Agenda Item VII-A
Date: 03/13/2023

MINUTES OF THE REGULAR MEETING OF
THE ELOY CITY COUNCIL
CITY OF ELOY
595 NORTH C STREET
FEBRUARY 27, 2023
6:00 P.M.

Staff Present: David Malewitz-City Manager; Kazi Haque-Assistant City Manager; Stephen R. Cooper-City Attorney; Mary Myers-City Clerk; Brian Wright-Finance Director; Paul Anchondo-Community Services Director; Matt Rencher-Public Works Director/City Engineer; Christopher Vasquez-Police Chief; Sylvia Payne-HR Director; Jon Vlaming-Community Development Director

I. CALL TO ORDER

Mayor Powell called the meeting to order at approximately 6:37 p.m.

II. ROLL CALL

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

Council Members Absent: None

III. INVOCATION

Pastor Ed Brown gave tonight's invocation.

IV. PLEDGE OF ALLEGIANCE

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

V. PUBLIC APPEARANCES

A. Scheduled - None

B. Unscheduled

Mr. Fred Thomas – Eloy resident
Mr. Thomas voiced his frustration with the weed growth on MLK Street and other areas throughout the city. Mr. Thomas said he some of the weeds measure five feet tall. He told Council that the city needs to be cleaned. He said people have made comments to him about how nasty the city looks. Mr. Thomas said he is happy with the direction the city is going in, but at the same time it is important that it be kept clean.

On another note, Mr. Thomas complimented the parks staff for doing an outstanding job with the appearance of the parks and cemetery.

VI. REPORTS AND ANNOUNCEMENTS

A. Council Member Announcements - None

B. Mayor Announcements

- Mayor Powell announced that he, along with Mr. Malewitz and Jeff Fairman, toured the National Gypsum construction site today. He said the company anticipates the facility to be operational late this year.
- Mayor Powell conveyed that he would be absent at the March 13th regular meeting, and that Vice Mayor G. Rodriguez will chair the meeting in his absence.

C. City Manager Announcements

Mr. Malewitz conveyed the following announcements:

- The audio for live streaming of meetings is now working properly.
- A work session on animal control is schedule for March 20th, at 5:30 p.m.
- The Eloy Chamber of Commerce annual awards banquet will be held March 11th, at The Property Conference Center, in Casa Grande. Mr. Malewitz asked Council to please contact the city clerk if they plan to attend.
- Several staff and Councilmembers will be attending the Arizona Growing Smart Water Workshop in Phoenix, March 6-8.
- The Urban Land Institute (ULI) Trends Day event is March 10th in Phoenix. Mr. Malewitz said Councilmembers Snyder and Curtis will be attending the event along with several staff members.
- A community clean-up is slated for March 25th, from 7:00 a.m. to 11:00 a.m.
- The Pinal County District 3 Community Forum is March 30th, at 5:30 p.m., in the community room at city hall. Speakers will include Mayor Powell, Vice Mayor G. Rodriguez, Chief Vasquez, and other community members. Mr. Malewitz said the panelists will discuss mental health, prevention protocol, school drug use and victim prevention.
- Mr. Rencher has been researching Councilmember Reuter's request for lighted stop signs at Battaglia and Eleven Mile Corner Roads. Mr. Malewitz said Mr. Rencher was able to find lighted stop signs and would ordering

them for installation. He said this also includes Eleven Mile Corner Road and Frontier Street as well.

- The HR department has engaged with HR Know LLC, to conduct the city's class and compensation study. The study should be completed in approximately 90 days.
- The downtown column painting project has started. Mr. Malewitz said the city retained an artist to paint murals on the white columns along Main Street. The project should be completed by the end of the week.

VII. CONSENT AGENDA

Councilmember Snyder requested item B removed from the Consent Agenda.

