

**THE REGULAR MEETING  
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA  
HELD FEBRUARY 23, 2015 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 7:02 p.m. with the Pledge of Allegiance. Mayor King then introduced Sarah Isakson of St. Raphael in the Valley church who offered the invocation.

**ROLL CALL:**

Present were: Mayor Toney D. King, Sr., Vice Mayor Lori McGoffin, Councilmembers Pat Boyle, Jeff Cook, Joe Konrad, David Lambert and Peter Wangsness (via phone).

**EMPLOYEE RECOGNITION:** None

**PROCLAMATION:** None

**PUBLIC HEARING:** The City of Benson's City Council will hold a Public Hearing on the General Development Plan Update. The General Development Plan helps direct long and short-term development regulations and requirements. The purpose of this public hearing is to provide an opportunity for citizens to address questions, concerns or support regarding the document directly to the City Council.

City Clerk Vicki Vivian stated the public hearing was being held on the General Development Plan Update, adding the General Development Plan helps direct long and short-term development regulations and requirements. Ms. Vivian then stated the purpose of this public hearing is to provide an opportunity for citizens to address questions, concerns or support regarding the document directly to the City Council. Mayor King then opened the public hearing at 7:05 p.m. Mayor King stated there was no one signed up to speak during the public hearing and then asked if there was anyone present who wished to speak. After receiving no requests to speak, Mayor King closed the public hearing at 7:06 p.m.

**CALL TO THE PUBLIC:**

Leo O'Farrell representing Benson Clean & Beautiful, stated the Benson Clean & Beautiful organization is a 501C3, non-profit community based organization dedicated to improving the quality of life for residents and citizens through the creation of beautiful historic murals painted throughout the City on private and public buildings and structures. Mr. O'Farrell stated 18 such murals have been created since their inception in 2013 under the leadership of the President, Lisa Hill, who is here. Mr. O'Farrell stated at the present time they are in negotiations for submitting proposals to several local building owners to create 4 additional murals in town; a building on Hwy 80, Clip, Cut and Polish, the SKP Park on Hwy 80 and Washington Federal Bank, adding they all hopefully will come into being during the first half of 2015. Mr. O'Farrell then stated with a new Board of Directors in place, they hope to have new vigor and a new direction with new opportunities, adding murals are not their only project. Mr. O'Farrell then spoke about their "Gussied Up" program started recently, with plaques being presented to those businesses or homeowners who have done something special to improve the appearance of their properties and their business during each of the 4 seasons. Mr. O'Farrell stating the program is low-profile, but hopefully it's building momentum and as time goes on, all businesses and many homeowners will participate and make this truly a beautiful city. Mr. O'Farrell then stated they are also partnering with the Historical Commission to create a neighborhood park in Apache Park to be used by all citizens of Benson. Mr. O'Farrell then stated they are also dedicated to improving the appearance of Benson by removing old, tired buildings that are a disgrace to our City and using the space instead to create opportunities for growth, beauty, improvements and to perhaps, also increase the City's tax base. Mr. O'Farrell then stated he sent each Councilmember a letter from our new Board Chairman, David Bryan, inviting them to support efforts to help the Benson Hospital have a successful community Health Fair this coming weekend. Mr. O'Farrell stated he was very pleased and would like to publicly announce that the Mayor has already submitted his request to take part in the event

on Saturday by occupying the Benson Clean & Beautiful's booth representing both the City and Benson Clean & Beautiful for an hour. Mr. O'Farrell then stated the letter asked Councilmembers to donate 1 hour of their time on Saturday to support this community event, then gave the Councilmembers his contact info should they decide to participate. Mr. O'Farrell then stated he appreciates the support and confidence in what Benson Clean & Beautiful does to help make Benson a more beautiful place to live.

George Scott of Southeastern Arizona Economic Development Group (SAEDG), stated he was representing another group and some of the clients SAEDG works with, adding SAEDG represents 2 major projects that have a chance to be developed in Benson in the not too distant future; however, those 2 projects are waiting for the Council to approve the General Development Plan (GDP) since they can't proceed until the GDP is updated and approved. Mr. Scott then stated he was here tonight to ask the Council to approve the updated General Development Plan so the projects can move forward, adding if it is approved, he will be in to City Hall in the morning to talk about 1 of the projects.

Paul Lotsof, Manager of CAVE FM, stated on February 11, he met with City Staff and it was a learning experience for him. Mr. Lotsof then stated he would say 2 underlying themes were presented; the City would like to have the radio station remain in Benson and rules are rules and must be followed to the letter by everyone. Mr. Lotsof then stated in his case, he believes these 2 things are at odds with each other, adding the existing rules and his continued presence in Benson are mutually exclusive, adding the City Council can have one or the other, but not both. Mr. Lotsof then stated compliance with the existing codes presents an extreme financial burden and stated he wonders what would happen if the City Council told every business in town that they must pay \$30,000 for the privilege of continuing to do business in Benson, adding he is guessing that 4th Street would be lined with vacant store fronts and there would be a real estate boom in Mescal and St. David because most of Benson's businesses are not highly profitable and they must watch where they spend their money. Mr. Lotsof then stated private businesses are not like City government, adding when the City spends money recklessly, the City can make up the shortfall by raising everyone's taxes, but the private sector has no such luxury. Mr. Lotsof then stated he wished he could pay for his revenue shortfall by raising the radio tax, but he can't do that, which means he can't toss money away on investments that will never pay off. Mr. Lotsof then stated of the many expensive code requirements the City wants him to pay for, the one that by far is the most expensive is the parking lot. Mr. Lotsof then stated depending on the number of spaces, the cost of the parking lot could easily exceed the value of the land he owns, adding he could be looking at tens of thousands of dollars for design work, uprooting big trees, ADA requirements and the actual paving. Mr. Lotsof then stated he would have a better appreciation of the need for a parking lot if someone would present a shred of evidence that there is a parking problem in the vicinity of the radio station, but all he hears is that rules are rules and the parking lot is required regardless of what it costs. Mr. Lotsof then stated on the evening of January 5, he presented Council with a proposed amendment which would have solved the bulk of his problems with the City, including the parking lot matter, but instead of passing it on January 26, Council passed an amendment that accomplished nothing and affirmed the parking lot requirement. Mr. Lotsof then stated during that meeting, there was a suggestion made that he might want to go to the Board of Adjustment to get rid of the requirement, but he and his attorney reviewed the ordinance that sets forth the powers of the Board of Adjustments and concluded the Board can do nothing to help him. Mr. Lotsof then stated there is no doubt in his mind that City Attorney Paul Loucks or the other City Attorney would advise the Board of Adjustment to reject his request so passing the buck to the Board of Adjustment probably wouldn't work. Mr. Lotsof then stated what would work is reconsideration of the amendment Council passed on January 26. Mr. Lotsof then stated he filed a petition for reconsideration a few days after the January 26 meeting and there is no question the filing was timely, but Mr. Loucks expressed the opinion that reconsideration isn't possible because it wouldn't be allowed under Robert's Rules of parliamentary procedure. Mr. Lotsof then disagreed, stating a dozen years ago at the suggestion of then City Attorney Ann Roberts, all references to Robert's Rules were purged from the City Code so it would appear there's no reason why Council can't revisit what they passed in late January and make the needed changes. Mr. Lotsof then stated his suggestion is that Council place this item on an agenda in the near future, adding the Council doesn't have to do anything if they don't want to, but if they elect to do nothing, they shouldn't claim they want to keep the radio station in Benson. Mr. Lotsof then stated if the Council has any questions or comments, he would be happy to participate when they address New Business Item #4.

## **CITY MANAGER REPORT:**

City Manager William Stephens addressed Council, giving the dates of upcoming meetings and events.

Tuesday, February 24, 2015	–	Community Watershed Alliance, 6:30 p.m., City Hall
Monday, March 2, 2015	–	Benson Economic Development Committee, 6:00 p.m., City Hall
Tuesday, March 3, 2015	–	Planning & Zoning Commission, 7:00 p.m., City Hall
Monday, March 9, 2015	–	City Council Meeting, 7:00 p.m., City Hall
Tuesday, March 10, 2015	–	Library Advisory Board, 4:00 p.m., City Library

Mr. Stephens then stated for information on meetings and events, the public could visit the City's website.

## **NEW BUSINESS:**

### **1. Discussion and possible action on the Consent Agenda**

- 1a. Minutes of the January 26, 2015 Regular Meeting
- 1b. Invoices processed for the period from February 1, 2015 through February 11, 2015

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

### **2. Discussion and possible action on Resolution 8-2015 of the Mayor and Council of the City of Benson, Arizona, readopting the City of Benson General Development Plan, a General Plan for Municipal Development Policy pursuant to Arizona Revised Statutes, A.R.S. §9-461 et. seq., establishing Planning Goals, Objectives and Policies; and considering each of the Plan Elements required by Statute as well as others determined essential by the City**

Councilmember Konrad stated he would like to commend Staff for the work they put into this item, adding he received a draft copy in October and in reviewing that draft and what the Council has now, he knows a ton of work went into this and Staff needs to be commended for the time they put into it. Councilmember Konrad then stated he think the Council is ready to move forward with this. Mayor King stated he thinks the proposed plan works very well for any coming developments, adding he had reviewed it over and over and he appreciates the work put into it. Mayor King then stated he thinks it's very positive for the City and it's something the Council needs to act on now.

