

**THE WORKSESSION
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD MAY 16, 2014, AT 8:00 A.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

CALL TO ORDER:

Mayor King called the meeting to order at 8:10 a.m. Mayor King then led the public in the Pledge of Allegiance.

ROLL CALL:

Present were: Mayor Toney D. King, Sr., Vice Mayor Al Sacco, Councilmembers Pat Boyle, Ron Brooks, Jeff Cook (arriving at 8:25 a.m.) and Chris Moncada. Absent was: Councilmember Peter Wangness.

NEW BUSINESS:

1. Budget Worksession for the City of Benson, Fiscal Year 2014-2015; all revenues and expenditures of the City may be discussed

Finance Director Megan Moreno addressed the Council giving a presentation on the proposed budget. Ms. Moreno spoke about the budget calendar, stating the Council needed to get through as much as they could, adding there is a follow up worksession tentatively scheduled for May 21 at 6:00 p.m., if needed. Ms. Moreno then stated the date the Council needed to keep set in stone is June 2 to approve the tentative budget, which once adopted, sets the ceiling for expenses. Ms. Moreno then stated after the tentative budget is approved, any changes can only decrease the budget. Ms. Moreno then informed the Council that the public hearings on the budget and tax levy will be held on June 19, and the adoption of the final budget is tentatively scheduled for the June 23 regular Council meeting.

Ms. Moreno then stated a correction needed to be made to the inter-fund transfers to \$1,285,648, which will bring the net expenditures and total budget amount down to \$17,811,967. Ms. Moreno then began by explaining the City's cash situation, where revenues and expenses have been and an overview of proposed cuts for the new fiscal year, stating one of the main concerns is that the City has been eating away at the cash reserves since 2008. Ms. Moreno then stated last year's budget required using \$1.15 million from cash reserves and while the proposed budget is still not a completely balanced budget; it only requires using \$158,000 from cash reserves, which is about \$1 million dollars less. Ms. Moreno then explained that the budgets estimated what would be used from cash reserves if all expenses were incurred, adding the actual cash reserves have dropped from \$2.7 million in 2008 to the projected amount of \$900,000 at the end of the current fiscal year. Ms. Moreno then gave a brief overview of the budget, stating it will be an extremely tight budget year, there were tough decisions to be made and she wanted to commend Department Heads on the cuts they have made, adding everyone worked together and achieved \$2.51 million in reductions over last year's budget. Ms. Moreno stated there aren't any capital projects in the General Fund, adding projects will either have to be completed either with bond proceeds, construction sales tax, grants or other financing. Ms. Moreno then stated the proposed budget recommends 20 furlough days, adding the total reduction in personnel was 10%, which is what Council asked to see. Ms. Moreno then stated the budget is always used as a planning tool, noting an approved budget doesn't mean all expenditures will be approved and incurred.

Ms. Moreno then briefly discussed City revenues, stating revenues from grants, utilities and City sales tax were also decreasing; however, intergovernmental revenues (money the City receives from the State) will have about a 5% increase. Councilmember Brooks asked about grants with Ms. Moreno stating the budget contains about \$3.5 million for any grants the City might receive. Councilmember Boyle asked if the bond money was the same as the cash on hand with Ms. Moreno stating bond proceeds are a completely separate fund in a separate account and can't be used for anything but to reimburse expenses for capital projects., adding last year, the bond proceeds were about \$1.2 million and the City hasn't used much, noting the bond

proceeds will be \$1.1 million for the upcoming fiscal year.

Ms. Moreno then stated expenses were cut in almost every area, but couldn't be cut in the Debt Service Fund and the Transit Fund. Ms. Moreno stated the debt service accounting for debt payments used to be in the General Fund, but is now in the Debt Service Fund. Ms. Moreno then stated the transit budget is based on feedback from the Council wanting to expand services, adding this means overall expenses would go up, but the amount the General Fund would contribute would not, adding the City is applying for more grants for capital expenditures and if the grants are awarded, the matching contributions would also increase.

Ms. Moreno then moved to the Capital Improvement Plan (CIP), explaining that most of the capital projects are funded by bond money and construction sales tax, adding criteria used in determining capital projects are that the project must have a 3-year useful life and the total cost of the project, even if it is split in phases over several years, must be greater than \$10,000. Ms. Moreno then informed the Council that capital projects are estimated and if the funding isn't available, the project won't be considered, adding any project over \$20,000 will be brought to Council for approval. Ms. Moreno then stated the CIP summary shows the different sources of revenue, which is from grants, construction sales tax, bond money, enterprise funds and loans or leases. Ms. Moreno stated the CIP is a 5-year plan, projecting projects for the next 5 years, adding there are no planned capital projects in the General Fund for the upcoming year. Councilmember Brooks stated the Benson Economic Development Committee is just getting started, but they have been talking about doing a survey about a lake with Ms. Moreno stating it would probably fall under projects eligible for funding through construction sales tax and bond money. Councilmember Brooks then stated the survey could probably be part of the Master Plan update in the proposed budget. Building Official/Zoning Administrator Luis Garcia stated there could be multiple public meetings with Councilmember Brooks stating there could be a feasibility study done. City Manager William Stephens stated the feasibility study could also include the gun range the Council discussed at a previous Council meeting.

Council then reviewed the Capital Improvement Plan, discussing various projects with Public Works Director Brad Hamilton. Mr. Hamilton stated airport hangars would be a loan funded project in anticipation of growth at the Airport and if the Council chose to build them, the City would look at various funding options to get best rate. Mr. Hamilton stated pavement management is in the budget every year and comes out of bond proceeds, but he didn't anticipate spending \$200,000 in the upcoming year. Mr. Hamilton stated the City Hall improvements are budgeted in case something happens and the utility rate studies are also in the budget, but hasn't moved forward due to the budget situation. Mr. Hamilton then stated many projects are listed in case they need to be done such as the utility truck and equipment replacements. Mr. Hamilton then stated UAS infrastructure development is included in the proposed budget in anticipation of growth, adding so far, the one company operating at the airport hasn't asked for much. Mr. Hamilton then stated he thinks a second company will be operating out of the airport in June and he is hoping to bring a fee ordinance and guidelines in the near future to Council for their consideration.

Councilmember Cook asked about the Park Master Plan updates with Mr. Hamilton stating one is specific to Lions Park and the other is citywide. Ms. Moreno stated if the Lions Park Master Plan update is completed, it gives the City the opportunity to apply for a Diamondback Field of Dreams grant. Councilmember Moncada stated more fields could mean tournaments with more teams, which would result in more revenue with Mr. Stephens stating that was presented to Council as part of the Parks & Recreation presentation at a Council meeting. Councilmember Brooks asked about obtaining land owned by El Paso with Mr. Hamilton stating the ownership switched to Kinder Morgan and he keeps contacting them, but he believes the hesitation is liability concerns, adding he is not sure what the property has been environmentally cleared for. Mr. Hamilton then stated if the City did obtain that land, we would be in a great position to go after grants for remediation studies and remediation. Recreation Coordinator Laura Parkin then addressed Council stating based on the recent Parks & Recreation survey results, the Lions Park Master Plan, which currently shows multi-purpose fields, needs to be updated, adding it is a struggle now to schedule the fields between Little League, Men's fast pitch, and a winter co-ed league. Ms. Parkin then stated the fields are overused, AYSO is planning on expanding the soccer league and Benson Youth

Football and Cheer also need to use fields. Ms. Parkin also noted the City can apply for a no-match grant through the Diamondbacks for a regulation field at the park and it would enable the City to host more tournaments and help Little League host regional tournaments for all-stars.

Ms. Moreno then addressed Council regarding the CIP Grants fund, stating the first project is the ADA compliant bathrooms at Lions Park through the CDBG funding in the amount of \$250,000. Ms. Moreno then stated the second project is the SCADA and energy study, which was applied for last year and would allow us to implement a SCADA system, adding the project is about \$58,000 and the City's match would be approximately \$23,000. Ms. Moreno then stated these are the scheduled grants, adding other grants the City may get will be able to be funded through unallocated grant money in the budget.

Discussion then moved to the capital projects in Gas, Water and Wastewater with Mr. Hamilton stating there are 4 projects in the Gas Department; upgrading meters, truck replacement, the Ocotillo line replacement and gas detection equipment purchase. Mr. Hamilton stated the truck replacement will only occur if something happens to the current truck and the Ocotillo line will only be done if the wastewater line has to be replaced or if the development at the Benson Hospital were to move forward. Mr. Hamilton then stated the capital projects in the Water Department include meter replacements, the truck replacement that is shared with other utilities, possibly replacing the 302 pump and Sue Juan water repairs in case something happens. Mr. Hamilton then stated the capital projects in the Wastewater Department include the same truck which is split between all utility funds and a high pressure jet router, if needed. Councilmember Brooks asked about the treatment plant and if there was any funding in the budget for maintenance with Mr. Hamilton stating the area being discussed is strictly capital projects and the maintenance for the treatment plant is included in the operations fund.

Mr. Hamilton then addressed the Transit Fund, stating the transit system is mostly grant funded, noting the City is applying for grants for more passenger shelters and additional buses for backup or replacement. Mr. Hamilton then stated the federal budget cycle starts in October, adding he won't know about those grants until a later day. Councilmember Moncada asked when the City would be informed of the decision on the grants with Ms. Moreno stating it would hopefully be in the next couple months, but the proposed budget includes the grants in case they are approved. Ms. Moreno then stated the federal department for transit likes the idea of connectivity and the City working with other jurisdictions, so she is thinking optimistically. Ms. Moreno then stated the for two buses, the City's required matching funds would be in the amount of \$57,000, adding depending on the grants amounts awarded, the City's matching portion could decrease. Councilmember Brooks asked about the increase in the transit budget with Ms. Moreno stating the budget is based on the anticipated expansion and incorporates Amtrak, Greyhound and the coordination with other transit programs, adding even though expenses increase, the revenues also increase resulting in a very small amount that the City will contribute to subsidize the transit system. Mr. Hamilton agreed, stating the goal is to make the transit system self-sufficient.

Ms. Moreno then stated the golf course capital project is a continuation of the golf carts lease, which is a 5-year lease. Councilmember Brooks asked about the equipment at the golf course with Mr. Hamilton stating that would be addressed in the golf course maintenance budget.

Mr. Hamilton then addressed the Council regarding the airport capital projects, stating the City is currently underway with new consultants for the next round of FAA grant funded projects, including replacing the beacon, adding a helicopter landing pad and lights replacement, adding he is hoping construction will start after the new fiscal year begins. Mr. Hamilton also informed Council that he will attend the kickoff meeting in about a month to look at the overlay of the runway with rubberized asphalt, adding this will be about an \$800,000 project. Councilmember Boyle asked about the gate repair with Mr. Hamilton stating the only thing left was trying to get the controls to be operated out of the electrical room, adding the repair was all insurance funded after the deductible. Councilmember Brooks asked about a runway extension with Mr. Hamilton saying due to FAA cutbacks, he didn't see it in the near future, but it was in the budget in phases over several years beginning in 2016-2017.

Mayor King stated there would be a 10 minute break at 9:19 a.m. Council reconvened at 9:37 a.m.

Councilmember Brooks asked about the roadway going to the airport with Mr. Hamilton stating he has been working with ADOT for them to fund paving it, but he doubts it will be in this fiscal year. Councilmember Brooks stated the road was a problem with Mr. Hamilton stating the City did send graders out to clean it up and it is a lot better, adding he is meeting with ADOT because the FAA is not going to fund any portion of it. Mr. Hamilton then stated the repairs are part of Phase 1 of the Airport Improvements in Fiscal Year 2015-2016 and if ADOT funds the project the City would have to pay 10% of the costs.

Ms. Moreno then moved to personnel costs stating the proposed budget costs for personnel are \$4.89 million, which is a decrease from the current fiscal year costs of \$5.4 million. Ms. Moreno then stated health care costs are projected to rise due to the requirements of the Affordable Care Act and the proposed budget includes a 10% increase to cover the increased costs. Ms. Moreno then stated Staff is working with the employee benefits brokers to see if costs can be reduced and noted the City may be switching healthcare providers to do so. Ms. Moreno then stated the proposed budget includes the City absorbing the increase for health insurance because the employees were asked to take furloughs. Ms. Moreno noted State retirement rates were increasing .06% to a total of 11.6% of employees' pay, adding the City matches those contributions, however, the City's contribution for the public safety retirement system was actually decreasing from 22.8% to 21.85%, adding the employees' contribution to that retirement system is approximately 10%. Ms. Moreno stated after knowing cuts in personnel costs were going to have to be made and meeting with Staff, Department Heads and the City Manager, the recommendation is to implement furlough days, adding reasons for the recommendation include that the City is in a temporary period and is going to see growth in the future, adding if layoffs are implemented and growth is on the horizon, the City would have to turn around and hire employees back, which involves other costs. Ms. Moreno then stated furloughs would get the City through this year and if growth doesn't happen, then next year a different approach can be looked at, but the recommendation for furlough days is the better option for the upcoming fiscal year. Vice Mayor Sacco asked if the furlough days would be across the board with Ms. Moreno stating all departments would participate in taking 20 furlough days, adding the City can't cut out specific departments or people without justification because it may lead to lawsuit issues. Vice Mayor Sacco expressed his concern for the Police Department. City Manager William Stephens stated he had worked with Chief of Police Paul Moncada to make sure services are covered across the board. Vice Mayor Sacco stated he didn't want to have any officers leave, adding they were expensive to train, and he was suggesting hands off of the Police Department. Mr. Stephens stated another suggestion made by the Council was to take a look at manpower overall in terms of how many employees we had on the books in 2005, 2006, 2007 and 2008, suggesting that we haven't grown since then, so the number of employees should be cut. Mr. Stephens then stated the proposed budget includes holding off in filling a vacant position in the Police Department right now and stated the Police Department will still be able to provide continuous police services for the City, even with furlough days in place.

