

**MINUTES OF THE REGULAR MEETING OF  
THE ELOY CITY COUNCIL  
CITY OF ELOY  
628 NORTH MAIN STREET  
JANUARY 25, 2016  
6:00 P.M.**

**Staff Present:** Harvey Krauss-City Manager; Stephen R. Cooper-City Attorney; Mary Myers-City Clerk; Michelle Tarango-Police Lieutenant; Brian Wright-Finance Director; Ken Martin-City Engineer/Public Works Director; Rus Ketcham-Library Director; Zenia Cornejo-Management Assistant; Roger Valdez-City Magistrate

**I. CALL TO ORDER**

Mayor Belloc called the meeting to order at approximately 6:00 p.m.

**II. INVOCATION**

Invocation was given by Mayor Belloc.

**III. PLEDGE OF ALLEGIANCE**

Mayor Belloc led Council and the public in the Pledge of Allegiance.

**IV. ROLL CALL**

Council Members Present: Councilmember JoAnne Galindo; Councilmember Andrew Rodriguez; Mayor Joel Belloc; Vice Mayor Micah Powell; Councilmember J.W. Tidwell; Councilmember J.R. Nagy

Council Members Absent: Councilmember Augustine Saucedo (called in).

**V. COMMUNICATIONS**

Mr. Krauss conveyed the following communications to Council:

- Recognized Officer Violet Maestas for receiving the S.P.O.K.E. award at last week's Eloy Chamber of Commerce's annual banquet.
- The grand opening for "The Heart of Eloy" store is slated for February 5<sup>th</sup> from 2pm to 5pm.

**VI. APPEARANCES FROM THE FLOOR**

None.

**VII. EXECUTIVE SESSION**

Mayor Belloc moved executive session after agenda item IX-Q.

**VIII. CONSENT AGENDA**

Councilmember Tidwell requested agenda items IX-D and IX-J be removed from the Consent Agenda for discussion.

<u>Agenda Item</u>	<u>Subject</u>
IX-A.	Approval of Minutes: 1/11/16 (regular)
IX-B.	Request approval of the 2016 Major Amendment Schedule for the Eloy General Plan dated May 2011.
IX-C.	Agreement with SDB, Inc. for Exploratory Excavation of CAIDD Facilities for the proposed Monsanto Water Line Project
<del>IX-D.</del>	<del>Contract change order from SH Engineering and Manufacturing for additional work to repair the headworks climber screen at the Wastewater Treatment Plant. (REMOVED FOR DISCUSSION)</del>
IX-E.	Request authorization to reclassify one of the Communications Specialists positions to Communications Specialist – Lead at Salary Grade 51 within the Communications Division of the Police Department.
IX-F.	Adoption of Resolution No. 16-1368 authorizing the submittal of a grant application in the amount of \$275,000 to the Arizona State Department of Housing for improving the City’s housing stock.
IX-G.	Adoption of Resolution No. 16-1369 committing local funds as leverage for FY 2015 Community Development Block Grant State Special Project (SSP) and/or the FY2015-2016 State Housing Fund.
IX-H.	Recommendation to the Arizona Department of Liquor License and Control (ADLLC) for a Person Transfer and Location Transfer Series 06 liquor license for Viktoria’s Night Club located at 300 E. Frontier Street, Eloy, Arizona
IX-I.	Professional Services Agreements with Rick Engineering for the Design of the “D” Street Waterline and Design and Survey work required for Water Service Relocations.
<del>IX-J.</del>	<del>Authorize the Mayor to enter into a professional services contract with BBAR Consulting Services to implement the City’s Eloy Owner Occupied Housing Rehabilitation Program. (REMOVED FOR DISCUSSION)</del>
IX-K.	Professional Services Agreement with Valentine Engineering to provide Wastewater Treatment Plant Operations Assistance with a Plant Operator 3.

