

Upon notice duly given under Arizona Revised Statutes, Section 38-431, et seq., as amended, the City Council of the City of Bullhead City held a regularly scheduled meeting on Tuesday, July 24, 2018, in the City Council Chambers, 1255 Marina Boulevard, Bullhead City, Arizona.

**CALL TO ORDER, INVOCATION AND PLEDGE OF ALLEGIANCE**

Mayor Brady called the meeting to order at 5:30 p.m. Council Member Wegmann delivered the invocation. Council Member Shutts led the assembly in the Pledge of Allegiance to the Flag.

**ROLL CALL**

Council Present

Brady, Bruck, Clark, D'Amico, Ring, Shutts, Wegmann

Council Absent

None

Staff Present:

CITY MANAGER: Toby Cotter  
CHIEF CITY PROSECUTOR: Martin Rogers  
CITY ATTORNEY: Absent  
CITY CLERK: Susan Stein  
POLICE CHIEF: Brian Williamson  
FINANCE DIRECTOR: Rudy Vera  
PUBLIC WORKS DIRECTOR: Keegan Littrell  
HUMAN SERVICES DIRECTOR: Jeff Tipton  
DEVELOPMENT SERVICES DIRECTOR: Absent

**PRESENTATIONS AND PROCLAMATIONS**

1. Presentation of a \$50,000 check to the city from the AYSO for soccer field lighting at Rotary Park.

Mayor Brady said the city was proud to be a partner with local active organizations. Pawan Agrawal, on behalf of the American Youth Soccer Organization (AYSO), presented the check to Mayor Brady. He thanked the city for investing in the park projects and infrastructure, and said they were thankful for the grants provided by the Legacy Foundation. He discussed the soccer program that served 1,000 youth in the community each year.

**OPEN CALL TO THE PUBLIC**

Mayor Brady opened the call to the public.

Mary Bonaventura read a notice of claim and lien she received from the city relating to her property. She said she knew nothing about the claim and asked the city to resolve the matter.

Scotty McClure said a roundabout should have been built on Bullhead Parkway at the new Laughlin Ranch Boulevard extension in order to slow traffic. He asked that the minutes for Item No. 3 from the last Council meeting be provided verbatim, and asked the Council to hold off on approval. He said he submitted a Notice of Claim in April, and had not heard back from the city. He said he had a court date next week with thousands of dollars in fines regarding a code enforcement issue. He said it was in violation of the Fourth Amendment.

Royanne Ortiz said the GOP Annual Picnic would be held on July 28th in the Hualapai Mountains. She invited the public to purchase tickets and attend this event.

Eva Corbett invited the public to attend a fundraiser for “We Care For Animals” on July 27th at CoVue Restaurant.

Sue DeMarco invited the public to attend a fundraiser for “Saving Animals In Need Together” on July 27th at Lisa’s Bistro, and “Bowling for Pets” on August 5th.

Having no one else present wishing to speak, Mayor Brady closed the call to the public.

### **AGENDA MODIFICATIONS**

None

### **WAIVER MOTION**

**MOTION:** Vice Mayor Ring made a motion to waive the reading in full of all ordinances and resolutions presented for adoption at this meeting. Council Member Wegmann seconded the motion.

**VOTE:** AYES: Brady, Bruck, Clark, D’Amico, Ring, Shutts, Wegmann NAYS: None  
ABSENT: None

### **MOTION CARRIED**

### **MANAGER’S REPORT**

#### 1. Deputy City Clerk - “Master Municipal Clerk” Designation

City Manager Cotter said Deputy City Clerk Debie Ogden recently attained the MMC designation. He said Bullhead City now had two MMC accredited clerks.

#### 2. August 28th Primary Election - Early Voting begins August 1st

City Clerk Stein provided information on important dates relative to the August 28, 2018 primary election.

#### 3. Splash Bash - July 29th

Human Services Director Tipton provided information on the Second Annual Splash Bash to be held on July 29th at Ken Fovargue Park. He said the municipal pool, splash pad, water slides, and free food and water would be available throughout the event.