Councilmember Boyle asked Chief Moncada if he had talked to the officers about whether or not they could afford furlough days or if they might leave to work elsewhere with Chief Moncada stating he had discussed the issue with his employees and that no employee in the City is going to be happy with furloughs. Chief Moncada then stated the possibility of losing officers is always present, but he didn't have a good feel on whether the furloughs days will affect that or not. Chief Moncada then stated he knew other Police Departments are also taking hits and he had asked other departments how they handled the furlough situation, adding all responses he received were similar to what is being proposed. Chief Moncada then stated he put work schedules together based on 20 furlough days for all personnel, adding obviously, there is less coverage on certain days, but at no point is an officer working by himself, noting there is always back up and always more than 1 officer on any given shift, so the department is able to manage and provide service for the community 7 days a week, 24 hours a day, 365 days a year. Councilmember Boyle expressed concern over officers leaving, stating the proposed budget is asking them to take the same cut as City staff in the office, but staff usually doesn't have to worry about getting shot when pulling someone over. Chief Moncada then stated these decisions are Council decisions, adding he takes his direction from the City Manager in dealing with the budget. Councilmember Brooks stated he hated to jeopardize safety, but if it's a State law to spread furloughs equally, possibly the Police Department could bring another man

on to provide coverage. Chief Moncada then stated the officers are lucky in that there is grant money available for overtime that will not affect City's finances, noting the officers can make up the income lost due to implementing furloughs, adding other departments don't have that opportunity. Vice Mayor Sacco expressed interest again in losing officers, stating the City has quite an investment in them. Chief Moncada noted that the concern of losing officers is always present, adding officers see what they consider to be better opportunities elsewhere. Chief Moncada then stated last year officers saw a significant raise in pay, but the City still lost some, not because of pay, but because of better opportunities in larger departments, again noting the department still faces that obstacle and can lose people anytime.

Councilmember Boyle noted the pay increase given last year would basically be lost through furlough days with Ms. Moreno stating they wouldn't lose all of their increases. Chief Moncada then stated last year increases we given strictly to line officers and communications specialists, noting supervisors did not get an increase, nor did civilian employees or animal control officers. Chief Moncada then stated the officers will not lose the entirety of that increase, adding they will lose a portion of it, but they have the opportunity to make it up in overtime.

Vice Mayor Sacco stated he felt furlough days should be passed on to non-critical employees with Ms. Moreno stating it was hard to exclude the Police Department since they are the largest department in the General Fund. Vice Mayor Sacco again stated he was concerned about losing police personnel, adding the Council made promises to the police officers with Ms. Moreno noting the Council did so against Staff recommendation, adding Staff warned the increases would not be sustainable. Ms. Moreno then stated raises would be great for all employees, but realistically, raises are not sustainable, adding she would rather not make empty promises that can't be kept, noting it's worse if something is promised and then can't be delivered.

Councilmember Boyle asked if it would be worse to keep it the same and exclude officers from the furlough days, as opposed to keeping people on staff that were hired when things were booming and then if next year things don't improve, the City has to look at laying people off. Councilmember Boyle then stated he wasn't sure keeping employees on one more year outweighed the benefit of hurting officers on the Police force, adding he would rather see their pay the same and to cut some extra personnel the City has. Mr. Stephens asked how it hurt officers to take furlough days when they have grant funding available to make up the pay, adding none of the City staff anywhere else can do that, noting again, officers can bring their pay right back up to where it is currently. Mr. Stephens then stated the risk is always there of losing personnel because they want to go somewhere else because of opportunities. Mr. Stephens then stated the City is in tough times, adding more money is being spent than is being brought in, which has required reaching into the reserves. Mr. Stephens then stated the cash reserves started out at \$3.2 million and is now at \$1 million, adding at the end of the current fiscal year, the cash reserves is projected to be \$900,000 and the proposed budget still requires using approximately \$158,000 in the upcoming fiscal year, noting this does not include \$150,000 for the Stagecoach Trails settlement agreement or the paving that must be done as a part of the agreement, which will be an additional \$35,000. Mr. Stephens then stated these additional expenses will add up to almost a half a million being used from the reserves, leaving about \$400,000 going into Fiscal Year 2016-2017 and it will not sustain the City unless revenues increase.

Councilmember Boyle stated he appreciated what Mr. Stephens was saying and wanted to clarify that instead of making cuts in personnel with excess Staff and giving raises, the proposal was that officers could use grant money to make up the loss in income with furlough days.

Vice Mayor Sacco then stated he felt there was room in the non-critical departments to make up the cuts.

Councilmember Moncada stated the Council needed to realize that the Police Department is the biggest hit to the General Fund, which is where reductions need to be done, adding if the Council exempts the Police Department, there is over \$100,000 that would have to be found in other cuts in the General Fund. Councilmember Moncada then stated if the Council is looking at layoffs in the Gas Department, for example, it wouldn't affect or result in any reduction in the General Fund.

Councilmember Brooks disagreed, stating the bottom line is the overall expenditures for the year will be reduced even though it would be from a different fund. Councilmember Moncada then stated the City wouldn't reduce the General Fund expenditures by cutting the Enterprise Funds, adding the Council would still have to find \$100,000 in the General Fund or take it from the reserves. Vice Mayor Sacco stated they should find the money somewhere else. Councilmember Moncada then stated if the Council didn't want to affect the Police Department, then it would be up to them to find the money, adding he keeps hearing the City is overstaffed, but hasn't heard how and then asked the Council if they thought the City was overstaffed.

Ms. Moreno then addressed Council stating after she heard the comment that the City had increased by 60 employees, she went back and did research on the matter. Ms. Moreno then presented information to the Council showing the budgeted Full-Time Employees in the General Fund from Fiscal Year 2005-2006 to today, adding the increase in the General Fund Full-Time Employees is .65. Mr. Stephens then stated he had asked Ms. Moreno to research this information after he heard the general comments from Council, that the City increased Staff and grown excessively and didn't increase revenues, therefore were top heavy in Staff. Mr. Stephens then stated he wanted the information to see exactly how many employees were added to Staff and made the City top heavy, adding he also wanted to look at services the City was offering in the past compared to what services were offered now and see what services would be cut by cutting personnel.

Councilmember Moncada stated he had also heard the City added employees, but noted the City also added the golf course and the transit system, which were Council decisions, adding the City Manager didn't just add employees on his own. Ms. Moreno then stated the research reflected the .65 employee increase in the General Fund with the majority of the increase in employees being in the Enterprise Funds; mainly the transit system and the golf course. Ms. Moreno then stated there was a very small increase in utilities, but it could be attributed to allocating some of the employees who were in the General Fund, because they actually do services for the Enterprise Funds. Ms. Moreno then stated the City has added 21.43 employees, stating it wasn't even close to the figure of 60 employees she heard the City added.

Vice Mayor Sacco stated he wanted to go back and cut all departments further instead of furloughing the Police Department because they are critical with Ms. Moreno stating she would like to have a consensus of the Council.

Councilmember Cook stated the City could maintain coverage and services with the proposed furlough days and then asked how many extra furlough days would be forced on the employees to make up the difference if the Council exempted the Police Department. Ms. Moreno stated it would be more than an additional 10 furlough days, resulting in at least 30 furlough days for employees, adding it would be a substantial amount to cover with the remaining departments since the additional reduction would have to be in the General Fund. Councilmember Cook stated he suspected it would not be slight and then asked if the furlough days would be locked into the budget or if they could be reviewed if the anticipated growth happened with Mr. Stephens stating growth would allow the furlough days to be reduced. Mr. Stephens then stated the City has anticipated growth since 2005 or 2006 and reached into the cash reserves because the revenues would increase with that growth, which hasn't occurred, but stated he did know there were some things in the works right now to help increase revenue, adding again, it's anticipated, but he should know more in the September/October timeframe and if layoffs need to be done at that point, he could look at that.

Ms. Moreno then stated if the City was able to cancel furlough days, there would be the risk of exceeding the Alternative Expenditure Limitation, but she didn't think it would be so close that it couldn't be done, adding if it were to be considered, Staff would come back to Council.

Mayor King stated he didn't like to see detriments to the Police Department, but in this case, they have the opportunity to make up their pay through overtime that is grant funded with Chief Moncada stating officers could work approximately 6 hours on a week they are not furloughed to make up that furlough day. Chief Moncada then explained the grant funding for overtime through the Stone Garden grants, which again, can be used to make up the income lost due to furlough days.

Councilmember Cook then stated he would like to recap the situation, stating if the Council were to have to force an additional 10 furlough days on the rest of the employees to exempt the Police Department, he was against that. Councilmember Cook then stated he is unaware that there are any surplus employees, but stated there is a loud-mouthed bully who has been on a political vendetta for several years, demanding people be fired, taking credit for people being fired and demanding more employees be fired now. Again, stating he was unaware that there were any surplus in employees.

Councilmember Brooks stated the person Councilmember Cook was referring to was just one man in the community. Councilmember Brooks then stated he actually worked for a lot of people in this town and they say the same thing. Councilmember Brooks then stated if the City lays off 1 person, it would cover all the raises for the Police Department, and the Council wouldn't need to make people take excess furloughs to make up that difference. Councilmember Brooks then stated he did believe the City was over-staffed, adding he knows the golf course and the transit system are part of the City now, which accounts for a lot of the employees and he is fine with that. Councilmember Brooks then stated what he did have a problem with was that a big boom was anticipated in 2006 or 2007 and it never happened and these employees have been on the payroll since then and for some reason, it now seems like they are needed. Councilmember Brooks then stated he had heard other things and he thinks the constituents aren't happy with the increase in personnel, adding nothing has changed in this town and the Council has to do something. Councilmember Brooks then stated reducing expenses with furlough days doesn't decrease the benefit packages that are being paid out, adding those benefit packages are for every single employee.

Councilmember Moncada stated benefits are for full-time employees only and are based on salary so implementing furlough days reduces fica, taxes and retirement, noting the health insurance costs stay the same, but the entire benefit package is reduced and there is a savings to the City.

Councilmember Brooks then stated he believed the City was top heavy, adding he hears it from other people and he also does his own thinking. Councilmember Brooks then stated he was like Councilmember Cook and then stated Councilmember Cook told him a long time ago that Councilmember Brooks needed to get along with the Council because he wasn't and now Councilmember Cook was doing the exact same thing and people praise him for that. Councilmember Brooks then stated he stands by himself and makes his own decisions and when he looks at the City, he knows it is top heavy and he has talked to the City Manager about this. Councilmember Brooks then stated he knows it is not a popular thing to let people go, adding he has lost jobs and it hurts, then stated it is a tough economy out there, it's not an easy thing to just let someone go and he doesn't take it lightly, but he also doesn't take lightly the burden the Council has for the City either. Councilmember Brooks then stated the Council owes it to the people in the City to be financially responsible and if the City has too many employees, they need to cut back until the time things do increase, adding the same principles are applied in business; when there are too many people and a business can't support them, the business has to reduce its employees. Councilmember Brooks then stated he doesn't know where those cuts would come from, but he would definitely like the City Manager to take a look at that, to see if the City can be restructured. Councilmember Brooks then stated he also thinks some of the payscales are quite high for some other individuals in the top, adding he hears that a lot from people and he tends to agree. Councilmember Brooks then stated a lot of companies that he has worked for offer incentive packages to let people go and then start the pay for their positions at a lower rate, adding that may be something he would like to consider to reduce the payroll area.

Mr. Stephens then stated from 2006 to 2014, the City has increased Staff by 21.47 Full-time employee equivalents, adding 20 of those were due to the golf course and the transit system, noting the City did add the golf course and the transit system to the services. Mr. Stephens then stated he could look at layoffs, but he would be looking heavily at the golf course and the transit system, because that is where 20 of the 21.47 personnel increase came from that. Mr. Stephens then stated the City doesn't have that many personnel in any other departments to affect a layoff that will cover the costs needed to be saved without shutting part of the City down.