- X-L. Adoption of Resolution No. 16-1370 declaring as a Public Record the renumbering of Sections 2-105 through 2-115 of Chapter 2 and Sections 10-18 through 10-50 of Chapter 10 of the Eloy Municipal Code.
- IX-M. Adoption of Ordinance No. 16-851 amending and renumbering Sections 2-105 through Section 2-115 of Chapter 2 of the Eloy Municipal Code and amending and renumbering Sections 10-18 through 10-50 of Chapter 10 of the Eloy Municipal Code.
- IX-N. Acceptance of the 2015 National Criminal History Improvement Program Grant (NCHIP), and authorize expenditure of grant funds.

Motion by Vice Mayor Powell, seconded by Councilmember Tidwell to remove agenda items IX-D and IX-J from the Consent Agenda and approve remaining Consent Agenda items as presented, passed unanimously by roll call vote.

## **IX. BUSINESS**

### **D. CONTRACT CHANGE ORDER FROM SH ENGINEERING AND MANUFACTURING FOR ADDITIONAL WORK TO REPAIR THE HEADWORKS CLIMBER SCREEN AT THE WASTEWATER TREATMENT PLANT.**

**Cover sheet discussion:** *Staff recommends the approval of a contract change order in the amount of \$11,219.00 plus applicable taxes from SH Engineering and Manufacturing for additional work to repair the headworks climber screen at the Wastewater Treatment Plant (WWTP).*

*On November 23, 2015 the City Council approved a contract with SH Engineering and Manufacturing for the repair of a chain drive mechanism on the Vulcan climber screen at the WWTP. Upon removal of the climber screen to repair the chain mechanism, additional damage to the mechanism was found. Several lamellas were found broken at the bottom of the screen which could not be seen until the climber screen mechanism was removed.*

*A total of 12 moving lamellas and 12 fixed lamellas are needed.*

#### ***FISCAL IMPACT:***

*The original contract amount was \$14,531.00 plus applicable taxes. The cost of this change order will be an additional \$11,219.00 for the 24 lamellas plus applicable taxes.*

Councilmember Tidwell wanted to know why is SH Engineering requesting additional money when the project was just awarded last November. He said it appears that every time Council awards a contract, contractors are coming back to

the city a few months later requesting more money. Councilmember Tidwell said he's getting tired of approving change orders to companies.

Mr. Martin explained the reason for the change order. He said the repair is something that was unforeseen by staff.

Councilmember Tidwell suggested staff do more investigating before spending city funds.

Mayor Belloc conveyed that he expressed concern about the additional repairs as well. However, after going to the site and looking down in the sewage which was dark, he can understand how staff could have overlooked it.

Motion by Vice Mayor Powell, seconded by Councilmember Galindo to approve a contract change order from SH Engineering and Manufacturing for additional work to repair the headworks climber screen at the wastewater treatment plant, passed by the following votes:

Yay: Councilmember Galindo; Councilmember Rodriguez; Mayor Belloc; Vice Mayor Powell

Nay: Councilmember Nagy; Councilmember Tidwell

**J. AUTHORIZE THE MAYOR TO ENTER INTO A PROFESSIONAL SERVICES CONTRACT WITH BBAR CONSULTING SERVICES TO IMPLEMENT THE CITY'S ELOY OWNER-OCCUPIED HOUSING REHABILITATION PROGRAM.**

**Cover sheet discussion:** *Council authorize the Mayor to enter into a professional services contract with BBAR Consulting Services to implement the City's Owner-Occupied Housing Rehabilitation Program.*

*BBAR Consulting Services has been assisting the City of Eloy with the Owner-Occupied Housing Rehabilitation Program for the past six years. Rosa Bruce, owner/operator of BBAR Consulting Services, has been involved with Community Development, Redevelopment and Neighborhood Rehabilitation for over thirty (30) years. BBAR Consulting Services has a wealth of experience in housing services for low income residents in the Eloy area, which is supplemented by experience in housing rehabilitation services using HOME, Community Development Block Grants (CDBG), Housing Trust Fund (HTF), State Special Project (SSP), Regional Account (RA) and USDA funding sources.*

*In addition, BBAR Consulting Services has built an extensive rapport with the Arizona Department of Housing, Pinal County Housing Authority and CAHRA.*

*BBAR Consultants have an excellent reputation of positively impacting the community through neighborhood revitalization.*

