

CONSENT AGENDA

Agenda Item: IX-A
Date: 9/12/11

**MINUTES OF THE REGULAR MEETING OF
THE ELOY CITY COUNCIL
CITY OF ELOY
628 NORTH MAIN STREET
ELOY, ARIZONA 85131
AUGUST 22, 2011
7:00 P.M.**

Staff Present: Ruth Osuna-City Manager; Stephen Cooper-City Attorney; Mary Myers-City Clerk; John Mitchell-City Engineer; Rick Miller-Interim Community Development Director; Brian Wright-Finance Director; Rus Ketcham-Library Director; Bill Pitman-Police Chief

I. CALL TO ORDER

Vice Mayor Acuña called the meeting to order at approximately 7:01 p.m.

II. INVOCATION

Invocation was given by Council Member Belloc.

III. PLEDGE OF ALLEGIANCE

Vice Mayor Acuña led the Council and public in the Pledge of Allegiance.

IV. ROLL CALL

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

Council Members Absent: Mayor Byron Jackson (called in)

V. COMMUNICATIONS

Ms. Osuna conveyed the following communications to Council:

- She recognized APS and Eloy Fire District representatives who were in attendance and served as part of the city's Emergency Management Committee during an emergency situation last week. Ms. Osuna pointed out that both agencies were a

tremendous help in last Thursday's micro burst storm that caused substantial damage to 14 residential buildings (condemned) and 8 businesses (destroyed/condemned). The public works department was busy cleaning up debris, filling sand bags and placing barricades throughout the city. The city received a number of calls for service that was attributed to the storm.

At this time, Ms. Osuna presented a slide show of photos showing damages to various structures caused by the storm.

Ms. Osuna said Council held an emergency meeting around 8:00 p.m. Thursday night to declared an emergency. Contact was made today with the Pinal County Emergency Management Director, however has not heard if the city will receive assistance. She asserted the city will make every effort to help residents and businesses impacted by the storm and is very fortunate there were no fatalities and only a few minor injuries.

Vice Mayor Acuña thanked APS, the Eloy Fire District, city staff and Council for their assistance and quick response to residents and businesses during and after the storm.

- She and several members of the Council will be attending the League of Arizona Cities and Towns Conference next week in Tucson.

VI. APPEARANCES FROM THE FLOOR

1. Lynn Carrillo, 3440 W. Colinas Drive, conveyed that earlier this year, her family purchased a lot to put a mobile home on. However, due to the city's strict zoning requirement that manufactured homes have to be double wide and three years old or newer, they cannot use the property because their mobile home is more than three years old.

Enrique Carrillo (husband) conveyed the age restriction for mobile homes have been in effect for a few years and has decreased growth in the city and caused taxes to increase. He said there are number of people who want to upgrade their mobile homes, however cannot afford put in something three years or newer. He and his wife asked Council to consider easing the zoning laws to allow mobile homes manufactured in 1976 and newer to be put in as long as they are in good structural condition and comply with HUD standards. He also requested Council to consider setting taxes at 9% like the neighboring cities.

2. Pat Morgan, 612 W. Frontier Street, owner of Eloy Mobile Home Park conveyed

when she and her husband purchased the park several years ago, it was their intention to replace all of the older homes with newer ones but could not do it once the zoning changed. Mrs. Morgan pointed out that the people who live at the park are low income people and cannot afford to buy a new mobile home. She said the zoning is too strict and encouraged Council to consider changing it to help everyone.

Vice Mayor Acuña asked Ms. Osuna to have staff look into Mr. Carrillo's request regarding the zoning. He also invited those speaking to come back when discussion of this topic is brought before Council.

3. Natasha Tidwell, 520 W. Battaglia Drive, invited Council and staff to a breakfast on September 9th, at Eloy Intermediate School, beginning at 7:30 a.m. There will also be a ceremony afterwards in remembrance of 9/11.

