



AGENDA

6:00 PM

SPECIAL CITY COUNCIL MEETING

MONDAY, JUNE 23, 2014

MEETING LOCATION: SAFFORD LIBRARY PROGRAM ROOM ♦ 808 S 7TH AVENUE, SAFFORD, ARIZONA

GUIDELINES FOR CITIZEN COMMENTS ON AGENDA ITEMS

PURPOSE:

- Allow citizens to provide input to the City Council on a particular subject scheduled on the agenda.
- This is not a question and answer session.

PROCEDURES:

- Fill out a "Request to Address the Council Agenda Item" form and present it to the City Clerk prior to the beginning of the meeting.
- When recognized, use the lectern/microphone.
- State your:
 - Name
 - City of Residence
- Limit comments to 3 minutes.
- Submit written comments for the record to the City Clerk.

GUIDELINES FOR CITIZEN COMMENTS ON NON AGENDA ITEMS

PURPOSE:

- The Safford City Council values citizen comments and input.
- Because these items are not listed on the Council Agenda, Council may not act on the information during the meeting but may refer the matter to the City Manager for follow-up.

PROCEDURES:

- Completely fill out a "Request to Address the Council Non-Agenda Item" form and present it to the City Clerk prior to the beginning of the meeting. Forms which are not completely filled out will be rejected.
- When recognized, during the "Citizen Comments on Non Agenda Items" section, use the lectern/microphone.
- State your:
 - Name
 - City of Residence
- Limit comments to 3 minutes.
- Submit written comments for the record to the City Clerk.

1. **WELCOME AND CALL TO ORDER:** (Reminder: Please turn off cell phones)
2. **ROLL CALL:**
3. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs will lead the Pledge of Allegiance to the Flag.
4. **OPENING PRAYER:** Rev. Sherry Brady will offer the opening prayer.
5. **CITIZEN COMMENTS ON AGENDA ITEMS:**
6. **PUBLIC HEARING ON BUDGET AND TAX LEVY:** In compliance with *Arizona Revised Statutes* §§§42-17104, 42-17105, and 42-17107, Mayor Gibbs will open a public hearing for the purpose of hearing taxpayers on the Budget and Tax Levy for fiscal Year 2014-2015. Copies of the Budget and Tax Levy are available Monday through Thursday from 7:00 a.m. until 6:00 p.m. in the City Clerk's Office at City Hall, 717 Main Street, Safford, Arizona. Copies are also available at the Safford City Library, City Hall and on the City's Website: www.cityofsafford.us.

When the Public Hearing concludes, the Council will convene a Special Council Meeting to adopt the final budget.

Pursuant to *Arizona Revised Statutes* § 42-17151, the City Council will convene a regular council meeting to adopt a City Tax Levy on **Monday, July 14, 2014, at 6:00 p.m.** in the Safford Library Program Room, 808 South 7th Avenue, Safford, Arizona.

Public comments favoring or opposing Final Budget and Tax Levy for Fiscal Year 2014-2015 will be heard at this time.

Mayor Gibbs will close the Public Hearing and reconvene a special council meeting.



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DECLARATION ON CONFLICT OF INTEREST: Council members and Staff has a right to declare a conflict of interest. The declaration of a conflict of interest must be made prior to discussion of any agenda item in which Council members or staff member determine they have a conflict of interest.

NOTES: Pursuant to Title II of the Americans with Disabilities Act (ADA), persons with a disability may request reasonable accommodations by contacting City Hall at (928)432-4000, forty-eight (48) hours prior to the meeting.

- *A copy of agenda background material provided to Council members, with the exception of material relating to possible executive sessions, is available for public inspection at the City Clerk's Office, 717 Main Street; Monday–Thursday 7:00 a.m. – 6:00 p.m.*
- *The City Council reserves the right to take action upon any item on the agenda.*
- *City Council Meeting Agendas are available on the city's website at: www.cityofsafford.us*

7. CONSENT RESOLUTIONS:

1. Consider approving and adopting Resolution Number 14-030 approving and adopting the City Budget for Fiscal Year Ending June 30, 2015. (Roll Call Vote) **DISCUSSION/ACTION**
2. Consider approving and adopting Resolution Number 14-031 amending Resolution Number 13-027, Water Rates as recommended by Black and Veatch Study. **DISCUSSION/ACTION**

8. ORDINANCES:

1. Second Reading: Consider approving and adopting Ordinance Number 14-008, Case Z-03-14 effectuating a map amendment to the Zoning Map of the City of Safford, Graham County Assessor's Parcel #101-09-057, a rezone from R-2 (Multi-Family Residential) to C-MH (Conventional and Manufactured Home). **DISCUSSION/ACTION**
2. Consider approving and adopting Ordinance Number 14-009, amending Section 2.36.020 of the City of Safford Municipal Code concerning the appointment of officers. **(FIRST READING)**

9. CONTRACTS, AGREEMENTS, AND BIDS:

1. Consider approving Amended and Restated Telecommunications License Agreement between the City of Safford and Valley Connections, LLC. **DISCUSSION/ACTION**
2. Consider extension of Hangar CH-2 (Wilcox Hangar) Lease Agreement between the City of Safford and Mr. James A. Bishop for another five (5) years. **DISCUSSION/ACTION**
3. Staff is recommending approving the revised terms and conditions of the *smartworksplus* contract. The City Council may adjourn to Executive Session pursuant to *Arizona Revised Statutes* § 38.431.03(A)(3) and (4) to seek legal advice and to provide guidance for contract negotiation. **DISCUSSION/ACTION**

10. MEETINGS/ACTIVITIES HELD OR TO BE HELD BY COUNCIL OR CITY STAFF:

11. COUNCIL OR STAFF REQUESTS FOR AGENDA ITEMS:



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6:00 PM

SPECIAL CITY COUNCIL MEETING

MONDAY, JUNE 23, 2014

MEETING LOCATION: SAFFORD LIBRARY PROGRAM ROOM ♦ 808 S 7TH AVENUE, SAFFORD, ARIZONA

NOTICE TO PARENTS: Notice is hereby given that pursuant to A.R.S. §1-602(A)(9), subject to certain specified statutory exceptions, parents have a right to consent before the City or any of its political subdivisions make a video or audio recording of their minor child or children. City Council Meetings, and various meetings of the City's boards, committees and commissions, are audio and/or video recorded and, as a result, proceedings in which children are present may be subject to such recording. Parents may file a written consent with the City Clerk to such recording, or take personal action to ensure that their child or children are not present when a recording may be made. If a child or children are present at the time a recording is made, the City will assume that the rights afforded parents pursuant to A.R.S. §1-602 has been waived.

12. FUTURE MEETINGS/ANNOUNCEMENTS:

- July 14, 2014 – Regular Council Meeting – Adopt Tax Levy
- July 28, 2014 – Council Work Session
- August 11, 2014 – Regular Council Meeting
- August 25, 2014 – Council Work Session
- August 26, 2014 – Primary Election

13. CITIZEN COMMENTS ON NON-AGENDA ITEMS: *Members of the Council may not discuss items that are not specifically identified on the Agenda. Therefore, pursuant to Arizona Revised Statutes §38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date.*

14. ADJOURN: In accordance with Section 2.04.120 of the Municipal Code of the City of Safford, and Arizona Revised Statutes §§38-431.01 et seq., and 38-431.02 et seq., notice is hereby given to the members of the general public that the City of Safford will hold a Special City Council Meeting open to the public on the date and time specified above in the Safford Library Program Room, 808 South 7th Avenue, Safford, Arizona. Members of the City of Safford Council may attend either in person or by telephone conference call. If authorized by a majority vote of the Common Council of the City of Safford, and pursuant to Arizona Revised Statutes, §38-431.03 et seq., the Council may adjourn the meeting at any time and move into Executive Session for consultation with the attorneys of the public body. Executive Session will not be open to the public.

Date Posted:

Georgia Luster, MMC, City Clerk



CITY COUNCIL COMMUNICATION

TO: Mayor and Council
FROM: Horatio Skeete, City Manager
SUBJECT: Public Hearing to review final budget and tax levy
DATE: June 23, 2014

Purpose and Recommended Action:

This is a request for the City Council to review the Fiscal Year 2014-2015 final budget, conduct a public hearing on the final budget, and convene a special meeting to adopt a resolution formally approving the final budget. Included are the Official State Budget Forms, Supporting Statements of Expenditures/Expenses, Truth in Taxation Analysis, General Government Summary and Enterprise Funds Summary.

Background:

Arizona state law requires the governing board of cities to conduct a public hearing and then convene a special meeting to adopt a resolution approving the final budget.

Several Budget Workshops were held to review budget requests for each of the departments, operating funds and capital outlay. The City Council approved the tentative budget on June 2nd which set the maximum level of expenditures for Fiscal Year 2014-2015.

Analysis:

The Fiscal Year 2014-2015 final Budget totals \$48,277,223 million, a reduction of \$4,568,644 million from last fiscal year's budget of \$52,845,867 million.

OFFICIAL BUDGET FORMS

CITY OF SAFFORD

Fiscal Year 2015

CITY OF SAFFORD
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Fiscal Year 2015

Resolution for the Adoption of the Budget

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Schedule D—Other Financing Sources/<Uses> and Interfund Transfers

Schedule E—Expenditures/Expenses by Fund

Schedule F—Expenditures/Expenses by Department

Schedule G—Full-Time Employees and Personnel Compensation

CITY OF SAFFORD
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2015

FUND	ADOPTED BUDGETED EXPENDITURES/EXPENSES* 2014	ACTUAL EXPENDITURES/EXPENSES** 2014	FUND BALANCE/NET POSITION*** July 1, 2014**	PROPERTY TAX REVENUES 2015	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2015	OTHER FINANCING 2015		INTERFUND TRANSFERS 2015		TOTAL FINANCIAL RESOURCES AVAILABLE 2015	BUDGETED EXPENDITURES/EXPENSES 2015
						SOURCES	<USES>	IN	<OUT>		
1. General Fund	\$ 10,624,940	\$ 10,624,940	\$ 2,850,000	Primary: \$ 230,486	\$ 17,803,822	\$	\$	\$	\$ 1,626,630	\$ 19,257,678	\$ 16,376,498
2. Special Revenue Funds	1,949,844	1,949,844	938,000	Secondary:	3,769,511			1,783,630	772,200	5,718,941	4,942,499
3. Debt Service Funds Available	764,836	764,836						772,200		772,200	772,200
4. Less: Amounts for Future Debt Retirement											
5. Total Debt Service Funds	764,836	764,836						772,200		772,200	772,200
6. Capital Projects Funds	2,339,795	2,339,795			860,000			12,000		872,000	872,000
7. Permanent Funds	23,000	23,000			23,000					23,000	23,000
8. Enterprise Funds Available	22,462,000	22,462,000	12,200,000		25,002,689				169,000	37,033,689	25,291,026
9. Less: Amounts for Future Debt Retirement											
10. Total Enterprise Funds	22,462,000	22,462,000	12,200,000		25,002,689				169,000	37,033,689	25,291,026
11. Internal Service Funds											
12. TOTAL ALL FUNDS	\$ 38,164,415	\$ 38,164,415	\$ 15,988,000	\$ 230,486	\$ 47,459,022	\$	\$	\$ 2,567,830	\$ 2,567,830	\$ 63,677,508	\$ 48,277,223

EXPENDITURE LIMITATION COMPARISON

	2014	2015
1. Budgeted expenditures/expenses	\$ 38,164,415	\$ 48,277,223
2. Add/subtract: estimated net reconciling items		
3. Budgeted expenditures/expenses adjusted for reconciling items	38,164,415	48,277,223
4. Less: estimated exclusions	6,564,000	9,950,000
5. Amount subject to the expenditure limitation	\$ 31,600,415	\$ 38,327,223
6. EEC or voter-approved alternative expenditure limitation	\$ 90,980,808	\$ 91,521,433

The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes Expenditure/Expense Adjustments Approved in current year from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts in this column represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

CITY OF SAFFORD
Tax Levy and Tax Rate Information
Fiscal Year 2015

	2014	2015
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	\$ <u>279,397</u>	\$ <u>287,203</u>
2. Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	\$ _____	
3. Property tax levy amounts		
A. Primary property taxes	\$ <u>230,464</u>	\$ <u>230,464</u>
B. Secondary property taxes		
C. Total property tax levy amounts	\$ <u>230,464</u>	\$ <u>230,464</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) Current year's levy	\$ <u>230,464</u>	
(2) Prior years' levies		
(3) Total primary property taxes	\$ <u>230,464</u>	
B. Secondary property taxes		
(1) Current year's levy	\$ _____	
(2) Prior years' levies	\$ _____	
(3) Total secondary property taxes	\$ _____	
C. Total property taxes collected	\$ <u>230,464</u>	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	<u>0.5063</u>	<u>0.4984</u>
(2) Secondary property tax rate	_____	_____
(3) Total city/town tax rate	<u>0.5063</u>	<u>0.4984</u>
B. Special assessment district tax rates		
Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating _____ special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.		

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

CITY OF SAFFORD
Revenues Other Than Property Taxes
Fiscal Year 2015

SOURCE OF REVENUES	ESTIMATED REVENUES 2014	ACTUAL REVENUES* 2014	ESTIMATED REVENUES 2015
GENERAL FUND			
Local taxes			
	\$ 6,145,758	\$ 6,398,153	\$ 6,278,000
Licenses and permits			
	65,000	48,000	65,000
Intergovernmental			
Statement C-1	3,347,983	2,943,101	3,270,228
Charges for services			
Statement C-2	2,298,871	2,307,371	2,493,264
Fines and forfeits			
	68,000	66,000	68,000
Interest on investments			
	7,500	5,000	5,000
In-lieu property taxes			
Contributions			
Voluntary contributions			
Miscellaneous			
Statement C-3	1,786,000	1,555,478	1,624,330
Contingency	4,000,000		4,000,000
Total General Fund	\$ 17,719,112	\$ 13,323,103	\$ 17,803,822

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

CITY OF SAFFORD
Revenues Other Than Property Taxes
Fiscal Year 2015

<u>SOURCE OF REVENUES</u>	<u>ESTIMATED REVENUES 2014</u>	<u>ACTUAL REVENUES* 2014</u>	<u>ESTIMATED REVENUES 2015</u>
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* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

CITY OF SAFFORD
Revenues Other Than Property Taxes
Fiscal Year 2015

SOURCE OF REVENUES	ESTIMATED REVENUES 2014	ACTUAL REVENUES* 2014	ESTIMATED REVENUES 2015
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* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

CITY OF SAFFORD
Revenues Other Than Property Taxes
Fiscal Year 2015

SOURCE OF REVENUES	ESTIMATED REVENUES 2014	ACTUAL REVENUES* 2014	ESTIMATED REVENUES 2015
INTERNAL SERVICE FUNDS			
_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____
_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	\$ _____	\$ _____	\$ _____
Total Internal Service Funds	\$ _____	\$ _____	\$ _____
TOTAL ALL FUNDS	\$ <u>53,608,153</u>	\$ <u>39,619,472</u>	\$ <u>47,459,022</u>

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

CITY OF SAFFORD
Other Financing Sources/<Uses> and Interfund Transfers
Fiscal Year 2015

FUND	OTHER FINANCING 2015		INTERFUND TRANSFERS 2015	
	SOURCES	<USES>	IN	<OUT>
GENERAL FUND				
Match Capital Airport Grant	\$	\$	\$	\$ 12,000
Match Special Rev Path Grant				25,000
Auto Lieu tax dedicated to HURF				483,630
.05 Sales Tax to Special Rev Fund				1,106,000
Total General Fund	\$	\$	\$	\$ 1,626,630
SPECIAL REVENUE FUNDS				
General Fund Match Path Grant	\$	\$	\$ 25,000	\$
Utility Support for Street Patch (HURF)			169,000	
.05 Sales Tax to Special Rev Fund			1,106,000	
Street Reserve Debt Service				772,200
Auto Lieu tax dedicated to HURF			483,630	
Total Special Revenue Funds	\$	\$	\$ 1,783,630	\$ 772,200
DEBT SERVICE FUNDS				
Street (.05 Sales Tax)	\$	\$	\$ 772,200	\$
Total Debt Service Funds	\$	\$	\$ 772,200	\$
CAPITAL PROJECTS FUNDS				
General Fund Match Airport	\$	\$	\$ 12,000	\$
Total Capital Projects Funds	\$	\$	\$ 12,000	\$
PERMANENT FUNDS				
	\$	\$	\$	\$
Total Permanent Funds	\$	\$	\$	\$
ENTERPRISE FUNDS				
Street Patch Street Fund	\$	\$	\$	\$ 169,000
Total Enterprise Funds	\$	\$	\$	\$ 169,000
INTERNAL SERVICE FUNDS				
	\$	\$	\$	\$
Total Internal Service Funds	\$	\$	\$	\$
TOTAL ALL FUNDS	\$	\$	\$ 2,567,830	\$ 2,567,830

CITY OF SAFFORD
Full-Time Employees and Personnel Compensation
Fiscal Year 2015

FUND	Full-Time Equivalent (FTE) 2015	Employee Salaries and Hourly Costs 2015	Retirement Costs 2015	Healthcare Costs 2015	Other Benefit Costs 2015	Total Estimated Personnel Compensation 2015
GENERAL FUND	73	\$ 4,491,809	\$ 1,002,762	\$ 952,463	\$ 546,614	= \$ 6,993,647
SPECIAL REVENUE FUNDS						
HURF Fund	10	\$ 429,578	\$ 49,831	\$ 93,120	\$ 74,588	= \$ 647,117
Total Special Revenue Funds	10	\$ 429,578	\$ 49,831	\$ 93,120	\$ 74,588	= \$ 647,117
DEBT SERVICE FUNDS						
		\$	\$	\$	\$	= \$
Total Debt Service Funds		\$	\$	\$	\$	= \$
CAPITAL PROJECTS FUNDS						
		\$	\$	\$	\$	= \$
Total Capital Projects Funds		\$	\$	\$	\$	= \$
PERMANENT FUNDS						
		\$	\$	\$	\$	= \$
Total Permanent Funds		\$	\$	\$	\$	= \$
ENTERPRISE FUNDS						
	63	\$ 3,467,106	\$ 362,263	\$ 492,359	\$ 378,990	= \$ 4,700,717
Total Enterprise Funds	63	\$ 3,467,106	\$ 362,263	\$ 492,359	\$ 378,990	= \$ 4,700,717
TOTAL ALL FUNDS	146	\$ 8,388,493	\$ 1,414,856	\$ 1,537,942	\$ 1,000,191	= \$ 12,341,481

CITY OF SAFFORD
SUPPORTING STATEMENTS: NON-PROPERTY TAX REVENUES
Fiscal Year 2014-2015

Source of Revenue	Budgeted Revenue 2013-14	Actual Revenue 2013-14	Budgeted Revenue 2014-15
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Statement C-1--Intergovernmental revenue:

Arizona State sources:

State shared sales taxes	826,575	820,700	847,112
State shared income taxes	1,067,230	1,066,252	1,158,000
Auto Lieu tax	465,307	455,000	483,630
Police Grants	608,688	220,967	388,870
JCEF Court Revenue			2,000
	2,967,800	2,562,919	2,879,612

Graham County sources:

Fire District	347,783	347,782	358,216
Library support	32,400	32,400	32,400
	380,183	380,182	390,616
	3,347,983	2,943,101	3,270,228

Statement C-2--Charges for services:

Cemetery	24,000	30,000	30,000
Recreation programs	54,500	56,000	56,000
Airport operations	135,000	125,000	125,000
Sanitation Citizen Collection fees	1,053,000	1,064,000	1,096,056
General Fund Support Charges	1,032,371	1,032,371	1,186,208
	2,298,871	2,307,371	2,493,264

Statement C-3--Miscellaneous revenue:

Other revenues (misc.)	90,000	40,000	45,000
Utility in lieu	834,000	872,400	849,330
Franchise tax (general fund)	75,000	74,000	75,000
Rental of City property	125,000	124,000	125,000
FMI Façade Grant	40,000	26,000	14,000
Repayment Gen Fnd from HURF	230,000	230,000	0
FMI Economic Dev Grant (Reclaimed)			135,000
Library Special Projects	392,000	189,078	381,000
	1,786,000	1,555,478	1,624,330

