Agenda Item VII-A
Date: 7/12/2021

MINUTES OF THE REGULAR MEETING OF THE ELOY CITY COUNCIL CITY OF ELOY 595 NORTH C STREET JUNE 28, 2021 6:00 P.M.

Staff Present: Harvey Krauss-City Manager; Stephen R. Cooper-City Attorney; Mary Myers-City Clerk; Jon Vlaming-Community Development Director; Byron Gwaltney-Police Lieutenant; Keith Brown-City Engineer/Public Works Director; David Malewitz-Assistant to the City Manager; Paul Anchondo-Community Services Director; Sylvia Payne-HR Director

I. CALL TO ORDER

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

II. ROLL CALL

Council Members Present: Councilmember George Reuter; Councilmember Sara Curtis; Mayor Micah Powell; Vice Mayor Andrew Rodriguez; Councilmember Dan Snyder; Councilmember Jose Garcia; Councilmember Sylvia Guanajuato Rodriguez

Council Members Absent: None

III. INVOCATION

Mayor Powell asked for a moment of silence.

IV. PLEDGE OF ALLEGIANCE

Councilmember Garcia led the Council and the public in the Pledge of Allegiance.

V. PUBLIC APPEARANCES

A. Scheduled

Tony Smith, President and CEO of Pinal Partnership, to provide an overview of Pinal Partnership and its future plans and programs.
Mr. Smith presented the Council and the public with a PowerPoint presentation on Pinal Partnership's programs, memberships, committees, and future activities.

B. Unscheduled
Mr. Richard Rosales from APS and chairman of the Eloy Chamber of Commerce, updated the Council on the Chamber's recruiting efforts for a new Executive Director. He said the position is open until filled and candidates would be interviewed as applications are submitted. Mr. Rosales encouraged the Council to please share the information with potential candidates.

VI. REPORTS AND ANNOUNCEMENTS

A. Council Members' Announcements

1. Councilmember Garcia gave a brief report on his virtual attendance at the 2021 NALEO annual conference. He stated there was no cost to the city for his participation.

2. Vice Mayor Rodriguez conveyed that the CDLU committee has been meeting on a regular basis and have gotten commitments from a large number of sponsors for the upcoming fiestas.

B. Mayor's Announcements

1. Mayor Powell conveyed that the ribbon cutting event for the new police department was well attended. He encouraged the Council and staff to continue with making improvements in the city. Mayor Powell stated that residents are energized about what is happening in the city.

2. Mayor Powell reminded the public that the COVID-19 virus is still active. He encouraged the public to protect themselves and others by getting vaccinated.

3. Mayor Powell announced that Maria Vasquez, reporter for the Eloy Enterprise, has taken a position to become the sports editor for Pinal County Central. Mayor Powell thanked Ms. Vasquez for the positive and honest journalism she wrote about the Council and the community and wished her well in her new position.

4. Mayor Powell showed a marketing video showcasing Eloy to the public. He thanked APS for the grant which gave the city the opportunity to also shoot an economic development video. Before showing the video, Mayor Powell introduced Brian Kramer from Blossom Video who gave a brief overview of the video. Mayor Powell said the video would be broadcasted on all social media.

C. City Manager's Announcements

1. Mr. Krauss reminded the Council of the special meeting slated for Wednesday, June 30, at 6:00 p.m. The purpose of the meeting is to hold a public hearing on the property tax levy, public hearing on adoption of the final budget, and Council adoption of the final budget.

2. Mr. Krauss announced the retirement of police officer Darrell Roach. He said Officer Roach has worked for the police department for over 25 years and would be sorely missed. Mr. Krauss said officer Roach's last day with the department would be June 30.

3. Mr. Krauss conveyed that city offices would be closed on July 5, in observance of the July 4 holiday which falls on a Sunday.

   Mayor Powell said he was asked to participate in a "dunk tank" that the city will have as one of the activities in the park on Sunday. He said he looks forward to seeing how many times he is dunked in the water.

VII. CONSENT AGENDA

Mayor Powell announced that item C under the Consent Agenda is removed until further notice.

A. Approval of Minutes: 6/14/2021 (regular)
B. Council declare as surplus City owned vehicles and equipment, and approve a contract with Sierra Auction Management to auction them or sell as scrap based upon the condition.
C. ~~Council Subcommittee recommendation to fill two vacancies on the Planning & Zoning Commission with the appointments of Marlo Schuh and Conrad Tolson.~~ ***(Removed from the agenda)***

There being no other requests to remove an agenda item, Mayor Powell called for a motion.

