

**THE WORKSESSION
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD MAY 21, 2014, AT 6:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

CALL TO ORDER:

Vice Mayor Sacco called the meeting to order at 6:00 p.m. Vice Mayor Sacco then led the public in the Pledge of Allegiance.

ROLL CALL:

Present were: Vice Mayor Al Sacco, Councilmembers Pat Boyle, Jeff Cook, Chris Moncada and Peter Wangsness (via phone). Absent were: Mayor Toney D. King, Sr. and Councilmember Brooks.

NEW BUSINESS:

1. Budget Worksession for the City of Benson, Fiscal Year 2014-2015; all revenues and expenditures of the City may be discussed

Finance Director Megan Moreno addressed Council reminding them that the meeting could only last 1 hour due to a scheduled Planning & Zoning meeting. Ms. Moreno then stated the budget schedule in place will have the Council act on a Tentative Budget on June 2 with public hearings to be held on June 19, followed by Council action on a Final Budget on June 23. Ms. Moreno then stated if the Council doesn't cover all of their questions and concerns, another worksession will need to be scheduled prior to June 2.

Ms. Moreno then stated Council made 2 changes to the proposed budget, which were both in the Community Enrichment budget, with the first change being to increase the Economic Development line item from \$20,000 to \$25,000 and the second being to increase the Billboards line item from \$11,000 to \$20,000 to allow for another billboard rental if it became available.

Ms. Moreno then stated in addition to those changes, the Council had requested that she look into a few issues and get information for them. Ms. Moreno then stated she had given the Council a memo on those issues, adding since Mr. Wangsness was on the phone and was not able to see it; she would go over the memo. Ms. Moreno stated the first issue was regarding the City's sales tax rate, adding the Council wanted to know what the tax rate was in other cities and towns. Ms. Moreno then stated she did report those rates at the worksession, but wanted the Council to have the information in writing. Ms. Moreno then stated she had other local jurisdictions' tax rates listed on the memo in order from lowest to highest, adding Benson is in the middle of the list. Ms. Moreno then stated Huachuca City was the lowest at 1.5% and Willcox was the highest at 3%, again noting Benson is in the middle with a rate of 2.5%.

Ms. Moreno then stated the Council also wanted to have the same information regarding the property tax rate, stating the memo also contains a list showing what cities charge from lowest to highest, noting those property tax rates consist of a primary and secondary rate. Ms. Moreno then stated Sierra Vista has the lowest city property tax rate at .1136 with Benson being the next city at .4609 and noted that Benson doesn't have a secondary tax rate. Ms. Moreno then stated the list goes up from there and shows Bisbee is the highest with a rate of 2.2019. Ms. Moreno then stated there is also a handout with more detail on what is included in the combined or overall tax rate for someone living in those areas, adding these can include school districts, fire districts, county property taxes and hospitals. Ms. Moreno then stated those rates are also provided from lowest to highest with Douglas being the lowest with an overall rate of 8.6115, Tombstone is next, followed by Sierra Vista and then Benson. Ms. Moreno then stated Benson's overall rate was lower than Willcox, Bisbee, Tucson and Vail. Councilmember Moncada asked what the proposed increase was with Ms. Moreno stating the budget is proposing the property tax increase from .4609 to .5531, adding the amount collected would be approximately \$230,000 and it would result in an increase of

\$4.31 per year on a home valued at \$100,000. Councilmember Boyle asked about splitting the tax rate for homes valued over and under a certain amount with Ms. Moreno stating the memo also addresses that question. Ms. Moreno then stated she spoke to the League of Arizona Cities and Towns and they informed her that cities are only able to adopt a tax rate for the levy and cannot split the rate because that, in essence, would be creating a new tax and the City doesn't have the ability to do that. Ms. Moreno then stated the overall property tax rates were difficult to calculate, adding different districts, such as school districts, street light districts, street improvement districts and fire districts tax different sections of the cities and citizens' tax rates depended on where they lived in their city. Ms. Moreno then stated she used the minimums in calculating their rates, but they are still much higher than Benson.

