was Councilmember Lori McGoffin.

**NEW BUSINESS:**

**1. Budget Worksession for the City of Benson, Fiscal Year 2010-2011; all revenues and expenditures of the City may be discussed**

Finance Director Jim Cox addressed Council stating the Capital Improvement Plan (CIP) worksession is probably the most significant worksession in the budget process. Mr. Cox then stated the CIP and the preliminary budget assumes Council will be moving forward on the proposed bond issue discussed at the previous meeting, adding that substantial revisions will need to be made to both the CIP and the budget should Council elect not to proceed with the bond issue. Mr. Cox then reviewed the summary of the CIP stating it is a 5 year plan for capital projects throughout departments in the City, totaling \$3,512,000 for the current fiscal year. Mr. Cox then discussed the sources of funding stating they are a small allocation of capital from the general fund, \$1.3 million of 2010 bond proceeds, anticipated grants of \$1,764,000, construction sales tax, which is primary funding source for capital projects, in the amount of \$600,000, impact fees that have been accumulated and will be earned in the amount of \$215,000 and capital from the enterprise funds (utility funds) in the amount of \$160,000. Mr. Cox stated he is using projections for the new year that are close to the current year. Mr. Cox then stated the preliminary budget assumes no utility rate increases, adding that a rate study will be done, and will probably recommend increases early in the new fiscal year.

In discussing the CIP Summary, Mr. Cox indicated the negative \$250,000 is the scheduled payment to Wal-Mart and that in the new fiscal year there would be only one interest payment on the proposed bonds in January and there would not be any bond principal payments, adding that the City would escrow funds for the annual payment that would be due next July and that it would be in a new fund entitled the debt service fund.

Discussion then moved to the General Fund CIP with Mr. Cox stating the only new project listed in the upcoming fiscal year is Police Vehicle Replacement for one new vehicle which is to be funded by an anticipated stone garden grant and that if the grant is not approved, the vehicle won't be purchased. Mr. Cox then stated the pavement management project in the amount of \$200,000 would also anticipate bond proceeds.

Moving to the Capital Projects CIP, Mr. Cox said there is \$15,000 for pool improvements stating staff looked at projects that would help lower operating costs such as new filters, larger circulation motors and a pool cover. Vice Mayor King asked if we have checked into a salt system with Mr. Cox stating it is currently being looked at. Mr. Cox then stated this project funding is anticipated out of bond proceeds.

Mr. Cox then stated the balance of projects in the Capital Projects CIP fall under the Public Works Department and asked Brad Hamilton, Public Works Director to address Council concerning them. Mr. Hamilton briefly described the projects beginning with Ocotillo Phase II, 4th Street to Interstate 10 stating this project was left in the CIP in case we obtained grant funding since it is a functioning classified road.

Mr. Hamilton then stated in years past we used HURF money, from the State, adding that we would take the federal funding and after giving it to the State, the State would give back 90% of it in HURF money, eliminating federal requirements, but now since the State wiped the HURF money, the funding in the grant would be federal, so the additional requirements would have to be met. Mr. Hamilton stated it is for the redesign of Ocotillo, environmental requirements, etc and noted the grant is highly competitive with \$2.5 million available every 2 years to Graham, Greenlee, Cochise and Santa Cruz counties as well as all the towns and cities in them.

Mr. Hamilton then stated the General Plan Update is to work on the General Development Plan as we move closer to having to renew it, the Ocotillo Line Replacement is for the gas line between 4th Street and Union, the Pomerene Road Line Replacement is an upgrade to deal with some low pressure issues under high demand in the gas system, the Water Line Sleeves are the sleeves Council recently approved to go under the Traffic Interchange on Interstate 10 and the West End Pressure Reducing Station is to bring pressure down and tie it into the upper zone water system to allow higher flows and provide parallel lines into town. Mr. Hamilton continued stating the 5th Street and Ocotillo Water Line is to upgrade the water line to increase the pressure on Ocotillo and the Ocotillo Sewer Line Replacement was the sewer line in need or replacement.

Council asked about the projects in order of severity with Mr. Hamilton stating there are smaller projects, but that the Ocotillo sewer line comes to mind as the most urgent with the utilities under Highway 80 also needing to be looked at but that the City could hopefully address them at the same time ADOT repaves Highway 80.

