

**THE REGULAR MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD JANUARY 14, 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. Mayor King then introduced Pastor A.B. Blair of the First Baptist Church who gave the invocation.

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.

EMPLOYEE RECOGNITION:

Mayor King recognized Sheila Perkins for 10 years of service with the City of Benson.

PROCLAMATION: None

PUBLIC HEARING: None

CALL TO THE PUBLIC:

Stephen Insalaco addressed the Council concerning the airport. Mr. Insalaco's comments will be retained with the Council packet.

City Clerk Vicki Vivian addressed Council regarding the upcoming City elections, stating the Primary election is scheduled for March 12, 2013 and the General election is scheduled for May 21, 2013. Ms. Vivian then stated the election would be held to elect a Mayor and 3 Councilmembers, adding there are currently 2 candidates for Mayor and 5 candidates for Council seats. Ms. Vivian then stated the Primary election ballot would also contain Proposition 406, which is the Alternative Expenditure Limitation, also known as "Home Rule," which comes before the voters every 4 years and the General election would be held to fill any Council positions not seated at the Primary election. Ms. Vivian stated for City residents wishing to participate in the election process, they must be registered to vote, adding the deadline for voter registration for the Primary election is February 11, 2013 and for the General election is April 22, 2013. Ms. Vivian then stated in an effort to encourage voter registration and participation, the Clerk's office would be holding a voter registration day February 1, 2013 from 9:00 a.m. to noon at the Post Office, adding they would have voter registration forms and would also show people where to find Council agendas and packets as well as other information pertaining to the City via the City's website and other social media sites.

Troy McGoffin addressed Council regarding his concerns on losing police officers to surrounding agencies due to the pay schedule. Mr. McGoffin stated he wanted Council to be aware, adding it is better to retain officers than to have the expense of training new officers. Mr. McGoffin then stated he didn't want to see the City back in the situation that occurred in 2006 with salary compression. Mr. McGoffin then stated the Police Department has a good crew and he would like to see the City be able to keep them.

Tom Fitzgerald addressed Council regarding the decline in real estate values, adding he is against it, when there are things that can be done to improve the City and decrease pollution. Mr. Fitzgerald then addressed the Council concerning noise pollution and stated he felt the City code should deal with noise pollution.

CITY MANAGER REPORT:

City Manager Glenn Nichols addressed Council, giving the dates of upcoming meetings and events.

- January 19, 2013 – Historic Preservation Commission, 9:00 a.m., City Hall
- January 22, 2013 – Community Watershed Alliance, 6:30 p.m., City Hall
- January 28, 2013 – City Council Meeting, 7:00 p.m., City Hall

- January 26, 2013 – Benson Relay for Life Kick off party, 4:00-6:00 p.m., City Hall. Chili cook-off contest, tickets will be sold for tasting and voting with profits used for the winning chef's relay team.

Mr. Nichols reminded those present of the continuing work on the Interstate 10/State Route 90 Traffic Interchange project and the Marsh Station project, adding up-to-date information can be found at www.azdot.gov. Mayor King then stated Vice Mayor McGoffin would be the Acting Mayor beginning February 7, for two weeks, adding he would then return to his duties as Mayor.

NEW BUSINESS:

1. Consent Agenda

- 1a. Minutes of the December 10, 2012 Worksession
- 1b. Minutes of the December 10, 2012 Regular Meeting
- 1c. Minutes of the December 17, 2012 Special Meeting
- 1d. Invoices processed for the period from November 29, 2012 through January 1, 2013

Councilmember Moncada moved to approve the Consent Agenda. Seconded by Vice Mayor McGoffin. Motion passed 7-0.

