PUBLIC NOTICE
THE ELOY CITY COUNCIL
Meets
MONDAY, DECEMBER 2, 2019
6:00 PM
ELOY CITY COUNCIL CHAMBERS
595 NORTH C STREET
ELOY, ARIZONA 85131
For a
WORK SESSION

AGENDA

I. Call to Order

II. Invocation

III. Pledge of Allegiance

IV. Roll Call

V. Business

A. Presentation of options to paint and install lighting on the Eloy Water Tower.

B. Presentation on the Draft Franchise Agreement with Southwest Gas Corporation for Council review and discussion.

C. Review and discuss updated Compensation Plan and Employee Market Adjustment proposed in January 2020.

VI. Adjournment

POSTED BY WEDNESDAY, NOVEMBER 27, 2019 BY 5:00 P.M. AT ELOY CITY HALL, ELOY POST OFFICE, TROY THOMAS COMMUNITY CENTER, TOLTEC COMMUNITY/SENIOR CENTER AND CITY WEBSITE: www.eloyaz.gov

Mary Myers

Mary Myers, CMC
City Clerk

INDIVIDUALS WITH SPECIAL ACCESSIBILITY NEEDS MAY CONTACT LORENA LaSALDE-RIOS, ADA COORDINATOR FOR THE CITY OF ELOY AT 520-466-9201 OR 520-466-7455 (TDD). IF POSSIBLE, SUCH REQUESTS SHOULD BE MADE 72 HOURS IN ADVANCE. ONE OR MORE MEMBERS OF THE COUNCIL AND/OR STAFF MAY PARTICIPATE BY TELEPHONIC OR VIDEO MEANS.

CITY OF ELOY
REQUEST FOR COUNCIL ACTION

Agenda Item: V.A.
Date: 12/2/2019

Date submitted: 11/25/2019

Date requested: 12/2/2019

Action: Other

Subject: Presentation of options to paint and install lighting on the Eloy Water Tower.

TO: Mayor and City Council

FROM: Keith Brown, Public Works Dir./City Engineer

RECOMMENDATION:
Council to receive a presentation of options to paint and install lighting on the Eloy Water Tower

DISCUSSION:
The Eloy Water Tower was constructed in 1945 and was in service for approximately 20 years before it was replaced with a new ground mounted water storage tank and booster station in the mid 1960s. The tower has remained empty for the past 50 years and the painting has deteriorated greatly to expose the underlying metal tank in some areas.

Recently there has been interest to clean the exterior of the tank, apply a new coating of paint to the exterior including the ELOY lettering, and add lighting to the tank. City staff has received budgetary estimates from several tank coating contractors to paint the tank and ELOY symbol. The estimated cost to clean and paint the water tower is approximately $190,000.

City staff has considered two different methods to light the tank. One method is similar to the Town of Gilbert water tower located in downtown Gilbert. This method provides integrated lighting on the structure and has the ability to change colors. The estimated cost for this type of lighting is $100,000. A second method of lighting the tower is to provide ground mounted lighting that shines upward onto the tower. The estimated cost for this type of lighting is $50,000.

The attached images illustrate the existing Eloy water tower, the Town of Gilbert water tower lighting, and a ground mounted water tower lighting method.

City staff is seeking feedback from Council on the proposal to add budgetary funds in the FY20-21 budget for the purpose painting and adding lights to the Eloy Water Tower. The options would be as follows:

Option 1:
Paint the tank: $190,000

Option 2:
Paint and light the tank with ground mounted lighting: $240,000

Option 3:
Paint and light the tank similar to the Town of Gilbert tank: $290,000

FISCAL IMPACT:

This item is for information only to discuss budgeting funds for the FY20-21 fiscal budget.

Approved as to Form:

