

**THE REGULAR MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD OCTOBER 12, 2009 AT 7:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

**MAYOR FENN
OPENED THE MEETING AT 7:00 P.M. WITH
THE PLEDGE OF ALLEGIANCE.**

**PRESENT WERE: MAYOR MARK M. FENN, VICE MAYOR TONEY KING, SR.
COUNCILMEMBERS JO DEEN BONCQUET, DAVID LAMBERT, JOHN LODZINSKI,
LORI McGOFFIN and AL SACCO**

INVOCATION:

Mayor Fenn introduced Pastor Lupe Diaz of Grace Chapel who offered the invocation.

**EMPLOYEE
RECOGNITION:**

Mayor Fenn recognized William Ellsworth for 25 years of service with the City.

PROCLAMATION:

Mayor Fenn read a proclamation declaring October, 2009, "Domestic Violence Awareness Month".

Mayor Fenn then stated a proclamation sent forth by the League of Arizona Cities and Towns recognized and declared October 19-23, 2009, "Arizona Cities and Towns Week".

CALL TO THE PUBLIC:

Steven Insalaco addressed Council concerning the recent article in USA Today regarding airports. Mr. Insalaco's comments are incorporated into the minutes.

CITY MANAGER REPORT:

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

- October 13, 2009 – Planning & Zoning, 7:00 p.m., – CANCELLED
- October 17, 2009 – Historic Preservation Commission, 9:00 a.m., City Hall
- October 26, 2009 – City Council Meeting, 7:00 p.m., City Hall
- October 27, 2009 – Citizen Review Session, 6:00 p.m.,
Community Watershed Alliance, 6:30 p.m., City Hall

- October 24, 2009 – "A Gathering of Artists & Friends", Gallery of Dreams
- October 31, 2009 – Halloween Night – The City of Benson Parks and Recreation Department has teamed up with the Benson Junior Women's Club and the Benson Firemates for fun Halloween Festivities at the Benson Fire Station

City Manager Glenn Nichols noted that the Citizen Review Session would be held to receive comments and questions from the public regarding the proposed amendments to the Zoning Regulations regarding the addition of an enforcement clause.

CONSENT AGENDA:

- 1a. Approval of Minutes of the September 28, 2009 Regular Meeting
- 1b. Invoices Processed from September 22, 2009 through October 2, 2009

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

NEW BUSINESS:

1. **Resolution 62-2009 of the Mayor and Council of the City of Benson, Arizona, approving a Grant in Aid from the Tohono O'odham Nation for \$9,600 to purchase defibrillators for the City of Benson Police Department**

Police Chief Paul Moncada addressed Council stating in May, 2009 the Benson Police Department, with Council's approval, applied for a grant from the Tohono O'odham Nation. The grant was for automatic external defibrillators to be placed at the Police Department and to be deployed in the field. On September 15th, the Police Department was notified that our proposal was selected to be funded and a signed Intergovernmental Agreement is needed to finalize the grant, which is a no match grant. Mayor Fenn asked if the defibrillators would be at the police station, with Police Chief Moncada stating one device would be kept at the department with the other 4 devices being placed in police cars through rotating shifts. Mayor Fenn asked if there would be training provided, with Police Chief Moncada stating Fire Chief Keith Spangler was certified as an instructor and would provide training. Councilmember Lodzinski moved to approve Resolution 62-2009. Seconded by Vice Mayor King. Motion passed 7-0.

2. **Resolution 63-2009 of the Mayor and Council of the City of Benson, Arizona, recommending approval of the Interim Permit and Person Transfer for a Type 06 (Bar) Liquor License at Irene's**

City Manager Glenn Nichols stated he would turn this item over to City Clerk Vicki Vivian. Ms. Vivian addressed Council stating Irene's has applied for a liquor license application and the procedures have been followed according to State statutes and that the City had received no written arguments in favor of or opposed to the issuance of the license. Ms. Vivian then stated we are now at the step where the governing body of the City or Town shall then enter an order recommending approval or disapproval and once Council makes a recommendation, she would forward the proper documents to the Arizona Department of Liquor Licenses & Control. Vice Mayor King asked if this license was a transfer of an existing license, with Ms. Vivian stating it was. Councilmember McGoffin moved to approve Resolution 63-2009. Seconded by Councilmember Lambert. Motion passed 7-0.