Councilmember Cook stated he had most of his questions answered by Staff, but there was one troubling sentence on page 31, which reads "any activity which brings new money into the community is appropriate focus for economic development..." adding he would strongly disagree because he doesn't think every activity that would bring money into the Benson community is a good thing, noting that could mean a marijuana hydroponic farm or some sort of a factory, like there was in Tucson that had radioactive emission problems over an extended period of time. Councilmember Cook then stated those are examples, adding he doesn't think every type of activity that brings new money to the community is appropriate and he would like to change the language from "any activity" to "many activities." Councilmember Konrad stated one could make the argument that the focus may be a negative focus instead of a positive focus and the project wouldn't be encouraged, adding he didn't want to stall this over a couple of words. Vice Mayor McGoffin stated the language also read that economic development efforts "should" include manufacturing, etc., adding she thinks anything that comes to the community still keeps someone busy with jobs. Councilmember Cook stated he disagreed that all activity would be appropriate and stated if the Council spent some time thinking, they could probably come up with a lot of activities that would be undesirable for Benson so he doesn't want outside business interests to read the General Development Plan and think the City Council would welcome anything and everything, adding he thinks that puts Benson in a bad light. Vice Mayor McGoffin stated the Council doesn't have to approve everything that comes before them with Councilmember Cook stating that is true and the current Council would most likely not approve something inappropriate, but outside interests who read the General Development Plan would see that City Staff and City Council are encouraging absolutely any kind of activity to come to Benson and again, he

thinks that puts the City Staff and City Council in a very bad light. Councilmember Cook then stated he would still like to make the change from “any activity” to “many activities.” Councilmember Konrad stated he respectfully disagreed, adding the language reads that any activity is an appropriate focus for economic development, but that doesn’t necessarily means it condones anything and everything. Councilmember Cook disagreed, stating the word “any” does condone everything. Councilmember Boyle asked if an asterisk could be placed in the plan and note that things are within the bounds of the community standards or something along those lines to show there may be some things the City doesn’t want in Benson with Planning Technician Michelle Johnson saying she could insert a footnote stating to some extent, potential activities are subject to zoning and various other regulatory constraints, if Council desired. Mayor King stated if the Council wanted to do that, someone could add it to their motion, adding he would like to see the item move forward and not be delayed. Councilmember Cook stated he thought he covered exactly that by only changing two words, but now Council was discussing adding many more words that still don’t necessarily clarify the issue he is addressing.

Vice Mayor McGoffin stated she was good with the plan the way it is with Mayor King agreeing. Councilmember Lambert stated he was good with the way it is, adding he agrees with Councilmember Konrad that Staff has put many hours into this and Council has had several months to review it and go over it, adding Staff put Council’s notes in the plan and he thinks it is good the way it is. Councilmember Wangsness agreed, then added he did think Councilmember Cook has some good points, but Council would still have the opportunity to deal with things on a case by case basis later.

Vice Mayor McGoffin then moved to approve the City of Benson General Development Plan as is. Seconded by Councilmember Lambert. Motion passed 7-0 with Councilmember Cook stating he thinks the plan as is sheds Benson in a bad light to outsiders and he thinks the Council will be fighting their own words when the time comes because they will be thrown back in Council’s face, but otherwise, he thinks the rest of the changes suggested are very good for Benson so he was reluctantly voting in favor. City Clerk Vicki Vivian stated she would like to clarify the motion was to pass the Resolution 8-2015 for the record with Vice Mayor McGoffin confirming her motion included approving Resolution 8-2015.

3. **Discussion and possible action on Ordinance 575 of the Mayor and Council of the City of Benson, Arizona, amending the Benson City Code, Chapter 18 “Boards, Commissions and Committees,” Article 18-7, “Benson Airport Advisory Committee” to disband the Benson Airport Advisory Committee and delete any reference to the Benson Airport Advisory Committee in the Benson City Code**

Councilmember Boyle asked City Attorney Gary Cohen about the language to delete any reference to the committee with Mr. Cohen stating there may be other references in the City Code to the committee and out of an abundance of caution, this catch all language makes it clear that the committee is disbanded and any other ordinance would not be in effect. Councilmember Konrad then asked about another group being formed by citizens and the protection this ordinance provides the City as far as any association with and the liability of that separate entity which could be formed outside the bounds of Council with Mr. Cohen stating private citizens on their own time can form whatever committees or groups they want, adding obviously the citizens can freely discuss whatever they want to discuss with Councilmembers at any time the Councilmember choose to have those discussions. Councilmember Konrad then asked about the ordinance shielding the City from any type of liability based on that other group that may be formed with Mr. Cohen stating the ordinance doesn’t protect the City from all liability, but for that purpose, it does.

Councilmember Lambert moved to approve Ordinance 575. Seconded by Councilmember Konrad. Motion passed 7-0.

4. **Update on the replacement of the CAVE FM building and related zoning and building code issues**

City Manager William Stephens stated this item is on the agenda after Staff received direction from Council to meet with Mr. Lotsof to discuss the issues. Mr. Stephens then stated Staff then met with Mr. Lotsof and the information was given to Council, adding Public Works Director Brad Hamilton was present to answer any questions the Council may have.

Councilmember Wangsness stated he still had a problem with the studio zoning designation, covering all kinds of studios, adding he thinks Mr. Lotsof is in a category to be considered as non-retail trade, which wouldn't have a lot of traffic, whereas other studios such as art studios and dance studios would have a high level of retail trade and require more parking. Councilmember Wangsness then stated he felt there should be two different parking requirements based on that. Mr. Stephens stated he recalls the ordinance Council approved establishing a broadcast studio, which specifically identified it as a different type of studio vs. a dance studio, a music studio, a karate studio, etc. Councilmember Wangsness stated he thought the parking requirements were lumped together for studios and it required the same number of parking spaces as other studios. Councilmember Boyle stated the reason Council changed the zoning to a broadcast studio instead of just a studio, was to give the City a legal ability to change the parking requirement to only a couple parking spaces as opposed to 10 or whatever it might be based on square footage of the building, adding if the building were 2,000 sq. ft., 10 parking spaces would be required and he feels that is ridiculous. Councilmember Boyle then stated his understanding was that this would give the Council the leeway for a broadcast studio. Councilmember Konrad stated he felt Councilmember Boyle was bordering on what was discussed in the executive session, adding without City Attorney Paul Loucks here, who represented the Council in that executive session, he just wanted to make sure Council doesn't cross any lines into disclosing executive session discussions. Councilmember Boyle stated he recalled the discussion in the open meeting being for the reason he just stated with parking. Mr. Stephens then stated the zoning item Council approved was to address a use issue, adding the radio studio has been in existence for some time operating on a variance and what the zoning ordinance did was to simply make the use official so it no longer has to operate on a variance. Mr. Stephens then stated by making it official, it also specifically defined it as a broadcast studio vs. any other type of studio. Mr. Stephens then stated with regard to the parking issue, it opened it up for an opportunity for Mr. Lotsof to go to the Board of Adjustment to request a variance from the parking requirement, which is based on the square footage of any facility. Vice Mayor McGoffin confirmed that the Board of Adjustment can approve a variance if Mr. Lotsof demonstrates no need for the required number of parking spaces, adding with 1 employee working and 1 parking spot for someone coming to the studio, he may need only 2 parking spaces.

Mayor King then asked Mr. Lotsof if, in the last few years, anyone offered to put in a foundation, trailer and parking lot and help Mr. Lotsof with Mr. Lotsof stating no one had. Mayor King then asked if Mr. Lotsof knew that he could go to the Board of Adjustment and request a variance from the required parking spaces, adding he doesn't understand why Mr. Lotsof hasn't done given that process a chance with Mr. Lotsof stating the Council should ask the City Attorney to look into what the Board of Adjustment is allowed to do under the ordinance that set them up. Mr. Lotsof then stated his attorney has pointed out that none of this would be in the purview of the Board of Adjustment and doesn't think they can do that. There was no further discussion.

5. **Discussion and possible action about the timing of when Council packets are distributed**

Councilmember Lambert stated about 3 years ago, this item came before Council to get packets two weeks early, adding at that time Councilmembers Brooks and Sacco wanted the packets two weeks early. Councilmember Lambert then stated after the discussion, Council decided two weeks would not work because that meant on the night of the Council meeting, Staff would have to hand out the packet for the next meeting. Councilmember Lambert then stated after discussing the issue, Council agreed to have packets distributed 1 week before a meeting, which meant deadlines for getting items to the City Clerk for the packet was now 11 days before the City Council meeting, adding this also means Staff is working on two Council packets at the same time, all the time. Councilmember Lambert then stated in light of using electronic packets on iPads and not having to print every Councilmember a packet, he is proposing to go back to the previous schedule and have Council packets distributed on the Wednesday or Thursday before Council meetings; then noted due to furloughs, he thinks Wednesday would be best. Councilmember Konrad asked about Thursday with Councilmember Lambert stating with City offices closed on Fridays due to furloughs, if the Council received the packets on Wednesday, they could contact Staff on Thursday to amend the packet or add items if needed, giving Staff Thursday to make the changes and post amended agendas. Councilmember Lambert then stated moving the distribution date would also change the deadline to Monday (1 week before Council meetings) for the submission of items to the City Clerk.

