

MINUTES
SPECIAL WORKSESSION/ROUNDTABLE
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CONFERENCE ROOM 190, YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
March 28, 2017
5:30 p.m.

CALL TO ORDER

Mayor Nicholls called the Special Budget Worksession to order at 5:33 p.m.

Councilmembers Present: Shelton, Wright, Miller, Knight, Thomas, Craft and Mayor Nicholls
Councilmembers Absent: none
Staffmembers Present: City Administrator, Gregory K. Wilkinson
Finance Director, Pat Wicks
Director of Public Works, Joel Olea
Various Department Heads or their representative
City Attorney, Richard W. Files
City Clerk, Lynda L. Bushong

I. CITY OF YUMA 2016-2017 AND 2017-2018 BUDGETS

Gregory Wilkinson, City Administrator, began his budget presentation citing the largest impacts to the budget:

- \$1.7 Million to the Public Safety Personnel Retirement System (PSPRS).
- \$250,000 increase to medical insurance.
- \$197,000 increase related to the minimum wage increase.

Wilkinson proposed the following amendments to the budget:

- \$50,000 to Greater Yuma Port Authority (GYPA).
- Implement an employee pay-for-performance plan starting January 1, 2018. The pay-for-performance plan would be contingent upon the second, not yet disclosed, major land sale which is expected to close in the next few months. The first major land sale, Almark Foods, had their groundbreaking ceremony this morning.

Wilkinson gave an overview of the following:

- Yuma University.
 - The University of Arizona (U of A) was one of the first schools to contact the City.
 - U of A has run out of space at Arizona Western College (AWC) and has had to rent space across the street.
 - Arizona State University (ASU) has also contacted the City and also wants to be part of the concept. A follow-up meeting with ASU's Vice President in Charge of Facilities has been scheduled.

- Hotel Del Sol.
 - The City owns the Hotel Del Sol.
 - After sitting for many years, the City would like convert the hotel into a Multi-Modal Transportation Center and a few years back began applying for Transportation Investment Generating Economic Recovery (TIGER) Grants.
 - The City was hopeful this last round that they would be awarded TIGER Grant funding when it made it to the Secretary of Transportation's desk. Unfortunately, the City was not awarded the grant.
 - The current plan is to put in once more for the TIGER Grant, provided the TIGER Grant stays around.
 - Plan B would be to sell the property; and,
 - Plan C would be to demolish the structure.
 - The cost to demolish is substantial – around \$1 million.
 - The TIGER Grant applied for was for \$11 million.
- San Carlos Hotel.
 - The City has a major lien on this property.
 - Even though the City has not been paid, the City cannot take the property back until 2020 due to the way the contract was written.
 - It is probable that the San Carlos Hotel will be coming back to the City in 2020.
- Union Pacific Railroad Co.
 - There have been some initial conversations with Union Pacific on the old railroad buildings. It is anticipated that Union Pacific will be moving towards awarding a contract to demolish those buildings.
 - The City will have some follow-up conversations with Union Pacific regarding the strip of property north of the Veteran's Memorial as the City is interested in improving that property.
- Riverfront.
 - The City is going forward with the National Parks Assessment
 - A third beach and walking paths are being put in.
 - The name change to Colorado River State Historic Park is underway.
 - A new plan for the wetlands as well as other public/private partner ventures and a \$10 million grant request for bank restoration up to the Imperial Dam is in the works.
- Parks.
 - The Pacific Avenue Athletic Complex (PAAC) is well underway.
 - The City has received grants and will proceed with installing air conditioning and insulation at the Joe Henry Gym buildings.
 - Grants are being applied for the additional work that will need to be done, including outside basketball courts.
 - A Black Box Theatre is going in down by the Art Center, because the theatre is booked through the Spring.
 - A Desert Hills Golf Course business plan has been drafted and it is anticipated to make some significant changes to the revenue stream.
 - Additional marketing is being done to get more events scheduled at the Civic Center.

- Streets.
 - Additional money has been placed in the CIP for streets due to money made on property sales.
 - This year will concentrate on maintenance and design work.
 - Next year will be actual replacement.
 - The goal is to keep up the collector roads and arterial roads.
 - The cost savings of installing LED Streetlights will be significant – approximately \$600,000 per year. The contract is executed through Siemens, and then Siemens will put out a Request for Proposals (RFP) for local companies to submit bids.
 - Smart City Deployment.
 - Marketing is being done to increase our recycling which will save money.
 - Our recycling contact runs through 2020. Currently we have a 90/10 split where the City receives 10% of the revenues from the recyclables.
 - This split was agreed upon to pay for the 21,000 blue trash cans (\$60 per can) which were received up front.
 - Beginning in 2020 the City will get a better deal on the recycling.
- Engineering.
 - The execution of projects has improved this past year.
 - Design work is being done to start more asphalt replacement starting with FY18.
 - The Fleet Maintenance Shop is moving forward.
 - The City is looking into outsourcing fuel.
- Police Department.
 - The employment of sworn officers is back up; however, they are young.
 - One of the goals is to keep up with the pay which is one of the reasons the pay-for-performance is being implemented.
 - Vehicle replacement is still an issue. There is money in this year's budget to replace a number of vehicles.
 - After July public safety employees will be hired into tier III of PSPRS, which will significantly save us some money.
 - No cuts or amendments have been made to the Police Department budget this year.
- Fire Department.
 - A grant is being looked at for funding new positions.
 - Evaluations are being done on Fire Station 4 in terms of plumbing and electrical and whether it is more feasible to remodel or replace. It is a remodel in the budget but it may be cheaper replace it in the long run.
 - Fire Station 7 is several years out in the budget.