A. Approval of Minutes: 2/13/2023 (regular)
B. ~~Council approve an eighteen (18) month time extension for eight (8) preliminary plats (Units 1, 2, 5, 8, 25, 26, 27, and 28) totaling 1,326 residential lots submitted by B&R Engineering on behalf of Sun Lakes-Casa Grande Development, LLC (Case No.: PPE2023-004, Robson Ranch).~~ **(Removed for discussion)**
C. Acceptance of a proposal from GO AZ Motorcycles in Scottsdale, AZ, to up-fit two Police Motorcycles with emergency equipment, for the amount of $24,561.75, using AZGOHS grant and Proposition 207 funds with pricing per Arizona State Contract # ADSPO18-205712.
D. Authorization to award a contract to KAPPCON Inc., Construction Management for renovations of the pool decking at the Jones Park Aquatic Center in the amount of $180,089. The project is financed through Arizona State Parks, project ASPT#: 672202, via the American Rescue Plan Act (ARPA).
E. Consideration of accepting the proposal from the Central Arizona Irrigation and Drainage District (CAIDD) at a cost of not to exceed $20,000, plus applicable taxes and authorizing CAIDD to complete the needed repairs and repairs to water well #4.

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

Motion by Councilmember Reuter, seconded by Councilmember Garcia to remove item VII-B from the Consent Agenda and approve the remaining Consent Agenda items as presented, passed unanimously by roll call vote (7-0).

B. COUNCIL APPROVE AN EIGHTEEN (18) MONTH TIME EXTENSION FOR EIGHT (8) PRELIMINARY PLATS (UNITS 1, 2, 5, 8, 25, 26, 27, AND 28) TOTALING 1,326 RESIDENTIAL LOTS SUBMITTED BY B&R ENGINEERING ON BEHALF OF SUN LAKES-CASA GRANDE DEVELOPMENT, LLC (CASE NO.: PPE2023-004, ROBSON RANCH).

Staff Cover Sheet Report: *Council approve the request by B&R Engineering, Inc., on behalf of Sun Lakes-Casa Grande Development, LLC, for Preliminary Plat extensions of time for Robson Ranch Units 1, 2, 5, 8, 25, 26, 27, and 28 for eighteen additional months (1.5 years) (as the existing extension time will end on March 22, 2023) subject to the original stipulations of preliminary plat approval, which are as follows:*

1. *That the Preliminary Plats for Robson Ranch Units 1, 2, 5, 8, 25, 26, 27, and 28 be extended for a period of eighteen (18) months, with an expiration of August 27, 2024;*
2. *That all development of the property shall comply with the approved pre-annexation and development agreement by and between Sun Lakes-Casa Grande Development, LLC and the City of Eloy; and,*
3. *That all previously approved stipulations related to the original Preliminary Plat approvals remain in effect.*

The Preliminary Plat for Sun Lakes-Casa Grande – Units one through eight were originally approved by Pinal County prior to their annexation into the City of Eloy. Units 3, 4, 6, and 7 received final plat approval in April 2005. These plats accounted for 589 single family residential lots, most of which have been constructed within the Robson Ranch community. Units 1, 2, 5, and 8 continue to maintain their preliminary plat approval status and have received seven (7), two (2) year extensions. The last extension was granted by the Mayor and Council on March 22, 2021 and is scheduled to expire on March 22, 2023.

The Preliminary Plats for Robson Ranch Unit 24, 25, & 26 were originally approved by the City of Eloy in 2006. The Council has granted a total of seven (7) time extensions for these preliminary plats. The last extension was granted by the Mayor and Council on March 22, 2021 and is scheduled to expire on March 22, 2023. Unit 24 received Final Plat approval by the Eloy City Council on June 13, 2011 and has been recorded.

The Preliminary Plats for Robson Ranch Units 27 & 28 were originally approved by the City of Eloy in 2006. The last extension was granted by the Mayor and Council on March 22, 2021 and is scheduled to expire on March 22, 2023. A portion of the Preliminary Plat of Unit 27A received Final Plat approval by the Eloy City Council on December 10, 2007 and has been recorded.

The development of Robson Ranch has occurred in various portions of the development over the past two (2) years due to current housing market conditions. The extended timeframe is the basis for the developer's request for extensions of time for their preliminary plat approvals. The total number of lots in the eight units requested is 1,326.