2. Discussion and possible action on the Relay for Life event and request of continued support and sponsorship of the event to include possible financial assistance

Mayor King stated this item had been addressed at the December 10, 2012 Council meeting, but had been requested to come before Council again. Councilmember Lambert then stated on December 10, the Council received a request from the Relay for Life committee to pay for both the survivor dinner and to purchase t-shirts, and the Council approved \$900.00 for the survivor dinner, but he felt there should have been more discussion. Vice Mayor McGoffin asked how much had been budgeted for the Relay for Life event with Mr. Cox stating \$5,000 was the amount Council had approved in budget. Councilmember Lambert then moved to approve an additional \$1,100 for t-shirts, bringing the total approved financial assistance to \$2,000. Seconded by Councilmember Maldonado. Councilmember Brooks then stated the Relay for Life committee raised over \$40,000 last year and while he believed in supporting this cause, there were other entities that could use assistance as well, such as the Food Bank. Councilmember Brooks then stated he would probably support the issue, but felt he should have had more information before the Council meeting. Motion passed 7-0.

3. Resolution 1-2013 of the Mayor and Council of the City of Benson, Arizona, approving an Intergovernmental Agreement between Cochise County and the City of Benson for Election Supplies and Services

City Clerk Vicki Vivian stated the IGA is a contract with Cochise County to provide the election supplies and services for the upcoming City elections to be held in March and May of 2013. Ms. Vivian then stated most services are contracted with the County, however, the ballots will continue to be directly ordered from the printer and the election boards will be appointed by the Council. Ms. Vivian then stated the template of

the IGA has changed slightly, but there have been no fee increases since 2011, adding the IGA will stay in place through December, 2014, in case the City has to have an election in 2014. Vice Mayor McGoffin moved to approve Resolution 1-2013. Seconded by Councilmember Brooks. Motion passed 7-0.

4. **Review of City Finances with emphasis on November, 2012 financial results, the City's financial position at November 30, 2012, and discussion of expected future net revenue streams**

Finance Director Jim Cox addressed Council stating he would quickly review the financial highlights for month of November. Mr. Cox began with citywide financial highlights, stating the City's balance increased \$490,000 to \$1.7 million and the bonds proceeds balance is \$1.6 million. Mr. Cox then stated overall citywide fund balances decreased by \$118,000 and are down \$79,000 year-to-date, adding the City's financial performance is down slightly from last year. Mr. Cox then stated revenues were \$944,000 for the month of November, down \$52,000 compared to FY2011, noting there was an increase of \$58,000 in local sales tax collections, however, a portion of that is due to timing and until he has all the information analyzed, he would only be able to estimate there was an increase of approximately \$20,000 in local sales tax collections. Mr. Cox stated the construction sales tax collections were up, due to a large payment on the interstate construction. Mr. Cox then stated another encouraging item was that the revenues for the golf course were up \$34,000 compared to month of November, 2011, adding this continues a trend we've seen this fiscal year. Mr. Cox then stated personnel expenditures were \$590,000 for the month of November, up \$224,000 from the same period last year, but the increase was due to an additional payroll in the month of November and the increases in pay of approximately \$55,000 given by Council.

Mr. Cox then addressed the General Fund, stating other costs in the General Fund were \$471,000 for the month of November and \$2.35 million year-to-date which is slightly more than 2011, due to timing. Mr. Cox then stated the General Fund revenues for November were \$418,000, an increase of \$31,000 compared to FY2011 and year-to-date revenues are \$1.8 million which is an increase of \$85,000 compared to FY2011. Mr. Cox then stated personnel costs in the General Fund were \$376,000 for the month of November, up \$144,000 compared to last year, but again, it was due to the additional payroll in November and the increases given by Council. Mr. Cox then stated other costs were \$129,000 which was up \$56,000 from last year and includes a payment to our outside attorney for the pending litigation and a land purchase down payment. Mr. Cox then stated the fund balance in the General Fund decreased \$87,000 for the month of November and decreased \$125,000 year-to-date, which is very similar to last year.

