

**MINUTES OF THE REGULAR MEETING OF
THE ELOY CITY COUNCIL
CITY OF ELOY
628 NORTH MAIN STREET
MARCH 14, 2016
6:00 P.M.**

Staff Present: Harvey Krauss-City Manager; Stephen R. Cooper-City Attorney; Mary Myers-City Clerk; William Pitman Chief of Police; Brian Wright-Finance Director; Ken Martin-City Engineer/Public Works Director; Zenia Cornejo-Management Assistant; Jon Vlaming-Community Development Director; Paul Anchondo-Parks and Recreation Director; Lance Dunagan-Public Works Superintendent; Roger Valdez-City Magistrate; Rus Ketcham-Library Director; Sylvia Payne-HR Manager

I. CALL TO ORDER

Mayor Belloc called the meeting to order at approximately 6:01 p.m.

II. INVOCATION

Mayor Belloc asked Council and the public for a moment of silence.

III. PLEDGE OF ALLEGIANCE

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

IV. ROLL CALL

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

Council Members Absent: Councilmember JoAnne Galindo (called in).

V. COMMUNICATIONS

- Vice Mayor Powell conveyed that last Wednesday he, Mayor Belloc, Councilmember Galindo, Harvey Krauss, Jon Vlaming, Mark Benner from Eloy Chamber of Commerce and Jim Dinkle from Access Arizona all attended a spring

training event in Phoenix. He said the city sponsored the event with the CoreNet Global Phoenix Chapter. The city's name and logo was on all the tables and name badges worn by everyone in attendance. The makeup of the crowd consisted of people in the economic development field. Vice Mayor Powell said Pinal County Supervisor, Pete Rios was an invited guest of the city. He said everyone had a great time and networked with a number of people. He said he hopes the city will do this again.

Mayor Belloc thanked Mr. Krauss for planning the event.

- Mayor Belloc announced that the city will be hosting the next I-11 Corridor meeting on April 11th, 9:00 a.m., at the public library.

Mr. Krauss conveyed the following information to Council:

- The Downtown Development Advisory Board will be meeting tomorrow at 3:00 p.m. at the public works building;
- The Planning and Zoning Commission is scheduled to meeting March 16th, at 7:00p.m. in the Council Chambers;
- Council will have a work session March 21st, 6:00 p.m. in the Council Chambers regarding the process for building a new city hall.

Mr. Krauss introduced Eloy Chamber of Commerce executive director, Mr. Mark Benner and chairman, Mr. Terry Strain, who gave a quarterly update on recent Chamber activities and financials.

Mr. Strain conveyed to Council that every quarter, the chamber submits its profit/loss balance sheet, check registers and reconciliation. He asked Council if they would consider waiving the annual audit provision in the contract since all of their financial reports are given to the city each quarter. Mr. Strain pointed out that annual auditing cost for the chamber (\$1600) is pretty costly for the organization.

Mayor Belloc suggested to Mr. Strain that he submit all financial information to Mr. Wright who can review the information and report back to Council. He agreed that money spent for an audit could be better used somewhere else in the organization.

Mr. Strain pointed out that a company with a budget their size is not required to have an audit. The only reason why this is a stipulation in the contract is because of Council wishes in the past.

Vice Mayor Powell agreed with Mayor Belloc. He pointed out that communication between the chamber and the city has improved over the past year.

Mayor Belloc asked Mr. Cooper if Council could address Mr. Strain's request at this time.

Mr. Cooper conveyed because this is a communication item and not an action item, Council cannot take any action tonight. However, Council can direct staff to bring the contract back to Council with an amendment to the agreement as it pertains to the audit.

Mayor Belloc directed Mr. Krauss to bring the chamber contract back to Council for possible amendment.

VI. APPEARANCES FROM THE FLOOR

None.

VII. EXECUTIVE SESSION

Mayor Belloc used the chair's discretion to move Executive Session before Adjournment.

VIII. CONSENT AGENDA

Vice Mayor Powell requested agenda items IX-B and IX-F be removed from the Consent Agenda for discussion.