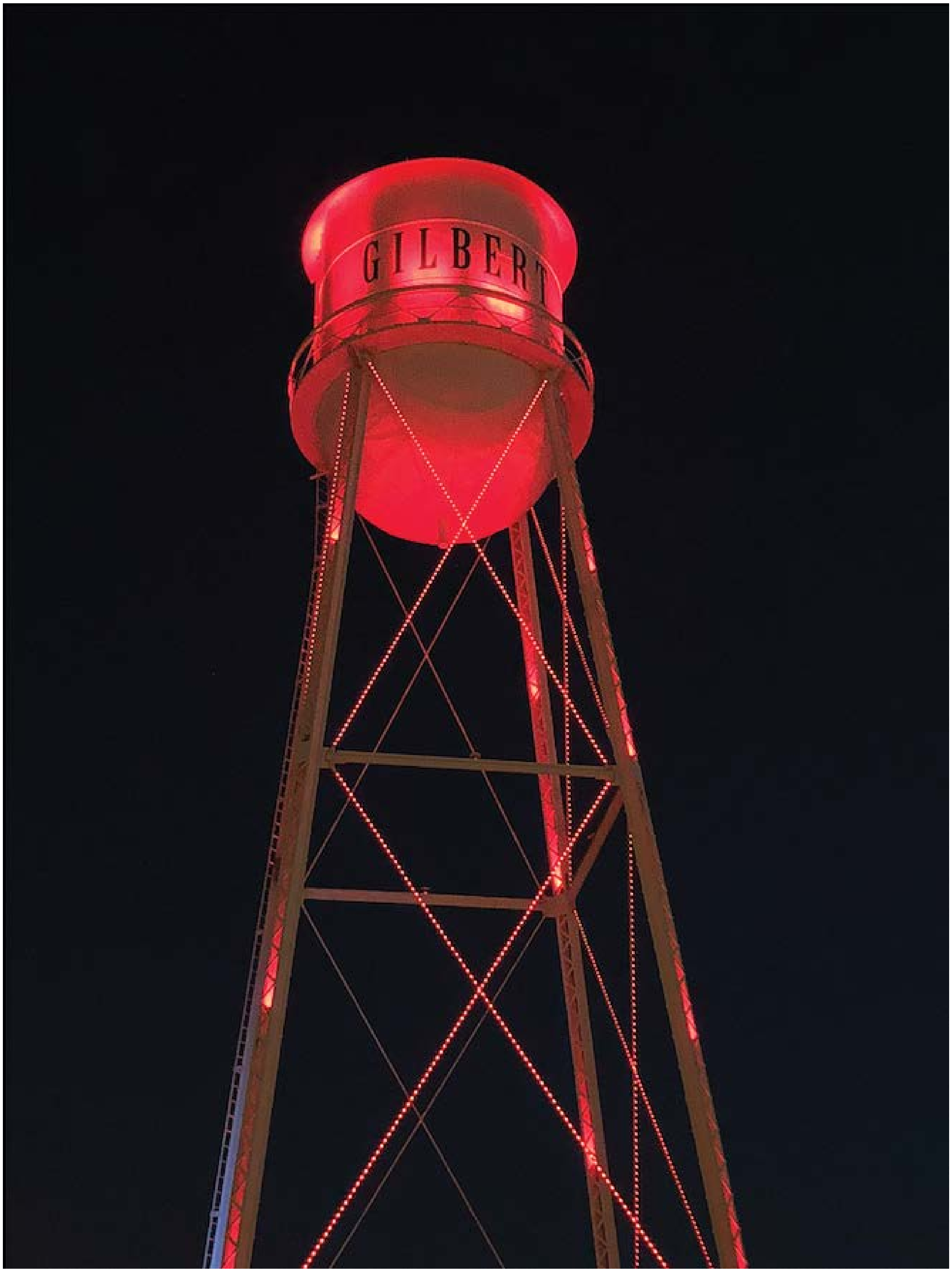
Stephen R. Cooper

Stephen R. Cooper, City Attorney

ELOY WATER TOWER

GROUND MOUNTED LIGHTING

INTEGRATED STRUCTURE LIGHTING



CITY OF ELOY
REQUEST FOR COUNCIL ACTION

Agenda Item: V.B.
Date: 12/2/2019

Date submitted: 11/25/2019 **Date requested:** 12/2/2019	**Action:** Other	**Subject: Presentation on the Draft Franchise Agreement with Southwest Gas Corporation for Council review and discussion.**

TO: Mayor and City Council

FROM: Harvey Krauss, City Manager

RECOMMENDATION:
Council to receive an overview of the draft franchise agreement with Southwest Gas Corporation for review and discussion.

DISCUSSION:
The City approved a franchise agreement with Southwest Gas Corporation on September 12, 1994. It had a term of 25 years. Since the franchise terminated in September 2019, the Southwest Gas continues to operate its system under the current franchise. Per State law, franchises require approval by the voters. Once Council agrees to a new franchise agreement, it will be included on the August primary election ballot.

Staff has negotiated a new franchise agreement with Southwest Gas (SW Gas) representatives using the City of Phoenix franchise and the proposed franchise agreement with Maricopa as templates. Below is a summary of the major components of the agreement:

Term - 25 years with possible openers on the 5th and 12th anniversary of the franchise.

Permits - SW Gas to obtain permits for any work within city rights-of-way.

Emergencies - SW Gas to notify City's PW within 24 hours and obtain permit within 72 hours.

Restoration of Rights-of-Way - If SW Gas fails to restore or repair streets within a reasonable time or fails to properly restore the rights-of-way, the City can hire a contractor to make repairs and charge SW Gas for repairs.

Relocation of Facilities - With City projects, SW Gas pays for relocation of gas lines in conflict with the project.

Franchise Fee - City to receive 2% of the gross receipts from the sale or delivery of gas within the Eloy corporate limits. The franchise fee is in lieu of the City charging SW Gas any fees for licenses, permits, taxes or surcharges.

Franchise - Non-exclusive franchise which allows the City to grant similar rights to other parties.

Voter Approval - SW Gas to pay 50% of the City's election costs if there are other items on the ballot. If the election is solely for SW Gas, they will pay 100% of the costs of the election.

