

**THE SPECIAL MEETING  
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA  
HELD JUNE 13, 2019 AT 7:00 P.M.  
AT THE BENSON COMMUNITY CENTER, 705 W. UNION 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 Joe Konrad, Councilmembers: Pat Boyle, Lupe Diaz and Barbara Nunn. Absent were Councilmembers Larry Dempster and Nick Maldonado who were both excused by the Mayor.

**PUBLIC HEARING:** The Mayor and Council will receive comments and questions from the public regarding the proposed City of Benson Fiscal Year 2019-2020 Tax Levy and Truth in Taxation

Mayor King opened the public hearing regarding the proposed Fiscal Year 2019-2020 Tax Levy and Truth in Taxation at 7:02 p.m. City Manager Vicki Vivian stated no one had signed up to speak at the Public Hearing. Mayor King then asked if anyone present wished to speak and after receiving no responses, Mayor King closed the public hearing at 7:03 p.m.

**PUBLIC HEARING:** The Mayor and Council will receive comments and questions from the public regarding the City of Benson Fiscal Year 2019-2020 Tentative Budget and the Capital Improvement Plan for 2020-2024.

Mayor King opened the public hearing regarding the proposed Fiscal Year 2019-2020 Tentative Budget and the Capital Improvement Plan for 2020-2024 at 7:03 p.m. City Manager Vicki Vivian stated no one had signed up to speak at this Public Hearing either. Mayor King then asked if anyone present wished to make any comments and after receiving no responses, Mayor King closed the public hearing at 7:04 p.m.

**NEW BUSINESS:**

1. **Discussion and possible action regarding Resolution 17-2019 of the Mayor and Council of the City of Benson, Arizona, approving a Final Budget for Fiscal Year 2019-2020**

Finance Director Seth Judd stated Council adopted the Tentative Budget for Fiscal Year 2019-2020 at a special meeting on May 20, 2019. Mr. Judd stated all required notices have been published and a public hearing regarding the budget was just held; therefore, Council was legally able to consider adoption of the proposed Final Budget for Fiscal Year 2019-2020, adding the proposed resolution adopts the Tentative Budget as the Final Budget for Fiscal Year 2019-2020, noting the Final Budget total of \$22,641,903.

Mayor King asked if there was any discussion related to the budget with Councilmember Diaz stating he realized everyone worked quickly to adopt the budget and remarked that the budget looks good, but he had a couple of questions and thoughts. Councilmember Diaz then stated the budget had increased \$2,240,707 from last year's budget and even though the new budget shows a lot of expenses and some of the revenues, he did not have the total revenues, adding he wished to see that component in future budgets as well as the current budget. Councilmember Diaz stated he knew it was discussed but he didn't see those numbers. Finance Director Seth Judd stated revenues are displayed in the budget from Page 18 to Page 23 showing all the revenues across the City; for every fund and every department. Mr. Judd then stated the budget must be balanced per State statute, adding the total revenues and expenses must match to show a balanced budget. Councilmember Diaz then asked if the revenues matched the expenses, with Mr. Judd stating they did.

Councilmember Diaz then stated he would still like to see a summary sheet, noting this being his first budget season, he wanted to know all expenditures and revenues. Councilmember Diaz then stated he also wanted to bring up the various variables, for instance El Dorado Holdings coming in and how that would change the construction tax and boost the budget, adding that for general expenditures, El Dorado Holdings could come in and really bump up the construction tax of 4 percent which could be around a half million dollars based on the projects they have planned. City Manager Vicki Vivian stated she could not recall the exact numbers from the first phase of the proposed development, but the total infrastructure costs would be around \$800 million and 4 percent of that part of the project would be approximately \$40 million.

Mayor King explained he and other Councilmembers are constantly talking to Ms. Vivian and Mr. Judd about preparing for this, but nothing can be planned before El Dorado Holdings puts a shovel in the ground. Mayor King then stated when this happens, the Council will need to budget the following year for everything taking place, adding most of the Council has discussed this so much that they understand and are prepared for what will happen, such as employee increasing in the different departments. Mayor King further stated that when it comes to El Dorado or any other development coming to Benson, Council can't foresee the future, but they can say once they break ground, the Council will have a plan in place for what is coming.