Motion by Vice Mayor Rodriguez, seconded by Councilmember Garcia, to approve Consent Agenda items A and B as presented, passed unanimously by roll call vote.

VIII. BUSINESS

A. APPROVAL OF A CONTRACT IN THE AMOUNT OF $24,000 TO RETAIN NEILL + YOUNG, ASSOCIATES, LLC TO PREPARE A LANDSCAPE/HARDSCAPE PLAN, IRRIGATION PLAN AND CONSTRUCTION DOCUMENTS FOR THE CENTER MEDIAN OF SHEDD ROAD, BETWEEN GILES STREET AND ESTRELLA ROAD.

Staff Cover Sheet Report: *Council approve a contract in the amount of $24,000 to retain Neill + Young, Associates, LLC to prepare a landscape/hardscape plan, irrigation plan and construction documents for the center median of Shedd Road, between Giles Street and Estrella Road.*

The Shedd Road Median Landscape Project will design and implement landscape, hardscape and irrigation improvements to an approximate 3/4 segment of Shedd Road, between Giles Street and Estrella Road. This project follows the complete reconstruction of Shedd Road adjacent to this median, which was completed in 2015. This median has light poles and existing landscape, but the median was never improved after the roadway project was finished. However, it has been a project identified on the City's 6 year Capital Improvement Program.

Upon the prior approval of Council, staff prepared and solicited a Statement of Qualifications (SOQ) from experienced Landscape Architects registered in the State of Arizona to design a street tree theme for Frontier Street. The intent is to conduct a survey of the corridor, prepare the landscape plan and irrigation plan and create the construction documents for bidding. The City received a total of 5 complete submittals from respondents. These submittals were reviewed by the city staff recommendation panel and a short list of three firms were selected. They were:

J2 Engineering and Environmental Design	*Phoenix, Arizona*
Neill + Young, Associates, LLC	*Scottsdale, Arizona*
WestLand Resources	*Tucson, Arizona*

Each of the three firms was invited for a Zoom interview with the recommendation panel. Subsequent to the interviews, the firm of Neill + Young, Associates, LLC is the firm that the recommendation panel is bringing forward for Council consideration. Staff has coordinated the draft contract preparation, which is attached for review.

The attached contract anticipates a timeframe of 120 calendar days from Notice to Proceed to the completion of Construction Documents. Staff anticipates that a study session with Council will be scheduled during this project to review the conceptual design and the community/resident feedback on alternative design approaches for this corridor.

FISCAL IMPACT: *The funds to complete the design, preparation of construction documents and construction are identified in the City's FY 2021-22 Capital Improvement Plan in the amount of $300,000. This contract is in the amount of $24,000.*

Mr. Vlaming gave a brief overview of the solicitation process and staff's recommendation to the Council to award the project to Neil + Young Associates.

Mayor Powell wanted to know would the median be curbed. Mayor Powell expressed concerns about people driving over the median.

Mr. Vlaming said he understands that this is one of the issues. He said staff would come before the Council with alternative solutions on how to mitigate the problem.

There being no further questions, Mayor Powell called for a motion.

Motion by Councilmember Garcia, seconded by Councilmember Guanajuato Rodriguez to approve a contract in the amount of $24,000 to retain Neil + Young, Associates, LLC to prepare a landscape/hardscape plan, irrigation plan and construction documents for the center median of Shedd Road, between Giles Street and Estrella Road, passed unanimously by roll call vote.

Mayor Powell noted an error on the first page of the contract. He said the project name says "Frontier Street Community Tree Project."

Mr. Vlaming said he would make the correction to reflect the correct project name.

Mayor Powell asked Mr. Cooper could the action taken on the item stand or would the motion need to be amended.

Mr. Cooper said approval of the item could stand because there was no change in the monetary amount; just a correction to the project name.