CITY OF SAFFORD
SUPPORTING STATEMENTS: NON-PROPERTY TAX REVENUES
Fiscal Year 2014-2015

Source of Revenue	Budgeted Revenue 2013-14	Actual Revenue 2013-14	Budgeted Revenue 2014-15
Statement C-4--Enterprise Funds:			
Landfill:	1,235,000	1,360,649	1,357,373
Water Fund	9,883,600	7,772,700	5,526,256
Wastewater Utility:	3,847,500	2,421,200	3,177,920
Gas Utility:	3,039,729	2,724,720	2,862,860
Electric Utility:	9,370,000	9,042,600	9,078,280
Subtotal Utility Funds:	27,375,829	23,321,869	22,002,689
Subtotal Enterprise Funds:	27,375,829	23,321,869	22,002,689
Contingency	3,000,000	0	3,000,000
Total Enterprise Funds:	30,375,829	23,321,869	25,002,689

SUPPORTING STATEMENTS OF EXPENDITURES / EXPENSES

FOR FISCAL YEAR 2014 - 2015

Fund/Department	Budgeted Amounts for 2013-2014	Approved Adjustments 2013-14	Actual Expenditures/Expenses 2013-14	Budgeted Amounts for 2014-15
Statement E-1--General Fund:				
Mayor and Council	488,885	83,489	572,374	460,904
City Manager	294,735	(43,246)	251,489	289,978
Human Resources	228,369	(26,511)	201,858	259,868
Legal Services	171,510	(18,210)	153,300	167,910
Magistrate	254,008	(34,507)	219,501	243,631
City Clerk	260,163	4,476	264,639	281,887
Finance	591,758	(67,379)	524,379	588,886
Plnng & Cmmnty Srvc	475,790	(61,657)	414,133	602,658
Building Safety	134,995	(7,325)	127,670	165,633
Recreation Program	133,971	(14,560)	119,411	139,090
Library	1,000,485	(240,531)	759,954	954,971
Police	4,326,958	(701,865)	3,625,093	4,241,817
Public Works	2,736,828	(329,106)	2,407,722	2,859,737
Golf Course	205,300	0	205,300	205,300
Airport	202,261	(3,594)	198,667	228,522
Fire Department	658,879	(79,429)	579,450	685,707
Subtotal General Fund:	12,164,895	(1,539,955)	10,624,940	12,376,498
Contingency	4,000,000	(4,000,000)	0	4,000,000
Total General Fund:	16,164,895	(5,539,955)	10,624,940	16,376,498

Statement E-2 Special Revenues

HURF	1,968,456	(153,212)	1,815,244	1,822,675
20th Ave Improv (Relation to Golf Course)	638,881	(638,881)	0	616,881
Trail System	391,000	(344,500)	46,500	380,000
Main Street Traffic Signals	720,000	(720,000)	0	720,000
Main Street Improvements	699,690	(611,590)	88,100	1,030,000
US 191 Sidewalks (Relation to US70)				312,543
HSIP Traffic Sign Replacement	60,400	(60,400)	0	60,400
Total Special Revenues:	4,478,427	(2,528,583)	1,949,844	4,942,499

Statement E-3--Enterprise Funds:

Landfill	1,225,033	(102,641)	1,122,392	1,168,765
Water	10,127,150	(1,572,529)	8,554,621	6,382,876
Wastewater	1,640,857	(422,143)	1,218,714	1,633,875
Water Reclamation Plant	1,166,846	(104,499)	1,062,347	1,158,815
Gas	3,035,270	(101,838)	2,933,432	3,155,955
Electric	8,781,442	(1,210,948)	7,570,494	8,790,739
Subtotal Utility Funds	25,976,598	(3,514,598)	22,462,000	22,291,026
Contingency	3,000,000	(3,000,000)		3,000,000
Total Enterprise Funds	28,976,598	(6,514,598)	22,462,000	25,291,026

Enter data in yellow-shaded cells only.

Truth in Taxation Analysis

Calculation for Truth in Taxation Hearing Notice pursuant to A.R.S. § 42-17107

Actual current primary property tax levy: <i>(line F.1. actual levy from prior year's final levy limit worksheet)</i>	\$ 230,464
Net assessed valuation: <i>(line C.4. from current year's worksheet)</i>	\$ 46,240,984
Value of new construction:	\$ 358,451
Net assessed value minus new construction: <i>(line B.4. from current year's levy limit worksheet)</i>	\$ 45,882,533
MAXIMUM TAX RATE THAT CAN BE IMPOSED WITHOUT A TRUTH IN TAXATION HEARING:	\$ 0.5023
Growth in property tax levy capacity associated with new construction:	\$ 1,801
MAXIMUM PRIMARY PROPERTY TAX LEVY WITHOUT A TRUTH IN TAXATION HEARING:	\$ 232,269
Proposed primary property tax levy:	\$ 230,464
Proposed increase in primary property tax levy, exclusive of new construction	\$ (1,805)
Proposed percentage increase in primary property tax levy:	-0.78%
Proposed primary property tax rate:	\$ 0.4984
Proposed increase in primary property tax rate:	\$ (0.0039)
Proposed primary property tax levy on a home valued at \$100,000	\$ 49.84
Primary property tax levy on a home valued at \$100,000 if the tax rate was not raised:	\$ 50.23
Proposed primary property tax levy increase on a home valued at \$100,000:	\$ (0.39)

CITY OF SAFFORD
General Government Summary

FY 14-15

Tentative Adoption 06/02/2014

RESOURCES	FY 14-15 Budget	EXPENDITURES	FY 14-15 BUDGET	14-15 Resrc Over (Under) Expend
City sales tax	4,879,000	111 CITY COUNCIL	460,904	
Bed tax	293,000	113 CITY MANAGER	289,978	
General property tax	230,486	114 HUMAN RESOURCE DIVISION	259,868	
Franchise tax	75,000	121 CITY CLERK & GENERAL	281,887	
Utility in lieu of Franchise tax	849,330	122 FINANCIAL SERVICES	588,886	
Licenses and permits	65,000	115 CITY ATTORNEY	167,910	
State shared sales taxes	847,112	124 PLNNG. & CMNTY. DVLPMNT.	394,579	
State shared income taxes	1,158,000	136 BUILDING SAFETY	165,633	
		133 LIBRARY/GENERAL	573,971	
Recreational fees	56,000	138 RECREATIONAL PROGRAM	139,090	
Rental income	125,000	158 AIRPORT OPERATIONS	109,595	
Interest on investments	5,000	141 POLICE CHIEF & ADMIN.	708,663	
Fines and penalties	68,000	142 CRIMINAL INVESTIGATION	591,151	
Cemetery	30,000	143 PATROL	2,414,122	
Other revenues	45,000	144 ANIMAL CONTROL	139,011	
Loan Repayment from Streets	0			
		151 PUBLIC WORKS ADMIN.	251,617	
Graham County Library support	32,400	152 BUILDING & MAINTENANCE	737,553	
Fire District	358,216	153 STREET LIGHTS	80,000	
		155 PARKS	579,035	
Airport Operations	125,000	156 SANITATION	1,211,532	
General Fund Support Charges	1,186,208	159 GOLF COURSE	205,300	
Sanitation collections	1,096,056			
JCEF Funds	2,000	160 CITY COURT	243,631	
FMI Façade Grant Carryover	14,000	170 FIRE DEPARTMENT	685,707	
		DEBT SERVICE		
		115 CITY ATTORNEY	0	
		124 PLNNG. & CMNTY. DVLPMNT.	73,079	
		158 AIRPORT DEBT SERVICE	118,927	
SUBTOT GEN GOV RESOURCES	11,539,808	GENERAL GOV SUBTOTAL	11,471,629	68,179
PARKS GRANTS	355,000	191 PATH PARKS GRANT	380,000	(25,000)
ECONOMIC DEV GRANTS	135,000	FMI RECLAIMED WATER DISTRIBUTION GRANT	135,000	0
071 LIBRARY TRUST:	23,000	071 LIBRARY TRUST:	23,000	0
132 LIBRARY SPECIAL GRANTS	381,000	132 LIBRARY SPECIAL GRANTS	381,000	0
POLICE GRANTS	388,870	146 POLICE GRANT DIVISION	388,870	0
AIRPORT GRANTS	860,000	045 AIRPORT IMPROVEMENTS	872,000	(12,000)
TOTAL GOV GRANT RESOURCES:	2,142,870	TOTAL GOV GRANT EXPENDITURES:	2,179,870	(37,000)
TOTAL GENERAL GOV RESOURCES:	13,682,678	TOTAL GENERAL GOV EXPENSES:	13,651,498	31,179
Street .05 Tax	1,106,000	031 HIGHWAY USER FUND (Streets):		
.05 STREET TAX RESERVES	200,000	- Operations	1,384,480	
Street Patch TRANS IN and OTHER	169,000	- Capital Street Preservation	75,000	
Auto Lieu of taxes	483,630	- Capital Other	363,195	
HURF revenues	706,792	- Repayment of Loan from Gen Fund	0	
Other (Thatcher, etc)	70,000	STREET GADA DEBT SERVICE	772,200	
SUBTOT STREET RESOURCES	2,735,422	STREET DEPARTMENT EXPENSES:	2,594,875	140,546
STREET GRANTS	2,637,719	031 STREET GRANTS	2,739,824	(102,105)
TOTAL STREETS RESOURCES:	5,373,141	TOTAL STREET EXPENDITURES:	5,334,699	38,441
CONTINGENCY	4,000,000		4,000,000	
TOTAL GOVERNMENTAL RESOURCES:	23,055,818	TOTAL EXPENDITURES:	22,986,198	69,621

CITY OF SAFFORD FY 14-15
ENTERPRISE FUNDS SUMMARY

Tentative Adoption 06/02/2014

	RESOURCES	14-15 BUDGET	EXPENDITURES	14-15 BUDGET	14-15 OVER (UNDER)
Landfill	Rate Revenues	1,245,334	Operations	1,071,765	
	Closure Revenues	62,039	Capital	35,000	
	State Tire Haul	50,000	Closure Reserve	62,000	
Landfill tot		1,357,373		1,168,765	188,608
Water	Rate Revenues	5,188,101	Operations	3,861,667	
	Install fees	60,000	Debt Service	772,054	
	Other	30,000	Capital	1,451,000	
FAA & RD & COLONIAS GF	Grants		Capital Grants	298,155	
Impact & Capacity Fee Res	New Water Sources	900,000			
CDBG/BOR		248,155		0	
Water tot		6,426,256		6,382,876	43,379
WasteWater	Rate Revenues	2,427,920	Operations	1,075,925	
	Install fees		Debt Service	137,950	
	Other	10,000	Capital	170,000	
			Capital Reserves	250,000	
			subtotal	1,633,875	
Treatment Plant Debt Relief		700,000	Treatment Plant Operations	1,030,315	
Fed Appropriation debt relief			Treatment Plant Debt Service	0	
Impact Fee Reserves	BELT PRESS		Treatment Plant Capital	128,500	
WIFA TECH GRANT		40,000	subtotal	1,158,815	
WasteWater tot		3,177,920		2,792,691	385,230
Gas	Cash Reserves	340,000	Purchased Gas	1,165,600	
	Rate Revenues	2,859,860	Operations	1,490,355	
	Install fees	1,500	Debt Service		
	Other	1,500	Capital	372,000	
			Capital Reserves	128,000	
Gas tot		3,202,860		3,155,955	46,905
Electric	Rate Revenues	9,058,280	Purchased Power	4,500,000	
	Install fees	10,000	Operations	2,634,870	
	Other(Pole attach, interes	10,000	Debt Service	243,369	
	Reserves		Capital	860,000	
	GADA		SPRR/COOP/Capital Reserves	552,500	
Electric tot		9,078,280		8,790,739	287,541
Subtotal STANDARD UTILITY RESOURCES		23,242,689	Subtotal UTILITY DEPARTMENT	22,291,026	951,663
CONTINGENCY		3,000,000		3,000,000	
Total Utility Summary		26,242,689		25,291,026	951,663
Total From Governmental Summary		23,055,818		22,986,198	69,621
City of Safford Budget Total		49,298,507		48,277,223	1,021,284



CITY COUNCIL COMMUNICATION

TO: Mayor and Council
FROM: Horatio Skeete, City Manager and
Ann Waite, Chief Financial Officer
SUBJECT: Adoption of the Final budget for Fiscal Year 2014-2015
DATE: June 23, 2014

Purpose and Recommended Action:

This is a request for Council to adopt a resolution approving the Fiscal Year 2014-2015 annual budget.

Background:

Honorable Mayor and Council Members,

I am pleased to present the FY 2015 budget for final adoption. This budget includes General Fund, Water Fund, Wastewater Fund, Gas Fund, Electric Fund, Landfill Fund and Special Revenue Funds. Included in each fund are the capital projects expected to be undertaken during the fiscal year. The good news is that financial indicators have continued to trend upwards over the last year and we are seeing positive growth in the local sales tax revenue.

While these trends suggest a recovery is happening, we will continue to take a conservative approach to this year's budget and our planned expenditures. In some cases we are continuing the recession trend to make do with less; departments have revamped processes leading to better methods to provide services in this new environment.

Budget Development Overview

The budget process started rather late this year, the long term goal and objective of the City Council was used to guide the budget-making process. Following a quick review of the financial condition of the city some guiding financial and budgetary policy was laid out to provide a backdrop for this year's budget. Financial stability is essential to the future of any city and the City of Safford is no exception. Some of the key elements of these guiding principles include:

- The annual operating budget will be based on the tenet that on-going revenues must support normal on-going expenditures.
- The budget will not use one-time revenue sources to fund reoccurring expenditures.

- Carryover of unspent appropriation from one fiscal year to another will only be done for projects in progress at year end.
- City Council must approve the use of any contingency fund appropriation.
- All capital equipment approved for purchases in the budget must be placed in the asset replacement fund and an annual rental rate structure will be developed to fund its replacement at the end of its expected life.
- The enterprise fund will pay the general government for services provided.
- Short term borrowing for lease purchases should be considered for financing operating capital equipment when the repayment term does not exceed the expected useful life of the equipment, and an ongoing revenue source is identified to pay the annual debt service.

Another important policy articulated in this year's budget is rebuilding the City's Fund Balance Reserves. A standard and prudent financial practice is to maintain an adequate level of fund balance to provide for the continuation of services to the community in case of unexpected emergencies or economic downturns. An acceptable level of fund balance in the General Government category is to have enough funds to cover approximately six months' worth of normal expenditures. The target for the Enterprise Funds should be between three and four months' worth of regular expenditures.

To achieve this goal the City will target rebuilding its fund balance to the following methods:

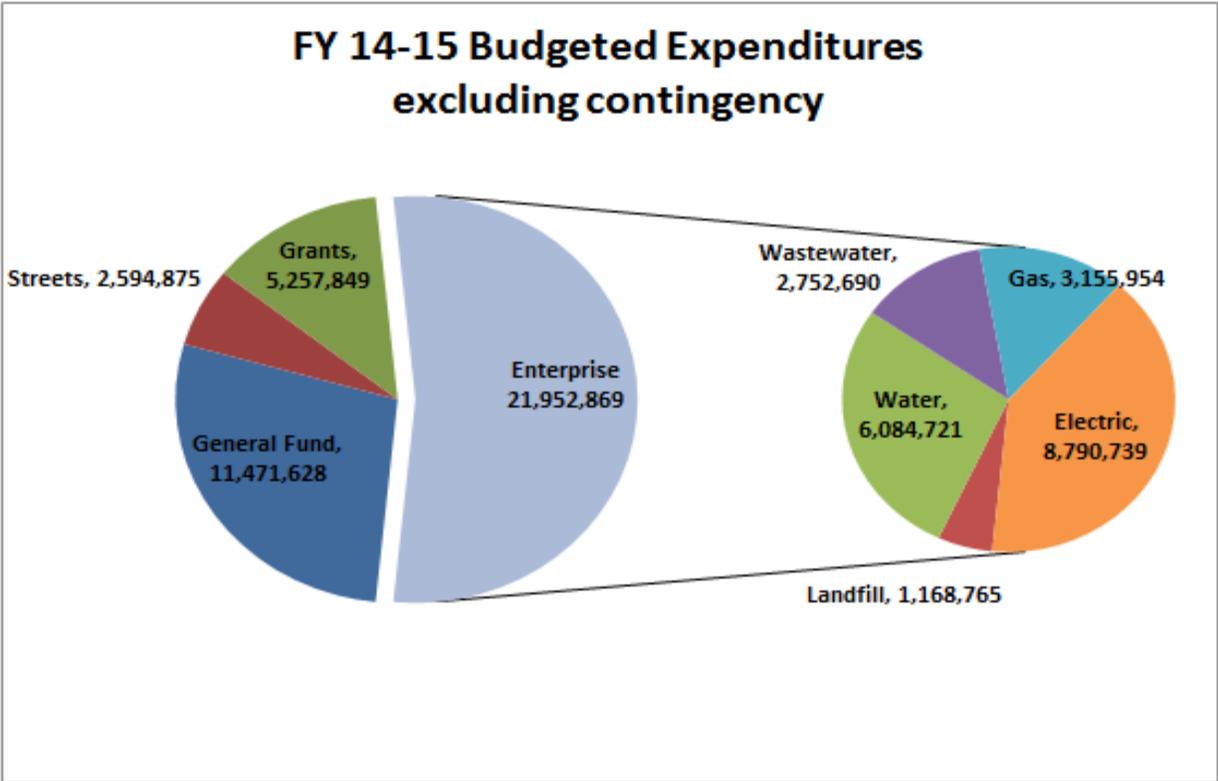
- Starting next year 5% of anticipated revenues will be set aside each year towards the fund balance reserves
- All unspent appropriation on projects will be returned to the fund balance
- Unexpected growth in revenues during the course of the year will not be appropriated for expenditures on expanded project scope without City Council approval

In addition to this standard reserve, the City will strive to set aside an additional General Fund operating reserve with an upper limit of 15% of the five average ongoing General Fund revenues. This operating reserve is intended to be for unexpected events and will not be appropriated. Any use of this reserve must be explicated and approved by the Council.

The City may have separate fund balance requirements through bond issuance documents. These requirements are not to be viewed as additional fund balance requirements unless they are greater than the ones established by these goals.

Fiscal Year Budget Summary

The total recommended budget for fiscal year 2014-2015 is \$48,277,223. This represents a \$4.5 million reduction over last year's approved budget. The main reason for the reduction is the completion of some major capital improvements projects in the Enterprise Funds. The General Fund and the Special Revenue (street) Fund budgets increased this year over last year by \$214,603 and \$464,072 respectively. The pie chart below shows the distribution of the total.