Audit - City has the right to audit their books and records during the term of the franchise.

FISCAL IMPACT:

City to receive 2% of gross receipts of SW Gas sales within Eloy.

Approved as to Form:

Stephen R. Cooper

Stephen R. Cooper, City Attorney

SOUTHWEST GAS CORPORATION

FRANCHISE AGREEMENT WITH CITY OF ELOY

THE AGREEMENT

- Approved on Sept. 12, 1994 for 25 year term
  - Expired in September 2019
  - City continues to operate under the existing franchise
- Outlines the terms and conditions for the gas and electric utilities in the State to use City rights-of-way, and in consideration for use of the city rights-of-way, the city receives a franchise fee – cities in Arizona receive 2%.
  - Requires voter approval

IMPORTANT DETAILS

- **Term**: 25 years with possible openers on the 5th and 12th anniversary of the franchise
- **Permits**: SW Gas to obtain permits for any work within city rights-of-way
- **Emergencies**: SW Gas to notify City's PW Director within 24 hours and obtain permit within 72 hours

IMPORTANT DETAILS

Relocation of Facilities: With City projects, SW Gas pays for relocation of gas lines in conflict with the project

Restoration of Right-of-Ways: If SW Gas fails to restore or repair streets within a reasonable time or fails to properly restore the rights-of-way, the City can hire a contractor to make repairs and charge SW Gas the repairs

Favorite Nations Provision: If SW Gas agrees to better terms and conditions or a higher franchise fee with another community, then Eloy would be entitled to the same arrangement.

IMPORTANT DETAILS

- **Franchise Fee**: City to receive 2% of the gross receipts from the sale or delivery of gas within the Eloy corporate limits. The franchise fee is in lieu of the City charging SW Gas for any fees for licenses, permits, or surcharges.
- **Franchise**: Non-exclusive franchise which allows the City to grant similar rights to other parties

Important Details

- **Voter Approval**: SW Gas to pay 50% of the City’s election costs if there are other items on the ballot. If the election is solely for SW Gas, they will pay 100% of the costs of the election
- **Audit**: City has the right to audit their books and records during the term of the franchise

QUESTIONS?

Draft #3~~2~~ October 16, 2019

FRANCHISE AGREEMENT
BETWEEN
SOUTHWEST GAS CORPORATION
AND
THE CITY OF ELOY, ARIZONA

Section 1 – Grant of Franchise

The City of Eloy, Arizona ("**City**") hereby grants to Southwest Gas Corporation, a corporation organized and existing under and by virtue of the laws of the State of California (herein called "**Grantee**"), its successors and assigns, the right and privilege to construct, maintain and operate its gas system and gas system facilities, as defined herein, upon, over, along, across and under the present and future public rights-of-way (the "**Franchise**"). These public rights-of-way include, but are not limited to, present and future roads, streets, alleys, ways, bridges, highways, and public places within the City ("**Public Rights-of-Way**"). Grantee's gas system is for the purpose of supplying natural gas and/or artificial gas, including gas manufactured by any method whatsoever, and/or gas containing a mixture of natural gas and such artificial gas (herein all types of gas will be collectively referred to as "**gas**") to City, its successors, the inhabitants thereof, and all individuals and entities, either within or beyond the limits thereof, for all purposes. Grantee's gas system includes a transmission and distribution system of gas mains, pipelines and conduits, together with all necessary or desirable appurtenances including, but not limited to pipes, laterals, service lines, pumps, manholes, meters, gauges, valves, traps, fences, vaults, regulators, regulator stations, appliances, attachments and related equipment, facilities, appurtenances and/or property for the purpose of supplying gas (individually, and collectively, "**Gas System Facilities**"). Grantee shall have the right to install, maintain, construct, operate, use, repair or replace any or all of its Gas System Facilities from time to time as may be necessary.

Section 2 – Term

2.1 The Effective Date of this Franchise shall be __________. This Franchise shall continue and remain in full force and effect for a period of twenty-five (25) years from the Effective Date. Unless terminated earlier by written agreement of the parties, this Franchise will expire on ____________.

2.2 The right, privilege and franchise hereby granted shall continue and exist for a period of twenty-five (25) years; provided, however, that either party may reopen any or all sections for further review and possible amendment of this Franchise, on its fifth (5th) or twelfth (12th) anniversary, by giving written notice of its intention to do so not less than one (1) year before the fifth (5th) or twelfth (12th) anniversary. Absent an amendment to this Franchise executed by the parties and modifying the terms hereof, the terms of this Franchise shall remain unchanged and continue in full force and effect for the term set forth in Section 2.1.

Section 3 – Construction

3.1 Grantee shall perform all construction under this Franchise in accordance with established industry standards. Before Grantee makes any installations in the Public Rights-of-Way, Grantee shall apply for and obtain from City such permit or permits as are required by City to be issued for other similar construction or work in the Public Rights-of-Way; provided, however, Grantee shall have the right to undertake without delay such emergency activities necessary to provide for and maintain its system and the reliability and safety of its Gas System Facilities, as provided in Section 3.3 below. If such action is required, Grantee shall advise City of the work performed within 24 hours or as soon as practicable thereafter.