Mr. Cox then moved to the Enterprise funds, stating the Gas fund is down \$14,000 for the month of November and down \$44,000 year-to-date, but we should see an increase for both December and January due to the weather. Mr. Cox then stated the Water fund is up \$4,000 for the month of November and is up \$74,000 year-to-date, which is an increase of \$37,000 compared to last year. Mr. Cox then stated the Wastewater fund had some unusual expenses in the month of November, adding the fund is down \$37,000 for the month of November and is down \$27,000 year-to-date, which is \$128,000 less compared to last year. Mr. Cox then stated he would like to emphasize last year, the City was being reimbursed for Whetstone hauling fees and this year, we are paying those fees of approximately \$70,000, adding also during the month of November, there was a sewer line break and the City also had to purchase some additional replacement equipment at the wastewater treatment facility. Mr. Cox then stated through the heroic efforts of the Public Works Department, the City now has the truck and tanker set up and will begin hauling Whetstone, dramatically decreasing that cost.

Mr. Cox then briefly addressed the Golf Course stating it lost \$27,000 for the month of November, which created a negative year-to-date balance, but the \$27,000 included \$25,000 for the extra payroll cost and an \$11,000 repair expense for a mower. Mr. Cox then stated year-to-date revenues have increased \$81,000 compared to last year and the expenses overall, are even with last year. Mr. Cox stated that trend continues to this day. Mr. Cox then stated the restaurant operations are improving and are at breakeven at this point with golf course operations being as smooth as they can possibly be, adding the overseeding was very successful. Mr. Cox then stated the membership has expanded dramatically and continues to expand to this

day. Mr. Cox then stated the course conditions are the best they've ever been and it's being noticed by people outside, with a lot of positive words going around the golfing community that San Pedro is an incredibly good golf course and keeps getting better.

Mr. Cox then gave a quick summary of sales tax stating the State sales tax collections are steady and continue to do better year over year on a consistent basis. Mr. Cox then stated the City sales tax collections are improving. Mr. Cox stated the City's financial performance is slightly below recent years and the October to December cash flow is extremely tight. Mr. Cox then stated in looking forward, he expects cash flow will be a real challenge in the FY2013-2014 budget year, however, the City remains solid financially under current conditions, adding if we have further economic downturns, there will be some tough decisions that will have to be made. Mayor King stated he had already met with the City Manager and Finance Staff in talking about the future, adding the Council also discussed the City's finances at the Council retreat so they are all aware and are keeping a close eye on the City's finances. Mr. Cox stated the Mayor and Council should be commended on that, adding everyone is taking a pro-active approach so if tough decisions have to be made, they will be extremely well-thought out. Mr. Cox then stated what it boils down to is the City's revenues are static at best, while the expenses continue to rise, adding there isn't one category of expenses where the City doesn't experience cost increases that are beyond our control, so when revenues stay static and expenses increase, he has no choice but to say we are not improving and are slowly eroding our cash situation. Mr. Cox then stated what keeps the City afloat is that during those good times, we built cash up, so there are reserves to work off of so that we can maintain City operations at a high level. Mr. Cox then briefly reviewed the sales tax charts, stating in November there were approximately \$225,000 in local sales collections, which is a significant improvement and is very encouraging. Mr. Cox then stated bed tax collections continue with nothing new and the construction sales tax is up a little, but it is tied to highway construction, which is rapidly coming to a close. Mr. Cox then noted that is a positive event for the economic benefit of the City, but it isn't going to help future construction sales tax revenues. Mr. Cox then stated the total City sales taxes look good due to the large collections both in the construction sales tax and the large payments we received on retail sales tax. Mr. Cox then stated the State sales tax collections continue to show the State is recovering with an increase month over month for 30 consecutive months, which is also encouraging.

DEPARTMENT REPORTS: None

ADJOURNMENT:

Vice Mayor McGoffin moved to adjourn at 7:46 p.m. Seconded by Councilmember Moncada. Motion passed 7-0.

Toney D. King, Sr., Mayor

ATTEST:

Vicki L. Vivian, CMC, City Clerk