

**THE SPECIAL MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD JUNE 6, 2016 AT 6:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

CALL TO ORDER:

Mayor King called the meeting to order at 6:05 p.m. with the Pledge of Allegiance.

ROLL CALL:

Present were: Mayor Toney D. King, Sr., Vice Mayor Lori McGoffin, Councilmembers Pat Boyle, Jeff Cook, Joe Konrad and David Lambert. Absent was: Councilmember Chris Moncada.

NEW BUSINESS:

1. **Discussion and possible action regarding Resolution 17-2016 of the Mayor and Council of the City of Benson, Arizona, approving a Tentative Budget for Fiscal Year 2016-2017**

Finance Director Dustin DeSpain stated the Tentative budget was before Council for consideration and the Council would be holding a public hearing on June 23 for public comments on the budget. Mr. DeSpain then stated he made changes to the Tentative budget as requested by Council in the previous worksession, adding the contribution to the contingency fund is now up from \$11,000 to \$42,000 adding this is based on every expenditure in the budget, then noted if every expenditure isn't made, the contribution to the contingency fund would increase.

Mayor King asked Mr. DeSpain to go over the changes with Mr. DeSpain stating at the last worksession, the Council talked about the federally approved one-time HURF funds distribution to the State of Arizona in the amount of \$16 million and stated the City would be getting approximately \$14,560.00 of that distribution. Mr. DeSpain then stated the Council also discussed the recent U.S. labor law change requiring all salaried employees to have a minimum salary of \$47,260 and stated the Council chose to adjust the 4 employees this law affected, who all worked at the golf course, by changing 3 employees to hourly, who will then be eligible to earn comp time or overtime and adjusting the Golf Course Director's pay to the minimum salary. Mr. DeSpain then stated the minimum salary set by the federal government will be reviewed in 3 years and may possibly be adjusted, adding the City will have to review the issue in 3 years to see if there are any changes made by the federal government that will affect the City. Mayor King then asked Mr. DeSpain to address Council on the Council approved policy regarding the use of contingency funds. Mr. DeSpain stated in 2007 and 2008, the budget contained the policy that when a department exceeds its budget, Staff must come to Council to request moving and using funds from the contingency funds. Mr. DeSpain said he thinks that is important, adding it gives the Council the opportunity to know what is going on and make the department responsible. Mayor King stated he spoke to both City Manager Bill Stephens and Mr. DeSpain and Mayor King feels this policy is good for everyone, adding it gives Council a heads up notice and Staff knows they will have to come to Council and ask for approval of additional funding from the contingency funds. Mayor King then stated the Council won't be blindsided and can then ask questions when they consider the matter.

Mr. DeSpain then stated part of the policy was to establish a reserve fund equal to 20% of the budget, which, with the proposed budget, would equal \$3.8 million. Mr. DeSpain then stated the reserve fund would be at \$1.7 million at the end of the current fiscal year and noted the amount of the 20% should grow with the budget, adding the larger the budget is, the larger the 20% amount would be. Mayor King stated this policy was another safeguard for the City.

Councilmember Boyle asked about the employee changes in the golf course budget with Mr. DeSpain stating the Director's increase was \$5,300.00 to meet the new federal required minimum salary, but the

other changes shouldn't affect the budget, adding the Director doesn't feel there will be much overtime, if any. Councilmember Cook asked Mr. DeSpain to go over the golf course employee changes again with Mr. DeSpain stating a new labor law requires a minimum salary of \$47,260.00 for all salaried employees. Mr. DeSpain then stated this affected 4 employees at the golf course and the Council chose to adjust the 4 employees by changing 3 employees to hourly, who will then be eligible to earn comp time or overtime and to adjust the Golf Course Director's pay to the minimum salary. Mr. DeSpain then stated the Director of Golf is hoping he can maintain low to no overtime and compensation time, but noted there is overtime built into the budget as a safety measure. Councilmember Cook asked Mr. DeSpain to explain why the Council chose to increase the Director's salary with Mr. DeSpain stating the type of position does qualify for the exempt salaried status and added the amount of overtime the City would have had to pay the Director would have been more of an impact to the budget.

Mayor King then stated he wanted it to be clear and on the record that he spoke to Mr. DeSpain and Mr. Hamilton last week who was the Acting City Manager and then asked them both if they felt confident that with this budget, there would be no furloughs or layoffs. Mr. DeSpain stated he was confident that would be the case as long as there were no catastrophic events, but in 2017-2018, the Council would have to address losing the .5% sales tax revenue. Mr. DeSpain then restated that if nothing else changes, he is confident in the upcoming year. Mayor King then stated he wanted that on the record, adding a lot of employees are concerned about furloughs and layoffs. Mayor King then stated he had been calling Mr. Hamilton quite a few times, then went in and spoke to both Mr. DeSpain and Mr. Hamilton due to Mr. Stephens being out of the office and he wanted everyone to know they feel confident in the proposed budget.

Vice Mayor McGoffin moved to approve Resolution 17-2016. Seconded by Councilmember Lambert. Councilmember Cook then stated one of the notes sent to the Council was about the Council approving a policy in 2007-2008 about the cash reserves, which should be at \$3.8 million and asked Mr. DeSpain where the reserve fund was expected to be at the end of the current fiscal year and where it was expected to be with the proposed budget. Mr. DeSpain stated \$900,000 was added to the reserve fund in the current fiscal year and the reserve fund should be at \$1.7 million at the end of the current fiscal year. Mr. DeSpain then stated \$42,000 will be added to the reserve fund if everything in the proposed budget is spent and if everything in the budget isn't spent, it would result with more being put into the reserve fund. Motion passed 6-0.

ADJOURNMENT:

Vice Mayor McGoffin moved to adjourn at 6:19 p.m. Seconded by Councilmember Lambert. Motion passed 6-0.

Toney D. King, Sr., Mayor

ATTEST:

Vicki L. Vivian, CMC, City Clerk