

**THE SPECIAL MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD MAY 19, 2020 AT 5:30 P.M.
AT THE BENSON COMMUNITY CENTER, 705 W. UNION STREET, BENSON, ARIZONA**

CALL TO ORDER:

Mayor King called the meeting to order at 5:32 p.m. with the Pledge of Allegiance.

ROLL CALL:

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

NEW BUSINESS:

1. **Discussion and possible action regarding Ordinance 604 of the Mayor and Council of the City of Benson, Arizona, that rescinds its previous Food Tax decrease in prior Ordinance 601**

City Manager Vicki Vivian stated at the January 27 Council meeting, the Council passed Ordinance 601 which extended the 1 percent sales tax for one additional year, to August 2023, and amended the Ordinance to reduce the grocery food sales tax from 3.5 percent to 3 percent effective July 1, 2020. Ms. Vivian then stated with the onset of COVID-19, cities and towns are being advised to reduce anticipated revenues by as much as 20-25 percent in the upcoming fiscal year. Ms. Vivian then stated in preparing the budget and discussing the recommended budget with Council, the subject of Ordinance 601 was discussed, and Council directed Staff to bring the issue back for discussion and possible action.

Ms. Vivian then stated in doing so, Staff contacted the Arizona Department of Revenue (ADOR) to confirm the required timeline for this possible change. Staff from ADOR informed City Staff that since the current tax rate was still in place, the only requirement would be to place a statement on the City website declaring Council was considering rescinding the action and to then hold a Council meeting as soon as possible for that consideration and possible action and notify ADOR the next day. Ms. Vivian then stated should Council pass Ordinance 604, Section 2 of Ordinance 601 would be rescinded, and the current rate of 3.5 percent would simply remain in place. Ms. Vivian also stated the result would be that the sales tax would continue to be \$3.50 for a \$100.00 grocery purchase vs. \$3.00 with the .5 percent reduction in July, adding this ONLY affects food purchases for consumption at home and does not affect restaurants. Ms. Vivian stated when the Council was discussing a food tax reduction, Staff estimated that .5 percent of the food tax collection would be approximately \$162,000 adding this was based on conservative sales, and should the sales be higher (due to people not going out to eat), the amount would be higher.

Vice Mayor Nunn expressed her disappointment about Councilmember Diaz's Facebook post saying it was a deceiving attempt to stir up the public. Councilmember Diaz disagreed and stated on January 27, 2020 the Council voted to decrease the food tax which made it law effective July 1, 2020 and he stated what Council was deciding upon today was actually a tax increase. Councilmember Diaz stated his desire by posting this information on Facebook was to ascertain peoples' response whether they wanted to keep the current tax rate as voted on January 27, 2020 to become effective July 1 in place or not; noting his opinion was that it would be an increase if not allowed to stay in effect, and as he expected people started responding. Councilmember Diaz stated he had heard everyone on Council say they want to get the community more involved and that he had no ill intentions but was only informing residents of the vote. Councilmember Diaz stated since Council would be voting in a few minutes, he wanted to express that he believes this was more of a moral decision rather than a financial decision and it was the wrong time to do this. Councilmember Diaz further stated it was not about the numbers, adding his desire was for a strong city government with a strong future, but he also feels the Council can put off some things. Councilmember Diaz then stated he has been talking and listening to residents who were already hit by utility increases and a use tax and they are anxious and depressed, so this was not the time for what he considers a tax increase. Councilmember Diaz then stated he was thankful for the contingency goal for all departments and he expressed his love for the City of Benson.

Councilmember Diaz then moved to vote no on Ordinance 604. Motion died for lack of a second.

Mayor King talked about it being a moral issue, and he stated as Mayor his job was to make sure the City was solvent adding he has been out every day talking to residents about this and their concerns are very important to him. Mayor King stated he was very thankful to be Mayor and he was hopeful the City will get stronger, but the problem was they have no idea of how soon that will be. Mayor King stated the City has been working hard to get the Golf Course to sustain themselves which has been a problem area. Mayor King further explained that the City was not trying to do anything behind our residents' back, he believes in transparency, and we need the City to be stable. Mayor King stated he prays for guidance and some will understand and some won't but he doesn't want City Staff to have to go back to furloughs and have to work second jobs again; he was responsible for the City and Residents and also recognizes all departments are running tight budgets.

Mayor King moved to approve Ordinance 604. Seconded by Vice Mayor Nunn. Motion passed 5-1 with Councilmember Diaz voting nay.

Councilmember Maldonado stated they can always bring it back to Council at a later date adding that adopting a property tax increase would be much harder for everyone.

Councilmember Tapia stated at the January Council meeting Council had good intentions, but at this time the current situation was unclear; and in January unemployment was at its lowest but now we need to make sure facilities stay open for people.

Councilmember Diaz asked Mr. Seth Judd, the past Finance Director, what would \$150,000 represent on the total budget with Mr. Judd stating the General Fund was between \$8 million and \$9 million, and \$162,000 would be taken out of the General Fund.

Councilmember Maldonado stated he would not want to lose the City of Benson Area Transit services which are very important to our community.

ADJOURNMENT:

Councilmember Diaz moved to adjourn at 6:05 p.m. Seconded by Vice Mayor Nunn. Motion passed 6-0.

Toney D. King, Sr., Mayor

ATTEST:

Vicki L. Vivian, CMC, City Clerk