3.2 Unless necessitated by emergency or exigent circumstances, should Grantee commence work hereunder without obtaining applicable permits, then Grantee will pay to City a stipulated penalty of equal to one-hundred fifty percent (150%) of the applicable permit fees.

3.3 Grantee will have the right to undertake without delay such emergency activities necessary to provide for and maintain its system and the reliability and safety of its Gas System Facilities. If such emergency activities are required, Grantee shall notify the City's Public Works Department of such work within 24 hours or as soon as practicable thereafter, and apply for a permit for the work performed within 72 hours.

3.4 Upon reasonable notice by City of the proposed paving of a Public Right-of-Way, Grantee shall review the City's proposed paving plan and, if warranted in the Grantee's judgment, extend or replace its Gas System Facilities in order to reasonably avoid the need to subsequently cut the paved Public Right-of-Way.

3.5 Construction of Grantee's Gas System Facilities relating to traffic control, backfilling, compaction and paving, as well as the location or relocation of Grantee's Gas System Facilities pursuant to this Franchise Agreement shall be subject to regulation by the applicable provisions of the City Municipal Code in place at the time of installation. If a provision of the City Municipal Code is inconsistent with Title 40 of the Code of Federal Regulations or any other applicable federal or Arizona state law, rule, order, or regulation, then Grantee and City agree that Title 40 of the Code of Federal Regulations or the other applicable federal, or Arizona state law, rule, order or regulation shall govern. Pursuant to A.R.S. § 40-360.30 and any other applicable law, Grantee shall maintain installation records of the location of all its Gas System Facilities in the Public Rights-of-Way. Grantee's Gas System Facilities are defined as critical infrastructure by the federal government and as such, City agrees that records of the location or design of natural gas facilities are proprietary to Grantee and City shall not release nor make available any records to any outside party without the express, written permission of Grantee.

3.6 Grantee shall not install, construct, maintain or use its Gas System Facilities in a manner that damages or interferes with any existing facilities of another utility located in the Public Right-of-Way.

3.7 Upon request, Grantee shall provide the City with, on an annual basis, its known proposed capital plan and reasonably foreseeable future corridor plans for all improvements in the City's planning area. The City shall provide Grantee with its proposed capital improvement plan on an annual basis.

3.8 If City undertakes, either directly or through a contractor, any construction project adjacent to Grantee's Gas System Facilities, City shall notify Grantee of such construction project. Grantee will take steps as are reasonably necessary to maintain safe conditions throughout the construction project, including but not limited to the temporary removal or barricading of Grantee's Gas System Facilities, the location of which may create an unsafe condition in view of the equipment to be utilized or the methods of construction to be followed by City's contractor, at City's

Comment [CK1]: Would this be agreeable?

Comment [CK2]: Is this penalty similarly applied to third parties performing work without a permit? No permit fees otherwise payable under franchise, correct?

Comment [CK3]: Are these time constraints reasonable? Measured from completion of work?

cost. (shouldn't it be the grantee's responsibility to ensure safety adjacent to the construction project since SW Gas has the expertise in this area. In the Phoenix franchise, this paragraph ends at the word "project", so you are assuming that responsibility and expense in Phoenix? I'm ok if this provision is identical to Phoenix.)

Section 4 – Restoration of Public Rights-of-Way

4.1 If, in the construction, maintenance or operation of its gas system, Grantee damages or disturbs the surface or subsurface of any public road, adjoining public property, or the public improvement located thereon, therein, or thereunder, then Grantee will promptly, at its own expense, unless otherwise agreed to between City and Grantee or provided in this Franchise, restore the surface or subsurface of the public road or public property, or repair the public improvement thereon, therein, or thereunder, as may be required by construction standards established by the City in effect at that time. Nothing in this Franchise shall be construed as constituting a contractual obligation on the part of Grantee that assumes jurisdiction over, or an obligation to maintain, such public road, public property or public improvement thereon.

4.2 Should such restoration or repair not be completed within a reasonable time or fail to meet City's then effective construction standards established by the City, as may be amended from time to time, the City may, after prior notice and reasonable time for Grantee to cure, perform the necessary restoration or repair either through City's own forces or through a City-hired contractor, and Grantee agrees to reimburse the City for its reasonable costs and expenses in so doing within thirty (30) days after its receipt of the City's invoice. As used in this Section 4.2, "costs and expenses" includes, but is not limited to, identifiable administrative costs and employee wages and benefits costs incurred by the City in the performance of such restoration or repair.

