



**“The mission of the City of Safford is to make Safford  
a great place to live, work, and visit”**

**CITY OF SAFFORD – COUNCIL WORK SESSION MINUTES  
MONDAY, JULY 23, 2012 @ 6:00 PM  
PHELPS DODGE ROOM - LIBRARY**

**PRESENT:** Wyn “Chris” Gibbs, Mayor; Mary Bingham, Vice Mayor; Council Member’s Ken Malloque, Gene Seale, Arnold A. Lopez, James D. Howes, and Richard Ortega.

**STAFF PRESENT:** David Kincaid, City Manager; Christine Fisher, Personnel Director; John Griffin, Police Chief; John Morast, Public Works Director; Ann Waite, Finance Director; Randy Petty, City Engineer; Eric Buckley, Utilities Director; Harry Williams, Water Quality Specialist; Dan Braatz, Electric Division Manager; Dustin Welker, Planner/Downtown Manager; James Bryce, Utilities Electrician; Ryan Watson, Journey Level Line Worker; Sally Holguin, Library Operations Supervisor; Laura Haynes, Library Technician; Vicki Foote, Library Operations Supervisor; Tisha Clark, Accounting Specialist; and Georgia Luster, City Clerk. Sam Napier, Lead IT Specialist, and Dale Clark, IT Support Specialist, assisted with the audio/video recording of the meeting.

**STAFF ABSENT:** Sandra Findley, Executive Secretary; Don Knight, Director Management & Budget; Jan Elliott, Library Director.

**OTHERS PRESENT:** Raymond Lonser, Jenifer Seale, Mallene Elicio, Deanna Miller, Dalton Overstreet, Kenny McKinney, Steve McGaughey, Paul David (ADOT), Bill Harmon (ADOT), and others who did not sign in. Jon Johnson, Eastern Arizona Courier.

1. **WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:00 p.m.
2. **ROLL CALL:** All members of the Council were present.
3. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the Flag.
4. **OPENING PRAYER:** Rev. Bob Holliday asked everyone present to be thankful for this community and the safety we have here and to offer a moment of compassion for the Colorado shooting victims. Rev. Bob Holliday then offered the Opening Prayer.

5. **PRESENTATION:** Bill Harmon will present and discuss the newest alternatives for intersection improvement in the area of U.S. Highway 70, 8<sup>th</sup> Street, and Little Hollywood Rod.

City Manager Kincaid introduced Bill Harmon with ADOT to discuss future intersection improvements in the area of U.S. Highway 70, East 8<sup>th</sup> Street, and Little Hollywood Road.

ADOT representative, Bill Harmon, stated ADOT is proposing to construct a five-lane widening project between Solomon and Safford. The project will require the reconstruction of the bridge over the San Simon River. He added that the project includes curb and gutter, street lighting, underground storm drains, and will evaluate intersections for traffic signals. Current funding is to proceed with the design and all environmental clearances. At this time the budget does not include the purchase of right of way and relocation of utilities (approximately \$10 million). He presented and discussed the newest alternatives for intersection improvements in the area of U.S. Highway 70, East 8<sup>th</sup> Street, and Little Hollywood Road. He stated the current alternatives are just concepts at this time and referred to a Power Point Presentation explaining concepts of the project in general. He referred to a chart explaining am/pm peak traffic volumes in different sections of US Highway 70:

**(Upper left corner of blue box)** US 70 & Hollywood: 236/444; 236 represents peak volume morning traffic; 444 represents peak volume evening traffic. 300 vehicles an hour would be 5 vehicles a minute.

Mr. Harmon explained what the arrows mean and referred to the blue boxes which indicate peak hour traffic at different locations of Highway 70.

Each blue box indicates peak am/pm traffic volumes.

For example: (Bottom left corner blue box).

Down arrow 3(4) indicates peak hour morning vehicle traffic turning off of Highway 70 going down 8<sup>th</sup> Street, resulting in 3 vehicles on average turning off Highway 70 onto 8<sup>th</sup> Street. (4) indicates peak hour afternoon traffic, resulting in 4 vehicles on average turning off Highway 70 onto 8<sup>th</sup> Street.

Mr. Harmon referred to some intersection options that the Council discussed previously.

**Intersection Option 1**, US 70 Safford to Solomon, 8<sup>th</sup> Street and Hollywood Drive. He noted roundabouts are still on the table. However, ADOT is not recommending roundabout alternative based on the actual flow of traffic because it would unnecessarily slow down highway traffic and would not improve turning improvements for ingress and egress on and off Little Hollywood Road.

