

CONSENT AGENDA

Agenda Item IX-A

Date: 8/10/15

**MINUTES OF THE REGULAR MEETING OF
THE ELOY CITY COUNCIL
CITY OF ELOY
628 NORTH MAIN STREET
JULY 27, 2015
6:00 P.M.**

Staff Present: Harvey Krauss-City Manager; Stephen R. Cooper-City Attorney; Mary Myers-City Clerk; Ken Martin-Public Works Director/City Engineer; Bill Pitman-Police Chief; Brian Wright-Finance Director; Lance Dunagan-Public Works Superintendent; Jon Vlaming-Community Development Director; Rus Ketcham-Library Director; Roger Valdez-City Magistrate

I. CALL TO ORDER

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

II. INVOCATION

Invocation was given by Mayor Joel Belloc.

III. PLEDGE OF ALLEGIANCE

Vice Mayor Powell led Council and the public in the Pledge of Allegiance.

IV. ROLL CALL

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

Council Members Absent: None

V. COMMUNICATIONS

Mr. Krauss conveyed the following communications to Council:

- The Pinal Hispanic Council will be presented with a ceremonial check this week from Wal-Mart in the amount of \$5,000 \$25,000 for emergency funds for veterans. The event will take place at the Eloy Veterans Center, July 30th, at 9:00 a.m. The Council is invited to attend.

Councilmember Tidwell said he was told by Ms. Sonette Chaput from Pinal Hispanic Council that the presentation will be at 10:00 a.m. and not 9:00 a.m.

- Received an email from Fire Chief Coy Amerson who is a Toltec resident, thanking the city for repaving Shedd Road and putting in the bike/walking lanes.
- Councilmember Rodriguez conveyed he recently contacted APS regarding 39 street lights that were out throughout the city. He said as of today, all of the street lights that he reported are fixed.

VI. APPEARANCES FROM THE FLOOR

Mr. Arthur Boren, 5466 N. Pioneer Drive, Eloy, conveyed that he would like to comment on item IX-H (property tax levy) that is on tonight's agenda. He said that in the past three years, he's been going through the city's budget. The actual general fund expenditures versus the city's annual budget have been as follows:

- In 2013 the city expended \$8.6 million; budgeted \$9.7 million
- In 2014 the city expended \$8.3 million; budgeted \$10.0 million
- In 2015 the city expended \$8.5 million; budgeted \$10.7 million

Mr. Boren pointed out that the city's budget has increased 14.4% over last three years while expenditures have been pretty much the same since 2013. He wanted to know why the city increased the property taxes each year along with the budget. Mr. Boren stated the city is projecting an increase in revenues of \$26.0 million this year and wanted to how the city can justify the proposed property tax increase. He asked each member of Council to please explain their reasoning for voting for the tax increase when they cast their vote.

VII. EXECUTIVE SESSION

None.

VIII. CONSENT AGENDA

Agenda Item

Subject

IX-A. Approval of Minutes: 7/13/15 (regular)

IX-B. Reappointment of Natasha Tidwell to the Eloy Cemetery Committee

~~IX-C. Authorization to award an engineering professional services contract to Riek Engineering for the design of the 11th Street Improvement Project. (REMOVED FOR DISCUSSION/ACTION)~~

IX-D. Authorization to award an engineering professional services with Kimley-Horn to complete an ADEQ Multi-Sector General Permit 2010 and written Storm Water Pollution Prevention Plan (SWPPP).

IX-E. Authorize the City to enter into a Intergovernmental Agreement with Santa Cruz Valley Union High School District #840 for the sharing of facilities and equipment.

Mayor Belloc requested agenda item "C" be removed from the Consent Agenda for discussion.

Motion by Councilmember Tidwell, seconded by Councilmember Rodriguez to remove agenda item IX-C from the Consent Agenda and approve remaining Consent Agenda items as presented, passed unanimously.

IX. BUSINESS

C. AUTHORIZATION TO AWARD AN ENGINEERING PROFESSIONAL SERVICES CONTRACT TO RICK ENGINEERING FOR THE DESIGN OF THE 11TH STREET IMPROVEMENT PROJECT.

Cover sheet discussion: *Council award an engineering professional services contract to Rick Engineering in the amount of \$40,260.00 for the design of the 11th Street Improvement Project, including the design of a new waterline.*

In March of 2014, Mayor and Council approved the submittal of a CDBG Regional Account (RA) application to the Arizona Department of Housing for the 11th Street Improvement Project. The street improvement project required staff to conduct a special survey in addition to a full environmental review prior to gaining approval and funding from the State.

The 11th Street Improvement Project consists of the design and reconstruction of 11th Street from Curriel Street to Phoenix Avenue. The total length of this project is approximately 2,228 linear feet and the width of the roadway is 37 feet.