Robson Ranch is one of the premiere developments in the Eloy area and the developer has made a significant investment in planning, engineering and infrastructure. The community has been identified in "Where to Retire" as one of the 50 best master-planned communities in the United States.

Preliminary Plat	Premier Lots	Casita Lots	Traditional Series Lots	Luxury Premier Series Lots	# of Lots being requested for a two (2) year extension
Sun Lakes Casa Grande Unit One (1)	180				180
Sun Lakes-Casa Grande Unit Two (2)		61			61
Sun Lakes-Casa Grande Unit Five (5)	64				64
Sun Lakes-Casa Grande Unit Eight (8)	83				83
Robson Ranch Arizona Unit Twenty-Five (25)			357		357
Robson Ranch Arizona Unit Twenty-Six (26)				49	49
Robson Ranch Arizona Unit Twenty-Seven (27)*			300		300
Robson Ranch Arizona Unit Twenty-Eight (28)			232		232
Total	**327**	**61**	**889**	**49**	**1,326**

** Robson Ranch-Arizona Unit Twenty-Seven (27) proposes a total of 300 lots, less the approved Final Plat for Unit 27A -approved for 52 lots.*

FISCAL IMPACT: *There is no fiscal impact to approving an extension of time of the existing preliminary plats for an additional eighteen (18) months for Robson Ranch Units: 1, 2, 5, 8, 25, 26, 27 and 28.*

The City of Eloy entered into a pre-annexation and development agreement with the developer that provided construction sales tax rebate incentives, and allowed the developer to provide its own utility services to residents. Since Robson Ranch is a gated community, the streets are privately owned and maintained, as well as all landscape tracts and community amenities. The City, through Right Away Disposal (RAD) provides solid waste collection and disposal services. The City also provides police protection to residents in the Robson Ranch community.

Councilmember Snyder inquired about Unit 25. He said it came before the Council about a year ago for plat approval, and now it is being pushed out. He expressed concern about the properties adjacent to Toltec Road. He said he's received a number of complaints about the dust from Robson Ranch residents who live in the area (Unit

22). He said some of the back yards are backed up to Toltec Road. Councilmember Snyder said he believes there is an agreement between the city and Robson that when people started moving in that area (Units 21A or 25), improvements would be made to Toltec Road. He said by pushing these other units out, the road improvements would be further delayed which concerns him.

Mr. Vlaming conveyed that there are two issues here; the whole palliative situation and coordination with the Robson Ranch representatives being our engineering in particular. He said Mr. Rencher has been working with Robson Ranch to find a solution to the dust issue. Mr. Vlaming said this is the sixth extension of the preliminary plats for these units. He said the extension gives Robson Ranch another 18 month window for the market to come back and start the final platting process for each unit.

Councilmember Snyder said his big concern is Unit 25, as well as part of the northeast corner. He said this came before the Council at the same time as Unit 25, yet there has been no request for an extension in that area, and there is development in that area.

Mayor Powell asked could the city do a reimbursement plan with Robson Ranch. The city would make the improvements and Robson Ranch repays the city.

Mr. Rencher conveyed that there is an issue of drainage. When the parcel was annexed into the city, he said Robson did not annex the culverts, which are still in Pinal County's jurisdiction. Mr. Rencher said the city is working with B&R Engineering on a plan to replace the culverts. He said the city is also working with them on requirements on the half street improvements. Mr. Rencher said he has discussed immediate measures for the dust control and is looking as several alternatives.

Councilmember Snyder said he is not opposing the delay; he just doesn't want the delay to be an excuse for not doing something to Toltec Road.

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

A motion was made by Councilmember Snyder and seconded by Councilmember Reuter to approve and eighteen (18) month time extension for eight (8) preliminary plats (Units 1, 2, 5, 8, 25, 26, 27 and 28) totaling 1,326 residential lots submitted by B&R Engineering on behalf of Sun Lakes-Casa Grande Development, LLC (Case No.: PPE2023-004, Robson Ranch), passed unanimously by roll call vote (7-0).