**Intersection Option 2**, US 70 Safford to Solomon, 8<sup>th</sup> Street and Hollywood Drive: 8<sup>th</sup> Street is blocked off

**Intersection Option 3**, US 70 Safford to Solomon, 8<sup>th</sup> Street and Hollywood Drive: another version of a 3-legged roundabout.

**Intersection Option 4**, US 70 Safford to Solomon, 8<sup>th</sup> Street and Hollywood Drive: Bends Hollywood Drive to square it off from Highway 70 and also goes through the acid truck business. Have impact on business. Additionally, 8<sup>th</sup> Street would be blocked off and would become a Cul-de-sac.

Mr. Harmon reviewed the newer alternatives based on discussions at the last meeting with the Council. He stated these proposals will provide more detail about some tradeoffs.

**Intersection Option 1**, US 70 Safford to Solomon, 8<sup>th</sup> Street and Hollywood Drive: 8<sup>th</sup> Street and Hollywood Road remains open, but offset from one another. Through traffic would not work very well. 8<sup>th</sup> Street intersection basically remains the same.

**Intersection Option 2**, US 70 Safford to Solomon, 8<sup>th</sup> Street and Hollywood Drive: Keeps 8<sup>th</sup> Street intersection open (right in/right out only) with a proposed raised median in Highway 70 to discourage traffic going from 8<sup>th</sup> Street onto Highway 70. Little Hollywood Drive still being squared off allowing traffic to turn on and off.

**Intersection Option 3**, US 70 Safford to Solomon, 8<sup>th</sup> Street and Hollywood Drive: Keeps 8<sup>th</sup> Street open the way it is now, proposed generous turning range allowing trucks to turn onto Hollywood Road. Does shave off corner (trucking business/Little Hollywood Road).

**Intersection Option 4**, US 70 Safford to Solomon, 8<sup>th</sup> Street and Hollywood Drive: Closes 8<sup>th</sup> Street into a Cul-de-sac. Highway 70 becomes a 3-legged intersection. Hollywood Road becomes open to full traffic movement.

**Intersection Option 5**, US 70 Safford to Solomon, 8<sup>th</sup> Street and Hollywood Drive: Proposes realignment, but not as severe. Squares up Hollywood and Highway 70 would allow through traffic which would also work with traffic signal. One concern is if you offset 8<sup>th</sup> Street and Hollywood Road would require a split phase allowing each side to take turns.

City Manager Kincaid referred to Option 1 and stated staff has concerns with the proposed conflicting left turns. Staff also has concerns with Option 5 because a traffic signal will stop traffic to allow a few vehicles to turn. He also pointed out that because of the width and condition of 8<sup>th</sup> Street, staff would like to keep all commercial traffic off

8<sup>th</sup> Street. He noted commercial traffic create a real bottleneck in the area as well as creates a nuisance to the residents.

Paul David, ADOT, commented about another concern of keeping 8<sup>th</sup> Street open to traffic especially involving Highway 191. As the traffic volume increases on Highway 191, Highway 191 becomes dangerous because there are fewer and fewer gaps for vehicles to enter/cross Highway 191. People become frustrated and will take chances to cross the highway.

Mayor Gibbs referred to the traffic count completed in May 2011 which indicate twenty vehicles in an hour either direction on 8<sup>th</sup> Street. It appears that 8<sup>th</sup> Street does not justify its existence to the Highway.

Mr. Harmon commented that historically he could see why the intersection of old Highway 70 and new Highway 70 was preserved. However, as we look into the future and realize that traffic is increasing in Safford. He recently conducted some research with in Southeastern Arizona. His research pointed out that traffic in Sierra Vista and Safford are the two places in his district that has grown even during the economic downturn. This concluded his presentation and said that he looks forward to working with staff during the design and the construction of this project.

City Manager Kincaid stated the City has great communication with ADOT and asked the Council to keep staff informed of their thoughts regarding this project.

6. **SUMMARY OF FOURTH QUARTER AND ANNUAL REVENUES FOR 2012: City Manager Kincaid will provide a summary of fourth quarter and annual revenues for 2012.**

City Manager Kincaid stated that expenses for FY 2012 are not complete at this time. Unfortunately expenses will not be closed out until sometime in August. He reviewed a Summary of General Government Revenues 6/2012 (Unaudited) and the different funds and where the City ended the year from a revenue standpoint based on where we thought we would be. Based on projected revenues, we collected about 97% of what was budgeted. Secondly, he reviewed a Summary of Utility Revenues 6/2012. Lastly, he reviewed a historical collection of local sales tax from FY 2001 through 2012 on a monthly basis indicating a slight increase over the past two years. Retail trade is the City's largest revenue generator. Finally, a comparison of local city sales tax collections by category was reviewed. There were no questions from the Council.