Vice Mayor Sacco noted that Ms. Moreno had attached a memorandum with comparisons with other cities and asked if this information was fairly recent with Ms. Moreno stating she used the current rates in place for the 2013-2014 fiscal year.

Ms. Moreno then stated the Council requested the attorney's opinions on the gift clause and the funding requests received, adding she sent the attorney all of the requests as well as a few others she removed from the proposed budget. Ms. Moreno then stated she gave the Council the memo, which was confidential. Ms. Moreno then stated she also asked about paid memberships in organizations and if they were a better way to support an organization, adding the gift clause specifically mentions not being a paid member, so memberships would not change the issue of the gift clause at all. Ms. Moreno then stated there was also a request to ask the attorney about the ability to advertise for donations for non-profits on utility bills, and the possibility of establishing a fund to receive donations for them. Ms. Moreno then stated she did receive an email from the City Attorney and he thinks doing that is legally problematic for the City because it would be providing a benefit to support some organizations and not all of them, adding even if the City did it for all the organizations, there is a separation of church and state issue with regards to certain religious based organizations such as Catholic Community Services. Council all stated Catholic Community Services are not part of the church.

Councilmember Boyle stated he thought the City would only provide advertising and would not collect any donations with Ms. Moreno stating even using the City's resources to provide free advertising still implicates the gift clause, adding the attorney was trying to caution the Council against providing any advertising on utility bills. Ms. Moreno then stated the attorney did say if a case could be made for a benefit the City received in return for a donation, then it would be ok.

Councilmember Moncada mentioned the memo was confidential under the attorney/client privilege with Ms. Moreno stating they shouldn't discuss the memo in too much detail, but she did want to discuss the questions Council had asked at the worksession on May 16.

Council then discussed the property tax with Ms. Moreno stating to collect the same amount of property tax as the previous year, which is \$209,000, the rate would have to be increased to .5026. Councilmember Boyle asked if the rate was not increased, what it would mean with Ms. Moreno stating the budget would be off slightly since the proposed budget includes a property tax collection amount of \$230,000. Ms. Moreno stated the Council would have to go back and cut an additional \$21,000 from the proposed budget.

Councilmember Cook stated he recalled the proposed increase being \$4.31 per year on a home valued at \$100,000, adding that is less than \$.36 a month. Councilmember Moncada then stated he had talked to people about residents who couldn't afford that increase, but noted Ms. Moreno had made a good point that not a lot of those people own a \$100,000 house and noted if the home was valued less than \$100,000; the increase would be even less than the \$4.00 per year.

Councilmember Boyle stated at this point, the Council was basically talking about the principle instead of the amount of money, stating based on principle, he would error on the side of trying to cut more from the budget, then stated \$21,000 doesn't matter a whole lot in the grand scheme of things.

Councilmember Moncada stated if the budget had not been cut so severely, he would agree, but since the budget had been cut so much, he didn't think this increase was uncalled for. Councilmember Moncada then stated Councilmember Boyle was right when he said the increase doesn't result in a lot of revenue, but he could look at the principle the other way, adding the budget has been cut all over and asking for \$21,000 from the entire City isn't asking a lot.

Councilmember Boyle then stated if things get better the City could look at reducing the rate then.

Councilmember Wangsness asked Ms. Moreno how the rates were determined with Ms. Moreno stating there is a formula used in calculating a specific amount of collections based on the net assessed valuation of property in the City, adding the formula takes into account any new construction and gives the rate needed to collect that amount. Councilmember Wangsness asked how the amount to collect was determined with Ms. Moreno stating she tries to keep the levied amount the same each year or increase it slightly, adding there is a limit to how much it can be increased. Ms. Moreno then stated some cities raise it as much as they can each year while others try to keep it the same, noting it depends on each city's budget situation. Ms. Moreno then stated the levy two years ago was \$221,000 and the projected budget includes a slight increase to a levied amount of \$230,000. Councilmember Wangsness then asked about setting a rate for the next 5 years with Ms. Moreno stating the Council still has to adopt a levy rate every year. Ms. Moreno then stated she would be hesitant to recommend keeping a rate in place for 5 years because if the City has growth or new houses, it would increase property valuation and provide a broader tax base which would result in the collection amount being the same or higher, noting the Council may then want to consider lowering the levy rate, like they have done in past years. Councilmember Wangsness then noted the problem with lowering taxes is that the Council has to raise them again later. Ms. Moreno stated the tax levy rate is definitely a balancing act every year and the driving factor is how much the City wants to collect.