VIII. BUSINESS

A. ACCEPTANCE OF THE FISCAL YEAR 2021-2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT AS COMPLETED BY HEINFELD, MEECH & CO.P.C.

Staff Cover Sheet Report: *Staff recommends formal acceptance of the Fiscal Year 2021-2022 Annual Comprehensive Financial Audit as completed by Heinfeld, Meech & Co. P.C.*

The City's audit firm, Heinfeld, Meech & Co. P.C., has completed its annual audit of the City of Eloy financial statements for the Fiscal Year ending June 30, 2022. Jim Rebenar, with Heinfeld, Meech & Co., will present the annual audit and highlight any significant improvements to the City of Eloy.

This is the ninth year in which Heinfeld, Meech & Co. has audited the financial statements for the City of Eloy. The auditing staff was very professional and met all of the required timelines, which allowed the City to submit successfully the City's Annual Comprehensive Financial Report ending June 30, 2022 to the Government Finance Officers Association for consideration for the Award of Financial Reporting Achievement. If the City receives this award, it would be the eleventh year in a row for this award.

Per A.R.S. § 9-481, section H, it states that within ninety days after completing an audit pursuant to this section, the governing body of the city or town shall require the certified public accountant who performed the audit to present the audit results and any findings to the governing body in a regular meeting without the use of a consent agenda, and the governing body shall demonstrate compliance with section 41-1494. By approving the F.Y. 2021-2022 annual audit the City is in compliance with the above statute.

FISCAL IMPACT: *No fiscal impact.*

Mr. Wright introduced Mr. Jim Rebenar, CPA with Heinfeld Meech, who provided the Council and the public with a brief overview of the city's fiscal year 2021-2022 annual audit.

There being no questions or comments from the Council, Mayor Powell called for a motion to approve.

Motion by Councilmember Garcia, seconded by Councilmember Tarango, to accept the fiscal year 2021-2022 Annual Comprehensive Financial Report as completed by Heinfeld, Meech & Co. P.C., passed unanimously, by roll call vote (7-0).

B. ADOPTION OF RESOLUTION NO. 23-1554 AUTHORIZING THE SUBMITTAL OF A GRANT APPLICATION IN THE AMOUNT OF $440,000 TO THE ARIZONA DEPARTMENT OF HOUSING (ADOH) FOR FY2022

STATE HOUSING TRUST FUNDS (HOME), COMMITTING $55,000 AS LEVERAGE, AND AUTHORIZING THE CITY MANAGER TO SIGN ALL DOCUMENTS NECESSARY TO UTILIZE THESE GRANT FUNDS

Staff Cover Sheet Report: *Staff recommends the City Council adopt Resolution No. 23-1554 authorizing the submittal of a grant application in the amount of $440,000 to the Arizona Department of Housing (ADOH) for FY2022 State Housing Trust Funds (HOME), committing $55,000 as leverage, and authorizing the City Manager to sign all documentation necessary to utilize these grant funds.*

The City proposes to submit an application for HOME funding in the amount of $400,000 with an additional 10% ($40,000) in general administrative funding through the Housing Trust Fund for a total maximum funding of $440,000. This is a competitive grant program with approximately $3.5 million available to eligible applicants for owner-occupied housing rehabilitation activities.

The objective of this grant is to preserve and improve the long-term life of existing affordable owner-occupied housing stock. Therefore, if the grant is fully funded, it would be utilized for the continuum of Eloy's Owner-Occupied Housing Rehabilitation Program.

The Owner-Occupied Housing Rehabilitation Program focuses on serving low-income persons who are at or below 80% of the area's median income. If the City is approved for this grant, a minimum of three houses can be rehabilitated. There are approximately 21 applicants on the City's waiting list for rehabilitation services. However, applicants on this list would need to pre-qualify for this program if the grant funds are secured. For this grant funding cycle, the City is required to qualify applicants that are low income; for best scoring, the City will primarily focus on applicants at or below 50% of the area's median income.

This is a highly competitive round of federal funds and the availability of leverage will increase the City's ranking criteria. Staff is recommending that the City commit to leveraging $55,000 in City funds to make this application more competitive.