Councilmember Brooks stated he thought a combination of furloughs and possible layoffs of a few

employees could be done, adding it would have been nice to have this happen through attrition and the Council should have looked at this in the past, but the City is where it is now and the reductions have to be found somewhere. Councilmember Brooks then stated the recently settled lawsuit Mr. Stephens spoke about is also going to set the City back and he thinks the Council has to make some tough decisions, adding he thinks a restructuring may work. Councilmember Brooks then stated he didn't want to get into personal things, but he has some suggestions of areas for a reconsolidation and he would like a restructuring to be looked at. Councilmember Brooks then stated he would have liked to look at it earlier, but he didn't bring it forward, but he is suggesting now to look at personnel, to reconsolidate in places and to implement the furlough days, adding he thinks the City can find the money so no officers are lost. Councilmember Brooks then stated as Chief Moncada said, there are a lot of times we will lose officers because they want to move on, so he can't justify or say that they leave because they are underpaid. Councilmember Brooks then stated he knows that Chief Moncada basically had a fire sale of the Police Department's capital projects last year to give officers a raise, but he hates to see the officers take any kind of cut and if the Council can keep them at the same payscale somehow, he would rather do that, adding he doesn't know, State law regarding furloughs and if they have to be done across the board.

Ms. Moreno stated she had talked to a labor attorney, and he said if the City wants to avoid civil rights lawsuits brought against the City for unequal treatment of the employees, the Council needs to make sure whatever is implemented is fair across the board.

Councilmember Brooks stated the City could give pay raises to the officers to offset the furlough days.

Chief Moncada then addressed the Council again stating he could almost say the grant money for overtime is guaranteed for the next few years until something changes in Washington and at the border. Chief Moncada then stated the officers choose to work that detail and they have the option to do so, adding some do it and some don't. Chief Moncada then stated he looks at that funding half way through the year and if there are officers who don't want to use their allotment of that funding, it is put back into the pool to be used by officers who want to work the overtime. Chief Moncada stated this is done every year and he would like to reiterate that officers can make up their income lost by furlough days by working approximately 6 hours on a week that they don't have a furlough day scheduled. Chief Moncada then stated some officers will choose to take the opportunity to make up that furlough day and some of the officers will choose to use the furlough day as additional time off, adding he will try to allow the furlough days to be taken in conjunction with their regular days off.

Ms. Moreno Megan asked the Council if they would like to see the calculations on the furlough days to see how much they would affect officers with the Council agreeing they would like that information. Chief Moncada then stated each officer's allotment of the overtime grant funds is typically at least \$5,000 each year just from the Stone Garden grant alone, adding this figure doesn't include the Governor's Office of Highway Safety grant that is also available to the officers with Ms. Moreno stating that \$5,000 alone would cover officers' furlough days.

Vice Mayor Sacco then stated he is asking Ms. Moreno to go back to the drawing board and take another look, adding the reason he is supporting the Police Department is that they are a very essential element of the City, stating again, he would like to suggest taking another look at the proposed budget and reductions.

Chief Moncada then stated he had one last comment, stating one of the things he looked at when the possibility of furlough days came up, was that he wanted to make sure the Police Department could provide the service they currently do and make sure officers weren't put in harm's way with furlough days, adding he would be objecting to the furlough days if either one of those things would take place. Chief Moncada then stated he would not put officers or citizens in harm's way with the proposed reductions, again stating, if he thought that would happen, he would be fighting with everyone, adding he could honestly say, one of the things he looked at in a projected work schedule with furlough days being incorporated, was whether or not someone would be put in harm's way.

Vice Mayor Sacco stated in his experience, when there are shortfalls, essential departments get picked on

and the words furloughs or increase in taxes are used. Vice Mayor Sacco then stated the City needs the Police Department and he has talked to several people who are concerned they will lose protection they have. Vice Mayor Sacco then stated he is suggesting that the City Manager take another look and make cuts elsewhere.

Councilmember Moncada then asked Mr. Stephens if, in preparing the budget, furloughs were the first thing considered or if other options were looked at with Mr. Stephens stating furloughs was not the first choice. Mr. Stephens then stated Staff looked at services the City offers, and tried to look across the board to see where services might be reduced but not eliminated. Mr. Stephens then stated he had each department look not once, but twice at cutting what they could, and after seeing it wasn't enough, furloughs had to be considered. Mr. Stephens then stated layoffs were discussed, but they were something he felt could be held off until a determination could be made on the recent activity and interest that would result in growth coming to fruition. Mr. Stephens then stated the City should be able to see that by the September/October timeframe he mentioned and if the growth isn't happening, layoffs will probably be something that needs to be done.

Councilmember Boyle asked how quickly layoffs could be acted on if September rolls around and things are worse with Mr. Stephens stating he would speak with the labor law attorney for the timing, but he would assume a 2-week notice would be ok, adding it would almost be immediately. Councilmember Boyle then stated he was concerned about being able to move quickly.

Mr. Stephens then stated without any budget reductions, furloughs and layoffs, leaving things exactly as they are today and if the City reached into the reserves as it has done for the past 6 years, it would be able to go through Fiscal Year 2014-2015 and be able to start Fiscal Year 2015-2016, adding for the immediate year, the City is good and is even better if services are reduced and furloughs are implemented. Mr. Stephens then stated if things get worse, which he doesn't anticipate, then layoff can be implemented, but in terms of where the City is at, Fiscal Year 2014-2015 is covered even if nothing changes, but the proposed budget changes will help the City's financial position. Mr. Stephens then stated something should have been done it 2 or 3 years ago, but if the proposed budget changes are implemented, the City will be good for 2 or 3 more years and with revenues increasing, it will be an even better picture, but if things get worse, he can implement layoffs almost immediately.

Councilmember Moncada then stated some Councilmembers are suggesting that Mr. Stephens go back and look again at places to cut and then asked Mr. Stephens if, while he was working on the budget, he found there were too many employees in any department or if he saw an opportunity to cut Staff and still provide the same services the City currently provides. Mr. Stephens then stated in preparing the proposed budget, Staff and every Department Head was asked point blank about cuts and the answer was that they wanted to be a team and take and feel the cuts across the board. Mr. Stephens then stated everyone was told that if they didn't feel that way, they could talk to him and no one did. Mr. Stephens then stated discussion were had about services and being able to supply those, but across the board, Staff wanted to be a team and wanted to spread the reduction to everyone, which is why it is being presented to Council. Mr. Stephens then stated he could probably look in some departments and try to figure out what could be done, adding he had heard a suggestion to take the Planning & Zoning Director and combine that position with the Engineer/Public Works Director. Mr. Stephens then stated it could be done, but no permits will be issued because the Planning & Zoning Director has certifications the Engineer/Public Works Director doesn't have, adding if the City goes to a contractor to contract someone who has those certifications, it defeats the point of the layoff and would not be a cost savings.

Councilmember Brooks then stated from what he understood, there used to be 2 people in the Planning & Zoning office, but now there was 4 with Councilmember Moncada stating the City also had a contract employee with Brown & Associates before Mr. Garcia was hired. Councilmember Moncada then stated he didn't know if any Councilmembers had talked to Ernie Graves, but a developer wants to purchase property from Mr. Graves and close on the property in June, adding the developer plans on starting that work and if the City doesn't have someone who can issue permits, it will hold up that development, construction sales tax, the population increase and other things. Councilmember Brooks stated the City could use temporary

services with qualified people with Councilmember Moncada stating it wouldn't save the City any money. Councilmember Brooks disagreed, stating the City would only use the contracted person when they were needed with Councilmember Moncada stating the City needed to move forward with the General Development Plan, the building codes and those types of things, adding that would also have to be contracted out. Councilmember Brooks then stated a lot of companies do codification and the Council could look at that with Councilmember Moncada stating the City wouldn't see that resulting in any savings. Councilmember Brooks disagreed, stating typically a savings is realized by contracting since it is only utilized when it's needed. Councilmember Moncada disagreed with Councilmember Brooks stating the City still needs to work on the General Development Plan and building codes. Councilmember Moncada then stated this discussion probably should have happened a few years ago, but right now, it is a month away from the sale of the Whetstone property and people are down here weekly with detailed plans who are ready to start breaking ground in a month or two, adding if this is done now, the Council will just hurt the City with this particular situation.

Councilmember Brooks stated that would be one Councilman's opinion.

Mr. Stephens then stated if the Council reviewed the employee information provided by Ms. Moreno, they would see the Building Department and the Planning & Zoning Department being separate departments, adding the departments were combined in 2007. Mr. Stephens then stated there were 4 employees in those departments then and there were 4 employees now, adding there has been no increase since 2006.

Councilmember Cook stated if there wasn't someone in that office to issue permits, it would be killing growth in a fast and dramatic way.

Mr. Stephens stated when more cuts are necessary, he will have to make the hard choice of cutting things that are critical or there will be no services provided at all, adding if the Council wants to cut the golf course for the Police Department, they can do that, adding they could also look at the transit system for further cuts. Mr. Stephens then stated the loss of service would correspond with those cuts.

Vice Mayor Sacco then stated he was asking Mr. Stephens to go back to the drawing board and take another look. Mr. Stephens then stated he would like to see if there was a consensus of the Council to go back and look at layoffs instead of having furloughs for the Police Department. Councilmember Cook stated he did not agree to that. Vice Mayor Sacco then stated he would like Mr. Stephens to go back and look at other budget reductions. Councilmember Brooks then stated the Council could also look at payscales with Mr. Stephens stating furloughs effectively reduce pay.

Vice Mayor Sacco again stated that he would like to ask Mr. Stephens to go back to the drawing board one more time and come back to the Council with some recommendations to reduce personnel. Mr. Stephens then asked if the Council, as a whole, wanted him to go back and look at laying off personnel in every department, but the Police Department with Vice Mayor Sacco stating there may be a restructuring and combining departments under one head, adding the Street Department has 3 or 4 supervisors with high pay. Mr. Stephens stated the Street Department did not have 3 or 4 supervisors and asked Vice Mayor Sacco to define "high pay." Mr. Stephens then stated he wanted the Council to base decisions on facts, instead of emotions, adding he understood there are plenty of people who think the City should be cut, but it was based on emotions and opinions, instead of facts. Mr. Stephens then stated he understood the Council has to deal with politics, but he wanted to deal with facts so he could present the Council with an accurate picture on what the City has, how much money it has, how much money is being spent, how many people are employed, how many employees are needed, again stating he wants to deal with the facts. Mr. Stephens then stated if the Council wants him to go back and look at laying off personnel in all departments but the Police Department, he will go back and take a look at that factually and tell the Council how many people would have to be laid off to achieve the needed budget cuts and what corresponding impact that will have on services across the City to the citizens of Benson.

Councilmember Brooks stated he thought a combination of layoffs, furlough days and consolidation of positions would work, adding he thinks there is fat and it can be trimmed. Councilmember Brooks then

stated in the past the City had the City Manager be the utility manager for the same pay and it saved a lot of money for the City. Councilmember Brooks then stated as long as services are not compromised, he doesn't see why that can't be done, adding he thinks even more could be done from what he understood. Councilmember Brooks then stated he thought some of the supervisors are getting paid \$60,000 and some are at \$90,000 with their benefits. Ms. Stephens then asked if the Council was making the recommendation to go back and look at the salary plan that was approved by this Council and reduce it with Councilmember Brooks stating it was approved by the last Council. Councilmember Moncada stated the payscale was approved by this Council, adding it's approved every year. Mr. Stephens stated the current payscale was the same payscale that was approved last year. Councilmember Brooks then stated the Council wasn't aware of the negative trend the City was in with Ms. Moreno stating she presented the trend to Council last year.

Councilmember Moncada stated he thinks with furloughs across the board, the City may lose people, adding he has already heard that some employees can't afford the furloughs and will be looking for employment elsewhere, noting it won't just be in the Police Department. Councilmember Moncada then stated the City would end up seeing attrition just by implementing furloughs, which will result in even further savings, but his concern in laying people off is that the Council will implement the furloughs and lay people off and then will lose employees and the City will be short-staffed in critical positions. Councilmember Moncada then stated his position is implementing furloughs across the board is the fair way to do this and the City will achieve the needed savings without layoffs, adding some people will leave and if those positions are not filled unless they are absolutely necessary, that will bring even more savings. Councilmember Moncada then stated that coupled with the fact that development is coming, adding conversations on this development is happening on a weekly basis, he thinks the City can get through this year by using furloughs and not having to do any layoffs. Councilmember Moncada then stated he thought otherwise with layoffs, the City may see some lawsuits which would eat through any realized savings, adding again, his opinion was to implement furloughs across the board.

Mayor King stated he agreed and in talking with the Police Chief, he knows the police officers do have a chance to make that money back in overtime. Mayor King then stated he also understood the possibility of a lawsuit for not implementing furloughs across the board, adding a lawsuit would hurt the City worse and the City is just now getting out of lawsuits. Mayor King then stated again, the way Chief Moncada has explained it, the police officers can work that extra 6 hours and make up for that loss, adding right now, he thinks furloughs should be implemented across the board and then go from there.

Councilmember Cook stated he was the third one to agree with that exact concept, adding he thinks there is some misunderstanding about layoffs and attrition and he thinks the direction trying to be given to Mr. Stephens is to find people who can be fired immediately in order to carry out someone's political vengeance. Councilmember Cook then stated he thought the City should go through attrition to accomplish a reduction.