VII. CONSENT AGENDA

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

<u>Agenda Item</u>	<u>Subject</u>
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IX. BUSINESS

- A. Approval of Minutes: 8/8/11 (regular) & 8/10/11 (special)
- B. Committee Reports: None
- C. Authorize the City Manager to pay, purchase or contract for the listed expenditures over \$10,000.
- D. Approval to apply, accept and expend a grant from the 2011 Arizona Companion Animal Spay and Neuter Grant Committee.
- E. Approve accepting as a donation from Rosalie Marshall a property located at 3070 W. Madera Drive, Eloy, AZ.
- F. Approve the City Manager to accept and execute all documents to legally convey real property from Claudia M. Crumbaker to the City of Eloy by donation

VIII. EXECUTIVE SESSION

Motion by Council Member Belloc, seconded by Council Member Rosel, to hold an executive session at approximately 7:22 p.m., for approximately 20 minutes with the City Manager, City Attorney and City Clerk for:

- A. Discussion/consultation with the City Attorney and City Staff in order to consider its

position and instruct its attorneys and staff regarding Council's position regarding the possible acquisition of real property, pursuant to A.R.S. §38-431.03 (A) (3) (4) and (7).

- B. Discussion/consultation with the City Manager and City Staff in regarding the city staff management structure pursuant to A.R.S. §38-431.03 (A)(1)

Motion passed unanimously.

(Vice Mayor Acuña reconvened the public meeting at approximately 7:36 p.m.)

Vice Mayor Acuña used the Chair's discretion to move agenda item IX-N before IX-G.

IX. BUSINESS

N. APPROVAL OF A MEMORANDUM OF UNDERSTANDING WITH RADICALLY GREEN SOLUTIONS ON USE OF ALTERNATIVE TECHNOLOGIES AT THE CITY OF ELOY LANDFILL

Cover sheet discussion: Pursuant to Council direction of July 25, 2011 staff has met with representatives of the Economic Development Group of Eloy (EDGE) and RGSi to prepare to a Memorandum of Understanding (MOU) to explore the possibility of employing alternative use technologies for waste products at the city landfill.

Attached is the MOU (Exhibit A) which is an indicative non-binding term sheet which clearly stipulates that the term sheet is for discussion purposes only between the Parties. The term sheet does not create and is not intended to create a binding and enforceable contract between the Parties. The terms, conditions and understandings are intended to be the basis by which continued dialogue is developed.

FISCAL IMPACT

There is no fiscal impact associated with this presentation. Financial obligations associated with the MOU or any other contractual obligation with RGSi will be brought back to Council for consideration and approval.

Mr. Mitchell gave a brief overview of the MOU with RGSi. He pointed out that the term sheet is non-binding. He said once the MOU is approved, staff will meet with RGSi to negotiate each term and condition on the term sheet to further define the understanding between the city and RGSi.

Vice Mayor Acuña asked would this come back to Council for review and approval.

Mr. Mitchell answered yes.

Council Member Belloc asked Mr. Cooper to clarify provision #6, *Fees and Expenses*.

Mr. Cooper explained the city and RGSi will each bear their own costs (i.e., planning, attorneys fees, etc). If there is any type of design work that RGSi wants done at the landfill or any type of permits, RGSi would be responsible for the cost. Mr. Cooper said it's anticipated that any fees and expenses associated with Eloy will consist of staff time.

Motion by Council Member Akes, seconded by Council Member Belloc, to approve a Memorandum of Understanding with Radically Green Solutions on use of alternative technologies at the City of Eloy landfill, passed unanimously.

G. AUTHORIZE THE CITY MANAGER TO EXPEND UP TO \$90,000.00 IN ACCORDANCE WITH THE PROVISIONS OF THE EXISTING INTERGOVERNMENTAL AGREEMENT BETWEEN THE GOVERNOR'S OFFICE OF ECONOMIC RECOVERY AND THE CITY OF ELOY

Cover sheet discussion: *The City of Eloy received a grant through the Governor's Office of Economic Recovery for the purpose of local job creation. The funding for this grant comes from the American Recovery and Reinvestment Act of 2009 or known as "ARRA". The purpose of the grant is to assist Republic Plastics, a local company, with much needed electrical capacity upgrades primarily consisting of a 2,000 KV transformer, trenching conduit and electrical panel.*

The electrical upgrade will position Republic Plastics for production and warehousing expansion. It is expected that the outcome of this expansion will increase the number of employees to about 300 working at the facility.

The project is moving along very well and it is expected that all costs associated with the project will be expended. Staff anticipates that all requests for grant reimbursements will be made prior to the end of September 2011. The vendors for the project are Arizona Public Service, Border States Electrical Supply and a local contractor that will be bidding on the trenching, conduit and transformer pad installation.

