

**THE WORK SESSION
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD MAY 29, 2008 AT 7:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

**MAYOR FENN
OPENED THE MEETING AT 7:00 P.M WITH
THE PLEDGE OF ALLEGIANCE.**

**PRESENT WERE: MAYOR FENN, VICE MAYOR KING
COUNCILMEMBERS LODZINSKI, SACCO, SUAGEE and TIPTON (by telephone)
ABSENT WAS: COUNCILMEMBER McGOFFIN**

NEW BUSINESS:

1. Budget Work Session for the City of Benson, Fiscal Year 2008-2009; all revenues and expenditures of the City may be discussed:

Finance Director Jim Cox addressed Council regarding the proposed Finance Department budget, stating a small change in the wages now reflects two clerks being reallocated completely to the utility departments. Mr. Cox then stated another change was the \$40,000 allocated in the computer supplies to allow for the required update of the finance department's software system. Mr. Cox then stated the remainder of the proposed budget basically remained the same.

Councilmember Suagee stated she had spoken to Marilyn Gourley, a representative for the Cochise County Senior Meals program regarding a funding request due to the rising costs of the program. Mr. Cox stated this was located in the Community Center budget under Professional Services which was to assist Catholic Community Services with transportation. Councilmember Suagee moved to create a line item under the Community Center budget for the Meals on Wheels Program in the amount of \$5,000. Seconded by Vice Mayor King. After discussion regarding the City's contributions through the LTAF funds, the utilities and the use of the Senior/Community Center, Councilmember Suagee amended her motion to create the line item under the Community Center budget for the Cochise County Senior Meals Program in the amount of \$5,000. Amended motion seconded by Vice Mayor King. Motion passed 6-0.

Vice Mayor King stated he would like to discuss a wellness program for the City, affecting each department in the City, stating it would give the employees the opportunity to utilize a gym with a discount, or use other programs that would benefit the employees, as well as keep insurance costs down. Vice Mayor King moved to have the Human Resource Department research a wellness program and bring it back to Council by January, 2009. City Manager Martin Roush asked if this could be put into the budget narrative under the Human Resources Department. So moved by Vice Mayor King. Seconded by Councilmember Lodzinski. Finance Director Jim Cox then stated the preliminary budget included an 8% increase for health insurance costs, but he had recently learned the increase would be 5% instead of 8%, so there would be some funds available for a wellness program if it were to be implemented. Councilmember Suagee stated this had been looked at in the past with a discount for City employees being obtained during the last year. Councilmember Suagee then stated she had recently attended a benefits workshop with the County and saw that the County paid for various exams each year such as ob-gyn, urologist visits or colonoscopies stating the Human Resource staff may contact the County and inquire into their programs and the administration of such programs. Motion passed 6-0.

Finance Director Jim Cox addressed Council regarding the proposed Tourism Department budget stating the budget was nearly identical with the exception of a significant change in repairs and maintenance to address the fence at the Visitor Center. Mr. Cox stated a TEAM grant was

applied for and would cover 75% (approximately \$11,000) of the Benson brochures and some specific ads that would be placed in the upcoming fiscal year. City Manager Martin Roush stated a grant was used for a program to place a rack card that shows Benson, Kartchner Caverns and includes a map has been very successful. Mr. Cox stated this program was part of the last TEAM grant and is included in the new TEAM grant; stating new stock should be delivered in late July or early August. Mr. Cox stated 50,000 cards were delivered in February and were almost gone.

