

**THE REGULAR MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD SEPTEMBER 23, 2019 AT 7:00 P.M.
AT THE BENSON COMMUNITY CENTER, 705 W. UNION STREET, BENSON, ARIZONA**

CALL TO ORDER:

Mayor King called the meeting to order at 7:01 p.m. with the Pledge of Allegiance.

ROLL CALL:

Present were: Mayor Toney D. King, Sr., Vice Mayor Joe Konrad, Councilmembers Pat Boyle, Larry Dempster, Lupe Diaz, Nick Maldonado. Absent was: Councilmember Barbara Nunn.

PROCLAMATION: Mayor King read a proclamation declaring October 14-18, 2019 as “Benson Bobcat Week”.

CITY MANAGER REPORT:

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

Monday, October 14, 2019 – City Council Meeting, 7:00 p.m., Community Center
Monday, October 14, 2019 – Library Advisory Board, 2:00 p.m., Library

Saturday, October 12 &
Sunday, October 13, 2019 – Benson Butterfield Stagecoach Days
The day will start with a Parade, then at Apache Park come watch the Mormon Battalion and Buffalo Soldiers re-enact history. Enjoy Music, Dancers and a Fashion Show.

Benson Butterfield Rodeo will also be this weekend! Starting at 8:00 a.m., Saturday and finishing up on Sunday.

For a full list of activities, locations and times, please see the City’s website and www.bensonbutterfieldrodeo.com

Monday, October 14, 2019 – City Council Meeting, 7:00 p.m., Community Center
Monday, October 14, 2019 – Library Advisory Board, 2:00 p.m., Library

Saturday, October 19, 2019 – Union Pacific “Big Boy” Steam Engine event is also this weekend!
Scheduled arrival is 8:45 a.m., departing 9:15 a.m., Benson Visitor Center.

The event celebrates the 150th Anniversary of the Transcontinental Railroad’s Completion. Union Pacific’s historic Big Boy steam locomotive No. 4014 is touring the Union Pacific system throughout 2019 to commemorate the transcontinental railroad’s 150th anniversary.

The Big Boy’s return to the rails is the product of more than two years of meticulous restoration work by the Union Pacific Steam Team. No. 4014 is the world’s only operating Big Boy locomotive.

Saturday, October 26, 2019 – The Brighten the Path – Cleanup Event 7:00 a.m., Lions Park

They are organizing another trash clean-up day. This time they will be concentrating on the alleys through the City streets and hauling away the large discarded items that have accumulated. They are asking for volunteers again. They need people (“foot soldiers”), pickups and trailers. The idea is

to drive slowly through the alleys with people walking along side to load the pickups and trailers with the trash. They will then have the drivers take the trash to the transfer station.

If you or someone you know would like to volunteer, please contact Elton Bowman.

NEW BUSINESS:

1. Discussion and possible action on the Consent Agenda

- 1a. Minutes of the July 10, 2019 Special Meeting
- 1b. Minutes of the August 12, 2019 Regular Meeting
- 1c. Job Description for Recreation Aide
- 1d. Invoices processed for the period from August 28, 2019 through September 11, 2019

Vice Mayor Konrad moved to approve the Consent Agenda. Seconded by Councilmember Diaz. Motion passed 6-0.

2. Discussion and possible action regarding the requests from the Benson Butterfield Rodeo Committee and the General Federation of Women's Clubs – Arizona Benson Junior Women's Club for assistance with Butterfield Stage Days and becoming a sponsor for the Benson Butterfield Rodeo

City Manager Vicki Vivian stated in August of 2012, the Council voted to sponsor the Benson Butterfield Rodeo with a donation allowing the event to expand to two days. Ms. Vivian then stated the Benson Butterfield Rodeo Committee is requesting sponsorship through funding and logistical support that would come from the Community Enrichment section of the budget with its own line item budgeted for \$5,000.00, which Council approved in the 2019/20 Fiscal Year Budget. Ms. Vivian then stated the committee is also requesting logistical support to provide and set up serpentine fencing for the VIP tent area, parking control consisting of providing equipment and personnel to assist with Arena parking lot chalking, and access to water for arena prep and dust control.

