

# CONSENT AGENDA

Agenda Item: IX-A

Date: 10/26/09

**MINUTES OF THE REGULAR MEETING OF  
THE ELOY CITY COUNCIL  
CITY OF ELOY  
628 NORTH MAIN STREET  
ELOY, ARIZONA 85131  
OCTOBER 12, 2009  
7:00 P.M.**

**Staff Present:** Joseph Blanton-City Manager/Community Development Director; Stephen Cooper-City Attorney; Mary Myers-City Clerk; Bill Pitman-Police Chief; Paul Anchondo-Parks and Recreation Director; John Mitchell-City Engineer; Brian Wright-Finance Director; Rus Ketcham-Librarian

**I. CALL TO ORDER**

Mayor Jackson called the meeting to order at approximately 7:00 p.m.

**II. INVOCATION**

Invocation was given by Pastor Debbie Miller.

**III. PLEDGE OF ALLEGIANCE**

Mayor Jackson led the Council and the public in the Pledge of Allegiance.

**IV. ROLL CALL**

**Council Members Present:** Council Member Jesse Rosel, Council Member Joel Belloc, Vice Mayor Frank Acuña, Mayor Byron Jackson, Council Member Etta Ruth Amerson, Council Member J.W. Tidwell

**Council Members Absent:** Council Member Angie Saucedo (excused)

**V. COMMUNICATIONS**

Mr. Blanton presented the following communications to Council:

- Infrastructure committee meeting scheduled tomorrow at 5pm;
- Will be attending the annual Arizona Planning Association conference in Prescott Valley Wednesday through Friday;

- North Toltec meeting on Thursday at 7:00 p.m., at Pastor Miller's church to continue discussion on the formation of a block watch;
- Ministerial Alliance will be hosting a Veteran's Day event in the park on November 11<sup>th</sup>. The Alliance has asked for the city's support with this event, which he has agreed to;
- Received an article from Council Member Tidwell on quiet zones with respect to the Union Pacific Railroad;
- He and Mayor Jackson will be meeting with the director of the Maricopa County Housing Authority tomorrow, regarding possibly managing the housing authority; and
- Would like to hold a housing authority board meeting on October 26<sup>th</sup> at 6:30 p.m.

**VI. APPEARANCES FROM THE FLOOR**

Ms. Cindy Yates presented a plaque to the city for its continued support of the Sunland Visitors Center.

**VII. EXECUTIVE SESSION**

Not needed tonight.

**VIII. CONSENT AGENDA**

Motion by Council Member Belloc, seconded by Council Member Rosel to approve the Consent Agenda as presented, passed unanimously by roll call vote.

Agenda Item                      Subject

- IX.**    A.    Approval of Minutes: 9/28/09 (regular)  
          B.    Committee Reports: Planning & Zoning Meeting Minutes 7/15/09 & 8/19/09
- XI.**    Staff Reports: Check list payment of claims, public works, community development, police, finance, parks & recreation

**IX. BUSINESS**

- C.    MAYOR AND CITY COUNCIL TO CONSIDER APPROVAL OF A PROCLAMATION DESIGNATING THE MONTH OF OCTOBER AS**

**COMMUNITY PLANNING MONTH IN THE CITY OF ELOY IN CONJUNCTION WITH THE CELEBRATION OF NATIONAL COMMUNITY PLANNING MONTH**

Mayor Jackson asked Mrs. Myers to read the proclamation in its entirety.

Motion by Vice Mayor Acuña, seconded by Council Member Belloc, to approve a proclamation designating October as “Community Planning Month,” passed unanimously.

**D. DECLARATION OF A PROCLAMATION ENTITLED, “NATIONAL HEAD START MONTH”**

Mayor Jackson asked Mrs. Myers to read the proclamation in its entirety.

Ms. Norma Baeza, Eloy Head Start representative was present to accept the proclamations from Mayor Jackson. Ms. Baeza thanked the city for its continued support of the Head Start program.

Motion by Vice Mayor Acuña, seconded by Council Member Belloc, to approve a proclamation declaring October as “National Head Start Month,” passed unanimously.

