

**THE REGULAR MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD JULY 9, 2018 AT 7:00 P.M.
AT CITY HALL, 120 W. 6TH STREET, BENSON, ARIZONA**

CALL TO ORDER:

Mayor King called the meeting to order at 7:00 p.m. with the Pledge of Allegiance.

ROLL CALL:

Present were: Mayor Toney D. King, Sr., Vice Mayor Joe Konrad, Councilmembers Pat Boyle, Lupe Diaz and David Lambert. Absent were: Councilmembers Larry Dempster and Levi Garner and Larry Dempster, both excused.

EMPLOYEE RECOGNITION: None

PROCLAMATION: None

PUBLIC HEARING: None

CALL TO THE PUBLIC:

Paul Lotsof, a non-resident and business owner of the Cave FM radio station in Benson, spoke about this year's general election stating there are five seats to be filled with the Mayor's seat being one of them, adding the Mayor is running unopposed and the one 2-year seat also appears to only have one candidate running. Mr. Lotsof stated he wondered why there was a lack of interest and if it was due to the terrible pay. Mr. Lotsof then stated the job is demanding and the pay works out to less than minimum wage, noting the Airport Coordinator makes more per month than the whole Council put together. Mr. Lotsof then stated besides failing to attract qualified candidates, the dreadful pay scale also provides incentives for the people to run for Council seats to pursue conflicts of interest and can tempt the Mayor or Council to accept gratuities from special interests. Mr. Lotsof then stated in both cases, the Council stands to get far more than their pay from the City. Mr. Lotsof then suggested tripling the Council's pay. Mr. Lotsof then stated he would also like to discuss public funds, adding the public should have access to how public tax dollars are being spent, but many of the payees for bills as simply list as National Bank of Arizona. Mr. Lotsof then stated National Bank of Arizona is the financial institution that issues the charge cards used to make payments to vendors, therefore, when citizens look through the bills in the Council packet, they see dozens of payments where the vendor's identity is hidden from public scrutiny. Mr. Lotsof then stated he hopes that the City's Finance Director will be given a directive to bring about this badly needed change as soon as possible.

Barbara Nunn, La Cuesta Drive, Benson, spoke about people caring about the City they live in and wanting to help and do the right thing, while others just want to tear it apart. Ms. Nunn stated people all need to be civil and love each other and trust each other.

CITY MANAGER REPORT:

Interim City Manager Vicki Vivian addressed Council, giving the dates of upcoming meetings and events.

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| Tuesday, July 10, 2018 | – | Planning & Zoning Meeting, 7:00 p.m., City Hall |
| Saturday, July 21, 2018 | – | Historic Preservation Commission, 9:00 a.m., City Hall |
| Monday, July 23, 2018 | – | City Council Meeting, 7:00 p.m., City Hall |
| Tuesday, July 24, 2018 | – | Community Watershed Alliance, 6:30 p.m., City Hall |
| Thursday, July 26, 2018 | – | Special Council Meeting, 6:00 p.m., City Hall |

Saturday, July 28, 2018 – Benson City Pool
Wrap up Pool Party! Saturday, July 28 from 11:00 a.m.-5:00 p.m., Free Admission! Sponsored by the Sun Valley Rides Carnival. Pool hours and the pool activity schedule is available at www.cityofbenson.com

July – Summer Recreation Programs – The Recreation Department offers many activities such as:

- Volleyball Camp
- Christmas in July
- Babysitting CPR/First Aide
- Wrestling Camp
- Hungry? Let's Cook!
- Me & My Grownup Water fun and Craft Camp

Ms. Vivian then stated more activities and programs are in place and information on activities and camps are available at www.cityofbenson.com under “Summer Programs.”

NEW BUSINESS:

1. Discussion and possible action on the Consent Agenda

- 1a. Minutes of the February 26, 2018 Worksession
- 1b. Reappointment of George Lounsbury to the Board of Appeals
- 1c. Execution of a contract modification by Mayor and Council of the City of Benson, Arizona, approving Ryden Architects Contract Modification 1 for Historic Preservation activities along Fourth Street
- 1d. Invoices processed for the period from June 19, 2018 through July 2, 2018

Councilmember Diaz moved to remove item 1c from the Consent Agenda. There motion died from the lack of a second.

Councilmember Lambert moved to approve the Consent Agenda. Seconded by Vice Mayor Konrad. Motion passed 5-0.

