

**MINUTES OF THE REGULAR MEETING OF
THE ELOY CITY COUNCIL
CITY OF ELOY
628 NORTH MAIN STREET
JANUARY 23, 2017
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; Paul Anchondo-Parks and Recreation Director; Jon Vlaming-Community Development Director; Bill Pitman-Police Chief; Brian Wright-Finance Director; Sylvia Payne-HR Director; Lance Dunagan-Public Works Superintendent; Rus Ketcham-Library Director

I. CALL TO ORDER

Mayor Belloc called the meeting to order at approximately 6:07 p.m.

II. INVOCATION

Invocation was given by Pastor Debbie Miller.

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; Vice Mayor Micah Powell; Mayor Joel Belloc; Councilmember Dan Snyder; Councilmember J.R. Nagy; Councilmember J.W. Tidwell

Council Members Absent: None

V. COMMUNICATIONS

Mr. Krauss reminded Council of the Council retreat January 30th at Robson Ranch in the fireside room starting as 12:00 p.m.

Motion by Vice Mayor Powell, seconded by Councilmember Rodriguez to approve the Consent Agenda as presented, passed unanimously by roll call vote.

IX. BUSINESS

In reference to Vice Mayor Powell's concern, Mr. Krauss suggested staff give a brief overview of each contract for Council.

Mayor Belloc used the chair's discretion to move agenda item IX-H before IX-E.

H. CONSIDERATION OF A MAIN STREET FAÇADE IMPROVEMENT GRANT PROGRAM FOR BUILDINGS FRONTING MAIN STREET FROM 11TH STREET TO FRONTIER STREET.

Cover sheet discussion: *Council approve a Main Street Façade Improvement Grant Program for buildings fronting Main Street from 11th Street to Frontier Street.*

There has been ongoing concern regarding the deterioration of the existing facades of the buildings fronting on both sides of Main Street. With the recent efforts of one building owner to upgrade his building, staff believes this grant program could act as a catalyst to bolster other private building owners to upgrade their properties.

The intent of the Main Street Façade Improvement Grant Program is to promote the revitalization of existing commercial buildings by providing financial assistance to property and/or business owners for allowable improvements. The program pertains to existing buildings fronting on both sides of Main Street between Frontier Street and 11th Street. The grant awards are intended to directly and indirectly update and improve the building exterior façade(s) that face(s) Main Street. There would be two types of assistance available- Building Façade Rehabilitation and Full Renovation. The Building Façade Rehabilitation Program is a one-time, one-half rebate of the total project cost, up to \$10,000 for renovation activities when completing façade work only. The Full Renovation Program is a one-time, up to one-half rebate of the total project cost, up to \$20,000 when addressing a minimum of four (4) of the following categories:

- a. Architectural design/construction*
- b. Landscape design/construction*
- c. Canopies or awnings*
- d. Signage*
- e. Life safety*
- f. Accessibility*

- g. *Exterior lighting*
- h. *Roofing*
- i. *Windows*
- j. *Weatherization*
- k. *Electrical panel up-grades*
- l. *Structural wall improvements*
- m. *Demolition*

These types of improvements will go a long way to enhance the aesthetics and marketability of the Downtown, economically revive the community's primary downtown corridor and promote commerce.

For qualifying and approved projects, staff recommends the use of funds generated from the tax on food for home based consumption. On January 11, 2016, the City Council adopted Ordinance No.: 15-850 establishing a tax on food for home based consumption with funds being dedicated to Community and Economic Development purposes. The City has been collecting these funds since February 2016 and now, with the initiation of this program, these monies (currently \$112,000) could be used to provide the City's allocation to fund this program.

Staff recommends that this Façade Improvement Program be initiated and administered internally by the Community Development Department. Staff also believes that the Council could approve one to two projects in FY2016-17 with the tax monies identified above. These improvements would also leverage the City's near term improvement of the arcades (overhangs) and columns that shade both sides of Main Street. These arcade improvements would include repair and repainting of the parapet wall, retile of the arcade and stucco, masonry and painting of the columns.

FISCAL IMPACT:

There is no direct fiscal impact to the City to administer this program-just reimbursing building owners for pre-approved work. However, the intent is to work with willing building owners on Main Street (between 11th and Frontier Streets) to upgrade their properties with partial assistance from the City, for projects that conform to grant program guidelines. These monies would be paid in a reimbursement type arrangement, based upon conformance with the approved request for funds. The funding for this project is anticipated to be allocated from a portion of the previously adopted food tax, as identified above. To date, the City has collected approximately \$112,000 from the 2% tax on food for home-based consumption.

