

**THE REGULAR MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD MARCH 28, 2016 AT 7:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

CALL TO ORDER:

Vice Mayor McGoffin called the meeting to order at 7:02 p.m. and stated Mayor King was unable to attend the meeting. Vice Mayor McGoffin then led those in attendance in the Pledge of Allegiance. Vice Mayor McGoffin then introduced Sarah Isakson of St. Raphael in the Valley church who offered the invocation.

ROLL CALL:

Present were: Vice Mayor Lori McGoffin, Councilmembers Pat Boyle, Jeff Cook, Joe Konrad, David Lambert and Chris Moncada. Absent was: Mayor Toney D. King, Sr.

EMPLOYEE RECOGNITION: None

Vice Mayor McGoffin recognized Jackie Naegle for her 5 years of service with the City, noting Ms. Naegle is a great bus driver who takes great care of our patrons. Ms. Naegle was unable to attend the meeting.

PROCLAMATION:

Vice Mayor McGoffin read a proclamation of the Mayor and Council declaring the month of April as “Fair Housing Month.”

PUBLIC HEARING: None

CALL TO THE PUBLIC:

Don Buchanan, River Road, St. David, stated he came to repeat what he heard probably 3 meetings ago when James Thelander, a 10-year member of the Planning & Zoning Commission came and said that after working on the General Development Plan and it being approved about a year ago, it appeared the City was ignoring it. Mr. Buchanan stated he knows Mr. Thelander to be an honest, bright, intelligent man and if Mr. Thelander said that, Mr. Buchanan believes him. Mr. Buchanan then stated if the Council is getting advice from Staff that it is ok to ignore the General Development Plan or that there are loopholes in the plan, the Council should draw them up short and if the Council doesn't follow the plan or finds a loophole, they should make it obvious to the public. Mr. Buchanan then stated he has not yet heard anything about any kind of water conservation on the proposed development, adding the strongest words he heard from the developer were the “most economical” method and stated the most economical method is not the most reasonable method. Mr. Buchanan then stated that it is selfish of him, but if he wanted to live in a big city, he would have moved to a big city instead of moving here, adding he moved here because it's a beautiful rural country and a couple of merchants wanting to make money is not a good reason to destroy this beautiful country. Mr. Buchanan then stated as for the people who are addressing this legally, he wishes them all the luck in the world. Mr. Buchanan stated he was also happy to see the subject of the train whistle on the agenda, adding he doesn't hear it where he lives, but anyone who is serious about treating the citizens of Benson right, should do something about the 6 or 7 times a night the trains come through and blow their whistles.

CITY MANAGER REPORT:

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

Wednesday, April 6, 2016 – Benson Economic Development Committee, 6:00 p.m., City Hall

- Monday, April 11, 2016 – City Council Public Hearing, 7:00 p.m., City Hall
- Monday, April 11, 2016 – City Council Meeting, 7:00 p.m., City Hall
- Tuesday, April 12, 2016 – Library Advisory Board, 4:00 p.m., City Library
- Tuesday, April 12, 2016 – Planning & Zoning Commission Public Hearing, 7:00 p.m., City Hall
- Wednesday, April 20, 2016 – Community Watershed Alliance, 6:00 p.m., City Hall
- Monday, April 25, 2016 – City Council Meeting, 7:00 p.m., City Hall

Mr. Stephens then stated for more events in Benson, the public could visit the City’s website: www.cityofbenison.com under “What to do Today.”

NEW BUSINESS:

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

- 1a. Minutes of the January 31, 2015 Worksession
- 1b. Minutes of the February 8, 2016 Regular Meeting
- 1c. Minutes of the February 22, 2016 Regular Meeting
- 1d. Invoices processed for the period from February 17, 2016 through March 4, 2016
- 1e. Invoices processed for the period from March 5, 2016 through March 20, 2016

Councilmember Konrad moved to approve the Consent Agenda without item 1a. Seconded by Councilmember Moncada. Motion passed 6-0.

Consent Agenda – Items Removed:

- 1a. Minutes of the January 31, 2015 Worksession

Councilmember Konrad moved to approve Item 1a with the amendment to reflect the starting time of 9:15 a.m. Seconded by Councilmember Moncada. Motion passed 6-0.