*Staff published a Request for Proposal (RFP) for housing services in early December 2015, with a proposal closing date of December 29, 2015. The RFP was sent to Pinal County, Apache Junction, Marana and others soliciting proposals. There was only one proposal submitted to the RFP and that was submitted by BBAR Consulting Services. At this time the City does not have the in-house capability to provide housing rehabilitation services.*

*The proposed BBAR Consulting contract provides for a two-year term expiring on January 24, 2018, unless terminated earlier by either party with a 10 day written notice.*

***FISCAL IMPACT:***

*There is no fiscal impact to the City of Eloy's General Fund since professional services are included in grant administration costs paid by the grants received. BBAR is proposing a lump sum payment of \$7,000 per unit for rehabilitation services included in the agreement. Generally, the rehabilitation services include a needs assessment, technical architectural plans and scope of work and specification writing, procurement of contractors, construction management and final inspection.*

*Additionally, grants administration and management may be performed at a rate of \$60 per hour fee. This task includes records maintenance, audit ready files, including all monthly and quarterly reports, fiscal management of payables and receivables of all active grant funds, eligibility verification and individual program beneficiary files. This is an on-going task for the duration of an active grant. This work typically includes 10 to 15 hours per week, and these costs are included in funding for a grant.*

*BBAR does not prepare any grant applications for the City. This work is completed by staff.*

Councilmember Tidwell wanted to know why it has been six years since the city has had a grant writer who knows how to do their job.

Mr. Krauss conveyed that since becoming city manager, he's removed the grant writing portion from Ms. Bruce and brought that in-house. What Ms. Bruce does is administer the housing rehab program which entails identifying and qualifying applicants; drawing up specs and scope of work; going out to bid; and reviewing and awarding bids. Ms. Bruce also oversees the construction of work and authorizes progress payments. Mr. Krauss stated that Ms. Bruce provides a level of expertise that the city does not have in-house. He said Ms. Bruce's fee of 10% comes from grants and not city funds.

Councilmember Tidwell asked why the city doesn't have someone who is capable of doing this. He asserted that the person who took over the position that was created when the grant writing position was abolished has been here for over four years. Why hasn't this person be trained on how to administer a grant.

Mr. Krauss conveyed the person has not been trained because of work priorities. There has been quite a bit of focus on airport issues and writing grants.

Councilmember Galindo asked if it was Ms. Bruce's responsibility to submit all of the reports to CDBG.

Mr. Krauss said yes; the grants are written in-house and BBAR administers the housing rehab portion. Ms. Bruce is responsible for ensuring the city is in compliance with all CDBG regulations and the auditors. The CDBG program is audited every year by the city's auditors. Ms. Bruce has to make sure the program passes the audit in order for the city to obtain future grants.

Councilmember Galindo conveyed that her position at Pinal County is funded 50% by a grant as well as some of the boards and commissions she has sat one. Ninety percent (90%) of assuring that an agency is in good standing and assuming that the agency is qualified not for just one grant but for future grants, is to be sure you have good reporting. Councilmember Galindo said if you don't meet all the requirements for a grant, not only can it put an agency at risk of not being re-awarded, but it can also put you in jeopardy of not being awarded other grants. She said having someone who is qualified and is providing a wonderful service to the city is money well spent. Councilmember Galindo said she personally appreciates the work BBAR is doing for the city.

Vice Mayor Powell wanted to know if the former grants writer, Marty O'Haus did what BBAR is now doing.

Mr. Wright conveyed that Ms. Bruce and Mr. O'Haus worked together on housing rehab. Ms. Bruce handled the construction aspect and Mr. O'Haus wrote the grants.

Vice Mayor Powell asked was Mr. O'Haus' salary paid from the grants.

Mr. Wright said no; Mr. O'Haus' salary was paid by the city. Administration fees from the grants were put back in the grants to get more out of them.

Councilmember Tidwell said it would be nice to use the grant monies for what it's intend for; not for paying a consultant to do a job that the city is paying a staff member to do.