To date, Republic Plastics has expended \$54,465.00 and has made a request to the City of Eloy for reimbursement of those costs. The City of Eloy will reimburse Republic Plastics and will then make a request to the Governor's Office of Economic Development for reimbursement from the ARRA grant fund.

FISCAL IMPACT

There is no fiscal impact to the City of Eloy. Expenditures of up to \$90,000 are reimbursed according to the IGA with the Governor's Office of Economic Recovery. All expenses over \$90,000 will be paid by Republic Plastics as part of their matching funds for the grant.

Ms. Osuna conveyed tonight's approval authorizes expending the grant monies for electrical upgrades at Republic Plastics. Ms. Osuna pointed out that the city is already receiving invoices for work done.

Council Member Belloc asked for an update on the completion of the project.

Mr. Miller conveyed the equipment has been purchase and APS is currently working on the design. The project is going very well and should be completed by the end of September.

Motion by Council Member Tidwell, seconded by Council Member Rosel to approve expending up to \$90,000.00 in accordance with the provisions of the existing Intergovernmental Agreement between the Governor's Office of Economic Recovery and the City of Eloy, passed unanimously.

H. ADOPTION OF ORDINANCE NO.: 11-797, APPROVAL TO REZONE THE SUNLAND PLANNED AREA DEVELOPMENT FROM PINAL COUNTY ZONING DESIGNATIONS TO R1-6, R-2, R-4 AND C-2 WITH A PLANNED AREA DEVELOPMENT OVERLAY

Motion by Council Member Belloc, seconded by Council Member Rosel, to read Ordinance No. 11-797 by title only, passed unanimously.

Cover sheet discussion: *The Eloy Planning and Zoning Commission recommends that the City Council approve the request to rezone approximately 2,254 acres of land from "Pinal County" zoning designations to 596 acres of R1-6, 941 acres of R-2, 403 acres of R-4, 113 acres of C-2 and 201 acres for roadways with a Planned Area Development Overlay with the following stipulations:*

- 1. That development of the Sunland master planned community shall be in conformance with the Narrative Report dated July 12, 2011 and pursuant Development Agreement;*
- 2. That a Conditional Letter of Map Revision (CLOMR) and Letter of Map Revision (LOMR) process shall be undertaken with Pinal County Flood Control District and with FEMA to remove the developed area from the*

FEMA Zone A floodplain;

3. *That final development plans and reports as outlined in Sec. 21-123.B of the Eloy City Code, Chapter 21-ZONING, Article XI shall be submitted to the City Manager, or designee, for review and approval within one (1) year or prior to approval of any preliminary plat or development site plan. The City Manager, or designee, shall review the final development plans and reports for completeness and compliance with the preliminary development plans and reports;*
4. *Prior to development on the subject property, the site will be maintained in a natural, debris-free, and weed-free condition;*
5. *That a homeowners' association shall maintain all landscaping, including that within the adjacent rights-of-way;*
6. *That the developer shall submit a copy of the CC&Rs, which shall be reviewed for approval by the Community Development Director prior to the issuance of a building permit;*
7. *That at the time of site plan or preliminary plat submittal, the developer shall submit a traffic study, prepared by a Registered Professional Traffic Engineer or Civil Engineer, that at a minimum addresses on-site and off-site traffic flows, project impacts and mitigation measures, anticipated trip generations, and level of service;*
8. *That compliance with the Design Guidelines and Standards of the Eloy City Code, Chapter 21-ZONING and Chapter 15-SUBDIVISIONS, as may be amended from time to time, shall be required except for those exceptions that are granted by the development agreement and Planned Area Development; and*
9. *That any major changes or modifications to the Sunland Planned Area Development shall be reviewed and processed in accordance with those procedures outlined for Zoning Procedures in the Eloy City Code, Chapter 21-Article IV. The City Manager, or designee, may administratively approve minor changes and will determine the difference between major and minor changes to the Development Plan.*

DISCUSSION

The City of Eloy received an application by the Rose Law Group, PC on behalf of Walton International Group (USA) Inc. and Walton Development & Management

(USA), Inc. requesting approval of a rezoning on approximately 2,254 acres of land from Pinal County Zoning designations of General Rural ("GR"), Mobile Home Park ("MH"), and Single Family Residential ("CR-3") to 596 acres of R1-6, 941 acres of R-2, 403 acres of R-4, 113 acres of C-2 and 201 acres for roadways with a Planned Area Development Overlay.