2. **Presentation of Certified Audit Report for the City of Benson for the fiscal year ended June 30, 2015**

Finance Director Dustin DeSpain stated Mr. Jim Usevitch of Colby & Powell would address the Council regarding the audit performed for the Fiscal Year 2014-2015, adding Mr. Usevitch would be able to answer any questions Council may have. Mr. Usevitch stated he wanted to thank Mr. DeSpain and his staff for their assistance in conducting the audit. Mr. Usevitch then spoke about the City’s financials, stating over the last few years, the City had major losses in the General Fund with losses of \$500,000 and \$600,000, but this year, the General Fund profit was over \$300,000. Mr. Usevitch then stated the City could have continued the way it was, noting the City would have been bankrupt. Mr. Usevitch then stated this is a great turn around and that he knows it was a hard decision to make, but financially, it was the right thing to do. Mr. Usevitch then stated the other thing he wanted to point out was that this was the first year that required recording the retirement liabilities on the City’s financials, adding the Council has probably heard that across the nation, a lot of towns and cities are going bankrupt with a major cause being the retirement plans. Mr. Usevitch stated the retirement liabilities recorded in the City’s books this year ended up being over \$6 million; \$4 million with ASRS (the Arizona State Retirement System), which is reported on the City’s financials, but is run by the State, and noted the City only has a small percentage of the entire plan, which is .03%. Mr. Usevitch stated there isn’t much the City can do about the \$4 million liability since it is up to the State how the retirement plan is run and added the State could do a special assessment, but the chances it would be done are low, noting there are a lot of actuaries going on and the State is predicting 30 years down the road. Mr. Usevitch then stated the other portion of \$2 million is with Public Safety Retirement for Police and Fire, adding the difference with this portion is that it is the City’s program and each city or town is responsible. Mr. Usevitch then stated he knows Benson has chosen to implement a higher rate of withholdings to get that liability down, which is probably a good thing, but noted there are a lot of variables, such as the stock market. Mr. Usevitch then stated he wanted to speak about that issue,

adding the City's financials have looked great in the past, but don't look that good now because of the requirement of reporting the \$6 million in retirement liabilities. Mr. Usevitch stated other than that, the City is doing great and the audit went very well, adding he would be happy to answer any questions.

Councilmember Boyle asked about the status of the State's retirement fund with Mr. Usevitch stating the fund is better than a lot of states, but it is still in the red. Mr. Usevitch stated across the nation, most state retirement plans are underfunded with just a handful of them being in the black, which is why the accounting standards came up with liabilities that must be reported. Councilmember Boyle then asked if the state retirement funds were in a separate fund or were part of the City's General Fund with Mr. Usevitch stating the State retirement is all ran by the State and the funds are in the State's account. Councilmember Boyle then stated special State legislation would have to be passed if the State wanted to use those funds for other purposes with Mr. Usevitch agreeing. Mr. Usevitch then noted the State has their own audit done and anyone can go to the State's website and view their audits and financials.

Councilmember Cook stated the special assessment Mr. Usevitch spoke of sounds like the State could come back to the City for that money, which would come from the City's budget and asked Mr. Usevitch if he had any idea if that would happen or how much the City might be assessed. Mr. Usevitch stated according to the audit and the reports he received, the City is responsible for .03% of the entire State system, which is a very small percentage. Mr. Usevitch then stated the likelihood of the State coming back with a special assessment is very low, adding the State would probably raise the rates of the retirement contributions to reduce the liability amount, again stating a special assessment could be done, but it would be highly unlikely. Vice Mayor McGoffin noted the State usually just raises the retirement contribution rates, which is what they've done in the past. Vice Mayor McGoffin then thanked Mr. Usevitch for his time.

3. **Presentation by the Arizona Game and Fish Department with discussion and possible action regarding Resolution 7-2016 of the Mayor and Council of the City of Benson, Arizona, approving the Safe Harbor Agreement for Topminnows and Pupfish in Arizona between the Arizona Game and Fish Department and the U.S. Fish and Wildlife Service and the City of Benson**

Director of Golf Operations Joe DelVecchio stated when this item was first presented to Council, there were some questions they had regarding the Safe Harbor Agreement and now Mr. Ross Timmons of the Arizona Game & Fish Department will present the item and answer any questions Council may have, adding Mr. Doug Duncan of the U.S. Fish and Wildlife Service is also available for questions.

