



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

**CITY OF SAFFORD  
COUNCIL MEETING MINUTES  
Monday, September 22, 2014 @ 6:00 PM  
Safford Library Program Room, 808 S. 7<sup>th</sup> Avenue, Safford, Arizona**

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

**ABSENT:** James D. Howes, Councilman

**STAFF PRESENT:** Horatio Skeete, City Manager; Sandy Findley, Executive Assistant; Terry Quest, Finance Director; John Nelson, Interim Finance Director; Joe Brugman, Chief of Police; Randy Petty, City Engineer; Jenny Howard, Public Works Director; Dustin Welker, Planning and Community Development Director; Christine Fisher, Human Resources Director; Eric Buckley, Utilities Director; LeAnne McElroy, Library Director; and Georgia Luster, City Clerk. Dale Clark assisted with the audio/video recording of the meeting.

**PRESENT:** Kim Larkey, Steve McGaughey, Kenny McKinney, Lisa Suter, and Justin Burnett.

- 1. WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:00 p.m.
- 2. ROLL CALL:** A quorum of the Council was present (7).
- 3. PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the flag.
- 4. OPENING PRAYER:** Councilman, Gene Seale offered the opening prayer.
- 5. It is recommended the City Council accept the single and highest bid of \$30,120 from JMP Holdings, L.L.C. for City-owned property on 8<sup>th</sup> Street, Safford, Arizona, Parcel #102-19-077.** Dustin Welker stated this piece of property was put out to bid on August 11<sup>th</sup> and closed September 11<sup>th</sup>. One bid was received for \$30,120 from JMP Holdings LLC. The property is zoned General Commercial and is 7,560 square feet. He noted that

the value of commercial property is difficult to estimate but commercial property is generally in the range of \$1 to \$4 a square foot depending on the location and availability of infrastructure. Staff's estimate for this property was in the \$2 to \$2.50 range. The bid received for the property is \$3.98 a square foot. He recommended the Council accept the bid from JMP Holdings. Palmer Dentistry has plans to expand their dental office.

It was moved by Councilman Malloque, seconded by Councilman Ortega, and carried unanimously to accept the bid for \$30,120 from JMP Holdings, L.L.C. for City owned property on 8<sup>th</sup> Street, Parcel Number 102-19-077. **MOTION ADOPTED**

6. **Financial Update for Fiscal Year Ending June 2014.** (PowerPoint Presentation attached) City Manager Skeete introduced Mr. John Nelson to present a quick financial summary of the City for Fiscal Year Ending June 2014. He explained this is Mr. Nelson's last week as Interim Finance Director for the City. Terry Quest will assume the Finance Director duties.

Mr. Nelson stated that he has basically closed out all financial records through Fiscal Year June 30<sup>th</sup> 2014 and the information will be provided to the auditors. He reviewed the operations of 2014, where we ended up, and where we need to be. Actual revenues of the General Fund is \$13,606,694 with expenditures and transfers at \$12,281,754. Net gain is \$1,324,940. As you start recovering from a recession, you expect to see a gain from operations. What did surprise him was the components and how we got that gain. Eight percent (8%) of that \$1.3 million gain was from revenues; 92% was from expenditures. It's a great testament to the City of Safford especially with the unsettled circumstances of the economy over the past five years; staff was able to cut their budgets and continued to hold down their expenses. He reviewed the following graphs:

- General Fund Revenues – Where It Came From FY 2013-2014: Taxes – 58%, State Shared- 17%, Graham county – 3%, Sanitation Fees -8%, Internal charges – 7% and other – 7%.
- General Fund Taxes- FY 2013-2014: 80% - City Sales & Use Tax, Bed Tax – 5%, Property Tax – 3% and Franchise (In Lieu) – 12%.
- General Fund – Where It Went FY 2013-2014: Public Safety – 33%, Community Services – 24%, Sanitation – 8%, Streets – 12%, Added to Fund Balance – 10%,

Elected/Appointed Officials – 8%, and Support Services – 5%. In other words, the City of Safford is providing two-thirds of every tax dollar in the General Fund on Public Safety, community safety or reserved for future use.

