

**THE REGULAR MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD NOVEMBER 25, 2013, AT 7:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

CALL TO ORDER:

Mayor King called the meeting to order at 7:00 p.m. with the Pledge of the Allegiance. Mayor King then stated he would be removing New Business Item 4 since the Council did not have a contract back from Mr. Stephens to consider. Mayor King then stated he was also removing New Business Item 11 with possible discussion of it in the future.

ROLL CALL:

Present were: Mayor Toney D. King, Sr., Vice Mayor Al Sacco, Councilmembers Pat Boyle, Ron Brooks, Jeff Cook and Chris Moncada. Absent was: Councilmember Peter Wangness.

EMPLOYEE RECOGNITION:

Mayor King recognized Jesse Konrad for 5 years of service with the City of Benson.

Mayor King then stated he had a certificate for Mr. Walter Schmidt who had served the City for many years, adding even though Mr. Schmidt was unable to attend the meeting to receive his certificate, it was important to recognize Mr. Schmidt's service. Mayor King then read the certificate of appreciation which was to "recognize the many years of dedication and service Mr. Walter Schmidt gave the City of Benson through his role as a member of the Planning & Zoning Commission from February 5, 1979 to January 4, 1984 and from February 19, 1990 to July 26, 2010, serving as the Chairman from September 12, 1990 to August 29, 2000 and again from August 14, 2001 to July 26, 2010, also serving on the Benson Industrial Development Authority from March 18, 1991 to October 28, 2013, serving many of those years as its President. It is with gratitude and appreciation for his service that this certificate is awarded by the Mayor and Council of the City of Benson, Arizona, on this 25th day of November, 2013." Mayor King then stated if anyone sees Mr. Schmidt, they should thank him for all the work he had done for the City.

PROCLAMATION: None

PUBLIC HEARING: None

CALL TO THE PUBLIC:

Jim Cox addressed Council concerning New Business Item 11, the discussion and possible action concerning Mr. Jim Cox allegedly violating the procurement code. Mr. Cox's statement will be retained with the Council packet.

J.T. Moffett addressed the Council regarding New Business Item 7, stating 2 years ago Chief Spangler asked for a grant for a new water tender and sold the grant to the Council, promising them it would pay for itself in 2 years by getting paid by the State and County to assist in putting out wildfires with it, adding the City hasn't been paid much, if anything at all. Mr. Moffett then stated the City averages 1 or less structure fires per year and already has a full-time chief and secretary for a Volunteer Fire Department. Mr. Moffett then asked the Council to keep in mind the last fiscal report showed the City \$17,000 in the red. Mr. Moffett then stated nothing, including grants, from the government is free, asking the Council to look at the cost to the City of running the Benson Area Transit (BAT) program. Mr. Moffett then stated Council needs to take that cost and multiply it by 10, because the grant will run out this fiscal year and then the taxpayers will foot the entire bill to run the BAT. Mr. Moffett then stated the City is already experiencing the same scenario at the golf course