Mr. Jim Dinkle, economic development consultant for the city, gave an overview of the façade program to Council.

Mayor Belloc wanted to know if there's been any interest generated from potential tenants or building owners.

Mr. Dinkle said yes.

Councilmember Snyder asked what happens if there are multiple applicants.

Mr. Dinkle said they would be considered in the order they were received. If funding is not available, the applicants will be placed on a holding list for approval at a later date.

Vice Mayor Powell asked Mr. Dinkle what would happen if someone had an emergency.

Mr. Dinkle stated the person would have to be considered chronologically and wait their place in line. He also stated that the person can also contact their insurance company to file a claim.

Councilmember Galindo pointed out that Council did not receive the attachment for this item. She asked will applicants be required to have a business plan in place to receive funds. Also, does the applicant have to be the owner of the building, property owner or lessee.

Mr. Dinkle told Councilmember Galindo that yes; applicants must have a business plan to apply for funding and show proof that it's a viable business. Also, the applicant can be the business owner or tenant.

Councilmember Tidwell wanted to know is there a time limit as to how long a building owner can hold the building in his possession after receiving monies for a renovation.

Mr. Dinkle said no; however it could be incorporated in.

Councilmember Tidwell said he would hate to see someone get \$20,000 from the city to upgrade their building only to sell it at a higher price to make more money.

Mr. Dinkle stated the intent is to provide one-time assistance, but a time limit could be included in the requirements.

Councilmember Tidwell voiced that if money is given to the building owner to upgrade their building, the city should require the owner to keep the property for at least one year or refund the money back to the program.

Mr. Dinkle explained that the money will not be granted until an invoice or statement is provided by the applicant.

Councilmember Snyder added that there are three approval levels the applicant will have to obtain as well before receiving the money.

Mayor Belloc said he noticed that the renovation is limited from 11th Street to Frontier Street.

Mr. Dinkle explained that the first year is more or less a trial period.

Several members of the Council stated that they hope the program will extend to other parts of the city as well in the future.

Vice Mayor Powell asked if there is a cap on how much money will be expended each year.

Mr. Krauss conveyed that each application will come before the Council for review and approval. He said Council has total control over how much money is spent each year from the account.

Vice Mayor Powell asked Mr. Cooper would this money be considered a gift.

Mr. Cooper said no; when there is revitalization there are some exceptions to the laws. The goal is to improve the property and area as a whole.

Mr. Dinkle pointed out that this program is just not for new businesses, but for existing businesses as well.

Councilmember Tidwell stated approximately \$112,000 has been generated from the 2% sales tax. He wanted to know how much of the \$112,000 has been allocated for recreation improvements. Councilmember Tidwell said the sales tax was implemented to use toward recreational improvements and economic development.

Mr. Krauss explained that none of the monies have been dedicated for any expenditures this year, except for the façade program. Staff will be coming to Council for approval of individual projects. He said Council has control over the money and can set a spending limit for the program. Mr. Krauss said staff estimated that approximately \$250,000 in annual revenue will be generated from the 2% sales tax. He said if Council wants to give staff direction on recreational projects it can be discussed at Monday's Council retreat.

Motion by Vice Mayor Powell, seconded by Councilmember Tidwell to approve the Main Street Façade Improvement Grant Program for buildings fronting Main Street from 11th Street to Frontier Street, passed unanimously.

E. COUNCIL APPROVE A CONTRACT WITH ABACUS PROJECT MANAGEMENT, INC. TO SERVE AS THE CITY'S PROJECT MANAGEMENT/CONSTRUCTION MANAGEMENT CONSULTANT FOR THE DESIGN AND CONSTRUCTION OF THE NEW CITY HALL BUILDING AT 118 E. 5TH STREET.

Cover sheet discussion: *Council approve a contract with Abacus Project Management, Inc. to serve as the City's designated Project Management/Construction Management Consultant for design and construction services of the new City Hall building at 118 E. 5th Street.*

On September 26, 2016, Council directed City Staff to enter into contract negotiations with Abacus Project Management, Inc. to provide Project Management/Construction Management Consultant services for the design and construction of the new City Hall building. Over the past several months, City staff has worked closely with their staff to prepare mutually agreeable contract terms and conditions, scope of work, schedule and fee to complete this project in a high quality manner. These negotiations culminated in a work session with Council on January 11, 2017 to review Abacus's fees, scope of work, timeframe and Staff's recommended financing strategy.