Agenda Item

Subject

IX-A. Approval of Minutes: 2/22/16 (regular)

~~IX-B. Accept a Drainage Easement from Otto Real Estate Arizona LLC for Installation of a Storm Water Retention Basin at the Eloy Industrial Park. (Removed for discussion)~~

IX-C. Adoption of Resolution No. 16-1371 authorizing the submittal of traffic safety grants to the Arizona Governor's Office of Highway Safety to purchase vehicles and equipment to expand the Police Department's traffic enforcement program.

IX-D. Professional Services Agreement with CVL Consultants for consulting services on the documentation required for the Sludge Basin Clean Closure Project

IX-E. Recommendation to the Arizona Department of Liquor Licenses and Control (ADLLC) for a New License, Series 10 for "Good 2 Go," located at 3160 N. Toltec Road

~~IX-F. Council authorize the purchase of a new pickup truck for the Chief Building Official from Courtesy Chevrolet. (Removed for discussion)~~

IX-G. Professional Services Agreement with Valentine Environmental Engineers for consulting services required for the rehabilitation of four sewer lift stations.

- IX-H. Adoption of Ordinance 16-852 approving an amendment to Chapter 16A and Chapter 21 of the Eloy City Code eliminating the requirement of a Conditional Use Permit for religious institutions in commercial zoning districts.
- IX-I. Request approval of an agreement with Sunland Asphalt for road improvements at the Eloy Memorial Park.
- IX-J. Adoption of Resolution Nos. 16-1372, 16-1373, 16-1374, 16-1375 and 16-1376 for the City of Eloy to sponsor five (5) grant proposals to the Gila River Indian Community and administer the funding if proposals are approved.

Motion by Councilmember Saucedo, seconded by Councilmember Nagy to remove agenda items IX-B and IX-F from the Consent Agenda and to approve remaining Consent Agenda items as presented, passed unanimously by roll call vote.

IX. BUSINESS

B. ACCEPT A DRAINAGE EASEMENT FROM OTTO REAL ESTATE ARIZONA LLC FOR INSTALLATION OF A STORM WATER RETENTION BASIN AT THE ELOY INDUSTRIAL PARK.

Cover sheet discussion: *Council accept a drainage easement from Otto Real Estate Arizona LLC (dba Otto Environmental) for installation of a storm water retention basin at the Eloy Industrial Park.*

Otto Environmental, located in the Eloy Industrial Park, has been impacted in the past by flooding during storm events. On a few occasions the rail spur serving Otto Environmental has been flooded out, which caused Otto Environmental to shut down their operations. To address this problem, the City was able to obtain grant funding from Pinal County Flood Control District to ameliorate the flooding potential. With grant funds the City will initiate construction of a storm water retention basin along with associated facilities to improve the drainage in the area. The project requires the construction of a retention basin on Otto Environmental property. The design of the drainage facilities was completed by Entellus. In order to initiate construction, an easement needed to be dedicated by Otto to the City. This drainage easement was recently signed by Otto Environmental at no cost to the City.

FISCAL IMPACT:

There is no financial impact to the City with the acceptance of this easement.

Vice Mayor Powell conveyed that it has been brought to his attention that the entire industrial park has drainage issues. He wanted to know if city plan to work on the entire area or just focus on Otto.

Mr. Krauss agreed there is a drainage issue at the industrial park; however this is just a small part of it. He explained that Otto uses a private rail spur that is between Schuff Steel and Otto. Over the past 10 years, there has been three occasions where flood waters have taken out the rail spur, shutting down Otto and impacting Schuff's Steel. The \$250,000 grant the city received from the Pinal County Flood Control District will hopefully prevent flooding of the rail spur; but it will not resolve the area wide drainage issues for the industrial park.

Mr. Krauss pointed out that Pinal County is doing a study to remove some of the property out of the flood plain, but it's through a change in the FEMA map, rather than through any physical improvements. He said it would take a lot more improvements to take care of all of the drainage issues in the area.

Mayor Belloc conveyed that the recommendation is a result of a study that was done for this particular issue.