Sunland is a proposed 2,254 acre mixed-use planned community comprised of single family residential and community commercial parcels. The land uses are in conformance with the Eloy General Plan, Land Use Plan, which designates the subject property as Planned Community Area (PCA). Requests for the PCA designation shall include a conceptual land use plan. The plan for Sunland Ranch consists of the following mixture of land uses: Medium Density Residential; Medium-High Density Residential; High Density Residential; Community Commercial and roadways.

The subject property was annexed into Eloy in 2009 and is subject to a development agreement, entered into by the City of Eloy and Walton on March 23, 2009. The Sunland Development Agreement is recorded in the Pinal County Recorder's Office as Document No.: 2009-029649. It is designated on the Eloy General Plan Land Use Plan as a Planned Community Area (PCA) with a conceptual land use plan consisting of approximately 596 acres of Medium Density Residential, 941 acres of Medium-High Density Residential, 403 acres of High Density Residential, 113 acres of Community Commercial, and 187 acres dedicated to roadways and currently has "Pinal County" zoning designation and consists of agricultural and undeveloped desert land.

The subject property is partially located within the City of Eloy's water service area and the Sunland Water Company's water service area. Pursuant to the Development Agreement, the developer agrees to contract with Sunland Water for service within its designated service area.

The subject property is located entirely within the Arizona City Sanitary District (ACSD) service area. The City of Eloy might agree to provide wastewater service to the development if the Arizona City Sanitary District is unable to provide the services.

FISCAL IMPACT

Approval of the proposed rezoning has no greater fiscal impact on the City than what was agreed upon in the development agreement and subsequent annexation of the Sunland Planned Area Development.

CONCURRENCE

The City Attorney concurs with the Staff recommendation.

Mr. Miller gave a verbal overview of the proposed rezoning request. He pointed out that the Planning and Zoning Commission is recommending Council approval of the rezoning with the nine stipulations that are listed in the ordinance.

Council Member Amerson asked Mr. Miller if he believed FEMA would remove the area from the Zone A floodplain.

Mr. Miller deferred the question to Benjamin Belkin from Rose Law Group.

Mr. Belkin explained that when the property was purchased a map revision was processed. The floodplain was reduced from over 200 acres to approximately 40 acres in the southwest corner. The only impacted floodplain on the property is a small triangle in the southwest corner (Nut Road west of Henness Road) and is undevelopable. The rest of the property is not in the regulated floodplain so the stipulation more or less does not apply to the developable area.

Motion by Council Member Akes, seconded by Council Member Tidwell to adopt Ordinance No. 11-797, passed unanimously.

I. ADOPTION OF RESOLUTION NO.: 11-1243, SUPPORTING AN ALIGNMENT FOR THE PROPOSED NORTH-SOUTH FREEWAY

Motion by Council Member Tidwell, seconded by Council Member Rosel, to read Resolution No. 11-1243 by title only, passed unanimously.

Cover sheet discussion: *The Arizona Department of Transportation (“ADOT”) and the Federal Highway Administration (“FHA”) have initiated a formal corridor study to evaluate potential routes for a proposed freeway connecting Interstate 10 to US Highway 60 through central Pinal County (“North-South Freeway”). The proposed freeway will extend through part of Eloy and its planning area and the Mayor and Council have expressed their desire to have this freeway alignment along Fast Track Road.*

The approved development agreement for Walton International’s Orchard Hills development supports the north-south freeway on this alignment. In addition, the Circulation Map in the adopted 2010 General Plan shows the preferred freeway along Fast Track Road.

The City of Coolidge, Town of Florence, Pinal County, and City of Eloy have coordinated an alignment that works for each of the jurisdictions as shown on the

attached exhibit. Coolidge and Florence are still discussing some minor adjustments to the alignment, but there is no dispute about the alignment where the Eloy planning boundaries meet with these two jurisdictions.