Mr. Ross Timmons addressed Council stating he is a native fish biologist with Arizona Game & Fish Department in Phoenix and then gave a powerpoint presentation on the Safe Harbor Agreements, which is part of the Council packet. Mr. Timmons stated the Safe Harbor Agreement allows participation in conservation on private lands, is deemed a voluntary agreement under the Endangered Species Act, authorizes future take of endangered species and creates an incentive to conserve listed species. Mr. Timmons then stated the landowner can take back the habitats and be returned to the starting baseline, which in this case would be a zero population, at any time in the future. Mr. Timmons stated the benefit to the agreement is regulatory certainty, adding there are no surprises and the participant can terminate the agreement at any time they decide they don't want to participate, adding the agreement is a bulletproof tool to aid non-federal landowners in participating in conservation and helps recover listed threatened or endangered species. Mr. Timmons then stated another benefit is mosquito control, noting these fish are proven to be as effective as mosquito fish. Mr. Timmons stated the participant will have access to technical assistance and can ask about the species, water quality or even about the operation of the ponds, adding the Game & Fish Department and any of their partners will provide any technical assistance or advice on management they can. Mr. Timmons then stated the landowner can still manage the property as they always have.

Mr. Timmons then stated the species involved with the proposed agreement are the Gila topminnow and the desert pupfish. Mr. Timmons then spoke about the cooperator's obligation to maintain ownership, stating

if the ownership is to change, the cooperators need to inform Arizona Game & Fish of the change and allow them to recover the fish or work with the new owner. Mr. Timmons then stated Arizona Game & Fish is required to conduct monitoring of the status of the fish, which they are to do at least once every 3 years, noting they try to target monitoring once per year to keep track, adding they use populations to establish other refuge properties. Mr. Timmons then stated they give landowners plenty of lead time, at least a 2-week notice, to let them know when the monitoring will be done. Mr. Timmons then stated Arizona Game & Fish asks landowners not to introduce other species into the pond, which are typically a non-native species of fishes, but they make an exception for certain grass carp because grass carp are good for pond maintenance and is an herbivore, which means there is little impact on other fish. Mr. Timmons then stated Arizona Game & Fish also has the obligation to coordinate to establish a baseline to ensure there are no other fish there prior to stocking so when the landowner wants to terminate the agreement, they are returned to the baseline. Mr. Timmons stated Arizona Game & Fish is also required to coordinate with the U.S. Fish and Wildlife Service on monitoring and recording and notify the U.S. Fish and Wildlife Service when the City informs the Arizona Game & Fish Department of a planned activity that will impact or wipe out the fish, so appropriate action can be taken, which may entail coming in and salvaging an appropriate amount of fish, holding them and then putting them back, if the agreement is continued.

Mr. Timmons then spoke about monitoring, stating compliance monitoring is carried out by the U.S. Fish and Wildlife to make sure commitments are being met and biological monitoring is carried out by the Game & Fish Department and its partners. Mr. Timmons stated compliance monitoring is to be done at least once every 2 years, but no more than 4 times a year and biological monitoring is done 1 month post stocking, 6 months post stocking, 1 year post stocking and thereafter at least once every 3 years. Mr. Timmons stated the cooperator, which is the City, can request to terminate the certificate of inclusion at any time for circumstances the Council deems necessary, upon written notification to the Arizona Game & Fish Department, adding he knew there were some concerns about the City being locked in the agreement. Mr. Timmons then stated this agreement is probably the best tool they have, adding if circumstances arise and the cooperator wishes to cancel the agreement, it can be terminated at any time and there is nothing stopping that; all they ask is for the opportunity to come in and salvage the fish, noting they will return the property to the baseline and if that baseline is zero, they will return the property to zero.

