

**THE REGULAR MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD JUNE 28, 2010 AT 7:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

CALL TO ORDER:

Mayor Fenn called the meeting to order at 7:00 p.m. with the pledge of allegiance. Mayor Fenn then introduced Pastor A.B. Blair of the First Baptist Church who offered the invocation.

ROLL CALL:

Present were: Mayor Mark M. Fenn, Vice Mayor Toney King, Sr. and Councilmembers Jo Deen Boncquet, David Lambert, John Lodzinski, Lori McGoffin and Al Sacco.

EMPLOYEE RECOGNITION: None

PROCLAMATION: None

PUBLIC HEARING: None

CALL TO THE PUBLIC:

Dan Barrera addressed Council stating he appreciates the pledge of allegiance and the invocation. Mr. Barrera then stated he had been in the chairs they have been in and remembers the bed tax when it was put in place to assist with the visitor center. Mr. Barrera then stated he was a little concerned with the process of the bed tax increase being done and that he appreciated the City Manager bringing the ordinance to the businesses. Mr. Barrera then stated he spoke with Councilmember McGoffin and then set an appointment with the City Manager to discuss this issue. Mr. Barrera then stated he was speaking on behalf of his business and as a tax collector and asked if there was a problem with the amount of transient tax that is generated and if it was not enough, as well as if the funding is going into the promotion of our community. Mr. Barrera then stated he felt the Chamber should stand on its own, but recognizes the City also has a visitor center that also helps promote tourism. Mr. Barrera then stated the problem is too many times government imposes a tax, before asking if there is a problem, have they done what's necessary and if the increased funding will fix the problem. Mr. Barrera then stated he knows the state is not funding cities as they were, but hopes Council will look at the problem and see what else can be done to fix it and what else can be done to generate some more revenues, since the increase in the bed tax rate will result in imposing a total tax rate of 13.65%.

Jim Gray, owner of Dillon's Corral addressed Council stating he would like to say he thinks the Council and Staff have been doing a great job, adding there have been no major conflicts going on and it's been a major relief. Mr. Gray then stated there have been a few missteps and feels the increase in bed tax is one of them. Mr. Gray stated he is aware the bed tax hasn't been increased since 1989 and finds it refreshing. Mr. Gray then stated while it's true that Benson's rate is low compared to the rest of Cochise County, many of the other surrounding areas aren't RV destinations and whether we like it or not, Benson is an RV destination. Mr. Gray then stated in 2002, Tucson put a 50¢ a day tax to pay for baseball fields and in the first year, they lost 20% of their RVers, in the second year, they lost 10% and in the third year they did away with the tax. Mr. Gray stated we need to remember that RVers have their homes attached to them and if they don't like something, they simply leave. Mr. Gray then stated you shouldn't bite the hand that feeds you and that he hopes the Council will hear some other opinions and make up their minds.

Ron Iverson addressed Council stating he would read a statement from Mary Iverson, who was unable to attend the meeting. The statement read a thank you to those who voted no on the increased bed tax rate and that she was very disappointed in others. It read that Ms. Iverson had been in Benson 30 years and she was contacted by Pam Harlan in 1989 when the bed tax was imposed and it was stated all funds would be used for tourism, which has not always been the case. The statement continues saying the remaining

Councilmembers must have not done their homework and just went along with the others. The statement then asked Council to remember they are elected by the people of Benson and they should protect them as well as the City's RVers, since without them our town would be in dire straights, asking Council to think about the issue.

Art Bale, of Cochise Terrace, addressed Council stating 12 years ago they purchased 54 acres to open at the same time the caverns did and since the caverns were late opening, it had been tough going. Mr. Bale then stated RVers are a tight knit group and they shop around. Mr. Bale stated he would like to submit to the City that Wal-Mart is our biggest tax base and that RVers support Wal-Mart. Mr. Bale stated the spinoff is far worse of implementing the 2% instead of not implementing it. Mr. Bale then stated he would like to say that City Manager Glenn Nichols has done a good job and he would like to thank the Council for renewing the City Attorney's contract, stating they are doing a good job.

Jeanette Robichaud addressed Council stating he was not there regarding the bed tax, but was from the Seventh Day Adventist church and they worship on Saturday. Ms. Robichaud stated for years they have moved their services around the City parades, which has inconvenienced them in getting to church. Ms. Robichaud stated the parades are fine, but the City blocks 6th Street and Patagonia Street and feels it has been done without thought and that the church members are partly at fault for not letting the City know. Ms. Robichaud then stated church members have had to get to the church before 9:00 a.m. or park several blocks away and some can't do that and were stopped from going to church. Ms. Robichaud asked Council to remember that members are dressed for church and must walk in the heat if they can't access the church's parking lot. Ms. Robichaud stated the members have no problems missing the parade, but feel they shouldn't have to miss church because of it. Ms. Robichaud stated she had approached the City and been told it was too late to change the parade route, thanking Council for listening. Mayor Fenn stated this was a legitimate concern and staff would look into it.