Mayor Fenn asked if Mr. Hamilton could identify the projects that were funded by the proposed bonds and the projects that are funded by the enterprise funds with Mr. Cox stating the construction sales tax and proposed bond proceeds are the only two sources of funding for all the projects in the Capital Projects CIP and that without the proposed bond proceeds we will have to take a hard look at the CIP and probably move those projects into the next year. Discussion was then had about which projects would be priority if the proposed bonds were not approved with Mr. Hamilton stating the Ocotillo sewer line is the first project they would look at, followed by the 5th Street Ocotillo water line and the pressure reducing station and maybe the Pomerene Road line replacement because we already have the pipe in stock. Mayor Fenn then asked if there would be any carry over of any construction sales tax from this year to next with Mr. Cox stating there will be no balance left to carry over. Mayor Fenn then asked about the payment made to Wal-Mart and if the construction sales tax was used for it with Mr. Cox verifying that was correct since the improvement was in the Capital Projects CIP.

Councilmember John Lodzinski then asked about the police department's vehicles. Chief of Police Paul Moncada addressed Council stating they have one vehicle that will require \$7,000 to \$10,000 in repairs and are hoping to replace it, but that most of the other vehicles, at this point, were not in bad shape, adding that due to the economic environment, the department has kept up the maintenance of the vehicles to hopefully stretch their life cycle and defer replacements for another year.

Mr. Cox then stated that Mr. Moncada's statement of deferring projects for another year was really applicable throughout the CIP, that the City has deferred projects for 2 years and is looking at deferring them for another year, which is one of the reasons he began looking at the proposed bond plan.

Discussion then moved to the Gas Fund CIP with Mr. Hamilton addressing Council stating all the projects were pushed back one more year with the exception of the telemeters, which was lowered by half. Mr. Hamilton stated we are not actively replacing meters, but are trying to follow the cycles or neighborhoods so when replacement of the gas or water meter is needed, we could replace the other one at the same time thereby saving manpower and time in reading the meters, once they are done.

Vice Mayor King asked if with the recent audit, the gas department needed to upgrade or put in any new projects with Mr. Hamilton stating the exit audit will be held on May 24th, but that when the system and

safety checks were performed, nothing was noted. Mr. Hamilton then stated with the change of auditors, who all see the audit differently, they spent 3 days going through all the paperwork in the gas department and that he expects there will be write-ups in the paperwork.

Councilmember John Lodzinski then asked what percentage of the meters have been changed out with Mr. Hamilton stating approximately 40% of the gas and water meters are completed. Mr. Cox then stated the CIP did not schedule use of all the bond proceeds; only \$1.7 million was in for capital improvements and that it would be Council's pleasure to program the balance into the CIP to accelerate meter replacement or complete any other project. Councilmember Lodzinski stated he would be sympathetic to streets first.

Councilmember Sacco then asked about the projects that required additional staff with Mr. Hamilton stating these are mostly federal projects that require bringing in a consultant for the project, or contract administration, giving for examples SEAGO for the CDBG funding and Stantec that we have used in the past for airport projects. Mr. Hamilton then stated it would depend on what the project requires, that if it's a City funded project, the City sets the requirements, but that if it's a federally funded project, the federal government sets the requirements. Mayor Fenn asked if additional requirement costs were included in the projects with both Mr. Cox and Mr. Hamilton verifying the project amount listed in the CIP was for the entire project and that all costs, including administration costs were included.

Mr. Cox then stated at the end of the current fiscal year, the gas fund will be very close to breakeven and the water fund will be a positive, since we didn't spend much capital this year and are getting the benefit of the integration of the Sue Juan system and customers.

Mr. Hamilton then addressed Council regarding the Water Fund CIP stating there are two projects; the telemeters, which has the benefit of cutting our loss rate tremendously, down to about 11% and the Ball Park Well Reuse project. Mr. Hamilton briefly described this project stating it was to bring the well at Lion's park online and use it for irrigation. Mr. Hamilton stated Lions Park takes approximately 38 acre feet per year and that if we could bring the well back on, not only could it save us electricity since we would not be lifting the water as high, but that we could use the higher arsenic water and save the low arsenic water for potable use. Councilmember Lodzinski verified this would separate the lines that go to the drinking fountain and restrooms with Mr. Hamilton stating there would be a new line from the well to the sprinklers and we would equip the well with the equipment needed to set the pressure and tie the need to the operation of the well. Vice Mayor King asked about the water fund with Mr. Cox stating the revenues are expected to exceed expenditures by about \$75,000 this year. Vice Mayor King expressed his concern about funding for an unforeseen emergency with Mr. Cox stating it is a valid concern. Mr. Cox then added that historically, the water and wastewater funds have both operated at significant deficits and that while the current rate structure covers cost of operation, it doesn't allow for build up of capital for repairs, maintenance and upgrades. Councilmember Lodzinski agreed stating that is why the rate study needs to be completed with Mr. Cox stating it will be done and will include building up a contingency fund for emergency repairs.