Motion by Vice Mayor Powell, seconded by Councilmember Galindo to authorize the Mayor to enter into a professional services contract with BBAR Consulting

Services to implement the City's Eloy Owner-Occupied Housing Rehabilitation Program, passed by the following votes:

Aye: Councilmember Galindo; Councilmember Rodriguez; Mayor Belloc; Vice Mayor Powell; Councilmember Nagy

Nay: Councilmember Tidwell

**O. PRESENTATION FROM PAULINA WOO REGARDING THE CITY'S INVESTMENT PORTFOLIO WITH PMF ASSET MANAGEMENT.**

**Cover sheet discussion:** *Paulina Woo of PFM Asset Management will be making a presentation to the Mayor and City Council as it relates the City's financial investments with PFM Asset Management.*

*On July 27, 2015, the City invested \$10,000,000 with PFM Asset Management. Paulina Woo, with PFM will be making a six-month investment portfolio update as it pertains to the City's investments. This presentation is for Council review and discussion, and no action is required.*

**FISCAL IMPACT:**

N/A

Mr. Wright introduced Ms. Paulina Woo who gave a PowerPoint presentation on the growth of the city's \$10,000,000 investment with PFM Asset Management over the last five months.

After her presentation, Ms. Woo and Mr. Wright fielded questions from Council.

**P. BID AWARD TO STANDARD CONSTRUCTION FOR THE 11TH STREET WATERLINE AND STREET RE-PAVING PROJECT**

**Cover sheet discussion:** *Council award the bid for the 11th Street Waterline and Street Re-paving Project to Standard Construction in the amount of \$622,823.13.*

*The 11th Street project was originally intended as only a street re-paving project, funded by CDBG, on the portion of 11th Street from Curriel to Madison. As the project developed, it was determined that the old water line in 11th Street needed to be replaced due to its age and shallow depth. Loan funding from WIFA that was awarded to the City in March, 2015 was transferred from a well project to provide funding for the replacement of the waterline in 11th Street along with two other waterline projects on Tryon Avenue and "D" Street.*

*The replacement of the gas line was also requested to insure that the new street pavement would not be disturbed by future gas line work or leak repairs. The*

*existing franchise license agreement with Southwest Gas requires that the City share in the cost of the gas line replacement.*

*The 11<sup>th</sup> Street project generally consists of the removal and disposal of approximately 10,957 square yards of existing street surfacing, base and sub grade material; the construction of approximately 9,654 square yards of new asphalt pavement on an aggregate base; and the installation of approximately 2,573 linear feet of new 6-inch waterline.*

*The 11<sup>th</sup> Street Improvement Project & Waterline Replacement Project was publicly bid and the City received 12 bids on January 8, 2016. The lowest responsible bidder was Standard Construction. Attached is a bid tabulation. The project is tentatively scheduled to commence on February 8, 2016, and the contract time is 90 days from issuance of the Notice to Proceed.*

*The table below shows the sources of funds for the project including costs for construction, gas line re-location cost sharing, construction management, and project inspection.*

<b><i>11th Street Improvement Project</i></b>					
	<i>Total Project</i>		<i>CDBG Portion</i>	<i>WIFA Portion</i>	<i>City Funds</i>
<i>Standard Construction — Base Bid</i>	\$615,930.13				
<i>Standard Construction — Alternate A Additional Sidewalk at Curiel Elementary</i>	\$6,893.00				
	\$622,823.13		\$224,779.00	\$253,403.58	\$144,640.55
<i>SW Gas Required Co-payment for Gas Pipeline Relocation</i>	\$20,879.31				\$20,879.31
<i>Vanir CM and Rick Engineering Services for Davis Bacon, CDBG Documentation, and WIFA Documentation Cost Split 50% -50% City and WIFA</i>	\$61,257.49	9.835%		\$30,628.75	\$30,628.75
	\$704,959.93		\$224,779.00	\$284,032.33	\$196,148.61
	<i>*NOTE: Original CDBG Grant required \$114,167.00 of City Funds</i>				

***FISCAL IMPACT:***

*The total cost of the 11<sup>th</sup> Street project will be \$704,959.93 with funding from CDBG, WIFA loan proceeds, and City CIP funds (Streets Fund). The City's portion of the gas line replacement (\$20,879) will be funded through the General Fund.*

*The design and engineering costs for the water line and street improvements was \$40,260, which was completed by Rick Engineering. This was funded with the matching funds budgeted for the CDBG project.*

Mr. Martin gave a PowerPoint presentation on the waterline and street re-paving project. Mr. Martin told Council that if approved tonight, the city is looking at a tentative notice to proceed February 8<sup>th</sup> with a 90 calendar day contract completion date of May 9<sup>th</sup>.