Randy Robichaud addressed Council stating he agrees with Jeannette Robichaud on the issue of the parade and that they have at least 3 90+ year olds coming to church. Mr. Robichaud stated he realized this item wasn't on the agenda for action, but he feels the first amendment supersedes Arizona Revised Statutes and requested Council address the issue at the meeting.

Sandy Olbergh addressed Council stating she was a member of Seventh Day Adventist church, which is located on the same corner it has been for over 50 years. Ms. Olbergh stated over the years, it has been difficult for them to go to church when the City has a parade and that she has tried to work with the police over the years, and if the police remember, the members are told they can have access, but there have been times that she has been turned away, asking Council to give this issue consideration.

Mark Estep, from the Butterfield RV Resort, addressed Council concerning the bed tax rate stating he would like to echo Mr. Gray and Mr. Bale. Mr. Estep stated a lot of RVers come to Benson short term to see how they like the City and the accommodations, adding that most of the people that come here long term started out short term and looked around and liked what they saw. Mr. Estep stated the short term RVers would not be aware that if they became long term RVers, the bed tax would not apply to them. Mr. Estep stated the word will just get out that they shouldn't go to Benson, because the tax rate is too high. Mr. Estep then stated Benson gets a lot of transients that are pass through traffic and if there are excessive taxes, the next problem will be overcrowding in the Wal-Mart parking lot. Mr. Estep then stated if we don't generate new tourists, the City will be hurting, since we won't generate a new base and asked Council to not support this tax.

Maxine Vert, on the SKP Board of Directors addressed Council on the bed tax rate stating there are many RV parks in the City of Benson that add revenue to the City and it would be in the City's best interest to be known as being RV friendly. Ms. Vert stated the higher rate won't add anything to the City, noting Pima County lost many RVers when they implemented an extra bed tax. Ms. Vert stated that is why they came to Benson from Tucson in the first place and asked Council to not support this tax increase.

Sylvia Burnside addressed Council stating she was an RVer for 8 years and stayed because she liked Benson. Ms. Burnside then stated she was representing the San Pedro Valley River Arts Council and

wanted to let Council know how much they appreciate the art space in the Council chambers. Ms. Burnside then stated the new display is called “Faces”, and will be up until August 21. Ms. Burnside then stated she would also like Council’s blessing in regards to keeping the facility open on Saturdays from 1 to 4, adding she doesn’t have the help yet to do that, but that it might encourage more artists to participate, if they were able to say the facility is open at a certain time. Mayor Fenn stated if the Arts Council could staff the chambers on a Saturday, we would be happy to keep it open. Mayor Fenn then stated for those who spoke regarding the bed tax, the item will be discussed as part of the agenda and for those who spoke regarding the parade, they could see him after the meeting to discuss what could be done.

CITY MANAGER REPORT:

City Manager Glenn Nichols addressed Council, giving the dates of upcoming meetings and events.

July 5, 2010 – HOLIDAY, City Offices Closed
July 6, 2020 – Planning & Zoning Commission, 7:00 p.m., City Hall
July 12, 2010 – City Council, 7:00 p.m., City Hall
July 13, 2010 – Library Advisory Board, 4:00 p.m., City Library
July 17, 2010 – Historic Preservation Commission, 9:00 a.m., City Hall
July 19, 2010 – Economic Development Subcommittee, 5:15 p.m., City Hall
July 26, 2010 – City Council, 7:00 p.m., City Hall
July 27, 2010 – Community Watershed Alliance, 6:30 p.m., City Hall

June – City Pool – The pool is open Monday through Saturday from 11:00 a.m. to 5:00 p.m. and Sunday from 1:00 p.m. to 5:00 p.m., Swim lesson schedule and the pool activity schedule are available at www.cityofbenson.com under “what to do today”

July 3, 2010 – 4th of July Celebration, Lions Park

June/July – Summer Recreation Programs – The Recreation Department offers many activities. Information on activities and camps are available at www.cityofbenson.com under “what to do today”

Mr. Nichols then stated there are schedules available for the 4th of July activities and that he would work on accommodating the members of the Seventh Day Adventist church members concerning the parade.