A few obvious reasons that the proposed freeway alignment should follow the Fast Track alignment include:

This alignment provides greater separation between future railroad overpasses/underpasses and the future freeway. Placing the proposed alignment on Mesa's preferred route (Vail Road) seriously limits access from the major East/West arterials to adjoining properties due to future grade separated crossings at the railroad and the proposed freeway;

The Fast Track alignment is consistent with the City's previously negotiated development agreements that support a major North-South Freeway system at this location;

The Fast Track alignment as it approaches Interstate 10 to the South provides greater separation from the existing interchange at Hwy 87 and Interstate 10.

The Fast Track alignment preserves the City's major industrial employment center along State Route 87 and the Union Pacific Railroad located ¼ of a mile to the East.

The City should strongly oppose any proposal to locate the North-South Corridor along the existing State Hwy 87.

FISCAL IMPACT

The economic benefit of a North-South freeway corridor will be enormous for Eloy and its surrounding region. The potential for significant development along this freeway alignment will likely be greater than the development which has been realized on the highways leading to Maricopa and Johnson Ranch because there will be multiple routes in and out of the area.

CONCURRENCE

The City Attorney concurs with the Staff recommendation.

Ms. Osuna conveyed approval of the resolution will document Eloy's preferred alignment for the proposed north-south freeway along Fast Track Road. There has been quite a bit of discussion regarding the location of the alignment. Ms. Osuna believes the city should be on record stating Fast Track Road is the best alignment for Eloy. Once approved, staff will submit it to ADOT as discussion continues.

Mr. Miller conveyed staff has been staying very close with the discussions taking place. He attended an ADOT meeting in Coolidge whereas the Coolidge City Council passed a resolution similar to what Council is doing tonight. The cities of Casa Grande, Coolidge, Eloy, Florence and Pinal Council are coming to ADOT with a unified voice on where the preferred alignment should be.

Motion by Council Member Belloc, seconded by Council Member Akes to adopt Resolution No. 11-1243 by title only, passed unanimously.

J. ADOPTION OF RESOLUTION NO.: 11-1244, DESIGNATING THE CITY OF ELOY AS A "COLONIA" AS DEFINED BY THE US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Motion by Council Member Tidwell, seconded by Council Member Belloc, to read Resolution No. 11-1244 by title only, passed unanimously.

Cover sheet discussion: *The colonias set-aside was authorized in 1990, under the Cranston-Gonzalez Nation Affordable Housing Act of 1990 ("The Act") and was made permanent by the Appropriations Act of 1997. Section 916 of the Act requires states including Arizona to set aside up to 10 percent of their annual CDBG allocations to be used for eligible activities that meet the needs of the colonias.*

The Act defines a Colonia as any identifiable community (i.e., with defined boundaries) within 150 miles of the United States-Mexico border in Arizona that was in existence before November 28, 1990, excluding statistical areas with populations exceeding one million. The community must be determined to be a Colonia on the basis of objective criteria including the lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe and sanitary housing.

Upon adoption of this Resolution by the Mayor and Council the City of Eloy will continue to be designated as a Colonia. This designation is necessary before certain state and federal funds can be made available to improve infrastructure and housing within the City.

FISCAL IMPACT

By approving this Resolution designating the City of Eloy as a Colonia, staff will be able to apply for CDBG allocations within the 10 percent set aside by the State of Arizona.

Ms. Osuna conveyed adoption of this resolution is allow the city to continue its designation as a Colonia and continue it eligibility for state and federal funds.

Motion by Council Member Belloc, seconded by Council Member Rosel to adopt Resolution No. 11-1244, passed unanimously.

K. AUTHORIZE THE CITY MANAGER TO EXECUTE AND SIGN ALL NECESSARY DOCUMENTS TO PURCHASE CERTAIN REAL PROPERTY IN THE ELOY DOWNTOWN AREA

Cover sheet discussion: *In late 2006 the City of Eloy received a Special Projects Grant in the amount of \$495,000 which could be used to purchase land and construct a community center. Immediately staff began a search for a suitable site for a community center. At that time the real estate market was at its peak and finding affordable land became very difficult. One appraisal came in over the total grant amount available.*

The Special Projects Grant must be expended by September 2013. According to the grant agreement termination of the grant will occur at that time. Since approved activity is for land acquisition for a community center, if land acquisition for the community center occurs prior to that date, the City will have met its contractual obligations for use of the grant funds.

In the past three years real estate prices have fallen dramatically. Many properties have gone into foreclosure.