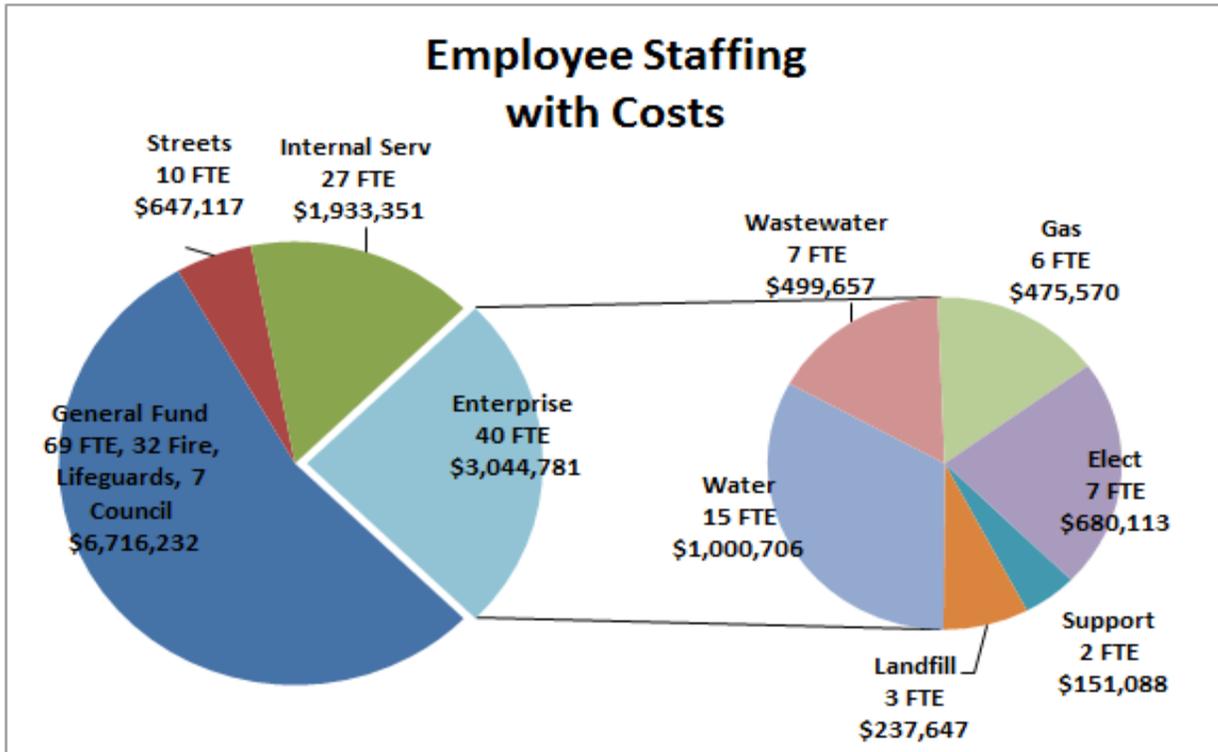


Some major spending initiatives this fiscal year include:

- Moving the City Magistrate Court from its current location to the “City Attorney’s” office building on 7th street.
- The purchase of a \$460,000 compactor for the landfill
- The connection of two wells, one five miles south and one east of the City into our water system
- Refurbishing playground equipment throughout the City
- Over \$2.7 million in road improvements through grant assistance
- A planned review of the City’s General Plan
- Completion of the FlexNet meter renewal for electric and gas customers with the installation of 1600 electric and 2100 gas meters, plus an additional 25% or 2200 meters on the water system.

Following last year’s one-time bonus payout to all employees of the city of 3%, the City is providing a 5% base building pay increase to all employees this year. This increase in pay comes after six years of not being able to give the employees any raises. This pay increase will help offset the increases in health insurance and retirement.

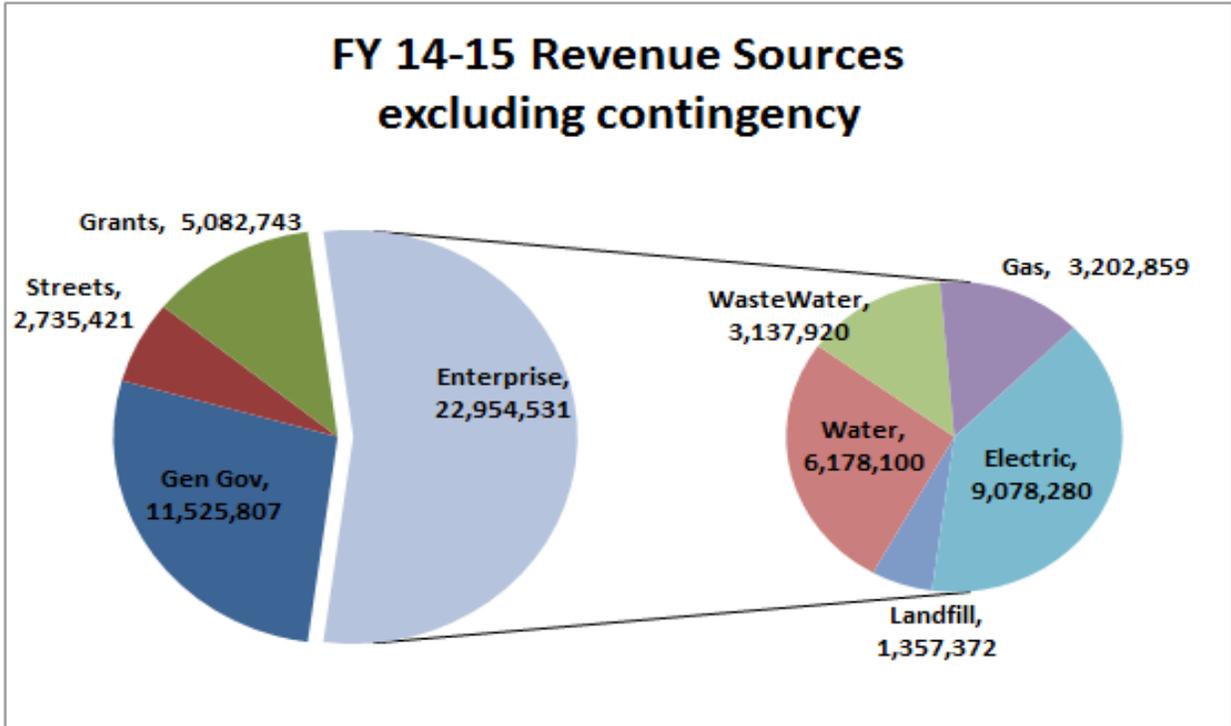
Five full-time and one half-time positions were added to the budget along with the regular stipend for two more volunteer fire fighters. The total staff authorized through this budget is 146 distributed as follows:



The city derives its revenues from a variety of sources including:

- City sales taxes,
- Franchise fees
- Permits and licenses
- State shared revenues (income taxes, state sales taxes, highway user fees and auto-licu taxes)
- Fees for services provided (water, electricity, gas, sanitation services and sewer) and a variety of other fees and grants

During this budget year the City Council directed staff not to proceed with the planned water rate increase and not to increase the primary property taxes to the allowable limits. The pie chart below shows the distribution of the revenue sources.



Conclusion

The City of Safford is a strong, proud and thriving community that shares in a common set of goals. In spite of the many challenges facing our community we will be resolute in addressing them as one. I would like to thank the Mayor and the Council for their leadership in shaping this budget and the Department Directors, the Public Safety Chiefs and the members of the Finance Department for the many hours spent over the last two months in putting together this fiscally sound budget.

RESOLUTION NUMBER 14-030

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SAFFORD, GRAHAM COUNTY, ARIZONA APPROVING AND ADOPTING THE CITY BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2015.

WHEREAS, in accordance with provisions of Title 42, Chapter 17, Articles 1-5, *Arizona Revised Statutes*, the City Council of the City of Safford did, on June 2, 2014, make an estimate of the different amounts required to meet the public expenditures/expenses for the ensuing year, and also an estimate of revenues from sources other than by direct taxation, and the amount to be raised by taxation upon real and personal property of the City of Safford; and,

WHEREAS, it appears that publication has been duly made as required by law, of said estimates together with a notice that the City Council would meet on Monday, July 14, 2014, at the Safford Library Program Room, 808 South 7th Avenue, Safford, Arizona, at which meeting any taxpayer was privileged to appear and be heard in favor of or against any of the proposed expenditures/expenses or tax levies; and,

WHEREAS, it appears that the sums to be raised by taxation, as specified therein, do not in the aggregate exceed that amount as computed in *Arizona Revised Statutes* §42-17051(A), therefore be it;

NOW THEREFORE BE IT RESOLVED by the Mayor and City Council of the City of Safford that said estimates of revenues and expenditures shown on the accompanying schedules, as now increased, reduced, or changed, are hereby adopted as the budget of the City of Safford for Fiscal Year 2014-2015; and,

PASSED, APPROVED, AND ADOPTED by the Mayor and City Council of the City of Safford, Graham County, Arizona this 23rd day of June, 2014.

Wyn "Chris" Gibbs
Mayor

ATTEST:

APPROVED AS TO FORM:

Georgia Luster, MMC
City Clerk

William J. Sims
Interim City Attorney

Resolution Number 14-030
Adoption of Final Budget
June 23, 2014
Page 2

State of Arizona)
) ss
County of Graham)

CERTIFICATION

I HEREBY CERTIFY, that the foregoing Resolution Number 14-030 was duly passed and adopted by the Mayor and City Council of the City of Safford, Graham County, Arizona, at a regular council meeting held June 23, 2014, and that a quorum was present at the meeting.

Georgia Luster, MMC
City Clerk

Date:

OFFICIAL BUDGET FORMS

CITY OF SAFFORD

Fiscal Year 2015

CITY OF SAFFORD
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Fiscal Year 2015

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Schedule B—Tax Levy and Tax Rate Information

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Schedule D—Other Financing Sources/<Uses> and Interfund Transfers

Schedule E—Expenditures/Expenses by Fund

Schedule F—Expenditures/Expenses by Department

Schedule G—Full-Time Employees and Personnel Compensation

CITY OF SAFFORD
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2015

FUND	ADOPTED BUDGETED EXPENDITURES/EXPENSES* 2014	ACTUAL EXPENDITURES/EXPENSES** 2014	FUND BALANCE/NET POSITION*** July 1, 2014**	PROPERTY TAX REVENUES 2015	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2015	OTHER FINANCING 2015		INTERFUND TRANSFERS 2015		TOTAL FINANCIAL RESOURCES AVAILABLE 2015	BUDGETED EXPENDITURES/EXPENSES 2015
						SOURCES	<USES>	IN	<OUT>		
1. General Fund	\$ 10,624,940	\$ 10,624,940	\$ 2,850,000	Primary: \$ 230,486	\$ 17,803,822	\$	\$	\$	\$ 1,626,630	\$ 19,257,678	\$ 16,376,498
2. Special Revenue Funds	1,949,844	1,949,844	938,000	Secondary: 3,769,511				1,783,630	772,200	5,718,941	4,942,499
3. Debt Service Funds Available	764,836	764,836						772,200		772,200	772,200
4. Less: Amounts for Future Debt Retirement											
5. Total Debt Service Funds	764,836	764,836						772,200		772,200	772,200
6. Capital Projects Funds	2,339,795	2,339,795			860,000			12,000		872,000	872,000
7. Permanent Funds	23,000	23,000			23,000					23,000	23,000
8. Enterprise Funds Available	22,462,000	22,462,000	12,200,000		25,002,689				169,000	37,033,689	25,291,026
9. Less: Amounts for Future Debt Retirement											
10. Total Enterprise Funds	22,462,000	22,462,000	12,200,000		25,002,689				169,000	37,033,689	25,291,026
11. Internal Service Funds											
12. TOTAL ALL FUNDS	\$ 38,164,415	\$ 38,164,415	\$ 15,988,000	\$ 230,486	\$ 47,459,022	\$	\$	\$ 2,567,830	\$ 2,567,830	\$ 63,677,508	\$ 48,277,223

EXPENDITURE LIMITATION COMPARISON

	2014	2015
1. Budgeted expenditures/expenses	\$ 38,164,415	\$ 48,277,223
2. Add/subtract: estimated net reconciling items		
3. Budgeted expenditures/expenses adjusted for reconciling items	38,164,415	48,277,223
4. Less: estimated exclusions	6,564,000	9,950,000
5. Amount subject to the expenditure limitation	\$ 31,600,415	\$ 38,327,223
6. EEC or voter-approved alternative expenditure limitation	\$ 90,980,808	\$ 91,521,433

The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes Expenditure/Expense Adjustments Approved in current year from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts in this column represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

CITY OF SAFFORD
Tax Levy and Tax Rate Information
Fiscal Year 2015

	2014	2015
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	\$ <u>279,397</u>	\$ <u>287,203</u>
2. Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	\$ _____	
3. Property tax levy amounts		
A. Primary property taxes	\$ <u>230,464</u>	\$ <u>230,464</u>
B. Secondary property taxes		
C. Total property tax levy amounts	\$ <u>230,464</u>	\$ <u>230,464</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) Current year's levy	\$ <u>230,464</u>	
(2) Prior years' levies		
(3) Total primary property taxes	\$ <u>230,464</u>	
B. Secondary property taxes		
(1) Current year's levy	\$ _____	
(2) Prior years' levies	\$ _____	
(3) Total secondary property taxes	\$ _____	
C. Total property taxes collected	\$ <u>230,464</u>	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	<u>0.5063</u>	<u>0.4984</u>
(2) Secondary property tax rate	_____	_____
(3) Total city/town tax rate	<u>0.5063</u>	<u>0.4984</u>
B. Special assessment district tax rates		
Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating _____ special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.		

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

CITY OF SAFFORD
Revenues Other Than Property Taxes
Fiscal Year 2015

SOURCE OF REVENUES	ESTIMATED REVENUES 2014	ACTUAL REVENUES* 2014	ESTIMATED REVENUES 2015
GENERAL FUND			
Local taxes			
	\$ 6,145,758	\$ 6,398,153	\$ 6,278,000
Licenses and permits			
	65,000	48,000	65,000
Intergovernmental			
Statement C-1	3,347,983	2,943,101	3,270,228
Charges for services			
Statement C-2	2,298,871	2,307,371	2,493,264
Fines and forfeits			
	68,000	66,000	68,000
Interest on investments			
	7,500	5,000	5,000
In-lieu property taxes			
Contributions			
Voluntary contributions			
Miscellaneous			
Statement C-3	1,786,000	1,555,478	1,624,330
Contingency	4,000,000		4,000,000
Total General Fund	\$ 17,719,112	\$ 13,323,103	\$ 17,803,822

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

CITY OF SAFFORD
Revenues Other Than Property Taxes
Fiscal Year 2015

<u>SOURCE OF REVENUES</u>	<u>ESTIMATED REVENUES 2014</u>	<u>ACTUAL REVENUES* 2014</u>	<u>ESTIMATED REVENUES 2015</u>
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* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

CITY OF SAFFORD
Revenues Other Than Property Taxes
Fiscal Year 2015

<u>SOURCE OF REVENUES</u>	<u>ESTIMATED REVENUES 2014</u>	<u>ACTUAL REVENUES* 2014</u>	<u>ESTIMATED REVENUES 2015</u>
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* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

CITY OF SAFFORD
Other Financing Sources/<Uses> and Interfund Transfers
Fiscal Year 2015

FUND	OTHER FINANCING 2015		INTERFUND TRANSFERS 2015	
	SOURCES	<USES>	IN	<OUT>
GENERAL FUND				
Match Capital Airport Grant	\$	\$	\$	\$ 12,000
Match Special Rev Path Grant				25,000
Auto Lieu tax dedicated to HURF				483,630
.05 Sales Tax to Special Rev Fund				1,106,000
Total General Fund	\$	\$	\$	\$ 1,626,630
SPECIAL REVENUE FUNDS				
General Fund Match Path Grant	\$	\$	\$ 25,000	\$
Utility Support for Street Patch (HURF)			169,000	
.05 Sales Tax to Special Rev Fund			1,106,000	
Street Reserve Debt Service				772,200
Auto Lieu tax dedicated to HURF			483,630	
Total Special Revenue Funds	\$	\$	\$ 1,783,630	\$ 772,200
DEBT SERVICE FUNDS				
Street (.05 Sales Tax)	\$	\$	\$ 772,200	\$
Total Debt Service Funds	\$	\$	\$ 772,200	\$
CAPITAL PROJECTS FUNDS				
General Fund Match Airport	\$	\$	\$ 12,000	\$
Total Capital Projects Funds	\$	\$	\$ 12,000	\$
PERMANENT FUNDS				
	\$	\$	\$	\$
Total Permanent Funds	\$	\$	\$	\$
ENTERPRISE FUNDS				
Street Patch Street Fund	\$	\$	\$	\$ 169,000
Total Enterprise Funds	\$	\$	\$	\$ 169,000
INTERNAL SERVICE FUNDS				
	\$	\$	\$	\$
Total Internal Service Funds	\$	\$	\$	\$
TOTAL ALL FUNDS	\$	\$	\$ 2,567,830	\$ 2,567,830

**CITY OF SAFFORD
Full-Time Employees and Personnel Compensation
Fiscal Year 2015**

FUND	Full-Time Equivalent (FTE) 2015	Employee Salaries and Hourly Costs 2015	Retirement Costs 2015	Healthcare Costs 2015	Other Benefit Costs 2015	Total Estimated Personnel Compensation 2015
GENERAL FUND	73	\$ 4,491,809	\$ 1,002,762	\$ 952,463	\$ 546,614	\$ 6,993,647
SPECIAL REVENUE FUNDS						
HURF Fund	10	\$ 429,578	\$ 49,831	\$ 93,120	\$ 74,588	\$ 647,117
Total Special Revenue Funds	10	\$ 429,578	\$ 49,831	\$ 93,120	\$ 74,588	\$ 647,117
DEBT SERVICE FUNDS						
		\$	\$	\$	\$	\$
Total Debt Service Funds		\$	\$	\$	\$	\$
CAPITAL PROJECTS FUNDS						
		\$	\$	\$	\$	\$
Total Capital Projects Funds		\$	\$	\$	\$	\$
PERMANENT FUNDS						
		\$	\$	\$	\$	\$
Total Permanent Funds		\$	\$	\$	\$	\$
ENTERPRISE FUNDS						
	63	\$ 3,467,106	\$ 362,263	\$ 492,359	\$ 378,990	\$ 4,700,717
Total Enterprise Funds	63	\$ 3,467,106	\$ 362,263	\$ 492,359	\$ 378,990	\$ 4,700,717
TOTAL ALL FUNDS	146	\$ 8,388,493	\$ 1,414,856	\$ 1,537,942	\$ 1,000,191	\$ 12,341,481

CITY OF SAFFORD
SUPPORTING STATEMENTS: NON-PROPERTY TAX REVENUES
Fiscal Year 2014-2015

Source of Revenue	Budgeted Revenue 2013-14	Actual Revenue 2013-14	Budgeted Revenue 2014-15
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Statement C-1--Intergovernmental revenue:

Arizona State sources:

State shared sales taxes	826,575	820,700	847,112
State shared income taxes	1,067,230	1,066,252	1,158,000
Auto Lieu tax	465,307	455,000	483,630
Police Grants	608,688	220,967	388,870
JCEF Court Revenue			2,000
	<u>2,967,800</u>	<u>2,562,919</u>	<u>2,879,612</u>

Graham County sources:

Fire District	347,783	347,782	358,216
Library support	32,400	32,400	32,400
	<u>380,183</u>	<u>380,182</u>	<u>390,616</u>
	<u>3,347,983</u>	<u>2,943,101</u>	<u>3,270,228</u>

Statement C-2--Charges for services:

Cemetery	24,000	30,000	30,000
Recreation programs	54,500	56,000	56,000
Airport operations	135,000	125,000	125,000
Sanitation Citizen Collection fees	1,053,000	1,064,000	1,096,056
General Fund Support Charges	1,032,371	1,032,371	1,186,208
	<u>2,298,871</u>	<u>2,307,371</u>	<u>2,493,264</u>

Statement C-3--Miscellaneous revenue:

Other revenues (misc.)	90,000	40,000	45,000
Utility in lieu	834,000	872,400	849,330
Franchise tax (general fund)	75,000	74,000	75,000
Rental of City property	125,000	124,000	125,000
FMI Façade Grant	40,000	26,000	14,000
Repayment Gen Fnd from HURF	230,000	230,000	0
FMI Economic Dev Grant (Reclaimed)			135,000
Library Special Projects	392,000	189,078	381,000
	<u>1,786,000</u>	<u>1,555,478</u>	<u>1,624,330</u>

CITY OF SAFFORD
SUPPORTING STATEMENTS: NON-PROPERTY TAX REVENUES
Fiscal Year 2014-2015

Source of Revenue	Budgeted Revenue 2013-14	Actual Revenue 2013-14	Budgeted Revenue 2014-15
Statement C-4--Enterprise Funds:			
Landfill:	1,235,000	1,360,649	1,357,373
Water Fund	9,883,600	7,772,700	5,526,256
Wastewater Utility:	3,847,500	2,421,200	3,177,920
Gas Utility:	3,039,729	2,724,720	2,862,860
Electric Utility:	9,370,000	9,042,600	9,078,280
Subtotal Utility Funds:	27,375,829	23,321,869	22,002,689
Subtotal Enterprise Funds:	27,375,829	23,321,869	22,002,689
Contingency	3,000,000	0	3,000,000
Total Enterprise Funds:	30,375,829	23,321,869	25,002,689