2. Presentation and possible discussion of the Golf Advisor's 2018 Top Rated Golf Destination Award to the San Pedro Golf Course

Mayor King asked Golf Course Director Joe DelVecchio to come forward. Mayor King then stated for the second year in a row, the San Pedro Golf Course was given a Top rating from Golf Advisor of “Four Stars” and rated the best course of all Southern Arizona.

Mayor King then presented the award to Mr. DelVecchio.

3. Discussion and possible action regarding Resolution 21-2018 of the Mayor and Council of the City of Benson, Arizona, approving a Tentative Budget for Fiscal Year 2018-2019

Interim City Manager Vicki Vivian stated the recommended budget was discussed at a worksession and the requested changes were made. Ms. Vivian then turned the issue over to the City's Financial Consultant, Pat Walker and Finance Director, Seth Judd. Ms. Walker stated tonight is the review and approval of the Fiscal Year (FY) 2018-2019 tentative budget, adding once the tentative budget is approved, it sets the ceiling for the budget. Ms. Walker then stated this means that once the tentative budget is approved, Council can decrease the budget before approving the final budget, but they cannot increase it. Ms. Walker then stated Council still has the opportunity to make other decisions on property tax rates and that sort of thing. Ms. Walker stated the City has a

very conservative City Manager who, in addition to the Finance Director and all the Managers of all the City departments, wants to make sure everything is looked at. Ms. Walker then stated the City does not want to have a budget that exceeds the revenues coming in and before Council is a good balanced budget. Ms. Walker then gave a presentation on the City's objectives, the Strategic Plan, the Total FY2018-2019 Tentative Budget, the changes implemented from the budget workshop on June 26, 2018, the highlights of FY 2018-19 Budget and the next steps in the budget process. Ms. Walker spoke about the Strategic Plan, stating the focus areas for the next 3 years are: Fiscal Sustainability, Economic Growth, City Organization, Community Quality of Life, Infrastructure and Facilities. Ms. Walker then stated the Strategic Plan is the backbone for the start of the budget process, adding the plan includes projects for FY19 and some of these in the budget are not going to cost anything such as a developing and implementing financial policies and a list of community assets for economic development. Ms. Walker then stated one of the things that has been postponed in FY19 is the wastewater system master plan and water line system master plan, but noted there were also a couple things that were brought forward from FY20, such as the compensation and classification study for employees and the water and sewer rate studies. Ms. Walker then stated at the June 26, 2018 worksession, the budget was \$20,414,468 and Staff then went back and looked at the estimated budget and made sure figures were accurate and tried to squeeze every dollar regarding revenues and made sure the estimated expenditures were accurately projected, adding the revised tentative budget has now decreased to \$20,401,196. Ms. Walker then stated changes were also made to the CIP fund, reducing it by \$36,600 because of bond funds that could be used; then noted the General Fund contingency reserve was reduced by \$122,949, there were transfers in and out in funds that were corrected, in addition to an increase in the library and the requested increase in employee salaries of 2.1% for a cost of living adjustment being added, resulting in a net decrease of \$13,272. Ms. Walker then stated overall budget decreased from \$20,832,836 last year to \$20,401,196 this year by looking at things and fine tuning the numbers. Ms. Walker then spoke about the General Fund balance, stating it is the amount that falls out when you take revenues minus expenditures and add that amount to your carry forward from the prior year and determines how you can carry forward money into the next fiscal year. Ms. Walker stated the City's fund balance was \$1.71 million in 2016, \$1.7 million in 2017, and is projected to be \$2.1 million in 2018 and back down to \$1 million in 2019. Ms. Walker then stated that is a little misleading because the 2018 amount is just looking at the fund balance at that time, and the reason it increased by \$400,000 was due to revenue over realization or over expenditure savings, adding the resulted in bringing it up to \$2.1 million as of June 30th for an estimate for 2018. Ms. Walker then stated that amount would be the City's beginning fund balance in 2019. Ms. Walker then stated the City is using \$1.4 million of the fund balance and even after using that in the budget, the City would still have \$1 million in the fund balance, which means the level of the General Fund balance has actually increased and if the City were to not use any of the contingency or not transfer monies for CIP projects, the fund balance would be back up to \$2.1 million plus whatever is saved in FY 2019. Ms. Walker then stated remaining \$1 million she mentioned is unappropriated, and is in a reserve, so even if the contingency is used, the fund balance would remain at \$1 million, which is a very positive thing. Ms. Walker then stated having 8 weeks of operating contingency is not that much, so by keeping the \$1 million in reserve puts the City in a much better position in the event something would happen like a revenue short fall, or if the economy took a downturn and the City doesn't collect revenues as planned or some other type of emergency where the City had to spend some funds. Ms. Walker then stated the contribution to the Fire Pension fund has been in past budgets at about \$22,000 annually and is included in this budget and the contribution to the Airport Fund in 2018-2019 was budgeted at \$135,300 but this year is estimated at only \$93,879. Ms. Walker then stated the City will only need to transfer \$99,430 from the General Fund, adding the contribution to Transit was budgeted at \$54,129, but the actual amount needed through March was \$27,065, adding the Finance Director will make a journal entry to reflect that, noting this was due to enough grant funding. Ms. Walker then stated for the contribution for the Golf Course, the budgeted amount was \$176,792, but it looks like the transfer will need to be \$287,467. Ms. Walker then stated with the revised income from food, beverages and events, it is estimated that only \$159,897 will have to be transferred in FY18-19. Ms. Walker then stated the debit service which is the payment on the bonds due every year, is in the CIP fund and is at \$616,000 this year. Ms. Walker stated there is also an operating contingency of \$50,000 and a contingency reserve set aside at \$823,855; both of those are appropriated, but anything that would be spent from the \$50,000 that is over \$20,000 and anything that would be spent from the \$823,855 will need to be brought back to Council for approval. Ms. Walker then stated nothing of that budgeted contingency last year was used and the City Manager will advise Council if any of these funds will need to be used. Ms. Walker then stated the property tax that was discussed in an earlier budget worksession is to be put into the General Fund, adding the monies can be used for any municipal purpose. Ms. Walker then stated