Councilmember Brooks stated he would like to respond, adding he doesn't take any of this politically and he knows what it's like to lose a job. Councilmember Brooks then stated attrition takes time and a lot of these positions are going to have to be filled, adding the City can't lose officers and not replace them. Councilmember Brooks then stated a lot of cities started reducing 5 years ago and now something has to be done in Benson, adding he thinks furloughs are a good alternative to laying off a lot of people, but he thinks some positions can be consolidated. Councilmember Brooks then stated he also thinks the payscales need to be looked at for some positions. Councilmember Brooks then stated he would also like to look at some kind of incentive being offered to get some people an early retirement and to eliminate positions and consolidate them into something else.

Councilmember Moncada stated he talked to the Finance Director about buyouts, but it involves an outlay of cash and since the City is in a cash crunch right now, it wouldn't help with the upcoming budget year, but would be more of a long-term savings. Councilmember Brooks disagreed, stating if a \$90,000 position is eliminated, the City would see a savings right away. Councilmember Moncada stated the City would still have the cost of the buyouts with Ms. Moreno stating the City would not be able to offer a buyout to

only one employee, adding if buyouts are going to be offered, they have to be offered to a class of employees. Ms. Moreno then stated it would also have to have some incentives, such as continuing to pay for health insurance, adding the costs of buyouts would be a huge chunk of cash out the door right away as opposed to pushing an employee's liability back until they retire, adding it would hurt the City's current cash position and is not recommended for those reasons.

Councilmember Boyle stated on one hand, there is talk about not wanting to lay employees off because of not wanting to hurt City services, but on other hand, if furloughs are implemented and people are going to leave anyway, then services will be impacted. Councilmember Boyle then stated arguing that the Council can't lay people off, but can allow them to leave doesn't make sense, adding either way becomes a wash, but at least if the Council eliminates a couple positions to exclude the Police Department from furloughs, then the Council has control over it.

Councilmember Moncada stated even if the Council does lay employees off, furloughs still have to be taken to make up savings, adding the City can't get the needed savings with just layoffs, so some people will leave because they can't afford furloughs, but laying people off will create an even further reduction, which may hurt services. Councilmember Moncada then stated his concern is that the City will lose the employees the Council decides to lay off, but also the employees who chose to leave, adding experienced employees may leave and when the City comes out of the financial situation, how will it recover. Councilmember Moncada then stated the furloughs get the savings the City needs, the City doesn't lose all experienced personnel, adding he knows the furloughs will affect services a little, but not a lot, whereas he thinks layoffs will.

Councilmember Cook agreed, stating then the City will have to turn around and hire people to fill the vacancies created by people leaving because they can't afford the furloughs. Councilmember Moncada then asked if the City would be able to get people with the same experience with the City, adding there is vital information lost with layoffs, noting the City will naturally lose that in the future, but he doesn't want to go too far and hurt the City's future.

Councilmember Boyle then stated the reason he was arguing this is he doesn't have the rosy optimistic attitude that the City is going to improve anytime soon, adding nationally housing starts are flat and have even been negative in the last couple months. Councilmember Boyle then stated many financial experts are saying we are on the verge of losing our dollar status in the world, which would change everything, adding if that happens, then it's a moot point anyway, but if the Council is able to quickly assess the situation if things head south, and quickly take care of things as they arise, then he is ok with what has been proposed.

Mr. Stephens then stated he would like to recap the Council's opinions, stating 4 Councilmembers were in favor of the proposed furloughs and 2 Councilmembers were for layoffs. Mr. Stephens then asked the Council if he should stay on course with furloughs and then in the September/October timeframe, if needed, could look at layoffs and in the meantime, if he should look to see where those layoffs could be exercised, if needed. The Council concurred, agreeing that they couldn't promise layoffs wouldn't ever be done, but they didn't think the City was at that point now.

Councilmember Brooks stated he has heard from other people that there is some dead wood in the City, adding he thinks there are some highly paid people that aren't really producing so he would like Mr. Stephens to look at that and see if there is a way to consolidate positions with Mr. Stephens stating he would.

Mayor King then stated the Council would take a 10 minute break at 11:08 a.m. The Council reconvened at 11:22 a.m.

Ms. Moreno then stated the Council would review the Golf Course budget due to the schedule of the Interim Director of Golf Operations. Ms. Moreno then stated after recommended furloughs, restructuring and other reductions, the proposed budget requires a General Fund contribution of \$89,212, adding last year, the contribution was \$117,599. Ms. Moreno then stated she has already explained to the Council that

the General Fund contribution is more likely to be at \$200,000, adding the Council could see the amount of cuts needed to get to the proposed \$89,000 contribution. Ms. Moreno then introduced the Interim Director, Mark Drehobl, to review the proposed budget. Mr. Drehobl addressed Council stating revenues are continuing to increase, adding the course improves every year and is becoming one of the higher rated golf courses in Arizona, noting the course is pulling play from Phoenix on a regular basis, with about 70% of play coming from Tucson. Mr. Drehobl then stated customer service and reviews continue to be rated high by customers, noting the only thing that doesn't receive good ratings are the cart paths, adding the Staff does the best they can with millings on the paths.

Ms. Moreno then stated the Golf Course does receive other income such as the SNAG camp fees and will have that in the final budget. Ms. Moreno then stated cuts to personnel and supplies, contract services and some restructuring is helping reduce expenses at the Golf Course. Councilmember Moncada asked how the restructuring was done with Ms. Moreno stating a couple of vacant positions will not be filled and 1 employee was moved from maintenance into operations. Councilmember Brooks asked what role the restaurant plays in the budget with Ms. Moreno stating the proposed budget includes the restaurant breaking even or making a slight amount of money, again noting personnel has decreased, some vacant positions will remain vacant and implementing furloughs are how the savings done. Councilmember Brooks asked about the changes affecting operations with Mr. Drehobl stating it will be tough. Mr. Drehobl then stated they are currently looking at possibly closing 2 days a week, but they are trying to work around it to keep the restaurant open 7 days a week, noting closing would save money, but closing also means a loss of revenue also, adding closing is a double-edged sword. Councilmember Brooks asked if leasing the restaurant was still be considered with Ms. Moreno stating it was still an option. Councilmember Moncada stated he was open to any option, but the Council needs to make sure whoever takes it over keeps the same level of service, adding it doesn't do any good to sell the Golf Course and then have to take it back in worse shape and start over. Councilmember Brooks agreed. Councilmember Cook stated he has an old Chevy pickup and people express interest in buying it, asking him what he wants for it, but he feels if someone has an interest in buying it, they need to be the ones pursuing it, adding he believes the same should apply for someone interested in the Golf Course; they should be the ones pursuing the sale because if they aren't, then they will likely come in, take the revenues and then turn it back over to the City. Councilmember Boyle agreed, stating the Council would have to look at anyone wanting to buy the Golf Course. Mr. Drehobl then stated the budget is down to the bare bones and there is nowhere left to cut, adding any further cuts will detract from the Golf Course. Mr. Drehobl then stated the key is finding the balance between increasing rates and not losing play volume from the increases.

Mr. Stephens then stated if the development is going to happen that has been talked about, that developer would be installing a new golf course, so there would be some competition and he just wanted the Council to be aware.

Ms. Moreno then stated the Library budget would be reviewed next, due to another scheduling issue. Ms. Scott came before the Council to review the Library budget. Councilmember Moncada asked Ms. Scott how the library cut their budget with Ms. Scott stating the Library was down 2 full-time employees, but would only be replacing 1.5 employees and the book budget, operating supplies and computer supplies were also all reduced. Ms. Scott then stated the Library is going to be cutting back 5 hours, which would be the 6:00 p.m.-7:00 p.m. hour on Monday and Thursday and the 3 hours on Saturday. Discussion was then had regarding the number of people using the Library with Ms. Scott stating the patron count is lower in the summertime, but would still average about 200 people a day with the exception of Fridays being around 150 patrons and Saturday being anywhere from 50-90 patrons, depending on other activities in the City. Councilmember Cook asked how the numbers compared to last year with Ms. Scott stating from July to the end of April, the number of patrons was 56,072 people, down from last year's count of 58,313, adding the Library has over 7,200 registered users. Ms. Scott then stated the Library has an Intergovernmental Agreement with Cochise County so anyone living in the County can register and use the library. Vice Mayor Sacco asked if the Friends of the Library still existed with Ms. Scott stating they are now located in a building they lease from the City and have cleaned and painted it and is open 6 days a week. Ms. Scott then stated the Friends of the Library gave 3 scholarships in the amount of \$1,000 each, and provides the Library with help for the summer reading program not only volunteers, but also pays for

one of the performers. Councilmember Brooks asked about the property next to the library with Ms. Scott stating the property was given to the City by the Friends of the Library and is currently vacant. Ms. Scott then stated it has not been paved due to budget conditions, adding it could be used for parking or even an expansion when things improve in the future.

Ms. Moreno then stated General Fund revenues would be addressed next, starting with Administration. Ms. Moreno stated the main sources of revenues to operate the General Fund are based on taxes and fees, as opposed to the Enterprise Funds, which charges users for the services provided. Ms. Moreno then stated one small source is the property tax and as part of the budget process, the Council adopts a property tax rate. Ms. Moreno then stated last year the Council decreased the tax levy rate, but this year, she is proposing a small increase in the rate to .5531, adding because there have been so many major budget cuts, she is also proposing this additional revenue, in the amount of approximately \$21,000, raising the total amount collected to \$230,000. Ms. Moreno then stated the effect on a home valued at \$100,000 would be an increase of \$4.31 per year. Ms. Moreno then stated the Council would be required to hold a public hearing on the proposed increase.

Councilmember Boyle asked what the public hearing would cost with Ms. Moreno stating the costs would be minimal since the City has to advertise a public hearing for the budget anyway, adding the other requirement is to post the information on the City's website for 60 days, which is free. Councilmember Moncada stated an annual increase of \$4.31 is minimal, adding with the Council implementing furloughs, they can show they have made serious efforts in cutting the budget. Councilmember Brooks asked about home values going up with Ms. Moreno stating the projected increase of \$4.31 per year is based on a home being valued at \$100,000. Councilmember Moncada stated he had talked to someone at the County who said the valuations for the County went down almost 10% from last year. Councilmember Brooks stated he was concerned about SSVEC and Cochise College raising their rates, adding jobs are hard to find, things are getting tough and it's hard on everyone. Ms. Moreno then stated the Council did give property tax payers a tax break last year.

Councilmember Boyle then stated he had met someone who gets by on \$500.00 per month, adding City employees have pretty good jobs, but some people are really struggling, so even though the increase is almost nothing, the Council has to take that into consideration. Councilmember Brooks agreed, stating he knew Mr. Grey's taxes went from \$1,200 to \$6,000 in the last 6 years and it is killing people like that. Ms. Moreno then stated the majority of the tax increase would affect commercial properties in town, noting it would affect homeowners, but to a lesser degree. Ms. Moreno then stated if people were renting and weren't homeowners, the property tax wouldn't affect them. Councilmember Boyle then asked if the property tax rate could be split so anything valued over \$150,000 could be one rate and anything under be a lower rate with Ms. Moreno stating she could check on that. Councilmember Brooks then stated he would like to find a way to increase sales revenues. Councilmember Moncada stated if the Council wasn't going to approve the increase, they would have to find \$21,000, either taking it from the cash reserves or from somewhere else in the budget.

Councilmember Cook then stated he didn't consider an increase of \$4.31 per year getting slammed. Councilmember Cook then stated being poor isn't what it used to be, adding food stamps, rental assistance, WIC, and the State making up for child support that isn't available from absentee fathers are all available avenues for people to use. Councilmember Cook then stated there are even groups that meet in this very room that provide utility assistance and there are at least 2 food banks in Benson. Councilmember Cook then stated he was intrigued by the split rate suggestion, but again, he didn't think an increase of \$4.31 a year was too much.

Councilmember Brooks stated he would prefer to find a way to cut the \$21,000 from the budget, adding he gets hit from everywhere and when it adds up, he can't pay his bills. Councilmember Brooks then stated most people in this town are retired and living on a fixed income and it's getting hard for people. Councilmember Brooks then stated again, he would like to revisit the issue and try to find it in the budget in the near future. Councilmember Moncada asked about the required timeline for the budget approval, stating the Council can't just wait until the end of the budget cycle to decide on the tax rate. Ms. Moreno

then stated the timeline requires the City to hold a public hearing and approve the budget and the tax rate in time to give it to the County, adding any increase must also be posted on the City's website for 60 days before any Council action is taken on it.

Vice Mayor Sacco stated every time the City needs money, taxes are increased, adding there are a lot of seniors in the City and they are barely getting by. Vice Mayor Sacco then stated he was against a property tax increase.

Ms. Moreno then stated taxes and fees are the only source of revenue the government has, adding sometimes, increases need to be done. Ms. Moreno then stated she knew it was not popular, but she has to be fiscally responsible and give Council the option to consider an increase.

Vice Mayor Sacco then stated the budget needed to be looked at again, adding Benson is tough enough to make a living in and if taxes are increased, it makes it tougher. Vice Mayor Sacco then stated he wants to keep businesses here, not drive them away, and again stated another look needs to be taken at the budget to see what can be done. Councilmember Brooks then stated due to the timetable, the Council almost needed to make a decision on this now with Ms. Moreno stating the Council could wait to make a decision until June 2, adding she would like to put the tax property rate increase on the website as soon as possible.