and stated the City doesn't need another grant, hence another burden, on the taxpayers. Mr. Moffett then stated if the City applies for \$600,000, the cost to the City is a minimum of \$60,000, adding Benson doesn't need a new shiny fire truck and the Council should listen to the Finance Director when she tells Council just how much money the City doesn't have to spend on fire trucks. Mr. Moffett then stated if the Council is going to spend any money, they should give the City a fully-staffed and fully-equipped Police Department, adding for what this new fire truck will cost, they could keep their commitment to the police for the step-up pay plan or they can say to the officers that the City can't afford your raise this year, because we just bought the Fire Chief a new fire truck. Mr. Moffett then urged the Council to vote no on the new fire truck, adding this January he would be including the actual cost of the Volunteer Fire Department in a public forum on the budget and encouraged Councilmembers to attend. Mr. Moffett then addressed the Council regarding New Business Item 11, concerning Jim Cox's violation of the procurement code, adding he is well aware that Mr. Cox is recording this and Mr. Cox is going to sue him, and he doesn't really care. Mr. Moffett then stated he noticed the word "alleged" is on the agenda, but he will show the Council the violation was not alleged, but was a blatant violation of the City Code, Chapter 20. Mr. Moffett then stated Chapter 20 of the City Code expressly states that no contract for the services of legal counsel may be awarded without the authorization of the Mayor and City Council. Mr. Moffett then stated Jim Cox told the News-Sun that he had received legal advice from both Mike Masee and Jackson-Lewis to go ahead and ignore the procurement code. Mr. Moffett said Mr. Cox went on to say the City has discretionary authority to expend up to \$20,000 without Council approval. Mr. Moffett then stated the City Code, Chapter 20, Section 23-6 B clearly states that for purchases in excess of \$5,000 and less than \$20,000, no less than 3 businesses shall be solicited to submit quotations. Mr. Moffett then stated as of today, there is no record of a written opinion from an attorney stating Mr. Cox had the right to negate the procurement code, which is the only thing that is binding in court by the way. Mr. Moffett then stated Mr. Cox did not solicit 3 or more bids on the contract as required by City Code in Section 23-6 B and nowhere in the City Code are the words "discretionary authority" found as quoted by Jim Cox. Mr. Moffett stated Jim Cox violated the City Code and abused his authority and power in a personal vendetta against Councilman Ron Brooks. Mr. Moffett then stated if the Council wanted proof, all they have to know is that the Arizona Attorney General's Office already told Mr. Cox the same thing that Jackson-Lewis found, that there was no violation by Councilmember Brooks and no serious misconduct, adding the Attorney General's investigation was 4 months ago, but Mr. Cox decided to start his own personal investigation, coincidentally, right after the week of October 7, when Councilmember Brooks and Vice Mayor Sacco put an item on the agenda to terminate Mr. Cox's contract. Mr. Moffett then stated on October 23, Jim Cox sent a memo to Finance Director Megan Moreno along with the invoice for \$10,000 from the Jackson-Lewis law firm and again stated the City's procurement code requires that all contracts for legal services must be approved by Mayor and Council. Mr. Moffett then stated the memo read that due to the confidential, sensitive natures of the complaints and the fact that several complaints involve sitting Councilmen; Mr. Cox determined that the procurement code does not apply to the City's engagement of Jackson-Lewis. Mr. Moffett then stated Jim Cox was well aware that he was violating the City Code and in fact, gave an excuse to do so that is not found anywhere in the City Codes. Mr. Moffett stated he read the full investigation and could find no more than 3 sitting Councilmembers' names, so there still would have been a quorum of 4 Councilmembers without a conflict of interest to vote on Jim Cox's proposed investigation. Mr. Moffett then stated it is abundantly clear that the whole reason for this section of the procurement code was written so the City Manager, could never, under any circumstances, do what Jim Cox decided to do. Mr. Moffett stated it would be no different than running red lights because of a personal emergency and then telling the cop that you decided the red light law doesn't apply to you, adding a driver cannot put other drivers at risk, hence the law that prohibits running red lights and there are no provisions in the law for a personal emergency. Mr. Moffett stated by the same token, Jim Cox has put the Council and taxpayers at risk and should be held accountable. Mr. Moffett then stated he wanted to urge and encourage this Council to direct Staff to give the new City Attorney firm this case on the very first day of their contract and to pursue both financial recovery and criminal charges against Jim Cox, adding it is at least a Class 2 misdemeanor to violate the City Code and Jim Cox is not above the law as he would have us believe. Mr. Moffett stated if the City was willing to adopt the old Chapter 7 codes, which made trash on your lawn a crime and a misdemeanor punishable by law, then by all means, they need to press charges against Jim Cox for his blatant disregard of the laws. Mr. Moffett stated the \$10,000 spent on the investigation could have bought 40 more senior citizens Meals on Wheels for a year. Mr. Moffett stated the people of Benson have suffered this type of abusive power from City Hall for decades, adding it's high time

something was done to stop this and this Council has the power and the obligation to hold Jim Cox accountable and send a strong message for future managers to remember. Mr. Moffett then stated he would like to ask this Council to appoint a procurement officer from their ranks to help protect the taxpayers from any future abuse of funds entrusted to City Hall.

CITY MANAGER REPORT:

Interim City Manager Brad Hamilton addressed Council, giving the dates of upcoming meetings and events.