### **MAYOR AND COUNCIL MEMBERS’ REPORTS ON CURRENT EVENTS**

Council Member Shutts said the Tri State Military Moms were preparing packages to send to the troops overseas this week, and said they were asking for volunteers to help with their efforts.

Council Member Wegmann encouraged the community to continue to support the new Smart and Final Extra store.

Council Member D'Amico said he would be the first "victim" in the water balloon toss at the Splash Bash.

**ITEMS WITHDRAWN FROM CONSENT AGENDA**

None

**CONSENT AGENDA**

**MOTION:** Council Member Clark made a motion that Items No. 1 through 3 on the Consent Agenda be approved in accordance with the reports, certifications and recommendations furnished each Council Member and without further discussion. Council Member D'Amico seconded the motion.

**VOTE:** AYES: Brady, Bruck, Clark, D'Amico, Ring, Shutts, Wegmann NAYS: None  
ABSENT: None

**MOTION CARRIED**

Items on the Consent Agenda were approved as follows:

1. Approval of the Minutes of the Regular Council Meeting held on July 5, 2018. (City Clerk Stein)
2. Authorization of the purchase of 83,250 pounds of Polyflex Type 4 Crack Sealant from CrafcO, Inc. of Chandler, Arizona, for a total amount of \$35,964 plus \$1,100 freight and applicable taxes utilizing the City of Tempe's Cooperative Purchasing Contract T16-021-01; and authorize the City Manager or his designee to execute a contract with all required accompanying documentation, and to approve subsequent payments. Funding for this item has been included in the FY 2018-2019 Street Maintenance budget. (Public Works Director Littrell)
3. Approval of the purchase of Thioguard from Hill Brothers Chemical Company for the wastewater treatment and lift station facilities for fiscal year 2018-2019 in an amount not to exceed \$66,000 for the fiscal year; and to authorize the City Manager to approve resultant payments. Funding for this item has been included in the FY 2018-2019 Wastewater Operations budget. (Public works Director Littrell)

**PUBLIC HEARINGS ON ITEMS PULLED FROM CONSENT AGENDA**

None

**BOARD/COMMISSION/COMMITTEE APPOINTMENTS**

None

**PUBLIC HEARINGS ON LIQUOR LICENSE APPLICATIONS**

4. **PUBLIC HEARING.** Discussion and possible action to make a recommendation to the Arizona Department of Liquor Licenses and Control to approve the application for an Interim Permit and New Series 12 Liquor License No. 12083443 submitted by Jose DeJesus Valdez for Agave's Mexican Grill located at 865 Hancock Road in Bullhead City. (City Clerk Stein)

City Manager Cotter said staff had reviewed and had no concerns.

Mayor Brady opened the public hearing. Having no one present wishing to speak, Mayor Brady closed the public hearing.

**MOTION:** Council Member Shutts made a motion to make a recommendation to the Arizona Department of Liquor Licenses and Control to approve the application for an Interim Permit and New Series 12 Liquor License No. 12083443 submitted by Jose DeJesus Valdez for Agave's Mexican Grill located at 865 Hancock Road in Bullhead City. Council Member Bruck seconded the motion.

**VOTE:** AYES: Brady, Bruck, Clark, D'Amico, Ring, Shutts, Wegmann NAYS: None  
ABSENT: None

**MOTION CARRIED**

**ACTION ITEMS**

**Building, Planning and Zoning Items**

5. Discussion and possible action to approve: 1) the Final Plat for The Ridge at Fox Creek, Tract 5147 (Unit 3); 2) the Financial Assurance through the Property Escrow Agreement; 3) the Water Allocation in the amount of 3.7 acre-feet; and 4) authorize the Mayor to execute the agreement on behalf of the City. (Public Works Director Littrell)

Public Works Director Littrell said the project was located east of Desert Sky Blvd. through the Mira Monte subdivision and east of The Ridge at Fox Creek Units 1 and 2.

Don Anderson said Brookfield Communities was bringing eleven more single-family lots into the The Ridge at Fox Creek.