Ms. Vivian stated part of what Councilmember Diaz is alluding to is the construction sales tax, and Council has discussed this numerous times, adding construction sales tax should only be used for funding one-time projects and capital improvements. Ms. Vivian then stated if someone gets a quarterly bonus, they shouldn't use it for their rent, but rather use it for a one-time project or something special. Ms. Vivian then stated the City needs to be very careful and fortunately, a very conservative staff is in place in all City departments when it comes to spending. Ms. Vivian then stated even though we may be able to spend money on a particular capital project, Staff will first look at what the ongoing expenses would be for that capital project, adding for example, if another community center was to be built, Staff would look at what the new utilities and staffing requirements would be. Ms. Vivian then reiterated that the City has very conservative staff in place to review all of those elements.

Councilmember Diaz stated he had this discussion with both Ms. Vivian and Mr. Judd but he had not had this discussion or a chance to share some of his thoughts and concerns with Council and he was asking Council to take time to go through some of the budget. Councilmember Diaz then stated it would be appreciated because he knows that personally he would feel better if Council went through a couple of things, adding this didn't mean the Council was going to change anything, but it is just the way he is wired. Councilmember Diaz then stated something for discussion was the one percent tax that is going to sunset, affecting the budget by at least \$1 million dollars, and in looking at budgets coming up for the next three years, the Council will have to watch for either El Dorado coming in or that the economy continues to rise to cover the difference.

Mayor King stated if El Dorado is delayed for some time, the Council will have hard decisions and tough choices to make, adding they may need to make a key decision on that 1 percent tax because the Council has the ability to extend it. Mayor King then stated if the loss of it would affect the budget by \$1 million dollars, the Council may have to take a stand and decide to extend it until El Dorado moves forward or another development comes in. Councilmember Diaz stated the Council told voters the 1 percent tax was going to sunset, adding the one-half percent tax was to sunset and never did, adding he understood it was needed, but people he have been asking him why it didn't. Councilmember Diaz then stated he also understood the Council will have a tough decision to make. Mayor King then stated a lot of people in the community only get one side of the story from the media and don't hear the full story, adding if they get the entire story, they would have a better understanding. Councilmember Diaz stated the reason he is bringing this up is not to point fingers at anyone but to just explain that in 3 years many things are going to come up and the Council should plan now and prepare for decisions rather than be locked into something and not let the 1 percent tax sunset. Councilmember Diaz then stated this relates to the budget, adding although all Councilmembers are talking to Staff, he doesn't get a chance to talk to the rest of the Council at one time, due to open meeting laws.

Mayor King stated he can only talk to 2 other Councilmembers; then stated he has already been discussing the sunset tax with Ms. Vivian and Mr. Judd. Councilmember Diaz then agreed with Mayor King regarding discussing issues with other Councilmembers, then stated the entire Council is his colleagues and he wanted to

be able to share and talk about it all together, adding it is during City Council meetings the Council can deliberate and talk openly, noting he feels better when he is able to do so. Mayor King stated sometimes, there needs to be a separate session and what the Council discusses must be listed on the agenda with Councilmember Diaz stating at this point, he is talking about the budget and preparing for the million dollars (from the 1 percent tax) to sunset. Councilmember Diaz then stated he has ideas on a couple of alternatives, including outsourcing services. Mayor King stated he disagreed with outsourcing services because it had been researched a long time ago, adding other cities that have done outsourcing end up paying more and the outside companies who perform the services keep more of the revenues.

Councilmember Diaz stated the benefit of having a new Councilmember is that there are fresh eyes on things that have been done in the past, adding as he is learning, he would like to ask questions because he has a very curious mind. Councilmember Diaz then stated outsourcing the golf course would probably save the City about \$600,000 a year. Mayor King and Vice Mayor Konrad both asked what that number was based upon with Councilmember Diaz stating OB Sports had a proposal done about seven years ago and it was sitting at about \$500,000 at that time. Councilmember Diaz then stated he knows that number is correct, but Council was not willing to look at it in earnest nor talk about it.