Mr. Timmons then spoke about the properties that are participating, stating there are 5 sites in the pipeline and there are currently 18 properties with 22 ponds, adding the Arizona Game & Fish Department focuses on larger sites due to limited budgets and their limited number of people, adding they want to get the largest refuges and most secure populations for the amount of money and effort and are still focusing on replicating certain lineages. Mr. Timmons stated they monitor existing sites, identify new sites and are hoping to implement citizen science in the next few years. Mr. Timmons spoke about their partners and properties, stating there is a pond that had fish for 6 or 7 years and the Arizona Game & Fish Department pulled out 1,500 topminnows and kept those fish on the property for 4 months during a reconstruction project; then returned about 275 fish and have planned to distribute the rest elsewhere. Mr. Timmons stated there is still agricultural activities on the property, adding the velocity of the flow was just reduced. Mr. Timmons then stated other sites include a high school and a private property in Portal, adding Maricopa County Parks and Recreation has enrolled at least 3 of their properties. Mr. Timmons then stated one site is a private ranch in south central Arizona, adding that rancher enrolled his property 3 years ago, using stock ponds and noted all the participants are very satisfied with the program.

Councilmember Boyle asked how many fish would be put in the pond with Mr. Timmons stating they usually put from 250 up to 1,000 of each species, stating if the Council approved the agreement, the Arizona Game & Fish Department would start with pupfish because they have found that pupfish don't do well if they are stocked at the same time as the topminnow, then stated they would start with pupfish for at least a year and then follow up with topminnow later. Councilmember Boyle then stated there are predatory birds at the ponds that could be a problem. Mr. Timmons stated the birds can be a problem, which is why they would want to focus on larger numbers of fish.

Councilmember Lambert asked about the rate of reproduction with Mr. Timmons stating a topminnow is a live barer and can have 3 broods of 10 fish at once, delivering 1 brood every 30 days and the pupfish, which has a lower rate, lays eggs singly or in low numbers. Mr. Timmons stated the male pupfish set up a territory and the female decides whether or not to lay eggs, the male fertilizes the eggs and then the female either leaves or gets chased out of the territory, but noted once the population is breeding, the breeding is a continuous cycle throughout the warm months so the population can build quickly.

Councilmember Cook stated the agreement, in section 4.3(5) regarding the incidental taking of the fish, requires a 15-day advance notice, and asked about an unplanned activity such as a fire. Mr. Timmons stated a fire would not be the City's activity, adding the agreement is addressing only the City's activities it would normally conduct on the golf course and noted an act of God isn't going to be a problem and would not reflect on the City or the agreement. Councilmember Cook stated he was actually speaking about a fire elsewhere and the Forest Service coming in to take water from the pond to extinguish the fire and that there may be an incidental taking of fish, adding that wouldn't be a planned event and the City wouldn't be able to give a 15-day notice. Mr. Timmons stated that would not be a City activity, but would be an act of the Forest Service, adding there is other compliance in place to cover that and if that happened, it would not reflect on the City or the golf course. Councilmember Cook then stated he has some concern about the City's ability to get out of the agreement, stating he can see the contract for Safe Harbors covers that, but then expressed concern over people coming to the ponds and putting turtles and other things in the pond. Mr. Timmons stated the Arizona Game & Fish Department recognizes that possibility is a cost of doing business, adding the Department is trying to do the best they can, but things like that happen. Mr. Timmons then stated when it comes to larger species, they can employ some monitoring techniques and can remove the larger species they are worried about without further impacting the 2 species, but again, stated the City would not be held responsible. Mr. Timmons then gave an example, stating the Game & Fish Department has a partner under their State permit in the State Parks system and there have been pupfish and topminnow at this site for about 30 years, but 4 years ago, there was a fire in the Superstition Mountains and the fire crews starting dipping water to suppress the fire. Mr. Timmons stated after running out of cattle stock tanks, they came in and got water from the stocked site, adding mosquito fish from the cattle stock tanks got in that pond and stated that is something that just happened, noting the Game & Fish Department didn't hold the participant responsible and the City also couldn't be held responsible for something like that.

Councilmember Boyle stated he appreciated Mr. Timmons trying to sooth the Council's fears and asked if there was any possibility the City would be liable or held financially responsible for whatever damages were done. Mr. Timmons stated he couldn't imagine any such circumstances, adding the State owns the pupfish under their permit and there has been no such precedent under the Safe Harbor Agreements, again stated participation is entirely voluntary.