In addition to the design and reconstruction of 11th Street, it is also necessary to be proactive and replace the existing waterline. The current waterline is an old asbestos cement (AC) waterline 6 inches in diameter along the north side of the street. When staff initially selected 11th Street for the Community Development Block Grant (CDBG) Regional Account (RA) improvement project, staff had determined that the waterline was outside the pavement and would not be disturbed with street reconstruction. Unfortunately, after further review, it was discovered that the waterline lies partly along the edge of the street.

Staff has concluded that replacing this old AC waterline prior to street reconstruction makes good economic sense since the line will be prone to failure during construction activity. Replacing the waterline will preserve and protect the City's investment in the new street improvements constructed with CDBG funds.

On March 31, 2015 the City received an executed contract from the State for this CDBG-funded street project. Staff published a Request for Qualifications (RFQ) for engineering services and received five Statements of Qualifications from the following engineering firms: SCE Engineering, DOWL, Kimley-Horn, Willdan Engineering and Rick Engineering Company.

Rick Engineering has demonstrated the ability to provide quality professional engineering services to its clientele. In addition, Rick Engineering has extensive experience in working with CDBG grants/funding which has a different set of regulations than a municipality or the State. Staff has been pleased with the engineering services provided by Rick Engineering with the Shedd Road reconstruction project and Main Street water line project.

FISCAL IMPACT:

This project is being funded by the CDBG Regional Account funds in the amount of \$226,279.00. In addition the City leveraged \$168,170.00 in order to complete the project. The total cost of the street improvement project, including design and construction, is \$375,697.00. In anticipation of this project the City's leveraged funds were budgeted in FY 2015-2016.

The waterline is not eligible for funding through the CDBG program. However, staff will be recommending that the City apply for a WIFA loan to cover the cost of the waterline design, which is \$16,260.00, as well as the waterline construction, which is estimated to cost \$271,000.00.

The total estimated cost for the waterline replacement and street improvements is \$646,697.

Mayor Belloc said he is aware that additional work will be needed for this project that exceeds the grant (\$226,279) the city received from CDBG and the city's leverage (\$168,170). According to the engineer, he said the waterline underneath the street is very old and will probably be damaged due to compaction and the heavy equipment that will be on the street. Mayor Belloc said staff is requesting approval to replace the waterline which he supports. However, instead of borrowing money from WIFA, his preference is for the city pay for the waterline outright instead of taking out a loan to save on interest and taxes. He pointed out that the city has the money in the bank to do this.

At this time, Mr. Wright and Mr. Martin explained to Council why staff is recommending the city apply for a low interest loan through WIFA.

Motion by Councilmember Galindo, seconded by Vice Mayor Powell to authorize to award an engineering professional services contract to Rick Engineering for the design of the 11th Street Improvement Project passed unanimously by roll call vote.

F. AUTHORIZE THE CITY TO ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE TOWN OF FLORENCE FOR MAGISTRATE COURT SERVICES.

Cover sheet discussion: *Council authorize the City to enter into an Intergovernmental Agreement (IGA) with the Town of Florence to provide part-time Magistrate Court services.*

The Magistrate Judge for the Town of Florence recently retired, and Florence approached Judge Valdez about serving as their part-time Magistrate Judge. Judge Valdez was able to work out a schedule to handle magistrate duties for Florence without negatively impacting the operations of the Eloy Municipal Court. Generally, Judge Valdez will handle civil traffic duties on Mondays of each week, and arraignments/trials on Fridays. Judge Valdez will spend up to 16 hours per week performing services for the Town of Florence.

The initial term of the proposed IGA with Florence will expire on June 30, 2016, and the IGA provides for annual renewals by letter agreement by the Mayor of each community. The agreement may be terminated with 60 days written notice by either party.

Florence will be responsible for the expense of maintaining their Magistrate Court, equipment, office supplies, court personnel including the Town prosecutorial staff, and other operational requirements. Eloy will be responsible for payment of workers' compensation benefits and other employee benefits.

FISCAL IMPACT:

The total cost of salary and benefits for the Magistrate Judge is just under \$106,000 for FY2015-16. Florence will pay Eloy \$42,000 for Magistrate services, which amounts to approximately 40% of the Magistrate's total compensation. Payments will be made in quarterly installments to Eloy. Florence's annual payment may be adjusted each year based upon Eloy's projected expenses for the Magistrate Judge.

Mr. Krauss gave an overview of the proposed IGA to Council.

Mayor Belloc asked about the amount of insurance the city is requesting from Florence.

Mr. Cooper conveyed that each municipality would have their own coverage through the Arizona Municipal Risk Retention Pool. Judge Valdez would still be covered by Eloy's policy. He pointed out that the \$42,000 that the Town of Florence will pay to Eloy will include salary and benefits which equates to 40% of the judge's time.