Ms. Vivian then stated the General Federation of Women's Clubs, specifically the GFWC-AZ Benson Junior Women's Club, has requested assistance for bleachers to be set up in the G&F Pizza parking lot, as well as police support, blocking off the streets for the Butterfield Stage Days Parade route on Saturday, October 12th, 2019. This is their 33rd year for the parade which will begin at 9 a.m. and end approximately one hour later.

There was no Council discussion.

Vice Mayor Konrad moved to approve the request as written on the blue sheet. Seconded by Councilmember Maldonado. Motion passed 6-0.

3. Discussion and possible action regarding the request from the Benson San Pedro Valley Chamber of Commerce to sponsor Butterfield Stage Days and Christmas Off Main

City Manager Vicki Vivian stated historically Butterfield Stage Days consisted of two venues: the Rodeo at the Arena Bar and the event at Lions Park. Ms. Vivian stated in 2017, the Chamber of Commerce partnered with Benson Clean and Beautiful to co-host Butterfield Stage Days and at that time the City sponsored the event; then in 2018, Benson Clean and Beautiful decided to move the date and rebrand their event, citing the Butterfield Rodeo had grown to the point of the event at Lions Park being not well-supported. Ms. Vivian then stated the rodeo and parade would continue to be held on the second weekend in October, and the new event, "Benson Pony Express Western Days – Car Show" would now be held the third week in September. Ms. Vivian then stated this new event was sponsored by the City in 2018 and 2019.

Ms. Vivian then stated this year, the Chamber will be hosting the original Butterfield Stage Days event, with a few changes, such as moving the location to Apache Park. They have submitted an agenda item request seeking funding for Butterfield Stage Days and a second event, Christmas Off Main, to be held on December 7, 2019. Ms. Vivian then noted the submitted request shows their budget for both events; then added the next item on the agenda is addressing the advertising line item for the Butterfield Stage days.

Mayor King asked how much funding was requested with Ms. Vivian stating the request is for approximately \$8,800, adding Ms. Najayyah Many Horses from the Chamber of Commerce was present to answer any questions Council may have.

Vice Mayor Konrad stated the amount being requested was unclear and asked if the Chamber was seeking \$10,000 with Ms. Many Horses stating she put a budget together for both the Butterfield Stage Days event and Christmas Off Main so the request for funding could all be addressed in one request. Ms. Many Horses then stated the budget includes advertising, the stage, and entertainment; so they are asking for \$10,000 and the Chamber would be responsible for the remaining amount.

Mayor King asked how much funding was approved for both events last year with Finance Director Seth Judd stating the Chamber did not have a separate Butterfield Stage Days Event last year, however in 2018 the City approved \$3,000 for the combined event held by Benson Clean and Beautiful and the Chamber. Mr. Judd then stated in 2017 the City approved \$2,000 for the Butterfield Stage Days event. Mayor King asked about the Christmas event with Mr. Judd stating he doesn't have what the Council approved in the past, but there is \$2,000 for that event in the current budget.

Ms. Many Horses stated they started working on this event last Christmas and they already have vendors lined up for both events.

Councilmember Boyle asked Mr. Judd where this funding would come from with Mr. Judd stating the funds could come from the economic enrichment budget, adding there is funding for the Butterfield Stage Days that was requested last year.

Mayor King noted there are other events and the budget must stretch thru June of 2020.

Ms. Vivian stated historically the City would do the advertising for the rodeo and the event but when the event did not happen, the City shifted the money to Benson Clean and Beautiful for the Pony Express Days, noting a specific line item was added to the budget for that event. Ms. Vivian then stated the only funds the City still has scheduled for the Butterfield Stage Days event is the \$2,500 that was previously budgeted for advertising. Ms. Vivian then stated there is a Community Enrichment Fund that contains a line item for economic development, adding in the past when something came up, there were times the Council opted to use some of those funds.