Councilmember Konrad asked what the City's direct benefit of participating in the agreement would be with Mr. Timmons stating the City would be recognized as a City that cares about conservation and would be taking an active part and participating in the recovery of the species. Councilmember Konrad then asked Mr. DelVecchio to review the mentioned improvements to the golf course. Mr. DelVecchio stated during the process to establish the beginning baseline, the lake will be drained and Staff will have the opportunity to clean it out, adding the lake is in bad need of this being done, noting it's been overgrown for at least 10 years. Mr. DelVecchio then stated at the same time, Staff could improve the playability of the hole, adding they would improve the sloping that is increasing every year, noting originally the hole was fairly level around the green, but it has sunken every year since the course was built. Mr. DelVecchio then stated Staff will use this opportunity to not only fix piping that goes into the lake, but will also put in a fountain, use railroad ties and increase the looks of the hole. Mr. DelVecchio stated all of this can be done with basically just labor and will greatly improve the look of the hole, will improve the value of the property as a whole, adding this agreement will help the City take care of that, rather than the City having to drain the lake and make the improvements all on our own, as well as helping the Game & Fish Department with endangered species.

Councilmember Moncada asked how much the piping and improvements to the pond would cost with Mr. DelVecchio stating it would cost nothing, noting he would use the labor that is there 8 hours a day and they would just have a project to work on like the work they did on the bunker. Mr. DelVecchio stated he is working on getting the railroad ties donated, so there would be no material costs, adding he already has the PVC. Mr. DelVecchio then stated it's a fairly simple job, but they need the pond empty to do it. Councilmember Moncada asked how long the improvements would take and how long the golf course would be down for with Mr. DelVecchio stating he couldn't say how long the project would take, but that the lake is not a lake that is used; it's just a holding pond. Mr. DelVecchio then stated during summertime when golf play is down, Staff has the opportunity to get in there without very much pause, adding Staff can complete 2/3 of the project without any disruption of any golfers because it is not in the direct line of shots or where people walk. Mr. DelVecchio then stated most of it can be done pretty much uninterrupted, adding the lake is infested with cat tails and it definitely needs to be cleaned, noting it was going to be cleaned regardless. Mr. DelVecchio then stated in terms of downtime, all we're looking at is down time for the water not being there, which would not affect revenue or the golf course playing time.

Councilmember Cook then stated the original developer built the golf course and then the course transferred back to the City, but the developer retained some property ownership around the greens. Councilmember Cook stated since that happened, he has heard there is some discrepancy about what property the developer owns and asked if it was certain the City owned the property that was proposed to be the site with Mr. Stephens stating the City owned the property.

Vice Mayor McGoffin moved to approve Resolution 7-2016. Seconded by Councilmember Lambert. Motion 3-3 failed with Councilmembers Boyle, Konrad and Moncada voting nay.

4. **Discussion and possible action regarding a Trust Assurance Agreement to Construct Subdivision Improvements with Whetstone Partners, L.L.P., an Arizona Limited Liability Partnership for Cottonwood Highlands, Lots 1-85, inclusive and Common Areas A, B6 through B9, inclusive and C1 through C3, inclusive**

Public Works Director Brad Hamilton stated this is a substitute trust assurance agreement, creating a new trust agreement with the new owner, Whetstone Partners, LLC, and will place all the properties remaining in the current trust agreement into this one. Mr. Hamilton then stated the current trust agreement with Cottonwood Highlands can then be dissolved, which is the next Council item.

Councilmember Cook stated the old trust assurance agreement was for Lots 1-170 and asked why the new trust assurance agreement only included Lots 1-85. Mr. Hamilton stated Lots 86-170 were already released from the current trust assurance agreement through partial releases, adding once a developer completes the public infrastructure improvements on certain lots, those lots are eligible to be released so they can be sold, then stated the lots without the completed infrastructure stay in the trust.

Councilmember Boyle asked if this item was just cleaning up the books with Mr. Hamilton stating the property was transferred from one LLC to another LLC that currently owns it and the new trust assurance agreement is with the new property owner.