3. **Discussion and possible direction regarding a street re-paving cost analysis and possible funding options**

Mayor Fenn opened this item stating over the past several years that certain areas in town have been eligible for grant funding for re-paving streets and installing curbs and sidewalks under the Community Development Block Grant program, which had also been used in the past for the Senior Center and part of the Library expansion. Mayor Fenn then stated it was sometimes difficult to explain to the public that only certain areas of town, because of income levels, qualify for that type of funding since it comes from the federal government and meanwhile, several other streets in town that are in need of repair have no funding mechanism. Mayor Fenn then stated his thought was first to have staff identify which streets would be the priority streets and that the difficult questions are how much will it cost, where would we start, and could we do it in an efficient, programmed manner. Mayor Fenn then stated his direction to staff would be to bring forward a plan to show which streets

should be done first, what the cost would be based on a typical rehab, and give a general view on the scope of the work. Public Works Director Brad Hamilton then addressed Council stating he had taken a preliminary look at the streets, with approximately 16 miles of streets that need work to bring them back up to serviceable levels. Mr. Hamilton stated he started the process by trying to estimate the cost, using the CDBG project of milling and replacing as a guide, and stated it would be about \$3 million. Mr. Hamilton stated again, this was a very preliminary look, and as he went through neighborhoods, he found a lot of streets that are not the same width or have other restrictions that would need to be taken into account. Mr. Hamilton stated many streets that are in worse condition would need the milling and replacing process, but that for some streets, the fog sealing, crack sealing or chip sealing process would be appropriate, again stating this was from a preliminary look at the streets.

Mayor Fenn then stated the thought was that we know unit prices will change from time to time, but if we have the square footage information and the description of work required for each street, then we could be ready for if and when funding became available. Mayor Fenn then stated the other question is that there are a lot of streets that don't have curbs at all and asked if just addressing the street should be done, stating when something is done, you want it done right, but asked if there was an interim step that could address sidewalks. Public Works Director Brad Hamilton stated there was an interim step and that utilizing Pima County subdivision street standard design, you can see that it's based on the density of the housing, stating that less dense housing equals rural fill, which calls for no curb and gutter but wider shoulders to promote pedestrian and bicycle activity off the sides of the streets. Mayor Fenn then stated another issue would be drainage, saying if there are certain areas we are going to pave that have drainage problems, we wouldn't be helping anything, unless we address the drainage issues before paving. Mr. Hamilton then stated he would also like to look at utility issues, such as the age of the water lines and sewer lines, stating he wouldn't want to pave the street and then have to come back later to open and patch the paving.

Mayor Fenn then stated once we identify what needs to be done and have a cost estimate, we could then look at financing alternatives and present the information to the public to see if there was the public will to repair our streets.

Councilmember Lodzinski asked if the preliminary estimate of \$3 million took work such as the need to install culverts or address wash crossings into consideration, with Mr. Hamilton indicating it did not and that the estimate was arrived at strictly taking approximately 16 miles of street, assuming a 32 foot width and utilizing the costs of the recently completed CDBG paving project for the square yardage. Councilmember Lodzinski stated to address sidewalks, curbs and culverts; the cost could be estimated to be \$4 million. Public Works Director Brad Hamilton agreed, stating the cost would depend on all those issues, including the grading that may be needed. Councilmember Lodzinski then stated to do the repairs right, it could even be \$5 million. Councilmember Lodzinski then stated once we have a plan for the streets and if Council considers utilizing a bond, they may wish to form a citizen committee to prioritize the streets and present a recommendation to Council.

Public Works Director Brad Hamilton then stated the preliminary look was taking longer sections of street and we would probably want to look at each segment and grade one segment to conclude what would be the best alternative for it. Councilmember Lodzinski then asked Mr. Hamilton is he had included the alleys, with Mr. Hamilton stating he did not.

Mayor Fenn then stated there should be some method using construction standards, enabling us to say based on these characteristics or what the problems are on the street, which one would qualify to be completed first, also the amount of traffic should be taken into consideration. Mr. Hamilton stated traffic counts would be a good component, but that unfortunately, the City did not own a traffic counter, stating he felt it was something we were going to have to look into in the near future, not only for this study, but to be able to meet the requirements of reporting our traffic. Councilmember Lodzinski stated Cochise County, Pima County and Maricopa County all have

standards we could use, saying the recommended street size is based on traffic counts and then asked Mr. Hamilton what a traffic counter costs, estimating \$3,000 - \$4,000, with Mr. Hamilton agreeing.

Mayor Fenn then stated one last element was the financing mechanisms that were available stating the direction to staff was to investigate options, such as bonding and stimulus packages. Mr. Hamilton stated stimulus package for surface transportation would not be a viable option, since it was completely federally funded that it would require the project to be under construction in less than 12 months, stating that the clearing process for a project normally took 18 months. As a region, Graham, Greenlee, Cochise and Santa Cruz Counties, shared approximately \$2 million in stimulus funding. Councilmember Lodzinski then asked if we would be required to complete any environmental surveys, with Mr. Hamilton stating if the project was done internally, the requirement would be minimal unless we expanded the footprint of the roadway.

Vice Mayor King then stated he would like to see a survey of the public to see what their thoughts are regarding project options and how to fund them.