- Special Revenue/Enterprise Funds – Results of Operations for Fiscal Year 2013 -2014:  
Mr. Nelson reviewed the graph of operating expenditures which are capital projects, capital outlay and debt service payments. All but one of the Operating Funds gained except for water services had a deficit which was planned and budgeted due to large capital projects in this Fiscal Year. A fund balance is an important fund to build so that funds are available for capital projects. He reviewed the operations funds: Hurf/Streets gained \$233,074; Electric Services gained \$836,787; Water Services deficit of \$446,395; Wastewater Services gained \$289,168; Gas Services gained \$289,900, and Landfill gained \$296,170.
- Recommended Reserves  
General Fund – Recommendation is Six (6) months of expenditures.  
GFOA – Minimum two months + Risk Factors (Prefer minimum of three months)  
Revenue Stable – Positive  
Remote/Rural Community – Negative  
State of Arizona – Negative  
Other Factors (Landfill) - Negative
- Hurf/Streets – Recommendation is Nine (9) months of expenditures.  
State of Arizona – Negative  
Additional Cost of Deferred Maintenance – Negative  
The cost for repairing and maintaining streets for every mile is eight times higher.
- Enterprises (Utilities) – Recommendation is Nine (9) months of expenditures  
Critical Service – Negative  
Extensive Infrastructure – Negative  
High fixed Cost – Negative
- Landfill (operations only) – Recommendation is Six (6) months of expenditures  
Remote/Rural community - Negative

Mr. Nelson stated there are significant deficits in Utilities and recommended the Council consider a rate increase this fiscal year. Nobody likes rate increases; but the Council must be responsible for these reserves in order for the City to continue to provide services to its

customers. Instituting a rate increase in a good economy is a lot more palatable than a larger increase when the economy is fading again. He pointed out that as of April of this year the base rate for electric is no longer covering the cost to purchase electricity.

Recommended Reserves Compared to Current Reserves (Operations):

- General Fund: Recommended Reserve \$6,188,249; Current Reserve - \$3,146,438; Under Funded \$(3,041,811)
- HURF/Street: Recommended Reserve \$1,367,0069; Current Reserve - \$1,297,249; Under Funded \$(69,757)
- Electric Services: Recommended Reserve \$6,593,054; Current Reserve - \$5,621,325; Under Funded \$(971,729)
- Water Services: Recommended Reserve \$4,787,157; Current Reserve - \$1,037,842; Under Funded \$(3,749,315)
- Wastewater Services: Recommended Reserve \$2,094,518; Current Reserve - \$2,502,383; Over Funded \$407,866
- Gas services: Recommended Reserve \$2,366,966; Current Reserve - \$1,597,848; Under Funded \$(769,188)
- Landfill: Recommended Reserve \$584,383; Current Reserve - \$611,398; Under Funded \$27,016

Recommended Reserves Compared to Current Reserves (Non-Operating):

- Landfill Closure: Recommended Reserve - \$6,791,000; Current Reserve - \$204,653; Under Funded - (\$6,586,347)
- Wastewater Development: Current Reserve - \$340,000
- Water Development: Current Reserve - \$1,336,000

Mr. Nelson stated the Council and staff need to be complimented.

7. **Eric Buckley, Utilities Director, will provide a PowerPoint Presentation in regards to natural gas operations and safety conducted by the City of Safford Gas Division. (Attached PowerPoint).**

Eric Buckley, Utilities Director, provided a Power Point Presentation regarding the City of Safford's Natural Gas. He explained the presentation is mandated by the Federal Pipeline Safety Regulations by all local distributions companies to maintaining a liaison with the appropriate fire, police and other public officials. The purpose of the Liaison

Meeting is to review Federal Pipeline Safety Regulations, and to acquaint the officials with the operator's ability in responding to a gas pipeline emergency. He recognized key staff members who keep the Gas Division of the City in compliance.

Mayor Gibbs expressed his appreciation to staff for their actions preparing for possible flooding as a result of Hurricane Odile. He believes staff was prepared.

8. **ADJOURN:** It was moved by Vice Mayor Mary Bingham, seconded by Councilman Malloque, and carried unanimously to adjourn the meeting at 6:43.35 p.m. **MOTION ADOPTED**

APPROVED:

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Wyn "Chris" Gibbs, Mayor  
City of Safford

ATTEST:

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Georgia Luster, MMC  
City Clerk

STATE OF ARIZONA    )  
                                  )    ss  
County of Graham    )

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Special Council Meeting/Work Session Minutes of the Safford City Council, Graham County, Arizona held Monday, September 22, 2014, and approved at a Regular Council Meeting on Monday, October 13, 2014. I further certify the meeting was duly called, held and that a quorum was present.

October 13, 2014  
Date:

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Georgia Luster, MMC, City Clerk