Councilmember Brooks then stated again, the City needs to increase revenues and he thinks there is a way to do that. Vice Mayor Sacco stated that would be tough to do, adding businesses are having a tough enough time now and yet every time the City needs money, taxes are raised. Councilmember Moncada asked when was the last time taxes were raised, adding the Council has actually decreased taxes for the last 3 years. Vice Mayor Sacco then stated the proposed budget includes an increase now and that it is hard enough to keep businesses in the City. Councilmember Moncada stated he didn't like to increase taxes either, but the proposed budget does cut over \$1 million in expenditures, adding he didn't think \$4.31 a year is unacceptable, again noting the Council can show that they have made serious cuts to the budget. Vice Mayor Sacco disagreed.

Councilmember Boyle stated he would like to see if the staggered property tax rate could be done. Councilmember Brooks stated the increase was going to hurt businesses, adding he knows someone that owns a pretty big business that may just throw the towel in because taxes are killing him and then stated he thought the Council could find \$21,000 in the budget somewhere. Councilmember Cook stated if the Council didn't spend money on a pond or a shooting range, they might be able to find that money immediately with Councilmember Boyle stating the City has to have things to attract people, adding you can't just pass the same dollar around the room and we need to have people come into Benson.

Councilmember Brooks then stated the ideology some of the Council has brought up in the past is that the City needs to be run like a business, adding if a business charges too much for its product, customers will leave. Councilmember Brooks then stated a business also has to advertise to get clients, adding it is part of the package of trying to stay in business and he doesn't think the City has been doing all it can. Councilmember Brooks then stated he thinks the Council needs to look at that, not necessarily in this budget, but he thinks the tax increase is a bad choice and could hurt the City because people won't want to do business in Benson. Councilmember Brooks then stated a lot of people go to Tucson to shop now and he knows one businessman who is depressed and is ready to throw the towel in. Councilmember Brooks then stated he thinks the Council should try to find this money somewhere else, and if it can't be found elsewhere, then they can come back to this. Vice Mayor Sacco agreed.

Ms. Moreno then asked if the Council would like to have comparisons with other cities' property tax rates with Councilmember Brooks stating he didn't want to see cities in Cochise County because they are too high.

Mr. Stephens then stated he would like to point out that the City of Benson has decreased taxes for the last 2 to 3 years, adding the City needs to come to a happy medium or we will keep cutting ourselves, until we are non-existent.

Councilmember Brooks stated the budget needed to be looked at like a personal home budget, stating a person can only cut so many coupons and if they still can't cover the costs of mortgage and insurance, the only answer is to go get a good paying job, adding the same principle applies to the City. Councilmember Brooks then stated the City can cut everything, but the sales have to increase, adding he doesn't know what it is going to take, but sales are the City biggest revenue and when the City starts overtaxing, people will go elsewhere. Councilmember Brooks then stated the City has to find something to increase revenues.

Vice Mayor Sacco then stated he keeps saying that the Council needs to look at the expense side of the ledger.

Councilmember Brooks stated he would like to wait to decide on the tax levy rate until June 2. Ms. Moreno then stated she would have more information on other cities' tax rates and the Council could discuss it at the next budget worksession on Wednesday.

Councilmember Cook stated the City could not be run like a business, adding it is not a business, does not produce any products and gets its primary revenues from fees and taxes. Councilmember Cook then stated as far as attracting businesses, it appears to him in a glaring way that firing employees, cutting taxes and cutting services is the complete opposite way to attract businesses to Benson.

Ms. Moreno then moved to City sales tax stating the proposed budget includes a small increase, adding financial reports in the last few months show an upward trend. Ms. Moreno then stated the proposed budget includes City sales tax of \$2.75 million up from the current budgeted amount of \$2.6 million. Ms. Moreno then stated bed tax has been budgeted at \$60,000 with no increase, since there has been no increasing trend in bed tax collections.

Councilmember Boyle asked if the \$2.75 million included an increase in the sales tax rate with Ms. Moreno stating it did not. Ms. Moreno then stated she would address the City's revenue increase potential could be if the sales tax rate was increased. Ms. Moreno then told the Council that the State raised sales tax temporarily by 1% due to the budget deficit, adding when it went back to the voters, it did not pass, so the overall tax rate decreased last May by the 1%. Ms. Moreno then stated some cities had good timing and increased their sales tax rate to go into effect when the decrease happened so the end consumer never saw an increase and the cities were able to then come out of their deficit because the increase gave them a substantial amount of revenue. Ms. Moreno then stated another thing to consider is that the City created .5% sales tax increase to pay for the debt incurred to build the wastewater treatment plant, adding that tax sunsets in 2018. Ms. Moreno then stated 3 years from now, that extra tax goes away and the City's sales tax rate will revert back to 2% instead of the 2.5% that it is now, adding the tax increase was to sunset because the debt associated with the plant would have been paid off in 2018. Ms. Moreno then stated the City refinanced that debt in 2010 and extended it over a 20-year period, noting the debt and the debt payment will still be there, but the revenue to pay for it will end in 2018. Ms. Moreno then stated in anticipation of that tax ending and in trying to get the City out of the hole it is in and trying to get the cash reserves built back up, one option to consider would be to increase the sales tax rate to 3.5%, which would be a 1% increase, adding half of the increase would go away in 2018 and the City would have 3 years to help build cash reserves back up, noting the increase would bring in \$1,040,000 annually. Councilmember Brooks stated that is assuming sales don't decrease and then stated the City would lose some consumers who wouldn't want to pay the extra 1%. Ms. Moreno agreed, but stated the sales tax would be spread across more than just Benson citizens, adding it would be spread over everyone who comes to Benson to shop and spreads the burden over a much larger group of people instead of just the Benson citizens. Ms. Moreno then stated if the Council were to increase the sales tax rate to 3%, it would revert back to the current 2.5% rate in 2018 and would still bring in \$520,000 annually in revenue, which could increase the cash reserves back up. Ms. Moreno then stated these were options for the Council to consider and she was just giving them the information to do so.

Councilmember Cook asked if an increase in the sales tax was included in the proposed budget with Ms.

Moreno stating the proposed budget only included the current tax rate.

Councilmember Boyle stated he was afraid that a new tax was instituted, it would never go away, adding taxes never seem to go back down with Ms. Moreno stating the Council could require an increase to sunset. Councilmember Boyle then stated the Council could always just reinstate it even if it did sunset. Councilmember Boyle then asked what the tax rates are compared to Willcox and other towns around us with Ms. Moreno stating she could get that information for the Council.

Councilmember Boyle stated keeping taxes lower might be an incentive to get people to shop in Benson, adding it's not that far of a drive from other towns, but the difference would have to be enough to make it worthwhile to come to Benson, adding that would be one way to improve City sales. Councilmember Boyle then stated former military people shop at the PX and the commissary because there is no sales tax there and added there isn't any sales tax on the internet either. Ms. Moreno then stated sales tax internet sales will be coming in the future.

Vice Mayor Sacco stated the goal should be to attract businesses, not drive them away and increasing taxes will drive them away. Vice Mayor Sacco then stated the budget needed another serious look. Councilmember Brooks stated if City sales go up, everything being talked about would be a moot point.

Councilmember Boyle stated most businesses pass tax increases along to their customers so it wouldn't make a big difference to them, but it hurts the consumer and they might want to shop elsewhere to save money. Councilmember Brooks stated people will shop where they want regardless of what the Council does, but he agrees that taxes could make people leave the City. Mr. Stephens then stated any sales tax increase would also help the City by not requiring reaching into the cash reserves. Councilmember Brooks then asked if the proposed budget included any sales tax increase with Ms. Moreno stating, again, the proposed budget did not include any sales tax increase.

Ms. Moreno then stated another consideration in increasing sales tax would be that the property tax could be earmarked for certain projects or amenities, such as more parks or development at Lion's Park, adding the citizens of Benson would know their property tax dollars would go toward those types of projects and may be more willing to pay it, knowing that. Mr. Stephens stated those projects could also include a lake, a gun range, a gazebo at the park and other projects.

Councilmember Boyle asked about food being exempt from sales tax, stating if the tax is going to be increased, he would like to see people who are really strapped not have to pay more to eat. Ms. Moreno then stated Councilmember Wangsness brought up the idea of exempting food sales from the City sales tax a couple of years ago, adding she couldn't tell the Council how much was collected in food sales tax since it was all combined in retail sales, but she could tell them it was the majority of what is collected because that is what Benson has to sell, adding there isn't much other industry or sales to tax. Ms. Moreno then stated the majority of small towns in Arizona tax food sales, adding it is basically the major source of revenue for small towns in Arizona. Ms. Moreno then stated bigger cities with other industries don't have to rely on food tax, but for Benson, until another industry is found, she can't recommend getting rid of that tax. Councilmember Brooks added, at least the recommendation can't be made until the bond is paid off with Ms. Moreno stating she wouldn't recommend it then either, adding the bond payment is \$400,000 a year and the sales tax revenue is about \$2.6 million a year.

Councilmember Boyle asked what the proposed income stream from the solar project out of Willcox and property tax would be from that with Ms. Moreno stating the project was not in the City limits; therefore the City would receive no direct benefit from it. Councilmember Boyle stated the County would have an extra revenue source from that property tax, so it may benefit Benson if the County lowers their rate with Ms. Moreno stating, again, there would be no direct benefit to Benson.

Ms. Moreno then stated development on the hill or a plan attracting more people would increase our tax base and would affect revenue sources.

Councilmember Brooks stated the Council had to be careful about overtaxing because they were trying to attract people with Ms. Moreno stating the other way to increase revenues without increasing taxes, is to increase the tax base, which means more people living and shopping in Benson. Vice Mayor Sacco then stated if the City wanted to kill businesses, all they had to do was raise taxes and the City needed to get creative with Ms. Moreno stating the City is limited in what it can do and all she could do was bring ideas to Council.

Councilmember Boyle stated he thought the sales tax should stay where it is.

Ms. Moreno then reviewed State sales tax, State revenue sharing and auto lieu taxes, adding these are increasing and are based on estimates received from the League. Ms. Moreno then stated income tax at the State level and sales Statewide are going up, so the City's portion is increasing, as well as HURF money increasing. Ms. Moreno then stated there was no Stonegarden grant for equipment this year, so it was removed from the budget and then noted the Police Department was going to participate in the Auto Theft Task Force and would be getting a better reimbursement than the GIITEM Task Force. Ms. Moreno then stated the budget did include an increase for Animal Control donations. Ms. Moreno then stated nothing in the Building or Planning & Zoning changed, the Fire Department revenue was the same and included reimbursement from the Forest Service for wildland fires and insurance recoveries if the City starts charging for calls. Ms. Moreno then stated the Library was the same, and noted the Bluegrass Festival was removed from the Parks & Recreation revenue, adding other events were decreased by looking at the trend. Councilmember Brooks asked how sales would be measured in the City with Ms. Moreno stating the City would not receive direct revenue from an event. Ms. Moreno then stated Tourism revenue was the same and was for souvenir sales. Ms. Moreno then stated the miscellaneous category is where money in the bank is budgeted as revenue so it would be available to use if needed, adding the proposed budget shows \$900,000, which is down from last year's budgeted amount of \$1.7 million. Councilmember Boyle then spoke about making money, stating years ago, he was asked to put on a basketball tournament and it made a ton of money. Councilmember Boyle then stated the City could possibly contract with someone or a company who would do nothing but promotions for the City, such as a car show or whatever and the City would help with the advertising, and provide the place and funds necessary to provide the program, but in the end the City would pay the person a percentage of the money raised by the event and then keep all the remaining revenue. Ms. Moreno stated it was a possibility and then stated the total revenues for the General Fund in the proposed budget was \$5.9 million, which is down from last year's budgeted amount of \$6.6 million.

Mayor King stated the Council would take a brief break at 12:56 p.m. Council reconvened at 1:23 p.m.

Ms. Moreno then gave Council the tax rates for other cities; Benson – 2.5%, Tucson – 2%, Bisbee – 2.5%, Huachuca City – 1.5%, Sierra Vista – 1.75% for retail sales and 2.6% for bar and restaurant sales, Tombstone – 2.5%, Douglas – 2.8% with an additional bed tax of 2% and Willcox – 3% with bed tax at 4%. Ms. Moreno then stated Bisbee is in the process of considering raising their sales tax 1%.

Ms. Moreno then stated she could also gather information on bed tax with Councilmember Moncada asking who pays the bed tax. Ms. Moreno stated bed tax is charged on real property in the City to anyone who has a rental. Ms. Moreno then stated the owner should be paying TPT tax, which would include individuals who rent out a home, whether they do it themselves or use a property management company. Councilmember Brooks asked if the tax applied to apartment rentals with Ms. Moreno stating the bed tax is an additional tax on stays under 30 days, adding if someone stays over 30 days, they should pay the rental tax, but not the bed tax. Ms. Moreno then stated hotels or bed and breakfast entities should collect the bed tax on any stay under 30 days. Ms. Moreno then noted a common misconception about rental properties and business licenses, stating the City's business license requirement does not require a person who has 1 rental property to obtain a business license, but noted the City does not exempt sales tax from a person who only has 1 rental property. Ms. Moreno then stated the misconception is if you only have 1 rental property, you don't have to pay sales tax, but noted that is not true, adding the property owner still has to pay the tax.