Mayor Fenn then stated this is an area that Council could look for approval from the public for funding and then stated it's possible the will of the public isn't better streets, but some other project. Mayor Fenn then stated addressing the streets would seem to give the City the most improvement for the money spent and would be a big benefit to the public, but that they may want something else first. Mayor Fenn then suggested listing alternative projects and asking the public to place them in order of priority on a survey after the re-paving cost analysis is brought back to Council.

4. Discussion and possible action on a contract to purchase real property located at 100 W. 6th St., Benson, Arizona for an amount not to exceed \$55,000.00

Mayor Fenn stated this item is for the house that is directly east of the City Hall parking lot and that it currently did not belong to the City, but there was an opportunity to purchase the property for \$55,000.00, stating the dimension of the lots was approximately 50' x 150' and included the structure. Mayor Fenn then asked City Manager Glenn Nichols to address Council. Mr. Nichols stated in August, Council had discussed purchasing property and that this property had been made available. Mr. Nichols stated it had been available in the past for a lot more money and that the current owner purchased the property for \$73,000.00 and was now agreeing to sell the property for \$55,000.00. Mr. Nichols then stated the owner had done some internal work and that we would have to redo the inside and could then, on an interim basis, use the facility for the recreation department, giving one location for people to come to get information. Mr. Nichols stated currently the recreation department was located in the community center with half wall partitions separating them from the freezer area and the other activities going on in the recreation center. Vice Mayor King then stated he knew that times were tough, but also knew that this purchase was the right choice to make, stating the City doesn't own a lot of property, and if it's offered for the right price, it's the right thing to do. Vice Mayor King then stated that was his motion. Seconded by Councilmember McGoffin. Councilmember Sacco asked about the closing date, with Mr. Nichols indicating he needed to inform the title company of Council's decision by October 13 and the closing would be set up by the title company. Vice Mayor King then stated he would like to amend his motion to be to purchase the real property located at 100 W. 6th Street in Benson, Arizona. Amended motion seconded by Councilmember McGoffin. Motion passed 7-0.

5. Discussion and possible action on a contract to purchase real property located at 117 W. 5th St., Benson, Arizona for an amount not to exceed \$25,000.00

Mayor Fenn stated this item was similar to the previous item, noting the property was owned by the same seller, but that the property was located between the Laundromat and the trailer park on 5th Street. City Manager Glenn Nichols stated that was correct and that the property was 2 lots originally purchased for \$55,000 and the owner has now agreed through negotiation to sell the

property for \$25,000.00. Councilmember McGoffin asked about the use, with City Manager Glenn Nichols stating at this time, it would be an investment, with the possibility in the future of expanding City facilities or to have as a negotiating tool for other property. Councilmember Lodzinski stated one idea in the past was to purchase other land on 5th Street in the same area to be able to eventually build a City Hall facility. Mayor Fenn then stated he was not as excited about this property, due to the lack of an apparent immediate use for it. Councilmember Lodzinski moved to approve the purchase of the property at 117 W. 5th Street, Benson, Arizona. Motion seconded by Councilmember Sacco. Motion passed 6-1 with Mayor Fenn voting nay.

6. **Review and discussion of City finances with emphasis on August 2009, financial results, the City's financial position at August 31, 2009, sales tax collections through September, 2009, and discussion of future City finances**

Finance Director Jim Cox addressed Council stating that the citywide fund balances increased during August by \$59,000, but were still \$372,000 negative year-to-date due to the annual payment of \$360,000 to Zion's bank and the City was running at a break-even level through very tight control of our expenditures. Mr. Cox then stated the trends were the much the same, with the overall numbers showing no signs of any economic recovery. Mr. Cox stated we didn't go as deep into a recession, but that there were no signs that we're coming out. Mr. Cox then addressed the summary of all City funds, which includes personnel, the general fund and the enterprise funds. Mr. Cox began with City funds stating citywide revenues were \$160,000 lower in August than August of last year and that we're minus \$221,000 or 13% below last year at this time. Mr. Cox stated in comparing this year to last year, we need to recognize the figures from a year ago were immediately pre-recession. Mr. Cox then addressed personnel stating the personnel costs for the year are down \$69,000 but in reality, almost exactly flat, stating the City had an unusual personnel expenditure in the payoff of the former City Manager's contract. Mr. Cox then stated other costs citywide were down \$51,000 for the month of August and \$62,000 year to date, which is evidence of continued belt-tightening. Mr. Cox then moved to the general fund stating August doesn't appear to be that bad, with revenues only \$2,000 below August of last year, but that revenues were still down 6% year-to-date, with City sales tax own \$35,000 or 9% year-to-date. Mr. Cox stated the reason we only had a \$2,000 reduction in August, is that we had some increases in non-recurring revenues, such as plan review fees and building permits. Mr. Cox stated other expenditures are down \$42,000 or 21%, but that he doesn't think we can sustain a 21% decrease in our direct costs in the general fund, stating a lot is due to timing, but it is further evidence we're tightening our belts as much as we can. Mr. Cox then stated the general fund balance increased \$42,000 in August, but is still down \$105,000 year to date, which is about where we were last year at this time. Mr. Cox then stated that when we consider the economy, the City is plugging along pretty well. Mr. Cox then moved to the enterprise funds stating they look about what we would expect; the gas fund is underwater \$41,000 due to the weather which means we're not selling any gas, but have ongoing fixed costs; the water fund looks wonderful, up \$15,000 for August and up \$60,000 year-to-date; the wastewater fund, which tends to be very stable, is right at a break-even, being down \$4,000 for August, but up \$13,000 year-to-date.