Vice Mayor Konrad said he was going to argue that point because he was involved in some of that when it took place several years ago and it was OB Sports almost being shoved down Council's throats from certain people. Vice Mayor Konrad explained that he took it upon himself to do some investigating and he was challenged to call the City of Tucson's Councilmember Shirley Scott because he had been told she could tell him all about this, so he made the call. Vice Mayor Konrad stated Shirley Scott held up a giant stop sign and told him not to do anything, because the jury was still out and they were still trying to sort through it all, adding this was all from the very same person who is probably giving Councilmember Diaz the same information. Councilmember Diaz stated over the past eight years things have changed because now Tucson has a history with OB Sports and the jury is now in, so there would be nothing wrong with checking into it again. Vice Mayor Konrad agreed, then stated there are also other entities besides OB Sports. Mayor King stated there are other fees added into any agreement as well, noting it's not just a half million dollars. Mayor King explained he did his own research and any contract needs to be read carefully, because there are a lot of hidden expenses included and a lot of times the customer ends up in debt and in worse shape than before by outsourcing. Councilmember Diaz stated this is why he thinks it's good that the Council talks about things together, adding they can discuss an issue and build a consensus. Mayor King then stated the Council in place now has done a lot of homework including researching a lot of what Councilmember Diaz brings up and while he is not trying to tell Councilmember Diaz or anyone else to not ask questions, Councilmember Diaz needs to please understand that when other Councilmembers have comments, they are letting him or others know that they have already done the research. Mayor King then stated a lot of the Council does research on the issues and they are also constantly discussing all of this with Staff as well.

Councilmember Diaz stated he is not questioning everyone's research or anything, he is just saying the Council can look at it again as he knows they are not happy with the kind of money that is going into the golf course. Mayor King stated he is hoping that changes this year. Councilmember Nunn stated she disagreed with bringing up the golf course again because some people are not aware of what kind of money the golf course brings to this town or refuses to admit it, adding the tax base and the people who come to Benson will stop coming if there isn't a golf course. Councilmember Nunn then stated the golf course staff is fighting a huge dragon in what was handed over to the City and is trying to turn it into a viable business, but the golf course brings money to our City not accounted for as there is no way to prove it. Mayor King agreed; then stated he could elaborate on that a little more and asked what the results were of the questionnaire Councilmember Boyle had. Councilmember Boyle stated he created a questionnaire that was given to visitors checking into the local RV Parks and the results showed 90 or 99 percent of all those checking in reported that if there wasn't a golf course, they wouldn't come to Benson. Mayor King stated the Council can see that money comes into the City but there's no way to analyze how much it is, adding you need to consider what is spent for groceries and our restaurants every night, adding anyone can look at the Horseshoe Café and see how busy it is, noting people can't get in to eat on a Friday or Saturday night. Mayor King then stated money is coming into various places, such as the laundromat, Wal-Mart, Safeway,

doctors' offices, bed tax revenue, RV parks and other places, adding there is no way to analyze or calculate the true amount of revenue brought to the City.

Councilmember Diaz stated he was just asking questions about the golf course and he didn't mention anything about closing it. Councilmember Nunn stated she didn't say Councilmember Diaz talked about closing it, but she wanted to make sure he saw the complete value of the golf course. Councilmember Diaz replied that he does see the value of the golf course and he also sees the money that is being poured into it, stating the Council has had these discussions before. Mayor King stated there have been improvements to the golf course and the City is holding events there with that revenue going toward golf course expenses. Mayor King then stated he was just talking to Ms. Vivian that very day about expenses at the golf course. Ms. Vivian stated the conservative staff in place is continually looking for changes that can be made and ways to save money, adding new ideas and whether the City should look at outsourcing will be among the items the Council will review and discuss each year during the budget meetings.