City Attorney Paul Loucks noted a couple of internal inconsistencies in the new trust assurance agreement; Page 2, paragraph 3 cross references paragraphs 12 and 13 and should cross reference paragraphs 14 and 15 instead; Page 3, paragraph 10 regarding the completion of improvements references 2 years, but should reference 5 years instead; Page 4, paragraph 16 regarding the failure to complete improvements references paragraph 7, but should reference paragraph 10 instead.

Councilmember Cook then stated on Page 3, paragraph 8 reads "City o Benson" and should be corrected to "City of Benson."

Councilmember Moncada moved to approve the Trust Assurance Agreement with the amendments as noted by City Attorney Paul Loucks and Councilmember Cook. Seconded by Councilmember Konrad. Motion passed 6-0.

5. **Discussion and possible action regarding Resolution 10-2016 of the Mayor and Council of the City of Benson, Arizona, authorizing the Release of Assurances for the Subdivision known as Cottonwood Highlands, Lots 1 through 85, inclusive and Common Areas A, B6 through B9, inclusive and C1 through C3, inclusive**

Vice Mayor McGoffin stated this item was to dissolve the trust with the previous owner with Mr. Hamilton confirming this.

Councilmember Moncada moved to approve Resolution 10-2016. Seconded by Councilmember Boyle. Motion passed 6-0.

6. **Update on the Railroad Quiet Zones for the Patagonia Street, San Pedro Street and Ocotillo Street crossings**

Councilmember Konrad stated he has had a lot of questions regarding the quiet zones and noted he had spoken to Public Works Director Brad Hamilton about the issue a couple weeks ago and then asked Mr. Hamilton if he had anything to add since that conversation. Mr. Hamilton stated he is now at the point, where he would need to ask Council for funding, noting nothing was included in the current budget for quiet zones and the next step would be to have a study completed to update the traffic information. Mr. Hamilton stated once that is done, the next step would be to meet with the Federal Railroad Administration. Mr. Hamilton then stated he got a quote from one of the City's on-call firms for the study and the cost is just under \$16,000. Mr. Hamilton then stated if the Council wants to move forward, he would need direction and the Council would need to transfer funding from the City's contingency fund, adding the quiet zones project is on the books as a Capital Improvement Project as CIP PW 07-2, but is not funded for another 3 years.

Councilmember Boyle stated in Willcox, they didn't have to do this and asked why it had to be done in Benson with Mr. Hamilton stating the same thing did have to be done, but ADOT did a lot of their data, noting ADOT owns Maley Street in Willcox, whereas Ocotillo Street isn't owned by ADOT; it's owned by the City. Mr. Hamilton then stated Willcox also didn't have the fatality rates Benson has. Councilmember Boyle stated the fatalities in Benson have been suicides and the City doesn't have any control over that with Mr. Hamilton stating any kind of fatality is recorded as a fatality, regardless. Councilmember Boyle asked if the City had any recourse and if the point could be argued with Mr. Hamilton stating the City may be able to address it after the study is completed and used to update the traffic information, but noted Willcox had a lot lower numbers than Benson has, comparing the difference to night and day. Councilmember Boyle stated he thought there had been 3 suicides with Mr. Hamilton stating he wasn't sure how many fatalities there had been, but he believed one was a younger person who just didn't hear the train.

Vice Mayor McGoffin confirmed \$16,000 was needed to get started on the quiet zones with Councilmember Boyle asking if this was all because the City owns Ocotillo Street as opposed to the State owning it with Mr. Hamilton stating it was due to the ownership and to the fatality rates. Mr. Hamilton then stated Willcox went through this issue for 9 years, adding he did have several discussions with the Willcox City Manager and was told it did drag on, then noted Willcox had a much better rating than the City does. Councilmember Konrad asked what the City got for the \$16,000 and if it would bring the City any closer to having the quiet zones with Mr. Hamilton stating the study will show what the federal government will require to be done by the City to achieve the necessary safety rating to have quiet zones. Mr. Hamilton then stated it will give the Council a much closer number on what kind of safety measures the federal government will require. Vice Mayor McGoffin stated the study has to be done to start and she feels it's a small price to pay to get this started.