***FISCAL IMPACT**: Anticipated revenue if funded by ADOH is a maximum of $440,000. The City would leverage $55,000 from the General Fund to make this Housing Rehabilitation application more competitive.*

Mr. Wright gave a brief overview of staff's request to submit a grant application to the ADOH for a grant in the amount of $440,000 for housing rehab for eligible owner occupied residents. Mr. Wright pointed out that this is a competitive grant which is why the city is committing to $55,000 as leverage.

Councilmember Garcia said he fully supports staff's efforts in securing this grant.

There being no further comments from the Council, Mayor Powell called for a motion to read the resolution by title only.

Motion by Councilmember Garcia, seconded by Councilmember Snyder to read Resolution No. 23-1554 by title only, passed unanimously (7-0).

The city clerk read the resolution title into the record.

Mayor Powell called for a motion to adopt.

Motion by Councilmember Snyder, seconded by Councilmember Curtis to adopt Resolution No. 23-1554 as presented, passed unanimously by roll call vote (7-0).

C. CONDUCT A HEARING AND APPROVE ORDINANCE NO. 23-937 FOR CASE NO.: RZPADA2022-042, AN APPLICATION SUBMITTED BY PETERSEN ARIZONA LAND AND ENTITLEMENT FUND (PALEF) IN CARE OF EARL & CURLEY C/O MICHAEL S. BUSHBACHER, FOR A SECOND (2ND) AMENDMENT TO THE INTERSTATE 10-8 BUSINESS PARK TO ADD ONE PARCEL (PINAL COUNTY ASSESSOR'S PARCEL NO. 403-07-158H) CONSISTING OF APPROXIMATELY 95 ACRES AND REZONING IT FROM I-1, LIGHT INDUSTRIAL TO I-2, GENERAL INDUSTRIAL WITH A PLANNED AREA DEVELOPMENT OVERLAY LOCATED IN A PORTION OF SECTION 28, TOWNSHIP 7 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

Staff Cover Sheet Report: *The Planning and Zoning Commission unanimously recommended at the January 18, 2023 Planning and Zoning Commission hearing that the Eloy City Council approve Case No.: RZPADA2022-042 consisting of a second (2nd) Amendment to the Interstate 10-8 Business Park by adding one parcel (Pinal County Assessor's Parcel No. 403-07-158H) consisting of approximately 95 acres to the project and changing the base zoning designation from I-1, Light Industrial to I-2, General Industrial with a Planned Area Development Overlay located in a portion of Section 28, Township 7 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona. Project Case No.: RZPADA2022-042)*

The City has received a second (2nd) amendment application from Earl & Curley, P.C., to revise the existing Interstate 10-8 Business Park Planned Area Development (PAD) document. This application requests approval of the I-2, General Industrial Zoning District as the base zoning district for an additional ninety-five (95) acres being added to the 1,192 acres from the first (1st) amendment (which also utilizes the I-2 district as the base zoning for the PAD). This amendment request, Case No.: RZPADA2022-042, seeks to not only add land, but also to continue to allow a wide variety of industrial uses and supportive commercial and high density residential (10-24 dwelling units per acre) in an integrated campus-like setting.

As proposed, this 1,287-acre property is located approximately 1,275 feet northeast of the Interstate 10 traffic interchange at Sunland Gin Road, and includes a total of 36 assembled parcels within Sections 17, 18, 19, 20, 21, 28, and 29, Township 7 South, Range 7 East of the Gila and Salt River Base and Meridian (G&SRB&M), Pinal County, Arizona.

FISCAL IMPACT: *There is not a direct fiscal impact on the City through this action, but future development of this parcel will provide enhanced property taxes, construction sales taxes, and employment.*

Mr. Vlaming briefly reviewed the proposed ordinance for a rezoning request submitted by Petersen Arizona Land and Entitlement Fund.

Mayor Powell declared a public hearing open to allow for comments and/or questions from the public regarding the proposed rezoning request.

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

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

Motion by Councilmember Garcia, seconded by Vice Mayor G. Rodriguez to read Ordinance No. 23-937 by title only, passed unanimously (7-0).