Mayor Brady asked about the appraisal report for the new lots that referred to other similar lots. City Manager Cotter said he understood there were no issues with this phase of the project, and said they were allowed to move the appraisal of those lots for assurance requirements.

Mayor Brady asked if anyone from the public wanted to speak. No one from the public spoke.

**MOTION:** Council Member Bruck made a motion to approve: 1) the Final Plat for The Ridge at Fox Creek, Tract 5147 (Unit 3); 2) the Financial Assurance through the Property Escrow Agreement; 3) the Water Allocation in the amount of 3.7 acre-feet; and 4) authorize the Mayor to execute the agreement on behalf of the City. Council Member Wegmann seconded the motion.

**VOTE:** AYES: Brady, Bruck, Clark, D'Amico, Ring, Shutts, Wegmann NAYS: None  
ABSENT: None

**MOTION CARRIED**

**Bid Awards, Contracts, Intergovernmental Agreement, and Purchases**

6. Discussion and possible action to approve expenses incurred from the disposal of sludge to the Mohave County Landfill in an amount not to exceed \$160,000 for fiscal year 2018-2019; and to authorize the City Manager to approve resultant payments. (Public Works Director Littrell)

Public Works Director Littrell said staff attempted to reduce the amount of sludge and waste to be hauled to the landfill. He said the expense was included in the budget to cover the cost of bio solids disposal and to empty the roll-offs at the Section 10 Wastewater Treatment Plant.

Mayor Brady asked if anyone from the public wanted to speak. No one from the public spoke.

**MOTION:** Council Member Wegmann made a motion to approve expenses incurred from the disposal of sludge to the Mohave County Landfill in an amount not to exceed \$160,000 for fiscal year 2018-2019; and to authorize the City Manager to approve resultant payments. Council Member Shutts seconded the motion.

**VOTE:** AYES: Brady, Bruck, Clark, D'Amico, Ring, Shutts, Wegmann NAYS: None  
ABSENT: None

**MOTION CARRIED**

**Other Business**

7. **PUBLIC HEARING.** Discussion and possible action to adopt Resolution No. 2018R-42 calling for a vote of the electorate on the issue of authorizing the City Council to acquire EPCOR Water Arizona and the issuance of bonds for the purchase/acquisition. (City Manager Cotter)

City Manager Cotter said the citizens of the city had asked the city to address EPCOR's current rate consolidation and significant rate increase. He said EPCOR submitted a rate case to the Arizona Corporation Commission to raise rates for the average residential customer from \$28 to \$42. He said EPCOR raised its rates significantly just a few years ago. He said EPCOR had proposed a consolidation of all eleven of its water systems in Arizona effectively combining Bullhead City with homeowners in the affluent communities of Paradise Valley, Fountain Hills, Anthem, and Scottsdale. He said EPCOR was further proposing a value rate of return of 6.17 percent and regularly charged a corporate allocation as well.

City Manager Cotter said EPCOR continued to tell the city that the value of the local system was at least \$130 million plus legal fees. He said the city believed the water assets of the company in Bullhead City were worth significantly less. He said at this time, they would not be determining the book value of the system. He said state law required notification to the public of the maximum interest rate and principal amount that could be borrowed. He said one of the legal positions taken by EPCOR was that if the city purchased the water assets in the community, the city might have to condemn other parts of the system not located within city limits. He said that was EPCOR's position, and not the city's position.

City Manager Cotter said the city was proposing a resolution that would: 1) place ballot language before the voters on November 6, 2018; 2) include information in a publicity pamphlet for the election; 3) authorize the city to acquire EPCOR; and 4) authorize the city to borrow the necessary funds to complete the purchase or acquisition.

City Manager Cotter said EPCOR could provide the valuation numbers to the city if this was not viewed as a "hostile" city takeover. He said the analogy from EPCOR management was that if one was trying to buy their neighbor's home and your neighbor told them the home was not for sale, one was being hostile for trying to buy the neighbor's home. He said this issue was not about a home and not about a neighbor; it was about the pipes and tanks that conveyed the critical water for the community and its infrastructure, and about growth and the future management of the city's water system.