7. **PROPERTY TAX: Discussion and history of the property tax levy.**

City Manager Kincaid stated this item was brought back from a previous council meeting for discussion. He commented that the tax levy for FY 11/12 was 0.3744 and staff

proposed a tax levy of 0.4462 for FY 12/12. Both levies would generate the same amount of revenue (approximately \$225,000). Historical data was reviewed regarding property tax rates for all jurisdictions within Graham County over the last six years. Under the State formula, the City is allowed to collect up to \$277,000 in property tax which would necessitate an increase to approximately sixty – sixty-two cents instead of forty four cents per \$100 of assessed valuation. Secondly, a Combination of Tax Rates based on property location was reviewed.

Mr. Kincaid explained the difference between a tax levy of 0.3744 and a tax levy of 0.4462 is a difference of about \$7.00 per one hundred dollars valuation. The City doesn't receive a tremendous amount of income individually, but collectively it does mean something to the City. The Property Tax Public Hearing will be held August 6<sup>th</sup> with the adoption of the tax levy to be held August 13<sup>th</sup>. He pointed out that if the tax levy rate is set at 0.4462, the City would collect about \$227,000; otherwise, if the tax levy rate is maintained at 0.3744 the City would collect about \$185,000. He noted that in 2012 the City's tax levy decreased but the tax rate increased.

**8. WATER AVAILABILITY & CONSUMPTION: Update of water availability and consumption.**

City Manager Kincaid identified the material provided to the Council. He explained the material presented is a graph of current water usage (extreme), entire system usage, revenue, system-wide breakdown and residential water rate comparison for the Council to review and consider. He explained staff wants to keep this information in front of the Council because Safford continues to see extreme water usage as the City works to maintain water production levels to meet high water demands. He noted consideration is being given to potential rate restructuring that would include a conservation rate built into the rate structure as opposed to our current rate structure. The current rate structure does not discourage excessive use of water which is vital to this system especially during this prolonged drought; overall operating costs increase significantly because of the additional operational costs to maintain water services. He referred to the graph indicating the entire system usage:

Safford annual usage 492,499,410 gallons in FY 10/11 – 40.6%

Thatcher Annual Usage 280,004,920 – 23.1%

Graham County annual usage 436,413,760 – 36.0%

Total revenues generated \$3,979,274.71. Safford Revenue = \$1,597,737.36 (40.5%); Thatcher Revenue = \$895,539.99 (22.7%); and County Revenue = \$1,455,997.06 (36.9%).

System-wide Breakdown Graph:

A chart indicates the comparison of Average Monthly Usage (gallons); Number of Customers; Percent of Customer Base; Percent of Overall Use and Percent of Overall Revenue.

- 33.9% of users average less than 5,000 gallons per month, 5.8% of water use and pay 16.31% of current revenue.
- 63.1% of users average less than 10,000 gallons per month, 22.4% of water use and pay 38.57% of current revenue.
- 1.8% of users average more than 50,000 gallons per month, 28.18% of water use and pay 17.64% of current revenue.

In some ways, it's a structural imbalance because those high water users are not contributing "their fair share". Currently, there is no incentive for customers to decrease their water usage because we do not penalize them or collect the revenue to maintain the system.

Residential Water Rate Comparison:

Mr. Kincaid reviewed a chart comparing residential water rates for various communities.

Eric Buckley commented that Bonita Creek's water flow has decreased 17-18%. Also, water table of several wells have dropped; shut down a couple of wells because they are surging (Alder Well which is one of the best quality wells). Production levels have dropped 30-35% off range from what they normally are. Consumption levels dropped a small amount in July. June is traditionally the worst month for consumption.

Harry Williams stated three wells are on inactive status until the water table increases and six more are right there.

9. **SALARY INCREASE FOR EMPLOYEES/SALARY SURVEY GUIDELINES:** (Request by Councilman Howes).

City Manager Kincaid explained information (Council Minutes, Salary Competitiveness Policy, 2006), is provided for review at the request of Councilman Howes. He turned the time over to Councilman Howes.

Councilman Howes stated the Salary Competitiveness Policy was adopted in 2005 and became effective January 1, 2006. He read a letter into the record (attached). Provided a copy of the letter to the Mayor, Council, City Manager and City Clerk.

In response to a letter read by Councilman Howes, City Manager Kincaid stated that it was his opinion and decision not to conduct the salary survey at that time. He stated that he will take full responsibility for directing staff not to conduct a salary study of the past few years because of funding concerns. For instance, discussions tonight include the fact that the City's revenues are down \$2.2 million dollars in a two-year period.