Mayor King stated the Council now has a City Manager who will react, adding he's not putting any past City Managers down, but he is trying to say that Ms. Vivian is a very active City Manager and both she and Mr. Judd constantly communicate and stay on top of the City's finances, and we are all constantly discussing how to save money. Mayor King then stated Staff and Council is more on top of financial issues now than in all the years he has been part of Council. Councilmember Diaz stated he did not doubt that, but he wanted some discussion as he thinks it is good to keep old ideas on the table along with any new ideas, adding because we have a course of action does not mean it is the only solution. Councilmember Diaz then stated the more the Council is able to openly discuss with one another these issues in this kind of forum, the more they will be able to come up with new ideas.

Mayor King stated the Council was here to approve a budget and everyone must realize it doesn't mean the extra funding in the budget will be spent. Mayor King then stated when this is discussed in front of Council, it makes him feel like Councilmember Diaz feels the Council is going to spend all the extra funding in the budget, however, the Council stays on top of that money constantly. Mayor King then stated he did not want to be offensive, but he just wished Councilmember Diaz would have had some of these conversations with his co-Councilmembers before this meeting because he feels the public will get ahold of this and automatically think the Council is raising the budget too much or that the Council is spending so much, there won't be any money left in the budget. Mayor King then stated this is not true, adding the Council has been very fiscally responsible, especially these last few years. Mayor King then stated he knows what it is like to be down and the City won't be in that position again on his watch.

Mr. Judd addressed Council stating we have all learned a lot about budgeting this last year and he agreed with Ms. Vivian that Staff constantly reviews how to cut expenses. Mr. Judd then stated in Financial Consultant Pat Walker's budget presentation, the Council saw that when it comes to budgeting, the Council can either raise revenues, cut expenses or a combination of both and although the City had utility rate increases, expenses were also cut across departments, adding there was not one department that did not have an expense line cut. Mr. Judd then stated to address Councilmember Diaz's question; all the Council knows Staff tries very hard to ensure everything in the budget isn't spent, adding the Council can rest assured that if the City doesn't bring in \$22 million dollars, the expenses won't total \$22 million dollars either. Mr. Judd then stated when the Council sees the \$2 million dollar increase from last year's budget, some of it has to do with utility rate increases and salary adjustments but it also has to do with other things, adding for example, there is a splash pad in the budget this year requested by Council and talked about for years. Mr. Judd further explained there are a lot of good things in the budget to benefit the community.

Vice Mayor Konrad stated the golf course came to the forefront a few months ago, adding he was one of the people bringing it to the forefront, and he appreciates the effort that has gone into making a course correction, noting what we have accomplished is pretty monumental compared to what we have done in the past. Vice Mayor Konrad further explained that it goes back to good management practices and people working together at the Staff level in getting all this done and there is a lot of heavy lifting by Staff to keep the Council happy. Vice Mayor Konrad then stated this year some giant strides were made, as were made last year. Vice Mayor Konrad then

stated he sees a bright future as the cultural philosophy has changed within the City and we all know growth is on the horizon but we also know we are still a City of about 5,000 people so we must manage within those parameters. Vice Mayor Konrad then stated we know where we are, we know where we would like to be, but we don't have a crystal ball, adding everyone is doing an excellent job keeping things in perspective for the size of town we are.

Mayor King stated he would like to add that as he sits and looks at the Department Heads in attendance, he knows the budget contains their wish lists, and they understand the Council can't grant all their wishes. Mayor King then stated the Council has wishes for the City also, but the Council realizes not all their wishes can be accomplished either. Mayor King then stated it has taken a long time to have a Council on board like this, adding this is the best Council that has been in place in a long time. Mayor King then stated everyone involved in this process is very responsible, and he is very proud of the Council and the Department Heads because they work their butts off, adding he really appreciates everyone's efforts including Ms. Vivian who has not slowed down since she hit the floor, which is what was needed in the City.