B. AUTHORIZE THE CITY TO ENTER INTO A MEMORANDUM OF UNDERSTANDING (MOU) WITH LINMARK, LLC AND MUSULIN IRREVOCABLE TRUST TO PROVIDE THE TERMS AND CONDITIONS FOR A COST SHARING AGREEMENT OF THE ANNUAL MEMBERSHIP DUES TO THE CENTRAL ARIZONA GROUNDWATER REPLENISHMENT DISTRICT (CAGRD) IN ORDER TO SECURE 4,100 ACRE FEET OF THE CITY'S ASSURED WATER SUPPLY FOR FUTURE DEVELOPMENT

Staff Cover Sheet Report: *Council authorize the City to enter into a Memorandum of Understanding (MOU) with Linmark, LLC and Musulin Irrevocable Trust to provide the terms and conditions for a cost sharing agreement of the annual membership dues to the Central Arizona Groundwater Replenishment District (CAGRD) .*

The City of Eloy maintains a designation of assured water supply (DAWS) for the City's municipal water service and planning area. The City is required to pay annual membership dues to the Central Arizona Groundwater Replenishment District (CAGRD) for the amount of assured water supply designated for Eloy, which is currently 49,158 acre feet of water. This represents the volume of groundwater replenishment to support the City's assured water supply required for future *development, as projected approximately 15 years ago. The development scenario envisioned in the mid-2000s has not materialized, but the City has been paying CAGRD dues based upon this growth, which has become financially burdensome in recent years.*

Approximately five years ago, the City submitted an application to the Arizona Department of Water Resources (ADWR) to significantly reduce its assured water supply designation. This application is still pending with ADWR, but it appears that they will be taking action on the DAWS application for Eloy in the Fall 2021.

To preserve water for future development and reduce the City's financial burden with CAGRD, staff has been in discussions with landowners regarding cost sharing agreements to fund their proportionate share of CAGRD annual dues. Linmark, LLC and Musulin Irrevocable Education Trust own approximately 2,000 acres of land within the City, and wish to retain and preserve 4,100 acre feet of groundwater replenishment service under the City's existing Member Service Area Agreement. If the Landowner does not need all of the reserved water, or unable to use the water, the Landowner may assign the water to other properties within the City for future development, with the consent of the City.

The MOU provides that the water rights will be reserved for 10 years or until it is put to beneficial use, whichever occurs first. There is also a provision for two 5-year term extensions, and the Landowner would pay a surcharge of 10% of their share of the CAGRD dues for each calendar year beyond the initial 10-year term. If the Landowner defaults on the payment of any required CAGRD dues, the City may elect to cancel the reservation of projected water and assume control of the reserved water.

FISCAL IMPACT: *Based upon the City's current AWS of 49,158 acre feet and Groundwater Replenishment District dues of $221,168.20, the 4,100 acre feet of water for Linmark's landholdings would have amounted to $18,446.43 in 2021. The dues are subject to increases over the years.*