SUPPORTING STATEMENTS OF EXPENDITURES / EXPENSES

FOR FISCAL YEAR 2014 - 2015

Fund/Department	Budgeted Amounts for 2013-2014	Approved Adjustments 2013-14	Actual Expenditures/Expenses 2013-14	Budgeted Amounts for 2014-15
Statement E-1--General Fund:				
Mayor and Council	488,885	83,489	572,374	460,904
City Manager	294,735	(43,246)	251,489	289,978
Human Resources	228,369	(26,511)	201,858	259,868
Legal Services	171,510	(18,210)	153,300	167,910
Magistrate	254,008	(34,507)	219,501	243,631
City Clerk	260,163	4,476	264,639	281,887
Finance	591,758	(67,379)	524,379	588,886
Planning & Community Svcs	475,790	(61,657)	414,133	602,658
Building Safety	134,995	(7,325)	127,670	165,633
Recreation Program	133,971	(14,560)	119,411	139,090
Library	1,000,485	(240,531)	759,954	954,971
Police	4,326,958	(701,865)	3,625,093	4,241,817
Public Works	2,736,828	(329,106)	2,407,722	2,859,737
Golf Course	205,300	0	205,300	205,300
Airport	202,261	(3,594)	198,667	228,522
Fire Department	658,879	(79,429)	579,450	685,707
Subtotal General Fund:	12,164,895	(1,539,955)	10,624,940	12,376,498
Contingency	4,000,000	(4,000,000)	0	4,000,000
Total General Fund:	16,164,895	(5,539,955)	10,624,940	16,376,498

Statement E-2 Special Revenues

HURF	1,968,456	(153,212)	1,815,244	1,822,675
20th Ave Improv (Relation to Golf Course)	638,881	(638,881)	0	616,881
Trail System	391,000	(344,500)	46,500	380,000
Main Street Traffic Signals	720,000	(720,000)	0	720,000
Main Street Improvements	699,690	(611,590)	88,100	1,030,000
US 191 Sidewalks (Relation to US70)				312,543
HSIP Traffic Sign Replacement	60,400	(60,400)	0	60,400
Total Special Revenues:	4,478,427	(2,528,583)	1,949,844	4,942,499

Statement E-3--Enterprise Funds:

Landfill	1,225,033	(102,641)	1,122,392	1,168,765
Water	10,127,150	(1,572,529)	8,554,621	6,382,876
Wastewater	1,640,857	(422,143)	1,218,714	1,633,875
Water Reclamation Plant	1,166,846	(104,499)	1,062,347	1,158,815
Gas	3,035,270	(101,838)	2,933,432	3,155,955
Electric	8,781,442	(1,210,948)	7,570,494	8,790,739
Subtotal Utility Funds	25,976,598	(3,514,598)	22,462,000	22,291,026
Contingency	3,000,000	(3,000,000)		3,000,000
Total Enterprise Funds	28,976,598	(6,514,598)	22,462,000	25,291,026

Enter data in yellow-shaded cells only.

Truth in Taxation Analysis

Calculation for Truth in Taxation Hearing Notice pursuant to A.R.S. § 42-17107

Actual current primary property tax levy: <i>(line F.1. actual levy from prior year's final levy limit worksheet)</i>	\$ 230,464
Net assessed valuation: <i>(line C.4. from current year's worksheet)</i>	\$ 46,240,984
Value of new construction:	\$ 358,451
Net assessed value minus new construction: <i>(line B.4. from current year's levy limit worksheet)</i>	\$ 45,882,533
MAXIMUM TAX RATE THAT CAN BE IMPOSED WITHOUT A TRUTH IN TAXATION HEARING:	\$ 0.5023
Growth in property tax levy capacity associated with new construction:	\$ 1,801
MAXIMUM PRIMARY PROPERTY TAX LEVY WITHOUT A TRUTH IN TAXATION HEARING:	\$ 232,269
Proposed primary property tax levy:	\$ 230,464
Proposed increase in primary property tax levy, exclusive of new construction	\$ (1,805)
Proposed percentage increase in primary property tax levy:	-0.78%
Proposed primary property tax rate:	\$ 0.4984
Proposed increase in primary property tax rate:	\$ (0.0039)
Proposed primary property tax levy on a home valued at \$100,000	\$ 49.84
Primary property tax levy on a home valued at \$100,000 if the tax rate was not raised:	\$ 50.23
Proposed primary property tax levy increase on a home valued at \$100,000:	\$ (0.39)

CITY OF SAFFORD
General Government Summary

FY 14-15

Tentative Adoption 06/02/2014

RESOURCES	FY 14-15 Budget	EXPENDITURES	FY 14-15 BUDGET	14-15 Resrc Over (Under) Expend
City sales tax	4,879,000	111 CITY COUNCIL	460,904	
Bed tax	293,000	113 CITY MANAGER	289,978	
General property tax	230,486	114 HUMAN RESOURCE DIVISION	259,868	
Franchise tax	75,000	121 CITY CLERK & GENERAL	281,887	
Utility in lieu of Franchise tax	849,330	122 FINANCIAL SERVICES	588,886	
Licenses and permits	65,000	115 CITY ATTORNEY	167,910	
State shared sales taxes	847,112	124 PLNNG. & CMNTY. DVLPMNT.	394,579	
State shared income taxes	1,158,000	136 BUILDING SAFETY	165,633	
		133 LIBRARY/GENERAL	573,971	
Recreational fees	56,000	138 RECREATIONAL PROGRAM	139,090	
Rental income	125,000	158 AIRPORT OPERATIONS	109,595	
Interest on investments	5,000	141 POLICE CHIEF & ADMIN.	708,663	
Fines and penalties	68,000	142 CRIMINAL INVESTIGATION	591,151	
Cemetery	30,000	143 PATROL	2,414,122	
Other revenues	45,000	144 ANIMAL CONTROL	139,011	
Loan Repayment from Streets	0			
		151 PUBLIC WORKS ADMIN.	251,617	
Graham County Library support	32,400	152 BUILDING & MAINTENANCE	737,553	
Fire District	358,216	153 STREET LIGHTS	80,000	
		155 PARKS	579,035	
Airport Operations	125,000	156 SANITATION	1,211,532	
General Fund Support Charges	1,186,208	159 GOLF COURSE	205,300	
Sanitation collections	1,096,056			
JCEF Funds	2,000	160 CITY COURT	243,631	
FMI Façade Grant Carryover	14,000	170 FIRE DEPARTMENT	685,707	
		DEBT SERVICE		
		115 CITY ATTORNEY	0	
		124 PLNNG. & CMNTY. DVLPMNT.	73,079	
		158 AIRPORT DEBT SERVICE	118,927	
SUBTOT GEN GOV RESOURCES	11,539,808	GENERAL GOV SUBTOTAL	11,471,629	68,179
PARKS GRANTS	355,000	191 PATH PARKS GRANT	380,000	(25,000)
ECONOMIC DEV GRANTS	135,000	FMI RECLAIMED WATER DISTRIBUTION GRANT	135,000	0
071 LIBRARY TRUST:	23,000	071 LIBRARY TRUST:	23,000	0
132 LIBRARY SPECIAL GRANTS	381,000	132 LIBRARY SPECIAL GRANTS	381,000	0
POLICE GRANTS	388,870	146 POLICE GRANT DIVISION	388,870	0
AIRPORT GRANTS	860,000	045 AIRPORT IMPROVEMENTS	872,000	(12,000)
TOTAL GOV GRANT RESOURCES:	2,142,870	TOTAL GOV GRANT EXPENDITURES:	2,179,870	(37,000)
TOTAL GENERAL GOV RESOURCES:	13,682,678	TOTAL GENERAL GOV EXPENSES:	13,651,498	31,179
Street .05 Tax	1,106,000	031 HIGHWAY USER FUND (Streets):		
.05 STREET TAX RESERVES	200,000	- Operations	1,384,480	
Street Patch TRANS IN and OTHER	169,000	- Capital Street Preservation	75,000	
Auto Lieu of taxes	483,630	- Capital Other	363,195	
HURF revenues	706,792	- Repayment of Loan from Gen Fund	0	
Other (Thatcher, etc)	70,000	STREET GADA DEBT SERVICE	772,200	
SUBTOT STREET RESOURCES	2,735,422	STREET DEPARTMENT EXPENSES:	2,594,875	140,546
STREET GRANTS	2,637,719	031 STREET GRANTS	2,739,824	(102,105)
TOTAL STREETS RESOURCES:	5,373,141	TOTAL STREET EXPENDITURES:	5,334,699	38,441
CONTINGENCY	4,000,000		4,000,000	
TOTAL GOVERNMENTAL RESOURCES:	23,055,818	TOTAL EXPENDITURES:	22,986,198	69,621

CITY OF SAFFORD FY 14-15
ENTERPRISE FUNDS SUMMARY

Tentative Adoption 06/02/2014

	RESOURCES	14-15 BUDGET	EXPENDITURES	14-15 BUDGET	14-15 OVER (UNDER)
Landfill	Rate Revenues	1,245,334	Operations	1,071,765	
	Closure Revenues	62,039	Capital	35,000	
	State Tire Haul	50,000	Closure Reserve	62,000	
Landfill tot		1,357,373		1,168,765	188,608
Water	Rate Revenues	5,188,101	Operations	3,861,667	
	Install fees	60,000	Debt Service	772,054	
	Other	30,000	Capital	1,451,000	
FAA & RD & COLONIAS GF	Grants		Capital Grants	298,155	
Impact & Capacity Fee Res	New Water Sources	900,000			
CDBG/BOR		248,155		0	
Water tot		6,426,256		6,382,876	43,379
WasteWater	Rate Revenues	2,427,920	Operations	1,075,925	
	Install fees		Debt Service	137,950	
	Other	10,000	Capital	170,000	
			Capital Reserves	250,000	
			subtotal	1,633,875	
Treatment Plant Debt Relief		700,000	Treatment Plant Operations	1,030,315	
Fed Appropriation debt relief			Treatment Plant Debt Service	0	
Impact Fee Reserves	BELT PRESS		Treatment Plant Capital	128,500	
WIFA TECH GRANT		40,000	subtotal	1,158,815	
WasteWater tot		3,177,920		2,792,691	385,230
Gas	Cash Reserves	340,000	Purchased Gas	1,165,600	
	Rate Revenues	2,859,860	Operations	1,490,355	
	Install fees	1,500	Debt Service		
	Other	1,500	Capital	372,000	
			Capital Reserves	128,000	
Gas tot		3,202,860		3,155,955	46,905
Electric	Rate Revenues	9,058,280	Purchased Power	4,500,000	
	Install fees	10,000	Operations	2,634,870	
	Other(Pole attach, interes	10,000	Debt Service	243,369	
	Reserves		Capital	860,000	
	GADA		SPRR/COOP/Capital Reserves	552,500	
Electric tot		9,078,280		8,790,739	287,541
Subtotal STANDARD UTILITY RESOURCES		23,242,689	Subtotal UTILITY DEPARTMENT	22,291,026	951,663
CONTINGENCY		3,000,000		3,000,000	
Total Utility Summary		26,242,689		25,291,026	951,663
Total From Governmental Summary		23,055,818		22,986,198	69,621
City of Safford Budget Total		49,298,507		48,277,223	1,021,284



CITY COUNCIL COMMUNICATION

TO: Mayor and Council
FROM: Horatio Skeete, City Manager
SUBJECT: Reconsidering water rate adjustment previously approved
DATE: June 23, 2014

Purpose and Recommended Action:

Staff is recommending the city council adopt Resolution Number 14-031 amending the section of Resolution Number 13-027, that authorized a 17% water rates increase to be effective July 1 2014.

Background:

The city council commissioned a study by Black & Veatch in 2013 to review the city's water rate structure, a report titled "Water Cost of Service Study & Rate Design" was presented to the city council along with certain rate adjustments necessary to maintain a balance between the cost of services and revenues collected to support the water system.

However at a budget workshop this year, council directed staff to conduct a update to the above mentioned report before any additional rate increase should take effect. This revised rate study will be completed during this fiscal year and brought before council for approval.

RESOLUTION NUMBER 14-031

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SAFFORD, GRAHAM COUNTY, ARIZONA, AMENDING WATER RATES SET BY RESOLUTION NUMBER 13-027.

WHEREAS, the City Council passed Resolution Number 13-027 on July 24, 2013; and,

WHEREAS, Resolution Number 13-027 was based on the prior report known as the "Water Cost of Service Study & Rate Design" prepared by "Black & Veatch" concerning the costs associated with the system, funding water supply reliability, encouraging water conservation, and recommending rate modifications in FY 2014 through FY 2017-2018; and,

WHEREAS, the City has now determined that it is necessary to update the prior water rate study and report before proceeding with the recommended water rate increase in FY 2014-2015 through FY 2017-2018; and,

WHEREAS, a rate study for FY 2014-2015 through FY 2017-2018 has not been completed. Council has decided to freeze water rate increases until such time the study is completed; and,

NOW THEREFORE BE IT RESOLVED, by the Mayor and City Council of the City of Safford, Graham County, Arizona as follows:

1. Rates as adopted in Resolution Number 13-027 are hereby capped at the FY 13-14 rates until Council takes further action based on an updated water rate study and report, compliance with statutory notice and hearing requirements.
2. This resolution is adopted effective July 1, 2014.

PASSED, ADOPTED, AND APPROVED by the Mayor and City Council of the City of Safford, Graham County, Arizona, on the 23rd day of June, 2014.

APPROVED:

Wyn "Chris" Gibbs, Mayor

ATTEST:

APPROVED AS TO FORM:

Georgia Luster, MMC
City Clerk

William J. Sims, III
Interim City Attorney

STATE OF ARIZONA)
) ss
County of Graham)

CERTIFICATION

I HEREBY CERTIFY, that the foregoing Resolution Number 14-031 was duly passed and adopted by the Mayor and City Council of the City of Safford, Graham County, Arizona, at a Special Council Meeting held June 23, 2014. A quorum of the Council was present at the meeting.

Georgia Luster, MMC, City Clerk

Date:

DRAFT

RESOLUTION NUMBER 13-027

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SAFFORD, GRAHAM COUNTY, ARIZONA, APPROVING AND ADOPTING A NEW WATER UTILITY RATE DESIGN FOR THE PROVISION OF WATER SERVICES, DECLARING AN EMERGENCY, AND DECLARING SUCH AMENDMENT TO BE A PUBLIC RECORD.

WHEREAS, prolonged drought has occurred curtailing the City of Safford water supply. For the first time in history, the City of Safford has proclaimed a water emergency in 2012 and 2013 and has placed water restrictions on its water service area; and,

WHEREAS, the City of Safford owns and operates its water utility system and desires customer revenues support all current and projected operational and capital costs of the system and encourages water conservation; and,

WHEREAS, the City has authorized a report known as the "Water Cost of Service Study & Rate Design" prepared by "Black & Veatch" concerning the costs associated with the system, funding water supply reliability, encouraging water conservation, and recommending rate modifications; and,

WHEREAS, the City finds the report to be well founded and applicable to the City's circumstances, and has directed that a copy of the Study be on file with the City Clerk as required by *Arizona Revised Statutes* §9-511.01; and,

WHEREAS, the City Council conducted a public hearing concerning the proposals of the water utility rates on July 24, 2013 following the required notices and publication pursuant to *Arizona Revised Statutes* §9-511.01; and,

WHEREAS, *Arizona Revised Statutes* §9-511.01 and the *City of Safford Municipal Code* §13.04.140 authorize the City Council to set rates for utility services by resolution; and,

WHEREAS, it is necessary for the preservation of the peace, health, and safety of the City of Safford, Graham County, Arizona, an emergency is declared to exist, and this resolution shall become immediately operative and in force from and after the date of posting hereof as attached and incorporated herein; and,

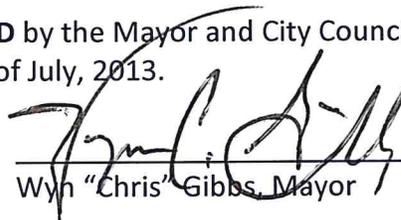
NOW THEREFORE BE IT RESOLVED, by the Mayor and City Council of the City of Safford, Graham County, Arizona as follows:

1. The water utility rates of the City of Safford are hereby modified, adopted and

adjusted as set forth on the attached Table 4-4; Table 4-6.1, Table 4-6.2, and Table 4-6.3; and,

2. All previous resolutions, rules and regulations previously adopted concerning procedures, fees, surcharges and multipliers as presently constituted and which can be applied consistently with the new water utility rates are hereby rescinded.
3. This resolution is adopted as an emergency as a result of on-going drought conditions in order to preserve the peace, health, and safety of the City of Safford and its residents.

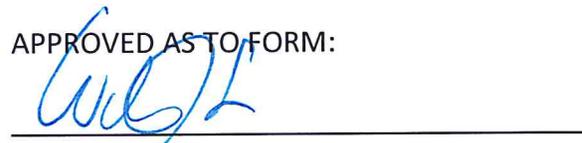
PASSED, ADOPTED, AND APPROVED by the Mayor and City Council of the City of Safford, Graham County, Arizona, on the 24th day of July, 2013.


Wyn "Chris" Gibbs, Mayor

ATTEST:


Georgia Luster, MMC
City Clerk

APPROVED AS TO FORM:


William J. Sims, III
Interim City Attorney

CERTIFICATION

STATE OF ARIZONA)
) ss
County of Graham)

I HEREBY CERTIFY, that the foregoing Resolution Number 13-027 was duly passed and adopted by the Mayor and City Council of the City of Safford, Graham County, Arizona, at a Special Council Meeting held July 24, 2013. A quorum of the Council was present at the meeting.