Ms. Moreno then stated City sales tax is collected by the State, which is sent to the City after they process

it, adding tax records are confidential for each taxpayer and she can only give out aggregate information. Ms. Moreno then stated the State also maintains the auditing authority and are responsible to do audits, adding if the City wanted to audit a taxpayer, the request would have to be made for the State to do so.

Ms. Moreno then stated General Fund expenditures would be next, stating summary expenditures will match revenues, which is how the General Fund is balanced. Ms. Moreno then stated 38% was cut from the City Council budget, adding a few things that haven't been used were cut, such as the Council photos and the Youth Council, adding the Employee Council was also reduced, but was not eliminated. Ms. Moreno then stated a major cut was to remove the video equipment, adding that capital project was pushed back. Ms. Moreno then stated another potential reduction would be to remove the booth that is hosted at the League of Arizona Cities & Towns conference, adding the normal budget for that is \$3,200. Councilmember Boyle asked what the purpose of the booth was with City Clerk Vicki Vivian then addressing Council. Ms. Vivian stated the conference is an annual event with a lot of classes for Councilmembers, activities and networking opportunities. Ms. Vivian then stated one of the activities is the Festival of Cities, where cities host a booth, usually with games and giveaways, adding the booth for Benson has given away pizza cutters, letter openers, etc. Ms. Vivian stated the booth has been very consistent in promoting the caverns and the golf course, giving away tours and golf packages, adding these get people down to Benson and have them stay the weekend and it promotes the City around the State. Ms. Vivian then stated if further reductions were going to be made to the City Council budget, she would recommend not hosting a booth so the Council can still attend the conference. Councilmember Brooks asked if the City was charged for having a booth with Ms. Vivian stating the cost of the space was approximately \$300.00. Councilmember Brooks then asked about the other costs of the booth, such as traveling and running the booth with Ms. Vivian stating the travel was minimal, adding when the conference is hosted in the Tucson area, Staff drives up and back that night and when it's held in the Phoenix area, Staff stays the one night of the event. Ms. Vivian then stated the majority of the booth costs is the giveaways. Councilmember Brooks then asked about having a simple booth with the Councilmembers taking turns running it with Ms. Vivian stating there is basically no cost for Staff to run the booth, since they are compensated whether they are in the office or at the event, adding the actual booth has always been very inexpensive with the Tourism Director Bob Nilson able to construct almost everything for the booth. Ms. Vivian then stated again, the majority of the costs are the giveaways the City orders. Councilmember Brooks suggested having a table with brochures with Ms. Vivian stating she was not recommending the Councilmembers be at the event to run the booth, adding it's quite time consuming and would impair their networking opportunities. Ms. Vivian then stated some cities don't host a booth every year and it was just a suggestion to remove the booth this year if further budget cuts needed to be made for the upcoming fiscal year. Councilmember Moncada stated he felt it should be left in the budget unless the property tax was going to be reduced. Ms. Vivian then asked Council about the travel line item, stating if Council was going to attend the upcoming Rural Policy Forum, it would be included there. Councilmember Moncada stated the forum costs approximately \$400.00 per person and he would not be attending due to the budget situation.

Ms. Moreno then stated the City Manager's budget would be reviewed next, stating the custodian in the budget last year has been removed and IT services have been added. Ms. Moreno stated this was due to the recent RFP for IT services, adding these services will be by contract on a monthly basis and for ease of tracking, the service has been removed from each department and put in the City Manager's budget in the amount of \$95,000, noting there is still about \$5,000 for IT services budgeted in the enterprise funds that will need to be tracked separately. Ms. Moreno then stated legal fees were left at \$96,000 and is separate from what we pay City attorney for legal services.

Councilmember Boyle asked if there were any numbers on the IT services with Ms. Moreno stating the budgeted amount was based on the proposals the City received, adding a little extra was budgeted for equipment that might be needed. Councilmember Brooks asked about the IT contractor maintaining the City's website with Ms. Moreno stating a new website has been purchased, but Staff hasn't had time to design it yet.

Councilmember Moncada asked Ms. Moreno to put the sponsorships for the youth sports leagues back in

the budget with Mayor King agreeing. Ms. Moreno stated she would like a consensus of the Council with Councilmember Boyle agreeing, Vice Mayor Sacco stating he didn't know how to answer that question, Councilmember Cook stating he was likely to oppose it when it came up, so he did not agree and Councilmember Brooks stating the Council could look at the sponsorships on a case by case basis. Ms. Moreno then stated the approval of the expenditure would be through the City Manager. Councilmember Brooks then stated he would have to say no because of the condition the City is in right now.

Councilmember Cook stated he wanted to discuss the IT services further, stating the City has been without IT services for 6 months, adding a loud-mouthed bully is taking credit for saving the City money that has not been spent on IT services, and maybe the City should continue that and when something breaks down, he can take credit for that also. Ms. Moreno then stated the level of IT services that the City has been relying on is not sustainable for a year with Councilmember Cook agreeing with her. Ms. Moreno then stated the City will be paying more for IT services with one of the companies than what was being paid before. Councilmember Cook stated he knew that and so did the loud-mouthed bully. Councilmember Brooks asked if it would be worth it to have a full-time IT person with Ms. Moreno stating that question was evaluated and the City would not be able to hire and retain someone qualified to monitor the entire network because of the cost, adding that person would be a higher paid person and cost even more. Ms. Moreno then stated if IT services were limited to only desktop help support, it would be less, but we would still need to pay someone for the monitoring of the system. Ms. Moreno then stated we are also looking to move email services to another hosted service, which is also included. Vice Mayor Sacco asked if IT services had "settled down" with Ms. Moreno stating the City has not put a new IT company in place, adding only 2 responses were received to the Request for Proposals. Ms. Moreno then stated there was a committee to evaluate those, which has been done and the next step is to come to a consensus and bring it to Council for their consideration, which will most likely happen at the next Council meeting. Councilmember Brooks asked if the IT providers who responded did evaluation and projected how many hours they would need with Ms. Moreno stating they estimated how many hours they thought would be required, but without coming in and performing an evaluation of the entire system, it is an estimate. Ms. Moreno then stated the proposal does include an overall assessment, recommendations and a long-term plan, which will help the provider and the City, as well. Councilmember Brooks asked how many hours a week was projected with Ms. Moreno stating one provider estimated being here 3 times a week and then handling things remotely and the other would be on call during the hours of operation of the City. Ms. Moreno then stated the providers gave a monthly charge and committed to that fee for an entire year, regardless, adding the higher proposal was \$71,000, but the budgeted amount is \$95,000, which would allow upgrading the system right away, if it's needed. Mr. Stephens stated only 2 IT providers responded to the proposal request, adding 1 company is the one the City is temporarily working with right now who has looked at the system and the other company briefly looked at the system and their proposal includes a thorough look at the system and equipment to make an assessment on what is needed.

Ms. Moreno then stated the Community Enrichment budget was next, adding there are requests for funding from the Butterfield Rodeo Committee, the Benson Clean & Beautiful Committee, the Shop with a Cop Program, the San Pedro Valley Arts Council and the Southeastern Arizona Economic Development Group (SAEDG). Ms. Moreno then stated the proposed budget takes the Community Enrichment budget back to down to \$60,000, adding the funding for this budget goes hand in hand with bed tax collections the City puts back into the community. Ms. Moreno then stated based on information received from attorney, the proposed budget does not include any donations that may violate the gift clause. Ms. Moreno then stated the proposed budget includes \$20,000 in the economic development line item for the Council approved asset inventory and branding, \$14,000 for the 4th of July event, with \$10,000 being marked for fireworks and \$4,000 being marked for advertising. Ms. Moreno then stated the budget also includes the Butterfield Rodeo event and advertising for Butterfield Stage Days. Councilmember Moncada asked if the City needed to advertise in addition to what the Rodeo committee does with Recreation Coordinator Laura Parkin stating it was up to the Council, however, she did recommend advertising for the rodeo and the Pony Express, adding the rodeo brings new money into the community and supporting the event through advertising benefits the entire community.

Tourism Director Bob Nilson then addressed Council stating Ms. Parkin has taken over a lot of events,

adding the City used to advertise with Cox Cable in the amount of \$1,200 and Cox would then match that amount with Public Service Announcements (PSAs). Mr. Nilson then stated advertising was also done with Wick Communications in Benson, Sierra Vista, Green Valley, Safford and Willcox, adding the \$2,400 package was used for several events. Mr. Nilson then stated the good thing about advertising with Cox is that they have targeted demographics. Mr. Nilson then stated he wasn't involved in advertising as much this year, but there were posters and he had a volunteer who would take the posters to Willcox, Elfrida, Sierra Vista and Tombstone.

Ms. Parkin then stated with the City's support, the committee would like to host a 2-day event again.

Councilmember Brooks stated the City only has 2 big events; the 4th of July and Butterfield Stage Days, adding he thinks Butterfield could be an even bigger event. Councilmember Brooks then stated he has talked to people in Tombstone and maybe the vigilantes could be involved and do a shoot-out, adding maybe the Council could put some money into the event for that. Ms. Parkin stated she worked on that last year and the vigilantes came and did a shoot-out at the museum, but added the problem with a shoot-out is that the City's insurance company will not cover it if it is held on City property and the vigilante organization is unable to add the City as a second insured.

Councilmember Brooks stated the event could also possibly include a best-dressed contest, taking some people to jail and other fun stuff people love. Ms. Parkin stated Butterfield Stage Days was originally done by the Chamber of Commerce as a fund raiser, adding when the City took it over; she wanted to keep the design of the event to allow other non-profits to participate and to add components as a fund raising opportunity. Ms. Parkin then stated she spoke to the Chamber about a month ago and discussed the possibility of them hosting some sort of a train themed event at the park, so that may happen, but if the Chamber is willing to become involved again with Butterfield Stage Days, she would like to let them. Ms. Parkin then stated another component is the Pony Express, which is being run by Cindy Allan, who was willing to take it over. Councilmember Brooks stated he felt the City could put more into the event and it could become a trademark for Benson. Ms. Parkin then stated the event was up to Council, but it was her recommendation to build the event with non-profit organizations with the Council agreeing that would be a good thing.

Councilmember Brooks then stated he had talked to SAEDG and they were going to try to put together 3 RV events this year, adding he thinks it is a great idea because one of the City's biggest sole revenues are the RVers in Benson and right now, the City doesn't do anything special for them. Councilmember Brooks then stated he would like the RVers to know Benson is a great place to go for the winter and he thinks the City should maybe contract with SAEDG to put on at least one good RV event. Councilmember Brooks then stated he sees the proposed budget includes \$20,000 for economic development and he wasn't sure that it would be enough for any kind of promotion for the City and that he thought advertising is the most important thing the City could do. Councilmember Brooks then stated the City needs to be promoted and he would like to put some money into this budget for advertising, adding Sierra Vista thinks it's worth their time to spend \$150,000 per year on economic development and the City needs to advertise and get sales up somehow and could possibly contract with SAEDG for something. Ms. Moreno stated any contract for services would have to be done in compliance with the City's procurement code. Lisa Hill, of the Benson Clean & Beautiful Committee asked if she could address the Council. Ms. Hill then stated she was working with SAEDG to put on a big 3-day event for RVers in February, adding it was going to cost \$5,000-\$10,000 and they were getting all the RV parks and some hotels involved. Ms. Hill then stated if the City could put a few thousand dollars toward the event, it would help a lot, adding tourism could be a big draw for Benson and with tourism, Benson wouldn't have to grow and be like Sierra Vista or Tucson. Councilmember Moncada noted the proposed budget includes \$5,000 for City promotions, adding if an event comes up, the Council has up to \$5,000 in the budget.

Councilmember Brooks asked if that was part of the \$20,000 for economic development with Ms. Moreno stating the \$20,000 in the economic development line item is the for asset inventory and branding the Council approved. Councilmember Brooks then stated there would be nothing left for economic development, such as marketing for manufacturing companies that are leaving California. Councilmember

Brooks then stated for economic development, there may be some travel involved to meet people, advertise the City and work with the Arizona Commerce Authority (ACA), adding he thinks the City can get 3 or 4 times the bang for the buck. Councilmember Brooks then stated he has been in Benson for 17 years and has never seen the City reach out, adding it's going to cost us if we don't. Councilmember Brooks then stated the asset study is good, but if nothing is done, it's not much good. Ms. Moreno then stated the asset inventory and the branding are the first steps and then the marketing aspect of the plan needs to be acted on. Ms. Moreno then asked if the Council wanted to increase the economic development line item with the Council agreeing it should be increased from the proposed \$20,000 to \$25,000.