Discussion transcribed verbatim

Krauss: I'm going to talk a little bit about water. It's a Memorandum of Understanding with a group of large landowners. They own about 2,000 acres of land in Eloy. The one thing about water; I've been working in Arizona for quite a while now. There are a lot to terms and acronyms in water and it can be very confusing. I know if you don't hear these terms often, you get lost in morass of terms acronyms, so bear with me and don't be afraid to ask. There's a water attorney in the audience that's going to address any specific questions you have. But, I'll give you a little bit of background. The city - as the city's water provider within our service area, we have what is called a "designated assured water supply." And as part of what was created back in 1980 with the Ground Water Management Act, that sort of changed the water picture in the state of Arizona. So, I know it's hard concept, but there is wet water and there is actually paper water. And so, we're actually dealing with to some degree paper water tonight, not wet water. But, you need paper water to make wet water. Does that make sense? So, anyways, the concept of the Groundwater Management Act - and Michael can correct me if I'm wrong - we have what is called the Pinal AMA. Phoenix has its own AMA and Pima County has an AMA. So, it's an act of management area which is the entire county. So, every time we take a drop of water out, we got to put a drop of water in. And at the end, it's supposed to reach say fields. So back in…we don't have access to a lot of surface water, so most all of our water in Eloy, except for the CAP water that we sell to the City of Surprise; but most of our municipal purposes and residential purposes is from groundwater. So, we draw water out of the ground, we some recharging of our water – and back in the ground. Back in – about 15 years ago, when we had the last boom, a bunch of landowners got together. There was a lot of excitement about development in Eloy. We have numerous development agreements to show that and the City Council approved those, and guaranteed them an assured water supply, because they are in our service area. So, they, at their cost, they made application to the Arizona Department of Water Resources to increase our designated assured water supply and roughly to serve all of these new developments. And as you know, nothing really materialized from that and we languished for many years. And in the meantime, we have roughly 49,000 acre feet that represents our assured water supply which is a lot of water because we have all this anticipated growth that didn't happen, and the way it works is we have to – we are a member of what is called the, "Central Arizona Groundwater Replenishment District." So, it's a district – it's a basically a taxing district and they access fees, I guess - it's fees more than taxing. And it's their responsibility to provide, to come up with water resources to serve that 49,000 acres that we got a designated assured water supply. So, we have to pay an annual fee for all that 49,000 acre feet. And we've been paying it for years; and exactly the citizens of Eloy that are within our water service area been paying that. And unfortunately, it's for new customers that aren't paying anything. So, there's an inherent unfairness to that which I'm trying to correct. And that cost us; it's been going up steadily over the last few years and it's really accelerated. It's now like $221,000, which represents roughly one-fourth of our water budget. So, we pay one-fourth of our water budget goes to speculating on new growth or new water customers that haven't arrived for the last 15 years. And frankly, I question whether they're going to be here in another 10 years. So, in the meantime, about five years ago, the previous public works director, made application to ADWR to reduce that assured water supply because we're not experiencing growth; it's killing us on the water fund. So, we reduced that amount, however that application is still pending with the Arizona Department of Water Resources and it's been sitting there for the last five years or so. And they're getting ready to act on that application. We have several large landowners that would want to make sure they have water when they get around to developing sometime in the future. And if the ADWR approves our new application, there may be a question; they may not be able to have that right to have water at that time when they want to develop. So, what we did was – reached out to – one of the landowners reached out to us and I subsequently reached out other large landowners. A group known as Linmark LLC came forward and they own approximately 2,000 acres in Eloy, they're not contiguous acres, but about 2,000 acres. And roughly feel like they need 4,100 acre feet of that 49,000 to guarantee water in the future. And so, what this Memorandum of Understanding does is basically, provides for them to pay their proportionate share of those dues for the initial 10 year term and it's comes to about $18,000 with the $221,000 today. But like I said, every year it goes up. Their amount will go up as will likely go up as well. So, they can pay their proportionate share. So, the agreement would be is that we would designate 4,100 acre feet of our assured water supply to them so they would be able to use it for their properties within that 10 year period. At the end of that 10 year period, if they haven't put it to beneficial use. When I mean beneficial use, they don't have to pay it once they – if they actually develop the property and put it to residential use and take the water out of ground, put the facilities in to draw water, then they won't have to pay those dues anymore. The city would absorb those dues because those become customers of the city. If they don't put the groundwater to beneficial use, then the agreement provides for two – five year extensions. So, as an incentive to develop that amount of groundwater dues that they pay for groundwater would go up roughly 10% per year. And I did that because I want to have an incentive for them to develop over the next five year term and the second five year term. So, they have roughly 20 years to develop and have that water if they want to pay the price. And if they fail to pay, then the water reverts back to us – it's solely for our use and we can use it as we see fit. The developer can also – if they can't use all the 4,100 acre feet within the city, they can turn around and assign it to others with our approval. So, if they don't need 4,100 and someone else down the road needs it, they can assign it to someone else. What the goal here is, is to correct a couple of things; one is to get landowners that we've been holding water rights for, for many years to have them pay their proportionate share because it's not fair for the existing water users to pay for new development that may or may not come. Second of all, we want to encourage development and right now Pinal County is as you probably read – we're over committed according to the Arizona Department of Water Resources. They have a water model and their water model shows that they've approved more development than we can serve with the water that's existing in the ground. So, there's an imbalance there. So , we want to guarantee that we have our share of water rights for our development. So, we want to see them develop and the sooner they develop the better for the city and for the landowner and that's why I reached out to other landowners within our service area. Do you want the same program so they pay their proportion share of our dues so we don't a burden by it. Plus, it's an incentive for them to develop. I know I gave you a lot of information. I tried to put it in terms that made some sense. Hopefully that makes some sense. Michael's here and he can probably correct me if I used the wrong terminology. So, be happy to answer any questions. Linmark's being represented by Michael Pearce. He's an attorney in Phoenix. So, you have any questions of me? Mayor and Council?