Councilmember Boyle stated the Chamber of Commerce and other people are adamant about quiet zones. Councilmember Moncada stated the Council is looking at \$16,000 for the study and he has never seen a project that cost less than a study for the project, noting the Council would probably be looking at a minimum of \$30,000 that wasn't in the budget. Councilmember Boyle stated it wouldn't all have to be paid this year and asked Mr. Hamilton how long the study would last. Mr. Hamilton stated it was hard to predict the federal government, but he would hope to have some idea by the time budget season came around. Councilmember Moncada asked if Mr. Hamilton said it took Willcox 9 years to get through this issue with Mr. Hamilton stating it did take Willcox 9 years, but then noted there have been a lot of changes and the Federal Railroad Administration has made it easier, noting there is a lot more experience now in establishing quiet zones. Councilmember Moncada stated the City was still probably looking at 5 years, adding from 9 years to 5 years was a big jump. Vice Mayor McGoffin stated the Council needed to start somewhere. Councilmember Konrad spoke about spending money on construction of some type and asked Mr. Hamilton if it might be 4, 5 or 6 years before that would take place with Mr. Hamilton stating it all depends on federal government, adding if they come back and say the plans are approved and what the City has to do, the Council could authorize having it done, but again, noted it was hard to guess federal agency action.

Councilmember Lambert stated this item was an information only item and he didn't believe the Council could take action on any money issues with City Attorney Paul Loucks stating Councilmember Lambert was correct. Councilmember Lambert then stated moving money would have to be on a future Council agenda. Vice Mayor McGoffin stated she thought consideration of moving the \$16,000 in the budget needed to be on the next Council agenda.

Councilmember Boyle stated the employees in Willcox did all the work themselves which included pouring the curbs and installing signs and asked if Benson employees could do the same with Mr. Hamilton stating it would depend on what level of work is required, adding employees can pour certain curbs depending on what is specified, but he is not sure about other areas, and reminded Council that Maley Street was redone by ADOT and all those crossing improvements were paid for by ADOT.

Councilmember Cook stated he understands that different things would be required at each crossing depending on the risks with each crossing and since Patagonia Street is the high-risk crossing and there is an Amtrak crossing there, it seems like it would be very difficult or even impossible to try and close access from the property onto the tracks, noting the Council might want to consider that when they consider spending \$16,000 for the study. Mr. Hamilton then stated the study is to determine what could be done to get the City's safety numbers to an acceptable number to the Federal Railroad Administration, and to accomplish that in the least expensive way.

Councilmember Boyle stated this is something that needs to be done for Benson to grow, adding it's outrageous to try and do business on 4th Street or to even talk to anyone and everyone he talks to is adamant about this being done. Councilmember Boyle stated if there was one thing to do to fix this town, the quiet zones would be the number 1 item on the list. Vice Mayor McGoffin stated this item should be put on the next Council agenda.

7. **Review of City Finance with emphasis on February financial results and the City's financial position on February 29, 2016**

Finance Director Dustin DeSpain reviewed Citywide financial highlights stating the City's unrestricted cash has increased to \$1.7 million and the bond proceeds are still at \$1.07 million. Mr. DeSpain then stated the City's revenues exceeded expenditures by \$51,000 for the month of February and exceeded expenditures for the fiscal year by \$610,000, adding last year at this time, the fund balance was \$456,000 and noted the increase of over \$100,000. Mr. DeSpain then stated monthly revenues citywide were \$919,000 for February and are \$6.9 million year-to-date, which is a \$1,000,000 increase from last February. Mr. DeSpain then stated citywide monthly personnel costs for February were \$364,000, which is an

increase of \$19,000 compared to February of last year and other citywide expenditures were \$494,000 for the month which is an increase of \$253,000 compared to last February, and was primarily caused from some outstanding bills that were paid.