Vice Mayor Konrad asked if there was any way to determine the financial benefit to the City based on the number of people involved with Mr. Judd stating it would be difficult to pull sales tax numbers for one specific day however, he could try and compare this year to last year.

Ms. Many Horses stated the Butterfield Stage Days event is a two-day event this year instead of the one-day event it has been in the past, adding there will now be an element of the history of Benson with a lot of entities involved to bring it together, including the Buffalo Soldiers. Ms. Many Horses then stated they are focused on every aspect of Benson's history and what has made Benson what it is today, such as the Folklorico Dancers, Aztec Dancers, native Flute Players and the Tucson Miniature Railroad Garden Club is bringing their train allowing kids and adults the chance to operate and learn about Benson's train history. Ms. Many Horses then stated the event will run from 9 a.m. to 4 p.m. both days.

Councilmember Boyle asked about funding availability with Mr. Judd stating the Butterfield Stage Days event is budgeted with the normal advertising amount of \$2,500, adding in the past, there have been times the Council has taken funds from the Economic Development line item, which is budgeted at \$20,000.

Ms. Vivian stated the Butterfield Stage Days did not hold a function last year, so the only amount budgeted was the advertising amount for the event; then added the Council did approve \$2,000 for the Christmas Off Main event in 2018 and \$3,000 for the Pony Express Day event last year.

Vice Mayor Konrad asked Ms. Many Horses what the downside would be if the City did not approve the full amount requested and if there were other sponsors available with Ms. Many Horses stating the Chamber is always asking for sponsors, adding they just received their first sponsorship check. Ms. Many Horses then explained the Chamber is now committed to the stage and entertainment; then stated many people involved are volunteering their time, for example, one person flying in from Colorado for the native American display is not charging for her airfare or any expenses because she said it was an honor to do this for the Chamber event. Ms. Many Horses then stated this type of event is actually a historical event and the Benson museum is loaning the Chamber items to be displayed, adding Tombstone is also on board with their Cameo Ladies putting on a tea and a fashion show. Ms. Many Horses then stated each day is different with different entertainment and this will draw people into the area, especially if it is well advertised.

Councilmember Boyle moved to approve \$2,500 from the Butterfield Stage Days line item and \$5,000 from the Community Enrichment line item bringing the total sponsorship to \$7,500. Seconded by Councilmember Dempster. Motion passed 5-0 with Councilmember Diaz abstaining due to his position as a Board member of the Chamber.

4. **Discussion and possible action regarding advertising for Butterfield Stage Days**

City Manager Vicki Vivian stated since Council had just approved using the \$2,500 in the previous item, the Council could table possible action or let it die for the lack of a motion. City Attorney Gary Cohen stated the Mayor could call for a motion and if there was none, the Council could move to the next item.

Councilmember Boyle moved to table this item. Seconded by Councilmember Maldonado. Motion passed 5-0 with Councilmember Diaz abstaining.

5. **Discussion and possible action regarding an Underwriter/Placement Agent Engagement Relating to Potential Municipal Securities Transaction for City of Benson, Arizona, \$3.0 million (estimated) Excise Tax Revenue Refunding Bonds and Possible New Money Bonds for City Projects with Stifel, Nicolaus & Company, Inc.**

City Manager Vicki Vivian stated there are potential savings to the City in refinancing the current debt obligation and there is also an opportunity to restructure the debt obligation to obtain additional funding for City approved projects, adding to be able to further explore these opportunities, the Council would need to sign an engagement letter. Ms. Vivian then stated Stifel, Nicolaus & Company, Inc. are participants in the Strategic Alliance for Volume Expenditures (SAVE) Cooperative Purchasing Agreement that the City belongs to and the City has used their services in the past. Ms. Vivian also explained there are no costs incurred to examine the City's options, and no fees paid unless the Council decides to approve one of the options.

