

**MINUTES OF THE REGULAR MEETING OF  
THE ELOY CITY COUNCIL  
CITY OF ELOY  
595 NORTH C STREET  
FEBRUARY 28, 2022  
6:00 P.M.**

**Staff Present:** David Malewitz-Acting City Manager; Stephen R. Cooper-City Attorney; Mary Myers-City Clerk; Brian Wright-Finance Director; Jon Vlaming-Community Development Director; Christopher Vasquez-Chief of Police; Keith Brown-Public Works Director/City Engineer; Sylvia Payne-HR Director; Paul Anchondo-Community Services Director; Jeff Fairman-Economic Development Specialist

**I. CALL TO ORDER**

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

**II. ROLL CALL**

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

Council Members Absent: None

**III. INVOCATION**

Pastor Debbie Miller gave tonight's invocation.

**IV. PLEDGE OF ALLEGIANCE**

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

**V. PUBLIC APPEARANCES**

**A. Scheduled**  
None

**B. Unscheduled**  
None

**VI. REPORTS AND ANNOUNCEMENTS**

**A. Council Member Announcements**

- Councilmember Rodriguez asked Council to nominate individuals to be recipients of several awards that are given out to community members and businesses at the Chamber's annual dinner and awards banquet that is scheduled next month. Councilmember Rodriguez conveyed that each Councilmember has a nomination form at their dais. He asked that the forms be completed and returned to the Chamber by March 11<sup>th</sup>.
- Vice Mayor Snyder gave a brief update on the county's redistricting. He said Mayor Powell, Mr. Malewitz and he attended the county supervisors redistricting meeting last week to give input on behalf of the city. Several maps showing various redistricting alternatives were shown. Vice Mayor Snyder said one map in particular (Map C) is good for Eloy because it encompasses most of Eloy into the same district. Council is hoping to reduce the number of supervisors for Eloy from three, to two or possibly just one.

Vice Mayor Snyder conveyed that the Revitalization Commission had its second meeting last week. He said the Commission was presented with the Dust Bowl theater project. Members will be discussing the project and making recommendations to the Council.

- Councilmember Curtis conveyed that March 1<sup>st</sup> is the start of Women's History Month. She acknowledged women leaders that served the Eloy community over the years.

**B. Mayor's Announcements**

- Mayor Powell conveyed that the State of the City address was presented last Wednesday. His speech addressed accomplishments and goals for the new year. Mayor Powell thanked the Chamber and sponsors for putting on the event. He noted that a video of the event was recorded by Blossom Digital and is available for viewing online.

**C. City Manager's Announcements**

Mr. Malewitz provided the following communications to the Council and public:

- Announced that the Main Street Park project is moving along well, and anticipates the project will be completed rather quickly. Mr. Malewitz said resurfacing work will also begin this week on the pool.

- Bids for the Shedd Road median landscaping and the Frontier Road landscaping projects are due March 17<sup>th</sup>. Bids for the 21 city lots in Toltec are due by March 8<sup>th</sup>.
- The city has several open positions that need to be filled. He encouraged the public to log onto the city's webpage to view the job openings and apply.
- Starting March 1<sup>st</sup>, the entrance gate at Eloy Memorial Park will close at sunset and reopen at sunrise. He said this is to deter after hour activities at the cemetery.
- The Point in Time homeless count project is complete. Mr. Vlaming will receive a debrief with the group tomorrow. Mr. Malewitz stated that initial reports are that the city had a low count which is good for the community.

## **VII. CONSENT AGENDA**

- A. Approval of Minutes: 2/14/2022 (regular)
- B. Approval to submit a grant application to Pinal County requesting FY22 CDBG funds not to exceed \$230,000 for incremental improvements to Jones Park.
- C. Approval of a contract with Western Emulsions Inc., in an amount not to exceed \$60,000.00, for the placement of Fog Seal along Frontier Street beginning at the northwest end of the city limits and ending at Eleven Mile Corner Road.
- D. Approval of a contract with PMI Pavement Marking LLC., in an amount not to exceed \$50,000.00, for the installation of striping along Frontier Street beginning at the northwest end of the city limits and ending at Eleven Mile Corner Road.
- E. Issuance of a Uniform Video Service License Agreement to Cox Communications Arizona, LLC to use City rights-of-way for the installation of infrastructure for offering video services to Eloy residents and businesses.

There being no requests to remove any item(s) from the Consent Agenda, Mayor Powell called for a motion.

Motion by Councilmember Rodriguez, seconded by Councilmember Curtis approve Consent Agenda items as presented, passed unanimously by roll call vote (7-0).