City Manager Cotter said it was important to point out that EPCOR was promoting the consolidation 100 percent, which became clear at the rate case hearing. He read a direct quote made by Sean Bradford from EPCOR at 2:50 p.m. on Wednesday during the rate case hearing, "... *it was their recommendation to have one consolidated district.*" He said this meant the city would pay the same rate as Anthem, Sun City, and Scottsdale. He said there were drastic differences in how water was conveyed, power costs, and how the systems were presented. He said Mr. Bradford said at 2:51 p.m. that "...*it was the company's position that the eleven districts would be best served as a consolidated district.*" He said the Arizona Corporation Commission's staff attorney said in his opening comments: "*Staff's recommendation and belief was that it was in the public's best interest to consolidate.*" City Manager Cotter said they were being told that consolidation was appropriate. He said EPCOR attorney's opening comments were: "*The company continues to support full consolidation of its eleven water districts in this case. This is true, even though from a revenue perspective, the company would have the same revenue requirement regardless of consolidation or use of the stand-alone districts; however, after review of this issue over the pendency of the proceedings, the company continues to believe that consolidation is in the best interest of its customers.*" He said the closing opening statement by the EPCOR attorney stated; "*The company strongly urges the Commission to adopt full consolidation and to adopt the company's requested revenue requirement which it believes strongly will result in a just and reasonable rate for all the company's water companies.*"

City Manager Cotter said the proposed rate was currently \$42.22 from the original proposed \$45.00. He said there would be other operational costs, plus an \$800,000 share in the rate case. He said the city's budget would be impacted by hundreds of thousands of dollars, even though they have done as much as they could to conserve water. He said some of the bigger water users were questioning these rates, including local businesses and the hospital. He displayed the organizational charts of Bullhead City and EPCOR. He said the citizens of Bullhead City were on the top of the

city's chart, and said the City of Edmonton was on the top of EPCOR's chart. He said their corporate allocation was paid to their Chairman and higher ups in the City of Edmonton. He said the city would save money by not having to pay any corporate allocation expense, or for billing software. He said the city was against the proposed consolidation in order for Bullhead City residents to not have to pay for other community's water services.

City Manager Cotter said EPCOR posed some questions in a newspaper ad. He said the question was, "Where is the plan?" He said the city could afford the \$130 million purchase price to buy EPCOR. He said the city did not know the answer to the question about the purchase price because EPCOR would not talk to the city about it. He said the price would be determined in an Arizona court of law when the city would win the condemnation. He said there were 26 people employed by EPCOR within the city. He said there was a multitude of processes that would need to take place and said it was premature to ask the question about the number of jobs lost or transferred. He said EPCOR pays \$400,000 in property taxes in Bullhead City which was actually paid by the rate payers in Bullhead City. He said the loss of millions of dollars in taxes was not a true statement. He said the biggest issue was debt service; and said in order to determine water rates, the debt service needed to be determined. He said they were not proposing a property tax bond, and said property taxes would not increase. He said no municipal services would be cut throughout the process. He said they could not guarantee what the rates would be at this point because they did not know what the purchase price and debt service (acquisition cost) would be.

City Manager Cotter said approval of the resolution did not obligate the City Council to take any action to condemn or acquire EPCOR in the future.

Mayor Brady said EPCOR, in 2015, raised rates by 35 percent, and said they were now proposing another 49 percent increase. He said the average income in Bullhead City was \$36,000 and the average income in Paradise Valley was \$151,000. He said the citizens of Bullhead City could not afford to pay these higher rates. He said he understood that EPCOR was a for-profit corporation. He said EPCOR wanted the city to be a part of eleven water districts in the valley and pay an additional \$4 per month. He said a public meeting was held in front of an Arizona Corporation Commissioner (ACC) Tobin was packed with local people discussing their opposition to the proposed rate increase. He displayed a slide show presentation that showed the differences between the operating facilities in Mohave County and those in the valley (Maricopa County). He said the slides showed the valley's elaborate new tanks and facilities, landscaping areas, and parking lots with high expenses. He said Bullhead City's water service was just pumped from a well and the water tanks were surrounded by a chain link fence. He said EPCOR was proposing a consolidation wherein the rates would be increased across the state regardless of where citizens lived, regardless of what the city's operating system costs were, and regardless of what the city's citizens could afford