Mr. Krauss stated that the IGA was submitted to risk pool attorney, Bill Simms, who reviewed it and made some changes which Eloy and Florence both agreed

with. Mr. Krauss pointed out that Florence and Eloy are both members of the risk pool.

Vice Mayor Powell wanted to know what happens with the salary after the first year of the contract. Would the IGA be automatically renewed at the same rate?

Mr. Krauss said it would be automatically renewed but the salary amount would be revisited at that time.

Vice Mayor Powell asked would the contract still be in effect if something happens to Judge Valdez or if he's no longer employed with the city.

Mr. Krauss pointed out that the IGA contains a 60 day written notice for termination of the agreement if Council deems it necessary.

At this time, Judge Valdez came forward to field questions from Council about the handling of cases and prisoners from Eloy and Florence.

Judge Valdez assured Council that his work load in Florence will not interfere with his work load in Eloy and that Eloy will always be first priority.

Motion by Vice Mayor Powell, seconded by Councilmember Saucedo to authorize the city to enter into an Intergovernmental Agreement with the Town of Florence for Magistrate Court Services, passed unanimously by roll call vote.

G. REVIEW AND DISCUSS AN ORDINANCE AMENDING CHAPTER 13 (OFFENSES) OF THE CITY CODE BY ALLOWING FOR THE OUTSOURCING OF THE MANAGEMENT OF THE ALARM PROGRAM AND AMENDING THE FEE SCHEDULE FOR THE ALARM PROGRAM.

Cover sheet discussion: Council to review and discuss ordinance amendments to Chapter 13 (Offenses) of the City Code by allowing for the outsourcing of the management of the alarm program, and amending the fee schedule for administering the alarm program.

The current City ordinance regulating the use of alarms within the City was adopted approximately 10 years ago. In 2014, the Department responded to 394 alarms, of which 387 of them were determined to be false and not attributed to any criminal activity. Often multiple alarm activations occur at the same property and result in multiple police responses per day. The alarm industry estimates approximately 95 percent of all alarms (burglary and fire) are false. The most common causes of false alarms include operator/user error, equipment malfunction, and inclement weather.

An average of two police officers respond to each reported alarm activation. Officers spend anywhere from 10 to 30 minutes, on average, investigating alarm activations. The investigation may take longer when the responsible party for the

property has an extended arrival time. Staff estimates the annual cost to respond to and investigate alarm calls is approximately \$40,000.00 per year. This includes staff time, fuel, and equipment. Staff management of the false alarm program has proven difficult, at best. The Department does not have the staff time nor software needed to accurately and effectively identify, track, and manage the increasing number of alarm systems located within the City.

The Police Department is proposing to amend the current alarm ordinance in order to allow the Department to outsource management of the false alarm program. Many companies offer professional, cost-neutral services to police agencies across the State and country for the management and regulation of alarm systems. Many cities are outsourcing their alarm programs to the private sector for these reasons.

The current fee schedule was adopted with the original alarm ordinance approximately 10 years ago. Although costs associated with responding to, investigating, and managing false alarms have increased over the years, permit fees and penalties have remained the same. The revised fee schedule included in the proposed ordinance is comparable with fees and penalties assessed by other cities in Pinal County.

Penalties for false alarm responses are intended to encourage compliance. Most false alarms are preventable with proper use and maintenance of the alarm system. The Department will provide an online class that provides information on the proper use of alarm systems.

With the proposed ordinance, each property with an alarm system would be given one free false alarm response per year. The ordinance provides for weather related exceptions, and residents and businesses are given the ability to appeal any penalties assessed for a false alarm response. The Department, in any appeal, will make a final determination after a review of the facts.

FISCAL IMPACT:

The outsourcing of the alarm program to the private sector will have no fiscal impact to the City.

Mayor Belloc conveyed that staff has requested this item be tabled at this time.

Mr. Krauss explained that Sgt. Kristie Barnette was scheduled to discuss this item tonight; however she is not feeling well and could not attend tonight's meeting.

Motion by Vice Mayor Powell, seconded by Councilmember Saucedo to table this item, passed unanimously.

- H. ADOPTION OF ORDINANCE NO. 15-844, LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF ELOY, SUBJECT TO TAXATION A CERTAIN SUM UPON EACH ONE**

HUNDRED DOLLARS (\$100) OF VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FOR FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2016.

Cover sheet discussion: A) Council adopt Ordinance No. 15-844 setting the property tax levy of ~~\$1.1484~~ for Fiscal Year 2015-2016.

Or

B) Council adopt Ordinance No. 15-844 setting the property tax levy of ~~\$1.1701~~ for Fiscal Year 2015-2016.

This is a follow-up to Council's action on Ordinance No. 15-844 establishing a primary property tax levy for Fiscal Year 2015-2016 at your July 13, 2015 meeting. The proposed ordinance establishing a tax levy of \$1.1701 was defeated on a 3 to 3 vote. Since the ordinance was defeated, staff needs to bring back the ordinance to Council for adoption with a new tax levy. The City is required to submit an ordinance to Pinal County in August establishing a tax levy.