Georgia Luster, MMC, City Clerk

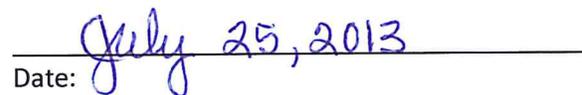
Date: 

Table 4-4. Proposed Monthly Meter Charge

Description	Current (\$)	FY 13/14 (\$)	FY 14/15 (\$)	FY 15/16 (\$)	FY 16/17 (\$)	FY 17/18 (\$)
Safford Full Monthly Meter Charge						
5/8" & 3/4"	20.14	21.56	25.26	26.50	27.81	27.86
1" & 1.25"	23.18	24.13	28.27	29.67	31.14	31.19
1.5"	28.80	30.57	35.81	37.58	39.44	39.52
2"	40.87	38.28	44.86	47.08	49.41	49.51
3"	71.00	58.87	68.99	72.40	75.99	76.14
4"	87.59	82.02	96.13	100.89	105.90	106.11
6"	129.68	146.34	171.53	180.03	188.97	189.34
8"	179.94	223.52	262.01	274.99	288.65	289.23
Metered Construction (Fire Hydrant)	36.62	47.61	54.75	57.48	60.36	60.51
Master Meter Unit Charge	3.13	4.07	4.68	4.91	5.16	5.17
Thatcher Full Monthly Meter Charge						
5/8" & 3/4"	22.15	23.72	27.79	29.15	30.58	30.63
1" & 1.25"	25.50	26.55	31.11	32.63	34.24	34.30
1.5"	31.68	33.63	39.41	41.34	43.38	43.47
2"	44.95	42.12	49.36	51.80	54.36	54.47
3"	78.10	64.77	75.92	79.67	83.62	83.80
4"	96.35	90.25	105.80	111.03	116.54	116.79
6"	142.64	161.04	188.79	198.14	207.99	208.45
8"	197.93	245.97	288.38	302.68	317.72	318.44
Metered Construction (Fire Hydrant)	40.29	52.38	60.23	63.25	66.41	66.57
Master Meter Unit Charge	3.44	4.47	5.14	5.40	5.67	5.68
County Full Monthly Meter Charge						
5/8" & 3/4"	25.18	26.96	31.55	33.09	34.71	34.76
1" & 1.25"	28.98	30.17	35.32	37.05	38.86	38.92
1.5"	36.00	38.22	44.75	46.93	49.24	49.32
2"	51.08	47.87	56.05	58.80	61.69	61.79
3"	88.75	73.61	86.20	90.43	94.89	95.06
4"	109.49	102.57	120.12	126.03	132.24	132.49
6"	162.09	183.01	214.34	224.89	235.99	236.45
8"	224.92	279.55	327.41	343.53	360.49	361.20
Metered Construction (Fire Hydrant)	45.78	59.51	68.44	71.86	75.46	75.64
Master Meter Unit Charge	3.91	5.08	5.85	6.14	6.44	6.46

Table 4-6.1. Proposed Safford Commodity Rates

Description	FY 13/14 (\$)	FY 14/15 (\$)	FY 15/16 (\$)	FY 16/17 (\$)	FY 17/18 (\$)
Safford					
Projected Water Consumption per Tier (elasticity is factored into the rates below)					
Tier 1: 0 - 7,200 gal	75,267,431	75,694,583	76,302,896	76,916,770	77,536,256
Tier 2: 7,201 - 20,000 gal	177,557,591	178,672,010	180,240,726	181,824,044	183,422,103
Tier 3: 20,001 - 40,000 gal	77,715,650	78,203,423	78,890,038	79,583,045	80,282,503
Tier 4: 40,001 & above gal	126,063,247	126,854,469	127,968,234	129,092,366	130,226,964
Residential & Commercial Consumption Charge (per 1,000 gal)					
Tier 1: 0 - 7,200 gal	1.44	1.69	1.77	1.86	1.86
Tier 2: 7,201 - 20,000 gal	1.80	2.11	2.21	2.32	2.33
Tier 3: 20,001 - 40,000 gal	2.52	2.95	3.10	3.25	3.26
Tier 4: 40,001 & above gal	4.32	5.06	5.31	5.57	5.59
Industrial Consumption Charge (per 1,000 gal)					
All Usage	1.44	1.69	1.77	1.86	1.86
Metered Construction (Fire Hydrant) Consumption Charge (per 1,000 gal)					
All Usage	4.32	5.06	5.31	5.57	5.59

Table 4-6.2. Proposed Thatcher Commodity Rates

Description	FY 13/14 (\$)	FY 14/15 (\$)	FY 15/16 (\$)	FY 16/17 (\$)	FY 17/18 (\$)
Thatcher					
Projected Water Consumption per Tier (elasticity is factored into the rates below)					
Tier 1: 0 - 7,200 gal	40,245,207	40,481,611	40,820,774	41,163,001	41,508,322
Tier 2: 7,201 - 20,000 gal	107,939,208	108,573,449	109,483,376	110,401,524	111,327,972
Tier 3: 20,001 - 40,000 gal	47,244,196	47,521,799	47,920,067	48,321,934	48,727,433
Tier 4: 40,001 & above gal	76,635,232	77,085,534	77,731,568	78,383,440	79,041,204
Residential & Commercial Consumption Charge (per 1,000 gal)					
Tier 1: 0 - 7,200 gal	1.58	1.85	1.95	2.04	2.05
Tier 2: 7,201 - 20,000 gal	1.98	2.32	2.43	2.56	2.56
Tier 3: 20,001 - 40,000 gal	2.77	3.25	3.41	3.58	3.59
Tier 4: 40,001 & above gal	4.75	5.56	5.84	6.13	6.15
Metered Construction (Fire Hydrant) Consumption Charge (per 1,000 gal)					
All Usage	4.75	5.56	5.84	6.13	6.15

Table 4-6.3. Proposed County Commodity Rates

Description	FY 13/14 (\$)	FY 14/15 (\$)	FY 15/16 (\$)	FY 16/17 (\$)	FY 17/18 (\$)
County					
Projected Water Consumption per Tier (elasticity is factored into the rates below)					
Tier 1: 0 - 7,200 gal	89,495,112	89,828,387	90,303,082	90,782,115	91,265,528
Tier 2: 7,201 - 20,000 gal	148,415,793	149,309,922	150,583,464	151,868,644	153,165,573
Tier 3: 20,001 - 40,000 gal	64,960,499	65,351,853	65,909,273	66,471,787	67,039,443
Tier 4: 40,001 & above gal	105,373,005	106,007,823	106,912,019	107,824,478	108,745,278
Residential & Commercial Consumption Charge (per 1,000 gal)					
Tier 1: 0 - 7,200 gal	1.81	2.12	2.23	2.34	2.34
Tier 2: 7,201 - 20,000 gal	2.26	2.65	2.78	2.92	2.93
Tier 3: 20,001 - 40,000 gal	3.17	3.71	3.90	4.09	4.10
Tier 4: 40,001 & above gal	5.43	6.36	6.68	7.02	7.03
Metered Construction (Fire Hydrant) Consumption Charge (per 1,000 gal)					
All Usage	5.43	6.36	6.68	7.02	7.03



CITY COUNCIL COMMUNICATION

TO: Mayor and Council
FROM: Dustin Welker, Planning and Community Development Director
SUBJECT: Case Z-03-14
DATE: June 23, 2014

Purpose and Recommended Action: 2nd Hearing of Case Z-03-14, an application to rezone from R-2 (Multi-Family Residential) to C-MH(Conventional and Manufactured Home) on Graham County Parcel # 101-09-057; 613 16th Street, Safford AZ 85546. Concerning the C-MH Zone, section 17.44.010 of the Safford Municipal Code states:

The purpose of this zoning district is to provide a district where single-family conventional and manufactured homes may be interspersed.

The case was presented to the Planning and Zoning Commission on May 22, 2014 and the following recommendation was unanimously approved:

Commissioner O'Donnal made the motion to recommend approving Case Z-03-14, a zoning request from R-2 to C-MH for parcel #101-09-057, [contingent upon requiring] an easement running North to South from 16th St. - giving legal access for ingress and egress to the parcel on the east side of the lot, that the manufactured home be set on a permanent foundation, and with a requirement that the home be set 10 ft. from the property line and/or existing structure to the east. Seconded by Commissioner Figueroa.

Background: The property currently has an aged abandoned house and the project would include removing the house and placing a manufactured home on a permanent foundation on the property. The house to the east of the subject property has access to the property only from the alley to the south onto Bonita Street. As part of the project, the applicant has suggested (and was officially recommended by the Commission) to provide an easement over the subject property to give the property to the east proper access onto 16th Street.

During the May 22nd meeting the Commission also expressed concern about the distance the house on the east is from the adjoining property line and for that reason suggested that the new manufactured home be set at least ten feet from the existing structure for safety reasons.

Analysis: The City of Safford General Plan supports the rezone and no opposition has been expressed by the neighbors through the Neighborhood Meeting and Planning and Zoning meeting progression. A manufactured home would be an improvement to the existing property and the project would provide proper access to 16th Street to the adjoining property owner and would alleviate issues of using the alley to the south as a primary access.

ORDINANCE NUMBER 14-008
(Case Z-03-14, Zoning Request from R-2 to C-MH)

AN ORDINANCE OF THE CITY OF SAFFORD, GRAHAM COUNTY, ARIZONA EFFECTUATING A MAP AMENDMENT TO THE ZONING MAP OF THE CITY OF SAFFORD, GRAHAM COUNTY ASSESSOR'S PARCEL NUMBER #101-09-057, A REZONE FROM R-2 (MULTI-FAMILY RESIDENTIAL) TO C-MH (CONVENTIONAL AND MANUFACTURED HOME).

WHEREAS, the City of Safford desires to facilitate land uses consistent with the general plan authorized by the voters; and,

WHEREAS, the Planning & Zoning Commission has recommended the attached zoning map amendment (Exhibit A), Graham County Assessor's Parcel #101-09-057, a rezone from R2 (Multi-Family Residential) to C-MH (Conventional and Manufactured Home); and,

WHEREAS, the City Council finds that the proposed change is desirable and in accordance with applicable laws, ordinances and regulations; and

WHEREAS, the City Council also finds that Chapters 2.08 and 17.20 of the *City of Safford Municipal Code* have been satisfied as they relate to amendment of the City of Safford Municipal Code; and,

NOW THEREFORE BE IT ORDAINED by the Mayor and City Council of the City of Safford, that the official zoning map of the City of Safford as described in Section 17.24.020 of the *City of Safford Municipal Code* is hereby amended as set out in the attached Exhibit A, all as attached and incorporated herein.

PASSED, APPROVED AND ADOPTED by the Mayor and City Council of the City of Safford, Graham County, Arizona this 23rd day of June, 2014 with an effective date of the 24th day of July, 2014.

Wyn "Chris" Gibbs, Mayor
City of Safford

ATTEST:

APPROVED AS TO FORM:

Georgia Luster, MMC
City Clerk

William J. Sims
Interim City Attorney

Ordinance Number 14-008
Adopted: June 23, 2014
Effective: July 24, 2014
Page 2

STATE OF ARIZONA)
) ss
County of Graham)

CERTIFICATION

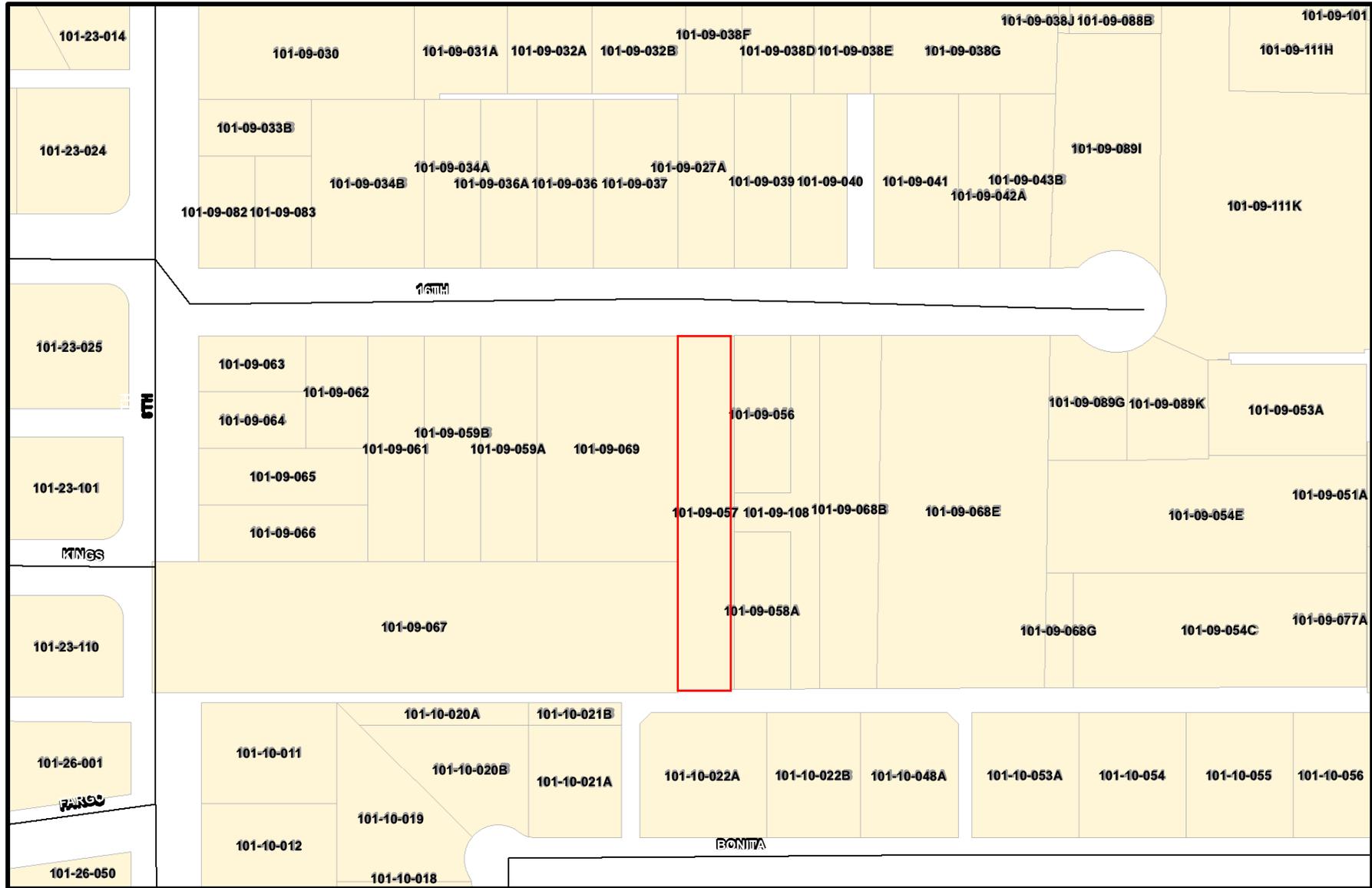
I HEREBY CERTIFY, that the foregoing Ordinance Number 14-008 was duly passed and adopted by the Mayor and City Council of the City of Safford, Graham County, Arizona, at a special council meeting held June 23, 2014 with an effective date of July 24, 2014. A quorum of the Council was present at the meeting.

Georgia Luster, MMC
City Clerk

Date:

DRAFT

Exhibit A



Graham County Parcel # 101-09-057

BEGINNING AT A POINT 1001.01 FEET TO THE South and 466 feet East of the Northwest Corner of the Southwest Quarter of Section 17, Township 7 South, Range 26 East of the Gila & Salt River Base and Meridian in Graham County, Arizona; running thence South 313.99 feet; thence East 100 feet; thence North 140 feet; thence West 50 feet; thence North 173.99 feet; thence West 50 feet to the point of beginning.





CITY COUNCIL COMMUNICATION

TO: Mayor and Council
FROM: Horatio Skeete, City Manager
SUBJECT: Duties and Responsibilities of the City Manager
DATE: Monday, June 23, 2014 at 6:00 p.m.

Purpose and Recommended Action:

This is a request for the Council to adopt an ordinance amending section 2.36.020 of the City of Safford Municipal Code concerning the appointment of officers.

Background:

At a City Council meeting on May 27, 2014, the Council provided staff with direction to bring back to Council for consideration of certain changes to the City Code affecting the process to remove the Chief of Police.

The current language in the City Code provides for the police chief to be hired by the City Manager (Section 2.36.020 Appointment of Officers) with the approval of the City Council. As can be seen by the attached research document (attached) provided by the Arizona League of Cities and Towns the hiring and reporting structure of the police chief falls into three distinct categories. The majority of the jurisdictions (50) provides for the City Manager to be the hiring authority; in 27 jurisdictions the City Council is the hiring authority while seven jurisdictions the city council approves the recommendation from the city manager.

Analysis: Following the direction provided by Council, staff feels that the proposed changes to the ordinance addresses their concerns. This language was reviewed and approved by the City Attorney.

NAME	CITY/ TOWN	INCORPORATED	CHARTER ADOPTED	2010	COUNCIL SIZE	Manager	Attorney	Clerk	Finance Director OR			Police Chief OR	
				CENSUS FIGURES *					Treasurer	Magistrate	Engineer	Marshal	Fire Chief
CAREFREE	TOWN	1984	NO	3,363	7	Council	Council	Council	Manager	Council	Council	Council	Manager
COLORADO CITY	TOWN	1985	NO	4,821	7	Council	Council	Council*	*	Council	Council	Council	
FREDONIA	TOWN	1956	NO	1,314	5		Council	Council*	*	Council	Council	Council	
GLOBE	CITY	1907	NO	7,532	7	Council	Council	Council*	*	Council	Manager	Council	Council
GUADALUPE	TOWN	1975	NO	5,523	7	Council	Council	Council		Council	Council	Council	
HAYDEN	TOWN	1956	NO	662	7	Council	Council	Council	Manager	Council	Council	Council	Manager
HUACHUCA CITY	TOWN	1958	NO	1,853	7		Council	Council*	*	Council	Council	Council	Council
JEROME	TOWN	1899	NO	444	5	Council	Council	Council*	*	Council	Council	Council	Council
KEARNY	TOWN	1959	NO	1,950	7	Council		Council*	*	Council	Council	Council	Council
LITCHFIELD PARK	CITY	1987	NO	5,476	7	Council	Council	Council	Manager	Council	Council	Council	
MAMMOTH	TOWN	1958	NO	1,426	7		Council	Council	Council	Council	Council	Council	Council
MIAMI	TOWN	1918	NO	1,837	7	Council	Council	Council*	*	Council	Council	Council	
ORO VALLEY	TOWN	1974	NO	41,011	7	Council	Council	Manager	Manager	Council	Manager	Council	
PARKER	TOWN	1948	NO	3,083	7	Council	Council	Council	Manager	Council	Council	Council	
PATAGONIA	TOWN	1948	NO	913	5	Council	Council			Council	Council	Council	
PIMA	TOWN	1916	NO	2,387	5	Council	Council	Council*	*	Council		Council	
SAHUARITA	TOWN	1994	NO	25,259	7	Council	Council	Manager	Manager	Council	Manager	Council	
SAN LUIS	CITY	1979	NO	25,505	7	Council	Council	Manager	Manager	Council	Manager	Council	Manager
SEDONA	CITY	1988	NO	10,031	7	Council	Council	Council	Council	Council	Council	Council	Council
SOMERTON	CITY	1918	NO	14,287	7	Council	Council	Council*	*	Council	Council	Council	
SPRINGERVILLE	TOWN	1948	NO	1,961	5	Council	Council	Council	Manager		Council	Council	Council
SUPERIOR	TOWN	1976	NO	2,837	7	Council	Council	Council*	*	Council		Council	Council
TAYLOR	TOWN	1966	NO	4,112	7	Council	Council	Council*	*	Council	Manager	Council	Council
THATCHER	TOWN	1899	NO	4,865	7	Council	Council	Council	Manager	Council	Manager	Council	Council
TOMBSTONE	CITY	1881	1881	1,380	5		Council	Council				Council	Council
TUSAYAN	TOWN	2010	NO	558	5	Council	Council	Manager	Council	Council	Council	Council	Council
WILLIAMS	CITY	1901	NO	3,023	7	Council	Council	Council	Council	Council	Manager	Council	Council
Council Count												27	
APACHE JUNCTION	CITY	1978	NO	35,840	7	Council	Council	Manager	Manager	Council	Manager	Manager	
AVONDALE	CITY	1946	1959	76,238	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
BENSON	CITY	1924	NO	5,105	7	Council	Council	Manager	Manager	Manager	Manager	Manager	Manager
BISBEE	CITY	1902	1988	5,575	7	Council	Council	Manager w/Council	Manager w/Council	Council	Manager	Manager	Manager
BUCKEYE	TOWN	1929	NO	50,876	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
BULLHEAD CITY	CITY	1984	NO	39,540	7	Council	Council	Council	Manager	Council	Manager	Manager	
CAMP VERDE	TOWN	1986	NO	10,873	7	Council	Council	Manager	Manager	Manager	Manager	Manager	
CASA GRANDE	CITY	1915	1975	48,571	7	Council	Council	Manager w/Council	Manager w/Council	Council	Manager	Manager	Manager
CAVE CREEK	TOWN	1986	NO	5,015	7	Council	Council	Manager	Manager	Council	Manager	Manager	
CHANDLER	CITY	1920	1965	236,123	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager
CHINO VALLEY	TOWN	1970	NO	10,817	7	Council	Council	Manager	Manager	Council	Manager	Manager	
CLARKDALE	TOWN	1957	NO	4,097	5	Council	Council	Manager*	*	Council	Council	Manager	
CLIFTON	TOWN	1909	NO	3,311	7	Council	Manager	Manager	Manager	Manager	Manager	Manager	Manager
COOLIDGE	CITY	1945	NO	11,825	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
COTTONWOOD	CITY	1960	NO	11,265	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager
DOUGLAS	CITY	1905	1982	17,378	7	Council	Mayor w/Council	Mayor w/Council	Manager	Mayor w/Council	Manager	Manager	Manager
EAGAR	TOWN	1948	NO	4,885	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
EL MIRAGE	CITY	1951	NO	31,797	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
ELOY	CITY	1949	NO	16,631	7	Council	Council	Council	Manager	Council	Manager	Manager	
FLAGSTAFF	CITY	1894	1958	65,870	7	Council	Council	Manager w/Council	Manager w/Council	Council	Manager	Manager	Manager
FLORENCE	TOWN	1900	NO	25,536	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager
FOUNTAIN HILLS	TOWN	1989	NO	22,489	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
GILA BEND	TOWN	1962	NO	1,922	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
GILBERT	TOWN	1920	NO	208,453	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager

NAME	CITY/ TOWN	INCORPORATED	CHARTER ADOPTED	2010	COUNCIL SIZE	Manager	Attorney	Clerk	Finance Director	Magistrate	Engineer	Police Chief	Fire Chief
				CENSUS FIGURES *					OR			OR	
GLENDAL	CITY	1910	1957	226,721	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager
GOODYEAR	CITY	1946	1988	65,275	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
HOLBROOK	CITY	1917	1994	5,053	7	Council	Manager	Manager*	*	Manager	Manager	Manager	Manager
KINGMAN	CITY	1952	NO	28,068	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
LAKE HAVASU CITY	CITY	1978	NO	52,527	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
MARANA	TOWN	1977	NO	34,961	7	Council	Manager	Manager	Manager	Council	Manager	Manager	
MARICOPA	CITY	2003	NO	43,482	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
NOGALES	CITY	1893	1926	20,837	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager
PAGE	CITY	1975	NO	7,247	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager
PARADISE VALLEY	TOWN	1961	NO	12,820	7	Council	Council	Manager	Manager	Council	Manager	Manager	
PAYSON	TOWN	1973	NO	15,301	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
PHOENIX	CITY	1881	1913	1,445,632	9	Council	Manager	Manager	Manager	Council	Manager	Manager	Manager
PRESCOTT	CITY	1883	1958	39,843	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager
PRESCOTT VALLEY	TOWN	1978	NO	38,822	7	Council	Council	Council	Manager	Council	Manager	Manager	
SCOTTSDALE	CITY	1951	1961	217,385	7	Council	Council	Council	Council	Council	Manager	Manager	Manager
SHOW LOW	CITY	1953	NO	10,660	7	Council	Council	Manager	Manager	Council	Manager	Manager	
SIERRA VISTA	CITY	1956	NO	43,888	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
SNOWFLAKE	TOWN	1948	NO	5,590	7	Council	Council	Council	Manager	Council	Council	Manager	Manager
SOUTH TUCSON	CITY	1940	NO	5,652	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
SURPRISE	CITY	1960	NO	117,517	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager
TEMPE	CITY	1894	1964	161,719	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager
TOLLESON	CITY	1929	NO	6,545	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
WICKENBURG	TOWN	1909	NO	6,363	7	Council	Council	Manager	Manager	Council	Council	Manager	Manager
WINSLOW	CITY	1900	1957	9,655	7	Council	Council	Council	Manager	Council	Manager	Manager	Manager
YOUNGTOWN	TOWN	1960	NO	6,156	7	Council	Council	Manager	Manager	Council	Manager	Manager	Manager
YUMA	CITY	1914	1914	93,064	7	Council	Manager w/Council	Manager w/Council	Manager w/Council	Council	Manager	Manager	Manager
Manager Count												50	
MESA	CITY	1883	1967	439,041	7	Council	Council	Council (Mgr recommendation)	Manager	Council	Manager	Manager w/Council	Manager w/Council
PEORIA	CITY	1954	1983	154,065	7	Council	Council	Manager w/Council	Manager w/Council	Council	Manager w/Council	Manager w/Council	Manager w/Council
PINETOP-LAKESIDE	TOWN	1984	NO	4,282	7	Council	Council	Manager w/Council	Manager w/Council	Council	Manager w/Council	Manager w/Council	
QUARTZSITE	TOWN	1989	NO	3,677	7	Council	Manager w/Council	Manager*	*	Council	Council	Manager w/Council	
SAFFORD	CITY	1901	NO	9,566	7	Council	Council	Manager w/Council	Manager w/Council	Managerw/Council	Managerw/Council	Manager w/Council	Council
ST. JOHNS	CITY	1946	NO	3,480	7	Council	Council	Manager w/Council*	*			Manager w/Council	Manager w/Council
TUCSON	CITY	1877	1929	520,116	7	Council	Council	Council	Council	Council	Manager	Manager w/Council	Manager w/Council
Manager w/Council Count												7	
DEWEY-HUMBOLDT	TOWN	2004	NO	3,894	7	Council	Manager w/Council	Manager	Manager	Council			
DUNCAN	TOWN	1938	NO	696	5	Council	Council	Council*	*	Concil	Council		
QUEEN CREEK	TOWN	1989	NO	26,361	7	Council	Council	Council	Manager		Manager		Manager
STAR VALLEY	TOWN	2005	NO	2,310	7	Council	Council	Manager	Manager	Council			
WELLTON	TOWN	1970	NO	2,882	5								
WILLCOX	CITY	1915	NO	3,757	7	Council	Council	Manager w/Council*	*	Council			
WINKELMAN	TOWN	1949	NO	353	5								
Grand Count												84	

* Clerk is also appointed to be treasurer

Manager w/Council = Manager appoints with Council approval

Mayor w/Council = Mayor with Council approval

ORDINANCE NUMBER 14-009

AN ORDINANCE OF THE CITY OF SAFFORD AMENDING SECTION 2.36.020 OF THE CITY OF SAFFORD MUNICIPAL CODE CONCERNING THE APPOINTMENT OF OFFICERS.

WHEREAS, many years ago the City of Safford created a police department within the City of Safford; and,

WHEREAS, the current language of the Municipal Code provides for the police chief to be hired by the City Manager with the approval of the City Council; and,

NOW THEREFORE BE IT RESOLVED, by the Mayor and City Council of the City of Safford, Graham County, Arizona that *Section 2.36.020 Appointment of Officers*, be amended as follows:

2.36.020 Appointment of Officers.

The chief of police shall be appointed **and removed** by the city manager with the approval of the city council. The chief of police with the approval of the city manager shall appoint as many police officers as may from time to time be deemed necessary for the safety and good order of the city.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL of the City of Safford this 14th day of July, 2014 with an effective date of August 14, 2014.

Wyn "Chris" Gibbs, Mayor
City of Safford

ATTEST:

APPROVED AS TO FORM:

Georgia Luster, MMC
City Clerk

William J. Sims, III
Interim City Attorney

|
STATE OF ARIZONA)
) ss
County of Graham)

CERTIFICATION

I HEREBY CERTIFY, that the foregoing Ordinance Number 14-009 was duly passed and adopted by the Mayor and City Council of the City of Safford, Graham County, Arizona, at a regular council meeting held July 14, 2014, with an effective date of August 14, 2014. A quorum the Council was present at the meeting.

Georgia Luster, MMC
City Clerk

Date:

DRAFT



CITY COUNCIL COMMUNICATION

TO: Mayor and Council
FROM: Horatio Skeete, City Manager
SUBJECT: Authorization to enter into an Amended and Restated Telecommunications License Agreement with Valley Connections, L.L.C.
DATE: June 23, 2014

Purpose and Recommended Action:

The Council approved renewal of the Telecommunications License for an additional five (5) years in July 2009. The current extension term of this license expires on June 30, 2014 and allows for an additional five (5) years. This is a request for the City Council to approve a 5 year Amended and Restated Telecommunications License Agreement with Valley Connections, L.L.C. The renewal of the License allows Valley Connections to locate, construct, maintain and operate a telecommunications system and provide telecommunications services in the City of Safford.

Background:

This is a renewal of the License for Valley Connections, L.L.C. This License shall be effective July 1, 2014 and shall continue for a period of five (5) years, and Licensee and City shall have the right to renew this License for additional five (5) year periods. The Licensee shall pay to the city an amount equal to no less than two and one-half percent (2.5%) or the percentage specifically authorized under the *City of Safford Municipal Code Section 15-470(a)*, whichever is greater, of the receipts derived from the collection of fees paid by Subscribers residing in the City for Telecommunications Services.

Analysis:

Staff recommend the approval of this Telecommunications License. The Amended and Restated Telecommunications License was reviewed and approved by the Interim City Attorney.

**AMENDED AND RESTATED
TELECOMMUNICATIONS LICENSE AGREEMENT**

This TELECOMMUNICATIONS LICENSE AGREEMENT (“**Agreement**”) is made by and between the City of Safford (“**City**”), a municipal corporation under the laws of the State of Arizona and Valley Connections, LLC, (“**Licensee**”) an [insert state where organized] limited liability company, is dated as of July 1, 2014.

RECITALS:

- A. The parties entered into a license agreement (the “**Prior License Agreement**”) pursuant to Resolution No. 04-032 with an effective date of July 1, 2004; and
- B. The parties extended the Prior License Agreement pursuant to an action by the City Council on July 13, 2009; and
- C. The Prior License Agreement, as extended is scheduled to terminate on June 30, 2014; and
- D. The parties desire to extend the Prior Agreement for an additional five (5) year term and make other amendments to the Prior Agreement pursuant to this Agreement.

NOW THEREFORE, intending to be legally bound for good and valuable consideration, the parties agree to the following terms.

AGREEMENT:

SECTION 1: “DEFINITIONS”: for the purpose of this License, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number, and words used in the singular number include the plural number. The provisions of this License shall be construed in accordance with the laws of the State of Arizona:

- (a) “CITY”: City of Safford, a municipal corporation of the State of Arizona, in its present incorporated form or in any later reorganized, consolidated, enlarged or reincorporated form, and its City Council in taking any legal action, or any of its authorized officers or employees.
- (b) “LICENSE PROPERTY”: All property owned, installed or used under authority of this License.

- (c) "LICENSEE": The person or corporation to whom or which this License is granted by the City, and its lawful heirs, legal representatives, successors and assigns of the Licensee.
- (d) "STREET": The surface of, and the space above and below the public streets, roads, highways, freeways, lanes, alleys, courts, sidewalks, easements, parkways or drives, now or hereafter existing as such within the City.
- (e) "TELECOMMUNICATIONS SERVICES": Means the offer of the following for a fee directly to the public, or to such users as to be effectively available directly to the public, regardless of the facilities used: transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received. The term does not include commercial mobile radio services, pay phone services, interstate services or cable services.
- (f) "TELECOMMUNICATIONS SYSTEM": Means the Licensee's facilities necessary to provide Telecommunications Services.
- (g) "SUBSCRIBERS": Any person or entity legally receiving the Telecommunications Services of the Licensee.
- (h) "FCC": The Federal Communications Commission.

SECTION 2: That, after due public proceedings, the City has approved and does hereby approve the legal, character, financial and technical qualifications of VALLEY CONNECTIONS, L.L.C., hereinafter called "Licensee", and approves the adequacy and feasibility of the construction arrangements made by Licensee in the City. This approval is contingent upon the Licensee providing proof of the receipt of a certificate of convenience and necessity from the Arizona Corporation Commission.

SECTION 3: That a License is hereby granted to Licensee under authority of *Arizona Revised Statutes* §§9-501.B and 9-581 et seq., to locate, construct, maintain and operate a Telecommunications System and provide Telecommunications Services in the City. This License shall include the authority, right, privilege, and power to construct, maintain and operate in, over, under, across and upon public streets, avenues, parkways, alleys easements, sidewalks and public grounds the necessary equipment for the operation of Telecommunications System in the City.

SECTION 4: This License shall be effective July 1, 2014 ("Effective Date"), and shall continue for a period of five (5) years, and Licensee and City shall have the right to renew this License for additional five (5) year periods, provided that at the expiration date Licensee shall not be in default under (i) the terms and conditions hereof, or (ii) the applicable provisions of any federal agency having regulatory control over Telecommunications Services. The renewal is

further conditioned upon an equitable review of the License by both parties and any applicable changes in state or federal law. If either of the parties determines in good faith that adjustments are required to any provision of this License, due to changes in the law or market, and the parties agree as to the changes, the License may be renewed for the additional time period above. If the parties cannot reach an agreement as to the required changes, then the License shall not be renewed; provided however, that Licensee shall not be required to agree to any term or provision not then applied, or which may be reasonably applied prospectively, to other providers of Telecommunications Services. The City may terminate this License in the event the City shall find, after proper notice and hearing, that Licensee has failed to comply with any material provisions hereof and Licensee has failed to correct any such failure within ninety (90) days after receiving written notice of the City's finding. Provided, however, if the default is not reasonably curable within the said ninety (90) day period, and if Licensee initiates the curing of the default within the said ninety (90) day period and continues thereafter to make a good faith effort to complete the curing of the default, this License shall not be terminated.

SECTION 5: The Licensee shall defend the City against all claims for injury to any person or property caused by the negligence of the Licensee in the construction or operation of the License Property and in the event of a determination of liability shall indemnify the City. More particularly, the Licensee does hereby agree to indemnify and hold harmless the City from any and all liability, claim, demand or judgment growing out of any injury to any person or property as a result of the violation or failure on the part of the Licensee to observe Licensee's proper duty or because of negligence in whole or in part arising out of construction, repair, extension, maintenance, or operation of Licensee's equipment of any kind or character used in connection with this License. Any action, of whatsoever nature, arising from this Resolution or License issued hereunder will be defended by the Licensee.

SECTION 6: When the number of potential Subscribers requesting service make the extension of Telecommunications Services to portions of the City not served economically feasible and where such extension is technically feasible (both within the reasonable determination of the Licensee), Telecommunications Services shall be extended to such area. Any law, regulation or term of certificate issued as a condition of service by the Arizona Corporation Commission shall supersede any conflicting provision of this paragraph.

SECTION 7: All facilities installed by Licensee shall be in compliance with the National Electrical Safety Code and not interfere in any manner with the right of the public or individual property owners and shall not interfere with the travel and use of public places by the public.

SECTION 8: The Licensee shall have the right to operate Telecommunications Services during the existence of this License and shall have the right to extend Telecommunications Services upon, over, and /or under the streets, alleys, easements and public grounds of any addition or additions hereafter made to the City's corporate territory and to use the streets, alleys, easements, and public grounds to continue to points beyond the corporate limits of the City.

SECTION 9: The Licensee shall have the right to, upon proper notice to the City; assign this License to its parent company, a subsidiary, an affiliated company or any corporation in which Licensee has a controlling interest. Any other assignment is subject to the prior written approval of the City, which approval shall not be unreasonably withheld.

SECTION 10: In the exercise of this License, the Licensee may, with the consent of the owner, use the poles and other equipment of public utilities holding franchises from the City as required by A.R.S § 9-583.

SECTION 11: The Licensee shall pay to the City an amount equal to no less than two and one-half percent (2.5%) or the percentage specifically authorized under the *City of Safford Municipal Code* Section 15-470(a), whichever is greater, of the receipts derived from the collection of fees paid by Subscribers residing in the City for Telecommunications Services. The fees owed by Licensee shall be payable in January and July of each year based on revenues of the previous six (6) months, and shall be levied as a tax upon Licensee in lieu of all other license, franchise fees or taxes except those stated herein. If any portion of the Telecommunications System is subject to the provisions of A.R.S. §9-583.C, nothing in this License shall be deemed to restrict or foreclose the City from charging an annual fee under such statute so long as such fee is uniformly applied to other entities providing Telecommunications Services within the City.

SECTION 12: No privilege or exemption is granted or conferred by this License except those specifically prescribed herein. Any privilege claimed under this license by the Licensee in any street, alley or public right of way shall be subordinate to any lawful occupancy of the streets, or other public property, and shall be limited as necessary to prevent interference with public safety or necessary public improvements as determined by the City.

SECTION 13:

- (a) There is hereby reserved to the City every right and power which is required to be herein reserved or provided by a Resolution of the City, and the Licensee, by its acceptance of this License, agrees to be bound thereby, and to comply with any legal action or requirement of the City in its exercise of any such right or power heretofore or hereafter enacted or established.
- (b) Neither the granting of this License nor any of the provisions contained herein shall be construed to prevent the City from granting any identical or similar License to any person or corporation other than the Licensee.
- (c) This License shall not be construed to be a “franchise” within the meaning of the laws of the State of Arizona, and shall be non-exclusive.
- (d) The City may request the Licensee to provide maps or other depictions of the location of its Licensed Property within the City.

- (e) The City may require that Licensee provide reasonable performance bonds, insurance and indemnities as a condition to doing any work pursuant to Sections 7, 15, and 17 of this Agreement.

SECTION 14: The provisions of this Resolution and the License granted hereby shall be construed to be severable, and the holding of any provision hereof invalid or unconstitutional shall in no way affect the remaining portions of this Resolution.

SECTION 15: The Licensee shall, at Licensee's expense, promptly repair any and all streets, sidewalks, or other public and/ or private property damaged or destroyed by Licensee, its agents, servants or employees in exercising the privileges herein granted.

SECTION 16:

- (a) If (i) the use of the License Property is discontinued for any reason for a continuous period of twenty-four (24) months, (ii) License Property has been installed in any street without complying with the requirements of this License, or (iii) the License has been terminated, canceled or has expired, the Licensee shall promptly remove all License Property other than any such property that the City may permit to be abandoned in place. In the event of any such removal, the Licensee shall promptly restore the street or other areas from which such property has been removed to a condition reasonably satisfactory to the City.
- (b) License Property to be abandoned in place shall be abandoned in such a manner as the City shall prescribe. Upon permanent abandonment of any License Property in place, the Licensee shall submit to the City an instrument, satisfactory to the City Attorney, transferring to the City the ownership of such property.

SECTION 17: The Licensee shall, at its expense, protect, support, temporarily disconnect, relocate in the same street, alley or public place, or remove from any street, alley or public place, any License Property when required by the City, after reasonable advance notice, by reason of traffic conditions, public safety, freeway and street construction, change or establishment of street grade, installation of sewers, drains, water pipes, signal lines, and any other type of structures or improvements by governmental agencies when acting in a governmental or proprietary capacity, or any other structures or public improvements; provided, however, that Licensee shall in all such cases have the privileges and be subject to the obligations to abandon License Property in place, as provided in Section 16 above.

SECTION 18: Upon failure of Licensee to complete any work required by law or by the provisions of this License within the time prescribed and to the satisfaction of the City, the City may cause such work to be done and the Licensee shall pay to the City the cost thereof in the itemized amounts reported by the City to the Licensee, within thirty (30) days after receipt of such itemized report.

SECTION 19: The City shall not establish rates for Licensee’s services. Licensee shall have the right to establish all rates for service, including late fees, in accordance with applicable State or Federal law.

SECTION 20: Licensee shall have full responsibility for maintenance, ownership and operation of the Telecommunications System licensed herein.

SECTION 21: Licensee shall maintain a local business office or agent. Licensee shall take reasonable steps to keep Telecommunication Services in good operating condition, and Licensee shall cause all Subscriber complaints lodged with it, either orally or in writing, regarding the quality of service, equipment malfunction and similar complaints to be duly investigated, and where the circumstances warrant, corrected within a reasonable period of time.

SECTION 22: This License shall take effect upon the Effective Date.

CITY OF SAFFORD

VALLEY CONNECTIONS, LLC

Wyn “Chris” Gibbs
City of Safford, Mayor

Valley Connections, LLC

ATTEST:

Georgia Luster, MMC
City Clerk

APPROVED AS TO FORM:

William J. Sims, III
Interim City Attorney



CITY COUNCIL COMMUNICATION

TO: Mayor and Council
FROM: Dustin Welker, Planning and Community Development Director
SUBJECT: Hangar CH-2 (Wilcox Hangar)
DATE: June 23, 2014

Purpose and Recommended Action: The City of Safford and Mr. James A. Bishop entered into a lease agreement on May 1, 2010 on Hangar CH-2. The contract is set to expire on June 30, 2014. The contract allows for an extension of 5 years upon mutual agreement of the parties. Mr. Bishop has requested an extension of the contract for an additional five years.