## **VIII. BUSINESS**

- A. AUTHORIZATION FOR THE CREATION OF THE POSITION OF ECONOMIC DEVELOPMENT MANAGER AND PROVIDE FOR THE CLASSIFICATION OF THIS POSITION IN THE CITY OF ELOY COMPENSATION PLAN.**

**Staff Cover Sheet Report:** *The City Council approves the creation of the position of Economic Development Manager and provides for the classification of this position in the City of Eloy Compensation Plan.*

*The Mayor and City Council have identified the need to fill the impending vacancy for the Economic Development Specialist, which is currently a contracted position through Educational Services Inc. (ESI). The contract was approved on May 1, 2018 and is set to expire on June 30, 2022. The contract is not expected to be renewed.*

*During the City Council's budget retreat on February 5, 2022, Council members agreed that maintaining a qualified individual focusing on economic development is a Council priority in order to maintain continued success in business attraction and growth in Eloy. Therefore, City staff recommends integrating the responsibilities and functions of economic development into the creation of a new position to be part of the City's current Compensation Plan rather than a contracted position. The proposed job title is Economic Development Manager. The primary responsibilities of this position will continue to be focused on economic development for the City of Eloy, as well as provide additional assistance on community projects associated with the Community Development Department.*

**FISCAL IMPACT:** *The salary range for the Economic Development Manager will be posted at range 40 in accordance with the City of Eloy Compensation Plan; \$65,385 - \$101,346. Additional costs related to the employee benefits will be determined at the time of hiring when an agreed-upon salary and selected benefits package have been completed. This position will be funded through the Community Development Department budget.*

Mr. Malewitz gave a brief overview of the proposed job description. He said the city has contracted with Jeff Fairman, through Educational Services Inc (ESI), as the city's economic development specialist for several years, but will be stepping down in the full time role. Mr. Malewitz said staff is requesting approval from the Council to create the position in the city's compensation plan.

Mayor Powell thanked Mr. Fairman for his service to the community.

Mr. Fairman said he has enjoyed working with the staff at the city. He stated that he would be available for special city projects.

Mr. Fairman explained why the position is a manager position. He believes that by making the position a manager position, the person would have more clout with prospective businesses. Mr. Fairman said having "manager" or "director" behind the name will open doors better for that person. He said the reason for this is twofold; (1) to bring in the right person at a management level; and (2) having the clout to connect to the right people.

Councilmember Reuter wanted to know the difference between a director position and a manager position.

Mr. Malewitz explained that the city has several positions with manager titles. He said a director usually have people underneath them to supervise.

Vice Mayor Snyder asked Mr. Fairman how does he see this position moving forward.

Mr. Fairman conveyed that one can never rest on their laurels; sit back and wait for something to happen. The person will have to develop a relationship and meet with prospective people. Mr. Fairman said it is his belief that you don't do business with companies, you do business with people - the way to do this is to be front and center. Be someone they can know and trust. He said when he and Mr. Vlaming responds to a request, they are careful that they can live up to everything that is in there. When commerce or a broker gets something from them, they know they can count on the information. Mr. Fairman said the person selected for the job will need to know a little bit about everything and how the pieces all fit together, which can be difficult to find; someone with public/private experience and experience in all the various different things that brings a building to fruition.

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

Motion by Councilmember Reuter, seconded by Councilmember Garcia to authorize the creation of the position of Economic Development Manager and provide for the classification of this position in the City of Eloy Compensation Plan, passed unanimously by roll call vote (7-0).

**B. ANNETTE GASTON, FROM PFM ASSET MANAGEMENT, LLC, WILL MAKE A PRESENTATION ON THE CITY'S INVESTMENT PORTFOLIO AS OF DECEMBER 2021.**

**Staff Cover Sheet Report:** *Annette Gaston, of PFM Asset Management LLC, will be making a presentation to the City Council as it relates to the City's Investment Portfolio through December 31, 2021.*

*PFM Assets Management has been the City's Investment Advisors since 2015. Annette Gaston will make a presentation on the City Investment Portfolio and give the City Council an update on current economic conditions. The City's Investment Portfolio shows a book value of \$17,027,050 as of December 31, 2021.*

**FISCAL IMPACT:** *None*

Mr. Wright introduced Ms. Annette Gaston from PFM Asset Management, who presented a PowerPoint to the Council and public on the city's investment portfolio through December 31, 2021.

After her presentation, Ms. Gaston answered several questions from the Council about the city's investments.

