

**THE REGULAR MEETING
OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
HELD JUNE 29, 2017 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 6:02 p.m. with the Pledge of Allegiance.

ROLL CALL:

Present were: Mayor Toney D. King, Sr., Vice Mayor Joe Konrad, Councilmembers Pat Boyle, Levi Garner, David Lambert, Crystal Lewie and Lori McGoffin (arriving at 6:18 p.m.) Mayor King stated Councilmember McGoffin would be arriving a little late due to work.

PUBLIC HEARING: The Mayor and Council will receive comments and questions from the public regarding the proposed City of Benson Fiscal Year 2017-2018 Tax Levy and Truth in Taxation.

PUBLIC HEARING: The Mayor and Council will receive comments and questions from the public regarding the City of Benson Fiscal Year 2017-2018 Tentative Budget and the Capital Improvement Plan for 2018-2022.

Mayor King stated he would be combining these public hearings and open the public hearing at 6:04 p.m.

Jeff Cook, Huachuca Street, Benson stated he was surprised the Council was taking comments after not taking comments on the tentative budget and thanked the Council for being able to speak. Mr. Cook then stated his thoughts aren't necessarily on tonight's budget but are on future budgets, adding he understands in 2018, the .5% tax is going to sunset. Mr. Cook then stated a year ago, at the Council candidate forum, one person was soliciting commitments from all the candidates to sunset the .5% tax, which generates about \$500,000 and to create a quiet zone, which is just over \$500,000. Mr. Cook then stated is anyone knows politics, they know they were being set up, adding there's only one way to pay for the quiet zone and that is with the .5% tax, unless the budget is cut and furloughs are implemented, which he thinks no one wants. Mr. Cook then stated even though there is only 1 more payment to Wal-Mart next year in the amount of \$250,000 and the tax is due to sunset, there is still a \$300,000 bond payment due for the remaining 12 years out to 2030 and there has to be a way to pay that also. Mr. Cook then stated as the Council thinks about a strategic plan, the quiet zones, maybe a City Hall and pet projects they want done, they need to think about how those things are going to be paid for, the bond payments and the .5% sales tax.

Mayor King indicated no one else signed up to speak at the public hearing and asked if there was anyone present who wished to address Council.

City Clerk Vicki Vivian stated Financial Consultant Pat Walker was on the phone and would like to address the Council. Ms. Walker stated it was her pleasure to present the Final Budget for adoption as well as to discuss the budget and property tax levy for Fiscal Year 2017-2018 (FY17-18). Ms. Walker stated the total budget Staff is asking the Council to approve is \$20,832,836. Ms. Walker then stated the budget was presented in detail, department by department at the May 15 budget worksession and was then again presented as the Tentative Budget, which was adopted on June 6. Ms. Walker then stated the Final Budget was being presented for any discussion Council may want to have, then noted one thing she wanted to bring attention to was the amount of the property tax that is included within the budget. Ms. Walker then stated the Council would not be asked to approve a property tax levy at this meeting, adding state law prohibits the Council from approving a tax levy rate earlier than 14 days after the adoption of the Final Budget, which is scheduled for July 24 for Council's consideration. Ms. Walker then reviewed the property tax amount, stating the property tax rate in the City of Benson is .5838 per \$100 of assessed valuation, adding a home valued at \$100,000 would be charged \$58.38 local primary property taxes per year, or \$4.87 per month. Ms. Walker then stated, unfortunately, the FY17-18 assessed value, which is the property value of homes and businesses in the City, overall as an average decreased, going from \$38,610,221 in FY16-17 to \$38,533,241 in FY17-18, noting this was a decrease of about \$76,000 in

