

**THE WORKSESSION
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD MAY 8, 2013, AT 7:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

CALL TO ORDER:

Mayor King called the meeting to order at 7:00 p.m. with the pledge of allegiance.

ROLL CALL:

Present were: Mayor Toney D. King, Sr., Vice Mayor Lori McGoffin, Councilmembers Ron Brooks, David Lambert, Nick Maldonado, Chris Moncada and Al Sacco.

NEW BUSINESS:

1. Budget Worksession for the City of Benson, Fiscal Year 2013-2014; all revenues and expenditures of the City may be discussed

Finance Director Megan Moreno addressed Council stating before the presentation on the Golf Course budget, she would like to review the Council requests and changes made this far to the proposed budget. This included providing a detailed personnel budget worksheet to Council, updating the CIP to include page numbers, updating the Mayor and Council in order of time served, updating CIP project PW 08-01, City Hall Improvements, to include upgrading insulation in the ceilings and foam injections into the block walls, the addition of a new CIP project for future library expansion, the addition of a new CIP project for the WIFA grant received by the City for planning and designing a SCADA system and moving the bus barn project into the FY2013-2014 budget. Ms. Moreno stated Council also requested the addition of a CIP project to install a fishing platform at the Golf Course, adding Public Works Director Brad Hamilton was gathering information for the Council on that request. Ms. Moreno asked if there were any other changes the Council would like to make before the presentation on the Golf Course would begin with Councilmember Moncada stating the Economic Development Subcommittee (EDSC) had been talking with Apache Nitrogen about an explosives museum and requested funding in the amount of \$30,000 for a land purchase to place the museum on. Interim City Manager Jim Cox stated he would have it noted as a CIP project the Administration department of the General Fund.

Mr. Cox then gave a presentation on the economics of the golf course, citing the "Economic & Environmental Impact of Golf in Arizona" authored by Dr. Troy Schmitz, ASU & the blue ribbon focus group of golf experts. Mr. Cox began by stating tourism is the biggest industry in Benson and it supports all other businesses in the City. Mr. Cox explained that to measure the overall economic impact, the City must consider all revenues generated by the golf course and its effects on the local economy, adding there are both direct revenue and indirect revenue with tourism and sales tax. Mr. Cox then stated in the current year, the golf course will breakeven and should do even better next year, adding golf revenues are up 45% from last year. Mr. Cox then stated the direct revenue shortfall of \$118,000 in FY2013-2014 is based on very conservative projections, even with the purchase of new golf carts, but he expects the golf course to breakeven or do better in the coming fiscal year. Mayor King confirmed these projections include both the golf course and the restaurant operations with Mr. Cox stating a very small loss has been projected in the restaurant, adding changes will continue to be made to the restaurant so it will at least breakeven, but the budget does reflect a small loss to be conservative. Mr. Cox then spoke about the City sales tax collected directly and indirectly from the golf course, which totals \$99,960, adding this means the actual cost to operate the golf course is \$18,040. Mr. Cox then stated for this \$18,000, the community gets a prized asset worth millions today and much more in the future, adding when the golf course was given to the City, it was appraised at approximately \$12 million. Mr. Cox stated just as important, local businesses generate approximately \$3 million that would not exist without the golf course, adding this is based on the report he cited which states 32% of golfers are tourists, noting San Pedro has even more, with 75% tourists from

outside the San Pedro Valley coming to play. Mr. Cox then stated the community gets an economic development asset, much like good parks and a library, for much less money and it provides an environmentally friendly wastewater use. Mr. Cox then talked about what would happen if the golf course closed, stating we would still have to maintain the property in some manner and the bigger question would be what to do with the wastewater. Mr. Cox then stated Tucson uses their reclaimed wastewater for irrigation purposes, however, the infrastructure to do so in Benson doesn't exist and it would be very expensive to install, adding the other option would be to discharge the reclaimed water into the San Pedro River. Mr. Cox then stated the City is permitted to do so, however, once that happens, the City won't be able to do anything different after that. Mr. Cox stated the future of the golf course is very bright, having earned an excellent reputation for high-quality, low-cost golf, which is what our senior population looks for, adding golfing tourists are very loyal and come back year after year.

Director of Golf Operations Jay Tomerlin then addressed Council with the golf course budget reviewing revenues and expenditures. Discussion of the golf course budget included the possibility of leasing out the restaurant, the need to keep the restaurant open either through leasing it out or operating it, repairs and maintenance of the current golf carts and the need to lease/purchase new golf carts.

Ms. Moreno then asked the Council if they would like to move forward to General Fund revenues with the Council agreeing to continue the worksession. Ms. Moreno then reviewed the General Fund revenues beginning with the Administration Department, noting this is where the bulk of revenues for the General Fund are located, which includes City sales tax, State sales tax, State shared revenues and property taxes. Ms. Moreno stated the projections are conservative, but there is a slight increase budgeted in State sales tax, auto lieu tax and State revenue sharing, based on estimates received from the League of Arizona Cities and Towns, who is projecting increases for the majority of cities in Arizona. Ms. Moreno then reviewed other General Fund revenues, including Building and Planning & Zoning, which are budgeted based on projected actuals for the current fiscal year and the Police Department, which has some increases due to Stone Garden grants for overtime and equipment, as well as RICO seizure revenue being added to their budget. Ms. Moreno also reviewed the Fire Department, which has a projected revenue increase for equipment being used in wildland fires. Ms. Moreno then reviewed the remaining General Fund revenues including the Library Department, the Parks & Recreation Department, the Magistrate and the Cemetery, with Council discussion including increasing the revenue/donations for the 4th of July event to \$14,000.