The Council may adopt the current tax rate of \$1.1484 (Option A above), or the maximum primary property tax levy of \$1.1701 (Option B above), or perhaps establish a tax between the two options.

This is the final step in the Fiscal Year 2015-2016 budget process. On June 25, 2015 a public hearing was held on the property tax levy. No comments were received at this public hearing. Upon approval, Ordinance No. 15-844 will be sent to the Pinal County Board of Supervisors for their approval.

Assuming there is no change in property valuation, a primary tax levy of \$1.1484 will generate \$993,695 while a tax levy of \$1.1701 is estimated to generate \$1,012,475. This equates to a difference of \$18,780.

Staff will present a power point presentation at your July 27th meeting providing you with additional background and information on the primary tax levy.

FISCAL IMPACT:

Annual revenue from primary property tax is estimated to be \$993,695 (Option A) or \$1,012,475 (Option B).

Mr. Krauss explained to Council and the public the reason why the property tax levy ordinance is back on tonight's agenda. Mr. Kraus said Council has been given two options (ordinances) for the property tax levy. Option A would set a property

tax levy of \$1.1484 for FY 2015-16; Option B would set a property tax levy of \$1.1701 for FY 2015-16.

Mr. Brian Wright gave a PowerPoint presentation on property taxes. Topics highlighted were:

- Explanation of what are property taxes
- Why property taxes are important
- What is primary taxes versus secondary property taxes
- How property tax is assessed
- Eloy's property tax rates compare to surrounding cities
- Overview of a property tax bill from Robson Ranch/Toltec and Eloy Proper

A motion was made by Vice Mayor Powell, and seconded by Councilmember Saucedo to read Ordinance 15-844 (Option B) by title only passed unanimously.

Motion by Vice Mayor Powell, seconded by Councilmember Nagy to adopt Ordinance No. 15-844 (Option B) passed by the following roll call votes:

Ayes: Councilmember Rodriguez; Councilmember Saucedo; Mayor Belloc; Vice Mayor Powell; Councilmember Nagy

Nays: Councilmember Galindo; Councilmember Tidwell

I. UPDATE THE MAYOR AND COUNCIL ON THE CITY'S INITIAL INVESTMENT PORTFOLIO WITH PFM ASSET MANAGEMENT LLC.

Cover sheet discussion: *On April 20, 2015, Council adopted Resolution 15-1345 adopting a Financial Investment Policy and entering into a contract with PFM as investment advisors for the City. The Investment Policy stated that the City will maintain the maximum safety of principal, while maintaining liquidity to meet cash flow needs as well as provide the highest investment returns. This standard states that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of their capital, as well as the income to be derived.*

The primary investment objectives, in priority order, of all investment activities are 1) Safety; 2) Liquidity; and, 3) Return. These objectives are reflective in the initial investment of U.S. Treasuries and Government Sponsored Enterprises (GSEs), which provide the least risk exposure to the City. A total of \$10 million dollars is being recommended for investment. The investment portfolio would consist of 25% (\$2,500,000) in U.S. Treasuries and 75% (\$7,500,000) be invested in Government Sponsored Enterprises.

The projected average weighted yield, or interest rate, will be around .63%. This projected yield of .63% is approximately 4 times higher than what is currently being earned at Great Western Bank.

After making the initial investment of \$10,000,000 the City's cash balance with Great Western Bank will continue to remain healthy to cover ongoing payable demands.

Staff will provide quarterly updates on the investments and provide reports to Council.

FISCAL IMPACT:

A transfer of \$10,000,000 from current savings and repurchase accounts to PFM for investments.

Mr. Wright provided Council with an update on the city's initial investment portfolio of \$10,000,000 with PFM Asset Management (PFM).

After his update report, Mr. Wright fielded questions from Council.

X. INFORMATIONAL ITEMS

Vice Mayor Powell congratulated Mr. Vlaming on accepting the Community Development Director position with the city.

Mayor Belloc asked Mr. Krauss about the report from the Urban Land Institute (ULI) on the downtown redevelopment study.

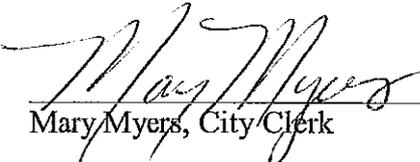
Mr. Krauss said the city received a draft which he and Mr. Vlaming reviewed and returned with comments. He said ULI representatives will come back at a later date to review the final report with Council.

XI. ADJOURNMENT

There being no further business, Mayor Belloc adjourn the meeting at approximately 7:24 p.m.


Joel G. Belloc, Mayor 8/10/15

ATTEST:


Mary Myers, City Clerk