- Tuesday, December 3, 2013 – Planning & Zoning Meeting, 7:00 p.m., City Hall
- Monday, December 9, 2013 – City Council Worksession, 6:00 p.m., City Hall
GDP Public Hearing, 7:00 p.m., City Hall
CDBG Public Hearing, 7:00 p.m., City Hall
City Council Meeting, 7:00 p.m., City Hall
- Tuesday, December 10, 2013 – Library Advisory Board, 4:00 p.m., City Hall
- Saturday, December 21, 2013 – Historic Preservation Commission, 9:00 a.m., City Hall
- Monday, December 23, 2013 – City Council Worksession, 6:00 p.m., City Hall
CDBG Public Hearing, 7:00 p.m., City Hall
City Council Meeting, 7:00 p.m., City Hall

- Tuesday, November 26, 2013 – Christmas Tree Lighting Ceremony being held at The Benson Museum and Quilt Gallery located at 180 S. San Pedro Street in Benson. There will be music from The Bost Family Traditions, Children’s Crafts, Guest Speaker, Tree Lighting, Santa will visit and there will be refreshments. Festivities will begin at 6:00 p.m.

- Thursday and Friday
November 28 and 29, 2013 – Thanksgiving Holiday, City Offices Closed

- Saturday, December 14, 2013 – The Season’s Traditions Light Parade, 6:30 p.m. There will be prizes given for 1st, 2nd and 3rd place in the parade to the participants and a charity. Christmas on Main hosted by the San Pedro Valley Chamber of Commerce, 8:00 a.m. – 5:00 p.m. at 4th and Land St., Festival of Lights Craft Fair, 8:00 a.m. – 8:00 p.m., 180 S. San Pedro Street.

- December 25, 2013 – Christmas Day, City Offices Closed

Mr. Hamilton stated the Community Watershed Alliance Meetings cancelled for November and December. Mr. Hamilton then stated information for continuing projects and closures on any ADOT right-of-ways could be found at www.adot.gov.

NEW BUSINESS:

1. Consent Agenda

- 1a. Minutes of the October 10, 2013 Special Meeting
- 1b. Minutes of the October 14, 2013 Worksession
- 1c. Minutes of the October 14, 2013 Regular Meeting
- 1d. Minutes of the October 18, 2013 Special Meeting
- 1e. Minutes of the October 22, 2013 Special Meeting
- 1f. Minutes of the October 28, 2013 Worksession
- 1g. Minutes of the October 28, 2013 Regular Meeting
- 1h. Invoices processed for the period from October 16, 2013 through November 14, 2013

Councilmember Moncada made a motion to approve the Consent Agenda. Seconded by Vice Mayor Sacco. Motion passed 6-0.

2. **Recognition of Walt Schmidt for his service to the City of Benson**

Mayor King stated the Council would move to New Business Item 3 since he addressed this item earlier in the meeting. City Clerk Vicki Vivian asked if she could address Council, stating she spoke to Mr. Schmidt's son, who told her the certificate would make Mr. Schmidt very happy and he would stop by City Hall offices to pick up the certificate and deliver it to his father.

3. **Contract for City Attorney Services between City of Benson, Arizona and Mesch, Clark & Rothschild, PC**

Councilmember Brooks stated when Council discussed legal services; most of them said they would like to look at firms. Councilmember Brooks then stated the Council had questions on the retainer and travel time, but both issues had been spelled out in the contract. Councilmember Brooks then stated he personally had no problem with the contract, but added there was something that needed to be dealt with on the first page that Council could amend at a later date, adding he didn't think the Council needed to discuss it now. Councilmember Brooks then stated he thinks this is a competent firm and he feels good with them. Councilmember Moncada moved to approve the contract for City Attorney Services between the City of Benson, Arizona, and Mesch, Clark & Rothschild, PC. Seconded by Councilmember Brooks. Motion passed 6-0.

EXECUTIVE SESSION: As per A.R.S. §38-431.03 (A)(1), (3) & (4), Discussion or consideration of employment, assignment, appointment, promotion, salaries, or resignation of a public officer, appointee or employee of the City. The Council will discuss and consider the appointment and employment contract of the City Manager, and may receive legal advice and give instructions to the City Attorney

4. **Discussion and possible action in approving an employment contract with William Stephens for the position of City Manager**

This item was removed at the beginning of the meeting by Mayor King.