Planning & Zoning Director Mike Lockett addressed Council concerning the proposed Planning & Zoning budget stating the proposed budget was decreased by approximately \$18,000 overall, but does include a Senior Planner position that is currently not been filled. Mr. Roush stated this position was part of the hiring freeze, but could be filled when it would be appropriate. Councilmember Sacco verified there was no funding in the GIS Software and Equipment in the proposed budget with Mr. Lockett stating the department had recently purchased the software needed to move forward through the 2008-2009 fiscal year. City Manager Martin Roush addressed Council regarding the City's GIS progress stating a GIS Open House was planned in the future for an afternoon that would invite residents and City employees to see what is happening with GIS. Mr. Hamilton addressed Council concerning the GIS progress stating there was one piece of equipment needed to continue the GIS progress that public works will purchase and split the cost between all the utility departments that will give the City the ability to locate the GIS location as well as the type of meter. Mr. Hamilton confirmed that the software that was recently purchased will meet our needs during the coming fiscal year.

Finance Director Jim Cox addressed Council regarding the proposed Grant Fund budget stating most items have been or will be discussed in the various department budgets. Mr. Cox and Mr. Roush both stated the unclassified grants in the amount of \$400,000 is for grants that may be awarded through the coming fiscal year, which may include the SAFER grant that will be applied for by Fire Chief Keith Spangler, grants obtained by the Police Department and others.

City Manager Martin Roush addressed Council concerning the proposed Wastewater Infrastructure Fund budget stating the chair of the Benson Municipal Property Corporation had approached City staff requesting the ½% sales tax approved by Council in 1998 be restricted. Mr. Roush stated a policy statement in the budget, if approved, would create this fund, which would restrict the extra sales tax. Council could then make the determination on whether to pay off the wastewater treatment plant loan early or to use the funds for wastewater infrastructure. Finance Director Jim Cox then informed Council that at the open house to discuss this issue, 15 people attended with 8 people completing a questionnaire agreeing the sales tax funds should be restricted to the wastewater infrastructure, with all 8 people indicating they felt it should be used to "use for debt payments and repairs to the wastewater infrastructure system". Mr. Roush then stated BMPC may have another meeting to make a recommendation to Council, but most of the members, after seeing the presentation, felt this was a good use of the funds. Mr. Cox then stated in the past, the ½% sales tax went into the general fund, but the wastewater treatment plant loan payments had also been made from the general fund, which had to subsidize the loan payments until recently, with the ½% sales tax now exceeding the loan payment by approximately \$10,000.

City Manager Martin Roush addressed Council concerning the proposed Capital Projects Fund budget stating this contains all the projects contained in the Capital Improvement Plan. Finance Director Jim Cox then addressed Council concerning the Contingency, anticipated carry forward item which would be the result of the City obtaining a GADA loan in the amount of \$1.6 million during the next fiscal year and not expending all the loan proceeds during the same fiscal year. Councilmember Suagee then asked Mr. Cox to explain a GADA loan, with Mr. Cox answering GADA stands for "Greater Arizona Development Authority", a branch of the state government that is a fund that is set up for small rural communities in the State where the State groups together the needs of several small communities and uses its credit power to sell bonds based on the State's credit worthiness as opposed to each individual small town, enabling small

communities to save money using a stronger credit rating to receive a lower interest rate and by saving the issuing cost with the communities sharing the issue costs.

Public Works Director Brad Hamilton addressed Council concerning the proposed Street Fund budget stating the budget had basically remained the same as the previous year. Vice Mayor King expressed concern for education and training, with Mr. Hamilton verifying the current proposed budget would adequately cover training opportunities, however he would like to see more in the future. Mayor Fenn inquired about the street lights, with Mr. Roush indicating the Arizona Department of Transportation pays for the street lights on 4th Street. Councilmember Suagee asked if there were an opportunity to install electricity saving lights with Mr. Hamilton stating anytime projects moved forward, it could be looked at. Mr. Roush then stated that current fluorescent lights would not put enough light out yet, but would watch for more progress in lighting to occur to see when this could be done. Councilmember Lodzinski asked Mr. Cox if a report could be generated showing the annual payments the City made to other utility companies with Mr. Cox stating he would try to have it for Council by the end of the current fiscal year. Mr. Hamilton stated he had reviewed the meters in use by the City with SSVEC and looked at what types of plan the City could utilize to reduce costs. Mr. Hamilton stated he continues to meet with Mr. Bane from SSVEC to continually review opportunities to reduce costs.