NEW BUSINESS:

1. Consent Agenda

- 1a. Minutes of the June 7, 2010 Special Meeting
- 1b. Minutes of the June 14, 2010 Regular Meeting
- 1c. Basic Service Contract with South Eastern Arizona Governments Organization (SEAGO)
- 1d. Invoices processed for the period from June 8, 2010 through June 19, 2010

Vice Mayor King moved to approve the Consent Agenda. Seconded by Councilmember Sacco. Motion passed 7-0.

2. Presentation and transfer of the Dial-A-Ride program and two transportation vans from Catholic Community Services to the City of Benson

City Manager Glenn Nichols introduced Mr. Chuck Fisher, Executive Director and Connie Gastelum, Transportation Program Director of Catholic Community Services (CCS) stating they were at the Council meeting to transfer the transportation program to the City of Benson effective July 1. Mr. Nichols stated this includes 2 vehicles that will be leased to the City on a long term basis and that later in the year the City will provide an expanded transit program. Mr. Fisher addressed Council stating CCS has been providing services for seniors and the disabled to our community for approximately 20 years and will continue providing the meals program, but would be transferring the transportation program to the City. Mr. Fisher

then stated Southeastern Arizona Governments Organization (SEAGO) would continue it's funding for seniors and disabled but that the City will provide the rural transportation program. Mr. Fisher then stated CCS will be donating a 7 passenger and a 9 passenger vehicle, both of which are wheelchair accessible, to the City under a \$1.00 per year lease for the remainder of the lease period and will then be giving the vehicles to the City. Mr. Fisher then congratulated the City for taking this step, adding that he believes more and more people are taking public transportation. Mr. Fisher again congratulated, the City staff and Mayor and Council. Mayor Fenn thanked Mr. Fisher and CCS for the years of services they have provided. Councilmember Lambert asked if there were any way to use the vehicles to shuttle people to the Seventh Day Adventist Church during the 4th of July parade with Mr. Nichols stating the vehicles would not be available until July 1 and that he would work on the parade and make sure church members are able to get to the church.

3. **Presentation on Cochise County's Arizona Centennial Planning Committee on the committee's activities and the request of a letter of support for formal state designations of its county-wide Arizona Centennial project by Denise Lundin (Cochise County Clerk of the Superior Court) and Carrie Gustavson (Director, Bisbee Mining and Historical Museum), co-chairs of Cochise County's Arizona Centennial Planning Committee**

Denise Lundin, Cochise County Clerk of the Superior Court addressed Council thanking them for the opportunity to present this item. Ms. Lundin then stated she had, Carrie Gustavson, the Director of the Bisbee Mining and Historical Museum and Bob Nilson from the City of Benson with her to discuss their request. Ms. Lundin then stated Arizona is getting ready to celebrate its centennial in 2012 and that under the website, www.Arizona100.org, two initiatives can be found; the Centennial Signature Event and the Centennial Legacy Project. Ms. Lundin then stated one Legacy Project was the Arizona Memory Project, which is a statewide digital history collection and that she has been in the process of adding Cochise County court history records to the collection and should soon have the coroner's inquest for the shoot out at the OK Corral available for viewing. Ms. Lundin then stated the project she wished to address Council on is called Cochise County History on the Move and stating they are asking for Council support in seeking both the Centennial Signature Event and the Centennial Legacy Project designations. Ms. Lundin then stated approximately 5 years ago, the Arizona legislature passed a proclamation calling upon all elected officials to put together history projects and events to commemorate our state's 100th year of statehood, and in turn, Cochise County Supervisors asked Recorder Christine Rhodes, County Treasurer Marsha Bonham and her to put together a committee to address the celebration. Ms. Lundin then stated Carrie Gustavson is known nationally for her efforts and turned the time over to her. Ms. Gustavson then addressed Council stating the committee representatives were from businesses, chambers, museums, historical societies and City governments, adding that the group is very large and inclusive. Ms. Gustavson then stated they wanted to do a countywide project that can be enjoyed by all that would be celebrating our shared heritage and would not compete with potential funding of local centennial celebrations. Ms. Gustavson then stated their plan is for an outdoor traveling exhibit consisting of 25 to 30 life size photo cutouts of our history makers in the County. Ms. Gustavson stated the exhibit will consist of a visual piece; the exhibit that could be displayed in a park and a verbal piece; the stories of these people in the form of a booklet. Ms. Gustavson stated their goal is to get the printing done for free to be able to distribute the booklet to all Cochise County families. Ms. Gustavson then stated they are also in the process of creating an interactive website, so anyone can add and contribute photos and stories of someone who helped make our history. Ms. Gustavson then stated for the display, the committee decided to focus on 3 things; they wanted to represent all of our history, have a wide geographical distribution and a broad chronological coverage. Ms. Gustavson stated the committee selected the figures and asked Bob Nilson of the City of Benson to address Council concerning the Benson figures. Mr. Nilson stated the figures are William Ohnesorgen, who was in transportation and was in Benson before it was a city, adding that Mr. Ohnesorgen was at one point, a coroner and saloon owner. Mr. Nilson stated the second figure is Jose Miguel Castanega, the owner of the Virginia Hotel, adding that Mr. Castanega's partner was Joseph Goldwater and the third figure is Jimmy Judd, who was in law enforcement and many people know. Ms. Gustavson then stated they are seeking letters of support to get state recognition through the 2012 foundation events and legacy groups, they are introducing Adopt a Figure fundraising efforts for the display and are continuing to work on the website, www.Cochise100.org. Ms. Gustavson stated they are looking for in-kind donations, adding they are working with utilities for in kind printing donations for the booklet, they have received