Councilmember Diaz stated he realizes once the Council approves the budget, the Council doesn't have to spend the whole thing, adding this is partly because of grants and things like that plus the Department Heads are very conscientious about their budgets. Mayor King then stated for the record, he wants to make it clear that for even the worst year, the City has always finished in the black for the nineteen years he has been a member of this Council and it is important to remember that the City has never finished in the red. Mayor King then stated that unfortunately, at one time, there were sacrifices made by employees which was really sad, and this will remain one of his darkest moments that he sincerely regrets and he will make sure this never happens again. Mayor King further explained everyone should realize Council is learning more and more about finances, noting Ms. Vivian, Mr. Judd and Ms. Walker have been bringing more information to Council. Mayor King then stated Ms. Vivian is having more conversations with the Council that he has ever seen within the City, and right now, it's the best it has ever been. Mr. Judd addressed the Mayor and Council stating Staff will continue to provide monthly reports and expand the information as much as Council wishes on different aspects, adding for example, a few meetings ago Vice Mayor Konrad asked for additional information on the golf course and in the packet the Council received on Monday, there was more detailed information. Mr. Judd then stated Staff is trying to keep everything in Council's focus so they can make the best decisions possible. Councilmember Diaz stated he is wired to be able to work together with his colleagues, and that is one of the reasons he is asking these questions now, adding this meeting is the forum to do that because of the open meeting laws which keeps him from talking to more than 2 Councilmembers at a time, again stating in this forum, he gets to talk to all of Council freely, which is good to do.

Councilmember Diaz then stated he also had a question about the fuel farm at the airport, asking how much the monthly payment would be, adding part of the Councilmembers' jobs is to provide oversight and part of providing oversight is to know what is going on. Councilmember Diaz stated he is not questioning the history of Benson, or anyone in particular, adding Staff is all doing a great job, noting he shares those thoughts often when he meets with Staff. Mayor King asked about the estimated payment amount with Mr. Judd stating the payment is estimated to be about \$42,000 a year. Mayor King stated there are quite a few businesses looking forward to the fuel farm coming in and when it's operational, it will generate more revenue with Ms. Vivian stating hopefully, the fuel sales alone will result in revenue in excess of the debt obligation. Mayor King agreed, stating the fuel sales should cover the payment and he believes it is a good possibility as there are those who fly in and out at night just to get fuel, adding he has spoken with quite a few people about this and he knows there are those who are very excited for the fuel farm to come in.

Councilmember Diaz asked how much the monthly payment on the fuel farm would be with Mayor King stating it would be \$3,500 a month. Councilmember Diaz stated he knows the City won't be making any money until the tanks are paid off but then profits will start coming in and that is a good thing. Mayor King stated not only will the City make money, but the Council needs to look at the whole picture, adding this will bring consumers into Benson. Mayor King further commented that he can understand where Councilmember Diaz is coming from and yes, it will take a few years to pay off the fuel farm, but the Council needs to realize what will come with it. Councilmember Diaz asked if the fuel farm would offer fuel to Southwestern Aviation with Councilmember

Nunn stating they could purchase fuel just like any other customer. Councilmember Diaz asked if the City could make that offer with Ms. Vivian stating she could certainly make that offer and since the City would be buying fuel in bulk and getting it at a cheaper rate, if it would be cheaper for Southwestern Aviation to buy fuel from the City to resale, she would assume he would want to do that. Councilmember Diaz stated he just wanted to confirm that offer could be available with Ms. Vivian stating Staff didn't add fuel sales to Southwestern Aviation into their calculations when they first projected what the sales might be, adding Staff was very conservative, but if Southwestern Aviation purchased fuel from the City, it would not only help his business make a larger profit, but it would boost the City sales also.

Vice Mayor Konrad addressed Mr. Mayor, raised a point of order, stating he thought the Council was wandering away from the budget and getting into some other areas not on the agenda. Councilmember Diaz stated these things are part of the budget and he feels it is very important to be able to discuss some of these things. Mayor King addressed City Attorney Gary Cohen asking if he was ok with the discussion with Mr. Cohen stating he agreed the Council was starting to wander, adding it would help if the microphone could be given to the person speaking, as he could hear the Mayor and Vice Mayor well, Councilmember Diaz fairly well, but the others were fading. Mayor King suggested passing the microphone to the person speaking.