Finance Director Jim Cox then addressed Council concerning the proposed Firemen's Pension Fund budget stating he was able to complete a detailed analysis of the fund with an actuarial analysis to include payments over the next 15 years, resulting in an increase of pension payments from \$80.00 to \$200.00 per month for each retired firefighter. Mr. Cox stated these payments as well as any new retired firefighters pension payments over the next 15 years can continue without adding any new money to the pension fund, utilizing only the interest earned on the fund and the State contributions to the fund. Mr. Cox then stated this fund is held by the Local Government Investment Pool along with the other City funds.

Public Works Director Brad Hamilton then addressed Council concerning the proposed Natural Gas Utility Fund, the proposed Water Utility Fund, the proposed Wastewater Utility Fund, the proposed Sanitation Fund, and the proposed Airport Fund budgets. Mr. Hamilton stated the gas department had recently been audited by the Arizona Corporation Commission and had received compliments on the improvements made in the gas department. Vice Mayor King stated he was at City Hall when the Arizona Corporation Commissioner was at City Hall and stated the Commissioner had nothing but compliments for the gas department and the job they had done. Mayor Fenn then stated as a customer interacting with the gas department, the Gas Supervisor was very professional, prompt and was doing a great job. Mr. Hamilton stated the gas operators were doing a great job and put a lot of work into the gas operations. Councilmember Lodzinski asked how the gas sales were going with Mr. Cox stating the City was making money on gas at the present time. Discussion was then had regarding education and training with Mr. Hamilton stating there was some training at the City a few hours each week, stating once an operator was certified, that operator could then train those who were not certified. Mr. Hamilton also stated some training changes have occurred where they are sending the gas operators only for fusion classes with others who may be called out on emergencies using a different coupling not requiring fusion classes. Mr. Hamilton stated he felt the proposed budgeted amount was adequate for the upcoming fiscal year. Councilmember Lodzinski inquired about the meter replacement program progress with Mr. Hamilton stating he hoped to have the second cycle wrapped up soon enabling the first and second cycles combined to give one less week of meter reading and billing, with the goal being to have meters read and billed once a month. Councilmember Suagee stated the rental equipment was an increase, but this was for equipment the City was hoping to purchase.

Mr. Hamilton then moved to the Water Utility stating the water model update is being done, with most of the remaining budget staying the same. Mayor Fenn stated he appreciated Benson water. Councilmember Lodzinski asked if there had been any problems in the water tests, with Mr.

Hamilton stating there had been no violations in any test results. Discussion was then had regarding wells that were taken offline due to arsenic and the need for additional wells when those wells were taken offline. Mr. Hamilton stated during last summer our wells were at 90% capacity levels however, the Cochise College well came into place eliminating that concern. Mr. Hamilton stated he would like to see the SKP well come online in the summer and has been exploring seasonal arsenic treatment options to facilitate this. Councilmember Lodzinski inquired about the water sales with Mr. Cox indicating the water utility was on schedule to make approximately \$20,000 for the year, stating he and Mr. Hamilton have not completed a rate study yet.

Mr. Hamilton then moved to the Wastewater Utility stating the annual ADEQ inspection of the treatment plant had just been completed with no problems or violations. Mr. Hamilton then stated the Health Department had come and inspected the laboratory with one violation notice being issued requiring the 20th edition of the standard book on methods and testing, stating we had the 21st edition, but would acquire the 20th edition until they recognized the 21st addition. Mr. Hamilton stated the overall wastewater budget was the same as the previous year, with the exceptions of the equipment purchases to include the jet router discussed at a previous Council meeting and the vac-trailer. Vice Mayor King inquired about the education and training with Mr. Hamilton stating this is being tracked in the utility office and that more training is becoming available on the internet through webinars (web seminars) to obtain continuing education credits. Mr. Hamilton stated he felt the proposed budgeted amount was adequate for the upcoming fiscal year. Mr. Hamilton stated he was also looking at opportunities for training to happen locally inviting other counties and entities to come to Benson for training. Councilmember Lodzinski inquired about the Wastewater Utility Fund with Mr. Cox stating wastewater should also make approximately \$20,000, stating the water and wastewater enterprise fund do better than slightly breaking even with the gas utility fund making money.

