

**THE WORK SESSION
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD MAY 18, 2009 AT 6:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

**MAYOR FENN
OPENED THE MEETING AT 6:05 P.M WITH
THE PLEDGE OF ALLEGIANCE.**

**PRESENT WERE: MAYOR FENN, VICE MAYOR KING
COUNCILMEMBERS LAMBERT (arriving at 6:52 p.m.), LODZINSKI, McGOFFIN and SACCO
ABSENT WAS: COUNCILMEMBERS BONCQUET**

NEW BUSINESS:

1. **Review and discussion of City's Preliminary Budget for fiscal 2009-2010. Discussion will include, but not be limited to, employee benefits, General Fund expenditures, Enterprise Funds and other funds; all revenues and expenditures of the City may be discussed**

Mr. Cox addressed Council indicating a power point presentation was given to Council to briefly review the background of each department. Mr. Cox then stated as the budget was discussed, each department head would address Council concerning their department budget. Mr. Cox then stated Council had already discussed the Police Department budget, but there was one significant change. City Manager Glenn Nichols then stated in the Police Department budget, there was a line item of approximately \$100,000 for laboratory services and that he had recently discovered the State cannot charge cities for laboratory services, resulting in an increase of contingency funds of approximately \$100,000. Mr. Cox then asked Fire Chief Keith Spangler to present the Fire Department budget. Chief Spangler then addressed Council reviewing the budget line items that have changed from the previous budget year. Council then discussed the Community Services Projects and directed Mr. Cox to increase this line item to \$3,500.00.

Mr. Cox then stated City Clerk Vicki Vivian would address both the City Council and City Clerk budgets. City Clerk Vicki Vivian then addressed Council regarding the City Council budget reviewing line items changes from the previous fiscal year. Ms. Vivian then reviewed the City Clerk budget, again reviewing changes from the previous budget year.

Mr. Cox stated the next department would be City Administration, with City Manager Glenn Nichols addressing Council concerning this budget. Mr. Nichols then reviewed the items in the City Administration budget. Mr. Nichols stated there was one new position requested, as discussed with Council; a custodian that would be allocated to the City Administration department. Mr. Nichols stated the increased cost of this position would be offset by no longer paying a contractor to perform these duties. Mr. Nichols then stated in the Community Center budget, there remains a line item, Catholic Community Transportation Services, which provides transportation to the people of the community of Benson. Mr. Nichols stated as of June 30, 2009, this service would stop, but that the funds would be left in the budget, in case these services could be resumed. Mr. Nichols then addressed Council concerning the Community Enrichment and cemetery budgets, stating that one new item in the Community Enrichment budget is \$7,500 for the Economic Development Subcommittee. Council asked about inter-fund transfers with Mr. Cox stating he is recommending a \$20,000 contribution to the Firemen's Pension fund due to the lower interest rates earned in the current year.

Mr. Cox then addressed Council concerning the Finance Department budget, highlighting the changes in the budget from the previous fiscal year. Mr. Cox stated the budget included a \$20,000.00 payment of the approximate \$35,000.00 cost to upgrade the software used in the Finance office. Mr. Cox stated the upgrade was necessary, since Caselle would no longer support

the current software program. Mr. Cox stated the Finance budget also included IT personnel and IT and network supplies that were not in the previous budget. Mr. Cox then addressed Council reviewing the Tourism Department budget. Mr. Cox then addressed Council reviewing the City Attorney budget and the Magistrate budget, stating the proposed budget anticipated the City paying for part of a clerk in the Magistrate office in the amount of \$7,000.00, which would be reflected in the Tentative budget presented to Council.

Library Director Peggy Scott then addressed Council concerning the Library budget, stating the library has over 20 computers and the budget contain the purchase of 3 new computers each year to keep the computers up-to-date. Discussion then focused on the amount of patrons using the library resulting in direction to Mr. Cox to increase the line item for books to \$35,000.00.

Public Works Director Brad Hamilton then addressed Council regarding the Parks & Recreation budget stating he would address the Parks maintenance portion of the budget, with Mr. Nichols addressing the Recreation portion of the budget. Mr. Hamilton stated the budget reflected the current economic conditions with almost no changes from the previous year, anticipating the same level of service and that there were no Capital expenditures in this budget.

Mr. Nichols then stated the City had worked with the school to align City programs with the schools to provide the most opportunities for summer activities. Mr. Nichols then stated the pool was in good shape and all the programs were funded in the budget.

Mr Hamilton then addressed Council concerning the Building Department budget, stating in all budgets, due to the economic conditions, each department budget was looked at to reduce expenses while maintaining the current level of service. Mr. Hamilton stated the Building Official position was currently vacant and the City was utilizing an outside consultant for building areas when needed.

Mr. Hamilton then addressed Council concerning the Planning & Zoning budget, stating the positions of the Planning & Zoning Director and the Senior Planning were vacant resulting in a significant cost savings in personnel. Mr. Hamilton stated there is not a lot of activity compared to this time last year and that when activity increased, that would be the time to look at filling those positions. Mr. Hamilton stated since the City did not have a City planner, outside services may be used in the future to assist with planning.