5. **Resolution 30-2013 of the Mayor and Council of the City of Benson, Arizona, to accept the State of Arizona Department of Transportation Aeronautics Division Grant for Improvements at the Benson Municipal Airport (E4S2U)**

Interim City Manager Brad Hamilton stated this resolution is for a grant to fund the completion of the environmental assessment for the west side of the airport to acquire the property and to build a 1400' longer runway on the west end. Councilmember Moncada moved to approve Resolution 30-2013. Seconded by Councilmember Brooks. Motion passed 6-0.

6. **Resolution 31-2013 of the Mayor and Council of the City of Benson, Arizona, to accept the State of Arizona Department of Transportation Aeronautics Division Grant for Improvement at the Benson Municipal Airport (E4S2V)**

Interim City Manager Brad Hamilton stated this item is for a grant for the replacement of the runway indicator lights. Mr. Hamilton then stated 2 of the lights are not currently functioning and in trying to replace parts, he has found the parts are no longer manufactured, so he applied for a grant to cover the costs of replacing the lights with new ones. Mayor King asked about the required matching funds with Mr. Hamilton stating the matching requirement is 10% and is in the current budget, adding he would much rather have the State pay 90% of the project. Councilmember Brooks then confirmed the matching funds would be in the amount of approximately \$5,400. Councilmember Moncada then moved to approve Resolution 31-2013. Seconded by Vice Mayor Sacco. Councilmember Boyle asked if anything had been done about the gates damaged by the

electrical storm with Mr. Hamilton stating that is a separate insurance claim, adding the insurance company has agreed to the costs the contractor quoted to the City and he has authorized the contractor to proceed ordering the equipment and replacing those. Councilmember Brooks then asked about the beacon with Mr. Hamilton stating it is currently working and he is trying to look for another grant to have either the FAA or the State help the City purchase a newer model of the beacon. Motion then passed 6-0.

7. **Resolution 32-2013 of the Mayor and Council of the City of Benson, Arizona, authorizing the Fire Chief to apply for a Department of Homeland Security Grant through FEMA's Assistance to Firefighters Program to fund the purchase of a new Engine Company**

Fire Chief Keith Spangler stated the City has applied for this grant for the last 10 years, adding the last 5 years applications have asked for a replacement for the old engine company, which was purchased in 1973 and doesn't meet NFPA standards for safety for firefighters. Chief Spangler stated he didn't have the exact numbers since he didn't have a quote back from the builder of the truck he is looking at, but it won't be more than \$600,000 and the required match is 5%. Mayor King asked if the grant was already applied for with Chief Spangler stating he has applied for the grant for the last 10 years and is now seeking direction from Council on applying for the grant again. Mayor King asked if the required match was in the current budget with Finance Director Megan Moreno stating the budget contains matching funds of \$30,000. Mayor King asked about the truck Chief Spangler is asking to replace with Chief Spangler stating this would replace the old engine company which is a 1973 open cab Seagraves. Vice Mayor Sacco then asked when the old engine company was purchased with Chief Spangler stating it was purchased in 1973. Vice Mayor Sacco asked if the truck would be purchased immediately, adding he didn't think the City needed a new truck right away. Chief Spangler stated if Council chose to have him apply for the grant, it would be quite a while before he even heard anything on it, adding again, all he was asking was if Council wanted him to apply for the grant. Councilmember Boyle stated the match of 5% would be upwards of \$30,000 and asked if there were additional costs such as sales tax, new equipment or anything else with Chief Spangler stating all equipment and taxes would be included in the grant funding. Councilmember Boyle then asked what the insurance might be on the new truck with Finance Director Megan Moreno stating she spoke to the insurance company today to see if there would be any significant increase, adding they told her they look more at the type of vehicle instead of the year and that the increase due to the value and replacement cost would be nominal. Councilmember Boyle then asked about the obligation to accept the grant if the City was awarded it and found that we simply couldn't afford the required matching funds with Chief Spangler stating in reviewing applications, if the City makes it far enough in the process, they will notify him to see if the City is still interested, adding at that point, he would come back to Council and see if they wanted to proceed. Mayor King asked about the grant cycle with Chief Spangler stating awards can be issued 2 years after the grant cycle. Councilmember Brooks stated the engine is quite old and he doesn't think it hurts to apply for grants, adding he feels it is the duty of all Department Heads to apply for grants when they can and when it comes to decision making time, the Council will have to look at the numbers and if the City can't afford it, then they will have to turn it down, but again, he feels it doesn't hurt to apply. Councilmember Brooks then stated it would be good to replace the 1973 engine, but it will depend on the City's position at that point and if the funding for the match is available, adding he would still encourage Chief Spangler to apply for the grant. Councilmember Cook then spoke about the Indian gaming agreement the State has with Indian tribes and the requirement for them to give 12% back to communities in the State through grants. Councilmember Cook then stated his sister works for one of these tribes and she has let him know some of the things they like to award grants for are police vehicles and fire vehicles and wondered if the City could apply for a grant to cover the match if the application is successful. Chief Spangler stated he knew the City wasn't supposed to apply for grant funding to pay the required match, but he could look into it and get some legal advice. Councilmember Brooks stated if the City did replace the old engine, we may be able to sell it to help with the required match. Vice Mayor Sacco stated he disagreed and the last fire truck was purchased 2 years ago for \$460,000 and the Council was told it would be paid off in 2 years, but it wasn't paid off. Vice Mayor Sacco then stated the City also bought a brush truck for \$281,000 and a tender truck for \$90,000, adding last year the City bought a ladder truck in 2004 and has a capital lease with an annual payment of \$70,241, which will be paid off in October 2015. Vice Mayor Sacco then stated his personal feeling is that the City has done enough purchasing or leasing fire trucks, adding with the money the City would use for buying fire trucks, which he didn't believe was necessary right now, they could put in pay