Mayor Fenn asked about the cost of the telemeters, comparing water and gas with Mr. Hamilton stating gas meters are easily updated with the face being replaced and that the water meter is more costly since they require replacement of the entire meter, but that the benefit is greater, since as meters get older, they get slower. Mr. Hamilton then stated the loss of billing for water is down from 29% to 11% and the standard recommendation is that it should be less than 10%, noting that we're almost there.

Councilmember Sacco asked Mr. Hamilton about the streets project of the milling and replacement of streets and the additional staff with Mr. Hamilton stating the amount of additional staff anticipated would be directly related to the size of the project. Mr. Hamilton then stated this project was in the CIP and was with the assumption of a bonding issue specifically for the streets, as discussed at a previous Council meeting. Mr. Hamilton noted the project stated design would start in 2 years and construction in 3 years, adding the project was put in to allow Council to determine when it would move forward. Mr. Cox reiterated that would be a separate bond issue than the one Council is looking at right now, noting a streets

bond issue would probably be based on property taxes, rather than excise taxes.

Mr. Hamilton then addressed the Wastewater Fund CIP stating the Vactor Trailer was a vacuum system to vacuum out the sewer lines and was also used for potholing and the High Pressure Jet Router, which was over 20 years old, were the pieces of equipment he addressed Council with at an earlier meeting. Mr. Hamilton then stated the balance of the projects in Wastewater were for the required permit renewals.

Mr. Cox then addressed Council regarding the Transit System CIP which is entirely funded by Federal FTA Grant funds. Mr. Cox stated he is anticipating the purchase of 1 van this year and 2 vans next year as we expand into the fixed deviated route. Mr. Cox then stated the upcoming fiscal year also includes bus stops and signage, a laptop computer and communication equipment that will all be paid for with grant funds. Mr. Cox said the City applied for 3 different grants; the first 2 being graded with the City being first in the state on one and third in the state on the second. Mr. Cox then said the largest grant, the 5311 grant, has yet to be announced, but that he's told it's moving along very well. Vice Mayor King stated this program is a big benefit to the community, providing rural transportation for citizens, with minimal costs to our taxpayers. Mr. Cox agreed stating the vast majority of this cost is through grants and that the results of this program are very much like he anticipated which was that the City will pay equal to or less than what we paid on a donation basis in the past and that it is a great opportunity to step up service dramatically without putting any larger burden on our local taxpayers.

Mr. Cox then asked Mr. Hamilton to address the Airport Fund CIP. Mr. Hamilton stated there were anticipated projects this year, which were designed and ready to bid, but that the FAA asked us to hold them up until congress finishes working on appropriations on the transportation bill, and that we still haven't heard anything. Mr. Hamilton stated this meant pushing them back to next year, and that they are bid ready if the grant money becomes available, noting the \$1.3 million is programmed in the CIP in case all projects in the pipeline get funded. Mr. Hamilton stated the projects are to fix the cracks and resurface the runway, the addition of a helipad, a fence project, a back up generator, and the environmental study for expansion. Mr. Hamilton stated he put these projects in to have projects in place, noting that on occasion the FAA contacts entities when year-end money is available and to utilize it, we need to have shelf ready projects that can be ready to bid on a very short notice.

Mr. Cox then addressed Councils stating the CIP presentation was concluded and that he would like to make a request that Council give an informal approval with any changes they would like to make as we go through the budget process.

Councilmember Lodzinski asked about the survey that needs to be done on 4th Street for the excess right of way that ADOT turned over to the City, with Mr. Hamilton stating a survey would need to be done to see what would actually belong to the City, but it has not been done yet.

Mayor Fenn then stated the next budget worksession would be on May 17, 2010 at 7:00 p.m. with Mr. Cox stated the schedule for the meeting would be to go over general fund revenue and personnel costs, and that the finance office would have the preliminary budgets to Council on the 12th or 13th and he would be prepared for Council's pleasure regarding the schedule.

**ADJOURNMENT:**

Vice Mayor King moved to adjourn at 6:47 p.m. Seconded by Councilmember Lambert. Motion passed 6-0.

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Mark M. Fenn, Mayor

ATTEST:

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Vicki L. Vivian, CMC, City Clerk