property value. Ms. Walker then stated if the City maintained the current property tax rate of .5838, the collection amount would decrease by \$1,965, but noted one thing the City can do is raise the property tax rate up, adding a homeowner would not pay more because their property values decreased, noting this was on average and it would depend on the value of each home. Ms. Walker then stated if the Council set the property tax rate at .5889 per \$100 of assessed value, it would keep the property tax collection the same, noting it would increase a little due to new construction and would be approximately \$226,922. Ms. Walker then stated another thing the Council could do, and what is programmed in the budget, noting if the proposed tax levy rate does not pass, the budget would have to decrease by the like amount, is to adopt what is called the maximum allowable levy. Ms. Walker then stated in the state of Arizona, once a tax levy rate is set, the maximum increase allowed each year is 2% plus new construction every year, which keeps the rate from going sky high, but also allows increases. Ms. Walker then stated if this is done, the property tax rate would be .8393 per \$100 of assessed value, adding on a \$100,000 home, the property tax would be \$83.93 a year or \$6.99 per month. Ms. Walker then stated when the Council considers this issue at the July 24 Council meeting, the maximum allowable levy would require a unanimous roll call vote of the Council, adding if the vote is not unanimous, the rate would not pass. Ms. Walker then stated the maximum allowable levy rate of .8393 and the collection of \$323,409 was programmed into the budget to allow the Council to be able to adopt the maximum levy, if they chose to do so. Ms. Walker then stated as the Council just heard from a citizen, there is a tax that is scheduled to sunset, and there are a lot of things, including maintenance issues, the Council talked about at budget worksession that are not being funded, as well as discussing the financials and the cash shortfalls in some of the funds, which means it makes sense to start bringing in on-going revenue. Ms. Walker then stated the Council has a property tax comparison sheet and on that sheet, they can see there are two types of property taxes, a primary tax, which is the only one Benson has, that can go toward any municipal purpose and can be spent on anything in the general fund, and a secondary property tax that can only be used for debt service; for principal and interest on bonds the City would sell, noting those would have to be voter approved. Ms. Walker then stated on the chart the Council could see the City's rate of .5838, compared to the rates of Bisbee at \$2.5873, Douglas at \$1.1949, Huachuca City at \$1.25, Tombstone at \$1.8031 and Willcox at \$1.2294, adding the Council can see by the chart that Benson has one of the lowest property taxes of those cities and really a very, very low rate for a property tax compared to all the cities in Arizona. Ms. Walker then stated the Council had been briefed on all the different items within the budget and had a narrative provided as well that detailed budget line items for every department. Ms. Walker then stated she would answer any questions the Council may have.

Mayor King asked if there were any questions. After receiving no responses, Mayor King closed the public hearing at 6:14 p.m.

NEW BUSINESS:

1. Discussion and possible action regarding Resolution 20-2017 of the Mayor and Council of the City of Benson, Arizona, approving a Final Budget for Fiscal Year 2017-2018

City Manager Bill Stephens stated the Council adopted the Tentative Budget for Fiscal Year 2017-2018 at a Special Meeting on June 5, 2017, adding all required notices have been published, and a public hearing regarding the Budget was just held at this special meeting. Mr. Stephens then stated, the Council is now legally able to consider the adoption of the proposed Final Budget, adding the proposed resolution adopts the Final Budget for Fiscal Year 2017-2018 in the amount of \$20,832,836.

Vice Mayor Konrad moved to approve Resolution 20-2017. Seconded by Councilmember Lambert.

Mayor King then stated as long as he has been on Council, the Council has never really raised the property tax rate, but instead tried to keep the collection amount consistent. Mayor King then stated he knew the Council would still have to act on the property tax levy on July 24, knows the proposed rate will mean he pays \$30.00 more each year and that while some people may consider that a lot of money, it's time the Council was fiscally responsible, then noted the proposed increase would still be a lot lower than many communities in Cochise County. Mayor King stated the Council needed to consider supporting the increase, adding this would be one of the biggest steps the Council has taken in a long time, but they were elected to be fiscally responsible and he is proud of the Council showing fiscal responsibility. Mayor King then thanked everyone involved in the budget process.

Vice Mayor Konrad thanked Ms. Walker, stating he truly appreciated the effort she put in on the budget on short notice, adding Ms. Walker brought a lot of things to light that he thinks were very helpful for the Council and he can't express appreciation enough for what she has done for the City and the Council. Vice Mayor Konrad then thanked Staff for their work, stating they stepped up to the plate and did a great job.

Councilmember Lambert stated he would like to thank Ms. Walker, City Clerk Vicki Vivian, City Manager Bill Stephens, Public Works Director Brad Hamilton and all the other department heads, adding he knows they spent numerous hours working on spreadsheets and fixing a lot of problems. Councilmember Lambert then stated he wanted to thank each and every person for the time they spent on the budget.

Mayor King agreed, stating he knew there were times Ms. Vivian stayed until 10:00 at night sending out the budget, and Bill stayed late also. Mayor King then thanked them, Public Works Director Brad Hamilton and every department head, stating he truly appreciated everyone taking the time to get this done. Mayor King stated it has not been easy this year, but he thanked everyone again, adding the City is moving forward and they are being fiscally responsible as a Council.

Councilmember McGoffin arrived at 6:18 p.m. Mayor King asked Councilmember McGoffin if she had any comments or questions on the budget with Councilmember McGoffin stating she just wanted to let everyone know that she would be voting no because she doesn't appreciate 2 people getting a huge raise when the City can't afford a raise for everyone else, adding she doesn't think that's fair. Councilmember McGoffin then stated she thinks everyone deserved a small raise instead of 2 individuals deserving very large raises.

Motion then passed 6-1 with Councilmember McGoffin voting nay.

DEPARTMENT REPORTS: No comments from Council.

ADJOURNMENT:

Councilmember McGoffin moved to adjourn at 6:19 p.m. Seconded by Vice Mayor Konrad. Motion passed 7-0.

Toney D. King, Sr., Mayor

ATTEST:

Vicki L. Vivian, CMC, City Clerk