Mayor: Thank you Harvey. Sir?

Pearce: Good evening, Mayor, Vice Mayor, members of the Eloy City Council. Thank you for entertaining our proposal here tonight. We're very excited about this. The Linmark Group and the Musulin Trust; have a couple of the principles here. Mr. Musulin, Mr. Markakis. I'll refer to them as Linmark for short. And thank you manager Krauss for that explanation of Arizona water. That was very concise and very accurate. Our concern was that with the overall groundwater situation in the Pinal active management area, that if the City of Eloy were to reduce its designation and give back some of that water to the general pool, it would be extremely difficult to ever get that back. And we viewed that as a development potential for our land and we understood that the cost of maintaining that designation was significant and yet, we also understood that the value of that water outweighed that cost, at least to us. So, we approached the city with a proposal that we would be more than happy to pay our fair share of retaining that water within the city's designation - if you would hold that water for our land development. And this Memorandum of Understanding that is before you tonight is a little bit unusual because most memorandums of understanding are very general and very vague. This one is a lot more detailed. We put quite a bit of time in with the help of manager Krauss and I believe Mr. Cooper as well. Your water consultant, our team, myself, spent quite a bit of time over the last several months working through some of the finer points of this. Because rather unusual situation, rather unusual agreement, we wanted to make sure that everybody understood exactly what we were trying to accomplish. But the end result was that we had a document that we all agreed to. Thought it was reasonable and fair to both parties and we very much support it and request your support of it here tonight. The basic idea is just as simple as manager Krauss explained it. If the city can go to ADWR and preserve a quantity of this water for us, we will pay for it and we will pay for it through an escrow account so that the money is secured, and we will pay for it one year in advance so you will always have one year in advance payment to make sure that the money is there. As Mr. Krauss said, if we fail to pay the water just reverts back to the city and will probably increase in value over the next several years. So, we have a very vested interest in maintaining the integrity of the contract and making sure that the water is put to beneficial use. Even more importantly, we have a very long term vested interest in this particular land base. These folks have owned this land for 20 years plus. They had it to a point of very near development in the mid 2000's, but the downturn in the economy that suffered, but their back again now and very interested in developing this property into a residential community that the City of Eloy would be proud to have as part of its overall development program. So, we're very excited about it and we are equally pleased I think to be first of maybe others that will join us in this endeavor and preserve some of this water. And I can only stress that having been in the water business for 30 years, water has never been more important than it is today. And preserving this quality of water is not only good for Linmark, it's a very good thing for the City of Eloy. So, we do request your favorable approval and if I can answer any questions, I'm happy to do so.

Mayor: Thank you sir, appreciate that. Anybody on Council have – Jose?

CM Garcia: If they choose at some point to sell the property, is this transferrable to the new owners or is the contract ceased?

Pearce: I'm sorry I couldn't quite hear that.

CM Garcia: If the owners choose to sell the property at a future date, is the memorandum transferrable or would we cease that?

Pearce: I understand, yes. Actually, the way it is styled it is just an agreement between Linmark and Musulin Trust and the city. The water is reserved for their direction with the city's consent, but it can be deployed on the Linmark land or if that doesn't work out, so that it's the highest and best use, it can be transferred to somebody else at no profit and also with the consent of the city. It's not a profit making enterprise, but a direct answer to your question Councilmember Garcia is that it is transferrable within the City of Eloy.

Mayor: Thank you. Anybody else have any questions? Dan?

CM Snyder: This more for Harvey. Harvey, you mentioned we have 49,000 acre feet as a reserve and we have a request to reduce it. What's the request to reduce it to? To what value?

Krauss: I believe it's – I'm not positive, I believe it's in the neighborhood of 4,000 acre feet which is significantly lower.

CM Snyder: Say that again; 49,000 to…

Krauss: To 4,000, I think.

CM Snyder: 4,000?

Krauss: Yeah, that's what's scary about it. Yes.

CM Snyder: And then, of that 4,000 we're going to dedicate 4,100 of it?

Krauss: Mayor, Councilman Snyder, no. We're going to – that's why this agreement is important to us and more agreements that we need the better from landowners within the city because we're going to go to ADWR and tell them we need more than 4,000. So, we want to increase that amount.

CM Snyder: So, the request that we've had in for five years is taking it from 49,000 to 4?

Krauss: That's correct. That's my understanding.