Councilmember Diaz then stated some of the items he was bringing up are financial principles as well and he understands the Council's need to look at the bigger picture but also, they should look at matters such as the fuel farm sales and those kinds of related issues. Councilmember Diaz further stated the other item he wanted to bring up is related to the swimming pool and the splash pad, adding the revenue from the swimming pool is only like \$120 a month and for him, it appears that it costs more to count that money and for Staff at the pool to collect it, send it over to Parks & Recreation, then on to the Finance Department where it finally gets deposited and put into the budget, again stating all these costs for only about \$100 a month in revenue. Councilmember Diaz explained his thought was to do goodwill for the community and offer more free days at the pool for school kids since it takes more money to count the money being collected because it passes through so many hands. Councilmember Diaz further explained it is a financial principle, and it is costing the City more money to collect that revenue, so if the City offers more free days, it wouldn't cost the City more money in that area. Councilmember Diaz summarized stating it was just an idea to put on the table. Mayor King stated as far as Staff, the City must have Staff at the pool, such as lifeguards. Recreation Coordinator Dorthey Moncada stated there is also a cashier at the pool. Councilmember Diaz explained it is a moot amount and perhaps it costs the City a bit more money than it is worth to try and collect this revenue. Mayor King stated perhaps this is something to review with Mr. Judd stating he believes Councilmember Diaz is saying there are a lot of hands that touch that money and a lot of time is spent counting it and the cost of employees doing these tasks may not be worth the money coming in. Councilmember Diaz stated that was correct and he was just bringing up the idea, the thought, adding here at the meeting, he gets to speak with the entire Council at once about this. Councilmember Diaz then stated it also might be a principle the Council decides to use with BAT (Benson Area Transit), adding if the Council wants more ridership, it might be something to look at. Mayor King stated the Council may be able to consider that with the Transit system. Mr. Judd then address the Mayor and Council stating the Transit grant specifies that the City must charge a fee, adding he has spoken to both Public Works Director Brad Hamilton and Transit Specialist Kathe Williams on this subject.

Vice Mayor Konrad suggested that although these conversations were all good, they should have been discussed in a budget worksession, rather than when the Council was at the point of considering the approval of the budget. Mayor King agreed stating it is frustrating to get to the last minute in the budget approval process and these questions are being raised now, instead of having them raised with Staff and the Council during budget worksessions. Mayor King then stated he doesn't mind being in a meeting until 10 p.m. or as long as it takes for questions, but the fact is that the Council is now at the point of approving the budget. Mayor King then stated although these are good questions, these should have been discussed quite a while ago. Councilmember Diaz stated he is new to the Council and this is his first time going through the budget season. Mayor King acknowledged Councilmember Diaz's statement, but said the Council has had the budget information and all these questions could have been asked of any Staff member or to any 2 co-Councilmembers prior to this meeting. Councilmember Diaz stated since the budget was listed on the agenda, he feels he has a right as a Councilmember to want to discuss it and ask questions; then thanked the Mayor and yielded the floor.

After no further discussion, Councilmember Nunn moved to approve Resolution 17-2019. Seconded by Councilmember Boyle. Motion passed 5-0.

Vice Mayor Konrad stated he would like to pass along his personal thanks to both the City's Financial Consultant Pat Walker and to the City's Finance Director Seth Judd for an outstanding job in his first year as Finance Director. Vice Mayor Konrad then stated it also goes without saying that City Manager Vicki Vivian has done a good job steering the ship and her efforts were appreciated.

Mayor King agreed, stating he would also like to thank Staff and all the Department Heads, adding pulling the budget together is not an easy task and the Council appreciates what they do. Mayor King then stated he concurs with Vice Mayor Konrad that Staff and Mr. Judd did an amazing job.

**ADJOURNMENT:**

Congressmember Lupe Diaz moved to adjourn at 7:42 p.m. Seconded by Councilmember Pat Boyle. Motion passed 5-0.

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Toney D. King, Sr., Mayor

ATTEST:

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Vicki L. Vivian, CMC, City Clerk