Staff believes that the retention of a project manager for this project is prudent, given the importance and complexity of the tasks to be accomplished. Abacus Project Management, Inc. will serve as the City's representative for the architect and contractor selected for this project. This firm comes to this project with a substantial amount of recent, directly related experience, having served in a similar capacity in Marana, Maricopa and Gilbert. Their designated Project principal is Adam Brill and Project Manager is Richard Carr. The timeframe for these services will extend from January 2017 to February 2019.

FISCAL IMPACT:

The contract for Abacus Project Management, Inc. identifies a lump sum budget of \$362,646 that includes both labor and reimbursable expenses. This budget represents a fee that is 6.2% of the total project construction budget (estimated at \$5.9 million), which places it in the standard and customary range (i.e. 5-7 percent) for such preconstruction and construction administration services.

Abacus's preconstruction services fee will be funded by impact fees. Their construction fee will be paid from a combination of impact fees and general fund monies. The anticipated project budget and recommended financing approach for this project is illustrated below.

Estimated Project Budget		Recommended Financing Approach	
<i>Design Fees</i>	\$1,075,374	<i>Development Impact Fees</i>	\$1,075,374
<i>Construction Fees</i>	\$547,382	<i>Development Impact Fees</i>	\$124,626
		<i>General Fund</i>	\$422,756
		<i>Subtotal</i>	\$547,382
<i>Construction Cost</i>	\$5,879,000	<i>Bond (Excise Tax)</i>	\$3,679,000
		<i>General Fund</i>	\$2,200,000
		<i>Subtotal</i>	\$5,879,000
<i>Total</i>	\$7,500,000	<i>Total</i>	\$7,500,000

Mayor Belloc announced that staff will give an overview of the contracts due to some members of Council not receiving the contracts in their packet.

Mr. Vlaming gave a brief overview of the scope of work and fees for the three contracts for the new city hall. Mr. Vlaming stated that the contracts have been reviewed by Mr. Martin, Mr. Krauss, Mr. Cooper and himself.

After his overview, Mr. Vlaming and Mr. Krauss answered questions from Council regarding the contracts.

F. COUNCIL APPROVE A CONTRACT WITH SMITHGROUPJJR TO SERVE AS THE CITY'S ARCHITECT FOR THE DESIGN OF THE NEW CITY HALL BUILDING LOCATED AT 118 E. 5TH STREET.

Cover sheet discussion: *Council approve a contract with SmithGroupJJR to serve as the City's designated Architect for the design of the new City Hall building at 118 E. 5th Street.*

On September 26, 2016, Council directed City Staff to enter into contract negotiations with SmithGroupJJR to provide design and other supportive services for the new City Hall building. Over the past several months, City staff has worked closely with their staff to prepare mutually agreeable contract terms and conditions, scope of work, schedule and fees to complete this project in a high quality manner. These negotiations culminated in a work session with Council on

January 11, 2017 to review SmithGroupJJR's fees, scope of work, timeframe and Staff's recommended financing strategy.

Staff believes that the retention of a skilled architecture team for this project is critical, given the fact that this building will set the design and character tone for the Downtown. A skilled designer is critical to "future proof" the building to make it functionally efficient over an extended timeframe of use. The City Hall will also serve as a catalyst to spur development by the private sector. SmithGroupJJR will serve as the City's architect selected for this project. This firm comes to this project with a substantial amount of recent, directly related experience, having served in a similar capacity in Chandler, Avondale and Queen Creek. Their designated Project principal is Martha Abbott and Project Manager is Russ Sanders. The timeframe for these services will extend from January 2017 to February 2019.

FISCAL IMPACT:

The contract for SmithGroupJJR identifies a design fee of \$862,350 and a construction fee of \$29,000 that includes both labor and reimbursable expenses. This budget represents a fee that is 15.2% of the total project construction budget (estimated at \$5.9 million), which places it in the standard and customary range (i.e. 14-16 percent) for building design and site development services.

SmithGroupJJR's design services fee will be funded by impact fees. Their construction fee will be paid from a combination of impact fees and general fund monies. The anticipated project budget and recommended financing approach for this project is illustrated below.

Estimated Project Budget		Recommended Financing Approach	
<i>Design Fees</i>	\$1,075,374	<i>Development Impact Fees</i>	\$1,075,374
<i>Construction Fees</i>	\$547,382	<i>Development Impact Fees</i>	\$124,626
		<i>General Fund</i>	\$422,756
		<i>Subtotal</i>	\$547,382
<i>Construction Cost</i>	\$5,879,000	<i>Bond (Excise Tax)</i>	\$3,679,000
		<i>General Fund</i>	\$2,200,000
		<i>Subtotal</i>	\$5,879,000
<i>Total</i>	\$7,500,000	<i>Total</i>	\$7,500,000

Motion by Vice Mayor Powell, seconded by Councilmember Snyder to approve a contract with SmithGroupJJR to serve as the city's architect for the design of the new city hall building located at 118 E. 5th Street, passed unanimously by roll call vote.