Councilmember Galindo asked why staff chose to start the project at Curiel Street and not Main Street.

Mr. Krauss explained that the streets division did some previous work between Main Street and Curiel Street and that portion of 11<sup>th</sup> Street is not as bad as beyond Curiel Street.

Mayor Belloc added that the Infrastructure Committee also looked at it and concurred with staff.

Mayor Belloc asked Mr. Martin if he expects any change orders for this project. And if so why.

Mr. Martin explained that what he's been doing over the last year is including what is known as an "owner directed allowance" in bid projects. This is a fund of money of about 10% of the construction cost that staff includes in a bid that is awarded by Council. He said in this case, the city is looking at an allowance for owner directed changes of \$60,413.88 that is included in the total bid. Mr. Martin said any changes would be taken from this allocated money.

Councilmember Tidwell said if Standard Construction is aware of this money, they will find something that staff didn't tell them that will equate to \$60,000.00.

Mr. Martin stated that staff had this as an example in the Main Street waterline project. The city would have spent approximately half of the owner's directed allowance, but they incorporated in that allowance the addition of installing a fiber optic conduit the entire length of the project under that railroad. Staff added in the additional work and gave staff the opportunity to fix a couple of additional crosswalks and other items without having to increase the cost of the project.

Councilmember Tidwell said Southwest Gas has been installing new lines along north Sunshine Blvd. He wanted to know would Southwest Gas be required to put the street back to the way it was before they tore it up if it is done at their discretion.

Mr. Martin said yes; they will bring in an outside contractor to do the repairs all at the same time once Southwest Gas is finish, so there may be temporary patches for a period of time. He told Council that city staff will inspect the work to make sure that it's done correctly.

Motion by Vice Mayor Powell, seconded by Councilmember Rodriguez to award a bid to Standard Construction for the 11<sup>th</sup> Street Waterline and Street Re-paving project, passed unanimously by roll call vote.

**Q. PROFESSIONAL SERVICES AGREEMENT WITH VANIR CONSTRUCTION MANAGEMENT TO PROVIDE CONSTRUCTION MANAGEMENT SERVICES ON THE 11<sup>TH</sup> STREET IMPROVEMENTS AND WATER LINE PROJECT**

**Cover sheet discussion:** *Council approve a Professional Services Agreement not to exceed \$61,257.49 with Vanir Construction Management to provide construction management and inspection services on the 11<sup>th</sup> Street Improvements and Water Line Project.*

*The 11<sup>th</sup> Street project, from Curiel to Madison, will replace the pavement on 11<sup>th</sup> Street and replace the existing old 6-inch water line with a new 6-inch water line. The project has three funding sources, CDBG, WIFA, and the City's Streets Fund. The services to be provided by Vanir Construction Management will be funded from WIFA and City funds.*

*This agreement incorporates both the services required to meet the regulations of the CDBG funding and the WIFA funding, as well as the construction inspection services necessary to insure that the construction complies with project plans and specifications. All documentation needed for the project will be completed, including review of payrolls and employee interviews to insure compliance with Davis Bacon requirements, inspection of all materials that are utilized on the project, and documentation of final quantities actually used on the project. As built drawings will also be completed and furnished to the City.*

**FISCAL IMPACT:**

*The services provided under this agreement will be on a time and materials basis, not to exceed \$61,257.49.*

Mr. Krauss and Mr. Martin gave a brief overview of the proposed agreement with Vanir Construction.

Mayor Belloc wanted to know who will do the testing.

Mr. Martin said the contractor will be responsible for hiring a sub-contractor to handle the testing.

Mayor Belloc asked will the city have any input in selecting the sub-contractor.

Mr. Martin said no; the contractor will select the company they want to handle the testing. However, if the city is not satisfied with the work, he can work with the contractor for a replacement.