Section 5 – Franchise Fee

5.1 In lieu of any license fees, permit fees, taxes or other fees or surcharges (including but not limited to plan review fees and inspection fees including overtime and pavement cut surcharges) (these are one-time charges for special circumstances and doesn't seem appropriate to delete from 2% fee – OT costs for repairs when SW Gas doesn't perform and surcharges that would be uniformly applied per ordinance) being imposed on Grantee by City, and in consideration of the grant of this Franchise, Grantee shall pay to City a Franchise Fee equal to two percent (2%) of the Grantee's gross revenues from the sale and/or delivery of gas by Grantee within the corporate limits of City as shown by Grantee's billing records ("Gross Revenues"). Gross Revenues are derived only from Grantee's Commodity Charge and Basic Service Charge, as provided in Grantee's Arizona Gas Tariff on file with the Arizona Corporation Commission, as may be amended from time to time. Such payments shall be due in quarterly installments not later than thirty (30) days after the end of each calendar quarter. A five percent (5%) penalty will be added to payments not made within the required time, and interest of one and one-half percent (1.5%) per month will accrue on the entire amount due. Interest and penalties can be waived by the City for reasonable cause.

5.2 Grantee shall continue to pay franchise fees pursuant to the terms of the previously executed franchise agreement between Grantee and City until the Effective Date; provided that City continues to afford Grantee all rights thereunder and comply with the terms thereof. As of the Effective Date, Grantee shall pay the Franchise Fee as described in Section 5.1.

5.3 If at any time during the term of this Franchise, Grantee is paying any municipality in the

Comment [CK4]: Do we want to try to limit to repair or restoration (not replacement)? If so, I've included edits in Section 4 for consideration.

Comment [CK5]: City deleted references to overtime and pavement cut surcharges.

Comment [CK6]: Do we want to include clarifying language on gross revenue? It has been an issue in recent franchise audits. This language is in PHX - though penalty is also included.

State of Arizona a Franchise Fee greater than two percent (2%) of Grantee's gross revenues from the sale and/or delivery of gas by Grantee in such municipality's corporate limits, then, after written request by the City, the percentage set forth in Section 5.1 will be increased to match the greater percentage amount Grantee is paying to such other municipality under a franchise agreement. If City requests Grantee to match such greater Franchise Fee, then City agrees that all of the terms, conditions and limitations applicable in the franchise agreement that has the greater Franchise Fee payment are applicable to this Franchise Agreement.

5.4 In addition to the foregoing Franchise Fee, Grantee will pay charges, taxes, and fees as described in Section 6 of this Agreement.

Section 6 — Additional Fees and Taxes

Notwithstanding any provision to the contrary herein, Grantee shall, in addition to the payment provided in Section 5, pay the following charges, taxes and fees as established in a code or ordinance properly adopted by the City:

A. General ad valorem property taxes;

B. Transaction privilege and use tax authorized by City ordinance and billed by Grantee from users and consumers of gas within the corporate limits of the City, without reduction or offset;

C. Other charges, taxes or fees levied upon businesses generally through the City provided said charge, tax or fee is a flat fee per year and that the annual amount of such fee does not exceed the amount of similar fees paid by any other business operated within City.

D. Any employee overtime charges related to City inspections that are required after business hours, on weekends, or during Federal holidays.

E. In accordance with City code or ordinance, applicable and uniformly applied fees and/or surcharges associated with pavement cuts by Grantee or its contractors on City streets and roads within five years of street/road reconstruction or street overlay projects.

Comment [CK7]: Do we want to push back on this?

Section 7 – Relocation of Facilities

7.1 The City reserves its prior right to use the Public Rights-of-Way and City property, including the surface areas, for all governmental function projects funded with City funds and projects which may include federal, state, or other local funds~~.~~. Grantee shall, upon written request by City, relocate, without expense to the City, any of Grantee's Gas System Facilities that are in direct, physical conflict with any City governmental function project funded with City funds to such location as the City and Grantee agree. Grantee's Gas System Facilities shall be deemed to be in direct, physical conflict with a City governmental function project provided that the location at which the facilities to be installed as part of the City project are to be placed directly coincides with the physical location of Grantee's Gas System Facilities and such conflict cannot be avoided by the City with reasonable and diligent efforts. In the event the governmental function project is paid for totally or in part with non-City funds, then Grantee's costs of moving its Gas System Facilities shall be borne by the source of the non-City funds or the City in the same ratio as the non-City funds bear to the total project cost.

7.2 City will bear the reasonable cost of relocating any of Grantee's Gas System Facilities (a) that are not in direct, physical conflict with any City governmental function project (or are in direct, physical conflict but such conflict could have been avoided by the City with reasonable and diligent efforts); or (b) the relocation of which is necessitated by the construction of improvements by or on behalf of City in furtherance of any project other than a governmental function project funded with City funds and projects which may include federal, state, or other local funds.

7.3 If Grantee is required to relocate any Gas System Facilities within one year of construction or relocation of such facilities paid for by Grantee, the costs of relocation shall be borne by City.