Councilmember Wangsness stated people may like the Council improving the value of their property instead of changing the rates around with Ms. Moreno stating if the rate stays the same each year, but property values go up, it would result in more taxes and revenues with homeowners paying more each year, which is why the levy rate is looked at each year. Ms. Moreno then stated if the City doesn't need to levy more money, we don't want to pass an extra collection amount onto homeowners, adding if home values go up, the City would then change the rate to try to keep the same amount that we are levying per homeowner each year.

Ms. Moreno then asked if there was a consensus of the Council. Councilmember Moncada stated he was ok with the proposed rate of .5531. Councilmember Boyle agreed. Councilmember Cook stated he wanted to explain his position, stating when a Councilmember is relying on people and their votes, it becomes tempting for a Councilmember to try and buy votes by playing favorites with different parts of the budget, like the Police Department, by firing people or not, by furloughing people or not, by trying to keep the primary property tax rate the same or by choosing any pet portions of the budget, adding it causes that financial hardship to shift to others and he was highly reluctant to shift that burden to others, especially the employees. Councilmember Cook then stated he thought since there were so many parts of the budget that have been impacted and in some cases suffering, he was inclined to not choose a favorite and agree with the rate increase to .5531. Councilmember Wangsness stated he felt it was small enough amount per person and stated he would agree with the increase.

Ms. Moreno then stated she had a consensus of Councilmembers and would move forward with the proposed increase in the budget, adding she would also put the required notice on the City website of the intended rate increase. Ms. Moreno then stated there will also be an opportunity for the public to comment on the proposed increase at the public hearing. Ms. Moreno then stated the increase will then be brought to Council for their action at least 60 days after the website notice, adding the proposed increase would remain in the proposed budget since 4 Councilmembers have agreed to it.

Councilmember Wangsness asked Ms. Moreno to include how much the increase would be per person on the City website, adding he thinks if it's noticed that the increase is approximately \$.34 per month, it would be better than just having the rates and percentages. Council agreed.

Ms. Moreno then moved to the Community Enrichment budget, stating the Council requested 2 changes be made; increasing the Economic Development line item and the Billboard line item. Ms. Moreno then stated there were quite a few line items removed from the previous budget which the Council discussed at the previous worksession, but she would like to highlight them, stating the Arts Council, the Food Pantry, the Food Bank, the Shop with a Cop program, the Relay for Life, the City/School joint activities, the Southwest Ranch Roping Association, the Southeastern Economic Development Group and the Historical Commission. Ms. Moreno then stated the Historic Commission is a City board, adding if there is a request for funding for the commission; it would not implicate the gift clause. Ms. Moreno then stated the Historic Commission has not officially requested any funding, however the liaison for that commission had told her that they are interested in using some money that was budgeted for them in the current fiscal year and that there is a grant they are interested in pursuing for the next fiscal year, adding the commission's required match would be approximately \$1,000 if the grant was awarded.

Vice Mayor Sacco then asked about the Economic Development line item, stating in the 2013-2014 budget year, the amount budgeted was \$4,000 and the proposed budget increased this amount to \$25,000. Ms. Moreno confirmed the change, stating the Council had approved an asset inventory and branding in the amount of \$20,000, which was originally included in the proposed budget and Council requested an increase of \$5,000 to allow advertising for specific events, if they came up.

