



**“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, February 24 , 2014 @ 6:00 PM  
Safford Library Program Room, 808 S. 7<sup>th</sup> Avenue, Safford, Arizona**

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

**STAFF PRESENT:** Eric Buckley, Interim City Manager; Sandra Findley, Executive Assistant; Ann Waite, Chief Financial Officer; John Griffin, Police Chief; Dennis Whisman, Police Captain; Leanne McElroy, Library Director; Jenny Howard, Public Works Director; Dustin Welker, Planning & Community Development Director; Don Knight, Director, FlexNet Meter Renewal Project; Randy Petty, City Engineer; Georgia Luster, City Clerk and Sam Napier, who assisted with the audio/video recording of the meeting.

**OTHERS PRESENT:** Gale Hedges; Akos Kovach, SEAGO; Bill Harmon & Steve Wilson, ADOT; Eric Swanson, Tom Johnson, Tisha Clark, Terry Johnson, Marion Gauna; Steve McGaughey; Kim Larkey, Danny Smith; 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 6:00:19 p.m.
- 2. ROLL CALL:** A quorum of the Council was present (7).
- 3. PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the Flag.
- 4. OPENING PRAYER:** Councilman Lopez offered the Opening Prayer.
- 5. Presentation by SEAGO regarding economic development:** Interim City Manager Buckley introduced Mr. Akos Kovach, Economic Development Planner, with SouthEastern Arizona Governments Organization (SEAGO). Mr. Kovach explained who and what SEAGO does for local governments in Southeastern Arizona. To some, SEAGO is an unnecessary source of funding and to others, is a conduit for State and

Federal funding. Safford is part of an economic development district. He provided a brochure to everyone identifying the main departments of SEAGO: Transportation, Community Development, Housing, Economic Development, and Environmental Planning. SEAGO is a service to the communities contained within four counties, Santa Cruz, Cochise, Graham and Greenlee. He referred to the economic development project (recreation center in Greenlee County) that FreePort McMoRan built and paid for to attract employees for the mining industry. He also referred to "Growing Greenlee" which is a contract that SEAGO has with Greenlee County to promote economic development.

6. **Audit Presentation on the Comprehensive Annual Financial Report Year Ended June 30, 2013:** Robin Sibley of HintonBurdick reviewed the Comprehensive Annual Financial Report which provides audited financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information through June 30, 2013. Additionally, she reviewed the letter identifying two deficiencies or material weaknesses during the audit of the financial statements: Material Weakness: none noted; Significant Deficiencies: Accounting Adjustments not initially Identified by the City's Internal Control and Bank Reconciliations.

**Government Wide Financial Highlights**

- Total net position (equity) was \$88,351,219 at June 30, 2013.
- Total net position increased by \$6,212,323 during FY 2013
- \$856,637 of the increase is from net governmental activities
- Net business-type activities increased by \$5,355,686 (Water, Wastewater, Landfill, Gas, and Electric)
- Governmental capital assets decreased by \$454,995 net of depreciation of \$2,157,553
- Business-type capital assets increased by \$735,558 net of depreciation of \$2,136,037
- Total Governmental long-term debt was \$10,366,879
- Governmental long-term debt decreased by \$600,631 as a result of scheduled annual debt service requirements
- Total business-type long-term debt was \$11,331,159
- Business-type long-term debt decreased by \$2,039,828 as a result of scheduled annual debt service requirements

**Fund Financial Highlights**

- The prior fiscal year total fund balance for the General Fund decreased from \$3,983,157 to \$3,679,827 or 35% of total General fund expenditures. The main cause for the decrease came from moving the finances of the airport to the General Fund.
- The General Fund reported revenues in excess of expenditures of \$734,913 including transfers out of \$632,953 to the HURF and other funds.