Ms. Vivian then stated after an Engagement Letter is executed, should Council decide to enter into the agreement, Staff will request additional information including holding a worksession with Council to present available options. Ms. Vivian explained that after the worksession, action on any debt obligation options would occur at a regular Council meeting, reiterating that Council would not decide on any action in a worksession. Ms. Vivian also stated the interest rate on the current bond is 4 percent and increases to 4.5 percent explaining that she met with Mr. Mark Reader at the League of Arizona Cities and Towns Conference to review these numbers and Mr. Reader believes he can get the City a rate of approximately 2 percent which would save the City approximately \$264,000 over the next ten years, adding just the bare minimum of refinancing would save the City over a quarter of a million dollars. Ms. Vivian stated there are other options for City Improvement Projects that Staff would like to present to Council and then Council would have the choice on whether or not to act on one of those options.

Councilmember Boyle questioned whether the savings would be based off paying the current debt with Ms. Vivian stating the saving would occur by paying off the current debt with a lower interest rate. Finance Director Seth Judd stated that change would not extend payments, adding the debt would still be paid off in ten years.

Councilmember Maldonado asked about the cost of talking with Stifel, Nicolaus & Company with Ms. Vivian stating options would be explored at a Council worksession and there would be no fees or costs for the discussion or the worksession.

Councilmember Dempster asked if Mr. Reader would be present the options Council has should the Council move forward on refinancing the debt with Ms. Vivian stating he would, adding the City has used Mr. Reader's firm in the past, adding the firm is part of the S.A.V.E. (Strategic Alliance for Volume Expenditures) purchasing agreement allowing the City to use the list of qualified vendors saving both time and money.

Councilmember Boyle moved to approve the Underwriter/Placement Agent Engagement Relating to Potential Municipal Securities Transaction for City of Benson, Arizona, \$3.0 million (estimated) Excise Tax Revenue Refunding Bonds and Possible New Money Bonds for City Projects with Stifel, Nicolaus & Company, Inc. Seconded by Councilmember Dempster. Motion passed 6-0.

6. **Discussion and possible action regarding Resolution 29-2019 of the Mayor and Council of the City of Benson, Arizona, approving and adopting financial policies**

Finance Director Seth Judd stated as part of the internal control of City finances, Staff is presenting financial policies to Council for consideration, explaining that the Government Finance Officers Association (GFOA) has issued best practice guidelines for cities and towns and recommends all governments formally adopt financial policies. Mr. Judd stated the City has a formerly adopted policy related to investment of public funds and approved by resolution in March of 2009 but has very little else formally adopted by Council. Mr. Judd suggested putting the proposed policies into writing, adding current procedures already follow these policies related to City finances.

Mr. Judd then stated after reviewing the written policies of other cities and towns in the State of Arizona, Staff has come up with the following six policies in addition to the Investment Policy that has been implemented: Debt Management Policy; Reserve Policy; Accounting, Auditing and Financial Reporting Policy; Capital Management Policy; Grant Management Policy; and Operating Management Policy.

Mr. Judd then stated the Finance Department is also currently working to implement Standard Operating Procedures (SOPs) relating to these policies that will be distributed to each department to ensure compliance and consistency across the City.

Vice Mayor Konrad asked about the procurement policy and if that was part of the review with Mr. Judd stating he is working to get everything updated as time allows, but the procurement as it currently stands was part of the review.

Councilmember Boyle asked if GFOA was involved or if the Council could just go ahead and approve them with Mr. Judd stating GFOA doesn't have specific policies, but they recommend having policies. Mr. Judd then stated in the process of writing the policies, he researched what other cities and towns have implemented and then selected the policies he felt was the best fit for the City. Mr. Judd further explained that he wrote the policies with the assistance of Pat Walker, the City's Financial Consultant.

Mayor King asked if the policies would be reviewed during the audit with Mr. Judd stating they would; then stated some of the policies require annual review to make certain they are up-to-date. Mr. Judd then stated he recently attended a conference where it was suggested as a good course of action to inform Council how well the City follows approved policies, whether the City is in compliance with policies, and any goals we want to reach.