The city clerk read the ordinance title into the record.

Mayor Powell called for a motion to approve.

Motion by Councilmember Curtis, seconded by Councilmember Garcia to approve Ordinance No. 23-937 as presented passed unanimously by roll call vote (7-0).

D. CONDUCT A HEARING AND APPROVE ORDINANCE NO. 23-938 FOR CASE NO.: RZ2023-001 SUBMITTED BY THE CITY OF ELOY TO REZONE PINAL COUNTY ASSESSOR'S PARCEL NUMBER 404-05-009B FROM R1-12, SINGLE FAMILY RESIDENTIAL (APPROXIMATELY 240.25 ACRES) AND R1-43, ESTATE RESIDENTIAL (APPROXIMATELY 40 ACRES) TO BP, BUSINESS PARK (APPROXIMATELY 280.25 ACRES). THE SUBJECT PROPERTY IS LOCATED AT THE NORTHWEST CORNER OF SHEDD ROAD AND TUMBLEWEED ROAD, IN A PORTION OF SECTION 23, TOWNSHIP 7 SOUTH, RANGE 7 EAST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA.

Staff Cover Sheet Report: *The Planning and Zoning Commission unanimously recommended at the January 18, 2023 Planning and Zoning Commission hearing that the Eloy City Council recommend the approval of Case No.: RZ2023-001 by rezoning* *approximately 240.25 acres of R1-12, Single Family Residential and 40.0 acres of R1-43, Estate Residential to 280.25 acres of BP, Business Park.*

The City acquired the subject property on October 12, 2012 (Recording Fee No.: 2012-088375) from Stearn Bank Arizona, National Association. Approximately 216 acres of the property has been, and will continue to be, utilized for agricultural (cotton) production through a lease agreement with a local farmer. That agreement has been extended by the City Council (January 9, 2023) for a period of five (5) years with an option for a three (3) year extension.

The proposed rezoning would collapse the existing two residential zoning district designations (from 240.25 acres of R1-12, Single Family Residential and 40.0 acres of R1-43, Estate Residential) to one employment zoning district (280.25 acres of BP, Business Park). The subject property consists of one (1) parcel, located at the northwest corner of Shedd Road and Tumbleweed Road; Pinal County Assessor's Parcel Number: 404-05-009B in a portion of Section 23, Township 7 South, Range 7 East of the Gila & Salt River Base and Meridian, Pinal County, Arizona (Project Name: Airport Business Park).

The City is intent on changing the zoning now for its parcel that is located just off the southern end of the airport runway to remove the potential of locating smaller lot residential uses within close proximity to existing and future airport operations. The adjacency of residential uses in this location would not be compatible with the continued improvement and expansion of the airport and its growth as an economic engine within the City.

The Business Park (BP) Zoning District is a perfect use that not only assists in creating the economic vision of the Eloy Municipal Airport, but it also provides a compatible use between the future residential uses to the west and the employment/aviation uses adjacent to and within the Airport itself. The intent of the BP District is to provide sites for a range of research, technology and business park uses, including office and administrative uses, designed to be conducted such that these and storage operations are contained entirely within enclosed buildings. Light manufacturing uses that complement the business park or research park primary use are also acceptable. This district encourages the development of attractive buildings in a campus-type setting on well-landscaped sites which may be adjacent to residential areas. This intended land use pattern will be consistent with the land uses to the north and east as properties are of similar intensity zoning with existing developed industrial uses as well as zoned industrial properties. The existing Land Use, Existing Zoning and Uses surrounding the property are listed in the table below.