Councilmember Cook asked if Councilmember Lambert had discussed this with Staff with Councilmember Lambert stating he had. City Clerk Vicki Vivian then addressed Council stating when she had spoken to Councilmember Lambert on the history of the distribution date, she told him the Council packet distribution dates are Council driven, adding whatever date is determined by Council; Staff will adjust the timelines to fit.

Councilmember Lambert then moved to change Council packet distribution dates to the Wednesday afternoon before a Council meeting. Seconded by Mayor King. Motion passed 7-0.

6. **Discussion only regarding Councilmembers' physical presence at Council meetings**

Mayor King stated he met with Councilmember Wangsness and City Manager William Stephens and Councilmember Wangsness isn't breaking any codes as far as not being physically present. Vice Mayor McGoffin stated it may not be in the City Code, but she thinks Councilmember Wangsness needs to be present and maybe the Council needs to look at adjusting the City Code, adding she didn't know the last Council meeting Councilmember Wangsness was present at. Vice Mayor McGoffin then stated someone has to live here and be a resident of the City to be on the City Council, adding if Councilmember Wangsness isn't here, people can't contact him and he's not representing the people very well if he is not here. Vice Mayor McGoffin then stated the Council may want to look at the City Code because Councilmembers shouldn't be able to miss this many meetings, adding even though Councilmember Wangsness is on the phone, it's still not the same as actually being here in the community.

Councilmember Wangsness stated he has been in contact with people in Benson, adding his wife is in Benson for six weeks at a time and while this isn't necessarily the best situation, at least he is showing up. Councilmember Boyle stated he knew what Councilmember Wangsness was doing is a once in a lifetime thing and agrees that Councilmember Wangsness has a responsibility to himself and his family, then asked if there was any kind of timeline Councilmember Wangsness might give the Council to think on. Councilmember Wangsness stated when this project started, he was consulting from Benson and going back and forth, but the problem was Canadian customs, adding they get real picky about work being done in Canada, noting he was actually doing the work in Arizona, but it was questionable whether it looked like that or not, so he had to go to Canada way temporarily. Councilmember Wangsness then stated he hopes to get back to Benson fairly soon, but he can't give an exact date at this point. Councilmember Wangsness then stated he is working on a project to build the world's largest telescope which would be able to actually image planets around different stars, adding he ran into some problems in Canada that required him to be there more often than the original plan. Councilmember Wangsness then stated in the meantime, he lost the building he was in and his equipment ended up in Canada so he was kind of stuck there as a means of employment for now, adding he hopes to bring everything back to Benson into a bigger facility.

Councilmember Konrad stated he was sorry he hadn't met Councilmember Wangsness in person, then stated he had a couple counterpoints to Councilmember Wangsness' comments. Councilmember Konrad stated he appreciates that Councilmember Wangsness' wife is in Benson for 6 months at a time, but on the other hand, his wife is in Benson 12 months at a time, adding he still has a job here to do on the Council. Councilmember Konrad then stated Councilmember Wangsness said the Canadians are frowning upon Councilmember Wangsness working in Benson and living in Canada, and it could be turned around to think about the citizens of Benson who elected Councilmember Wangsness to work in Benson and yet, he lives in Canada. Councilmember Konrad then stated there are several different ways to dissect this, but he thinks what the Council is seeing is that there is some concern within the community that they don't see a face at these meetings. Councilmember Wangsness stated the Canadian customs is concerned that someone was coming to Canada and stealing a job, adding they were afraid he was going to Canada and doing work when he was actually doing the work in Benson. Councilmember Wangsness then stated he was having to go back and forth to report on things and it became more difficult, adding there was a risk of not being allowed back into Canada, so since then, he did get a temporary work permit, but noted it expires after a year. Councilmember Wangsness then stated he does have email and a phone number and he has been in constant contact with people in Benson.

Councilmember Cook stated he has been on both sides of this, adding he was on Councilmember Wangsness' side to start with and his stock answer or response to people questioning Councilmember Wangsness' presence was that when Councilmember Wangsness is here, there are people who have destructive agendas who have access to him and he sides with them, which isn't good for anyone, but when Councilmember Wangsness is 1,400 miles away, these destructive forces don't have access to him and he thinks for himself. Councilmember Cook stated for months he has been saying he can live with that, but the issue hasn't gone away and just this past Friday, someone told Councilmember Cook that someone living in J6 cannot serve on the City Council, but there is someone living in Canada that does serve on the City Council and asked Councilmember Cook how that could be. Councilmember Cook stated he understands on one hand, this may not be breaking any laws or City Codes, but on the other hand, he has heard the Councilmember Wangsness has refused to resign from Council and that refusing, Councilmember Wangsness is holding his seat in bad faith to the citizens of Benson. Councilmember Cook stated he was sorry, because he was on Councilmember Wangsness' side at first. Councilmember Wangsness disagreed with Councilmember Cook stating he thinks he is fulfilling the obligations that were given to him when he was elected, adding he has people telling him not to step down and that he is representing them as well. Councilmember Cook stated he could imagine who those people are, adding there are probably half a dozen of them with Councilmember Wangsness stating that is more than the number who have complained at a meeting.

Councilmember Lambert stated everyone had touched on what he wanted with the exception of the timeline, stating Councilmember Wangsness had said it was unknown as to when project will be completed, whether it might be a week, a year, 2 years or 10 years and asked if Councilmember Wangsness had any idea of when it might be finished. Councilmember Wangsness stated it was hard to say, adding a project like this could go 20 years and as far as how long he was going to be in Canada, there was no way to answer that, but he would like to get home as soon as he could, noting he still considered Benson his home and his residence.

Councilmember Lambert stated with that, he agreed with Vice Mayor McGoffin that the Council should possibly put this on a future agenda and talk about changes to the Code if the Council needed to. Vice Mayor McGoffin stated she would like to give Staff that direction with Mr. Stephens stating no action could be taken at this time, but he could put something on a future Council for review, consideration and action, if so desired.

7. **Discussion and possible direction to Staff about the Benson Economic Development Committee including the Resignation of Ron Brooks, the Resignation of Stephen Insalaco, the Appointment of Debra Crafts and the possible retention, reformation, or dissolution of the committee as in proposed Ordinance 576 of the Mayor and Council of the City of Benson, Arizona, amending the Benson City Code, Chapter 18 "Boards, Commissions and Committees," Article 18-6, "Benson Economic Development Committee" to disband and delete any reference to the Benson Economic Development Committee in the Benson City Code**

City Manager William Stephens stated Mr. Brooks had submitted his resignation, adding Council was going to consider both the resignation and an applicant at last Council meeting, but Mr. Insalaco had also submitted his resignation after the Council packets were completed. Mr. Stephens then stated currently the committee has an odd-number of members and by allowing 2 members to resign and appointing 1 member, it would result in even-number of members. Mr. Stephens then stated at that Council meeting, Councilmember Lambert asked to table the issue to this meeting, and requested the item include language to allow additional questions regarding the committee, the activities the committee is involved in, the purpose and direction from Council, what expectation the Council may have and if there is a need for the committee.

Councilmember Konrad stated he would like to speak about committees in general for a second, adding he thinks advisory committees are a good thing to the extent that they should be advisory committees. Councilmember Konrad then stated with Councilmembers being seated members of the committees, his personal opinion is that the committee can't be as effective as it should be, adding he thinks what makes these committees successful is autonomy; people should feel free to bring their ideas to the committee,

discuss them as a committee and then possibly have a liaison between the Council and that committee, but to have a sitting Councilmember on an advisory committee to him, was counterproductive. Councilmember Konrad then stated the Council has bigger things to focus on, adding he was not trying to diminish the importance of the committee, but was simply saying the Council's mission is to set policy and procedures for the City and worry about finances, etc. and to be sidetracked by something such as the Benson Economic Development Committee (BEDC) or the Airport Advisory Committee, doesn't make good sense. Councilmember Konrad then stated there are plenty of good people in the community who are willing to step up and participate in these committees and bring Council the information needed to make intelligent decisions, but he just doesn't feel that it's the job of a Councilmember to be a member of these advisory committees. Councilmember Konrad stated he would like the Council to keep this in mind and ask themselves if a Councilmember volunteering for something like that is really the right thing to do and if the Councilmember is really doing the community a service, adding his personal opinion is that the Councilmembers are not.

Councilmember Wangsness stated he felt there was a difference between the BEDC and an advisory committee, adding an advisory committee doesn't need to have any affiliation with the City, but economic development is a little different in that it represents part of the City working with other communities and with other committees such as the Chamber of Commerce, the Southeastern Arizona Economic Development Group (SAEDG) and things like that. Councilmember Wangsness then stated he doesn't have an issue with the BEDC retaining part of a fixture of the City, adding they are already showing some development.