G. COUNCIL APPROVE A CONTRACT WITH CORE CONSTRUCTION, INC. TO SERVE AS THE CITY'S CONSTRUCTION MANAGER AT RISK (CM@R) FOR THE CONSTRUCTION OF THE NEW CITY HALL BUILDING LOCATED AT 118 E. 5TH STREET.

Cover sheet discussion: *Council approve a contract with CORE Construction, Inc. to serve as the City's designated Construction Manager at Risk (CM@R) for the construction of the new City Hall building located at 118 E. 5th Street.*

On September 26, 2016, Council directed City Staff to enter into contract negotiations with CORE Construction, Inc. to provide pre-construction and construction services for the new City Hall building. Over the past several months, City staff has worked closely with their staff to prepare mutually agreeable contract terms and conditions, scope of work, schedule and fees to complete this project in a high quality manner. These negotiations culminated in a work session with Council on January 11, 2017 to review Core's fees, scope of work, timeframe and Staff's recommended financing strategy.

Staff believes that the retention of a skilled contractor for this project is critical, given the fact that this building will set the design and character tone for the Downtown. A skilled contractor is critical to construct the building to make it operationally and maintenance efficient over an extended timeframe of use. The City Hall will also serve as a catalyst to spur development by the private sector. CORE Construction, Inc. will serve as the City's contractor selected for this project. This firm comes to this project with a substantial amount of recent, directly related experience, having served in a similar capacity in Apache Junction, Buckeye and Queen Creek. Their designated Project Director/Pre-construction manager is Todd Steffen and Project Manager is Mike Stecyk. The timeframe for these services will extend from January 2017 to February 2019.

FISCAL IMPACT:

The contract for CORE Construction, Inc. is based upon two cost components. The first component, for preconstruction services is a lump sum of \$74,810 that includes both labor and reimbursable expenses. The second component is the Guaranteed Maximum Price (GMP) which is conducted in an "open book" format. It is a percentage of the total construction budget that is prepared throughout the design process and is based upon the costs of the building as shown in the Construction Documents. The contract identifies a five (5) percent factor of construction as

Core's compensation for construction services (estimated at approximately \$5.9 million), producing an anticipated fee of \$293,950. These two components represent an anticipated combined fee of \$368,760 that is 6.3% of the total project construction budget, which places it in the standard and customary range (i.e. 5-7 percent) for building pre-construction and construction services.

Core's preconstruction services fee will be funded by impact fees. Their construction fee will be paid from a combination of impact fees and general fund monies. The anticipated project budget and recommended financing approach for this project is illustrated below.

Estimated Project Budget		Recommended Financing Approach	
<i>Design Fees</i>	\$1,075,374	<i>Development Impact Fees</i>	\$1,075,374
<i>Construction Fees</i>	\$547,382	<i>Development Impact Fees</i>	\$124,626
		<i>General Fund</i>	\$422,756
		<i>Subtotal</i>	\$547,382
<i>Construction Cost</i>	\$5,879,000	<i>Bond (Excise Tax)</i>	\$3,679,000
		<i>General Fund</i>	\$2,200,000
		<i>Subtotal</i>	\$5,879,000
Total	\$7,500,000	Total	\$7,500,000

Vice Mayor Powell wanted to know if Abacus, The SmithGroup and CORE are allowed to market what they are doing for the city.

Mr. Vlaming said yes; staff identified a stipulation in the contract that states any marketing, (specifically for the architect) that includes imagery of the city is attributed to the city.

Mr. Vlaming introduced Mr. Rick Carr from Abacus who fielded questions from Council along with staff regarding the CORR contract.

Motion by Vice Mayor Powell, seconded by Councilmember Rodriguez to approve a contract with CORE Construction, Inc. to serve as the city's construction manager at risk (CM@R) for the construction of the new city hall building located at 118 E. 5th Street, passed unanimously by roll call vote.

X. INFORMATIONAL ITEMS

No informational items submitted.

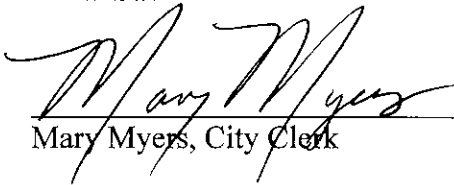
XI. ADJOURNMENT

There being no further business, Mayor Belloc adjourned the meeting at approximately 7:56p.m.



Joel G. Belloc, Mayor

ATTEST:



Mary Myers, City Clerk