Mayor Brady said he was totally opposed to consolidation; but said he might be fine with the stand alone rate of \$38, and said they were still exploring this. He said they made their pleas to the administrative law judge at the rate case hearing in Phoenix last week. He said what really upset him was the ACC staff member's recommendation that the consolidation efforts were in the best interest of everyone. He said EPCOR was spending \$800,000 on the rate case. He said if approved, EPCOR could combine all eleven of the consolidated systems, including those in Mohave County. He said the city would then have no voice regarding their water rates in the future. He said their water attorney made the comment that the city should buy the EPCOR water

service at any cost, as water rates could skyrocket and the city would have no control over its own destiny. He said he believed the future of Bullhead City's water rights should be protected. He said the ACC members had already made up their minds before they even heard from Bullhead City as to what would happen. He said the city's future is water, the city's future growth is water, and they needed to have control over it for the best interest of the citizens of Bullhead City.

Shawn Bradford, Vice President of Corporate Services for EPCOR Water, said the company was ordered to file the rate case and ordered to propose a consolidation option. He said they chose the statewide consolidation option because that was the decision rendered in the last rate case by the ACC. He said the city missed the window to intervene and sat on the sidelines for six months. He said the company wrote a letter in support of the city's intervention in the rate case late in the process. He said the city's comments were being listened to by the administrative law judge. He said they initially requested a rate that changed throughout the rate case process due to the input of other parties in the case. He said the largest reduction was due to the new decrease in corporate tax rates. He said the proposed rate for the Mohave Water District (majority of the city - 18,000 customers) and the North Mohave Water District (about 3,000 customers) was \$40.82 based on a residential customer using less than 7,000 gallons per month. He said the new consolidated rate was less than a \$3.00 increase in the Mohave Water District. He said the new rate for the North Mohave Water District would decrease slightly from the current rate. He said the new rate for that district would be reduced from \$45.11 to \$40.82. He said all of their information was fully disclosed in the rate application, and said the rate of return requested was 6.83 percent. He said the city took no position on their rate of return and other issues.

Mr. Bradford said city staff previously met with EPCOR representatives and walked through the condemnation process. He said the city would need to demonstrate that condemnation was in the best interest of the city. He said they believed the citizens of the city would lose in a condemnation. He said they believed the system was worth at least \$130 million. He said they did everything they could to work with the city in the rate case. He said the city as an intervener could propose their own scenario and have that heard by the judge, but said the city had not proposed anything. He said they held three community meetings regarding the rate case and said a total of 110 people showed up. He said only 315 signatures were submitted by a citizens' committee. He said they filed an information request with the city on April 9th and had not received a response.

City Manager Cotter said the citizens getting initiative signatures were told that regardless of how many signatures they submitted, the city would duplicate their efforts on the ballot. He said the most precious asset of Arizona was water, and said it needed to be protected. He said they would not do a lot of work for EPCOR proposing alternatives; and said EPCOR should be proposing the options, not the city. He said the judge directed EPCOR to look at consolidation "options."

Mayor Brady asked if the city made a profit from its utilities. City Manager Cotter said the city made zero profit and had no corporate allocation.

Mayor Brady opened the public hearing.

Daniel Christian, a resident of Bullhead City, spoke in opposition to the city's acquisition of EPCOR Water.

Eva Corbett, a resident of Bullhead City, spoke in support of the condemnation effort.



Gary Hayes spoke in opposition to the city's acquisition of EPCOR Water.

Dave Evans, EPCOR employee, spoke in opposition to the city's acquisition of EPCOR Water.

James Lands, EPCOR employee, spoke in opposition to the city's acquisition of EPCOR Water.

Wayne Russell, EPCOR employee, spoke in opposition to the city's acquisition of EPCOR water.