- Revenues in the General Fund were less than the final budget by \$4,752,080 due mainly to \$3,996,000 which was budgeted for potential grant and other misc. revenues.
- Expenditures were less than budget by \$5,503,187. This variance is directly related to the budgeted revenue variance discussed above. Since the budgeted revenues were not received, the City did not incur the related expenditures.
- The Wastewater Enterprise Fund experienced an operating loss in fiscal year 2013
- The Landfill, Water, Gas, and Electric Funds experienced operating income in fiscal year 2013.
- Cash flows from operating activities were positive for all of the enterprise funds.
- The overall increase in net position for all of the enterprise funds was \$5,343,230.

#### **General Fund Balance Sheet Trend**

- From 2009- 2012 the General fund reported a consistent increase in assets and fund equity. The decrease in 2013 is mainly due to reporting the airport as part of the General Fund.

#### **General Fund Cash Trend**

- The General Fund shows an increasing cash position.

#### **General Fund Revenue and Expenditure Trend (Excluding Transfers)**

- The General Fund is normally expected to break even over time. The city of Safford's General Fund has reported excess revenues over expenditures for the past five years.

#### **City Sales Tax Revenues**

- City Sales Tax Revenues are showing a positive upward trend over the past three years.

#### **Other Tax Revenues**

- State Sales Tax, auto Lieu Tax, Revenue Sharing increased from \$1,983,093 in 2012 to \$2,251,184 in 2013.

#### **Highway User fund total Revenues and Total Expenditures**

- Revenues and expenditures are expected to fluctuate from year to year in the Highway User fund as resources are accumulated and expended for street projects. The city has spent more on streets than was received in Highway user revenues. This has resulted in a deficit fund balance in the fund of \$3,597,476. However, the deficit decreased by \$180,297 during fiscal year 2013.

- Highway User Fund - Cash Trend - has expended all of its cash on road projects.

#### **Enterprise Funds**

- Enterprise funds are reported on the full accrual basis of accounting. This is to provide for depreciation and future capital requirements. Enterprise funds should show revenues in excess of expenditures.
- Prior to fiscal year 2011, all of the City's Utilities were combined into a single fund. Therefore, information for each individual utility is not available for those years.
- Gas Fund - Total revenues and Total Expenses: the Gas fund has reported revenues in excess of expenditures for the past three years. Net income for fiscal year 2013 was \$417,249.
- Gas Fund - Cash Trend: 2012 - \$970,848 increased in 2013 to \$1,344,012
- Water Fund - Total Revenues and Total Expenses: the Water fund has reported revenues in excess of expenditures for the past three years. Net income for fiscal year 2013 was \$1,576,965. The Water Fund - Cash Trend shows a strong cash position which includes \$345,572 of restricted cash which is reserved for debt service and customer deposits.
- Wastewater Fund - Total Revenues and Total Expenses: the Wastewater Fund reported revenues in excess of expenditures for the previous two years. The decrease in revenues is due mainly to grant revenues received each year from the Bureau of Reclamation. This decrease was anticipated as the grant revenues coincide with debt payments on the wastewater treatment facility. The Wastewater fund's cash position includes \$242,978 of restricted cash for debt service and customer deposits.
- Electric Fund Total Revenues and Total Expenses: the electric fund has reported revenues in excess of expenditures for the past three years. Net income for fiscal year 2013 was \$2,007,824. The electric cash trend includes \$474,208 of restricted cash for customer deposits.
- Landfill Fund Revenues and Expenditures: The Landfill Fund reported expenditures in excess of revenues for the previous two years. For fiscal year 2013 the fund reported a positive net income of \$61,641. The Landfill's cash trend has improved the past three years. One of the major expenses recognized in the fund is for future closure/post closure costs of the landfill. Each year the fund recognizes a portion of these costs which coincide with the landfill capacity used during that year. It is important for the fund to accumulate resources to meet this obligation.

She explained the last two graphs explained the fund balance of each fund as of June 30, 2013. The HURF, water, wastewater, gas and electric funds had an increase in their fund balance from 2012.

Ann Waite encouraged the Council to call her if they have any questions.