Mayor King stated he likes the idea of having policies in place as it assures Council that procedures will be checked throughout the year, adding it is very important Council be kept informed so there are no surprises.

Councilmember Diaz stated under the Reserve Policy it reads that the fund reserve policies are the Airport Operating Enterprise Fund, the Highway User Revenue Fund (HURF), and the Golf Course Operating Enterprise Fund; all other accounts needing funds are intended to be self-supporting and will maintain target reserves of whatever the percentage is, but as far as the Airport Fund, the Highway User Revenue Fund, and the Golf Course Fund, it states the fund is not currently intended to be self-supporting, adding he finds that contrary to the Council's Strategic Plan under the Enterprise Funds. Councilmember Diaz asked if the language could be changed to read when it is intended to be self-supporting. Mr. Judd stated the Council could decide to amend the language, but in speaking with Ms. Walker, they discussed the reason the language was written was due to the fact that as the budget stands there are contributions available from other funds to help those funds balances; however, that could change in the future. Councilmember Diaz stated he finds the language confusing.

Mayor King stated the airport, the golf course, and the street funds never make enough money, so those funds are supplemented from other funds, adding a future goal would be to strive and make them self-supporting.

Vice Mayor Konrad stated the way the policy is written, it's obvious the funds are not currently intended to be self-supporting and it's not, adding the current language is true until they are determined as self-sustaining, therefore he didn't see how the language could be different; again stating those funds are not intended to be self-sustaining at this time. Mr. Judd stated the language could be changed to say they are not currently self-supporting, adding this is one of the policies reviewed annually so when those funds do become self-supporting, the language can be updated and brought back to Council; however, for now his recommendation is to say they are currently not self-supporting.

Councilmember Diaz stated the change could be to strike out the words "intended to be"; then stated it's like having bylaws and not operating according to those bylaws and if they Council removed the words "intended to be" from those three funds and left the remaining language that reads the funds are not currently self-supporting, then the policy would match the City Council's Strategic Plan. Councilmember Diaz then stated removing the words "intended to be" would just mean they were not self-supporting at this time.

Councilmember Boyle stated HURF funding (Highway User Revenue Funds) are revenues distributed to cities, towns, counties from the state and the City does not know an exact amount until later in the year, it's difficult to budget, adding the amount is also different every year. Mr. Judd agreed, stating there have been years when the General Fund has contributed to the HURF fund because the HURF fund was not enough to cover expenses.

City Manager Vicki Vivian stated the airport and the golf course are two enterprise funds the Council would like to see self-sufficient and that it is the City's intention for them to be self-sustaining, adding she thinks Councilmember Diaz would like to remove the words "intended to be" to demonstrate that the ultimate goal would be to have those funds self-sustaining. Ms. Vivian then stated as mentioned, Staff will be reviewing these policies annually because with the fuel farm going in and other plans for the airport, eventually it will be self-sustaining. Ms. Vivian then stated she thinks Councilmember Diaz's intention is about the enterprise funds; then stated unfortunately the HURF fund is a special highway user fund so it is a little different, but they are all shown together under one category.

Councilmember Dempster stated when a reserve fund is in place, all the City is doing is adding a little extra string to the money, noting it's not a very strong string or a tight string. Councilmember Dempster then stated in the particular cases of the airport and golf course, the Council has a goal to make money that can be put into a reserve but until that time, it's just an exercise in language, as there is no reserve fund, adding funding for those departments is taken from the General Fund, but the Council can have a goal to have a reserve fund for those. Ms. Vivian agreed, then stated the language in the Gas Fund, Water Fund, Wastewater Fund, and the Solid Waste fund includes goals to have a specific percentage in reserve funds, adding once additional enterprise funds make money, specific goals for reserves will be added for Council consideration.