Mr. Cooper added that it also eliminates finger pointing. If there is a problem the city will look to the contractor to correct.

Mr. Martin told Council that staff will be on site and in communications with the contractor on a daily basis.

Councilmember Tidwell conveyed in the agreement it states that “services provided under this agreement is for time and material.” He wanted to know who will verify the time and material.

Mr. Martin said he will be responsible for this.

Motion by Vice Mayor Powell, seconded by Councilmember Nagy to approve a Professional Services Agreement with Vanir Construction Management to provide construction management services on the 11<sup>th</sup> Street Improvements and Water Line Project, passed unanimously by roll call vote.

**R. EMPLOYMENT CONTRACT OF HARVEY KRAUSS AS CITY MANAGER, INCLUDING SALARY AND BENEFITS.**

**Cover sheet discussion:** *Employment contract to be discussed and approved by a majority vote of the City Council.*

*Mr. Krauss was appointed City Manager by the City Council on April 22, 2014. Mr. Krauss was previously given a two (2) year contract. The term of the new City Manager contract is for a period three (3) years with a provision for the City Council's right to terminate the contract without cause provision of 6 months of severance pay during the first year of employment and 4 months thereafter.*

*The contract also has a provision which will allow Mr. Krauss to retire before the end of the contract period with the City Council's option to hire Mr. Krauss as independent contractor for the duration of the three (3) year period.*

*This contract also provides that the City Manager shall accrue vacation in the same manner as Department Heads of the City of Eloy subject to a maximum accrual of*

*500 hours of vacation time and upon termination of this Agreement or upon the City Manager leaving City employment, either voluntarily or involuntarily, the City shall pay the City Manager for one hundred percent (100%) of the accrued but unused sick leave in a lump sum computed on an hourly basis determined by the City Manager's then current salary, up to a maximum of 460 hours.*

***FISCAL IMPACT***

*Annual Salary                   \$140,000.00*  
*Annual Car allowance \$   7,200.00*

*The above sums do not include the expense of benefits paid to the City Manager in the same manner that are paid to City employees such as insurance, retirement contribution, vacation and sick leave. The above sums do not include the cost of professional development membership and training costs which are to be approved in advance by the City Council.*

Mr. Cooper reviewed the proposed employment contract with Council.

Councilmember Tidwell asked Mr. Krauss why he made the effective date January 25<sup>th</sup>. He asked is this date the start of a new pay period.

Mr. Krauss conveyed there was nothing significant in picking the date; he is fine with Council picking another effective date. Mr. Krauss said the start of a new pay period would be January 30<sup>th</sup>.

It was the consensus of the Council to change the start and term dates of Mr. Krauss' employment contract with the city from January 25, 2016 and January 25, 2019 to January 30, 2016 and January 30, 2019.

Councilmember Galindo said she agrees with all the terms of the contract, including a monthly car allowance; however she would like Mr. Krauss to use the city vehicle whenever possible when traveling on city business. Councilmember Galindo said driving a city vehicle provides branding and publicity for Eloy.

Motion by Vice Mayor Powell, seconded by Councilmember Tidwell to approve employment contract of Harvey Krauss as City Manager, including salary and benefits and amending the effective and ending dates of the employment contract from January 25, 2016 and January 25, 2019 to January 30, 2016 and January 30, 2019, passed unanimously by roll call vote.

**X. INFORMATIONAL ITEMS**

None

**VII. EXECUTIVE SESSION**

Motion by Vice Mayor Powell, seconded by Councilmember Rodriguez to hold an Executive Session at approximately 7:27pm with the City Manager, City Attorney and City Clerk (transcribing), for approximately thirty (30) minutes for;

C. Legal advice and update on status on pending claims and litigation involving the City of Eloy, to A.R.S. §38-431.03 (A) (3).

Motion passed unanimously.

*Mayor Belloc called the public meeting back to order at approximately 8:02pm.*

**XI. ADJOURNMENT**

There being no further business, Mayor Belloc adjourned the meeting at approximately 8:02 p.m.

Joel G. Belloc  
Joel G. Belloc, Mayor

ATTEST:

Mary Myers  
Mary Myers, City Clerk