Finance Director Jim Cox then addressed Council regarding the proposed Sanitation Fund stating the City would be experiencing an increase from the County and with our contractor, Southwest Disposal, however, the City did not anticipate increased fees since we were still in the positive zone. Mr. Cox indicated there would be a small increase projected for the following fiscal year. Councilmember Suagee inquired to the possibility of additional costs to Benson if we took measures to comply with a County recycling program in Benson with Mr. Roush stating there would be a cost and it would depend on the County Commission's recommendations and how ambitious the programs would be. Councilmember Suagee indicated the County Commission would be meeting on June 2 to review the consultant's draft documents they hired and wanted the City to be aware and open to ways to facilitate recycling in the community. Vice Mayor King asked if the City could take a proactive role to notify customers of holidays and other changes in the pick up schedule.

Mr. Hamilton then addressed Council concerning the proposed Airport Fund budget stating the overall budget remained the same, however, \$30,000 had been added to the budget to assist with cracking in the runway which will need to be maintained to ensure it stays in good shape. Mr. Hamilton stated it would also need to be added to the street sweeping schedule to assist with this. Vice Mayor King inquired about the amount put in the budget for these repairs with Mr. Hamilton stating he has no cost estimates. Vice Mayor moved to increase the repairs and maintenance expenditure to \$50,000. Discussion was then had regarding increasing the repairs and maintenance expenditure, with Mr. Cox stating any increase to this expenditure would reduce the City's overall contingency. Vice Mayor King then withdrew his motion. Mr. Roush then stated just as pavement management would be an on-going project; the airport maintenance would need to be on-going as well.

City Manager Martin Roush then stated he would like to restate the Human Resource issues that would be addressed in the finance department, with the position of an Accountant I being

reclassified to an Accountant II; in the Police Department, the position of a Communications Specialist being reclassified to an Administrative Lieutenant; in the Parks Department, a Parks Maintenance Worker I reclassified to a Parks Maintenance Worker II and in the Library, two part-time employees would be increased to 20 hours per week giving them State retirement benefits. Finance Director Jim Cox stated in the Finance Department, there was also the reclassification of an Accountant II to an Accountant III.

Vice Mayor King stated on the news, it stated Arizona was one of the worst states in the nation regarding deficits and he wanted to say that in Benson, we've done a good job in keeping the City in the black and that staff has done a great job of keeping the budget down, getting grants and that he appreciates all that staff has done, stating it was also an improvement over the last year.

Councilmember Suagee stated she wanted to commend all the Department Heads for keeping their budgets down and Mr. Roush for instilling a hiring freeze for now, stating staff is all doing an excellent job.

Mayor Fenn then stated with that we should be grateful for the revenues coming in, that we should remain wise stewards of that extra revenue, but should recognize that we are recognizing some revenue streams that we have not had before and we should use it wisely.

Councilmember Sacco stated staff did a good job on the budget.

Councilmember Tipton stated she concurred with the Council that staff did a great job.

Finance Director Jim Cox then stated he would make the changes directed and have a tentative budget ready for Council on June 4, with the tentative budget being considered on June 9 at the regular Council meeting.

ADJOURNMENT:

Vice Mayor King moved to adjourn at 8:32 p.m. Seconded by Councilmember Lodzinski. Motion passed 6-0.

Mark M. Fenn, Mayor

ATTEST:

Vicki L. Vivian, City Clerk