historical research from their members, the website is being provided by Cochise County Information Technologies, the graphic design for figure production, the book design and editing are being provided by the City of Sierra Vista and the Cochise County Tourism Council will do the marketing. Ms. Gustavson then stated they are currently working with City and County Public Works Departments to install and take down the exhibit, noting that Cochise County has confirmed they would transport the exhibit around the County, which will be available for a 1 month loan to any community that wants it. Bob Nilson then addressed Council again stating they would like is a letter of support for State recognition, an IGA for the display to be set up and taken down and if possible, to extend insurance to cover the display while it's in Benson. Mr. Nilson then stated Jimmy Judd's figure had already been adopted, but that the remaining 2 figures were available for adoption in the amount of \$450.00 each. Mayor Fenn thanked them for their presentation and stated the City would draft a letter of support and see what else could be done.

4. **Presentation on the House Ridge Estates Subdivision by the Southeast Arizona Economic Development Group (SAEDG)**

George Scott of Southeast Arizona Economic Development Group (SAEDG) addressed Council giving a brief history of the House Ridge project, located in the infill area on Pearl Street by the water tank. Mr. Scott stated the 33 lot subdivision was to be built and homes sold in the \$200,000 range, but with the drop in the housing market, the plan quickly faded and the developer lost the property back to the banks. SAEDG then approached the banks with a plan to complete the project in 2008 and by the summer of 2009, the banks agreed to work with them. Mr. Scott then stated after many months of work, the title to the property now belongs to SAEDG and they have worked with the banks, a builder and so far, have spent over \$75,000 on the project. Mr. Scott stated he would like to make it clear that SAEDG did not receive any special treatment from the City, adding he did not ask for it and did not get it. Mr. Scott then stated the builder was asked to be a partner and agreed to use local contractors when possible. Mr. Scott then said in June, SAEDG got the permits to construct 2 homes and they should be completed by the end of August and available, noting qualified buyers can get 100% financing. Mr. Scott then stated SAEDG's goal with the completion of the project was to bring affordable homes to the downtown Benson area, hoping it would bring jobs, etc. to the economy. Mr. Scott then stated they would like to give Benson residents the opportunity to buy homes first and can help them by steering them to the financing mechanisms. Mr. Scott then stated he would like to thank National Bank of Arizona and Alliance Bank of Arizona, Pioneer Title, Dycon Builders and the City Manager and City Staff for their cooperation and he would be happy to answer any questions.

Mayor Fenn spoke stating he appreciates that SAEDG has turned an eyesore into a project and appreciates someone is taking care of the property. Vice Mayor King stated he had been by the project over the previous weekend and was impressed with the homes. Mr. Scott then stated he felt the homes will be nice and that the price range is great, crediting both National Bank of Arizona and Alliance Bank for working with SAEDG. Councilmember Lodzinski stated he was glad to see the homes in an area that people have wanted and needed affordable homes, adding he thinks it will help keep workforce people in Benson. Councilmember Lambert stated he had been up to the project several times, had been through the homes and feels it is a great project and they are doing an excellent job. Mr. Scott then stated he hopes completing the project will be a recommendation for people to invest in Benson.