Councilmember Wangsness asked if there was any contingency in the Community Enrichment fund, adding people come forward with requests for funding periodically during the year. Ms. Moreno stated the City Promotions line item was budgeted at \$5,000, adding it is basically a catch all fund, adding it has been budgeted higher in the past, but in the last few years the Council has added specific line items and decreased the City Promotions line item accordingly, again stating there is still \$5,000 there for other things the Council could consider.

Councilmember Moncada stated he would like to ask the Council to add \$500 for the Shop with a Cop program, adding he thinks there is a benefit to the City, and although it might not be seen immediately, there is a benefit to keeping this program in the City and keeping those children out of the system and hopefully out of trouble. Councilmember Wangsness agreed.

Councilmember Boyle stated the same thing could be said about the Food Bank and the Food Pantry, adding there are people standing in line every day and if the Council is going to fund the Shop with a Cop program, they should fund all the requests that were received. Councilmember Boyle then stated the Shop with a Cop program is a luxury compared to the food banks and if the Council is going to cut out the food banks, they need to cut out all requests and be straight across the board. Councilmember Boyle then stated if people are made aware of the situation, maybe the funds could be raised in another way that doesn't involve the City's money.

Councilmember Wangsness stated he thought the difference is that the Shop with Cop program is involving the Police Department and the community in outreach with Ms. Moreno apologizing for not emailing the memo to him since he was unavailable. Ms. Moreno then stated she would email him the memo so he could review it immediately.

Councilmember Wangsness then stated the Council could address it later and take it out of the City Promotions line item should they want to.

Councilmember Boyle then stated if Ms. Moreno was looking to see what the consensus was, he was in favor of the budget the way it was proposed.

Vice Mayor Sacco then asked about the Economic Development line item again, stating the previous budgeted amount was \$4,000 and questioned why the proposed budgeted amount was \$25,000. Ms. Moreno stated the Council has approved an asset inventory and branding in the amount of \$20,000 and at the worksession last Friday, Council wanted to increase that amount by \$5,000 for other things the Council may want to support. Ms. Moreno then stated the increased amount is a considerable jump, but it is directly related to Council approved items. Vice Mayor Sacco restated that the Economic Development line item concerned him because it was jumping from \$4,000 to \$25,000 with Ms. Moreno restating that the increase was to account for the Council approved items, adding an asset inventory, branding and marketing plan were brought to the Council and the Council approved the asset inventory and branding for \$20,000. Ms. Moreno then stated the amount was then increased to \$25,000 to include other events, per Council's request at the budget worksession.

Councilmember Wangsness stated his recollection was that the Council only voted to look into an asset inventory and branding. Councilmember Moncada stated the Council voted to go out with a Request for Proposals (RFP), but hasn't authorized spending any money yet, adding the RFP will have to be first. Councilmember Wangsness agreed with Councilmember Moncada that the Council had not voted to spend any money with Councilmember Moncada stating if the Council was going to consider the received proposals, the estimated amount for the asset inventory and branding had to be included in the proposed budget. Ms. Moreno then stated she put funding in the budget based on the preliminary estimates.

Vice Mayor Sacco then asked about the Southeastern Arizona Economic Development Group (SAEDG) and the Butterfield Stage Days line items with Ms. Moreno stating she had removed SAEDG from the budget based on Council tabling their request from the current year and that the Butterfield Stage Days line item was increased to reflect the accurate amount the City spends on advertising associated with the event, adding the advertising was not included in the correct line item in past budgets.