CM Snyder: Wow. Why would we ever do that?

Krauss: That's a good question. That was done a long time ago when different – under different public administration.

Cooper: Mayor, Councilmembers, about 15, 16 years ago, there was a discussion about this matter before the council. And what happened was a group of developers got together and paid for a water study to determine if there was more available water in the area and they paid for it. That number was a result of that study. And shortly after that study, we had the great recession about 2008 where basically everything had disappeared. What you need to be aware of on this agreement is we want to make sure how we protect the city because number one, we're looking into the future and making deals when you don't know all the consequences in the future can be really disconcerting. I know Mike Pearce has heard this, but Senator Jon Kyl once remarked that, "Whiskey's for drinking and water is for fighting over." And this agreement basically how we protected the city is as follows: As Mr. Pearce and Mr. Krauss has stated, the water has to stay in the city limits. There can be property that's outside the city limits where it can be used, but that has to be subject to an annexation agreement where it's brought into the city. And so, we're not setting up water that would go elsewhere. It will remain within the city. It can be moved around and as Mr. Pearce stated, if they decide to sell their property, it will either go with it or if they sell – if they transfer this agreement, they're only entitled to recover what they put into it. There's going to be no profit, so there is no speculating on water in this case. They are reserving that water so they can develop their property. And if they for whatever reason decide to walk away from it, it's our water; they pay a year in advance. So, we have the ability to increase our water portfolio with this agreement by having a developer pay their fair share of the water because nowadays, when any development comes to this community, and they're out in the desert, the first question is, "Where you gonna get your water?" They want you to supply it. In this case, we have a developer with an agreement who will be bringing their water to the table to be part of the agreement to develop the property.

CM Snyder: I think what concerns me is that - it's not on this agreement, but I'm concerned that if we do get reduced to 4,000 plus this 4,100, that it kind of leaves us in a tough spot for future development, doesn't it?

Krauss: Mayor, Councilman Snyder, what ADWR doesn't want is it look like speculation. That's what's been going on in Pinal County, I believe – and Michael, you can correct me if I'm wrong. So, it's over committed – the amount of water is over committed. So, if we have development actually occurring, we can go back to ADWR and amend our assured water supply. We've got to show them that development is imminent or in the near future. So, this agreement helps us do that. We don't have development now. And I'm concerned about the fact – because of the water issue in Pinal County with the ag community that they're likely to take water away from communities like Eloy because we don't have development going on right now. So, I think this agreement is important from that aspect. Whether - what's our future hold? It's like what the city attorney said, it's hard to predict – this is a fluid, no pun intended, a fluid subject and I don't know what the future holds with water, but it doesn't look good at this point in time. So, the more that we can secure, the better at this point in time. I'm hoping that I can get other landowners. I've reached out to Peterson – Kevin Peterson. I've reached out to Walton and they've all expressed interest in this type of agreement. We will be able to lock up quite a bit of water with those properties because that's a large amount of acreage. So, they are somewhat on board with the same concept. So, I'm able to take those agreement to ADWR and say, hey, we have water portfolio and we've got developers willing to step up and pay it.

CM Snyder: Those was my concerns.

Mayor: Any other questions? Anybody in the audience? No? Well, without – moving forward I guess we can go ahead and – do I hear a motion to approve the contract?

Transcribing verbatim ends

Motion by Councilmember Snyder, seconded by Councilmember Garcia to authorize the city to enter into a Memorandum of Understanding (MOU) with Linmark, LLC and Musulin Irrevocable Trust to provide the terms and conditions for a cost sharing agreement of the annual membership dues to the Central Arizona Groundwater Replenishment District (CAGRD) in order to secure 4,100 acre feet of the city's assured water supply for future development, passed unanimously by roll call vote.

IX. EXECUTIVE SESSION

Mayor Powell called for a motion to go into executive session.

Motion by Vice Mayor Rodriguez, seconded by Councilmember Snyder to hold an executive session at approximately 6:58 p.m., for approximately one hour with the city manager and city attorney (who will also take notes) to:

Conduct a performance evaluation including discussion and/or negotiation of salary and/or an employment contract of a public officer - City Manager, including legal advice (if requested by City Council) with City Attorney and possible contract negotiations, pursuant to A.R.S. '38-431.03 (A)(1), (3) and (4).

Motion passed unanimously.