5. **Discussion and possible direction to staff regarding the requirements to serve on the City's various boards and commissions**

Public Works Director Brad Hamilton addressed Council stating over the past few months, the City has been trying to recruit appointments for the Planning & Zoning Commission, the Board of Adjustment and the Board of Appeals, stating he has had interest from people who have a stake in Benson, such as business owners, but who are not qualified electors because they live outside the City limits. Mr. Hamilton then stated he is seeking Council's input on options such as a certain percentage of each board being residents of the County with a vested interest in the City of Benson. Mr. Hamilton then stated another component of the Board of Appeals is that it requires job knowledge and skills in the construction industry since they would oversee building decisions, adding it's hard to find people to fill that board. Vice Mayor King stated he knows how hard it is to fill these positions and he feels that since the decisions affect other areas, we

should get out of the box and take the surrounding area into consideration when filling these appointments, but feels the majority of the boards should be City residents. Councilmember Boncquet stated she agrees with Vice Mayor King that we could look outside the City limits, but would like to see the majority of the boards be City residents. Councilmember Boncquet stated she also knows how hard it is to get people to serve on a regular basis when they are doing it for gratis and are just trying to help the community and she feels the City may get people with a vested interest with businesses in the City to serve if they are able. Councilmember Lambert stated he also feels we should look beyond the City limits, but feels it should be limited to within 10 or 15 miles of the City limits. Councilmember Sacco asked Mr. Hamilton if he had received any indication of present members on the Planning & Zoning Commission that are not willing to extend their terms with Mr. Hamilton stating he has received no indication they would be willing to continue or not. Councilmember Sacco then stated the members there are willing to extend their terms. Mr. Hamilton then stated 1 person on the Board of Adjustment has indicated he no longer wants to serve on that board, but may be interested in serving on the Board of Appeals, noting both of these boards have been difficult to fill. Councilmember Sacco asked Mr. Hamilton where the City has advertised with Mr. Hamilton stating advertisements were placed in the local newspaper and letters were sent to all local churches, civic organizations, schools and the like. Councilmember Sacco suggested advertising on the radio. Councilmember Lodzinski asked City Attorney Mike Masee if there was a problem with members of boards or commissions not being a City resident with Mr. Masee stating he had not done his full research, but has not seen any statute that requires City residency. Councilmember McGoffin stated some of the boards have 7 members and asked if they could be condensed to 5 members and added that she understands looking outside City limits, but would like to stay close to Benson, and would like to keep a majority of City residents on the board. Councilmember McGoffin then stated she has heard 1 or 2 people from the Planning & Zoning Commission are not requesting to renew their terms and if there are people that want to serve, we should be happy to get them as long as they are qualified. Councilmember Lambert then stated there are a few controversial boards that have 7 members, such as the Planning & Zoning Commission and the Board of Adjustment that should remain at 7 members.

Mayor Fenn stated if there is nothing statutorily against it, he would support looking outside the City limits, but asked that the majority of a board or commission be City residents and added he would support a requirement of property ownership in Benson, whether it be property or a business. Mayor Fenn then stated as far as limiting it to a certain geographical area, he feels a business owner that lives in Tucson still has invested in Benson, pays taxes in Benson and that they should have a voice in Benson. Mayor Fenn then stated if we advertise with these liberal requirements, we should get more responses. Mr. Hamilton stated he has had some responses and interest, but they were people who couldn't serve because they were outside the City limits, noting he will move forward with the discussed proposed changes.

6. **Resolution 45-2010 of the Mayor and Council of the City of Benson, Arizona, approving a Final Budget for Fiscal Year 2010-2011**

Finance Director Jim Cox addressed Council stating they approved the Tentative Budget on June 7, 2010 and has completed the required notice postings, held the required public hearing and now Council can act on the budget. Councilmember McGoffin asked Mr. Cox if the bed tax rate would affect the budget with Mr. Cox stating if the bed tax rate remained at 2%, the projected revenues would be under budget, but the issue would not affect the bottom line of the budget. Councilmember McGoffin then moved to approve Resolution 45-2010. Seconded by Councilmember Lodzinski. Mayor Fenn stated this would be to approve a budget of \$22,006,277 for Fiscal Year 2010-2011. Councilmember Lambert stated he would like to point out, concerning the bed tax issue, that revenue last year was in the amount of \$95,000 and this year is \$78,552, noting it had already dropped over \$16,000 from last year to this year regardless of the rate. Motion passed 7-0.