Councilman Howes pointed out that the Policy has not been amended, altered or changed, but is still in effect. He recalls (as a former employee) that staff was asked to

bite the bullet and not receive a salary increase for many years. He noted employees have left employment with the City and have taken other employment because of better compensation. Employees are what keep this City running. In 2006, 65% of city employees were below the average. He made a motion to direct staff to include a 1.5% salary increase for employees in the final budget.

Mayor Gibbs commented that Councilman Howe's comments are based on 2005 and 2008 council meetings. At the end of October, start of November of 2008, over 2,000 jobs were lost in the Gila Valley. He referred to the minutes indicating the loss of revenues, December revenues were \$104,000 less than the year before and the next month revenues were \$120,000 less with revenues continuing to decrease by \$132,000, \$160,000, \$250,000 over the next few months. He noted that the City Manager was directed to bring back a merit program the following budget year. At that point, the City was \$1.9 million dollars short from the previous year. He stated he is not sure that he can support an increase tonight because the budget is what it is. We have a limited amount of revenue. Although, he believes a study should be done. He does not know if employee wages are competitive at this time. He supports the concept of revisiting the study to see if the City is competitive and analyze putting something in place. He commented that a 1.5 salary increase would increase the proposed budget \$135,000.

City Manager Kincaid stated not only have salaries not increased, net pay has decreased because contributions to retirement plan continues to increase. He stated revenues in the budget are based on a variety of assumptions discussed by the Council. If the Council chooses to implement 1.5% salary increase additional cuts within the budget will occur. Since the Tentative Budget was adopted, the budget may decrease but cannot increase.

Councilman Howes motion died for a lack of a second.

It was moved by Councilman Ortega, seconded by Councilman Howes, and carried unanimously to direct staff to conduct a Salary Compensation Survey and to provide results to the Council by March 1, 2013. **MOTION ADOPTED**

Councilman Lopez asked for clarification on the structure of employee merit increases. He commented that discussion's regarding employee's merits in 2008 were not objective. He stated that he sees the value of the Smartworks Program and inquired about the criteria required to go on the Program. He inquired about the mentoring process of training someone to fill that position when they retire.

City Manager Kincaid responded that the mentoring program is working in some areas but not so good in other areas because staff does not have qualifications to step into some positions.

**10. COMMITTEE: Discussion on Council appointments for Internal Service Charge Review Committee.**

Gene Seale, Ken Malloque and Jim Howes volunteered to serve on the Internal Service Charge Review Committee to review the line item internal service charges method. The committee will review the method and will provide recommendations to the Council. Staff will participate in the process. Mr. Kincaid will compile a schedule to begin the process.

**11. AUDITING SERVICES: On May 22, 2012, the City requested proposals for the City's Financial and Compliance Audit for Fiscal Years 2012, 2013 and 2014. Three proposals were received. Staff is recommending the Council consider awarding Hinton Burdick for Auditing Services for the amounts of: \$34,750(FY2012); \$37,250 (FY2013); and \$35,750 (FY2014).**

It was moved by Councilman Ortega, seconded by Councilman Malloque, and carried unanimously to award the City's Auditing Services to Hinton Burdick in the amounts of: \$34,750(FY2012); \$37,250 (FY2013); and \$35,750 (FY2014). The term is for three years with an option to extend for an additional two years. **MOTION ADOPTED**

City Manager Kincaid reminded the Council of the following meetings:

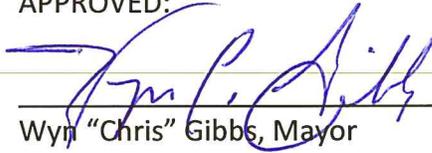
August 6, 2012 – Public Hearing on Tax Levy & Adopt Final Budget

August 13, 2012 – Regular Council Meeting, Adopt Tax Levy

August 27, 2012 – Meeting cancelled due to Council attending the Annual League Conference.

**12. ADJOURN: It was moved by Councilman Howes, seconded by Vice Mayor Bingham, and carried unanimously to adjourn the meeting at 7:53:47 p.m. MOTION ADOPTED**

APPROVED:



Wyn "Chris" Gibbs, Mayor  
City of Safford

ATTEST:



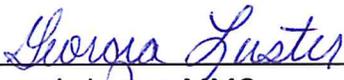
Georgia Luster, MMC  
City Clerk

CERTIFICATION

STATE OF ARIZONA    )  
                                  )    ss  
County of Graham    )

I hereby certify that the foregoing minutes are a true and correct copy of the Regular Council Work Session of the City of Safford, Graham County, Arizona held Monday, July 9, 2012, and approved at a Regular Council Meeting on August 13, 2012. I further certify the meeting was duly called, held and that a quorum was present.

Dated: August 13, 2012

  
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Georgia Luster, MMC  
City Clerk