7. **Discussion regarding Arizona Department of Transportation's (ADOT) proposal to prohibit parking along areas on US 191 and US 70.**

Interim City Manager Buckley stated representatives from ADOT are present to provide an update. He asked Randy Petty to provide a summary of what is happening. Back in December, ADOT made a presentation regarding their proposal to prohibit parking along areas on US 191 and US 70.

Bill Harmon, ADOT District Engineer and Steve Wilson, Senior Project Manager, reviewed ADOT's proposal regarding on-street parking related to the project. He explained the project is proposed for 2016. Mr. Harmon stated ADOT will ask the Council for their support to eliminate parking on portions of US 191 and US 70 at the March 10<sup>th</sup> council meeting.

Councilman Seale asked if the proposed project eliminates on-street parking in front of Johnson Motors on Hwy 191 as indicated by the red line. Mr. Harmon responded that it will eliminate on-street parking in front of Johnson Motors. Councilman Seale responded by stating that he understands it's a difficult situation, but asked ADOT to evaluate taking more of the street on the east side of the highway (by Cotton Gin) rather than the west side. He believes the front portion of the Cotton Gin property on the west side is not used for parking. It appears a slight curve in the Highway will exist regardless.

After reviewing the proposed maps, Mayor Gibbs asked ADOT to consider maintaining one lane in each direction crossing the railroad tracks to allow on-street parking in front of Johnson Motors. He stated his concern is that ADOT did not contact the business owner about the project. He is concerned the business will suffer greatly if the one-street parking in front of his business is eliminated. (50 - 70 yards)

Mr. Harmon stated ADOT could evaluate. However, for safety reasons ADOT is pursuing to eliminate on-street parking on busy highways. US 191 is a highway that will become busier.

Councilman Malloque inquired about moving the highway further to the east, towards the First Southern Baptist Church property or postponing two lanes down another block.

The Council recommended ADOT meet with the business owners of Johnson Motors regarding US Highway 70

Item will be presented to Council at the March 10<sup>th</sup> Council Meeting.

8. **Discussion regarding proposed parking restrictions within a portion of the new Firth Park Parking Lot.**

Jenny Howard, Public Works Director, explained the City has three (3) capital projects to be paved: 1) new parking lot at the Police Department, 2) curbing

on Relation Street and 3) the new Firth Park parking lot. Cost-effectively, the strategy is to mobilize one paver and pave all three areas. She referenced an aerial of the new parking lot at Firth Park with orange and blue highlights. There are ten (10) parking spaces on the west side of the Chamber; nineteen (19) parking spaces on the east side and thirty-four (34) in the new parking lot. She explained the goal is to offer a family environment at the Park. The area indicated by a blue square is a new 30' x 50' shade structure and the installation of new playground equipment. And the area indicated in orange will be improved this next budget year by adding pavers, benches and additional tables to take advantage of the shade provided by the trees. She stated she is asking the Council to consider restricting thirteen (13) parking spaces adjacent to the Park by implementing a two hour restricted parking in order to provide parking to the public who want to enjoy the Park. She referenced the Municipal Code, Section 10.12.100 regarding municipal parking lots of the City are provided for the temporary parking of vehicles for the convenience of residents and visitors subject to conditions.

Councilman Howes inquired about the construction workers parking in all the City parking lots. Chief Griffin explained there are no restrictions in City parking lots.

The Council questioned if there is adequate egress from Highway 70 into the Chamber of Commerce and to evaluate the elimination of the two end parking spaces entering the parking lot from 10<sup>th</sup> Street to allow easier vehicle egress.

9. **Discussion regarding abandoned/junked properties.** Dustin Welker provided a PowerPoint presentation regarding the Notice Process of abandoned/junked properties. He stated that Joe Dominguez and Jamie Holguin are present to answer any questions.