**E. APPROVE THE ECONOMIC AND FISCAL IMPACT STUDY FOR THE PROPOSED COMMERCIAL DEVELOPMENT KNOWN AS DAYBREAK AT PICACHO REGIONAL CENTER**

**Cover sheet discussion:** *The City of Eloy has retained Elliott D. Pollack & Company to conduct an economic and fiscal impact study on the proposed development and tax incentive. Under the development agreement, the developer would be compensated for public infrastructure improvements through impact fee abatements and credits, a return of 50% of construction sales taxes and a return of 50% of ongoing retail sales taxes until the liability is reimbursed or until the end of the development agreement. The Daybreak at Picacho Regional Center is a 180-acre development that would ultimately include over 1.5 million square feet of building space, including retail, restaurants, hotel(s), and a movie theater.*

*This economic impact analysis examines the regional implications of an activity in terms of three basic measures: economic output, wages, and job creation. The fiscal impact analysis evaluates the public revenues and costs created by a particular activity. In the fiscal impact analysis, the primary revenue sources of a city, county or state government are analyzed to determine how the activity may financially affect*

*them.*

*The economic impact analysis portion of the study indicated that during the duration of the construction of phase I of the project, a total of 767 jobs would be created along with \$33,841,060 in wages with the total economic output being approximately \$78,370,050. As part of the development agreement, the City would give the developer back 50% of construction sales taxes and a return of 50% of ongoing retail sales taxes until the liability is reimbursed or until the end of the development agreement. With that assumption taken into consideration as part of this study, the City would receive over \$19.8 million after 50% in construction and retail sales tax is returned to the developer. The assumptions set forth in this analysis is that it would take approximately 9 years to reach the reimbursable amount (excluding interest) by returning half of the retail taxes to the developer.*

*It is recommended to approve this study because the City would be receiving more revenue than the amount of the incentive within the duration of the Development Agreement pursuant to Arizona Revised Statutes ("A.R.S.") § 9-500.11.*

***Fiscal Impact:*** (See attached Economic and Fiscal Impact Study)

Mr. Blanton conveyed the city has been working with the developers for approximately three years on the proposed project. The commercial component of the project consists of approximately 183 acres. The feasibility study performed by the consultant determined that the developer's request for construction and sales tax rebates would still be of a benefit to the city. The estimated cost for all infrastructure that would be put in by the developer is approximately \$14 million. The city's portion of the sales tax would be approximately \$19 million. Mr. Blanton said the city would be receiving more money than what it would be giving back in the incentive agreement. Mr. Blanton said this information and the study is documented and will be referenced in the pre-annexation development agreement that will come before Council sometime in November. The regional mall like development will be located at the south side of I-10 and SR87. Mr. Blanton conveyed that staff is recommending approval of the study.

Mayor Jackson wanted to know would the study still be valid if development begins 20 years from now.

Mr. Blanton said it is hard to say. He believes the study takes today's dollar assuming that in 20 years the dollar has some value back to today's dollar. If it is a good deal today, it will be a good deal in 15 years, all things being equal.

Motion by Vice Mayor Acuña, seconded by Council Member Belloc, to approve the

Economic Fiscal Impact Study for the proposed Daybreak at Picacho Regional Center, passed unanimously.

**F. COUNCIL TO CONSIDER PARTICIPATING IN THE GROUNDWATER SAVINGS PROJECT WITH THE PINAL COUNTY WATER AUGMENTATION AUTHORITY AND MARICOPA-STANFIELD IRRIGATION AND DRAINAGE DISTRICT BY ENTERING INTO A THREE-PARTY AGREEMENT TO CREATE AND IMPLEMENT A GROUNDWATER SAVINGS PROJECT**

**Cover sheet discussion:** *This past year, the City of Eloy participated in a Groundwater Savings Project with the Pinal County Water Augmentation Authority and Central Arizona Irrigation and Drainage District. This year, the participants will be Eloy, PCWAA, and the Maricopa-Stanfield Irrigation and Drainage District. The attached agreement is a three-party agreement that would facilitate an affordable interim use of a portion of the city's CAP allocation thereby preserving the ground water underlying the Pinal AMA. Up to 2,171 acre feet of CAP Water shall be purchased in the name of the City during the term of this agreement, and its delivery shall be directed to Maricopa-Stanfield Irrigation and Drainage District. The District shall use such water for agricultural irrigation in lieu of pumped water within the District's service area within the Pinal AMA. The District shall use the water delivered under the Agreement in lieu of pumped water on a gallon-for-gallon substitute basis. The City shall be entitled under this agreement and Arizona law to the stored water credits to the extent of water used by the District.*

**Staff Findings:** *The Groundwater Savings Project contemplated by the attached agreement would deliver CAP water, purchased by the City of Eloy, to Maricopa-Stanfield Irrigation and Drainage District for its direct use in order to preserve the Pinal AMA groundwater.*

*The City of Eloy, in turn, would be entitled to the stored water credits to the extent of water used by Maricopa-Stanfield Irrigation and Drainage District. The Pinal County Water Augmentation Authority would accrue stored water credits for and on behalf of the City of Eloy in a long-term storage account with ADWR for in lieu water delivered to Maricopa-Stanfield Irrigation and Drainage District. The City of Eloy may use such credits at its sole discretion consistent with the attached agreement.*