increases for our protectors, the police force of the City. Vice Mayor Sacco then stated it could be used for the pay raises Council promised them and never came about, adding he firmly believes that honoring their promises to our police protectors, the men in blue, is much more important than purchasing a new fire truck at this time. Chief Spangler stated it was up to the Council to have him apply for the grant or not. Vice Mayor Sacco then asked if the price was for the bare truck and accessories would have to be purchased with Chief Spangler stating all equipment and taxes would be included in the grant funding. Vice Mayor Sacco stated he still believed the money could be put to better use for the police force at this time, again stating Council promised them pay raises and they never came about. Councilmember Moncada stated one thing he would like to point out is that all the Council would be doing is having Chief Spangler apply for the grant. Councilmember Moncada then stated one reason Chief Spangler might not have gotten the grant in the past is because other entities had been applying for it longer than he had and that if Chief Spangler didn't apply for the grant now, it may put the City at the bottom of the applications in the next grant cycle. Councilmember Moncada then added if Chief Spangler applied for the grant for 10 years and grants were awarded to those who have applied for 11 years, if Chief Spangler doesn't apply it may take himself out of the rotation and he may have to start all the way back at the beginning with the next application being the first year he applies. Councilmember Moncada then stated this is the way a lot of grants work, giving credit or points to those entities who have applied consistently in the past. Councilmember Moncada then stated he agreed with Councilmember Brooks that this is just the application and it doesn't mean the Council has to spend the money, adding if it comes down to it and the grant application is approved and Chief Spangler wants to purchase the truck, he would have no problem telling Chief Spangler to find the money in the Fire Department budget, but the City would have to be awarded the grant first. Vice Mayor Sacco stated again, that he didn't think the City needed a fire truck right now, and Council could better apply that money to the Police Department so Council could keep their promises to the police force. Councilmember Cook stated he was very uncomfortable having the Fire Department pitted against the Police Department, adding the Police Department and their raises are not up for discussion on the agenda. Councilmember Cook then stated during the last budget cycle for the current fiscal year, raises for the Police Department were discussed and authorized and are in effect. Councilmember Cook then apologized to Chief Spangler for some Councilmembers pitting the Fire Department against the Police Department. Mayor King stated his only concern is the budget, adding he has always been for the Fire Department, but he is worried about the City's finances. Chief Spangler stated he understood and the decision on applying for the grant was up to the Council. Mayor King verified that this was only the application for the grant with Chief Spangler stating Council can approve permission to apply for the grant and if it is awarded down the road, Council can make the decision to accept it or not at that point. Councilmember Brooks stated he didn't expect any miracles in the next 6 months, but if the City were to get the UAS projects in and were to start getting more revenues, the Council might regret not putting in the application, adding the Council can always turn it down. Councilmember Brooks then stated he has no plans of approving the matching funds if the City is in bad shape, but he would still definitely encourage all departments to put in for grants anytime they can. Councilmember Moncada then moved to approve Resolution 32-2013. Seconded by Councilmember Brooks. Motion passed 4-2 with Vice Mayor Sacco and Councilmember Boyle voting nay.