Mayor King asked Councilmember Diaz about the language he was trying to address, adding he does not see an issue with the current language.

Councilmember Diaz stated he is speaking about the airport operating fund and the golf course operating fund and that it's not a matter of having reserves for those funds, but that the City Council's Strategic Plan reads that these funds are enterprise funds and enterprise funds are they are intended to make a profit, adding the way the current language reads, it contradicts the Strategic Plan. Councilmember Diaz then stated to him language is important and the Council should either keep the airport and golf course under enterprise funds and amend the language in the policy or remove them from the enterprise category if they are currently not expected to be self-supporting; then again stated the way the policy is currently written goes against the Strategic Plan.

Attorney Gary Cohen stated the Council could be getting close to a motion, adding a possibility could be to move to adopt Resolution 29-2019 with Exhibit A with the following modification: the words "intended to be" in the paragraphs with the Airport Operating Enterprise Fund and the Golf Course Operating Enterprise Fund will be removed from the Reserve Policy Section.

Vice Mayor Konrad stated Council approved a budget for this fiscal year and asked if they knew those enterprise funds would require contributions with Mr. Judd stating the Council did know this and passed those contributions as part of the budget. Vice Mayor Konrad stated that it is fair to say that the Council did not intend for those funds to be self-supporting at this time or they would not have approved the budget.

Councilmember Diaz then moved to approve Resolution 29-2019 striking out the words "intended to be" under the Reserve Policy in the paragraphs regarding the Airport Operating Enterprise Fund and the Golf Course Operating Enterprise Fund. Motion failed due to no second.

Vice Mayor Konrad moved to approve Resolution 29-2019 as written. Seconded by Councilmember Boyle. Motion passed 5-1 with Councilmember Diaz voting nay.

7. **Discussion during and/or after presentation by City staff of City Finances, with emphasis on July 31, 2019 financial results. All revenues and expenses of the City may be discussed**

Finance Director Seth Judd stated he will be discussing the City's Financial position at July 31, 2019 and will be comparing Fiscal Year 18 (FY 18) and FY 19, adding for a point of reference 8.33 percent of the Fiscal Year had passed on July 31. Mr. Judd then stated the citywide revenues year-to-date were \$1,284,848 compared to last year of \$947,527, which is an increase of \$337,321, noting some of this increase can be attributed to some one-time revenues with a dividend from the City's insurance company and an Arizona Highway User Revenue Funds (HURF) distribution. Mr. Judd then stated the citywide expenses year-to-date are \$610,077 compared to last year of \$619,434, which is a decrease of \$9,356. Mr. Judd then stated the citywide net position year-to-date is \$674,771 compared to last year of \$328,093, which is an increase of \$346,677.

There was no Council discussion.

EXECUTIVE SESSION: Pursuant to A.R.S. § 38-431.03 (A)(3) & (7), for discussion or consultation for legal advice with the attorney or attorneys of the public body and discussions or consultations with the Mayor and Council's designated representatives to consider its position and possibly instruct its representatives regarding negotiations for the purchase, sale, lease, or exchange of city-owned real property.

EXECUTIVE SESSION: Pursuant to A.R.S. § 38-431.03 (A)(3), for discussion or consultation for legal advice with the attorney or attorneys of the public body and discussions or consultations with the Mayor and Council's designated representatives to discuss Open Meeting Law requirements and processes, and the August 27, 2019 AG informal opinion letter.

Vice Mayor Konrad moved to enter into both executive sessions with the Mayor and Council, the City Manager, the City Attorney, and the Deputy City Clerk at 7:54 p.m. Seconded by Councilmember Boyle. Motion passed 6-0.

Council reconvened at 8:41 p.m.

DEPARTMENT REPORTS: None

ADJOURNMENT:

Councilmember Boyle moved to adjourn at 8:41 p.m. Seconded by Councilmember Maldonado. Motion passed 6-0.

Toney D. King, Sr., Mayor

ATTEST:

Vicki L. Vivian, CMC, City Clerk