7. **Ordinance 544 of the Mayor and Council of the City of Benson, Arizona, amending Section 8A-447 of the Model City Sales Tax Code for the City of Benson changing the Tax Rate for Transient Lodging; Providing penalties for the violation thereof; providing for severability, making provision for existing contracts and designating an effective date**

Mayor Fenn gave a brief history stating a bed tax ordinance was brought before Council two weeks ago and passed with a 4-2 vote, adding the ordinance did not provide for an effective date. City Attorney Mike Massee addressed Council stating the passed ordinance was not null and void, but upon contacting the Arizona Department of Revenue (ADOR), we found they wanted something very explicit in the ordinance as to the effective date, adding that even without an explicit effective date; ordinances are in effect 30 days after Council approval. Mr. Massee then stated ADOR was relying on an IGA with the City that requires a 60 day advance notice before they are to collect under a new tax rate. Mr. Massee then stated that their requirement does not void the previously passed ordinance, but it would make ADOR lag behind the effective date in collections and to avoid the difficulties associated with this, the item was being brought back to Council to give ADOR at least 60 days advance notice by adding an explicit effective date of September 1, 2010. Mr. Massee stated the proposed ordinance also contains a strikeout provision to strike the ordinance passed 2 weeks ago which essentially would go into effect 30 days after it was passed. Mr. Massee then stated both ordinances would be legally effective, but if this proposed ordinance before Council passed, the effective date of the new bed tax rate would be September 1, 2010.

Mayor Fenn then stated there were numerous opinions given on the bed tax issue and he maintains his previous position that he is not in support of the increase. Mayor Fenn then asked if there was other discussion from the Council. Councilmember Sacco stated he was also not in support of the increase and that it was unfortunate none of the businesses were notified of the proposed increase before the first ordinance was presented. Councilmember Sacco then stated, that was the reason he requested the item be placed back on the agenda, giving the public the opportunity to address Council. Councilmember Sacco then stated with today's economy, this is not the time to raise taxes and since it's been a difficult time to attract visitors, we shouldn't do anything that would complicate the attraction of visitors. Councilmember Sacco then stated he appreciates Mr. Cox's efforts in completing comparisons with other cities, however, the cities chosen are not comparable with Benson, some are not RV towns, and there are a lot of circumstances that are different than Benson such as population, attraction and location. Councilmember Sacco continued stating as mentioned during call to the public, when Tucson imposed the higher tax, they lost all the RV traffic and he doesn't want that to happen to Benson, adding that the argument that other cities and towns have a higher tax is irrelevant. Councilmember Sacco then stated in reviewing the data provided by the Arizona Office of Tourism, the majority of the bed tax rates provided are in the 2% range with very few being higher than 3 or 4%. Councilmember Sacco then stated that he had just received a call from a local RV owner who is in the final stages of finalizing plans to build another RV park and that he has put it on hold pending the outcome of this increase. Councilmember Sacco stated if the intent is to increase revenues to offset expenses, maybe it's time to look at other ways to reduce expenses and for those reasons, he firmly believes his colleagues should vote to repeal the previous vote and stay firm on the present bed tax rate of 2%. Councilmember Sacco then stated at the appropriate time, he would make a motion to that effect. Councilmember McGoffin stated she spoke to the City Manager regarding finances and the State's cutbacks and then looked at the tourism budget for the current year, which contained \$12,000 for public notices and advertising, adding that as of March, 2010, we had spent \$10,000. Councilmember McGoffin then stated in the coming fiscal year, the City budgeted \$20,000 in tourism for public notices and advertising, noting that the City is planning on spending more to advertise and promote Benson. Councilmember McGoffin then stated she understands we don't want any more taxes and that RVers are important to our community, but that we need to advertise Benson and that with State cutting our funding, with the sales and bed taxes already down, the City is short, and if we don't increase the bed tax, we're going to have to cut advertising, which could hurt in the long run as well. Councilmember Sacco stated a lot of cities have eliminated their bed tax just for the reason that when they increased it, they lost the RV trade and him being an ex-Rver, knows that RVers look for nice places to stay and for reasonable rates. Councilmember McGoffin stated she does a lot of traveling and when she looks at the travel cost, she doesn't look at the tax rate, she looks at the bottom line. Councilmember Sacco then stated the majority of RVers who come to Benson are seniors, are on a fixed income, and that they do look at the tax rates. Vice Mayor King stated he has been bent on keeping the new tax rate, but is considering this issue again. Vice Mayor King then stated he doesn't understand that as Council has talked about this throughout the budget process, why it is coming up now, asking why anyone didn't say anything prior to the adoption of the ordinance. Vice Mayor King then stated he understands that not everyone is in favor of it, but again, that he didn't understand why anyone didn't come forward prior to two weeks ago when Council approved the previous ordinance. Vice Mayor King then stated he knows the City doesn't want to lose anyone and

that we have to keep our City growing because it affects everything in our community, but feels like the Council is in between a rock and a hard place. Vice Mayor King then stated he also understands we rely on winter visitors and tourists and Mr. Barrera's opinion that tourism should pay for itself adding if that is the way they want to go, and if the City doesn't raise this tax rate, we may need to have them get together and try to advertise something for themselves, since we may have to cut expenses in tourism.