Charles Pfeiffer, Bullhead City resident, said no decisions could be made without knowing what the system was really going to cost.

David Lords said the proposed increased water rates would also greatly impact the local businesses and the city's future economic development. He spoke in support of the resolution.

Fred Lamb said the EPCOR employees were good people and worked very hard at their jobs for many decades.

Ricky Edwards, EPCOR employee, asked if there was a plan to pay the borrowed money back.

Carl Brunson, Bullhead City resident, said he took the same position as Mayor Brady. He said EPCOR decided in 2011 that in order to make a profit they would buy only state-regulated companies in the United States.

Curtis Manick spoke in support of the city's acquisition of EPCOR Water.

Chet Evo, EPCOR employee, spoke in opposition to the city's acquisition of EPCOR Water.

Sean Rasmussen, EPCOR employee, spoke in opposition to the city's acquisition of EPCOR Water.

Having no one else present wishing to speak, Mayor Brady closed the public hearing.

Mayor Brady said all of the EPCOR employees were an asset to the community and their services were valued. He said the City Council represented the citizens of the community, not EPCOR.

Council Member Clark said he was familiar with the city's water system and its employees. He said he had worked on a number of water issues all over the state. He said the city currently had a total debt load of \$30 million. He said in order to purchase EPCOR that amount would go up at least two and one half times. He said today they were "kicking the can" down the road at this time, and said the resolution tonight was a way to poll the community through a ballot measure. He said they would make an educated and informed decision. He said a separate consolidated Mohave rate and a consolidated Maricopa rate would make much more sense. He said it did not make any sense to have only one consolidated rate and said they needed to work harder to bifurcate the two rates. He said it would not make sense to purchase the water company and then have to charge higher rates because of a higher debt load. He said they would continue to gather more information.

**MOTION:** Council Member Clark made a motion to adopt Resolution No. 2018R-42 calling for a vote of the electorate on the issue of authorizing the City Council to acquire EPCOR Water Arizona and the issuance of bonds for the purchase/acquisition; and revise the ballot language (Line 3) to read, "...in and around City corporate limits ...", deleting the words, "immediately adjacent to." Council Member Shutts seconded the motion.

**VOTE:** AYES: Brady, Bruck, Clark, D'Amico, Ring, Shutts, Wegmann NAYS: None  
ABSENT: None

**MOTION CARRIED**

8. Discussion and possible action to approve Resolution No. 2018R-43 supporting the Arizona Department of Transportation's (ADOT) application to assume environmental review responsibility from the Federal Highway Administration (FHA). (City Manager Cotter)

City Manager Cotter said ADOT was applying to assume all of the Federal Highway Administration responsibilities for environmental review, resource agency consultation, and other environmental regulatory compliance related actions pertaining to the review or approval of projects in Arizona. He said they believed that ADOT jurisdiction over these activities would increase efficient management of the projects, timeliness, and overall transparency of the review process.

Mayor Brady asked if anyone from the public wanted to speak. No one from the public spoke.

**MOTION:** Council Member Bruck made a motion to approve Resolution No. 2018R-43 supporting the Arizona Department of Transportation's (ADOT) application to assume environmental review responsibility from the Federal Highway Administration. Council Member D'Amico seconded the motion.

**VOTE:** AYES: Brady, Bruck, Clark, D'Amico, Ring, Shutts, Wegmann NAYS: None  
ABSENT: None

**MOTION CARRIED**

**COUNCIL REQUESTED ITEMS**

None

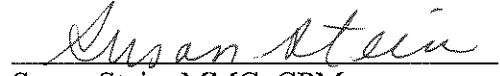
**ADJOURNMENT**

There being no further business to come before the Council, the Mayor declared the meeting adjourned at 7:34 p.m.

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct record of the regular meeting of the City Council of the City of Bullhead City held on the 24th day of July 2018. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 7th day of August 2018.

A handwritten signature in cursive script, reading "Susan Stein", written over a horizontal line.

Susan Stein, MMC, CPM  
City Clerk