7.4 If City requires Grantee to relocate Grantee's Gas System Facilities that are located in a private easement then the costs and expenditures associated with purchasing a new private easement and relocating Grantee's Gas System Facilities shall be paid by City.

7.5 If relocation of any Gas System Facilities is required or requested due to the actions or inactions of any party other than the City or projects being administered by Pinal County or the Arizona Department of Transportation (ADOT) with City funds, the third party shall be responsible for the cost of such relocation and Grantee shall not be required to commence such work until such time that the third party compensates Grantee for the relocation costs in cash or other manner acceptable to Grantee.

7.6 The City and Grantee agree that City is not a party to disputes among permittees or other interested parties using the Public Right-of-Way.

7.7 City will not exercise its right to require Grantee's Gas System Facilities to be relocated in an unreasonable or arbitrary manner, or to avoid its obligations under this Franchise. If City requires Grantee to relocate Grantee's Gas System Facilities to avoid conflict with the installation or relocation of other utility facilities, then the costs and expenditures associated with relocating Grantee's Gas System Facilities shall be paid by the City.

7.8 All underground abandoned lines shall continue to remain the property of the Grantee, unless the Grantee specifically acknowledges otherwise to the City Engineer and such is accepted by the City. Grantee shall remove, at Grantee's sole cost, abandoned lines at the request of City when Grantee's Gas System Facilities are in direct, physical conflict with a City governmental function project that is funded with City funds, and projects which may include federal, state, or other local funds. In the event the governmental function project is paid for totally or in part with non-City funds, then the Grantee's costs of moving the underground abandoned lines shall be paid by the source of the non-City funds or the City in the same ratio as the non-City funds bear to the total project cost. Grantee may contract with City contractor for such removal.

7.8.1 Prior to removal of any abandoned lines, Grantee must notify City of its intent to remove abandoned lines.

7.8.2 Grantee must identify the location of any known abandoned lines as they exist through Blue Staking.

Comment [CK8]: Can SWG identify location of known abandoned lines?

Section 8 – Indemnification

City shall not be liable or responsible for any accident or damage that may occur in the construction, operation or maintenance by Grantee of its Gas System Facilities under this Franchise, and the acceptance of this Franchise shall be deemed an agreement on the part of

Grantee to indemnify and hold harmless the City from and against any and all liability, loss, costs, damages or any other expenses, which may be imposed on the City by reason of the negligence, default or misconduct of Grantee in the exercise of this Franchise; provided that such claims, expenses and/or losses are not the result of any willful or grossly negligent acts or omissions of City, and Grantee shall receive from City full, complete and prompt notice of any and all such claims or demands as are hereby indemnified.

Section 9 – Consent to Assignment

The right, privilege and franchise hereby granted may not be transferred in whole or in part by the Grantee, its successors and assigns, without the prior written consent of the City and the Arizona Corporation Commission, which shall not be unreasonably withheld. No consent will be required in connection with an assignment made as security pursuant to a mortgage or deed of trust or in connection with subsequent transfer made pursuant to any such instrument.

Section 10 – Franchise; Non-Exclusive

This Franchise is non-exclusive, and nothing contained herein shall be construed to prevent City from granting similar rights or privileges to any other person, firm or corporation.

Section 11 – Notices

Any notice required or permitted to be given hereunder shall be in writing, unless otherwise expressly permitted or required, and shall be deemed effective either (i) upon hand delivery to the person then holding the office shown on the attention line of the address below, or if such office is vacant or no longer exists, to a person holding a comparable office, or (ii) on the third business day following its deposit with the United States Postal Service, first class and certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

To the City:	City Manager City of Eloy 595 N. C Street, #104 Eloy, AZ 85131
With a copy to:	City Attorney City of Eloy 595 N. C Street, #104 Eloy, AZ 85131
To Southwest Gas Corporation:	Public Affairs Department Southwest Gas Corporation 1600 E. Northern Avenue Phoenix, Arizona 85257
With a copy to:	Legal Affairs Department Southwest Gas Corporation 5241 Spring Mountain Road Las Vegas, Nevada 89193-8510

Section 12 – Voter Approval

This Franchise is subject to the approval of the qualified electors of the City. If Grantee's franchise is the sole item on the City's ballot for the election, the Grantee shall pay one hundred percent (100%) of the election costs. . If Grantee's franchise is not the sole item on City's ballot for the election, then Grantee must pay fifty percent (50%) of the election costs. Grantee must pay one hundred percent (100%) of any publication costs.

Comment [CK9]: Does SWG agree to payment of these costs?

<u>Section 13 – Independent Provisions</u>

If any section, paragraph, clause, phrase or provision of this Franchise shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this Franchise as a whole or any part of the provisions hereof other than the part so adjudged to be invalid or unconstitutional.