Councilmember Boyle stated just a couple weeks ago, the Council assigned him to be on the Chamber of Commerce and Mayor King to be on the Public Safety Retirement Boards with Councilmember Lambert stating Councilmember Boyle was actually chosen as a liaison to the Chamber of Commerce to view their meetings and bring information to the Council and was not a voting member of any Chamber committee. Mayor King stated his appointment to the Public Safety Retirement Boards for the Police and Fire Departments were part of his job as Mayor. Councilmember Boyle stated he was just pointing out that it was not unusual to have a Councilmember be involved in a thing like this, then stated the reason he volunteered to be on the BEDC is that it is an interest of his, adding he has been a businessman all his life, being self-employed; this was near and dear to his heart and he thought it was perfectly natural to be part of that. Councilmember Boyle then stated he didn't see being on the City Council at the same time as disqualifying him from volunteering to be on the BEDC, adding there was nothing nefarious going on; he was just interested in the City's economic development and he would like to see Benson get out of the financial conundrum it is in so he volunteered to be on the committee and he thinks it is perfectly legitimate.

Vice Mayor McGoffin stated when the committee was originally set up, Councilmember John Lodzinski was the Chairman and he wanted the committee to work with businesses in Benson to see if anything could be done for them, focusing on business retention and expansion, adding they also wanted to possibly review permitting timeframes and existing City Codes to assist businesses with the process of opening or expanding a business in Benson. Vice Mayor McGoffin then stated she didn't know how the new committee is doing it, but she would like them to work with current businesses in town and see if there's anything the City could do to help them, adding the previous committee had local business owners come to committee meetings with ideas and information. Vice Mayor McGoffin then stated the previous committee did work on a shovel-ready asset inventory, but didn't really focus on bringing new businesses in when she served on it, first as a member and later as the Chair after Councilmember Lodzinski passed away, adding SAEDG does a fantastic job of that. Vice Mayor McGoffin then stated she thinks the BEDC, if done right, could be a positive thing for the City and stated she thinks a Councilmember either being in charge of the committee or being on the committee is important because they know a lot of the City Codes and they could be a liaison to the Council for support.

Councilmember Cook stated he has spent a lot of time thinking about what Benson economic development is and isn't, adding economic development is a team activity which includes Sierra Vista, Tombstone, Willcox, Bisbee, Douglas and Cochise County and it is not a bunch of people with no economic development experience that think they have good ideas like dead fish ponds, planting trees, planning

activities and wanting the City to foot the bill for an activity coordinator. Councilmember Cook then stated he has also come to understand by looking over the minutes of the BEDC that the current committee has no idea what the value of a City asset inventory is or what branding is because they haven't even addressed those yet. Councilmember Cook then stated economic development is not a science, adding a person can go to school and get a PhD and still be dealing with something that is more similar to a black art, like voodoo or luck or shamanism, adding real economic development is pretty much driven by investors and outside people rather than by cities that have no expertise in attracting outside businesses that have their own interests in mind. Councilmember Cook stated investors and developers will take care of themselves no matter what, and will invest or develop in a city on their own and not because of some magical formula. Councilmember Cook then stated what the current committee has done is suggest a dead fish pond, a shooting range, planting trees, hiring an events coordinator for events they apparently don't know anything about because they haven't told Council anything about them, and asked if they have done anything that even borders closely to what economic development is, adding he has looked over their minutes and he hasn't seen anything.

Councilmember Lambert stated he handed the Council a list of the roll calls for the 12 BEDC meetings, adding 2 of the meetings cancelled for lack of a quorum, adding there were only 7 members at that time, noting they couldn't get 4 people to attend those meetings. Councilmember Lambert stated the Council could also see from the roll calls that Mr. Muller never showed up to any committee meetings from the beginning and he was removed and replaced with Mr. Comaduran in November, adding 2 other members were added in December and started in January, giving them 9 members. Councilmember Lambert then stated on February 2, it shows everyone was present except for 2 people, but what really happened was there were 5 members present and 1 member walked out of the meeting, so the committee had to stop and call a member on the phone to participate telephonically to finish their meeting, adding the committee is having a problem getting a quorum. Councilmember Lambert then read from Council minutes stating "the Benson Economic Development Committee was created on May 28, 2014 to replace the pre-existing Economic Development Subcommittee that was recently terminated on January 13 in the same year by a vote of 4 to 3," adding the Councilmembers voting for it were Mr. Brooks, Mr. Sacco, Mr. Boyle and Mayor King. Councilmember Lambert then stated there have been 2 resignations and 1 application for an appointment submitted, adding the Council needs to decide what to do and can either accept 1 resignation, approve the appointment and force the other person to stay on the committee or accept 2 resignations and make no appointment resulting in 7 members while waiting for another application since the number of members has to be an odd number per the City Code. Councilmember Lambert stated this is the main reason he tabled the item to this meeting. Councilmember Lambert then stated he has several questions like Councilmember Cook on what the BEDC has done and what the purpose of the committee is, adding the Chairman is present and may be able to answer questions the Council has. Councilmember Lambert then stated he didn't want to put this on the agenda to go one way or the other, but he wanted the Council to decide to either appoint people and keep the committee or to dissolve it, adding on December 17, 2007, the Council at that time had a resolution in place, Resolution 49-2007, which is still intact for this Council and the City of Benson to support SAEDG, adding SAEDG is doing a fantastic job. Councilmember Lambert then stated the SAEDG website shows their mission statement as "...to responsibly develop and expand the economy of Cochise County" and stated his question is what the purpose of the BEDC is. Councilmember Lambert then stated he had gone through the BEDC minutes as Councilmember Cook mentioned he had done and there isn't one thing to improve the economic development of Benson. Councilmember Lambert then asked if the BEDC was going in the right direction, noting they don't have a mission statement or any guidelines they're following and they just having meetings and talk about different items they want to put in, such as the tree grant that came before Council, adding that is the only thing Council has heard about. Councilmember Lambert stated the BEDC talked about Hands across the Border, but they keep tabling it and they have talked about a BMW Iron Horse event, adding they ran into a few obstacles with that and then set a date of April 16-19 for that event, but they never came before the Council to get it approved, so the committee is setting dates on their own, and is not going through Council like their supposed to. Councilmember Lambert then stated they are also trying to get a gun range grant, but there is nothing in the budget for it, so the City couldn't even accept a grant, even if it awarded. Councilmember Lambert then stated the committee keeps talking about the lake and in one of their meetings, talked about whether or not they should put in ball fields or a lake, adding it would not be up to them but would be a Council decision. Councilmember Lambert then stated he would like to read from the Council minutes of January 13, 2014

concerning the termination of the EDSC and the establishment of the BEDC, reading "Councilmember Brooks stated it is not his intention to get personal, but this is very personal to him and how this town is moving forward, adding that he is not going to blame it entirely on the EDSC, but their main focus is to try to stimulate the economy and he has seen no action from them. Councilmember Brooks stated that if anyone goes on the website and looks at the agendas, they can all see all the discussions resulting in no action." Councilmember Lambert then stated that is the same as it is now, adding every item the BEDC addresses has resulted in no action. Councilmember Lambert then continued reading "Councilmember Brooks then stated that the committee doesn't even have bylaws, adding that he doesn't know what to say about it and it's frustrating him." Councilmember Lambert then stated, again, the current committee doesn't have bylaws, a mission statement or any guidelines. Councilmember Lambert then continued reading "Vice Mayor Sacco stated that if Councilmember Moncada could prove to him that the EDSC made certain accomplishments and brought business into the City of Benson and created jobs, then he would support it, but as far as he is concerned, the EDSC is a failure." Councilmember Lambert then stated the situation is exactly the same now, adding he doesn't understand why the Council would keep the BEDC comparing it to the previous committee.

Councilmember Konrad stated he would like to address Councilmember Lambert's comments, adding everything Councilmember Lambert mentioned the BEDC being involved in involves recreation. Councilmember Konrad stated everyone likes to have fun, but we need to move forward and the BEDC needs to concentrate on bringing jobs and growth to the City, but it sounds like the focus is more on recreation. Councilmember Konrad stated it's time to take a close look at what the mission of the BEDC is, adding a mission statement is important and if the Council is going to direct this committee in some way, the Council needs to give that direction. Councilmember Konrad stated again, his personal philosophy about committees in general, is that they need to be autonomous and he doesn't think they need to be a part of the City, adding he thinks there are people in the community that are more than willing to step up and bring what is needed without the Council throwing up any roadblocks.