In early 2011, the owner of the historic Dust Devil Theater approached the City to determine interest in purchasing the property. At that time, it was determined that a bank held the note on the theater property. Because the owner was experiencing loss of revenue due of the bad economy, he could not keep up with the payments on the loan.

Staff asked the owner to seek approval from the bank of an offer by the City to purchase the theater for \$25,000. As this is less than the amount owed to the bank, the bank would need to approve this offer and seek approval to accept this offer as payment in full of the owner's bank note. Further, it was requested that the bank forgive the remaining amount owed to it so that the owner and the bank could avoid foreclosure and all of the associated legal and holding costs for this asset.

The owner approached the bank with the City's offer of \$25,000 and it was accepted. The bank has requested that this transaction be completed by September 10th. Staff has an environmental Phase I study and title search underway at this time. If all of this information is not obtained by the September 10 date, staff has asked whether the City can place its funds in an escrow account until all questions are answered to the satisfaction of the City. The bank has agreed to allow funds to be deposited in

an escrow account until the purchase can be finalized.

Additionally, staff has located some additional property that would enhance the theater site. Staff will pursue the purchase of this land in order to provide more building space for a community center.

By purchasing the historic Dust Devil Theater and adjacent properties for a community center, staff will be able to achieve one the City Council's priority goals to revitalize and redevelop the Eloy downtown area into a thriving business and cultural district. The Dust Devil Theater is an important asset to the Eloy community. Many Eloy and surrounding communities' residents have noted the historic significance of the theater.

Lastly, this purchase will satisfy the contractual requirements for expending the Special Projects Grant within the designated time frame.

FISCAL IMPACT

Approximately \$490,000 in grant funds is available to purchase the historic Dust Devil Theater and other downtown land.

Ms. Osuna conveyed the purchase of this property will help the city's revitalization and redevelopment of downtown. It could also be the catalyst to bringing in more businesses and creating a tourism or cultural center for people to come downtown. Ms. Osuna said staff is requesting approval to expend up to \$100,000 to purchase the Dust Bowl theater and adjacent property.

Motion by Council Member Akes, seconded by Council Member Tidwell to authorize the city manager to execute and sign all necessary documents to purchase certain real property in the Eloy downtown area, passed unanimously.

L. APPROVE AN AMENDMENT TO THE CURRENT CONTRACT WITH CAROLLO ENGINEERS, INC TO DESIGN THE HOUSER AND TOLTEC WATERLINE EXTENSIONS WITHIN THE NEW HOUSER ROAD ALIGNMENT

Cover sheet discussion: *In March 2011 Council approved an initial design contract with Carollo Engineers for a new 12 inch waterline in Houser Road from Pump Station 2 (Blue Tank) to Toltec Road. The amount approved by Council was \$55,000.00.*

Project Scope Change

Upon re-evaluation of the project staff determined that a 16 inch line, along with

improvements to Pump Station 2 would allow for an increased surety of water at Toltec Road and would allow for increased water availability at Sunland Gin Road. The revised project scope consists of installing approximately 7200 lineal feet of new 16 inch waterline; 800 lineal feet of new 12 inch waterline; and a complete refurbishment of Pump Station 2. The cost estimate for the revised project is \$2.345 Million, up from the original estimate of \$1Million. The increased fee for the design is \$76,827.00 resulting in a new design total of \$131,827.00.

Houser Road Realignment

Additionally since the award of the contract with Carollo Engineers and changing the scope of the original project, staff has been working to realign Houser Road through the Toltec Business Park. This realignment was necessary to accommodate the new 16 inch water line. The realignment will intersect Toltec Road at approximately 750 feet south of Tonto Road. This new alignment of Houser Road will require the City to acquire right-of-way for the new waterline from Walton International whose property will be impacted by the realignment.

Acquisition of Right-of-Way

Walton International, recognizing that they will be required to install new water infrastructure upon development of their property, agreed to enter into discussions with the City about the conveyance of right-of-way through their property for the purposes of installing the new 16 inch waterline.

Staff has commissioned an appraisal for the Houser Road right-of-way to form the basis of negotiations for the acquisition of the right-of-way from Walton International. An appraisal firm has been hired to perform the appraisal from the Pinal County on-call list for a cost of \$4,500. The expected delivery date for the appraisal report is by October 1, 2011.