**C. PRESENTATION AND DISCUSSION FROM DAN JACKSON OF WILLDAN RELATED TO THE UTILITY RATE STUDY FOR WATER AND WASTEWATER SERVICES.**

**Staff Cover Sheet Report:** *Dan Jackson of Willdan will be making a presentation to the City Council as it relates to the utility rate study for Water and Wastewater services.*

***Background***

*Dan Jackson, with Willdan, will present information and two (2) rate scenarios for Water and Wastewater. This process started on November 25, 2019, when the City Council approved a contract with Willdan to perform a utility rate study for Water and Wastewater services. Due to the COVID-19 pandemic, the study was put on hold but resumed in January 2021. On December 13, 2021, the City Council adopted Resolutions 21-1523 and 21-1524 authorizing the notice of intent to increase rates and charges for the City's Water and Wastewater systems.*

*Since 2000, the City Council has only approved two (2) rate plan increases for Water and Wastewater. In 2007, the Council approved a three-year rate plan, then in 2013 another rate plan was approved that was implemented over three years. The 2021 rate plan implementation will be over five years. The study provides a rate structure that supports the operations and maintenance, debt service and provides a funding source to help fund capital projects for Water and Wastewater Systems. This rate plan will enable Water and Wastewater to operate as a stand-alone utility without General Fund support along with the ability to fund ongoing operations. Capital investments will be funded to improve the quality of service and provide for a well-functioning system for future generations.*

***Next Step***

*Hold a public hearing for Water and Wastewater rates. Council will need to instruct staff on which rate model staff should prepare for the March 14, 2022 meeting. Resolutions will be prepared and a future date of rate implementation will be set. New rates must be at least 30 after the approval of the Resolutions.*

***FISCAL IMPACT:*** *None*

Mr. Wright gave a brief background overview of the city's water and wastewater rates before introducing Mr. Dan Jackson from Willdan, who gave a PowerPoint presentation on the utility rate study. Mr. Jackson presented the Council with two proposed five-year rate plan scenarios for the city's water and wastewater services.

After his presentation, Mr. Jackson fielded questions from the Council.

Mayor Powell asked could a consumer price index (CPI) be incorporated into the rates after year four or five to avoid having large increases.

Mr. Wright conveyed that whichever scenario is selected by the Council, staff will bring forward a resolution that will have a CPI built in after year five. He said the base amount and the rates would increase based on the CPI.

Mayor Powell said the Council needs to make sure citizens are educated on this and not have this just thrown onto them.

#### **D. PUBLIC HEARING ON WATER AND WASTEWATER RATE INCREASES.**

**Staff Cover Sheet Report:** *Call for a Public Hearing for Water and Wastewater Rate Increases.*

*Per Arizona Revised Statutes 9-511.01, on December 13, 2021, the City Council adopted Resolution 21-1523 and 21-1524 authorizing the notice of intent to increase rates and charges for the City's water and wastewater systems. The notice of intent set a public hearing date of February 28, 2022 at 6:00 pm.*

*Staff did post a notice of intent in the newspaper for the purpose of the intent to implement water and wastewater rates. This notice of intent was also posted on the City Website.*

*After holding the public hearing, Council will need to instruct staff on which proposed rate option to bring back to Council at the March 14, 2022 meeting. At the March 14, 2022 meeting, Council will adopt a Resolution for Water and one for Wastewater rates. The resolution will establish the effective date of the new rates, which must be at least 30 days after the adoption of the Resolutions.*

**FISCAL IMPACT:** *None*

Mayor Powell opened the public hearing to allow comments and questions from the public regarding the proposed notice of intent to increase water and wastewater rates.

Mr. Wright gave an overview of the steps that would be taken to implement new water and wastewater rates. He said if approved by the Council, the rates would be adopted at the March 14<sup>th</sup> or March 28<sup>th</sup> meeting, but would not take effect until November 1, 2022.

Mayor Powell pointed out that bringing resolutions forward to Council on March 14<sup>th</sup> or 28<sup>th</sup> is too soon. It does not give the public much time to digest the proposed increase. Mayor Powell said he would be okay with Council adopting the rates in 30 days or longer, but not in two weeks. He reiterated that this does not give the public much time to understand what is going on.

Vice Mayor Snyder agreed with Mayor Powell that bringing this forward for adoption next month is too soon.

Mr. Malewitz conveyed that a notice of intent to raise rates has been advertised for a few months; that the council would be considering increasing the rates.

Vice Mayor Snyder said he guarantees that no citizens are aware of this.

Councilmember Guanajuato Rodriguez asked if the notices were in Spanish.

Mr. Wright said no. However, whichever rate scenario is chosen, the information would be published and posted in English and Spanish.

Mayor Powell said the city needs to be more transparent when it comes to rate increases. He wants the residents to understand why Council is considering this. Mayor Powell said he cannot support the time frame recommended by the staff.