Mr. Krauss said yes; but the money doesn't go far enough. The project was divided into two phases – the engineer has proposed additional things such as a dry well, but the city does not have enough money to do that at this time. The first phase will be a retention area. When additional money becomes available additional improvements will be needed.

Vice Mayor Powell conveyed his support for the project, but pointed out that the city needs to look at other areas in the park for future development.

Mr. Krauss said what is needed is a regional solution more than just a local one.

Motion by Vice Mayor Powell, seconded by Councilmember Nagy to accept a drainage easement from Otto Real Estate Arizona LLC for installation of a storm water retention basin at the Eloy Industrial Park, passed unanimously.

F. COUNCIL AUTHORIZE THE PURCHASE OF A NEW PICKUP TRUCK FOR THE CHIEF BUILDING OFFICIAL FROM COURTESY CHEVROLET.

Cover sheet discussion: *Council authorize the purchase of a new Chevrolet Colorado pickup truck from Courtesy Chevrolet in the amount of \$24,398.99.*

The two current vehicles that serve the Community Development Department-Building Division are 2004 Ford Ranger Pickup Trucks. The smaller pick-up has 86,000 miles and the larger pick-up has 56,000 miles on the odometer-these are tough miles on the historically rough roads in and around the City. This request is to purchase a new 2016 Chevrolet Colorado Extended Cab, 2-wheel drive pick-up truck. The truck will be used by the Chief Building Official primarily to conduct inspections within the City. Staff recommends that the City sell the smaller pick up

(with the most mileage) to assist in offsetting the cost of the new pick-up. It is estimated that the value of this resale vehicle (to a private party) ranges from \$3,250 to \$3,750. This vehicle has exceeded the second turning point (60,000-70,000 miles) on typical trade-in milestone charts.

Staff requested a total of four quotes from providers under the State of Arizona contract ADSP012-016667. These four quotes are identified below, by vendor:

<i>Courtesy Chevrolet-2016 Colorado Extended Cab</i>	<i>\$24,398.99</i>
<i>Midway Chevrolet-2016 Colorado Extended Cab</i>	<i>\$25,575.71</i>
<i>San Tan Ford-2015 F150 XL Super Cab</i>	<i>\$25,173.66</i>
<i>San Tan Ford-2016 F-150</i>	<i>\$24,173.66</i>

FISCAL IMPACT:

This vehicle replacement was identified in the adopted budget for Fiscal Year 2015-16 in the amount of \$25,000. The recommended vehicle (Chevrolet Colorado) would have a price (\$24,398) that is less than the budgeted amount. Even though the price of the Chevrolet is more (\$225) than the F-150, the smaller engine of the Chevrolet (2.5 L vs 3.5 L) will get better mileage, thus reducing long term fuel consumption and operational costs.

Vice Mayor Powell wanted to know why there aren't any price quotes from car dealerships in Pinal County. He said the city should keep the money in Pinal County.

Mr. Krauss explained that the vendors listed are on state contract. He said he is unaware of any dealerships in Pinal County being on state contract.

Vice Mayor Powell asked is the city required to use state contract vendors.

Mr. Krauss said the city does not have to use vendors from the state contract list, but staff would have to draw up specs and go out for competitive bidding, which can be very cumbersome administratively. He said the city gets a much better price through state contract.

Motion by Vice Mayor Powell, seconded by Councilmember Rodriguez to authorize the purchase of a new pickup truck for the Chief Building Official from Courtesy Chevrolet, passed unanimously.

K. PRESENTATION BY JUDGE ROGER VALDEZ ON THE ARIZONA SUPREME COURT EVALUATION FINDINGS FROM A COURT OPERATIONAL REVIEW OF THE ELOY MUNICIPAL COURT (FEBRUARY 2016).

Cover sheet discussion: Council will receive a presentation by Judge Roger Valdez providing an overview on the Arizona Supreme Court evaluation findings from a Court Operational Review of the Eloy Municipal Court completed in February 2016. No Council action is required.

The Administrative Office of the Arizona Supreme Court recently completed an operational review of the Eloy Municipal Court. This was a routine evaluation of the Eloy Municipal Court which is conducted every 10 years. The last evaluation of the Eloy Municipal Court by the Arizona Supreme Court was completed in October 2005. A final report has been issued and Judge Valdez will provide the Mayor and Council with an overview of the evaluation findings.