Councilmember Lodzinski asked Finance Director Jim Cox how much the City spends in advertising, marketing, tourism and the visitor center with Mr. Cox stating the combination of the tourism division and direct support the City gives to the Chamber of Commerce is about \$160,000 per year and the increase would basically cover that expense. Councilmember Lodzinski asked if the City had done any cutting in that area with Mr. Cox stating the City has reduced the tourism expenditures by a significant amount, with a part-time employee who left and was not replaced and like every other department, have cut other expenses as much as we could. Councilmember Lodzinski then asked if an ordinance could be crafted that would raise the hotel tax but not the RV tax. Councilmember Lambert stated he had staff look into that possibility, speaking to Mr. Tom Belshe at the League of Arizona Cities and Towns, and was informed there was no way to separate it, that it would be segregating. Councilmember Boncquet then spoke apologizing to the people who were not noticed sooner, but stated she still stands with the tax and doesn't know how else the City is going to balance everything. Councilmember Boncquet then stated this is a transient tax and when she travels she pays the tax of her destination. Councilmember Boncquet then stated she thinks it would be nice if the RV parks would educate their RVers and let them know that if they will be here longer than 30 days, which a majority of them are, they will not pay the tax. Councilmember Boncquet then said the benefits of the bed tax increase outweigh the risk and without it, the City will need to tax somewhere else that would hit all of us and that while she knows this hits a specific group, she knows it is what needs to be done, adding that she doesn't feel it's the greatest decision, but doesn't know what else we can do. Councilmember Sacco then stated instead of adding additional taxes, another solution is to reduce expenses, adding that a lot of cities have found that when they raise this tax, they have lost a lot of RV trade. Councilmember Boncquet stated the City has cut and cut from its budget, citing there are positions that have been vacant and there are no plans to fill them and that some of the Council has given the City money back from their salaries. Councilmember Sacco then stated the Council needs to look at further cuts.

Mayor Fenn then asked the City Attorney what would happen to Ordinance 543 if Ordinance 544 was or was not approved. City Attorney Mike Masee stated if Ordinance 544 were not approved, there would be no effect to Ordinance 543, which would still go into effect 30 days after it was approved, theoretically. Mr. Masee then stated if Council's intent is to undo what has been done, he would suggest making a motion to approve Ordinance 544 with an amendment in the bed tax rate to 2%, which would then replace Ordinance 543; otherwise, Ordinance 543 would have to be brought back to Council to repeal it. Mayor Fenn then recognized that the Council could not take action to repeal Ordinance 543, since it's not on the agenda and that Council can take action only on Ordinance 544, either as it is written or with an amendment.

Councilmember Lambert stated as he previously mentioned, the bed tax revenue decrease of approximately \$16,000 is almost a 6% loss and that the revenue has been going down regardless of the rate, adding he wants to make it clear that the economy is causing some of this problem and if Council has to come back to this issue a year from now during the next budget worksessions, they need to take into consideration that the revenue is on a steady decline and has nothing to do with the increased rate. Vice Mayor King then confirmed Council could take action on Ordinance 544 as it stands or could amend it to 2% resulting in no change. City Attorney Mike Masee stated since Ordinance 544 is presented in the format as it is, his suggestion would be to call for a vote as it is written and if that doesn't carry, then Council could amend it.

Councilmember Sacco then moved to repeal the previous vote and Ordinance 543 and stay with the current bed tax rate of 2%. City Attorney Mike Masee stated the repeal of Ordinance 543 is not on the agenda, and therefore, in his opinion, would be out of order, adding the Council needs to address Ordinance 544. Councilmember Sacco then moved to approve Ordinance 544, leaving the effective date of September 1, 2010, but with an amendment in the rate to 2%. Seconded by Mayor Fenn. Councilmember Lambert asked for the motion to be repeated. Councilmember Sacco then stated his motion was to approve ordinance 544,

leaving the effective date of September 1, 2010, with an amendment that the tax rate be changed to 2%. City Attorney Mike Masee then suggested the motion amend the effective date to as soon as possible, which would be 30 days from approval, so there would be effectively no time in which a 4% rate would be in place. Councilmember Sacco then stated he would amend his motion to reflect such suggestion, making the ordinance effective as soon as possible. Amended motion seconded by Mayor Fenn. Motion failed 4-3 with Councilmembers Boncquet, Lambert, Lodzinski and McGoffin voting nay.