Ms. Moreno then stated we would move to General Fund expenditures, starting with the City Council. City Clerk Vicki Vivian addressed Council reviewing the budget, noting there were not many changes. Ms. Vivian stated the Youth Council would need to be addressed by the City Council, adding she feels the first step would be to advertise and see if there was any interest from the youth. Council agreed to leave the Youth Council in the budget and discuss the Youth Council at a later time. Ms. Vivian reviewed the remaining budget with Mayor King stating the Clerk's office and the Tourism Department always have a great booth at the League of Arizona Cities and Towns annual conference. Council discussion included the audio equipment that has been ordered and should be installed prior to the end of the current fiscal year and added a CIP project to have video equipment installed in the Council chambers in the amount of \$15,000.

Interim City Manager Jim Cox then reviewed the Administration Department budget, noting the salaries budgeted are higher than the current fiscal year projections due to a full-time custodian position being included, but he is currently researching the possibility of using DOC labor to handle custodian duties. Vice Mayor McGoffin noted the Human Resource Analyst needed to be changed to the Human Resource Coordinator. Councilmember Moncada then stated he would prefer City sponsorships to be moved from individual departments to the Administration Department with requests for sponsorships all coming to the City Manager's office. Vice Mayor McGoffin stated she wanted the specific departments to be the sponsors, but didn't care where the funding was placed in the budget. Council concurred, stating the request for funding could be centralized in the City Manager's office, but individual departments would be the sponsors. Mr. Cox then reviewed the remaining budget, noting legal fees have been added to the Administration budget and there was an increase in Intergovernmental Relations, in anticipation of UAS meetings that may be required. Council then discussed contracting out for IT support versus a full-time employee. Discussion included response times with contractors, the high salary of a full-time IT employee

and that it is best to contract the position out at this time, but that Council should review this each year.

Ms. Moreno then reviewed the Community Enrichment budget, stating she was looking for Council input. Mayor King stated he had asked for a letter from the Cowboy Poets requesting a sponsorship of their event, which is an amazing 3-day event with people attending from California, Wyoming and Colorado. Mayor King then stated if a letter wasn't received in time, he would like to include some funding for that event in the City Promotions line item. Council then asked for the Cancer Awareness Trek to be changed to the Relay for Life and budgeted at \$1,500. Ms. Moreno then noted the City billboards have been moved from the Tourism Department to the Community Enrichment budget. Council agreed they liked to see individual line items in the Community Enrichment budget for both ease of tracking and for future Councils' use. Discussion then included the amount of bed tax the City receives, which has decreased due to some entities not paying bed tax and due to freeway construction, with Mr. Cox noting the bed tax is about 1/3 of what the City puts back into the community.

Council discussion then focused on economic development with Councilmember Brooks stating he would like to increase economic development funding, adding the City has never tried to find employers and manufacturers to come to Benson and we need to work on jobs for people in this town. Councilmember Brooks then stated we needed someone who specialized in this and while we didn't have the funding to hire someone to work in a department, we could contract it out and he thinks it could be done if Council put more money into that line item. Councilmember Brooks then stated he had been talking to Mr. Scott of the Southeastern Arizona Economic Development Group (SAEDG), who has been doing this for free and he thinks if the Council would give Mr. Scott some funding, he may be willing to go after manufacturers. Councilmember Moncada stated site selectors also work to recruit businesses and noted the budget already contains \$2,000 for SAEDG. Councilmember Brooks stated that budget money was for their website with other Councilmembers stating it was a membership fee. Council then discussed Mr. Scott representing both the City and SAEDG and being paid by both entities. Councilmember-elect Jeff Cook asked if he could address the Council, stating if Benson contracted out economic development, the entity would have to start from zero and get up to speed, which may take a while, adding that is a problem using an outside contractor. Mr. Cook then stated on the other hand, Tucson and the surrounding communities have been supporting the Tucson Regional Economic Organization (TREO) for over 10 years, adding TREO has been trying to bring businesses to Tucson and the surrounding areas for over 10 years and they have failed also. Mr. Cook then stated everything sounds like a good idea, but the City may need to think about economic development and approach it differently. Councilmember Brooks agreed that TREO was basically useless, but stated Sierra Vista pays their economic development people \$150,000 a year to bring jobs to the City of Sierra Vista and he thinks it is successful because they do it year after year and he doesn't think they would keep doing it if they weren't getting benefits from it. Councilmember Brooks then stated the City only looks for tourism opportunities and doesn't do anything at all to look for manufacturers or jobs, adding everyone complains there are no jobs here, but no one knows what to do about it. Councilmember Brooks then stated we need to have someone out there with our interests and whatever that costs, he thinks it would be worth it to get someone out there doing that. Mayor King then asked the Councilmembers to put their thoughts on economic development in writing and give them to Mr. Cox, so the Council could then discuss those ideas at a later Council worksession due to a shortage of time.

Ms. Moreno asked if the Council would like to discuss other projects with Councilmember Brooks asking what the City does for the Meals on Wheels program, adding he knows they are struggling quite a bit. Councilmember Moncada stated the City provides Catholic Community Services with an office in the Recreation Center, provides the location for the meals to be served and pays the utility bills for the freezers, adding this amount totals approximately \$14,000-18,000 per year, making them the largest single beneficiary of funding.

Council discussion then concluded with Ms. Moreno reviewing the Fire Pension fund, the Airport Contribution fund and the Transit System fund. Council asked Ms. Moreno when payments to Wal-Mart would end with Ms. Moreno stating the last payment would be a partial payment made in 2018.

ADJOURNMENT:

Vice Mayor McGoffin moved to adjourn at 9:13 p.m. Seconded by Councilmember Brooks. Motion passed 7-0.

ATTEST:

Toney D. King, Sr., Mayor

Vicki L. Vivian, CMC, City Clerk