FISCAL IMPACT:

None.

Mr. Valdez reviewed the results of the Arizona Supreme Court audit of the magistrate court. Mr. Valdez answered several questions from Council during his presentation.

L. COUNCIL TO CONDUCT PUBLIC HEARINGS ON CDBG RA AND SSP GRANT PROPOSALS AND DESIGNATE A PROJECT FOR THE CDBG RA GRANT SUBMITTAL.

- 1) *Cover sheet discussion: Council to conduct a public hearing for selecting a project for the CDBG RA grant submittal and conduct a public hearing for submittal of a CDBG SSP grant to the Arizona Department of Housing for owner-occupied housing rehabilitation improvements.*
- 2) *Council designate a project for funding with CDBG RA (Regional Account) by selecting either Project 1 - Phoenix Avenue improvements from Eleven Mile Corner Road to Curiel Street, or Project 2 – Owner-Occupied Housing Rehabilitation improvements.*

The City is required to hold a second public hearing on the submittal of grant applications for funding through the CDBG RA (Regional Account) and the CDBG SSP (State Special Projects) account. The City of Eloy is expected to receive approximately \$264,865.00 in FY 2015 Federal CDBG funds from the Arizona Department of Housing Regional Account (RA). The City also intends to apply for the \$300,000.00 (including administration) in FY 2015 CDBG funds from the State Special Projects (SSP) account. The Council had previously approved the use of up to \$77,000.00 as leverage funds toward this grant proposal. This will greatly improve the City's chances of receiving this funding.

CDBG funds must be used to benefit low-income persons and areas to alleviate slum and blight or address an urgent need. Based upon citizen input as well as local and state planning objectives, several potential projects have been suggested for consideration for funding to be forwarded to the State of Arizona with a request for funding.

The potential CDBG projects are named and described as follows:

CDBG REGIONAL ACCOUNT (RA):

Project 1: Phoenix Avenue Improvement: \$264,865.00 in CDBG RA funds and \$381,100.00 in City leverage funds for a total of \$645,965.00 for the reconstruction of Phoenix Avenue from Eleven Mile Corner Road to Curiel Street. This improvement will serve a residential area consisting of 110 housing units and indirectly serving an additional 15 housing units of which 76%-79% are below the 80% of Area Median Income.

Project 2: Owner Occupied Housing Rehabilitation: \$264,865.00 in CDBG RA funds for the Eloy Owner-Occupied Housing Rehabilitation Program services and related administration costs. To provide assistance with housing rehabilitation improvements to approximately 4 to 5 units occupied by low income (80% of AMI) or very low income (50% of AMI) families.

CDBG STATE SPECIAL PROJECT (SSP) APPLICATION:

Owner-Occupied Housing Rehabilitation Program: \$300,000.00 in CDBG SSP funds and \$77,000.00 in local leverage for the Eloy Owner-Occupied Housing Rehabilitation Program services and related administrative costs. To provide assistance with housing rehabilitation improvements including ADA accessibility to approximately 5 to 6 units occupied by very low income (50% of AMI) families. The priority population will be elderly and disabled.

Resolutions for the selected projects will be presented at Council's March 28th regular meeting.

FISCAL IMPACT:

If the Phoenix Avenue Improvement project (Project 1) is selected for CDBG RA, the City's leverage funds would be approximately \$381,000.00 for a total of \$645,965.00. If the Owner Occupied Housing Rehabilitation improvements (Project 2) are selected for CDBG RA, there will not be a City leverage requirement.

For the CDBG SSP project (Owner-Occupied Housing Rehabilitation Program) grant submittal, the Mayor and Council at its regular meeting on January 25, 2016 approved a \$77,000.00 in local leverage for the continuation of the Owner-Occupied Housing Rehabilitation Program.

Mayor Belloc declared a public hearing open.

Mr. Krauss gave an overview of the CDBG RA and SSP grant proposals to Council and the public.