Background: The original contract required a monthly lease payment of \$200.00. The contract has been subject to the Council adopted fee structure effectuating a 3% annual increase and so the monthly lease payment is currently \$231.86.

Analysis: If the Council wishes to extend the contract, it is recommended that the lease structure continue in its current progression with 3% annual increases. The new contract would be beginning July 1, 2014 and ending June 30, 2019.

Recording Information Above

LEASE AGREEMENT

THIS LEASE AGREEMENT made and entered into this 1st day of May, 2010, between the **City of Safford**, an Arizona municipal corporation, hereinafter referred to as **CITY**, and **James A. Bishop**, hereinafter referred to as **TENANT**.

CITY, for and in consideration of the payments, covenants and agreements of **TENANT** hereinafter contained, does hereby lease the property described below at the Safford Regional Airport to **TENANT**.

HANGAR CH-2 (Wilcox Hangar)

**I.
TERM**

THIS AGREEMENT shall commence on the 1st day of May, 2010, and shall terminate on the 30th day of June 2014, unless otherwise canceled by either party prior to the expiration of its full term. This Agreement may be extended by mutual agreement of the Parties for ensuing five-year periods subject to conditions prevailing at the time of its expiration.

**II.
CONSIDERATION:**

In consideration of this **Agreement**, **TENANT** agrees to pay to the **CITY** the following amounts:

A monthly lease payment of two-hundred and 00/100 dollars (\$200.00) for a period of sixty (50) months.

**III.
UTILITIES:**

TENANT agrees to secure electrical, water, garbage and other utilities services, as required, in its own name, and to pay all utility charges when the same become due.

**IV.
INSURANCE:**

James A. Bishop
Hangar CH-2
May 1, 2010
Page 2

TENANT agrees to abide by the provisions of the Safford Regional Airport Minimum Operation Standards, as amended, and hereby agrees to defend, indemnify and hold harmless the **CITY** against any and all claims resulting from **TENANT** activities on the Safford Regional Airport. All amendments to the provisions of the Safford Regional Airport Minimum Operating Standards and any other amendments to applicable local rules or regulations shall be furnished by **CITY** to **TENANT** in accordance with the notice provisions of this lease.

**V.
ASSIGNMENT:**

No interest in this **Agreement** may be assigned by **TENANT** without the express written consent of the **CITY**; however, such assignment may not be unreasonably refused or delayed.

**VI.
MAINTENANCE:**

TENANT agrees to be responsible for all maintenance of the facilities and to deliver possession of the property to the **CITY** at the termination of this **Agreement** in as good a condition as it was delivered except for reasonable wear and tear.

**VII.
SUBORDINATION TO THE UNITED STATES GOVERNMENT:**

This **Agreement** and all the provisions hereof shall be subject to whatever right the United States Government now has, or in the future may have, or acquire, affecting the control, operation and regulation of said Airport.

**VIII.
USE:**

TENANT, by accepting the terms of this **Agreement**, expressly agrees for itself, its successors and assigns that it will use the premises for aviation purposes, and will not make use of the leased premises in any manner which might interfere with the landing and taking off of aircraft from the Safford Regional Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, **CITY** reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of **TENANT**.

James A. Bishop
Hangar CH-2
May 1, 2010
Page 3

**IX.
INDEMNIFICATION:**

TENANT agrees to pay all obligations incurred in the operation of the facilities and improvements and to defend, indemnify and hold harmless the **CITY** and its officials from any and all liability hereunder.

**X.
TERMINATION:**

The **CITY** or the **TENANT** shall have the right to terminate this **Agreement** as follows:

- (1) **TENANT** may terminate this **Agreement** upon giving the **CITY** on hundred-eighty (180) days written notice. It is further mutually agreed that **CITY**, at the termination of this **Lease Agreement**, shall have all rights to any and all properties and improvements left on said land by **TENANT** more than thirty (30) days after termination.
- (2) The **CITY** may, at its sole discretion, terminate this **Agreement** under Section XI, part (1) for six (6) violations in any one calendar year, or nine (9) violations in any two (2) year period, or for a single violation of Section XI, part (7). Notice of breach and opportunity to cure is not required for breach under Section XI, parts (1) or (7). **CITY** may terminate this **Agreement** for breach, as defined in paragraph XI, parts (2) through (6) below, provided that **TENANT** is given notice of breach in writing and given thirty (30) days to cure the same or to commence cure if cure cannot be reasonably completed within thirty (30) days. If the breach is not cured or cure commenced within thirty (30) days the **CITY** may terminate this **Agreement** as stated in paragraph XII below. **TENANT** is entitled to only one formal notice of breach and opportunity to cure as to parts (3) and (4) collectively below. **TENANT** is entitled to two formal notices of breach and opportunity to cure as to parts (2), (5) and (6) individually below within any five calendar year period. Any subsequent breaches may only be cured at the discretion of the **CITY**.

**XI.
BREACH:**

Each of the following events shall constitute a breach or default of this **Agreement** by **TENANT**:

James A. Bishop
Hangar CH-2
May 1, 2010
Page 4

- (1) If **TENANT** fails to pay **CITY** any rent when the rent is due.
- (2) If **TENANT** fails to perform or comply with any of the conditions of this Lease.
- (3) If **TENANT** vacates or abandons the premises for a continuous period of one hundred twenty (120) days.
- (4) If **TENANT** transfers or assigns this **Agreement** to any other person or party, except in the manner herein permitted.
- (5) If **TENANT** fails to obey any applicable airport rule, regulation or standard or **CITY** ordinance.
- (6) If **TENANT** knowingly engages in any other improper conduct or course of action disruptive to the performance of this **Agreement** or to the relationship of the parties.
- (7) If **TENANT** or any partner individually, is convicted of, or if the Safford City Council finds by clear and convincing evidence that the same has committed a criminal offense anywhere on the property known as the Safford Regional Airport.

XII.

RIGHTS OF THE CITY IN THE EVENT OF DEFAULT:

In the event of any default or breach hereunder, as set forth above, **CITY** shall have the right to cancel and terminate this **Lease Agreement**, as well as all of the right, title and interest of **TENANT** hereunder, by giving to **TENANT** not less than sixty (60) days notice of the cancellation and termination. On expiration of the time fixed in the notice, this **Lease Agreement** and the right, title and interest of **TENANT** hereunder, shall terminate in the same manner and with the same force and effect except as to **TENANT'S** liability as if the date fixed in the notice of cancellation and termination were the end of the term.

XIII.

NOTIFICATION:

Any notices which are required herein to be made either by the **CITY** or by the **TENANT** shall be made in writing and shall be deemed served upon the other party when personally delivered or when deposited in the U.S. Mail, postage prepaid, return receipt requested, addressed to the other party as follows:

James A. Bishop
Hangar CH-2
May 1, 2010
Page 5

City Manager
City of Safford
717 Main Street
PO Box 272
Safford, AZ 85548

James A. Bishop
3201 E. US Hwy 70 # 37
Safford, AZ 85546-9688

IN WITNESS WHEREOF this **Agreement** has been executed on the date first written above by the parties hereto, who by their signatures affixed hereto do swear and affirm that they are authorized, in accordance with law, to execute this document.

CITY OF SAFFORD

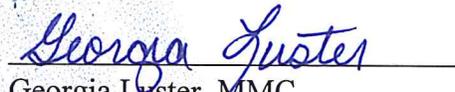


David Kincaid
City Manager



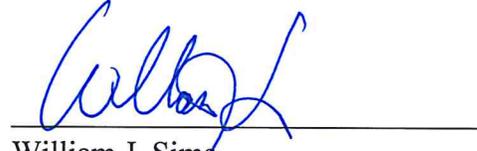
James A. Bishop

ATTEST:



Georgia Luster, MMC
City Clerk

APPROVED AS TO FORM:



William J. Sims
Interim City Attorney

Aircraft to be stored in hangar CH-2:

Make: Beechcraft Bonanza 1
Model: P-35
Year: 1963
N-Number: N-9797Y

RESOLUTION NO. 10-018

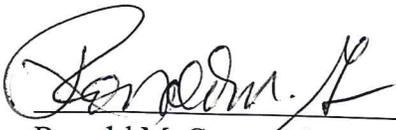
A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SAFFORD, ("CITY") GRAHAM COUNTY, ARIZONA, AUTHORIZING THE CITY MANAGER TO ENTER INTO A SITE LEASE AGREEMENT WITH JAMES A. BISHOP FOR PARCEL CH-2 (WILLCOX HANGAR) AT THE SAFFORD REGIONAL AIRPORT.

WHEREAS, The City of Safford is the owner of Parcel CH-2 and a hangar known as the Willcox Hangar at the Safford Regional Airport; and

WHEREAS, James A. Bishop wishes to lease Parcel CH-2 and the Willcox Hangar at the prevailing lease rate;

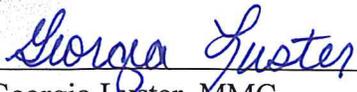
NOW THEREFORE BE IT RESOLVED, by the Mayor and City Council of the City of Safford, that the City Manager is authorized to execute all documents related to a lease agreement with James A. Bishop for the lease of real property and a hangar at the Safford Regional Airport, all as attached and incorporated herein as 'LEASE AGREEMENT HANGAR CH-2 (Willcox Hangar).'

PASSED, ADOPTED AND APPROVED by the Mayor and City Council of the City of Safford this 26th day of April, 2010.



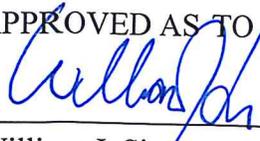
Ronald M. Green, Mayor

ATTEST:



Georgia Luster, MMC
City Clerk

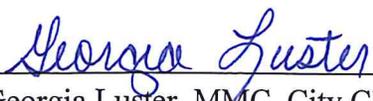
APPROVED AS TO FORM:



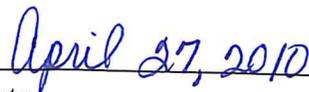
William J. Sims
Interim City Attorney

CERTIFICATION

I HEREBY CERTIFY, that the foregoing Resolution Number 10-018 was duly passed and adopted by the Mayor and City Council of the City of Safford, Graham County, Arizona, at a regular meeting held April 26, 2010 and that a quorum was present at the meeting.



Georgia Luster, MMC, City Clerk



Date



CITY COUNCIL COMMUNICATION

TO: Mayor and Council
FROM: Horatio Skeete, City Manager
SUBJECT: *smartworksplus* Phased Retirement Program
DATE: Monday, June 23, 2014 at 6:00 p.m.

Purpose and Recommended Action:

Staff recommendation is to review and approve the contract with *smartworksplus* for fiscal year 2014-2015 with three (3) one-year extensions subject to satisfactory specific performance in the contract and annual appropriation by the City Council.

Background:

In 2009 the City entered into a contract with *smartworksplus* to provide staffing services. This contract offered the City two primary benefits:

- 1) It allowed the City an opportunity to reduce its payroll through a process of rehiring long-term employees who were eligible for retirement but would otherwise not retire but for this re-employment option.
- 2) By agreeing to contract with these employees through *smartworksplus*, the City then had an opportunity to develop a succession plan for the appropriate departments. The idea being, with a known departure date the City would have enough time to hire (internally or externally) someone for this contract employee of *smartworksplus* to train.

As of today's date, thirteen employees have entered the program saving the City \$970,000.

There are a total of eight employees on the *smartworksplus* program today with one scheduled to leave in November of this calendar year, three in 2016, one in 2017, two in 2018 and one in 2020. The current contract calls for the City to pay *smartworksplus* certain payroll cost (including FICA, Workers Comp cost, etc.), a 4% management fee and any increase or bonus an employee would have received if they were a regular City employee. The *smartworksplus* employee receives the same number of leave days as are made available to the City's

employees in the same classification. The City reimbursed *smartworksplus* for any job related travel, or conference related expenses and other out-of-pocket expenses incurred by the employee if pre-approved by the City. These employees must continue to perform their job duties to the satisfaction of that employee's supervisor.

Analysis and Recommendation:

Following a discussion with the City Council on June 9, 2014 a team of five employees were recruited to form a committee to review the terms and conditions of the contract and make recommendations to the City Manager for any new contract going forward with *smartworksplus*. The members of the team included Sam Napier, Julie Bryce, Chris Fisher, Glen Orr and Brenda Blake. We met twice over the last two weeks and the following is a summary of the recommendations included in the new contract for your consideration.

1. The following terms and conditions for the two previous contracts will be brought forward and honored:
 - I. The City will honor the commitment to those employees who entered the program with the understanding from the City that the contract was for 3 years or age 62 whichever is greater or 5 years or 65 years of age whichever comes first.
 - II. Those who entered the contract receiving 80% of their exit salary will be allowed to keep that pay structure.
 - III. Any pay adjustment received prior to 2014 will remain.
2. With the exception of the special provisions stated above, going forward all contracts with *smartworksplus* will include the following provisions:
 - I. The employee will be paid 75% of their exit salary.
 - II. No employee will be allowed to stay on the contract for more than three (3) years.
 - III. The contract may be renewed annually subject to satisfactory job performance and the employee supervisor's recommendation to renew.
 - IV. The contract may be renewed if satisfactory progress is demonstrated towards the pre-approved employee developmental plan for the department/or division.
 - V. The contract may be renewed if the position and the services provided by that employee are still needed by the department.
 - VI. The recruitment to fill any contracted position will begin within the third year of the contract and the qualified individual will be hired as soon as possible.
 - VII. The City Manager may approve up to six months of "double filling" to accommodate the transition.
 - VIII. The contract may be renewed if the City attempted to fill the position and was unsuccessful.
 - i. Following an unsuccessful recruitment attempt by the City the Department Head and the City Manager must evaluate the continued need for the position to be filled.

- ii. If necessary, reorganization of the department and possible reclassification of the position should be done before any attempt is made to fill the vacancy a second time.
 - iii. The *smartworksplus* employee will at that time be charged with completing a full review of all documented desk top procedures for the existing or new position and bring them up to date.
3. All *smartworksplus* employees will receive sixteen (16) days of paid time off each year and would not be allowed to accumulate and carry forward any of that time. Current *smartworksplus* employees with vacation accumulation will be allowed to bring forward no more than one years' worth and be given one year to use them or lose them.
4. No sick leave will be given to any *smartworksplus* employees.
5. All *smartworksplus* employees will receive the same paid holidays as other City employees.
6. *smartworksplus* employees will not receive adjustments to their pay when the City offers its regular employees pay adjustment.
7. Any adjustment in pay to the *smartworksplus* contracted employee as a group must be specifically authorized by the City Council during the reauthorization of the contract.
8. Termination of a *smartworksplus* employee during the first two years of the contract must be for cause, unless the contract is not renewed.

SERVICE AGREEMENT

This SERVICE AGREEMENT (this "AGREEMENT") is entered into as of this 16th day of June, 2014 ("Effective Date") between smartschoolsplus, inc, an Arizona corporation, d/b/a smartworksplus ("Provider"), and City of Safford ("City").

RECITALS

A. Provider is a corporation engaged in the business of providing professional services, including employee staffing services, to governmental entities;

B. Provider's employees include qualified staff, administrators, [insert other classifications of Provider employees];

C. The City is a governmental entity within the State of Arizona that requires the services of qualified personnel, administrators, [insert other classifications of required City personnel].

D. City is authorized to enter into this Agreement pursuant to City of Safford Municipal Code Section 2.20.070.C.

E. City desires to obtain services, as more fully described in Exhibit A, attached hereto ("Services") from Provider and Provider is willing to provide Services to City upon the terms and conditions contained in this Agreement.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and intending to be legally bound, Provider and City agree as follows:

1. Services. Provider shall provide the Services set forth in this Agreement and in the Scope of Services attached as Exhibit A (collectively, "Services").

2. Provider Employees.

A. Employment Agreement. Provider shall enter, or has previously entered, into employment agreements ("Employment Agreements"), with staff, administrators, [insert other classifications of Provider Employees] (collectively, "Provider Employees") to perform work required by the City. A roster of Provider Employees and their daily pay rates are set forth in Exhibit B. A copy of each Employment Agreement shall be provided to the City as soon as available. Provider shall (i) take steps to assure that each Provider Employee performs in accordance with his or her Employment Agreement, and (ii) provide general direction, supervision and control of each Provider Employee in the performance of his or her duties as assigned by the City, as more fully described in the Scope of Services.

B. Payroll. Provider, and not the City, shall be solely responsible for administrative employment matters regarding Provider Employees including, but not limited to, all payroll and payroll income tax withholding matters, payment of workers' compensation premiums and funding of appropriate fringe benefit programs. For employees other than administrative employees, the City shall pay the provider for all direct payroll cost such as (e.g., Social Security, FICA & Medicare, AZ Unemployment, Federal Unemployment, Worker's Compensation (professional/classified)). Provider agrees to hold harmless the City for failure to remit to the appropriate governmental authority any and all taxes, assessments or governmental charges in connection with its employment of Provider Employees. The City shall immediately forward to Provider any garnishment orders, involuntary deduction orders, notices of IRS liens and other forms of legal process received by the City affecting payment of wages to Provider Employees and shall cooperate with Provider in responding thereto.

C. Health and Safety. Provider shall, and shall require Provider's Employees to, comply with all health and safety laws, regulations, ordinances, directives and rules imposed by controlling federal, state or local governments, and shall immediately report all work-related accidents involving the Provider Employee within 24 hours to the City. Provider shall provide where necessary, and shall require that all Provider Employees use, personal protective equipment as required by federal, state or local law, regulation, ordinance, directive or rule.

D. Compensation of Provider Employees. Provider shall pay Provider Employees in compliance with applicable wage and hour laws including, but not limited to, the Fair Labor Standards Act ("FLSA") and Arizona Labor Code. Provider shall maintain complete and accurate records of all wages paid to a Provider Employee assigned to perform work for the City. Provider shall be exclusively responsible for, and shall comply with, applicable law governing the reporting and payment of wages, payroll-related and unemployment taxes attributable to wages paid to Provider Employees assigned to perform work for the City.

E. Legal Arizona Worker's Act. Provider, and not the City, shall be responsible for compliance with the Legal Arizona Worker's Act (2007), as amended from time to time. Compliance shall include, but not be limited to, verification of employment eligibility for all new employees through the E-Verify program, as defined in A.R.S. § 23-211.

F. Termination. Provider or the City may terminate this Agreement, with respect to any or all of the Provider Employees, without cause or justification of any kind, by providing the other party with written notice of such termination at least 30 days prior to the effective date of termination. The City shall have the right to terminate the service of, and therefore cease to have any obligation with respect to, any particular Provider Employee, upon written notice to Provider (or its successor in interest) upon the occurrence of any of the following:

(1) if the Provider Employee: (i) embezzles, steals or misappropriates funds or property of the City or defrauds the City; (ii) is convicted of a felony; (iii) has a necessary certification revoked or suspended; or (iv) commits an act or omission which constitutes unprofessional conduct or which adversely affects the reputation of the City, in which case termination of such Provider Employee shall be effective as of the date of the first of any act giving rise to a termination event under this Subsection F(1), and the City shall have the right to require the Provider Employee to cease all work pending a final determination regarding whether the Provider Employee acted or failed to act in a manner that constitutes a termination event under this Subsection F(1); the City shall have no obligation to pay for any work performed by such Provider Employee following the date of the first act or failure to act by a Provider Employee that gives rise to a termination event under this Subsection F(1);

(2) the death of the Provider Employee occurring any time during the term of this Agreement, in which event this Agreement (as it relates to that employee) shall terminate as of his date of death;

(3) the permanent disability of the Provider Employee occurring at any time during the term of this Agreement. For purposes of the foregoing, a Provider Employee shall be deemed to be permanently disabled if, by reason of any physical or mental condition, the Provider Employee is unable to substantially perform his duties hereunder during either (i) any continuous period of 30 days, in which event this Agreement shall terminate as of the first day following the end of such 30-day period, or (ii) an aggregate of 45 days within a 12-month period, in which event this Agreement shall terminate as of the first day following the 45th such day;

(4) in the event that a Provider Employee is unwilling, unable or fails to satisfactorily comply with the City rules, guidelines, policies, procedures and regulations promulgated by the City during the term of the Provider Employee's Employment Agreement; provided, however, that termination for cause shall not occur unless written notice of the alleged non-compliance is first given to

Provider and Provider fails to cure the non-compliance within 10 days following receipt of such written notice, in which case termination shall be as of the end of such ten (10) day period; or

(5) if it is later discovered that a Provider Employee has made any material misrepresentations or has failed to provide any material information in connection with the application for employment that was previously submitted to Provider.