Councilmember Boyle stated the former EDSC had been in business for a considerably longer time than the current committee, adding the BEDC has only been in business less than a year and so to compare the old committee with the accomplishments of the current committee is fraudulent. Councilmember Boyle then stated he was appointed 14 months ago to the Council seat he's on right now and the only thing he knew of for a fact that the former City committee had done was to work on was the branding thing, which was passed by the City Council at that time, adding the initial cost of that was \$15,000 and if he remembers correctly, there was another associated cost with it down the line, which would have cost somewhere around another \$50,000. Councilmember Boyle stated he had no idea where any of that money was supposed to come from, but nevertheless, that was according to one of the members of the committee who was also on the City Council; it was a great thing to have gone through. Councilmember Boyle then stated he didn't know how long the former committee existed and it may have been a long time before they finally came up with that one idea. Councilmember Boyle then stated as far as the accomplishments of the current committee, he thinks they have done quite well, adding he is saying that partially because it has something to do with him and he worked on some of those projects himself. Councilmember Boyle then stated one of the items the BEDC brought up in the beginning was an events coordinator, adding they weren't going to hire one for anything; that an events coordinator was an outside entity who would be subcontracted by the City, adding it could easily be SAEDG or someone else who the BEDC would use to come up with ideas for the City to get behind and sponsor to help make the City a hub of activity for the surrounding community, which would then bring in the jobs and all these other things because most of the jobs in the community are service related anyway. Councilmember Boyle then stated the idea was shot down really big by Councilmember Cook, with Councilmember Cook saying he thought it was ridiculous and now he sits here and condemns the fact that the BEDC hasn't done anything, when he was the large roadblock on that particular item. Councilmember Boyle then stated the reason the BMW event is happening in April is that the BEDC brought it to the City months ago and it was blown off, adding others outside the committee decided they wanted to move forward with it, so some of the members of the BEDC, including himself, volunteered to be on it because it's such a boon for the City that the BEDC couldn't stand by and let it go by the wayside when it is such an amazing project and would be nothing but a benefit to the City, in terms of bed tax and sales tax and things like that. Councilmember Boyle then stated if the project goes well and the City and biker community get along well, this could be an annual event that would bring the City a

sizable chunk of tax money. Councilmember Boyle then stated as far as the trees for the park, Councilmembers are belittling that like it was nothing, when in fact, BEDC Member Annette Buechel spent many, many hours working on that, adding it was put before the City and the City just washed its hands of it and told her to write the grant herself and so she is. Councilmember Boyle then stated the BEDC works at no cost to the City, adding everyone volunteers and the only cost he is aware of is the electric bill to light the conference room when they meet and for City Staff to transcribe the records and keep the minutes in the City records for the public, so there's really no cost involved in this and what they are doing for the City. Councilmember Boyle then stated in his opinion, the BEDC may need a bit of sharpening and focus on what the Council expects from them and may be confused a bit about that and could probably do better, but they never have received anything from Council on what they would like and expect, so to sit here and belittle these people who have volunteered and worked so hard and act like the BEDC has done nothing in a shorter amount of time than the previous committee had, and to disband the committee is ridiculous.

Mayor King stated BEDC Chairman Mike Berryhill would like to speak.

Councilmember Cook asked Councilmember Boyle what he was referring to when he stated Councilmember Cook was a roadblock with Councilmember Boyle stating when the discussion was held about an events coordinator, Councilmember Cook made it sound like the BEDC wanted to hire a City Staff member and cause City expenditures so go up, when instead it was to subcontract an events coordinator. Councilmember Boyle then stated the idea didn't even get to see the light of day after Councilmember Cook said what he did, adding the idea was shot down without any more getting to be said. Councilmember Boyle stated Mr. Berryhill was at that same meeting trying to clarify these things and for whatever reason, the item went down in flames. Councilmember Cook stated that was an interesting spin on the issue, adding he simply revealed what a shallow improbable activity this would be and that it would be putting the City on the hook for any shortfall in paying this events coordinator and now Councilmember Boyle has told the Council it hasn't worked out anyway, so it looks like he was right. Councilmember Cook then stated Councilmember Boyle is putting a spin on it and is trying to make it look like Councilmember Cook is wrong. Councilmember Boyle then stated he had no idea what Councilmember Cook was talking about, adding all this would have been was an individual person hired as a subcontractor on a cost plus basis and or cost basis, noting if the events coordinator goes over, it would be their problem, not the City's.

Vice Mayor McGoffin stated now would be a good time to focus on the future and suggesting moving forward with some positive economic development.

BEDC Chairman Mike Berryhill stated Councilmember Boyle covered everything, but added besides being told the BEDC was an advisory committee only to research and advise, they haven't been told anything else. Mr. Berryhill stated as far as bringing businesses to the City, there is no magic wand or magic pill to make it happen overnight, but added they have several projects in the works they are working on independently, in groups of 1 or 2, until they have enough information to bring to the Council, which is what they are supposed to be doing; investigating and then making recommendations to the City Council. Mr. Berryhill then stated the lake project was put on the matrix a long time ago by other committee members, adding anyone on the committee can bring up a project for consideration. Mr. Berryhill then stated the lake was brought up and investigated, then put back on the matrix with a very low priority, again noting any member of the committee or even the public can bring forth an idea for the BEDC to consider, discuss and research at their meetings.

Mayor King asked Mr. Berryhill if the committee had been given any direction from the Council or what the Council wanted with Mr. Berryhill stating they had not been told anything except that they were a research and advisory committee. Mayor King stated that means the members have just been working on basically what they think they're supposed to be working on without having any real direction. Mayor King then asked about items being tabled numerous times with Mr. Berryhill stating items are placed on an agenda, such as Hands Across America, and if the information for that item isn't received, then it's tabled to the next meeting.

Mayor King then stated there seems to be a communication breakdown between the City and the

committee, as far as the Council not giving direction and informing the BEDC what the Council is looking for. Mr. Berryhill agreed, stating, again, the only thing they were told was that they were a research and advisory committee. Mr. Berryhill then stated the committee wanted to hit the ground running, but they didn't have any direction, so they just started taking off throwing irons out there and seeing what they could get to bring to the City. Mr. Berryhill then stated if the Council has a direction they would like the BEDC to follow and projects they would like the BEDC to go after, all the Council has to do is inform them. Mayor King asked if a mission statement was every discussed with Mr. Berryhill stating they were told the BEDC didn't need a mission statement because they were only a research and advisory committee.

Councilmember Cook stated he understood the BEDC listed one of their responsibilities is to interview personnel and asked what that meant with Mr. Berryhill stating he didn't know what Councilmember Cook was talking about. Councilmember Lambert stated in the BEDC minutes of June 30, their first meeting, it reads "Discussion to establish the objectives for the BEDC consistent with the ordinance (568)...Stephen Insalaco started the discussion by stating that the BEDC is an advisory committee, operating in an advisory capacity only. The committee's actions are limited primarily to promoting recommendations to the city council and staff, in performing research and personnel interviews, and in providing reports or presentations to the city council and staff." Councilmember Cook asked Mr. Berryhill if he had read those minutes with Mr. Berryhill stating he had. Councilmember Cook then stated Mr. Berryhill was going to argue about the duties with Mr. Berryhill interrupting, stating he wasn't, with Councilmember Cook continuing to speak. Mayor King called order to the meeting.

Vice Mayor McGoffin stated she felt the Council needed to leave the past in the past, adding there are people who want to volunteer and work with the community, giving their time and she thinks the Council needs to give the BEDC some direction on what the Council expects from the committee. Vice Mayor McGoffin then stated she would like the BEDC to concentrate on local businesses and see if the City can help them in any way, adding when she was on the previous committee, they had major employers such as Apache Powder, come to the meetings and discuss their businesses with the committee and the committee could learn about the businesses and what they needed from the City, which is what she is looking for. Vice Mayor McGoffin then stated as far as bringing new businesses in town, we have SAEDG who focuses on that. Vice Mayor McGoffin then stated she thinks it's great that there are people in the community who want to volunteer and the BEDC has 100% support from her, adding if they need a little direction, that's what the Council is here for and should do.

Mayor King stated he thinks the Council needs to tell the BEDC what they are looking for so instead of having the committee just hold meetings with things being brought up, they could start focusing on item the Council wants and could continue to try to bring businesses in, adding he feels the committee should be given the chance to focus on what the Council wants the focus to be. Mayor King stated it is important to open up communication to allow things to start happening.

Councilmember Konrad stated one of the things that brings successful businesses into a community is successful businesses. Councilmember Konrad then stated there are business people in the community to focus on this, such as SAEDG, adding he has heard in conversations that they are just in this to make money, but noted they should be in it to make money, adding people need to realize that the City needs to lean on groups like SAEDG who can help bring other businesses in because the City doesn't have any professionals to do that. Councilmember Konrad then stated the Council needs to make some kind of separation here and decide on a direction, adding he is not sure that a committee that is a function of our government should be a part of that; he is not seeing the value in that when there are community leaders out there that will do this and regardless of making money doing it or not, it is beneficial for everyone. Councilmember Konrad then asked at what point in time does the Council do what they are to do; setting policy and worrying about the finances, adding if people are out there and they're willing to go out and spend their time to bring other people to our community and they make a few dollars doing it, he's all for it.

Vice Mayor McGoffin stated she thinks there is a lot of grief from the elimination of the EDSC and the creation of the another BEDC, adding she thinks the Council needs to let that go because negativity brings more negativity and the City needs to move forward. Vice Mayor McGoffin then stated there are people who want to volunteer and help and if they are talking to businesses in town, at least they could go to the

City Manager with things they have heard, and he can look into the matter for that business, adding if there's something they think needs to come to Council, they can bring it to the Council, but she thinks the Council could give the BEDC direction and that everyone needs to move forward and quit bringing up the past.

Councilmember Wangsness agreed, stating it is a minimal cost to keep the BEDC and he doesn't see any reason to not keep them, adding these people are taking some initiative on their own and the Council can give them more time. Councilmember Wangsness then stated if the Council is going to call the BEDC an advisory committee, it puts the responsibility of the initiative on the City and not on the committee.

Councilmember Boyle stated if the Council is going to shackle the committee by narrowly defining the focus, there's a lot of creativity that will be stifled, adding it doesn't cost anything to have this committee look at all the ideas brought to them to see if they are viable ideas that would make money for the City. Councilmember Boyle then stated if all the committee is going to do is be a liaison for the current businesses in town, it's almost worthless, adding there are not that many opportunities for the committee to be involved with current businesses to change what they do. Councilmember Boyle then stated if a business owner has a problem, they can meet with the City Manager and he doesn't understand why the BEDC would be involved. Councilmember Boyle then stated if the BEDC can be left to be a creative force for the City, it doesn't cost anything and they may be able to come up with ideas that are helpful and bring them to the City Council, adding he just doesn't see any loss in keeping the committee.