Direction	Eloy General Plan Land Use	Existing Zoning	Existing Use
North	Light Industrial and Estate Density Residential (0.2-1.0 du/ac)	I-1, Light Industrial with an Airport Overlay (AO) and R1-12, Single Family Residential with an Airport Overlay (AO)	City owned hangers under lease, City's Municipal Airport, vacant undeveloped residential lots
East	Light Industrial, General Industrial and Estate Density Residential	R-43, Estate Residential with an Airport (AO) Overlay	Vacant undeveloped land
South	Medium Density Residential (3.0-6.0 du/ac)	R1-12, Single Family Residential with an Airport Overlay (AO)	Single family homes and vacant platted lots
West	Medium Density Residential	R1-12, Single Family Residential with an Airport Overlay (AO)	Single family homes and vacant platted lots

FISCAL IMPACT: *There is not a direct fiscal impact related to this item at this time. In the future, when this parcel develops, increased property taxes, construction sales tax and employment would be generated.*

Mr. Vlaming gave a brief overview of the proposed ordinance for a rezoning request submitted by city staff.

Mayor Powell declared a public hearing open to allow for comments and/or questions from the public in regards to the rezoning request.

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

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

Motion by Councilmember Garcia, seconded by Councilmember Tarango to read Ordinance No. 23-938 by title only, passed unanimously.

The city clerk read the ordinance title into the record.

Mayor Powell called for a motion to approve.

Motion by Councilmember Curtis, seconded by Councilmember Snyder to approve Ordinance No. 23-938 as presented, passed unanimously by roll call vote (7-0).

E. DISCUSSION AND GUIDANCE REGARDING THE RESTAURANT AND BAR TAX.

Staff Cover Sheet Report: *Discussion and guidance from the City Council on Restaurant and Bar Tax.*

During the 2022-2023 budget sessions, the City Council expressed a willingness to lower the Restaurant and Bar Tax by 1% or possibly 2%. At those budget sessions, *staff understood the Council would give staff direction at a future date regarding this possible tax reduction. At the February 13th Council Meeting, Councilmember Curtis revisited the tax reduction question and thought this tax had already been reduced due to the discussion that occurred at the budget session. Staff informed Council that any tax reduction has to be formally approved by the City Council by an Ordinance.*

Staff has prepared a PowerPoint presentation on the Restaurant and Bar Tax and corresponding information. Staff will be seeking official guidance from the City Council on this matter.

FISCAL IMPACT: *There is no fiscal impact on the FY 2022-2023 budget.*

Mr. Wright presented the Council and the public with a PowerPoint presentation on reducing the city's restaurant and bar tax from six percent to five or four percent and the financial impact it would have on the city's general fund. Mr. Wright talked about:

- Purpose of the restaurant and bar tax
- Evaluation of the transaction privilege tax
- Tax collection comparison with benchmarked cities
- Things to consider if tax is reduced
- Timeline for tax reduction

Mr. Wright pointed out that if the tax rate is dropped by one percent, the city could not reinstate the one percent to the restaurant and bar tax, per A.R.S. §9-500.06 The maximum a city can implement for general fund operations is five percent. He said the one percent cannot go back to the general fund for operations; it can only be reinstated for tourism. If the tax rate is reduced by one percent, Mr. Wright said estimated revenue loss would be $219,619 per year. A two percent reduction would impact the general fund by $429,000 annually.

Mr. Malewitz conveyed that if the Council decides to keep the one percent in place, it can be allocated to a specific project deem appropriate by Council. If the tax is eliminated, he and Mr. Wright talked about possibly using some of the monies in the reserve fund to pay off the city hall bond (savings of $385,000 per year) or the police station bond ($320,000 per year in savings). Mr. Malewitz said these are just examples of ways to recoup lost revenue if the tax rate is reduced.

Councilmember Garcia wanted to know what is the two percent earmarked for.

Mr. Wright said the restaurant and bar tax is not earmarked for anything; it funds all general fund operations. He said the two percent Councilmember Garcia is referring to is the food for home base consumption tax, which is dedicated for community and economic development.

Mayor Powell said in the examples provided by Mr. Wright in his presentation, Eloy's tax rate is higher across the board. He said Council see the need for the tax, but when the general public goes out to eat and complains about the high tax rate on social media, it puts a negative light on Council. Mayor Powell said the ones complaining the most are Robson Ranch residents who have to eat at the restaurant and bar in the development. He said there are people who avoid purchasing food in Eloy because of this.