*This agreement shall remain in effect for a period of one (1) year from the effective date.*

**Fiscal Impact:** *Full purchase price of 2,171 acre feet of CAP water at \$118.00 per*

*acre foot for a cost of \$256,178.00, regardless if attached agreement is approved or not. Note that the City delivers approximately 39 acre feet of CAP water to the cemetery and approximately 550 acre feet to the golf course. The city charges the owners of the golf course \$219.00 per acre foot (\$120,450). The remaining 1,582 acre feet of CAP water (2,171 - 39 - 550 = 1,582) would be subject to this agreement. Maricopa-Starfield Irrigation and Drainage District and the Pinal County Water Augmentation Authority would pay the city \$61,698 (\$39 per acre foot) and \$28,476 (\$18 per acre foot) respectfully under this agreement; thereby, offsetting our initial purchase cost from \$118 per acre foot down to \$61 per acre foot (plus wheeling charges for the District to move our water through their system + electricity costs for pumping). In summary, the city recoups approximately \$210,624 plus the "value" of 1,582 acre feet of long-term storage credits.*

Mr. Blanton briefly reviewed the groundwater saving project water agreement with Council. Mr. Blanton noted that the city has participated in this agreement for a number of years and recommend continuing with the agreement.

Council Member Amerson wanted to know how much did the city pay in electricity for having the water pumped.

Mr. Blanton said he believes last year's cost was approximately \$20,000.

Mr. Cooper disclosed to Council that he also represents the PCWAA.

Council Member Amerson asked if there are other municipalities in Pinal County with CAP allocation.

Mr. Cooper said the cities of Casa Grande, Florence, and Superior all have allocations. However, Casa Grande does not use their allocation because they have a water provider and pay to reserve their water every year.

Vice Mayor Acuña wanted to know what would happen if one of the entities is unable to purchase the water.

Mr. Blanton said the only question mark in this three way agreement is PCWAA. Their funding which is \$18 an acre foot given back to the city is dependent on Arizona Department of Water Resources (ADWR) funding them. If PCWAA is not funded by ADWR, the city would not be reimbursed or paid the \$18 an acre foot.

Vice Mayor Acuña wanted to know what would happen if the golf course is not able to purchase the water.

Mr. Blanton said at this point the golf course is behind in their payment, but a while back there was a question of whether the course would remain open. Mr. Blanton said the course has a new owner (Metropolitan Land) whom he met with last week. Golf course management will be meeting with Mr. Wright next week to set up a payment schedule to pay the arrears.

Mr. Cooper voiced that if the golf course does not take the water, PCWAA will offer it to the irrigation district. If they are not interested, PCWAA will contact the CAP board to see if there is a demand for excess water.

Mr. Blanton said he is confident that the golf course is going to be around for a while.

Motion by Vice Mayor Acuña, seconded by Council Member Amerson, to approve the Groundwater Savings Project Agreement with the Pinal County Water Augmentation Authority and Maricopa-Stanfield Irrigation and Drainage District, passed unanimously.

**G. COUNCIL TO CONSIDER APPROVAL OF RE-PRIORITIZATION OF EXISTING CIP PROJECTS IN THE 2009-2010 CAPITAL IMPROVEMENT PLAN ADOPTED AS PART OF THE CITY'S ANNUAL BUDGET**

**Cover sheet discussion:** *In mid-July, the Finance Department was informed by the Department of Revenue of a reduction in city sales tax from a refund, which the actual construction sales tax happened in 2006-2007, for a 4 inch water line which is consider an excludable deduction under the tax code. Since this construction sales tax was paid a few years back, the Department of Revenue withheld the funds obligated to the customer in the months of August and September. The total reduction in sales tax from this withholding is approximately \$209,000.*

*When staff became aware of this situation, a recommendation was made to defer a few of the Capital Projects for fiscal year 2009-2010. By deferring a few capital projects that were identified in the annual budget, as "rollover," funds will stay in the General Fund for operational purposes instead of purchasing capital items. The three projects identified are: Police Dispatch Remodel (\$140,000), Entryway Signs (\$20,000), and North Park Improvements (\$50,000).*

*Staff recommends approval of the re-prioritization of the CIP and should funds become available from other projects, which might come in under budget, then those funds shall be obligated to the three deferral projects listed above.*

**Fiscal Impact:** \$210,000.00

Mr. Blanton reviewed the three projects he requested Council to consider deferring. Mr. Blanton said deferring the three proposed projects would make the general fund sales tax whole again.

Council Member Belloc wanted to know if the \$50,000 for north Toltec improvements tied to any grants.

Mr. Blanton said no. This was money set aside to improve the park.