Financing of the Houser and Toltec Waterline Extensions

Council subsequently approved two options for funding a larger waterline. The first option was the submission of a loan application to the Water Infrastructure Finance Authority (WIFA) for funding. The second option was the creation of a \$2 Million "Houser/Toltec Water Project Fund" in the FY 2011/2012 budget. Staff submitted a loan application to WIFA to pay for the Houser and Toltec Waterline extensions. The loan application is scheduled for discussion at the August 17, 2011 WIFA Board meeting.

FISCAL IMPACT

The Houser and Toltec waterline extensions will be financed through a loan from WIFA. Staff has applied for a loan in the amount of \$2,345,000 to pay for these improvements. Should the loan not be approved, staff will use the \$2 Million

approved by the Council in the 2011-12 budget to pay for these improvements

CONCURRENCE

The Finance Director concurs with this recommendation.

Mr. Mitchell conveyed that Council Member Akes, Mr. Wright and he attended the Water Infrastructure Financial Authority (WIFA) board meeting August 17th. At that meeting, the WIFA board approved the city's application for \$2 million in funding for the water project. It was at this time Mr. Mitchell reviewed the project scope changes.

Council Member Akes pointed out that under "*Fiscal Impact*" it states staff applied for \$2,345,000 from WIFA. She wanted to know if the city was awarded \$2,000,000 or \$2,345,000.

Mr. Mitchell explained the original loan application was for \$1.9 million which the city was approved for and not the \$2,345,000 (which includes amendments).

Council Member Akes asked will the \$345,000 come from the \$2,000,000 that Council budgeted this year.

Mr. Mitchell said yes, this would be his recommendation.

Council Member Akes wanted to know is it the increase in pipe size that has cause the project to increase so much or are there other factors.

Mr. Mitchell explained the increase includes the upsizing of the booster station as well. Taking out the old booster and putting in more for greater pumping capacity.

Vice Mayor Acufia thanked those involved in getting this done. He reminded everyone of the investment the city is making in future growth for community.

Council Member Tidwell asked about the Houser realignment. He wanted to know if it's been determined where the Houser Road is going to intersect with Toltec Road.

Mr. Mitchell explained it will intersect approximately 700 feet south of Tonto Road (just north of the existing Circle K).

Motion by Council Member Tidwell, seconded by Council Member Belloc to approve an amendment to the current contract with Carollo Engineers, Inc to design the Houser and Toltec Waterline Extensions within the new Houser Road alignment, passed unanimously.

- M. APPROVAL OF TWO CONSTRUCTION CONTRACTS WITH ELLISON MILLS CONTRACTING TO CONNECT PRIVATE PROPERTIES TO THE NORTH TOLTEC AREA GRAVITY SEWER:**
- 1. TOLTEC GRAVITY SEWER - SEPTIC TIE-OVERS IN THE AMOUNT OF \$888,891.15**
 - 2. TOLTEC GRAVITY SEWER SEPTIC TIE-OVERS – REMAINDER PROPERTIES UP TO AN AMOUNT OF \$307,153.15**

Cover sheet discussion: *The City of Eloy has been working with USDA Rural Development to complete the Toltec Sewer Project (Project). The Project consists of two components; the installation of sewer mains and septic tie-overs. The sewer main component involves two separate construction contracts for installation of new sewer mains in the southern and northern Toltec areas. The septic tie-overs involved the connection of approximately 200 residential properties, as well as a few non-residential properties to the sewer mains. The City made the determination that the septic sewer tie-overs would be completed following the acceptance of the sewer main project. The City received its final discharge authorization from ADEQ for the sewer mains in January 2010.*

The septic tie-overs component of the project was originally bid in 2006. Only one company bid the project but they were unable to meet the bonding requirements of the bid. In August 2006 Council rejected the bid and authorized a rebid. Delays in the rebid were due to the uncertain outcome of legal challenges between the City, Highland Engineering (contractor for the northern sewer main) and the Surety for Highland Engineering. The legal issues were resolved in late 2009 leading to the ADEQ authorization in early 2010.

In the meantime, the City received approval from USDA Rural Development to negotiate a bid with an independent contractor. USDA Rural Development policy provides that when a project is bid and if there are no qualified bids received, a City may a contract with a qualified contractor of its choice. The City then entered into negotiations with Ellison Mills Contracting who had previously won a City contract to install the new water main at Estrella Road to serve properties in north Toltec utilizing ARRA funds.