Councilmember Cook stated he would like to help with the pond listed on the matrix stating a pond can't be filled with groundwater, but must be filled with reclaimed sewer water, adding since the proposed site is on the south side of the freeway, it would require piping and drilling under the freeway and the cost would be too much, even in good financial times. Mr. Berryhill agreed, stating the reclaimed water would have to be brought up to class A standards, would have to be chemically treated and would require a maintenance testing program to test the pond monthly to meet the minimum requirements of a municipal lake. Mr. Berryhill stated for all these reasons the lake was placed at the very bottom of the matrix. Mr. Berryhill then stated communication issues were brought up earlier and stated the BMW event is happening in Benson in April, but they have nothing other than dates, adding the dates were set to prevent someone else from booking the large ramada at the park. Mr. Berryhill then stated they have to finish the special event permit by the end of this month and turn it in, adding when the special event permit is turned in, they will have all the details on what is going to happen; dates, times and what is going to be there. Mr. Berryhill then stated after it gets turned in, they were going to give a presentation to the City Council and give a heads up on what is going on, adding that was going to be the communication on that event, but until then they didn't feel a report was necessary.

Councilmember Cook stated it has been mentioned several times that all the activities the BEDC is working on seem to fall under Parks & Recreation with Mr. Berryhill stating these are the irons the committee pursued that turned hot. Mr. Berryhill then stated the BEDC has been talking to other businesses about coming to Benson, but he would rather not share comments he has heard in open forum. Mr. Berryhill then stated they have also been talking to business owners in town and getting a bunch of feedback, but he hasn't moved forward on this because he does not have a consensus on the problems that the business owners in town have, adding they don't have enough information to advise Council. Councilmember Cook stated again, what he sees coming out of the BEDC seems to fall under Parks & Recreation more than economic development. Councilmember Cook then stated other economic development committees for other cities basically don't have a good track record, adding the Tucson Regional Economic Organization, for Oro Valley, Marana, Tucson, South Tucson and possibly Green Valley had budgets in the hundreds of thousands of dollars each year for a decade and they got exactly 1 business in. Councilmember Cook then stated the problem replicates itself from community to community. Councilmember Cook then stated he sees SAEDG operating on a regional level and they are in contact with people at Rosemont, a Canadian mining company that wants to be in the Dragoons, the wind farm project and El Dorado, but added those are entities that have specific interests; 2 of them going after copper, 1 wind, the other the views and the opportunity El Dorado has on the hill. Councilmember Cook then stated that is economic development and no committee cannot replicate that because the City and its committees don't even have the same interests because outside interests, companies, developers, etc. have their own reasons for doing development,

adding the City having a committee and titling it an economic development committee is just window dressing and may be fooling ourselves, but it's not fooling the economic interests outside the City.

Mr. Berryhill stated he had spoken to 3 different developers who have been showing interest into coming to Benson, but there are some issues and he also knows of another business owner in Benson who has a business that he wishes to expand and he's having issues, adding that is where he would like to leave it at right now. Mr. Berryhill then stated the BEDC understands that economic development is not just events and they understand it is trying to bring in new appropriate businesses into this area, but noted the committee has no budget and everything the committee has done has been out of the committee members' own expense. Mr. Berryhill then stated he did ask the Mayor if he would consider giving the committee a voucher for a tank of gas once in a while so they can go talk to people, adding there is only so much that can be done over the phones and the internet. Mr. Berryhill then stated there's a lot of discussion to be had for the BEDC to get direction from the Council and on what they can and can't do, adding open communication would be a big problem solver.

Vice Mayor McGoffin suggested a worksession to see if the Council and the BEDC can meet in the middle, adding the Council can see if the BEDC is interested in doing what the Council is looking for. Mr. Berryhill agreed a worksession would be very helpful with Vice Mayor McGoffin stating it could possibly be held before a regular Council meeting.

Councilmember Lambert asked if the BEDC has tried to work with SAEDG with Mr. Berryhill stating they had one time. Mr. Berryhill then stated when the BEDC tried to address an events coordinator, Mr. Scott was at the meeting and the BEDC was going to introduce Mr. Scott and his winter visitor project, but there hasn't been any communication between them since. Councilmember Lambert then stated there was discussion about the BEDC being an advisory committee, adding any events they put on would need to come to Council for Council approval before they moved forward with the event. Mr. Berryhill stated when the BEDC started the BMW event, they were told that the City was not going to be responsible for any of this, so they had to do the event as members of the BMW Rally group, adding that means at this particular time, the BMW is not any part of the BEDC or the City. Mr. Berryhill then stated the BEDC was told that the City didn't want "any liability or anything about it," so the BEDC members volunteered their time to get something started here in this town as representatives of the Benson Rally Association. Councilmember Lambert stated Mr. Berryhill was very thorough with his explanations, adding he likes that because it keeps communication open. Councilmember Lambert then stated the BEDC met in October, 2014 and agreed to give the Council quarterly updates, adding when the Council gets those updates, it will be beneficial. Mr. Berryhill stated the BEDC has had its ups and downs, noting as a young committee, they have had growing pains, but they have pretty much settled down at this time, adding they have a new secretary in place who is getting used to the position and everything. Councilmember Lambert then stated he agreed with Vice Mayor McGoffin that this item should be tabled until the Council can hold a worksession with the committee and then the Council can address the resignations, appointments and everything else at that time with Mr. Berryhill stating the BEDC would be in attendance at the worksession.

Councilmember Lambert then moved to table this item as is until a future Council meeting after the Council can hold a worksession with the BEDC. Seconded by Vice Mayor McGoffin. Councilmember Wangness asked if the items, should be broken out to be addressed separately when they move forward with Councilmember Lambert stating he wanted it as it is listed so the Council has to power to go whatever way they want instead of going back and forth with several different items.

Councilmember Konrad stated with no action, the committee will continue with 8 members until it's brought back to Council with Mr. Berryhill stating the BEDC Chairman abstains, so therefore on issues, there are 7 members voting. Councilmember Lambert stated the committee currently consists of 9 members and it would remain that way until Council took any action, adding that is why he tabled the entire item. City Attorney Gary Cohen stated an agreement of the Chair to abstain is a proper solution to the ordinance, but he agrees that not accepting the resignations or the application for an appointment for a short period of time is sufficient. Councilmember Konrad then stated the resignations and application will need to be addressed at the future Council meeting with Councilmember Lambert agreeing, but noted the BEDC can still meet until that time. Motion then passed 7-0.

8. **Review of City Finances with emphasis on January financial results, and the City's financial position at January 31, 2015, including discussion of current and future revenue sources and expenditures**

Finance Director Megan Moreno addressed Council stating would like to request to speak on this item and the next item at the same time since they are related. Mayor King asked if this was something the Council could do with City Attorney Gary Cohen stating it was up to the Mayor. Ms. Moreno then stated this would be her last presentation to the Council as the Finance Director.

Ms. Moreno stated she would briefly go over the financials for the month of January so the Council would have the most current information available and then she would move to the next agenda item, which would be a summary of what was discussed at the Council Retreat.

Ms. Moreno then stated the City's cash balance has increased, with an unrestricted cash balance at \$931,000, adding last January, the unrestricted cash balance was \$948,000, adding the City has almost made its way back to where it was last year, which is encouraging.

Ms. Moreno then reviewed noteworthy changes in revenues, stating City Sales Tax is down due to timing issues, State Sales Tax is up and State Revenue Sharing is up, adding both of those are significant revenue sources for the City and she will touch on the future of those revenues in the next subject.

Ms. Moreno then stated Personnel costs are down overall, with Citywide personnel costs down \$348,000 compared to last January, adding in the General Fund alone, the personnel costs are down \$197,000. Ms. Moreno then stated the City ended the month of January with positive fund balances, so even though it's still in the red, there is much less of it. Ms. Moreno then stated the overall Citywide fund balance ended with a positive of \$366,000 and year-to-date is now at \$240,000 in the black, which is great. Ms. Moreno then stated the General Fund also ended positive at \$183,000 for the month, but noted it is still negative \$94,000 year-to-date. Ms. Moreno then stated the Transit Fund broke even and the Street Fund was only in the negative by \$1,000, so it almost broke even. Ms. Moreno then stated Gas Tax is up compared to last year by \$46,000, which is encouraging.

Ms. Moreno then moved to the Enterprise funds, stating they all operated in the black except for the airport, noting this does include the Golf Course that made a profit of \$12,000. Ms. Moreno then stated in summation, she brought Council a short summary that says strategies that have been implemented are working, the City is seeing its cash balance rebound and expenses going down and fund balances have improved, but there is still work to do. Ms. Moreno stated furloughs and cuts on the expenditure side are not sustainable long-term, so the focus must now be on building back up the cash reserves and establishing contingency funds for the utility funds. Ms. Moreno then stated she would now like to move to the next agenda item.