Motion by Council Member Belloc, seconded by Vice Mayor Acuña, to approve the re-prioritization of existing CIP projects in the 2009-2010 Capital Improvement Plan adopted as part of the City's annual budget, passed unanimously.

At the request of Mr. Blanton, Mayor Jackson moved agenda item IX-I before IX-H.

**I. PRESENTATION BY BOB MODIG WITH LINC SERVICES REGARDING ENERGY CONSUMPTION REDUCTION STRATEGIES FOR THE CITY OF ELOY THROUGH A BUDGET NEUTRAL PROGRAM**

Mr. Blanton conveyed that he had mentioned to Council in prior meetings about the city receiving \$42,800 in grant money for an energy savings project through Pinal County. Approximately two weeks ago, staff met with the Department of Commerce, Energy Division who are also putting in a request for stimulus funds. If successful, the city would be the recipient of approximately \$92,000 for an energy savings project.

Mr. Blanton said energy consultant, Mr. Modig, would will do a quick energy audit and take the monies received and match them to energy saving programs that APS offers to stretch the money. At this time, Mr. Blanton introduced Mr. Modig to Council.

Mr. Modig gave a brief overview of his company, Linc Services and offered to do feasibility study at no cost to the city to determine if the city has any excess energy waste. Mr. Modig said his company will assist with filing for the energy grants working with the (inaudible) that are available through the local utility organizations.

Mayor Jackson said he would support programs that would help the city conserve energy.

Mr. Modig said the process would involve starting the survey and the energy bill simultaneously to see what the city has and what might be available. This would be done at no charge to the city.

Mayor Jackson asked where would funding come from for the project.

Mr. Modig said it would come from the energy saving and/or the rebates depending on where the funds were. Mr. Modig said his company is aware that this will have to go out for an RFP at some point. Linc Services just want to see if there is some way they can share the strategy and know that a solid RFP can be built for the city.

**H. PRESENTATION/UPDATE REGARDING THE FINANCIAL STATUS FOR FISCAL YEAR 2009-2010**

At this time, Mr. Wright gave an overview of the city's budget since the last update presented last month. Mr. Wright stated there are some areas of concern that he has mentioned to Mr. Blanton. Mr. Wright reviewed the following charts with Council:

- City sales tax - The city received only \$98,000 in city sales tax last month (includes the \$133,000 exemption); figures are showing below budget projections. Will continue to monitor over the next few months.
- General fund - departments are all spending according to their budget and are not over expending.
- Streets fund - Spending accordingly. Small reduction in sales tax but not a concern.
- Water fund - Spending accordingly; operating in the black.
- Sewer fund - Spending accordingly; operating in the black.
- Sanitation fund - Spending accordingly; operating in the black.

Mr. Wright told Council that even though he is throwing a little caution on the city sales tax, overall the budget financially stable at this time.

Vice Mayor Acuña expressed concern about possible mid year cuts by the state and the affect it could have on the city's revenue.

Mr. Wright conveyed if there are mid year cuts, it could affect the CDBG or housing projects. However, there will not be any cuts in state shared revenue and sales tax because the legislature has to have two-thirds of the votes to reduce state shared revenues.

Council Member Tidwell pointed out to Mr. Wright that in his financial outlook report, he stated the city received \$1,000,000, but expended \$1,800,000.

Mr. Wright explained when the budget was approved, the city had a fund balance carry forward of \$800,000. In the first few months of every fiscal year, the budget will show a bigger balance because the city sales tax, state tax, and vehicle license

tax that is received in July is actually June revenue and is credited to the last fiscal year. Mr. Wright said the number might be large, but it is not alarming because it does not show a full three months of revenue.

Council Member Belloc asked will the city's Highway Users Revenue Fund (HURF) be cut.

Mr. Wright said every city took a hit in the HURF allocation this budget year. Eloy saw about an \$80,000 decrease in its allocation. Mr. Wright said he has not heard anything about HURF monies being cut again.

**X. INFORMATIONAL ITEMS**

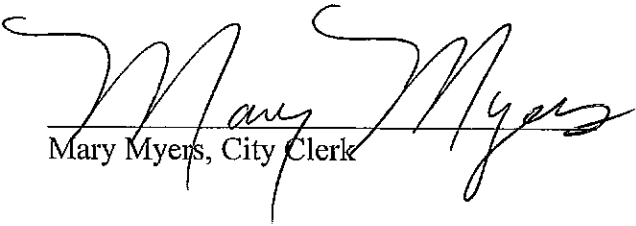
No discussion.

**XII. ADJOURNMENT**

There being no further business, Mayor Jackson adjourned the meeting at approximately 8:10 p.m.

  
Byron Jackson, Mayor

ATTEST:

  
Mary Myers, City Clerk