At this time, Mayor Belloc gave members of the public the opportunity to comment and/or ask questions about the proposed grants and projects.

Mr. Krauss and Ms. Cornejo answered questions from Council and the public regarding the proposed projects.

Based on comments from the public and Council, it was the consensus of Council to use CDBG RA funds for housing rehabilitation.

There being no further questions from Council and/or the public, Mayor Belloc declared the public hearing closed.

A motion was made by Vice Mayor Powell and seconded by Councilmember Rodriguez to select Project 2 (Owner Occupied Housing Rehabilitation) for the RA grant submittal, passed unanimously by roll call vote.

Mr. Krauss informed Council that staff will bring resolutions for the selected projects before Council for formal adoption at the next regular meeting.

M. COMMERCIAL OPERATIONS AGREEMENTS ALLOWING AIRPORT ACCESS TO THE FOUR COMMERCIAL OPERATORS ADJACENT TO THE ELOY MUNICIPAL AIRPORT.

Cover sheet discussion: *Council approve Commercial Operations Agreements effective on April 1, 2016 allowing airport access to the four (4) commercial operators adjacent to the Eloy Municipal Airport: Arizona Aeropainting LLC, Crop First Aviation, Hot Wings, and Skydive Arizona.*

In July of 2012, the Federal Aviation Administration (FAA) conducted an inspection and review of the airport's commercial operations. These FAA inspections are intended to survey federally obligated airports. Through these inspections, the FAA detects and recommends corrections of inappropriate procedures and operations. After the inspection is conducted, a report of the inspection is generated and shared with the airport sponsor in addition to sharing the report with Congress.

In the case of the Eloy Municipal Airport several discrepancies were found and most have been corrected. One of the items the FAA found that needed attention was the adoption and implementation of airport access agreements with the property owners adjacent to airport property that would establish rights and responsibilities of the parties and establish standards that fully comply with FAA policy requirements.

Over the past four years, staff has been in contact with FAA officials updating them on the progress of the airport's efforts to conform to FAA requirements. Since 2012 the City of Eloy adopted Airport Rules and Regulations, Airport Minimum Operating Standards, and revised airport leases that are now in compliance with FAA standards. The leases are renewed on a triennial basis for t-hangars and there are five (5) year terms for the business hangars.

In addition, the City has updated the Airport Rate and Fee Schedule which was adopted by the City Council in October 2013. Lastly, staff meets with the Airport Advisory Board on a quarterly basis. All these improvements have allowed the Eloy Municipal Airport to continue to receive FAA entitlement funds for airport improvement projects.

The remaining major item to address was adoption of "Through-the-Fence" (TTF) agreements with the commercial operators adjacent to the airport. TTF agreements are defined as follows:

Through-The-Fence (TTF) operations occur when an airport sponsor grants an entity ground access by an aircraft across the airport's property boundary to the airport's air side infrastructure (e.g., runways and taxiways) and permission to engage in associated activities from property adjacent to the airport.

The legislative guidance directs the FAA to require that through-the-fence assess agreements address at a minimum the following:

- *Establish through-the-fence rates and charges that are comparable to those paid by on-airport tenants and aircraft operators.*
- *Incorporate an escalation mechanism within fee schedules to maintain parity with on-airport rates and charges.*
- *Assign financial responsibility to private property owners for improvements necessary to connect the private property and the airport.*
- *Restrict the operation of commercial aeronautical activities on the private property.*
- *Prohibit fuel sales on the private property.*
- *Prohibit unauthorized access by other property owners through private property abutting the airport.*

The proposed agreements comply with the above-referenced general provisions.

The Airport Advisory Board approved a template for the Through-the-Fence Agreement on June 11, 2015. Since then the Agreement has been revised based upon comments received from the commercial operators. Even though the agreements are entitled Commercial Operations Agreements, the proposed agreements fulfill FAA requirements. This Agreement has also been reviewed and approved by FAA staff.

In drafting the terms and conditions as well as the fees for the agreements, Staff researched and reviewed several TTF Agreements within the state and throughout the country. The agreements have a five year term with an effective date of April 1, 2016, and the agreements have a provision for a renewal of five additional years with a 5% increase.