Mayor Powell reconvened the public meeting at approximately 8:03 p.m.

Mayor Powell conveyed that more time is needed in executive session.

Motion by Vice Mayor Rodriguez, seconded by Councilmember Guanajuato Rodriguez to continue with the executive session at approximately 8:03 p.m., for approximately 30 minutes with the city manager and city attorney, passed unanimously.

Mayor Powell reconvened the public meeting at approximately 8:43 p.m.

X. ADJOURNMENT

There being no further business, Mayor Powell adjourned the meeting at approximately 8:43 p.m.

Micah Powell, Mayor

ATTEST:

Mary Myers, City Clerk

Agenda Item VII-A
Date: 7/12/2021

MINUTES OF THE SPECIAL MEETING OF
THE ELOY CITY COUNCIL
CITY OF ELOY
595 NORTH C STREET
WEDNESDAY, JUNE 30, 2021
6:00 P.M.

Staff Present: Harvey Krauss-City Manager; Stephen R. Cooper-City Attorney; Mary Myers-City Clerk; Brian Wright-Finance Director; Paul Anchondo-Community Services Director; Jon Vlaming-Community Development Director; David Malewitz-Assistant to the City Manager; Sylvia Payne-HR Director; Christopher Vasquez-Chief of Police

I. CALL TO ORDER

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

II. ROLL CALL

Council Members Present: Mayor Micah Powell; Vice Mayor Andrew Rodriguez; Councilmember Dan Snyder; Councilmember Jose Garcia; Councilmember Sara Curtis; Councilmember George Reuter; Councilmember Sylvia Guanajuato Rodriguez

Council Members Absent: None

III. PLEDGE OF ALLEGIANCE

Councilmember Guanajuato Rodriguez led the Council and the public in the Pledge of Allegiance.

IV. PUBLIC APPEARANCES

1. Mayor Powell announced the passing of former mayor, Manuel Salas. He said Mr. Salas was a dear friend of his and was a godly person. Mr. Salas had a deep love for the community and the people who lived here. Mayor Powell asked everyone to say a prayer for Mr. Salas and his family.

2. Chief Vasquez presented awards to Officer Krysten Childress, Sargent Violet Maestas, and Corporal Christopher Servin, for their heroic efforts in saving the lives

of two young men on two separate cases. Chief Vasquez said the officers are fine examples of the entire police department. He said because of these officers, the two young men are able to live another day and go home to their families.

Before presenting the awards, Lieutenant Byron Gwaltney gave an overview of what transpired on June 27th and June 29th.

1. Officer Childress and Sargent Maestas utilized life-saving equipment and their training to save the life of a 17 year old gunshot victim during the early morning hours of June 27th at the Flying J Truckstop on Sunshine Blvd., while in a chaotic and threatening environment. Lieutenant Gwaltney stated that a large group of people had been at a party in the desert where a fight ensued and gunshots were fired into a car occupied by the victim. Lieutenant Gwaltney said the victim is still in the hospital recovering from his wound.

2. Corporal Servin saved the life of a 17 year old who was suffering from an apparent opioid overdose around midnight on June 29th at the Circle K on Main Street. Lieutenant Gwaltney stated that based on Corporal Servin's training and experience as a drug recognition expert, he quickly administered two doses of Narcan to the unresponsive victim who regained conscience and was transported to the hospital.

Mayor Powell thanked the officers who saved the lives of the two young men. Mayor Powell said both of the incidents has affected him personally because the gunshot victim was his cousin's son and the overdose victim was his stepson. He said as parents, we all fear that call in the middle of the night. An emotional Mayor Powell told the officers that if they had not done what they did, he would have lost two family members within a week. Mayor Powell said the public sometimes take officers for granted and do not realize the emotional struggle officers experience, but he now gets it. He said this has been a rough and scary week for him and his family and thanked the officers again for what they did.

V. <u>BUSINESS</u>

A. PUBLIC HEARING ON SETTING THE PRIMARY PROPERTY TAX RATE AT $105.66 PER $100 OF ASSESSED VALUATION FOR FISCAL YEAR 2021-2022.

Staff Cover Sheet Report: *Council conduct a Public Hearing on setting the Primary Property Tax rate at $105.66 per $100 of assessed valuation for Fiscal Year 2021 – 2022.*

In accordance with State Law, the City of Eloy has published notices of this public hearing on June 15th and June 22nd in the local newspaper.