Mr. Cox then addressed the future stating local sales tax revenues continue to be sluggish and that it's important for citizens to buy in Benson, stating it's good for all of our local merchants, good for the City and good for the citizens. Mr. Cox then stated that State revenues were down \$31,000 for the month and that this will be a permanent reduction for the foreseeable future because these involve State shared revenues that are calculated actually two years in arrears, so the City will see this all year long.

In summary, Mr. Cox stated the revenue decreases we're seeing are from ongoing sources that are going to keep recurring month after month whereas, the pluses that we saw in August are from more non-recurring items, like plan review fees and building permits. Mr. Cox stated the City is responding to overall bleak looking numbers by controlling our expenditures to the greatest extent possible, stating we can survive in this climate, barely; and that the key to holding on was having no

unexpected expenses. Mr. Cox stated we can tighten our belts and defer expenditures for long periods of time, but eventually the piper has to be paid and that it's our goal to keep swimming through this recession and hold it together until times get better.

Mr. Cox then addressed City Tax collections, including Sales Tax, Construction Tax and Bed Tax collections through September, stating the collections are down from last year, but he expects it to improve in November or December and that we need to keep in mind the sales tax in September relate back to sales in July, which is when we saw the first inklings of a recession. Mr. Cox then stated he hopes and thinks we'll be in ok shape as long as by November we are close to what we did last year. Mr. Cox then gave more detail, stating general fund collections look much like the overall picture, down from last year, but the recession was just starting, and we should see collecting close to last year figures for the rest of the year. Mr. Cox stated construction sales tax collections are not very consistent, that he expects to see a bit of a spike but after that he couldn't estimate. Mr. Cox stated that the bed tax, also known as the accommodations tax, is a little lower than last year, but not as low as other cities are experiencing.

Vice Mayor King then stated we need to encourage all citizens of Benson to shop local and keep their money in the community where it benefits all of us.

Mayor Fenn then asked Mr. Cox about the large payment to Zion's Bank and asked if things continued as they are now, would we be able to make the payment or if there was a provision allowing us to extend the payment. Mr. Cox stated there is no such provision, that the final payment was due July 1, 2010 and that we would take the payment out of our reserves, which are \$2.4 million. Mr. Cox then stated his goal was for the City to break-even with the exception of large debt payments and the Zion's Bank loan is the only one, with the exception of the wastewater treatment plant. Mr. Cox stated that payment is at \$35,000 month which will drop in 2010 to \$31,000 a month when we reach the requirement of an escrow account totaling one year of payments. Vice Mayor King stated as far as big debt, the City has done well. Mr. Cox agreed stating that over the past 3 years, all excess revenues were primarily used to convert old outstanding leases to new purchased equipment. Mr. Cox then stated the City purchased close to 20 vehicles; all with cash and eliminated all leases, lowering our monthly payments. Mr. Cox stated this was also true in our IT department, noting all computers and servers and other equipment have been purchased and the City has no outstanding leases.

Councilmember Lodzinski asked about the fire truck payment with Mr. Cox stating it is an annual payment of \$78,000 which will be paid off in 2014. Mr. Cox stated he had spoken to the Fire Chief regarding the possibility of using the fire truck savings account that has a balance of \$355,000 to eliminate the annual payment. Mr. Cox stated we're earning very little interest on the savings account and this would eliminate the 4.5% interest we are paying on the loan, noting we would have to replace the savings account. Mr. Cox then stated the negative component is that if we had fire equipment need to be replaced, we wouldn't have a cushion to purchase new equipment without going into debt again.

Mayor Fenn thanked Mr. Cox for his update on the City's finances.

COUNCIL DIRECTIVES:

None.

DEPARTMENT REPORTS:

None.

ADJOURNMENT:

Councilmember McGoffin moved to adjourn at 7:51 p.m. Seconded by Councilmember Lodzinski.
Motion passed 7-0.

Mark M. Fenn, Mayor

ATTEST:

Vicki L. Vivian, City Clerk