Councilmember Rodriguez asked Mr. Wright if he could schedule a public meeting with citizens in the Toltec area and Eloy Proper area.

Mr. Wright said per state statute, staff did what was required. Staff does not have any plans to hold workshops, however, another public hearing can be placed on the April agenda prior to adoption of the resolutions at the same meeting.

Councilmember Curtis suggested giving staff direction as to which scenario Council wants. The staff can advertise and educate the public, then have another public hearing and presentation on March 28<sup>th</sup>, showing the option chosen and why. She said two weeks later staff can bring the resolutions forward to Council for consideration.

At this time, Mayor Powell allowed for public comments.

J.W. Tidwell – 105 W. La Siesta Drive, Eloy

Mr. Tidwell conveyed that in 2012, the Council was faced with the same (inaudible) received today. Instead of doing a level out rate increase, Council did a large rate increase, which is what is happening now. Mr. Tidwell said over the next five years, if Scenario 2 passes, that would be a 31% increase to residents; Scenario 1 is a 38% increase. He said people living on social security cannot afford the large increase. Mr. Tidwell said his last three years on the Council, he suggested to the city manager to implement a CPI increase every year to avoid having a large increase. He was it was not a staff recommendation. Mr. Tidwell asked the Council to not make the same mistake the past Council made in 2012.

Mayor Powell pointed out that if a CPI is implemented, years four and five would not have to be so high.

Mr. Jackson said if rates increased 4% each year, that would be enough to cover the city's operating expenses, but not the debt on the capital improvements. He said this is why the increases are higher than the CPI because of the \$20,000,000 of investments into the future of the community. Mr. Jackson pointed out that after year five, the rates are fully in place to fund the debt. After that, the city would only need bare cost of living increases. Mr. Jackson said most cities add a sentence in their resolution that says, "Future rate increases will be at the designated CPI." He recommends this is implemented at the conclusion of the five year plan.

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

**E. DISCUSSION AND DECISION ON PROCEEDING WITH A RECOMMENDATION FOR A PROPOSED INCREASE TO THE WATER AND WASTEWATER RATES.**

**Staff Cover Sheet Report:** *Council recommends proceeding with one of the two proposed increases to Water and Wastewater rates as presented by Willdan Financial Services and further, instructs City staff to begin a public outreach campaign to inform City residents and businesses of the rate increase before a formal resolution adopting those increases is approved by Council.*

*After hearing a presentation from Willdan Financial Services regarding rate adjustments to the Water and Wastewater rates, and having concluded a public hearing on the matter, City Staff is seeking Council acceptance to move forward with one of the two proposed rate scenarios as presented and discussed. Upon the acceptance of new Water and Wastewater rates, City staff will begin a public outreach campaign for the purpose of informing City residents and businesses of the new proposed rates prior to the Council's adoption of a formal resolution for both Water and Wastewater rate increases effective November 1, 2022.*

**FISCAL IMPACT:** *The fiscal impact is dependent on the rate scenario recommended by the City Council.*

Mr. Wright conveyed this item is for Council to give staff direction on moving forward with Scenarios 1 or 2 based on tonight's presentation and public hearing.

Mayor Powell asked for direction from the Council.

Councilmember Rodriguez said he would like staff to move forward with Scenario 1.

Vice Mayor Snyder recommended giving staff direction on when to come back to Council for adoption of the resolutions.

Councilmember Curtis conveyed that the caveat is that Council will review the rates in three years before the large increase to access the volume of households at that time to possibly reduce the increase.

Mr. Cooper reminded the Council that if Scenario 1 is approved, Council is not precluded from coming in at a lesser amount. He said Scenario 1 can be adopted, or Council can lower the amount when it comes to the final hearing. If Council takes Scenario 2, and somewhere during the process want to go to Scenario 1, Council would not be able to do this. Mr. Cooper said by selecting Scenario 1, the amount is not set in stone.

Motion by Councilmember Rodriguez, seconded by Councilmember Curtis to select Scenario 1 for a proposed increase to the water and wastewater rates, passed unanimously by roll call vote (7-0).

Mayor Powell asked about the timeline.

Mr. Malewitz said he and Mr. Wright can work on the timeline and send to the Council to review.

Vice Mayor Snyder asked about including the notice in the water bills.

Mr. Wright said the water bills for March have already gone out. However, a special mailing can go out to customers.