- Informal contact - 'Knock and Talk' (about 80% of the junked/weed problem properties are managed)
- First Notice - Certified Letter with 10 Day Period
- Final Notice - Certified Letter with 10 Day Period
- Prosecuting Attorney - Litigation - Fines - Clean and Lien - Condemn

He also reviewed a property list indicating code violation notices for 2013. Each case is a different situation.

- 404 S. 2<sup>nd</sup> Avenue    114 W. 4<sup>th</sup> Street    607 W. 1<sup>st</sup> Street
- 107 W. 4<sup>th</sup> Street    406 X. 1<sup>st</sup> Avenue    605 S. 1<sup>st</sup> Avenue
- 816 W. 12<sup>th</sup> Street    1202 S. 8<sup>th</sup> Avenue    Safford Theater
- 1256 W. 27<sup>th</sup> Street    604 S. 10<sup>th</sup> Avenue    #1 Cottage Street
- 706 & 708 W. 3<sup>rd</sup> Street

Problems/Considerations were discussed:

- Ownership/Bankruptcy/Foreclosure
- Is the building Salvageable?

- Dump fees? Waive? (Does City want to consider budgeting grant funds for property owners to apply?)
- Cost of Litigation (expensive)
- Clean and Lien - Do we want the property? Do we have the capacity to abate it?

Mr. Welker stated the department is working with the City Prosecutor regarding those properties with code violations. However, staff will ask for Council approval before proceeding to the clean and lien abatement process.

The Council asked Mr. Welker to provide options revising the Code to address the following:

- Implementing a compliance deadline (10 days) after the property owner receives their final notice.
- Repeat offenders reduce compliance deadline.
- Consider a process to waive landfill fees as a last resort. Create grant funds through budgeting process?
- What constitutes progress?

Interim City Manager Buckley commended Joe Dominguez for his 30+ years of knowledge and history of success with his “soft” method handling property violations. He pointed out that every case is so different and there is always the concern of liability with each situation.

10. **Discussion of water concerns, shortage, restrictions and penalties**. Vice Mayor Bingham stated she believes the community does not understand the seriousness of the water situation being a Valley wide problem and not just a “City of Safford” problem. She believes the City can provide more information educating the community and recommended sending a separate, specific flyer to every water utility customer explaining water concerns, shortage, restrictions, and what the new “norm” is. Simple, short bullet points were suggested.

Kim Larkey explained that a (required) Water Quality Report will be mailed to every water customer. She stated verbiage may be added to the report explaining the water restrictions. Discussed ways of “grabbing” the attention of the water customers.

Mayor Gibbs stated that the water situation will be a lot worse this year. “Wells are going dry.” Just last week, the University Climatologist provided a report according to the tree ring study that this is the driest year in 400 years in Graham County. There is less than 1/6 amount of snow, of what is considered normal, on Mt. Graham. The public does not believe or want to hear that the water situation is a serious situation. The water tables remain stable at this time.

11. **Discussion on having an out of the box think session**. Mayor Gibbs stated he would like to organize a “Thinking out of the Box” session so that the Council and staff can have

an informal dialog and have a brainstorming session. He would like to have an agenda item on every agenda that opens an "out of the box" discussion (ideas need to be free-flowing/a way to voice ideas to each other).

The Council likes the idea, but is a discussion legal? Interim City Manager Buckley will get an opinion from Bill Sims.

12. **ADJOURN:** It was moved by Councilman Malloque, seconded by Vice Mayor Bingham, and carried unanimously to adjourn the meeting at 8:15:49 p.m.  
**MOTION ADOPTED**

APPROVED:

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Wyn "Chris" Gibbs, Mayor  
City of Safford

ATTEST:

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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 Council Work Session of the Safford City Council, Graham County, Arizona held Monday, February 24, 2014, and approved at a Regular Council Meeting on Monday, March 10, 2014. I further certify the meeting was duly called, held and that a quorum was present.

March 10, 2014  
Date: \_\_\_\_\_

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Georgia Luster, MMC, City Clerk