Councilmember Cook stated he was surprised how much the Food Bank, the Food Pantry and the Shop with a Cop program are related, adding he knows there is the Food Bank, the Food Pantry and another food bank in St. David. Councilmember Cook then stated he knows there are people who raid dumpsters behind stores to get freshly out-of-date food and that some people who use food banks also sell their food stamps for things that are not allowed on food stamps or other illegal things, because he has been approached. Councilmember Cook then stated some people end up in jail or prison, adding sometimes there is a spouse or significant other, but sometimes there isn't and sometimes all the adults in the house are gone, leaving the children placed somewhere else. Councilmember Cook then stated the Shop with a Cop program is about making a positive contact with these kids who have so much turmoil and grief in their lives. Councilmember Cook then stated he remembered being in Wal-Mart during a Shop with a Cop event and he remembers seeing a little girl with an officer, smiling, adding it wasn't just a smile to get through the moment; it was a genuine smile. Councilmember Cook then stated the Shop with a Cop program helps children understand there are still people not only in our community, but in our world that they can trust. Councilmember Cook then stated when there is so much involvement with drugs or alcohol and parents are in and out of jail or prison, the kids learn quickly that they cannot trust or depend on their parents and the Shop with a Cop program helps them understand that here are people they can rely on and trust. Councilmember Cook then stated he agrees with Councilmember Moncada on this program, adding the tangible benefits are hard to measure, but he thinks the real benefit is to the lives of the people that are targeted by this program, which is the lowest income and hardest family situations and he is completely in favor of the Shop with a Cop program. Ms. Moreno stated she would put the Shop with a Cop program back in the budget for now, adding it doesn't mean the expenditure is approved, but it will be in the budget.

Councilmember Boyle quoted Margaret Thatcher, saying the problem with socialism, is sooner or later you run out of other people's money to spend. Councilmember Boyle then stated all of these things sound wonderful, but if Councilmember Moncada really wants to do the Shop with a Cop program, he should get his checkbook out, write a check on his own and do it that way. Councilmember Boyle then stated he was sure there would be more money that way than in trying to get the City involved in something it shouldn't be involved in.

Councilmember Moncada then stated the City can't be everything to everyone, but the Shop with a Cop program was near and dear to his heart, adding they are also the ones who asked for the least amount of funding. Councilmember Moncada then stated he also thinks the Council shows priorities by how they spend money, adding they are all good programs, but he didn't pick them all because again, the City can't be everything to everyone. Councilmember Moncada then stated if other Councilmembers wanted to speak up for other organizations, to please do so.

Councilmember Boyle then stated what he was saying was that if Councilmember Moncada loved the program, he should get his checkbook out, write a check and give it to his dad and tell him to take it out and spend it on some kids.

Councilmember Moncada stated the program took 35 children out last year and the City sponsors less than 5 children, adding the community is out there supporting the program.

Ms. Moreno asked Council if another worksession would be needed or if she could get a consensus on whether or not the Council was ok with the addition of \$500 for the Shop with the Cop program and could move forward with the tentative budget from there. Councilmember Moncada stated he was ok with it and Councilmember Boyle stated he was ok with it.

Vice Mayor Sacco then questioned the City billboards with lights, stating the previously budgeted amount was \$11,000, but the proposed budgeted amount is now \$20,000 with Ms. Moreno stating at the worksession, the Council voted to add in the cost for potentially renting 1 more billboard with lights, adding the cost budgeted is for 3 billboards with lights because the City has already contracted for 2 billboards until February. Mr. Moreno then stated the budgeted amount would allow Council to rent another billboard in another location and then cancel one of the existing billboards in February. Councilmember Moncada agreed, stating if the Council were to select another billboard that became available, the City would have 3 until Council was able to cancel one that is contracted until February, so ultimately the City would only have 2 billboards. Ms. Moreno stated Councilmember Moncada was correct that City was in a contract until next February, but if something becomes available before February, the Council could act on it and then not renew one of the others in February.

Ms. Moreno then asked Vice Mayor Sacco if he was ok going forward with the budget or if he felt another worksession was needed with Vice Mayor Sacco stating he was good with moving forward. Councilmember Cook and Councilmember Wangsness both stating they were also ok with it moving forward. Ms. Moreno thanked the Council.

ADJOURNMENT:

Councilmember Moncada moved to adjourn at 6:55 p.m. Seconded by Councilmember Boyle. City Clerk Vicki Vivian reminded the Council of the special Council meeting to be held on May 28 at 7:00 p.m. Motion passed 5-0.

ATTEST:

Toney D. King, Sr., Mayor

Vicki L. Vivian, CMC, City Clerk