Mr. Hamilton then addressed Council concerning the Public Works and Shop budgets stating Capital Improvement Projects have been cut due to the economic conditions. Council discussed the change in the personnel line item, with Mr. Cox stating the personnel line item changed, allocating 75% of Mr. Hamilton's salary to the enterprise funds in the proposed budget. Mr. Hamilton then stated the Professional and Technical line item will be \$27,000 in the Tentative budget, which is to pay outside consultant review fees for development, indicating this item is a pass through item, since the City collects these fees from the developer upon submittal of plans.

Mr. Hamilton then addressed Council concerning the Enterprise Funds budgets; gas, water, wastewater and sanitation. Mr. Hamilton stated in all these budgets, the Capital Improvement Projects have been reduced due to the current economic environment and the budgets were looked at to reduce expenses as much as possible while still maintaining the current level of service. Mr. Hamilton then stated one Capital Improvement Project that would continue to move forward was the Sue Juan water system repairs. Mr. Hamilton stated a rate study would be forthcoming, with Council stating they would need to adjust rates to ensure these enterprise funds remain positive and prepare for capital expenditures and repairs. Mr. Hamilton then stated a remaining Capital Improvement Project in the wastewater budget would be the required treatment plant permit renewals. Mr. Cox then stated he had the wastewater budget contained a large amount for contingency in the wastewater fund, citing there may be a large unusual expenditure

of a capital nature and that he balanced it with a fund transfer from the Wastewater Infrastructure fund.

Mr. Hamilton then addressed Council regarding the Airport and Streets budgets, stating the State was not expected to have any funding available for airport grants and that any grants obtained would be through the Federal Aviation Administration. Mr. Hamilton then stated the Streets budget was also reduced due to the economic conditions with all Capital Improvement Projects pushed back one year.

Mr. Cox then addressed Council concerning the Wastewater Infrastructure Fund, stating it was funded by the half-cent sales tax enacted by Council in 1998, and was used to make the wastewater treatment plant debt payments in the amount of approximately \$422,000 in debt payments. Mr. Cox then stated he expected an excess of approximately \$82,000 in the fiscal year 2009-2010, but as discussed earlier, he anticipated a transfer to the wastewater fund if there were the need.

Mr. Cox then addressed Council regarding the Capital Projects budget stating he was expecting construction sales tax proceeds of approximately \$700,000 and was planning to use almost the entire anticipated amount to pay down debt with \$250,000.00 to Wal-Mart and \$333,000.00 to Zion's Bank. Mr. Cox then stated the payment to Zion's Bank will be made in July, 2009 and the final payment will be made in July, 2010. Mr. Cox then suggested inserting Capital Improvement Project CM-09-1, which is for the demolition of the old City Hall building, located at 160 S. Huachuca with the cost coming out of the contingency, anticipated forward in the Capital Projects fund, altering the carry forward to \$67,000.00 down from the \$117,000.00. Mr. Hamilton stated he felt it would be beneficial to move forward with that project since the estimate would likely be much higher as the economy improved.

Mr. Cox then addressed Council concerning the Impact Fee fund stating it was not anticipated to have much activity with a revenue line item of \$50,000.00 and the anticipation to use \$40,000.00 to transfer to the wastewater fund if there was the need, retaining any excess in reserve.

Mr. Nichols then addressed Council concerning the Grants fund, stating it contained grants in each area that funding may be available. Mr. Nichols stated should funding be available, the budget contained the appropriate line items.

Mr. Cox then addressed Council concerning the Fireman's Pension budget, stating he was recommending a pension contribution of \$20,000.00 from the General fund. Mr. Cox stated he felt over time, this would change citing his actuarial study and that interest rates will recover with the economy. Fire Chief Keith Spangler then addressed Council stating the pension payments to retired firefighters could only be made from the interest accrued on the pension fund. Mr. Spangler then stated in researching the subject with the past pension board, it had always been the goal to achieve a \$200.00 payment to the retired firefighters. Mr. Cox then stated historically, the City had contributed \$24,000.00 each year to the pension fund, but that for the past 2 years, the City had contributed nothing since the interest rates were more than enough to cover the pension payments. Mr. Cox then stated he felt it may take 2 to 3 years for the interest rate to come back up enough to cover these pension payments, but that he felt the pension fund was still a very healthy fund.

Mr. Cox then stated in the Capital Improvement Plan, the only changes were the addition of the old City Hall demolition project and moving back the projects one year. Mr. Cox then stated the Tentative budget would be prepared and given to Council to be voted on at the May 26, 2009 meeting. Mr. Cox then stated after adopting the Tentative budget, items could be moved, but the budget could not be increased. Council then confirmed the budget worksession tentatively scheduled for May 20, 2009 was cancelled.

ADJOURNMENT:

Councilmember Lodzinski moved to adjourn at 8:14 p.m. Seconded by Councilmember McGoffin. Motion passed 6-0.

Mark M. Fenn, Mayor

ATTEST:

Vicki L. Vivian, City Clerk