<u>Section 14 - Default; Dispute Resolution</u>

14.1 Failure or unreasonable delay by either party to perform any term or provision of this Agreement for a period of ten (10) days after written notice thereof from the other party shall constitute a default under this Agreement. If the default is of a nature which is not capable of being cured within ten (10) days, the cure shall be commenced within such period, and diligently pursued to completion. The notice shall specify the nature of the alleged default and the manner in which the default may be satisfactorily cured. In the event of a default hereunder by any party, the non-defaulting party shall be entitled to all remedies at both law and in equity, including, without limitation, specific performance.

14.2 To further cooperation by the parties in implementing this Franchise, the City and Grantee each shall designate and appoint a representative to act as a liaison between the City and its various departments and Grantee. The initial representative for the City shall be the City Manager and the initial representative for Grantee shall be its project manager, as identified by Grantee from time to time. The parties' representatives shall be available at all reasonable times to discuss and review the performance of the parties under this Franchise.

14.3 If a dispute between the parties arising out of this Franchise cannot be resolved by the parties, City and Grantee agree to attempt resolution through mediation before resorting to arbitration, litigation or some other dispute resolution procedure. In the event that the parties cannot agree upon the selection of a mediator within seven (7) days, either party may request the Presiding Judge of the Pinal County Superior Court to assign a mediator from a list of mediators maintained by the Arizona Municipal Risk Retention Pool.

<u>Section 15 – Audit Rights</u>

15.1 During the term of this Franchise, City of Eloy has the authority, at City of Eloy's expense, to conduct an audit of the Grantee's pertinent books and records to verify G~~g~~ross R~~r~~evenues for the prior calendar year. The audit shall be conducted in such a way as not to disrupt Grantee's business operations. This audit shall not be required more than once in a single 12-month period.

15.2 Grantee shall pay to the City of Eloy within 45 days written notice any amounts that are due to the City of Eloy as determined by any such audit of Grantee's books and records. Reimbursement for underpayment as a result of audit findings shall be identified as late payments and are subject to late payment interest of 12% per year.

We, the undersigned, Mayor and City Council of the City of Eloy, Arizona, pass and adopt this Franchise Agreement this ____ day of _______________.

CITY OF ELOY

By: ______________________
Joel G. Belloc, Mayor

Date:____________________

ATTEST:

____
Mary Myers, City Clerk

APPROVED AS TO FORM:

____
Stephen Cooper, City Attorney

SOUTHWEST GAS CORPORATION
A California Corporation

By: ___________________________

Date:_______________________

CITY OF ELOY
REQUEST FOR COUNCIL ACTION

Agenda Item: V.C.
Date: 12/2/2019

Date submitted:	Action: Other	Subject: Review and discuss updated Compensation Plan and Employee Market Adjustment proposed in January 2020.
11/25/2019 **Date requested:** 12/2/2019		

TO: Mayor and City Council

FROM: Harvey Krauss, City Manager

RECOMMENDATION:
Council to receive information from staff on updating the Compensation Plan and a proposal to implement a 2% market adjustment to employee salaries effective on January 1, 2020.

DISCUSSION:
In November 2016 the majority of voters approved Proposition 206 which increased the minimum wages for Arizona workers. Another phase of this Proposition will go into effect on January 1, 2020 when the minimum wage increases from $11.00 per hour to $12.00 per hour. This increase in the minimum requires the City to adopt a new compensation plan. The new pay plan will only increase the wages of two employees.

Staff budgeted for a 2% market adjustment for all employees' salaries in FY2019-2020; however, this market adjustment was not implemented on July 1, 2019. At that time the Mayor and Council asked that the salary adjustment be revisited based upon the City's mid-year financial condition.

FISCAL IMPACT:
The total fiscal impact (salaries and benefits) for all employees for the proposed 2% salary adjustment would be $79,706. The annual cost would be $159,412. Staff has projected revenues and expenditures for the major funds through the end of December 2019, and has determined that the $79,706 fiscal impact for this market adjustment can easily be accommodated in FY2019-2020.

Approved as to Form:

Stephen R. Cooper, City Attorney

City of Eloy

Permanent Salary Range Table

Salary Range	Minimum	Midpoint	Maximum
0	$0	$0	$0
1	$24,960	$31,824	$38,688
2	$25,584	$32,620	$39,655
3	$26,224	$33,435	$40,647
4	$26,879	$34,271	$41,663
5	$27,551	$35,128	$42,704
6	$28,240	$36,006	$43,772
7	$28,946	$36,906	$44,866
8	$29,670	$37,829	$45,988
9	$30,411	$38,774	$47,138
10	$31,172	$39,744	$48,316
11	$31,951	$40,737	$49,524
12	$32,750	$41,756	$50,762
13	$33,568	$42,800	$52,031
14	$34,408	$43,870	$53,332
15	$35,268	$44,966	$54,665
16	$36,150	$46,091	$56,032
17	$37,053	$47,243	$57,433
18	$37,980	$48,424	$58,868
19	$38,929	$49,635	$60,340
20	$39,902	$50,875	$61,849
21	$40,900	$52,147	$63,395
22	$41,922	$53,451	$64,980
23	$42,970	$54,787	$66,604
24	$44,045	$56,157	$68,269
25	$45,146	$57,561	$69,976
26	$46,274	$59,000	$71,725
27	$47,431	$60,475	$73,519
28	$48,617	$61,987	$75,356
29	$49,833	$63,536	$77,240
30	$51,078	$65,125	$79,171
31	$52,355	$66,753	$81,151
32	$53,664	$68,422	$83,179
33	$55,006	$70,132	$85,259
34	$56,381	$71,886	$87,390
35	$57,790	$73,683	$89,575
36	$59,235	$75,525	$91,815
37	$60,716	$77,413	$94,110
38	$62,234	$79,348	$96,463
39	$63,790	$81,332	$98,874
40	$65,385	$83,365	$101,346
41	$67,019	$85,449	$103,880
42	$68,695	$87,586	$106,477