Councilmember Lambert asked about the airport fund being in the red with Ms. Moreno stating the airport doesn't have a lot of expenditures, but they still exceed the revenues being brought in, adding some of the expenditures include the airport insurance policy, some utility costs and such.

9. **Presentation and summary of the Council Retreat held on January 31, 2015 and possible direction to Staff concerning the City sales tax**

Ms. Moreno continued addressing Council stating the Council Retreat was held on a Saturday for the entire day and focused on the major issues that are hitting the City for the upcoming budget cycle, which is already in the process of gathering proposed budgets from all departments. Ms. Moreno then stated some of the things touched on at the retreat are important to bring forward in a Council meeting and Council expressed their support to bring this forward to make it formal and be able to take action on some of those things that were discussed. Ms. Moreno then stated first she would like to mention the Governor's plan to sweep State Shared Revenues, adding the Governor has brought forward a State budget and that budget includes sweeping \$8.2 million from cities. Ms. Moreno stated the State will take \$2 million to help fund the Arizona Department of Revenue (ADOR) operations and increase collection activity, adding this is

supposed to help cities collect more sales tax as the DOR has been tasked with being the collection agency for all the cities in the State. Ms. Moreno the budget will also include sweeping State Shared Revenues and State Sales Tax, noting the City of Benson's current budgeted amount for State Sales Tax is just under \$500,000 and the budgeted amount for State Shared Revenue is \$675,000, adding these are number 2 and 3 revenue source only behind City Sales Tax. Ms. Moreno then stated she doesn't have any estimate on how this will affect the City of Benson, but she knows we can expect to see those 2 revenue pools decrease this next budget cycle, adding we've been lucky that the last 3 years, they have been consistently increasing. Ms. Moreno then stated additionally, HURF money will still not be fully restored, adding HURF money is what is used to pay for street repairs and noted right now, the HURF money the City receives, even though it's an increase from the previous year, is not enough to keep the streets in the City at an acceptable level.

Ms. Moreno then stated the City is already are expecting to lose revenue from the State and on top of that, this last budget year, employee furloughs were implemented, with employees being required to take 20 furlough days and public safety employees being required to take 10 furlough days. Ms. Moreno stated by the end of December, everyone had completed half their required furloughs, at a savings to the City of \$119,000. Ms. Moreno then stated the City also lost 10% of the employee pool and she thinks most of those, as she stated at the retreat, 9 of 10 were related to furloughs being implemented. Ms. Moreno then stated if the furloughs are continued for another year, the City will lose more employees. Ms. Moreno then stated right now, starting in February, City Hall offices are closed on Friday, additionally, Recreation, the Utilities and the Public Works offices are also closed, which means there is one less day for people to get services such as business licenses, paying their bills, getting building permits and winter visitors turning utilities on, which are services the City prides itself on providing.

Ms. Moreno then stated furloughs brought the City to basically a breakeven level, but it is not sustainable to continue to force employees to take furloughs year after year to balance the budget, adding it was a temporary fix for the current budget cycle, but something different needs to be done starting in the next fiscal year. Ms. Moreno then stated the budgets were reduced in all departments, resulting in over \$2.1 million in cuts from the budget over the prior year, which included over \$540,000 in personnel costs and \$1.1 million in capital projects, however, capital projects can only be pushed back so far before things break down and we're forced to fix them, adding in essence, the City is just kicking the can down the road.

Ms. Moreno continued stating the City has made cuts in services with City offices being closed, the library closed on Thursday evenings and Saturdays and less police officers on patrol. Ms. Moreno then stated she felt she could speak for all employees, when saying that scheduling around furloughs while trying to maintain coverage for offices was very difficult, adding even the offices were not closed on Fridays, there was a skeleton crew working. Ms. Moreno stated other cuts included the reserve program at the Fire Department, as well, which means that the City can no longer support financially having fire fighters on site during day hours, noting she thinks they are trying to continue that program on their own, but they are running into issues. Ms. Moreno then stated all departments have made tremendous cuts to make the budget balance, but going forward, we will only be faced with more decisions in cutting services.

Ms. Moreno then stated this is where sales tax comes into play, stating the City's current sales tax rate is 2.5% with .5% that will sunset in 2018, which means it will go away. Ms. Moreno then stated when the City issued debt for the Wastewater Treatment Plant, the sales tax was increased from 2% to 2.5% to pay for that debt, adding both the debt and the revenue were supposed to end in 2018, but in 2010, the City refinanced the debt for a 20-year period. Ms. Moreno stated that debt, which was refinanced into a better program, was extended past the 2018 date the .5% will end, adding when that .5% sunsets, it will result in over a \$500,000 year loss or decrease in revenues, but the debt payment will still be in place. Ms. Moreno then stated in order to prepare for that rate sunset in 2018, she is coming to Council with a recommendation to look at considering raising the sales tax 1% effective this year, knowing that in 2 years, .5% will sunset, adding this will bring the sales tax rate to 3.5% for a couple years, then it will decrease to 3%, giving the City 2 years to build up cash reserves, bring us back to a financially stable environment and establish contingency funds for all of the necessary capital projects and utility issues that will come up. Ms. Moreno stated she knows this is not a popular decision to bring up, but she would strongly encourage Council and she is asking for direction tonight not to approve a sales tax increase, but to allow Staff to move forward with posting an intent on the City's website, adding State law requires posting 60 days in

advance, an intent to raise our sales tax rate and then in that time, Staff will develop an education campaign to address citizens' concerns and their questions and to be able to educate them on where the funds will be going from that increase. Ms. Moreno stated with that, the City would be able to eliminate the furloughs for our employees and would be able to restore services back to the level they were before this budget cycle.

Mayor King stated there have been many budget cuts and the City has lost 10% of the employee pool due to furloughs, adding now we know revenues from the State will be reduced, which will not help at all. Mayor King then stated the City has further cuts will affect the Police Department and the Fire Department and the protection they provide, adding cuts have resulted in services not being adequate now, much less after losing more officers and employees. Mayor King then stated he thinks it's very important that the Council make a hard decision and really consider this 1% sales tax increase, adding it's the only way we are going to be able to support our City over the next 3 years to bring the services and funds back up to where the City can run as a whole City and not hurt our residents like we are now. Mayor King then stated over the last few years the Council has done good trying to keep the City moving forward, but now we're in a situation where the Council needs to look at trying to keep the City moving forward in its entirety and not in different parts, adding the Council needs to really let the citizens understand that this is not directed at trying to hurt them, but it is better to have services and the City built back up to what it was before, to where employees aren't leaving and will be there for when something happens. Mayor King then stated there are issues in the City streets with a lot to be repaired and due to the City's financial situation, they can't be fixed. Mayor King then stated again, the Council has done well over the last few years in trying to maintain everything to keep the City running the best it could, but because of expenditures and revenues decreasing, draining our accounts and losing employees is something we don't want to continue, adding the citizens problems can't be fixed without employees. Mayor King then stated he was asking that the Council consider this tonight and take a hard look at what they have to do as a Council, adding he knows this is a tough decision that the Council has been talking about for years, but the Council is now at that decision making time and they need to look forward to the future with the City running as a whole functioning City and not in part.

Councilmember Konrad stated he would like to address the educational aspect of it, adding this is not going to be an easy sell. Councilmember Konrad then stated when looking at this tax increase, one thing he would like to seriously look at is another sunset clause so this does not become a permanent sales tax. Councilmember Konrad then stated another thing the Council discussed at the retreat was a rate study on the gas utility, stating he had a conversation with Mr. Stephens and Mr. Hamilton regarding that and he would like to put that on the forefront so the community understands where we're going with that. Councilmember Konrad then stated the gas rate cannot remain where it is, adding the City can't operate a utility and have to subsidize that utility constantly; it's not good business. Councilmember Konrad then stated the public needs to be aware of that and he doesn't want any surprises when this rolls out. Councilmember Konrad then stated another thing discussed at the meeting was that there aren't any purchasing procedures in place, adding he knows Ms. Moreno was working on that and he knows the new Finance Director will continue to work on that and while he understands what the furloughs have done as far as time constraints in getting things done, he would still like to see that somewhere in the forefront also, because there is a perception that there is some wasteful spending within the City and nothing will nail that down any better than if there are procedures in place so that people understand the bid process and how things come into being. Councilmember Konrad stated a business can't be run without some managers being able to spend money at some point in time to get things done, but on the other hand, he doesn't want the perception out there that people are just spending money without any kind of control. Councilmember Konrad then stated he would like to see that and the education package put together that will at least make sense to people, because it's not going to be an easy sell.

Mayor King asked when the last utility rate increases were done with Ms. Moreno stating the water and wastewater were adjusted in 2006 and she believes the gas rate was in the 90s with Mr. Hamilton stating the last rate increase for gas was in 1995. Councilmember Lambert asked how the gas rate works since gas prices change with Mr. Hamilton stating the City's rate to run and maintain the gas system is a fixed cost on top of what the City pays for gas, adding while the gas prices fluctuate, and have even gone down quite a bit in the last 20 years, the City's rate hasn't changed since 1995.

Councilmember Boyle asked about sales tax being charged on food and asked if the food sales tax could be separated from the retail sales tax in her reports, adding maybe the Council could leave the tax rate on food where it is now because there are a lot of people just barely getting by and maybe the Council could raise the other sales tax to make up for that amount of even raise the tax enough to do away with sales tax on food altogether, adding this would help the least fortunate among us by making sure they can put food on their table instead of taxing them on a necessity in life.