Mr. DeSpain then reviewed the General Fund stating revenues for the month of February were \$485,000 and were \$3.6 million year-to-date which is an increase of \$476,000 from last year. General Fund personnel costs for February were \$234,000 which is an increase of \$12,000 from last February and other General Fund expenses for the month of February were \$298,000 which is an increase of \$232,000 from February of last year, adding again, this was due to the outstanding bills that were paid in February. Mr. DeSpain then stated General Fund revenues did not exceed expenditures and were short by \$47,000 for the month of February and the General Fund year-to-date fund balance was \$163,000, which was an increase of \$135,000 from last year at this time, noting the year-to-date fund balance last February was \$28,000. Mr. DeSpain then stated there is definitely a benefit being seen from the City Manager's cuts and the increase in revenue from the recent sales tax increase Council approved.

Mr. DeSpain then reviewed Enterprise Funds stating the Gas Fund revenue for the month of February was \$102,000 and year-to-date was \$561,000 and the fund balance was \$211,000, noting the revenue has been less due to a warm winter and then added this fund balance will be lower due to it not including the purchase of gas used in February. Mr. DeSpain then continued stating the Water Fund revenue for the month of February was \$48,000 and year-to-date was \$446,000 and the fund balance was \$60,000; the Wastewater Fund revenue for the month of February was \$60,000 and year-to-date was \$462,000 and the fund balance was \$122,000; the Sanitation Fund revenue for the month of February was \$50,000 and year-to-date was \$397,000 and the fund balance was \$54,000. Mr. DeSpain then continued, stating the Golf Course Operations made \$3,000 in the month of February and was -\$117,000 year-to-date, compared to last February when the Golf Course operations made \$15,000 and was at a year-to-date balance of -\$59,000; the Golf Course Food & Beverage fund balance was \$12,000 for the month of February, noting they had a really good month and was -\$1,000 year-to-date.

Mr. DeSpain then reviewed sales tax stating in February the City retail sales tax had improved greatly from February of last year due to the sales tax increase, adding this was a big turnaround for the City as noted by the auditor earlier in the meeting. Councilmember Boyle asked where the collections would be without the recent sales tax increase with Mr. DeSpain stating the collection would be about \$230,000 which is below last February. Councilmember Boyle then stated the increase is not really due to growth and stated retail sales haven't increased, but have actually decreased from last February. Mr. DeSpain stated overall statewide there has been a small increase in retail sales and noted the State is projecting for the next few months, a greater increase in tax revenue from both income tax revenue and sales tax revenue. Mr. DeSpain then stated an upswing can be seen at the State level and perhaps it might not be as much in Benson, but there is hope it will affect Benson as well.

Mr. DeSpain then continued his presentation stating Bed Tax is holding at about \$7,600, which is pretty even with last year and hasn't really changed and Construction Sales Tax is about \$10,000. Mr. DeSpain then stated Total City Sales tax includes shared revenue from the State and is at \$346,000, adding there has been a small increase of what the State shares and we are beginning to see more spending than there has been in the past.

Councilmember Konrad stated he sees the personnel number up a little and asked if the City was getting back to a comfortable position if we were to be audited by the ACC. Mr. DeSpain stated the City has been notified that the ACC will be performing their audit of the City in April, adding there have been utility workers hired to the point where Staff believes the City can become compliant, but the new employees are not trained in the gas system which is where the problem is. Mr. DeSpain then stated the City will probably not be in compliance, but will be able to show it's being worked on diligently. Councilmember Boyle asked if there were a fine involved with Mr. DeSpain stating the ACC gave the City a timeframe to comply, adding there can be a fine, but the hope is that it can be shown the City is working toward compliance and it will be enough to not be fined.

Councilmember Cook stated the General Fund expenditures were \$47,000 more than revenues, which surprised him because the City was so far ahead with the sales tax increase and asked why it was with Mr. DeSpain stating monthly presentations include huge fluctuations on when expenses come in and go out, adding it would be better to have quarterly presentations. Mr. DeSpain then stated the City did have a significant bill that has been on the books come in and it was paid in February, so February took the hit, but overall, the City is doing well.

DEPARTMENT REPORTS: No comments from Council.

ADJOURNMENT:

Councilmember Boyle moved to adjourn the meeting at 8:15 p.m. Seconded by Councilmember Moncada. Motion passed 6-0.

ATTEST:

Toney D. King, Sr., Mayor

Vicki L. Vivian, CMC, City Clerk