3. Compensation. The City agrees to compensate Provider for work performed, and reimbursable expenses incurred in the performance thereof, by Provider Employees in accordance with the compensation schedule attached hereto as Exhibit C. Provider shall invoice the City monthly; invoices shall be due and payable within 7 days after receipt by the City. The parties acknowledge and agree that Provider Employees shall receive wages solely from Provider. The City shall not pay any Provider Employee in cash or by any other means for any work performed by such Provider Employee pursuant to his or her Employment Agreement.

4. Responsibilities of the City. In addition to its payment, and other obligations set forth in this Agreement, the City shall have the following responsibilities:

A. Supervision; Reporting. The City shall provide daily monitoring of the Provider Employees and shall report to Provider on an ongoing regular basis regarding the Provider Employees' performance of their respective duties.

B. Safety Obligations. The City shall provide a safe workplace for Provider Employees, shall supply documentation related to safety activities as prescribed by law (e.g., safety meeting, training, maintaining OSHA log), and shall inform Provider of any necessary protective equipment that Provider Employees must use in the performance of work for the City. Provider or its workers' compensation carrier has the right to inspect the City's premises and operation, but is not obligated to conduct any inspections. Provider reserves the right to audit safety activities. Provider or its insurer may, but neither is obligated to, give reports to the City on the conditions found at the City's worksites. Neither Provider's insurer nor Provider warrants the result of the inspections or the absence thereof, or that the operations or premises are in compliance with any laws, regulations, codes or standards.

5. Term. The term of this Agreement shall commence as of July 1, 2014 and shall end on June 30, 2015, unless earlier terminated pursuant to the provisions hereof, and shall automatically be renewed annually for up to three (3) additional one (1) year terms unless terminated pursuant to the provisions hereof. The City acknowledges and agrees that prior to any renewal, the Exhibits will be adjusted to account for changes in the duties, responsibilities and wages for Provider Employees. Provider shall provide revised copies of the Exhibits to the City at least 30 days prior to the end of the then-current term.

6. Insurance.

A. Worker's Compensation.

(i) Except as otherwise provided in this Agreement, Provider shall be considered the "employer" of all Provider Employees for the purposes of providing workers' compensation insurance within the meaning of Arizona Revised Statute ("A.R.S.") § 23-901. Provider shall provide workers' compensation and employer's liability insurance in accordance with the statutory requirement of the State of Arizona, including Employer's Liability insurance with limits of liability of not less than \$500,000 for each accident and \$500,000 for bodily injury or disease. The workers' compensation policy shall be endorsed to include the Alternate Employer Endorsement and shall include a waiver of subrogation in favor of the City from the workers' compensation insurer. Provider shall, upon the City's request, upon termination of this Agreement, provide to the City records regarding the loss experience for workers' compensation insurance provided to Provider Employees pursuant to this Agreement.

(ii) The City and Provider understand, agree and acknowledge that no individual shall be covered by Provider's workers' compensation insurance, or be issued a payroll check unless prior to commencing work for the City that individual satisfies the following requirements: (a) is employed by Provider in Arizona to work in Arizona; (b) is performing Services for the City pursuant to this Agreement; (c) is listed on Provider's roster of Provider Employees in Exhibit B (d) has completed Provider's required enrollment forms and, where applicable, is certified or licensed as required by law for the position in which employed by Provider; (e) has completed necessary criminal background checks, including fingerprinting; (f) has entered into an Employment Agreement with Provider; (g) has provided all data required by Provider for payroll processing and workers' compensation coverage; and (h) has been entered onto Provider's payroll system.

(iii) The City understands, agrees and acknowledges that the workers' compensation insurance that Provider shall provide under this Agreement shall only cover individuals who are listed on Provider's roster of Provider Employees in Exhibit B, and shall not cover other individuals who might perform services for the City, whether as employees, independent contractors or otherwise. The parties agree that a percentage of the service fee paid by the City shall be for payment of workers' compensation insurance premiums. The City agrees to provide workers' compensation insurance or maintain a program of approved self-insurance or risk retention pool coverage covering the City's own employees.

B. City Liability Insurance.

The City shall provide liability indemnity protection to the Provider Employees who provide services to the City but only if those Provider Employees are acting within the course and scope of the authorization granted. The coverage provided shall be made available to the Provider Employee as an additional covered party under the terms of the City's participation agreement with Arizona Municipal Risk Retention Pool ("Pool"). Coverage shall be made available by the Pool to each Provider Employee on the same terms and conditions as coverage is made available to employees of the City. Provider shall be added as an additional covered party to the Pool coverage agreement, but only to the extent that Provider is vicariously liable for the acts of the Provider Employee while the Provider Employee is performing services on behalf of the City, but not for any actual or alleged wrongful act, error or omission of Provider in its own right (e.g., claims of negligent hiring, supervision or retention, employment discrimination, etc.). In no event, however, shall the provision of liability indemnity protection be construed as evidence that the relationship between the parties and the Provider Employees is other than as specifically provided for and agreed to in this Agreement.

C. Other Insurance.

Provider shall maintain in full force and effect at all times during the term of this Agreement the Commercial General Liability ("CGL") Insurance and unemployment insurance.

(i) The CGL policy shall provide for limits of not less than \$1,000,000 per occurrence and if such CGL policy contains a general aggregate limit of liability, the limit shall be no less than \$2,000,000. The CGL policy shall be written on an occurrence form and shall cover liability arising from the independent negligence or other wrongful act, error or omission of Provider or its employees that is not the direct consequence of the work performed by the Provider Employees under the terms of this Agreement. The City shall be added as an additional insured to the CGL policy, but only to the extent that the covered liability-causing event is not related to the work performed under the terms of this Agreement.

(ii) Provider shall provide unemployment insurance coverage to the extent required by law.

7. Independent Contractor. The relationship created by this Agreement shall be deemed and construed to be, and shall be, that of principal and independent contractor. Provider has no authority to enter into any contract or incur any liability on behalf of the City. Provider's employees are not

intended to be and shall not be considered employees of the City. Except as otherwise provided in this Agreement, Provider retains full control over the employment, direction, supervision, compensation, discipline and discharge of all persons performing Services and work under this Agreement.

8. Non-Exclusive Use. Provider acknowledges and agrees that the City may enter into agreements with other provider organizations to perform work for the City and that Provider is not the exclusive organization with which the City may contract to provide services.

9. Notice. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when hand delivered to the party addressed or upon the date noted upon the receipt for registered or certified mail, first class postage prepaid, return receipt requested, addressed as set forth below:

If to Provider: smartworksplus
P.O. Box 11618
Tempe, AZ 85284-0027

With a copy to: Perkins Coie Brown & Bain P.A.
2901 N. Central Ave., Suite 2000
Phoenix, AZ 85012
Attention: Judith K. Weiss, Esq.

If to the City: Horatio Skeete
City Manager
P.O. Box 272
City Hall Annex
808 8th Avenue
Safford, AZ 85548-0272

With a copy to: William J. Sims
Sims Murray, Ltd.
2020 North Central Ave., Suite 670
Phoenix, Arizona 85004

Either party may alter the address or addresses to which communications or copies are to be sent to such party by giving notice of such change of address in conformity with the provisions of this Section 10.

10. Binding Nature of Agreement; Assignment and Nominee. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

11. Entire Agreement. This Agreement constitutes the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified or amended other than by a writing signed by both parties.

12. Waiver. The failure or delay on the part of any party to exercise any right, remedy, power or privilege under this Agreement shall not operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such rights, remedies, powers or privileges with respect to any other occurrence.

13. Costs and Expenses. Each party hereto shall bear its own costs, including attorneys' fees and accounting fees, incurred in connection with the negotiation, drafting and consummation of this Agreement and the transactions contemplated hereby, and all matters incident thereto.

14. Headings. All sections and descriptive headings of sections and subsections in this Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof.

15. Construction; Interpretation. This Agreement is intended to express the mutual intent of the parties hereto and thereto, and irrespective of the identity of the party preparing any such document, no rule of strict construction shall be applied against any party. In this Agreement, the singular includes the plural, and the plural the singular; words imparting either gender include the other gender; references to "writing" include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed by the words "but not limited to." The term "person" shall include an individual, corporation, joint venture, partnership, trust, estate, association, governmental entity or any other entity.

16. Exhibits and Recitals. All Exhibits referred to herein and the Recitals made and stated hereinabove are hereby incorporated by reference into, and made a part of, this Agreement.

17. Materiality. All covenants, agreements, representations and warranties made herein shall be deemed to be material and to have been relied on by the parties in entering into this Agreement and shall survive the execution and delivery of this Agreement.

18. Governing Law; Forum; Venue. This Agreement is executed and delivered in the State of Arizona, and the substantive laws of the State of Arizona (without reference to choice of law principles) shall govern its interpretation and enforcement. Any action brought to interpret or enforce any provisions of this Agreement, or otherwise relating to or arising from this Agreement, shall be commenced and maintained in a federal, state or local court located within Graham County, Arizona.

19. Knowing Covenants. The parties hereby represent to each other that the covenants and agreements provided for in this Agreement have been knowingly and voluntarily granted after thorough consultation with counsel as to the binding and irrevocable effect thereof. Based upon consultation with counsel, the parties hereby represent and warrant to each other that this Agreement is binding and enforceable in accordance with its terms.

20. Indemnification. Provider agrees to indemnify, defend and hold harmless the City, its Council members, officers, directors, employees, insurers, indemnitors and agents for, from and against all suits, claims, liabilities, costs, expenses and debt, including reasonable attorneys' fees, incurred by the City arising from, attributable to or caused by acts or omissions of Provider (or its officers, directors, shareholders or agents) or any Provider Employee in the performance of or related to the performance of the duties of any Provider Employee as described in the Employment Agreement (including, but not limited to injuries to Provider Employees that may or may not be covered by workers compensation insurance); except, to the extent such suits, claims, liabilities, costs, expenses and debt result from acts or omissions of the City or its Council members, officers, directors, employees, insurers, indemnitors or agents. This indemnification provision shall apply to suits, claims, liabilities, costs, expenses and debt that are not otherwise covered by the City's Liability Insurance provided for by the Pool.

21. Conflict of Interest. The parties expressly acknowledge that the City has the option of canceling this contract for three years from the date of execution without any further penalty or obligation pursuant to A.R.S. § 38-511 if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time during the term or any extension thereof, an employee or agent of Provider or a consultant to Provider. Provider acknowledges the potential for a current City employee to become a Provider Employee and recognizes the applicability of A.R.S. § 38-511.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and date first above written and effective as of the date hereinabove stated.

"Provider"

smartschoolsplus, inc.
an Arizona corporation, d/b/a smartworksplus

"City"

The City of Safford

By: Sandra McClelland
Its: President

By: _____
Its: _____

EXHIBIT A

Scope of Services

The following Services shall be performed by smartschoolsplus, inc. [d/b/a smartworksplus] in fulfillment of its obligations under the terms of the Agreement.

1. Provider shall recruit, hire, train, evaluate and supervise Provider Employees who are professionally and technically qualified to perform the duties of staff, administrators, [insert other classifications of Provider Employees] and shall discipline and terminate Provider Employees, as appropriate, including the following:

a. maintaining a recruiting and hiring program that is in compliance with federal and state laws, rules and regulations, equal opportunity and anti-discrimination policies applicable to, and restricting, the hiring and selection process, including, but not limited to, Title VII of the Civil Rights Act of 1964 ("Title VII"), the Americans With Disabilities Act ("ADA"), the Age Discrimination in Employment Act ("ADEA"), the Fair Credit Reporting Act ("FCRA") and the Arizona Employment Protection Act ("AEPA");

b. maintaining a system of statewide personal background checks on all Provider Employees provided to the City to include statewide criminal background check and fingerprinting. Provider shall ensure that all Provider Employees possess all certifications qualifications necessary to enable them to perform their assignments, and that Provider Employees have satisfied any legal prerequisites to the performance of their assignments;

c. maintaining a system of performance evaluation for each Provider Employee;

d. maintaining a program of supervision that enforces the policies and procedures of the City. In order to maintain the program, Provider shall designate one or more on-site staff as the supervisor and/or Provider contact who shall be responsible for addressing and responding to Provider Employees. The designated on-site supervisor and/or Provider contact shall be trained by Provider in regard to: (i) applicable workers' compensation laws; (ii) applicable equal employment opportunity laws, regulations and policies, including reporting procedures; and (iii) workplace violence prevention, including the detection of early warning signs of violence and the proper reporting of threats and acts of violence. The supervisor and/or Provider contact shall promptly notify the City of any human-resource-type issue raised by a Provider Employee that may affect the City, such as threats of violence, harassment, discrimination or retaliation;

e. providing to each Provider Employee information regarding his or her obligation to comply with all of the City's safety, drug/alcohol, work policies, anti-harassment, anti-discrimination and anti-retaliation policies. Provider shall establish a complaint and/or reporting procedure for violations of policies and instruct Provider Employees on the use of the procedure. Provider shall obtain written acknowledgement from the Provider Employee that he or she has read, understood and agrees to abide by those policies and procedures;

f. providing annual harassment, discrimination, retaliation, abuse and neglect training for all Provider Employees, or ensure Provider Employees participate in similar training provided by the City. Provider shall maintain a record of all such training; and

g. preparing and distributing an Employee Handbook to Provider Employees that identifies and explains Provider's policies and procedures that are to be followed during the course of the Provider Employees' employment with Provider.

2. Provider shall inform the Provider Employee in writing that he or she is employed by Provider, not the City.

3. Provider shall inform the Provider Employee in writing that job related illness/injury reports are to be made to the supervisor or Provider contact and provide information on where and how reports are to be made to Provider contact.

4. Provider shall notify Provider Employees in writing that other than the liability indemnity protection specifically delineated in this Agreement the only benefits they shall receive shall be from Provider, and that they are not entitled to any benefits from the City.

5. Provider shall be responsible for the quality, adequacy and safety of the work performed by Provider Employees pursuant to this Agreement, and the acts, errors or omissions of Provider Employees at all times.

EXHIBIT B

Roster of Provider Employees and Fee Schedule

[see attached]

EXHIBIT C

Provider Compensation Schedule

Compensation: Provider compensation is computed based on the number of days Provider Employees work during designated month, multiplied by their Daily Rate of Pay set forth in Exhibit B. Provider shall invoice the City monthly (i) at agreed-upon offered contractual salary equal to 75% of Provider Employee's exit salary for Provider Employees that previously worked at the City, or (ii) at agreed-upon offered contractual salary for Provider Employees that did not previously work at the City.

Provider Employee Benefits:

A. Prior to the Effective Date of this Agreement, Provider Employees received certain benefits (collectively, the "**Prior Provider Employees**"). For such Prior Provider Employees:

1. The City will honor the commitment to those employees who entered the program with the understanding from the City that the term of the Employment Agreement for such Prior Provider Employees shall (i) either terminate on the later to occur of: the fourth anniversary of the commencement of the term of the Employment Agreement for the Prior Provider Employee or when the Prior Provider Employee reaches the age of 62 for those Prior Provider Employees with such terms in their respective Employment Agreements or (ii) either terminate on the earlier to occur of the sixth anniversary of the commencement of the term of the Employment Agreement for the Prior Provider Employee or when the Prior Provider Employee reaches the age of 65 for those Prior Provider Employees with such terms in their respective Employment Agreements.

2. Prior Provider Employees who received eighty percent (80%) of their exit salary will be allowed to keep that pay structure until their Employment Agreements terminate, and any pay adjustment received prior to January 1, 2014 will remain.

B. With the exception of the benefits for Prior Provider Employees stated in Section A immediately, all Provider Employees entering into Employment Agreements on an after the Effective Date of this Agreement shall only receive the benefits below:

1. The Provider Employee shall be paid seventy-five percent (75%) of the Provider Employee's exit salary.

2. The term of every Employment Agreement for Provider Employees shall be for one (1) year, subject to renewal, but the aggregate term of each Employment Agreement shall not exceed three (3) years. Renewal of the annual term of such Employment Agreements may be granted by the City only if the Provider Employee's performance has been satisfactory as determined by the Provider Employee's supervisor and such supervisor's recommendation to renew the term of the Employment Agreement, which recommendation shall be subject to the sole and absolute of the Provider Employee's supervisor.

3. The City may elect not to renew an Employment Agreement if the services of the Provider Employee are no longer needed, as determined by the Provider Employee's supervisor in the exercise of the sole and absolute discretion of such supervisor.

4. The City may commence recruitment to fill a position filled by a Provider Employee at the start of the third year of each Employment Agreement with a Provider Employee.

5. The City Manager may approve up to six (6) months of “double filling” to accommodate the transition of a position from a Provider Employee to a City employee but such double filling shall not extend the three (3) year cap on the employment of Provider Employees.

6. An Employment Agreement with a Provider Employee may be renewed beyond the cap of three (3) years for an additional one (1) year term if the city attempted to fill the position and was unsuccessful.

a. Following an unsuccessful recruitment attempt by the City the department head and the City Manager must evaluate the continued need for the position to be filled by a Provider Employee

b. The City may reorganize a department and may reclassify positions in order to avoid hiring a Provider Employee beyond the three (3) year cap on employment.

C. All Provider Employees (including Prior Provider Employees) shall receive sixteen (16) days of paid time off each year and would not be allowed accumulate and carry forward any of that time. Prior Provider Employees with vacation accumulation will be allowed to bring forward no more than one (1) year of paid time off and shall be given no more than one (1) year to use accumulated vacation.

D. No sick leave shall be given to any Provider Employees.

E. All Provider Employees shall receive the same paid holidays as other City employees.

F. No Provider Employees shall receive adjustments to their pay when the City offers its regular employees pay adjustment.

G. Any adjustment in pay to Provider Employee must be specifically authorized by the City Council during the renewal of this Agreement (if any) pursuant to Section 5 of the Agreement.

H. The termination of a Provider Employee at a time other than the possible annual renewal of the term of the Provider Employee’s Employment Agreement during the first two (2) years of the term of such Employment Agreement must be for cause. This termination for cause requirement shall not limit in any way the right of the City to not renew the annual term of an Employment Agreement.

Service Fee/Direct Payroll Costs: In addition to the payments for work performed, the City shall pay Provider a service fee equal to four percent (4%) and all applicable direct payroll costs (e.g., Social Security, FICA & Medicare, AZ Unemployment, Federal Unemployment, Worker’s Compensation (professional/classified)).

Reimbursement: The City shall reimburse Provider for mileage, travel, conferences and other out-of-pocket expenses incurred by Provider Employees but only if such expenses are approved (prior to the expense being incurred), by the Provider Employee’s City supervisor. To obtain such reimbursement, Provider Employees must submit a written claim for reimbursement, approved by the Provider Employee’s City supervisor, to the City. The City shall forward the claim to Provider. Provider shall reimburse the Provider Employee and include the amount of the reimbursement on Provider’s invoice to the City.

Discretionary Leave Days: The City shall provide Provider Employees with the same number of paid holidays as other city employees.

Review of Desk Top Procedures: Each Provider Employee shall complete a full review of all documented desk top procedures at the beginning of the third year of the term of the Provider Employee's Employment Agreement in order to assist in the transition to a City employee filling the position.

Electronic Access: The City shall provide each Provider Employee access to electronic and technological tools allowing for participation and function of normal City duties (e.g., Kronos, e-mail, internet, cell phones, etc.). Provider Employees agree to follow all City guidelines and policies regarding use of the same.

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