There are two contracts requested for approval with Ellison Mills Contracting. The total number of potential property connections in the Toltec area is 198. The owners of the properties were sent certified letters outlining the project and requesting that a right of entry agreement be signed and returned granting the contractor the right to perform work on their private property. Where there was no response a second certified letter was mailed. Not all 198 property owners have responded or authorized the city and contractor to perform work on their private property.

The first contract, in the amount of \$888,891.15, involves the connection of 145 properties which is the current total responses received by staff. These properties have authorized the work by the execution of right of entry agreements.

The second contract, in the amount of \$307,153.15, involves the connection of 52 properties which are eligible for connection, but have not yet executed right of entry agreements. Connection of these 52 properties will not take place until an executed right of entry is received. The second contract amount, \$307,153.15, will only be drawn down by the contractor as the remaining 52 property owners give authorization to perform work on their private property.

Finally, all inspections will be performed by City employees under plumbing permits issued by the Building Official for each separate property.

FISCAL IMPACT

The amount of grant funds contributed by USDA for the Toltec Sewer – Septic Tie-Over project is \$669,554.24.

The amount of funds contributed by the City is \$526,490.06.

CONCURRENCE

The Finance Director concurs with this recommendation.

Mr. Mitchell conveyed the reason why there are two contracts is because there are 145 properties that gave the city a right of entry. Fifty-two (52) properties were noticed and eligible for connection, however, the city never received a response from the property owners. Mr. Mitchell said approximately \$300,000 is sort of a contingency for the 52 property owners who did not respond and may decide to tie in.

Vice Mayor Acuña wanted to confirm that staff has made every effort to contact all property owners who are eligible to connect to the sewer line. He also wanted to confirm the city would be holding another public meeting to give those who did not respond another opportunity to tie into the sewer line.

Ms. Osuna said this is correct. She explained that once the city has completed the project, property owners will be required by law to connect into the sewer system, however, it will be at the property owner's cost.

Council Member Belloc asked for clarification on the two contract amounts.

Mr. Mitchell explained the first contract in the amount of \$888,891.15 is in

partnership with the USDA Rural Development. The grant monies available from Rural Development will be applied to this amount. Rural Development is not participating with the balance above \$669,554.24 or the second contract amount of \$307,153.15. Mr. Mitchell said the \$307,153.15 plus \$219,336.91 (\$888,891.15 - \$669,554.24) is the city's cost (\$526,490.06) of which funds are available. Mr. Mitchell pointed out these amounts are the total outlay, should both contracts be totally expended.

Council Member Tidwell wanted to know when would work begin.

Mr. Mitchell said after Council approval and all appropriate documents have been signed and approved by the appropriate parties, the contractor has 240 days to complete the tie-ins. Mr. Mitchell said he would like to be on the street in 30 days.

Motion by Council Member Tidwell, seconded by Council Member Akes to approve two construction contracts with Ellison Mills Contracting to connect private properties to the north Toltec area gravity sewer:

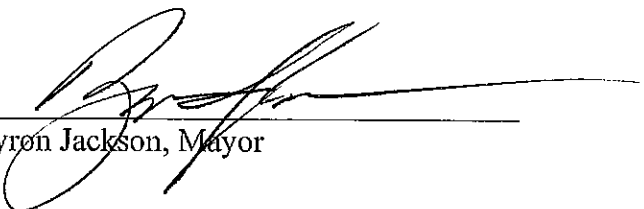
1. Toltec gravity sewer - septic tie-overs in the amount of \$888,891.15
2. Toltec gravity sewer septic tie-overs - remainder properties up to an amount of \$307,153.15

Motion passed unanimously.

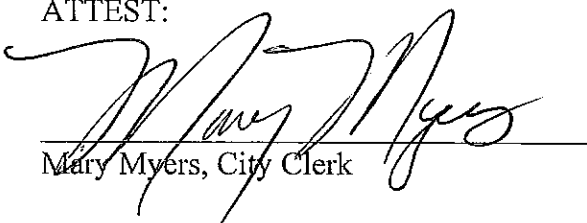
X. INFORMATIONAL ITEMS

XI. ADJOURNMENT

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


Byron Jackson, Mayor

ATTEST:


Mary Myers, City Clerk