one of the things State law addresses about property tax is a maximum allowable levy, adding the State dictates how much a City can levy each year. Ms. Walker then stated the tentative budget includes the maximum allowable levy, which means the property tax levy will increase from \$.8393 per \$100 of assessed value to \$.8453. Ms. Walker then stated the result is that someone who owns a home valued at \$100,000 would see an increase in their property tax of \$.60 for the year, noting their property tax would increase from \$83.93 to \$84.53. Ms. Walker then stated by adopting the maximum allowable levy, the City can generate an additional \$2,300. Ms. Walker then stated personnel in the FY19 budget increased positions by 4.96, noting there are a lot of different adjustments for part-time hours, but the main department is the pool/recreation area, adding there is an assistant and more life guards hired part-time and the hours that were adjusted accordingly. Ms. Walker then stated there were also 2 full-time positions added to the Golf Course so there was a reduction in overtime costs to offset the cost of those positions. Ms. Walker stated that the Council had requested a 2.1% COLA, the budget included a 1.06% increase for health insurance and some salary compression adjustments were made while looking at the restructuring. Ms. Walker then stated compression means that sometimes when people are hired, they are making more than the people who have been here for a while, so you have to start looking at positions and their pay to be competitive. Ms. Walker then stated there were also minimum wage adjustments that had to be made due to state law. Ms. Walker then stated the ASRS (Arizona State Retirement System) contribution rate for employers went from 11.50% to 11.80% and on the PSPRS (Public Safety Personnel Retirement System) the police side increased from 34.17% to 35.67% while the fire side has decreased from 33.67% to 33.16%; this is an exception. Ms. Walker then stated the City is doing everything in the budget and is still decreasing the budget which means revenues have gone up and other areas have gone down to accommodate this. Ms. Walker then stated the next steps are publishing the Auditor General forms and the property tax calculations in the newspaper for 2 consecutive weeks as well as publishing the Auditor General forms on the City's website for 5 years. Ms. Walker then stated July 26, 2018 is the public hearing for the final budget and truth in taxation and the property tax levy; August 9, 2018 is the date Council will be asked to approve or disapprove the property tax levy, adding the discussion will occur on June 26, 2018 but the actual action will not occur till August 9, 2018. Ms. Walker then asked if there were any questions. Vice Mayor Konrad asked about the salary compression adjustments and the amount. An estimated number of \$35,000 was given, with Mayor King asking for a definitive amount to be given to Council. Ms. Vivian stated she would get the exact amount to Council. Mayor King then stated he felt very confident in the budget.

Mayor King moved to approve Resolution 21-2018. Seconded by Councilmember Lambert. Motion passed 5-0.

DEPARTMENT REPORTS: No comments from Council.

ADJOURNMENT:

Councilmember Boyle moved to adjourn at 7:33 p.m. Seconded by Councilmember Diaz. Motion passed 5-0.

Toney D. King, Sr., Mayor

ATTEST:

Vicki L. Vivian, CMC, City Clerk