8. **Discussion and possible action regarding the posting of Council Meeting audio to the City's website**

City Clerk Vicki Vivian stated the current website for the City had the capability to have audio files uploaded, adding Staff was currently in the process of putting together a new website for the City, hopefully launching it at the end of January and she had verified that site could also have audio files uploaded. Ms. Vivian then stated she could start putting Council audio on the City's website if Council chose to have it done. Ms. Vivian then stated she would research how long other municipalities maintain audio files on their websites, adding once Council approves the written minutes; the written minutes become the official record of Council meetings. Councilmember Brooks stated he basically sponsored this item and he thinks a lot of people and the media who attend the meetings as well as individual citizens that miss the meetings or that want to hear the Council discussion could go to the website and listen to it. Councilmember Brooks then stated placing the audio on the City's website would make it accessible to everyone at a minimal cost, adding his hope is to eventually get video, but until the City can afford that, this is the least we can do to get the public informed on what the Council is doing. Vice Mayor Sacco asked if the City had gotten any bids for the video recording of

Council meetings with Councilmember Brooks stating the funding was budgeted for the video project, but with the budget concerns, he didn't know if it would move forward. Finance Director Megan Moreno stated funding for the video project in the amount of \$15,000 was in the current budget. City Clerk Vicki Vivian then stated with the budget concerns, Council directed the Finance Director to meet with all Department Heads to determine what was and what was not mission critical, to look for savings in anything that was not mission critical and prepare a report with the findings for Council. Ms. Vivian then stated with trying to tighten our belts even further, the video project in the budget was not as critical as other issues. Councilmember Brooks stated he would like to keep the video project in the budget and that he knew it may have to wait until things improve, but at least the audio could be on the website for people to listen to. Ms. Vivian stated the Council had approved the video project as part of the Capital Improvements Plan (CIP), adding Staff would not remove it from the CIP without presenting that proposal to Council for their direction and approval, so even if the project didn't move forward, the project would remain in the CIP until the project was complete or until Council decided to remove it. Councilmember Brooks asked when the audio would be available on the website and if this was something done in her office with Ms. Vivian stating she first converts the audio recording and then uploads the files, adding she had already uploaded the November 12 and November 14 meetings and if Council decided to approve it, she would publish the audio which would make it available to the public tomorrow. Councilmember Cook asked about the new website with Ms. Vivian stating she mentioned the new website so Council would know that she verified she would be able to upload audio files to it when it was launched. Vice Mayor Sacco stated the current website was hard to navigate with Ms. Vivian stating Staff took that into consideration and was attempting to model the new City website after the City of Chandler, which has won several awards as the number 1 municipal website. Councilmember Brooks moved to approve agenda item number 8, posting Council meeting audio to the City's website. Seconded by Councilmember Boyle. Motion passed 6-0.

9. **Discussion and possible action regarding additional time off for the holidays in recognition of City Employee Service**

Councilmember Moncada stated he would be abstaining from this item and left the dais. Mayor King stated this isn't a new issue, adding normally, every year, the Council gives employees a paid day off for Christmas and for New Year's, adding it has been done since at least 2006 or so. Mayor King then stated this gives employees a chance to spend time with their families. Councilmember Brooks stated in lieu of not being able to give raises for the last 5 years, with the exception of the Cost of Living Adjustment given last year, this is probably the least Council can do. Councilmember Brooks then stated he did check with the Finance Director and stated there may be minimal overtime for coverage, but he didn't see it as a real cost to consider. Councilmember Boyle asked how many days the Council has given with City Clerk Vicki Vivian stating historically, Council has given the day before Christmas and the day before New Year's Day. Councilmember Brooks asked if this was usually in conjunction with a weekend and if New Year's Day was on a Thursday, if the Council gave Friday with Mayor King stating the preference was to create a longer weekend, if it could be done. Ms. Vivian stated when the holidays fall on a Monday or Tuesday, Council has been able to grant time in conjunction with the weekend, but this year, Christmas and New Year's Day fall on Wednesday. Councilmember Brooks then moved to approve giving an extra day as holidays for Christmas and New Year's. Seconded by Mayor King. Ms. Vivian asked for clarification and if the motion was to grant Christmas Eve and New Year's Eve as holidays with Councilmember Brooks confirming that was his motion. Motion then passed 5-0 with Councilmember Moncada abstaining.