Councilmember Lambert then moved to approve Ordinance 544 as presented. Seconded by Councilmember Boncquet. Motion passed 4-3 with Mayor Fenn, Vice Mayor King and Councilmember Sacco voting nay. Councilmember Sacco stated prior to his vote that he was disappointed that Council was not paying attention to public opinion. Councilmember Lambert stated prior to his vote that he had spoken to several people that live in the RV parks in the City, with over a dozen people in the SKP Park alone and that they support this item 100% because most of them are here more than 30 days.

Mayor Fenn called for a 5 minute break at 8:40 p.m. Council reconvened at 8:49 p.m.

8. Selection of the City's Liability Insurance for Fiscal Year 2010-2011

Mayor Fenn stated Council had a worksession on this item and asked Finance Director Jim Cox if he had any additional comments he would like to add after the presentation given during the worksession. Mr. Cox stated he had no further comments and felt they covered the issue well in the worksession, but that he was available for any questions Council may have. Councilmember Lodzinski asked if the proposals included the transit service with Mr. Cox stating the program, including the vehicles, would have to be added to either proposal.

Mayor Fenn asked if there were further comments from Council and after receiving none, stated he felt that in the overall premium price, there was not a substantial difference in the cost and there are benefits in both proposals. Mayor Fenn then stated he felt the City has been well insured by the pool and has had a great experience in the past, but that he also appreciates a local businessman taking the initiative to offer an unsolicited proposal to the City. Mayor Fenn then stated as members of the community, Council should take a serious look at the local proposal, adding that the City promotes shopping in Benson and he does feel that a local agent would be beneficial to the City since he may have a feel for the City as a local citizen, that maybe another person wouldn't. Mayor Fenn then stated he means no disrespect to Mr. Bantel of the Arizona Municipal Risk Retention Pool (AMRRP). Mayor Fenn then stated one thing that should be pointed out is that with General Liability, should AMRRP be selected, the next agenda item becomes null and void, since Travelers will only offer a Workers' Compensation policy if they are selected for the General Liability Insurance carrier. Mayor Fenn then asked if there was a motion regarding this item.

Councilmember McGoffin moved to approve Arizona Municipal Risk Retention Pool, our current carrier, for the City's liability insurance for Fiscal Year 2010-2011. Seconded by Councilmember Boncquet. Councilmember Lambert then stated he had talked to a few people in the City regarding this item and that he would like to read from a letter of an employee of the City, which read, "In my opinion, changing insurance companies from what we already have would be an increase of about \$20,000 per year. As a City employee, in order to save the City money and prevent furloughs and layoffs, I chose to cancel my health insurance. I can surely understand trying to save money and I appreciate the job I have. I would not understand if we go with a change of this type of insurance which is going to cost the City more money." Mayor Fenn asked if there were other comments before calling for a vote. Motion passed 4-3 with Mayor Fenn, Vice Mayor King and Councilmember Sacco voting nay.

9. Selection of the City's Workers' Compensation Insurance for Fiscal Year 2010-2011

Mayor Fenn confirmed with Mr. Troy Jones of Jones-Wilson Insurance that Travelers would not be a valid proposal, since they would not offer workers' compensation insurance as a stand alone policy. Councilmember Lambert moved to approve Arizona Municipal Risk Retention Pool as the City's carrier for the City's Workers' Compensation Insurance for Fiscal Year 2010-2011. Seconded by Councilmember McGoffin. Motion passed 4-3 with Mayor Fenn, Vice Mayor King and Councilmember Sacco voting nay.

Mayor Fenn congratulated Mr. Ed Bantel of the Arizona Municipal Risk Retention Pool and stated the City looks forward to continue working with them and thanked Mr. Troy Jones for his effort in his proposal.

10. Review of City Finances with emphasis on April and May, 2010, financial results, the City's financial position at May 31, 2010, and discussion of projected future net revenues

Councilmember Lambert moved to table this item to the July 12, 2010 meeting. Seconded by Councilmember McGoffin. Motion passed 7-0.

EXECUTIVE SESSION: As per A.R.S. §38-431.03 (A)(3), for discussion or consultation for legal advice with the attorney or attorneys of the public body regarding Stagecoach Trails Mobile Home Court, Benson, Arizona.

Councilmember McGoffin moved to enter into an Executive Session with the City Council, the City Manager, the City Attorney, the City Clerk and Public Works Director at 8:58 p.m. Seconded by Vice Mayor King. Motion passed 7-0.

Council reconvened at 9:27 p.m.

DEPARTMENT REPORTS: None

ADJOURNMENT:

Councilmember Sacco moved to adjourn at 9:27 p.m. Seconded by Councilmember McGoffin. Motion passed 7-0.

Mark M. Fenn, Mayor

ATTEST:

Vicki L. Vivian, CMC, City Clerk