Ms. Moreno continued reviewing the Community Enrichment budget stating the Historical Commission, the San Pedro Valley Arts Council, the Food Pantry, the Food Bank, the Governor's Alliance, the Shop with the Cop program, the Relay for Life, the Southwest Ranching Roping Association and the City/School Joint cooperative activities have all be removed. Councilmember Moncada asked Ms. Moreno to put the Shop with a Cop program back in the budget, adding the benefit to the community isn't measurable. Councilmember Moncada stated the program takes 35 kids who would normally have only negative interaction with police officers and turns their interaction into something positive, which builds for the community's future and is well-worth the \$500 contribution. Councilmember Moncada stated he would like the Council to consider putting it back in the budget. Councilmember Brooks asked about the program having their own fundraiser with Councilmember Moncada stating they already hold their own fundraisers, adding they take 35 children and give them each \$110.00 to shop with. Councilmember Moncada then stated he was concerned that if the City didn't support the program, they would take it somewhere that it was supported, adding again, the long-term benefits are worth the contribution. Mayor King and Vice Mayor Sacco agreed. Mr. Stephens stated there were 8 organizations looking for funding in the total amount of almost \$35,000, which per the City Attorney, are in violation of the gift clause, adding the decision was up to the Council, but noted there was the potential for a lawsuit. Councilmember Moncada stated again, he thought there was a benefit to the community and he was willing to defend it, adding there is an economic benefit to the community when the City invests in the youth. Councilmember Moncada then stated this program has the potential to change a child's life, who has 1 parent in jail or has a parent that was arrested, and if this program can turn one of them away from crime, he thinks it is worth more than \$500 to the community.

Councilmember Boyle stated if the gift clause law was in place, the Council was stretching it with Mr. Stephens stating he would need to have the City Attorney define the benefit to the City, the amount spent on police services vs. rehabilitating beforehand and see if it could be quantified, adding it would be worth a discussion with the City Attorney relative to the law.

Councilmember Brooks stated the Council could revisit the issue with Councilmember Moncada asking if Staff could get an opinion on each request submitted to the Council. Mr. Stephens indicated he would make the request.

Councilmember Cook stated he agrees with Councilmember Moncada, adding he sees these kids and he knows with one or both parents in jail, these children have only negative interaction with the Police Department and have no Christmas. Councilmember Cook then stated this program changes the trajectory of their lives and he thinks the benefit to the City is very real, but is just seems intangible, adding he would like to see at least this one contribution go forward, but he is very likely to oppose the rest.

Dianne Tipton, a member of the audience asked if she could offer a suggestion. Ms. Tipton then stated the City could possibly advertise on the utility bills for \$1.00 donation toward the program, like a sponsorship idea, adding it gives the community an opportunity to be a part of the program and she would like the Council to consider it. Council then discussed the cost of doing so with Ms. Moreno stating a black and white half sheet was \$65.00, but it may be possible to print something directly on the bill also. Councilmember Boyle stated that was a good idea and then stated America is in debt because of all the goodwill programs, stating the government continuously spends money on things that are wonderful, but it is not a place for the government to do so, adding churches and other organizations should do it, but not governments. Councilmember Boyle then stated as a nation, we have gone way past this, but possibly the

City could do what Ms. Tipton suggested. Ms. Moreno stated she would talk to the City Attorney about the requests and the issues of issuing statements for the organizations the City would be collecting for with Councilmember Moncada stating he would expect any donations to be sent directly to the organization.

Councilmember Brooks then asked about the money for the two billboards with Ms. Moreno stating the billboards are not lit yet, so the actual cost could be less than what is budgeted. Councilmember Brooks then stated there had been discussion on other billboard becoming available and the possibility of trading locations or paying for additional billboards with Mr. Nilson addressing the Council. Mr. Nilson stated one may become available with Clear Channel, adding it is a lit sign, but is a different size and would require a new vinyl in the amount of \$1,600-\$1,800. Mr. Nilson then stated the company is working on lighting the signs the City currently rents. Councilmember Brooks then stated the City would need to allocate another \$5,000 for another billboard with Mr. Nilson stating the Clear Channel billboards are quite a bit more at \$600.00 per month. Councilmember Moncada stated if the City could get a better location for a billboard, they needed to get it and drop one of the current billboards. Ms. Moreno stated the Council recently approved the billboard contract which is in effect until February, so if the Council wanted to acquire a different billboard, they would have to increase the budget for a new sign and then drop one of the current signs when the contract expires. Council agreed to increase the line item to \$20,000 to cover a new sign.

Ms. Moreno then continued stating the Tree Lighting funding was reduced since a tree would not need to be purchased. Council then discussed lighting the trees on 4th Street and that there is no power to do so. Council then discussed putting banners across 4th Street with Public Works Director Brad Hamilton stating he spoke to ADOT about the train banners, adding ADOT will allow a banner to be displayed for up to 30 days each year, but permanent banners aren't allowed. Mr. Hamilton then stated the 30 days are used for Christmas decorations and other items during the year. Council discussed having banners up for events, such as Butterfield Stage Days, the 4th of July, Christmas on Main Street and things like that with Mr. Hamilton stating the requests to put up banners would have to be worked into the matrix and the Phoenix ADOT office would have to evaluate it. Councilmember Boyle stated the City could have businesses along 4th put flag stands on their buildings and the City could use them to put banners up whenever they wanted with Mr. Hamilton stating they would need to be on City property. Councilmember Brooks stated it would be nice to have someone look into that.

Ms. Moreno then stated for clarification, she would be talking to the City Attorney about all the requests for funding, adding she did not get a request from the Southwest Ranch Roping Association, with Council agreeing if no request was received, it shouldn't be considered. Ms. Moreno then asked about the Food Bank and the Food Pantry with Council asking her to check on them. Councilmember Brooks asked if the City did anything for the senior meals with Ms. Moreno stating the City pays the utilities at the community center for them, which is about \$15,000 per year, they are not charged to use the community center and they have the use of the kitchen, freezers and an office. Councilmember Brooks stated he liked the idea of a community taking care of its senior citizens with Ms. Moreno stating she would check on that also with the City Attorney and let the Council know.

Ms. Moreno then stated so far, on Wednesday, the Council would revisit the community enrichment budget and the property tax levy.

Council took a brief break at 2:56 p.m. Vice Mayor Sacco left the meeting at 3:00 p.m. The Council reconvened at 3:18 p.m.

Ms. Moreno then stated Lisa Hill, of the Benson Clean & Beautiful Committee would like to take a moment and give a brief statement from the committee. Ms. Hill then stated she wanted to come to the Council and ask for help in financing some of their projects, but she understands the City Attorney's opinion. Ms. Hill then stated when the City sees 10,000 tourists coming to Benson each month to see the murals, she will come back to Council and ask for more financing assistance, adding the Council could table their current request. Councilmember Moncada asked if the committee offered levels of memberships with Ms. Hill stating they did. Councilmember Moncada then asked Ms. Moreno to have the City Attorney give an opinion on the City becoming members of an organization opposed to the City giving the

organization a donation.

Ms. Moreno then reviewed the miscellaneous administration budget, stating it contains the left over amount in the cash reserves, the contributions to the fire pension fund, the airport, transit and the golf course, adding all of these have been reduced. Ms. Moreno stated it also contains the bond escrow reserve, which is the bond payment and will show up in the debt service fund also. Ms. Moreno then noted the goal of the transit system is to reduce the contribution from the General Fund each year and to have it ultimately self-supporting.

City Clerk Vicki Vivian then addressed the Council briefly reviewing the City Clerk budget, stating it has been reduced as much as it can, however, it did include a new laptop in the amount of \$1,000, adding the current laptop won't hold a charge and it's time for a new one. Ms. Vivian then stated the Deputy Clerk position has been vacant since March and after advertising internally, an employee from the Library was hired. Ms. Vivian then stated the training and education line item was reduced, adding she will wait 1 year to send the new Deputy Clerk to training due to budget constraints and noted the Deputy Clerk would also not become a notary to further cut expenses. Councilmember Cook asked if Ms. Vivian budgeted for another recall election with Ms. Vivian stating the election line item has been budgeted at \$15,000, adding with the new consolidated election dates, the costs are unknown for each city or town, but noted if another special election must be held, it would have to be paid for out of the contingency funds. Councilmember Cook asked what year the recently held recall election was paid from with Ms. Vivian stating it was in the current fiscal year. Councilmember Brooks asked about publication costs with Ms. Vivian stating publication costs are the legal requirements to publish certain Council actions and the actual costs will depend on what action the Council takes during the year.

Ms. Moreno then stated the Tourism budget would be next, adding the education and training line item has been reduced to allow only 1 person to attend training instead of 2. Ms. Moreno then stated the public notices and advertising has also decreased, adding this line item used to contain \$8,000 for large signs that will be a map of the City and all its restaurants, hotels, etc., but Mr. Nilson found he could build them and would save quite a bit, noting he can build 3 of them for about \$500.00. Mr. Nilson then spoke about the advertising in his budget with various magazines and rack cards that are distributed through the Phoenix corridor. Mr. Nilson then spoke about the Cochise County Tourism Council and that they market the region with the Land of Legends and other outlets, adding the City's contribution to that organization is \$10,011. Council then discussed the maps Mr. Nilson will be making with the discussion focused on where they would be located. The Council felt they should be placed where people who pull off the Interstate could see them; at the gas station at exit 302, one at exit 306 and 1 at Wal-Mart. Ms. Moreno then noted the billboards were moved from this budget to the community enrichment budget. Councilmember Brooks asked about the contract with Greyhound that can bring in revenue and if the revenue was in the budget with Ms. Moreno stating the contract has been reviewed by the City Attorney and will be presented to Council in June and the revenue was listed in the Transit budget.

Ms. Moreno then briefly reviewed the Finance Department budget stating there is a requirement for the transparency act, which requires the City to post transactions on AZ open books, a website, adding last year it cost \$3,000, but this year it will only be \$1,000. Ms. Moreno then stated education and training have been cut to a much smaller amount, and will only be used if there are changes in payroll, taxes, or other information the Finance Department would need to know about. Ms. Moreno then stated bank charges have decreased and there are no capital outlay programs this year.

Chief of Police Paul Moncada reviewed the Police Department budget and noted like all departments, he reduced his budget. Chief Moncada stated the proposed budget includes the 3 new officers receiving a 2% increase in an effort to minimize the effects of furloughs and give them reason to stay, adding 2 of the officers lived before and have relatives here and the third officer is from out of town, but he seems to be happy working here, again stating the 2% is an incentive to try and retain them, since they are making significantly less than other patrol officers. Councilmember Brooks asked about overtime increasing due to furlough days with Chief Moncada stating one of the issues addressed was that we could not pay overtime to cover furlough days, but noted normal overtime will still occur, noting there is \$150,000 available in

overtime funding.

Fire Chief Keith Spangler then reviewed the Fire Department budget, noting there has been a considerable amount of reductions, stating the education and training dropped and the department won't be able to send anyone to fire school until possibly next year, maintenance was reduced, but the required maintenance was still in the budget and community service projects (fire prevention in the schools) were cut completely, but he could hopefully bring it back next year. Chief Spangler then stated last year, the Council voted to add \$19,200 to have a reserve program put in place since about 60% of the calls occur between 8:00 a.m. and 4:00 p.m. with 75% being between 7:00 a.m. and 7:00 p.m. Chief Spangler stated the program brought people in who would work 8 hours for \$40 and provide daytime coverage, adding recently roll away beds were installed so people could stay overnight and typically, they would come down, work the day shift, stay overnight and then leave the next morning. Chief Spangler then stated without this program, the department will have an extended response time due to having to wait for people to respond to calls during the day. Chief Spangler then stated he is looking at ways to get people to come into the station to just hang out and be ready to respond, but he hasn't figured anything out yet, adding some of the reserves said they would come down but the problem is gas money and food, noting at this point, he is looking at that program going away until it can be funded again. Ms. Moreno then stated the truck payment in the amount of \$70,000 in the proposed budget will be the last payment. Councilmember Boyle asked about the reserve programs with Chief Spangler stating the reserves are usually from full-time departments that are slower, and they looking for the types of calls we have the opportunity to get in Benson due to having the interstate and the railroad, adding they usually have Fire 1 and 2 and EMT certifications, but don't have a place to work yet so they come for the experience.

Ms. Moreno then reviewed the City Attorney budget which includes the City Attorney, the Prosecutor and a legal assistant, stating the budget for the City Attorney remains at \$120,000 and the legal assistant is the only person affected by the furloughs since the others are contracted employees.

Ms. Moreno then reviewed the Magistrate budget, stating the current contract is the same, however, the current magistrate is retiring and a contract with the new magistrate will have to be drafted and presented to the Council for their consideration. Ms. Moreno then stated this budget also included the cost of the consolidated court agreement with the County in the professional services line item and includes paying for one of the clerks at the JP court. Councilmember Brooks asked about the magistrate's cost of living adjustment (COLA) with Ms. Moreno stating the COLA was written into the contract approved by the Council.

Ms. Moreno then stated the City's workers' compensation policy was going to increase about \$40,000, adding the increase was already factored into the proposed budget. Ms. Moreno then stated the increase was unexpected, but was the best rate the City could get, noting the coverage is through the City's current insurance carrier, Arizona Municipal Risk Retention Pool (AMRRP).

Public Works Director Brad Hamilton then reviewed the Parks budget, stating the personnel will maintain the same 3 positions it has, adding that is a decrease of 2 positions since 2007 and the work has been able to be completed due to utilizing the Department of Corrections (DOC) labor. Mr. Hamilton then stated there is no capital outlay this year.