10. **Review of City Finances with emphasis on September and October, 2013 financial results, the City's financial position at October 31, 2013, and discussion of potential expenditure reductions**

Finance Director Megan Moreno stated she had given out September and October financial information, but she was going to focus her presentation on the financial highlights for the month of October. Ms. Moreno stated unrestricted cash had decreased to \$891,000, adding it has now dipped below \$1 million. Ms. Moreno then stated for the last 5 years, the City has consistently dipped into the cash, because it hasn't taken in enough revenue to cover expenditures, adding when the City hit the recession years, we relied on our cash in the bank to help get us through, but now we've come to a point where we cannot continue to do that or eventually,

we're going to run out of money. Ms. Moreno stated her presentations have kind of turned negative recently, because she wants to make Council aware of the situation we're in and where we're going so that it can be addressed now and so in a year's time, Council is not caught off-guard and wondering where all the money went. Ms. Moreno then stated she would rather address it now by making those hard decisions coming up in the next budget cycle and through the rest of this fiscal year. Councilmember Brooks asked about the bond payments and when the bond will be paid off with Ms. Moreno stating the bond issue was done in 2010 with 2 parts; 1 part went to pay off the wastewater treatment plant loan, adding the bond gave the City a better financing option, adding again, 1 part of the bond issue was to pay off old debt with new debt at a better rate and the second part was to set aside money for capital projects to be done throughout the City. Ms. Moreno then stated as projects were done, the City would draw the money down from the bond proceeds to pay for those projects, some of which were street re-pavements, electronic meters for utilities, a new roof on the library and the wastewater hauler. Ms. Moreno then stated the cost of the bond issue is approximately \$400,000 a year and it is a 20-year bond, so the City will be making those payments until 2030. Ms. Moreno then stated she wanted to make it clear that the bond money set aside was extra money for capital projects and was not used for operating costs during the recession, adding money used for the operating expenses was money the City had built up in savings. Ms. Moreno then stated at one point in 2008, the City had \$2.8 million, so we were able to use those funds these last 5 years to get us through and to provide the same level of service we have always provided to the City. Ms. Moreno then stated the City's fund balance, or bottom line citywide, we are looking at a negative \$111,000 for the month of October, with the year-to-date being negative \$268,000. Ms. Moreno stated the City made a bond payment of \$309,000 in July, adding the fiscal year starts off with a big payment and now that we are seeing more winter visitors, we will start seeing higher revenue months, which should help to dwindle the negative balance we're running. Ms. Moreno then stated citywide revenues for the month of October were \$858,000, which was a decrease from 2012, adding the reason for the decrease over last year in October, is that the City did a bond draw in October of last year and that money gets considered as revenue when it is drawn down. Ms. Moreno then stated another reason is the timing with large grants the City received last year.

Ms. Moreno then addressed the General Fund stating monthly revenues for General Fund were at \$379,000 for the month of October and were at \$1.48 million for the year, which is up \$63,000 from last year. Ms. Moreno then stated as mentioned in her report, part of the General Fund increases is an increase of \$62,000 in City sales tax. Ms. Moreno then added the State revenue sharing is also up, which is a good indicator that income tax in the State is up.