**F. APPROVAL OF A LETTER OF INTENT BETWEEN THE CITY OF ELOY AND VEREGY, INC. TO IMPLEMENT A COMPREHENSIVE ENERGY SAVINGS PERFORMANCE CONTRACT FOR IMPROVEMENTS AT VARIOUS CITY OWNED WATER AND WASTEWATER FACILITIES.**

**Staff Cover Sheet Report:** *Council approve a Letter of Intent between the City of Eloy and Veregy, Inc. to implement a comprehensive energy savings performance contract for improvements at various City owned water and wastewater facilities.*

*The City entered into a Memorandum of Understanding with Veregy, Inc. in March 2021 to perform a feasibility study and develop a facility and infrastructure improvement program. Through this effort, Veregy coordinated with City staff to evaluate all City owned facilities to determine potential opportunities for energy and operational savings through the replacement of older equipment with energy efficient equipment, operational improvements to reduce capital and manpower costs, and installation of solar panels at the City's higher energy consuming facilities.*

*Veregy has completed the feasibility study and analyses of City facilities. They have produced key recommendations to the City for improvements that will save the City*

*both energy and operational costs over the next 20 years. Veregy is proposing a program that will effectively pay for itself through the cost savings and grants.*

*The next step in this process is to develop the design documents and performance contract for these improvements. Veregy will invest considerable time and resources into developing these documents. As such, this Letter of Intent provides Veregy assurance that the City is committed to moving forward with this program and that Veregy may begin development of the design and performance contract documents.*

*This Letter of Intent (LOI) outlines the terms of agreement between the City of Eloy and Veregy, Inc. to implement a comprehensive energy savings performance contract. The project will include mechanical and electrical system improvements at the City's water and wastewater facilities along with solar energy system installations.*

*Veregy will provide a self-funded program whereby all costs will be recovered through guaranteed energy and operational cost savings, principal forgiveness from WIFA and/or other grants that will be provided by the Veregy program. The improvements to be included in the proposed energy savings performance contract are outlined below:*

- o Install 132 kW of Solar PV at the Wastewater Treatment Plant*
- o Replace 2 older blowers with Turbo Blowers at the Wastewater Treatment Plant*
- o Replace leaky underground blower pipe and possibly electric at the Wastewater Treatment Plant*
- o Install 80 kW of solar PV at Pump Station no. 1 and Well 3*
- o Rehabilitate Well 5*
- o Implement demand response program with APS*

*Total project costs for the above improvements are estimated at \$2M to \$3M based on preliminary analyses by Veregy. Veregy also estimates that the overall energy and operational savings will be \$2,412,970 and that they will be able to procure Grants and WIFA principal forgiveness of \$607,218.*

*After Veregy completes the comprehensive energy savings performance contract, it will be presented to City Council for consideration and approval. It is estimated that this performance contract would be presented to Council in November 2022. Construction activities would then begin approximately January 2023 and be complete approximately December 2023.*

*This Letter of Intent includes a provision that if the City chooses to not move forward with executing a performance contract with Veregy, that the City will reimburse Veregy an amount of \$42,324 for their work performed towards development of the design and contract documents.*

***FISCAL IMPACT:*** *The City would be responsible to reimburse Veregy an amount of \$42,324 if the City chooses to not proceed with execution of a performance contract with Veregy at a later date.*

Mr. Brown introduced Mr. Edward Farrell from Veregy (formerly Midstate Energy), who presented Council and the public with a PowerPoint presentation on a comprehensive energy saving program for the city's water and wastewater facilities.

After the presentation, Mr. Farrell and his colleague, Mr. Dick Williams answered several technical questions from Vice Mayor Snyder about the program.

Councilmember Reuter pointed out that savings generated from this program could possibly offset the water and wastewater rate increases in years four and five.

Mr. Brown conveyed that the savings from the Veregy project and the American Rescue Fund project are already accounted for in the rate proposals. He said the projects were pulled out of the rate study in order to help reduce the rates.

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

Motion Councilmember Garcia, seconded by Councilmember Reuter to approve a Letter of Intent between the City of Eloy and Veregy, Inc. to implement a comprehensive energy savings performance contract for improvements at various city owned water and wastewater facilities, passed unanimously by roll call vote (7-0).

**IX. EXECUTIVE SESSION**

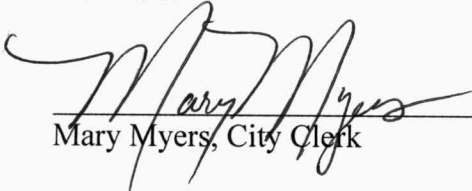
No executive session requested by Council or staff.

**X. ADJOURNMENT**

There being no further business, Mayor Powell adjourned the meeting at approximately 8:14 p.m.

  
\_\_\_\_\_  
Micah Powell, Mayor

ATTEST:

  
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Mary Myers, City Clerk