Ms. Moreno stated she didn't have the exact figures on how much was collected on food, but starting in January, this will change with a specific code on all businesses tax returns that will require splitting out sales tax on food separately, instead of lumping it with retail sales tax. Ms. Moreno then stated she doesn't know how accurate it will be for the few months, citing the learning curve for this new requirement. Ms. Moreno then stated when she researched this issue before, she contacted the League of Arizona Cities and Towns and found the majority of small towns do charge sales tax on food, adding it's not a new thing and is not an unusual thing for cities to do, noting it's usually the number one revenue source for small towns, because there is usually no other industry.

Councilmember Wangsness stated he had discussed this with Ms. Moreno about a year ago and they estimated the food tax to be about 80-90% of the total sales tax collected.

Vice Mayor McGoffin stated she knew there had been discussions on the utility rate increases and the tax increase; however, she didn't think the Council should burden citizens with both at the same time, adding she did know the Council needed to look at the utility rates, but she felt the Council needed to hold off on the utilities for maybe another year. Vice Mayor McGoffin stated she knows City services have really suffered this last year and things can't continue the way things are running now, adding further cuts would probably result in having to close the library altogether, cutting all summer programs and going back to one officer on the street at a time, which is detrimental to officer safety. Vice Mayor McGoffin then stated streets will continue to get worse, which are more expensive to repair when they are worse and while she agrees this will be a sell, she feels the Council needs to get out there and put their support behind it; otherwise the Council will be digging themselves into a hole the City won't be able to get out of.

Ms. Moreno stated a key component brought up at the retreat she wanted to mention was that a sales tax increase would spread the burden across a much larger group of people, with a majority of those being people who live outside of the community as opposed to looking at raising property tax which is a burden only on the people who live inside the community. Ms. Moreno then stated along with that, the Council could look at taking the property tax that City residents pay and moving it from operational expenditures to capital projects so there is a tangible benefit the community could see from their tax dollars, such as parks and recreation projects. Ms. Moreno then stated Vice Mayor McGoffin had to leave the retreat early, so she hadn't heard this part of the proposal, adding some parks and recreational projects could be ball fields at the park, trails or something else increase amenities for the residents and people would see that is where their money is going.

Councilmember Cook stated when Ms. Moreno is preparing this presentation, he would like her to keep in mind all the information Councilmembers will need to know to share with citizens, such as House Bill 2254 which was threatening to take away residential rental taxes from cities, the State sweeping away State Shared Revenues and State Sales Tax and portions of HURF funds. Councilmember Cook then asked about business not paying retail sales tax or residential taxes at all and if Ms. Moreno could gather information on those amounts not being paid to the City with Mayor King asked if Ms. Moreno could show that loss from businesses not paying what they should in her presentation. Ms. Moreno stated without auditing a business, she would have no way of knowing what businesses were paying what they should or paying at all and noted the State which has had the authority to do this in Benson has now taken over this authority statewide. Mayor King noted the State hadn't ever performed any audits in Benson with Mr. Stephens stating that has been part of the problem, adding when the State never audits, the result is that the word gets out and when you're a small town not getting any audits, people aren't paying their taxes.

Mayor King then stated he understood that House Bill 2254 would result in an additional \$89 million being

taken away from all cities in Arizona with Ms. Moreno stating it was estimated to be \$87 million, because it would take away the ability for cities to charge sales tax on residential rentals.

Councilmember Cook then stated it would also be help him explain why a sales tax increase was needed if he knew that all City departments were applying for grants, adding this will help him inform citizens that the City is doing everything it can to avoid a sales tax increase, but the increase is still needed.

Councilmember Lambert stated he knows this is a hard decision, but the Council does need to move forward looking at the increase, so Ms. Moreno can post it on the City's website, adding it has to be on the website for 60 days before the Council can consider it so it is one of the things the Council needs to go ahead with. Councilmember Lambert then stated a rate study on the utilities hasn't been done for a long time and even if the Council doesn't raise the rates, the studies should still be done, adding he talked with Ms. Moreno and Mr. Hamilton and with having an engineer and an accountant, they can do these studies in-house so the City doesn't have to pay for an outside study to be done. Councilmember Lambert then stated the Council can give direction to Staff to complete rate studies with a 20% contingency built in to pay for repairs that are needed on all the enterprise funds, adding right now, if anything that goes wrong, the City doesn't have the revenues in each fund to use and would have to take money from the bond proceeds to fix pumps, sewer lines, water lines and upgrades. Councilmember Lambert then stated taking it from the bond proceeds instead of revenues for each utility fund which is where it should be coming from results in more bond payments the City has to make. Councilmember Lambert then stated again, the Council needs to seriously look at the rate studies, but he doesn't want them to be tied to the tax increase, adding they need to be addressed separately and independently.

Mayor King stated there is a lot to do. Councilmember Konrad stated regarding the food tax, Councilmembers could go to the DOR website and see each city and town listed alphabetically and what they charge. Councilmember Konrad then stated Ms. Moreno is correct; the food tax is a major source of income for not only Benson, but every town like Benson, adding it's worth the time to look at the DOR website and get an idea of what other communities are doing, adding him requesting a sunset clause consideration was to keep Benson from being the highest in the State.

Ms. Moreno stated South Tucson is the highest. Mr. Stephens then asked Ms. Moreno to address taxes with regards to food stamps with Ms. Moreno stating there is an exemption in the City of Benson's tax code under retail exemptions that exempts any food that is purchased under the food stamp program, adding there is no sales tax charged to those citizens of the community. Ms. Moreno then stated in trying to get an idea of the people that would benefit from that exemption, she went to the USDA economic research service, which says about 17% of Cochise County is on food stamps. Councilmember Lambert stated he believed that exemption was a state law with Ms. Moreno stating it could be as it was part of the model City tax code.

Ms. Moreno then stated she handed out rate tables that came off the DOR website, which has all program cities listed, noting it did not have the non-program cities listed, such as Tucson and Douglas, adding she tried to write those in so the Council could see the rates cities are charging. Ms. Moreno then stated the majority charge between 2% and 4%, and noted some cities choose to charge restaurant and bars different higher rates than the retail sales tax rate. Mayor King stated Bisbee just raised their rate as well with Ms. Moreno stating there are 3 cities that recently passed sales tax increase; Bisbee from 2.5% to 3.5%, Oro Valley from 2% to 2.5% and Camp Verde from 3% to 3.65%.

Councilmember Lambert stated realistically, if Council gave direction to move forward on the 1% increase, it would have to posted for 60 days and then come back to Council for consideration with Ms. Moreno stating this was correct. Ms. Moreno then stated a notice of intent to consider an increase has to be posted for 60 days before Council takes action on it, adding it would be posted on the website and come back to Council 60 days later, adding in the meantime, Staff would work on the educational piece, and complete all the statutory requirements. Ms. Moreno stated this would basically mean that the Council would consider the increase in May and the tax increase would be in effect in July.

Councilmember Lambert asked about a timeframe for the utility rate studies with Mr. Hamilton stating it

would depend on how much time it would take for the new Finance Director to get where he needs to be and how much time it would take to go through everything. Mayor King asked if Mr. Hamilton was thinking it would be after the budget with Mr. Hamilton stating he was thinking late Spring, adding as they move further into it, he could give Council a better timeframe.

Councilmember Lambert stated he would like to clarify the direction to Staff is to go ahead and put a notice on intention on the City's website to start the process and to create a rate study for utilities with a 20% contingency for repairs. Mayor King agreed and said it also included the rest of the list. Vice Mayor McGoffin asked about the notice of intention and verified that posting did not mean the Council was approving the rate increase with Ms. Moreno stating that was correct, adding the notice of intention was a notice to consider an increase.

Mr. Stephens stated as Staff works to build the budget, they kind of need to nail down what the City is going to do, adding Staff will build a totally different budget without any increases and it would be much more dismal.

Mr. Hamilton then stated for the rate studies, he can build in a 20% contingency, but he would like to bring back recommendations from others such as the American Water Works Associations on what they say best utility practices are for contingency fund amounts. Council agreed.

**DEPARTMENT REPORTS:** None

**ADJOURNMENT:**

Councilmember Lambert moved to adjourn at 9:31 p.m. Seconded by Vice Mayor McGoffin. City Attorney Gary Cohen stated he believed there was a motion pending for the City to proceed with the necessary posting on the City's website, to do rate studies with the 20% contingencies and to do all the related educational directions previously given, but he did not hear a second and vote. Council expressed that direction didn't require a motion or vote. City Clerk Vicki Vivian stated when Council approved the Council Policies & Procedures, they required any action including tabling items and direction to Staff to require a motion and a vote. Councilmember Lambert then moved to move forward with putting the letter of intent to consider a 1% sales tax increase on the City's website, to do a rate study on the utilities with 20% contingencies or the recommended contingency percentage and the related educational requirements discussed previously. Seconded by Vice Mayor McGoffin. Motion passed 7-0.

Mayor King then stated Councilmember Lambert's motion to adjourn was on the floor, which had been seconded by Vice Mayor McGoffin. Motion passed 7-0.

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Toney D. King, Sr., Mayor

ATTEST:

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Vicki L. Vivian, CMC, City Clerk