Salary Range	Minimum	Midpoint	Maximum
43	$70,412	$89,775	$109,139
44	$72,172	$92,020	$111,867
45	$73,977	$94,320	$114,664
46	$75,826	$96,678	$117,530
47	$77,722	$99,095	$120,469
48	$79,665	$101,573	$123,480
49	$81,656	$104,112	$126,567
50	$83,698	$106,715	$129,731
51	$85,790	$109,382	$132,975
52	$87,935	$112,117	$136,299
53	$90,133	$114,920	$139,707
54	$92,387	$117,793	$143,199
55	$94,696	$120,738	$146,779
56	$97,064	$123,756	$150,449
57	$99,490	$126,850	$154,210
58	$101,978	$130,021	$158,065
59	$104,527	$133,272	$162,017
60	$107,140	$136,604	$166,067
61	$109,819	$140,019	$170,219
62	$112,564	$143,519	$174,474
63	$115,378	$147,107	$178,836
64	$118,263	$150,785	$183,307
65	$121,219	$154,555	$187,890

Fund Summary

Forecast thru 12/31/2019

Fund	Revenue	Expenditure	Variance
General Fund	$ 5,483,872	$ 5,243,501	$ 240,371
Streets Fund	$ 1,174,457	$ 738,716	$ 435,741
Water Fund	$ 1,069,452	$ 903,327	$ 166,125
Sewer Fund	$ 606,546	$ 298,294	$ 308,252
Sanitation Fund	$ 659,076	$ 619,554	$ 39,522

Approximate cost for 2% COLA (for 6 months)

	Salary	Benefits	Total Impact	Total for Year
General Fund	$ 49,200	$ 14,280	$ 63,480	$ 126,960
Streets	$ 5,259	$ 1,095	$ 6,354	$ 12,708
Water	$ 4,848	$ 1,008	$ 5,856	$ 11,711
Sewer	$ 878	$ 185	$ 1,063	$ 2,126
Sanitation	$ 1,054	$ 220	$ 1,274	$ 2,547
Grants	$ 1,125	$ 555	$ 1,680	$ 3,360
	$ 62,363	$ 17,343	$ 79,706	$ 159,412

Resignations January 2018 – November 2019

DEPARTMENT	YEARS OF SERVICE	PT/FT
Police - Civilian	11 year employee	FT
Police - Civilian	9 year employee	FT
Public Works*	7 year employee	FT
Police – Civilian*	5 Year employee	FT
Public Works*	5 year employee	FT
Community Dev *	3 year employee	FT
Finance	3 year employee	FT
Police - Civilian	1 year employee	FT
Community Dev	5 year employee	FT
Finance*	1 year employee	FT
Police - Civilian	1 year employee	FT
Public Works*	2 year employee	FT
Public Works*	2 year employee	FT
Public Works	2 year employee	FT
Finance	3 year employee	FT
Police – Sworn*	3 year employee	FT
Comm Services	1 year employee** Part-time to full-time opportunity	
Library	1 year employee** Part-time to full time opportunity	

*Left position for higher paying position within Pinal County

Employee Compensation Proposal

12.2.2019

Adoption of New Pay Plan

Adoption of New Pay Plan

- Proposition 206 – Approved by Voters in November 2016
- Prop 206 increased Minimum Hourly Wages – Phased In
- January 1, 2020 – Hourly Wage Increases from \$11.00 to \$12.00
- New Pay Plan to Reflect Increase in Hourly Wage
- Change Increases the Salary of Two Employees

Employee Salary Market Adjustment

The Budget

- Staff budgeted for 2% salary adjustment for all employees
- ASRS Contributions increased from 11.8% to 12.11% in FY2019-2020
- Medical Insurance Premium increased 8% for dependent coverage in FY2019-2020

Fiscal Impact

- Salary & Benefits
  - $79,706 (six months)
  - $159,412 (yearly)

Employee Salary Market Adjustment

- Forecasted Fund Summaries through the end of December 2019
  - Expenditures/Revenues
  - Positive Variances
- Implement January 1,2020 for all regular employees

Salary Survey & Compensation Study

- Discuss at Future Council Work Session in 2020

Questions?