FISCAL IMPACT:

The fee for the Commercial Operations Agreements are based upon the monthly tie-down fee of \$30.00. The annualized fee for commercial operators was proposed at \$360.00, and the agreements provide for a 5% increase every five (5) years.

The Airport budget is anticipating that a \$1,440.00 increase in the Fiscal Year 2016-2017 budget. These funds will be invested into airport improvements.

Mr. Krauss reviewed the proposed agreements with Council.

Councilmember Saucedo asked Mr. Krauss if the Airport Advisory Board was in agreement with the contracts.

Mr. Krauss said yes.

Mayor Belloc asked Mr. Krauss would there be a 5% increase on the fees every year for five years or after five years.

Mr. Kraus stated there would be a 5% increase after five years.

Mayor Belloc pointed out that a 5% increase is not much after five years. He said in his opinion a 5% increase after five years was rather low. Mayor Belloc pointed out that some of the airport tenants make good money. He said he would like to see an increase after three years.

Mr. Krauss said he understands the mayor's concern. He said there are two ways to determine the fee. It can be determined by the number of aircrafts that go through the fence or the size and weight of the plane. He said the four tenants' usage of TTF varies. The city has to determine the fee based on a non-discriminatory manner. To base fees on the number of aircrafts that goes TTF would increase

administrative burden because the city does not have an airport director at the airport to monitor the usage. Mr. Krauss explained that the primary reason for doing the agreements was to satisfy the FAA and not jeopardize the city's funding from them.

Vice Mayor Powell wanted to know if the city charge and landings and take offs.

Mr. Krauss said no; however, the city can increase its revenues through a new Fixed Base Operator (FBO) agreement. He said the FBO agreement on file expired last year, so staff went out for proposals which were due today, but unfortunately none were received. Mr. Krauss said staff needs to meet with the current FBO to negotiate a new agreement. Hopefully, the city will be able to increase its revenues through fuel sales.

Motion by Vice Mayor Powell, seconded by Councilmember Tidwell to approve Commercial Operations Agreements allowing airport access to the four commercial operators adjacent to the Eloy Municipal Airport, passed unanimously by roll call vote.

X. INFORMATIONAL ITEMS

a. February Financial Report

Councilmember Tidwell expressed concern about expenditures being almost nine percent (9%) over revenues for February. He wanted to know if this was going to be a trend; that the city spends more than it takes in.

Mr. Wright explained the expenditure calculations to Council. He told Council that at this time revenues are exceeding expenditures. Mr. Wright conveyed to Councilmember Tidwell that he would be more than happy to meet with him to explain it and provide him with a detailed financial statement that shows every line item, balance sheet, income and expense.

b. February Checklist Report

No questions and/or comments.

VII. EXECUTIVE SESSION

Motion by Councilmember Saucedo, seconded by Vice Mayor Powell to hold an executive session at approximately 7:55 p.m. for approximately 30 minutes with the City Attorney, City Manager, City Clerk (transcribing) and Human Resource Manager for:

Discussion of legal matters/consultation with City Attorney, City Staff and/or special legal counsel concerning *Drake and Hunter vs. City of Eloy*, litigation status and possible settlement proposal pursuant to A.R.S. §38-431.03 (A) (2) and (3).

Motion passed unanimously.

Mayor Belloc reconvened the public meeting at approximately 8:16 p.m.

Mayor Belloc conveyed that in the matter of *Drake and Hunter vs. City of Eloy* litigation, Council has directed staff to proceed as discussed in executive session.

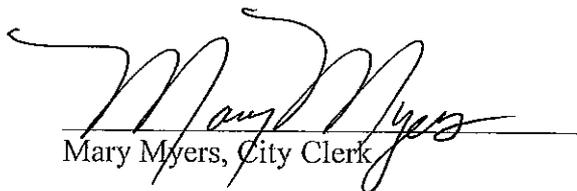
XI. ADJOURNMENT

There being no further business, Mayor Belloc adjourned the meeting at approximately 8:16 p.m.



Joel G. Belloc, Mayor

ATTEST:



Mary Myers, City Clerk