Ms. Moreno then addressed the Enterprise Funds, beginning with the Gas Fund, stating it is typical to be operating at a negative right now, adding the fund balance for the year in the Gas Fund is down approximately \$9,000. Ms. Moreno then stated the bulk of the gas revenue comes in when gas is being used during the winter months, but noted the Gas Fund still has overhead costs the rest of the year. Ms. Moreno then stated the Water Fund is positive for the year and has been doing nicely. Ms. Moreno stated the Wastewater Fund is also positive for the year, adding revenues show \$87,000, which is increased from the normal revenue for wastewater, adding the City received some reimbursements for ADEQ permits in the amount of \$31,000, which is one reason why the revenues are elevated. Councilmember Moncada stated this fund usually runs negative with Ms. Moreno stating when the City gets hit with expenses for maintaining the plant, we will see the fund balance start to dip, but when there are no extra expenses, the fund does ok, however, the treatment plant is 12 years old, and things are starting to break down. Ms. Moreno then stated the Sanitation Fund is operating well, with a fund balance of \$63,000, but noted it is mostly due to the timing of payments to the sanitation contractor and a more accurate fund balance is approximately \$5,000. Ms. Moreno then stated the Golf Course and restaurant were both closed for 10 days in October for the annual overseeding project, adding 10 closed days equals 10 days of lost revenue. Ms. Moreno then stated the golf course was down \$16,000 in operations for the month of October and was down \$58,000 year-to-date, while the food and beverage side was down \$6,000 for the month of October and was down \$9,900 year-to-date. Ms. Moreno then stated as the winter visitors come back, the course will see increases in revenues, adding the overseeding project is also a draw to bring people into the golf course.

Ms. Moreno then addressed Sales tax, stating the City retail sales tax is looking good and bed tax is right where it is expected to be. Councilmember Brooks stated the tax collections are much different than they were 6 years ago with Ms. Moreno stating things were much different in 2007 and 2008. Ms. Moreno then stated Construction sales tax at the end of last year, flatlined around \$10,000 a month, adding it had been higher in years past, but the City has seen some construction activity and the construction sales tax is actually operating more around \$20,000 a month, adding we have seen the construction sales tax essentially double from the end of the previous fiscal year, which is encouraging. Ms. Moreno then spoke about State retail sales tax collections, adding they are a good indicator of what is happening at the State level, and have increased again over the prior year, noting this is a good indicator that the economy is picking up statewide. Ms. Moreno then asked the Council if they had any questions with Councilmember Brooks stating Ms. Moreno told him she wanted to briefly discuss the \$847,000 loss people were mentioning. Ms. Moreno then stated she had heard a couple times that the City was projecting a loss of \$847,000 for the current fiscal year and she wanted to clarify that when she came to Council with those figures, she was talking about the previous fiscal year, adding the City ended the previous fiscal year in June, 2013. Councilmember Cook then asked Ms. Moreno for any insight she may have regarding the October collections for the past 2 years and relevance and impact of the motorcycle rodeo held in October, adding last year, the event wasn't held in Benson and he saw the October collections were down that month, but this year the event was in Benson and he observed packed streets until about 9:30 p.m. Ms. Moreno then stated when she reports the financial information for the month of October, she is really reporting tax collections that occur in August, because there is a delay between the collections at the retailer in August, the submission of the taxes to the State in September and finally the information being sent to the City in October, noting the delay is always approximately 2 months. Ms. Moreno then stated this makes it difficult to pinpoint what causes an increase, adding when events occur in October, the tax collections are included in the information sent to the City in December. Councilmember Cook then noted the December drop was more dramatic last year, so hopefully the increase this year will also be dramatic. Councilmember Cook then stated he was hoping Ms. Moreno would have some insight on the relation. Ms. Moreno then stated she would love to say a certain event jumped our economy by this much but she didn't have the resources available to be able to do that. Ms. Moreno then stated any time our streets are full and there is an event, our economy is impacted positively, but noted drawing a direct correlation between 1 event and sales tax collection is hard to do with the limited information the City is given from the State on collections. Ms. Moreno then stated again, when there is an event held in the City and there are people out and about, at restaurants and shopping locally, we can make assumptions those are impacting the economy in a positive way.

11. **Discussion and possible action concerning Mr. Jim Cox allegedly violating the procurement code**

This item was removed at the beginning of the meeting by Mayor King.

DEPARTMENT REPORTS: None

ADJOURNMENT:

Vice Mayor Sacco moved to adjourn at 8:13 p.m. Seconded by Councilmember Boyle. Motion passed 6-0.

ATTEST:

Toney D. King, Sr., Mayor

Vicki L. Vivian, CMC, City Clerk