This year's primary property tax rate is being recommended to remain the same as last fiscal year's rate. The primary property tax rate is proposed at $1.0566 per $100 assessed valuation. The proposed rate will generate $51,153 (or 4.42%) more revenue than the previous fiscal year. This increase in revenue is due to increases in the property valuations. On a home assessed at $100,000, the homeowner will pay $105.66 for the City of Eloy's annual primary property taxes. The primary property tax levy is scheduled to be adopted on Monday, July 12, 2021 at 6:00 p.m.

FISCAL IMPACT: *The total amount revenue generated from a primary tax rate of $1.0566 will be $1,231,390 annually.*

Mr. Wright gave a very brief overview of the primary property tax rate for next budget year. He pointed out that the property rate would remain the same as last year. Mr. Wright said although the rate will remain the same, the city would generate an additional $51,000 above last year due to an increase in assessed valuation.

Mayor Powell declared a public hearing open to allow comments and questions from the public regarding the primary property tax rate.

There being no questions from the public, Mayor Powell closed the public hearing.

B. PUBLIC HEARING ON THE ADOPTION OF THE CITY OF ELOY ANNUAL BUDGET TOTALING $52,489,100 FOR FISCAL YEAR 2021-2022.

Staff Cover Sheet Report*: Council conduct a public hearing on the adoption of the Fiscal Year 2021 - 2022 City of Eloy Annual Budget totaling $52,489,100.*

A public hearing is required prior to the final adoption of the Annual Budget. This is the last step before adopting the budget for Fiscal Year 2021-2022. On June 7, 2021, the City Council adopted Resolution No. 21-1503 adopting a tentative budget in the amount of $52,489,100. On June 15th and June 22nd, Schedules A-G were published in the local newspaper in accordance with state law.

FISCAL IMPACT: *The total of all funds for the City of Eloy's FY 2021-2022 Annual Budget is $52,489,100.*

Mr. Wright gave a brief overview on adoption of the proposed budget for FY2021-2022. He said he has not received any comments or questions from the public.

Mayor Powell declared a public hearing open to allow comments and questions from the public regarding the proposed final budget for FY2021-2022.

There being no questions or comments from the public, Mayor Powell declared the public hearing closed.

C. ADOPTION OF RESOLUTION NO. 21-1504 APPROVING THE FINAL BUDGET FOR THE CITY OF ELOY IN THE AMOUNT OF $52,489,100 FOR FISCAL YEAR 2021-2022.

Staff Cover Sheet Report: *Council adopt Resolution No. 21-1504 approving the Fiscal Year 2021-2022 Annual Budget for the City of Eloy in the amount of $52,489,100.*

The City Council met on June 7, 2021 and adopted Resolution No. 21-1503 approving the tentative budget for fiscal year 2021-2022 for $52,489,100. Staff has published Schedule A-G twice in the local newspaper as per statutory requirements.

Public hearings have been held regarding the property tax rate and the final budget in accordance with state law. Upon adoption of the final budget, a date will be set for adoption of the property tax levy. The proposed adoption date is Monday, July 12, 2021 at 6:00 p.m. The final property tax rate will be determined by the Pinal County Board of Supervisors and is estimated to be $1.0566 per $100 of assessed valuation. Attached is copy of the publicized budget. A copy of the budget will be available to the public at City Hall and the City Library.

FISCAL IMPACT: *The annual budget for fiscal year 2021-2022 is $52,489,100*

Mr. Wright conveyed that Council adoption of the resolution will set the annual budget for the city for FY2021-2022.

Mayor Powell called for a motion to read the resolution by title only.

Motion by Councilmember Garcia, seconded by Vice Mayor Rodriguez to read Resolution No. 21-1504 by title only, passed unanimously.

The city clerk read the resolution title into the record.

Mayor Powell called for a motion to approve the resolution.

Motion by Councilmember Garcia, seconded by Councilmember Snyder to adopt Resolution No. 21-1504 as presented, passed unanimously by roll call vote.

VI. EXECUTIVE SESSION

No executive session requested by the Council or city staff.

VII. ADJOURNMENT

There being no further business, Mayor Powell adjourned the meeting at approximately 6:23 p.m.

Micah Powell, Mayor

ATTEST:

Mary Myers, City Clerk