Recreation Coordinator Laura Parkin then addressed the Recreation budget, stating capital projects have been moved back due to the budget situation. Ms. Parkin stated the Parks, Trails and Open Spaces Master Plan was moved to the Capital Projects Funds, as well as the Lions Park Master plan update. Ms. Parkin then stated she did reduce the operating hours of the pool and will close it just before school starts, adding she also reduced the hours offered for adult swim, stating both changes are due to low participation during those times last year.

Building Official and Zoning Administrator Luis Garcia stated his departments are on a continued trend in that reductions are made in the operating budget. Mr. Garcia stated to be a building official, permit tech or a building inspector; you have to have certifications, again noting it is very important to have certified

personnel. Mr. Garcia then stated he typically allows education and training to obtain continuing education credits needed to maintain those certifications, but has reduced the education and training line item as much as he could. Councilmember Cook stated certain people want certified employees fired, so in litigation situations, the City will be in an inferior position. Councilmember Brooks asked about positions with Mr. Garcia stating the Building Department and the Planning & Zoning Department are really one and the same, with building and code enforcement going hand in hand. Mr. Garcia then stated employees are split between the two departments in the budgets. Mr. Garcia then stated this is extremely efficient and allows a 1-stop shopping experience which is unheard of in any surrounding communities, adding people can come in and get a land use and construction permit in the same office as well as utility permits. Councilmember Cook then stated since the economic downturn and little to no building happening or permits and inspections being requested, he would like to see if some cross-training could be done to use those employees in other areas. Mr. Garcia then stated while there are no building permits or very little being applied for, having it being a joint department, he has already done cross-training, adding the building permit tech doubles as a planning tech. Mr. Garcia then stated this results in a zero loss in service, but noted even with a slow economy, the Building Department and the Planning & Zoning Department still have a lot to do with code enforcement, premises maintenance, and zoning enforcement. Mr. Garcia then stated all the planning codes have been neglected for some time now and need attention, adding some will affect citizens directly with insurance rates and some will affect economic development such as the General Development Plan not being prepared, noting they are still busy on a daily basis regarding those projects.

Councilmember Brooks stated he heard the rumor that Michelle Johnson might be moving on with Mr. Garcia stating until he hears something official, he would not comment on that. Councilmember Brooks then stated he was concerned about getting people certified who just move on with Mr. Garcia stating the certifications held in his departments were obtained and funded by the employees' own merits, adding the City just benefits from them while they are here, which is true with his certifications as well. Mr. Garcia then stated the employee may get the experience from work, but the certifications are paid for out of their own pockets. Mr. Garcia then stated he could talk with Mr. Stephens to possibly find a way to use employees in the best way the City could. Mr. Garcia then stated the GIS tech also works partially for Public Works, adding she works on mapping all the utilities, noting whenever Public Works has time to GPS utilities, they bring that data to the GIS tech, where it is turned into information on the GIS software, again, stating there is still a lot of work to do. Mr. Garcia then stated as soon as the codes are updated, there will be even more to do, adding a lot of time has been put into these plans and he looks forward to bringing them to the Council. Mr. Garcia then stated one thing he would like noted is that by combining the Building Department with the Planning & Zoning Department, it saves about \$56,000.

Mr. Hamilton reviewed the Public Works budget, stating the General Fund portion of Public Works includes the development review and services, engineering, airport management services, grants, etc. Mr. Hamilton stated the proposed budget has been reduced, but he is seeing a level of heavy interest in restarting subdivisions and other projects coming up, adding the department has becoming busy lately tracking down plans, documents and other things from subdivisions that were platted in the 2004-2006 timeframe with surveyors, engineers and contractors calling. Mr. Hamilton then stated with all the interest that has come up in the last couple of months, he is very hopeful, adding if it comes to fruition like they think, in about 6 months, we will have a completely different conversation and outlook on the budget situation.

Ms. Moreno then stated the General Fund revenues and expenditures balance each other out and now the Council will be moving into the Enterprise Funds, stating each fund is its own business, with its own revenues and expenses. Ms. Moreno then stated each fund should recover their operating funds and be self-sustaining.

Mr. Hamilton then addressed the Gas Fund budget, stating salary reductions are due to furloughs, and unfortunately it was not a good gas year, due to the winter being so warm, which was good for the golf course, tourism and citizens, but bad for the Gas Department. Ms. Moreno stated the proposed budget is also shows more capital projects with utilities within the utility funds, adding there is a transfer coming over from the bond proceeds for gas line replacements. Mr. Hamilton then stated meters may be done in

the next year, but he would prefer to pay for them from the gas funds. Mr. Hamilton then stated the Gas Department employees have done an incredible job running light staffed, adding the department just went through their audit with the Arizona Corporation Commission and did a great job.

Mr. Hamilton then addressed the Water Department budget, stating it was almost the same, adding the reductions in salary are due to furlough days. Mr. Hamilton stated there are some capital projects for the telemeters, which have taken our loss rate (unaccounted rate) from 29% down to 11%, which is pretty significant.

Mr. Hamilton then reviewed the Wastewater Department budget stating the same salary reductions are due to furlough days. Mr. Hamilton then stated there are some small reductions in the rest of the budget. Mr. Hamilton stated he hopes the jet router will hold together and noted there are some pumps that are starting to wear out, but overall they are in the same place as they were last year.

Mr. Hamilton then reviewed the Sanitation budget with Councilmember Moncada asking about Staff time spent on sanitation. Ms. Moreno stated in the proposed budget, she started allocating Staff time to sanitation, stating they spend time taking calls, handling the complaints, turning off service, setting service up and handling billing issues. Ms. Moreno then stated there is a cost postage and printing the utility bills and she had never allocated a portion to the sanitation budget, but she did that this year as well. Councilmember Boyle stated the new driver is very efficient and quiet. Councilmember Brooks agreed and stated the new truck is better also.

Ms. Moreno then stated all the Enterprise Funds are budgeted to make money, contingent upon getting the estimated revenues. Ms. Moreno then stated they are operating efficiently in all funds as possible, but the proposed budget does not take into account repairs that may have to be addressed. Ms. Moreno then stated that should also be built into their budgets. Councilmember Cook stated he would like to discuss the revenue side and asked about the idea of a small increase in these funds to build up funding for repairs and maintenance. Ms. Moreno stated the proposed budget does not include any increases in rates. Ms. Moreno then stated the budgets also don't cover depreciating assets in those departments, adding the wastewater treatment plant is one of the biggest assets that depreciates. Ms. Moreno then stated the wastewater treatment plant shows in the City's financial statements, but the wastewater fund doesn't make enough to cover the cost of that depreciation. Councilmember Brooks asked if the budget reflected the wastewater being credited for the water they send to the golf course with Ms. Moreno stating it is not, but it will have to be looked at if someone purchases the golf course. Mr. Hamilton then stated if the effluent is not discharged to the golf course, the other options the City has aren't very good, adding the City can discharge to the river, but once we do, it opens up issues, such as testing and costs. Mr. Hamilton then stated the river then becomes a habitat and would be effluent dependent and the City can't stop discharging there. Mr. Hamilton then stated piping it to the park was also looked at, but it is too expensive to get it there under Interstate 10 and the railroad.

Ms. Moreno then stated the Council would now review the miscellaneous funds. Mr. Hamilton then addressed the Council reviewing the Airport Fund budget. Mr. Hamilton stated things at the airport have been exciting, with Northrup Grummond operating UAVs at the airport and other companies looking at the airport as well. Mr. Hamilton then stated he has been speaking to the City Attorney about airport fees and adding operating regulations, adding since these operations are on the cutting edge and no one has done it before, it's not easy to draft. Mr. Hamilton then stated he is hoping that over the next year and with this level of interest, the airport becomes an asset and becomes self-sufficient and is off the General Fund. Councilmember Moncada asked about revenues being restricted to airport operations with Mr. Hamilton stating he would have to check on the restrictions. Councilmember Brooks stated he thought that if the City invested money in hangars or other assets, the City was entitled to a return that investment. Ms. Moreno stated the General Fund has been making loans to the airport, adding the loans could be repaid from the revenues generated. Mr. Hamilton then stated airport grants are in the grants fund, but the matching portion is in this budget. Councilmember Brooks asked about having a telephone line, fiber optics or microwaves at the airport with Mr. Hamilton stating he has been trying for years to get those, but there is not enough of a customer base for them to spend the money to install them. Mr. Hamilton then

stated he has looked at the possibility of microwave, and if it gets to a point of needing that, he will come to the Council for that decision, adding it would either be funded by a loan or contingency funds.

Ms. Moreno then stated the HURF funding in the Street Fund increased due to the State legislature reallocating \$14 million to cities and towns, adding it was not a full restoration but it did amount to a good increase. Ms. Moreno then stated HURF money is restricted, which is why there is a Street Fund separate from the General Fund. Ms. Moreno stated the Street Fund also contains paving in the amount of \$200,000 that we rely on bond money for.

Mr. Hamilton then addressed Council reviewing the Transit Fund budget stating the Finance Department is now working on grants with the Engineering Aide Cheri Shull which has allowed Ms. Shull to work on transit operations, which we are trying to expand. Mr. Hamilton then stated he has talked to the Council about Greyhound and Amtrak, tying the transit system to Sierra Vista and trying to boost transportation around Cochise County. Mr. Hamilton stated the federal budget operates on a different fiscal year, which starts in October. Ms. Moreno then stated the proposed budget includes the requested increase in funding, but if it is not approved, the City won't expend those expenditures. Ms. Moreno then stated on the operating side, we have talked about capital projects that would be needed to expand, but there is also a dire need for a dispatcher, adding Ms. Shull spends 60% of her time in Public Works and 40% in Transit, doing everything grant related in the dispatching, but in order to increase the level of customer service, we really need to designate someone who will be available in dispatching. Mr. Hamilton agreed, stating there has been tremendous growth in the Dial-A-Ride program. Councilmember Boyle asked if there was an electronic service that could be used with Mr. Hamilton stating there may be, but the people who utilize this service are not always able to use something like that. Councilmember Boyle asked if the driver had access to a smart phone to get some sort of automatic updates with Ms. Moreno stating the service requires a 24-hour notice so the driver has the full schedule available, but it is quite an involved process to take messages and coordinate some plan, adding there needs to be someone dedicated to that who can coordinate those trips efficiently. Ms. Moreno then stated the Finance office has been the back up when Ms. Shull is out, and they are understanding how difficult that is to do. Councilmember Cook asked if a dispatcher would require an additional employee with Ms. Moreno stating what could be done is to include the position as an additional employee when the City applies for the grant, but whether a new employee is hired or someone transfers from another department or splits their time would be the decision to be made after the grant was awarded. Ms. Moreno then stated we could see if there is anyone internally who could fill that position and then allocate some of their current salary to the Transit budget. Ms. Moreno then stated there has also been talk of using someone in Tourism and tying them into Greyhound dispatching and ticket sales. Mr. Hamilton stated once the IT contractor comes on board, they can look at the phone system and see what is possible, adding the current phone system is so old, replacement phones have to be purchased off ebay because they are no longer manufactured.

Ms. Moreno then reviewed the Debt Service Fund budget stating the only expense is the bond payment in the amount of approximately \$400,000.00 which is funded by the transfer of \$400,000.00 from the General Fund, which shows as a revenue. Ms. Moreno then stated what is left in bond money shows up as the carry forward amount for the next budget cycle.

Ms. Moreno then reviewed the Impact Fees budget stating the impact fees are going away in August due to changes made in State law. Mr. Hamilton then stated the impact fees can be reinstated after the City jumps through all the hoops and restrictions required to do so. Mr. Hamilton then stated this has been examined, but at this point, the growth rate is not close enough to pay for all studies and the work that has to be done to charge impact fees, adding the study is estimated to cost \$40,000-\$50,000. Mr. Hamilton then stated if the City starts seeing rapid growth, then it will need to be looked at again.

Ms. Moreno then reviewed the Grants Fund budget, stating this fund includes the airport grants, the Community Development Block Grant at Lions Park and the grant for the Water SCADA system. Ms. Moreno then stated these are all projected, but there is also an amount budgeted in the unclassified grants, for any large grants the City may get, adding we have the capability to transfer from unclassified grants to the proper department for a grant that would be awarded. Mr. Hamilton then stated one possible grant is to

address installing a water line from the Whetstone tank to Kartchner Caverns, adding he has been working with State parks to find money to do this project for them. Mr. Hamilton then stated if a grant was found and awarded to the City, it would fall into that area with Ms. Moreno stating this is why the line item was left so large.

Ms. Moreno then reviewed the Fire Pension Fund budget stating the contribution increased due to decreased interest income. Ms. Moreno then stated the fund gets contributions from the State, the volunteer fire fighters and interest, but the General Fund covers the rest.

Ms. Moreno then stated if Council had any questions, she would like to have them as soon as possible so she could provide answers at the budget worksession on Wednesday.

ADJOURNMENT:

Councilmember Brooks moved to adjourn at 5:07 p.m. Seconded by Councilmember Boyle. Motion passed 6-0.

ATTEST:

Toney D. King, Sr., Mayor

Vicki L. Vivian, CMC, City Clerk