Councilmember Curtis believed that now is a good time to reduce the tax. She said having a tax structure for residents and visitors may cost the city some money to get it set up for success, but right now the restaurant and bar tax is awkwardly high. She said she would like to start with a one percent reduction going into effect this year. Councilmember Curtis said she has heard from business owners and residents that this tax is offensive to them and it affects their business. She said getting the tax rate in a more respectable zone would set up future businesses for success. Councilmember Curtis said the city does not need to stifle residents and businesses with this tax. She also pointed out that there are a number of people in Eloy who are not mobile and can't go shopping in other cities. She said the tax is noticed and it's a negative image on Eloy.

Councilmember Reuter conveyed that it was told to the citizens that the city was going to reduce the restaurant and bar tax so it should be done. The city will have to find other ways to bring in revenue. He said he supports reducing the tax rate.

Councilmember Garcia said in the beginning he supported reducing the tax rate one percent, however, after hearing Mr. Malewitz's suggestion about earmarking the one percent to a specific project instead of reducing the tax rate, he is in support of that.

Vice Mayor G. Rodriguez conveyed that in looking at other communities, they have all grown much faster than Eloy. She said this could be attributed to our high tax rate. Vice Mayor G. Rodriguez supported Councilmember Curtis' stance on reducing the tax rate.

Councilmember Snyder conveyed that he would like the city to find another source of revenue first before reducing the tax rate. He wanted to know how much revenue is the city losing because of the tax rate. He also wanted to know would the city's revenue increase to make up the difference that is lost, if the tax is reduced by one or two percent. Councilmember Snyder pointed out that Robson Ranch complains a lot about the taxes, but if the tax is reduced by one percent, he wondered would more people eat there; probably not. He said when people leave Robson Ranch to eat some place else, it's because there are more choices elsewhere. Councilmember Snyder said when people look at their bill and the tax is 12.7%, Eloy is blamed for it even though the city receives six percent of it. He said if the tax is reduced to five percent, the tax would still be high at 11.7%. Even if one of the solar farms comes in, Councilmember Snyder said the city would receive about $33,000 per year, which is nowhere near the $200,000 the city would lose reducing the tax. Councilmember Snyder said he is on the fence about supporting or not supporting the tax reduction.

Councilmember Tarango conveyed that she understands the six percent is high, however, this would not prevent her from eating in Eloy. She agrees that Eloy has the highest tax rate in the state, but said if she wants to eat at Denny's, she is going to eat in Eloy, not in Casa Grande.

Mr. Wright explained the process again for reducing the sales tax. He said a 60 day public notice would be published on the city's website informing the public of a public hearing May 1st, followed by Council adoption of an ordinance reducing the tax rate.

Mr. Cooper said the notice would have to include the amount.

Mr. Wright said he spoke with a tax expert from the League of Arizona Cities and Towns and was told that the city does not have to publish the amount.

Mr. Cooper stated that the amount has to be included if the rate is being increased.

Mr. Wright said yes, this is correct - only if increasing the rates.

Mayor Powell asked Mr. Cooper is the language Mr. Wright is proposing to put in the public notice acceptable.

Mr. Cooper said yes. He agrees with the advice from the league office. However, recommended the one percent not be included in the notice.

Councilmember Snyder said he prefers to not have the public hearing and adoption of the ordinance on the same meeting agenda.

Mr. Wright said the ordinance can be brought before Council for action at the May 8th regular meeting for consideration.

It was the consensus of the Council to direct staff to publish a public hearing notice on the city's website informing the public of a notice of intent to reduce the restaurant and bar tax. Council stated that they would like the notice published tomorrow (2/28/23).

Mr. Malewitz stated for clarification purposes a public hearing would be held on May 1st for the public and Council to discuss possibly moving forward with reducing the restaurant and bar tax. Staff would then bring forward an ordinance for Council consideration to reduce the restaurant and bar tax by one percent (1%) at the May 8th regular meeting.

IX. EXECUTIVE SESSION

No executive session requested by Council or city staff.

X. ADJOURNMENT

There being no further business, Mayor Powell adjourned the meeting at approximately 8:16 p.m.

Micah Powell, Mayor

ATTEST:

Mary Myers, City Clerk