- Utilities.
 - Land acquisition and construction for a new building.
 - Figueroa Plant:
 - The drying beds at the Figueroa Plant have been put off as it costs the City about \$1 million a year for the waste to be removed from the premises.
 - One initiative was for solar drying beds. The waste is then removed and sold as fertilizer.
 - There is hesitancy right now due to a fly study. The fly counts are up significantly in the area and we do not want to contribute to the problem.
 - An analysis on capturing the methane gas coming off the plant to possibly power the plant was sent to Southwest Gas to see if they are interested in partnering.
 - We are not doing anything with the Agua Viva Lake at this time, but the project was reviewed.
- Attorneys.
 - The Prosecutor's Office, currently in the old APS building, will be moved across the street into the warehouse which was modified for that purpose.
- Administration.
 - Working on better partnerships with the Yuma Visitor's Bureau on marketing and tourism along with our marketing group.
 - The cost impacts of PSPRS and roads are a significant problem that will get worse every year.
 - Working with the attorney's office and other departments to streamline processes.
 - The City will need to make a decision regarding the property at the southwest corner of 16th and 4th Avenue when construction is completed.
 - City will continue to selling excess property.
 - A standing committee has been put together to look at our medical costs as they continue to go up.
 - City needs to regulate when asphalt can be cut on new road projects – staff proposal is 3 years. Companies are coming in right at the 3-year mark and we've got to find a way to not hinder new projects but to also stop that asphalt from being ruined. It is a 30-year asphalt but when it is cut at 3 years it can become a problem.
- Department of Community Development
 - Infill ordinance forthcoming
 - City received the H2A ordinance that was returned from the AG group. This will be included in the budget.

Wilkinson wrapped up his presentation by stating that the budget consists mostly of necessities, and there were very few new items included in this year's budget. **Wilkinson** did express concerns about future years and issues such as minimum wage and PSPRS, but requested discussions about direction of how to proceed in these matters be placed on a future agenda.

In lieu of a presentation **Wicks** went right in to answering budget questions from Council.

Discussion between **Thomas, Wicks** and **Wilkinson**:

- Approximately \$1 million in Highway User Revenue Funds (HURF) have not been replaced each year.
- When preparing the budget, the number used for HURF funds is the same as what was received last year. The CIP budget is prepared on the conservative side.
- The proposed pay-for-performance, to be implemented January 1, 2018, is a significant incentive for the employees.

Discussion between **Wright** and **Wicks**:

- When talking about the property tax rate, a house valued at \$100,000 would see a decrease of roughly \$1.00.
- Sales tax:
 - Sales tax is the largest piece of our revenue stream in the general fund.
 - You must use caution when doing year-to-year comparisons.
 - Sales tax rates have not changed in many years.
 - When comparing sales tax in 2005 to 2017, there is a “housing” bubble during which revenues grew dramatically - primarily in 2007-2008.
 - The total sales tax collection this last year has exceeded that largest number (2008).
 - Sales tax has returned to its rate of incline which reflects improved economy and growth in the City.
 - The sales tax increase for next year is based on what is anticipated this year, which is 3.5% - 4% and is the same range used for several years.

Discussion between **Miller, Wicks** and **Wilkinson**:

- The tax levy is increasing by 2% in this budget.
- A pivot table (an excel spreadsheet) will be shared with City Council so they can see additional detail when reviewing the budget.
- Two-percent funding has been added to help fund the golf course
- The restaurant side of the golf course is now making money.
- A business plan is in the works to bring down the costs of the golf course. The City is not in the business of making a profit on the golf course, but they also do not want to lose money.
- Design work is being done to execute the repaving of our roads in 2018.

Discussion between **Shelton** and **Wilkinson**:

- The City of Yuma has gone in and out of membership with the Port Authority on a couple of occasions due to differences in the direction of the Port Authority.
- **Shelton** expressed frustration with the Arizona Department of Transportation (ADOT) and the roundabouts they are constructing on Giss Parkway as well as on 9E when our streets are in such poor condition.

Discussion between Wright, Wicks, Wilkinson and Mayor Nicholls

- The money saved by paying down debt goes back into the appropriate account. For example, savings on bonds paid for out of HURF or Road Tax goes back into those funds. WIFA bonds go back into the utilities enterprise fund.
- Pay-for-Performance was by City Council direction. Department Heads have been doing evaluations for many years and this year an electronic pay-for performance system was implemented. Employees were informally surveyed about the pay-for-performance and **Wilkinson** admits there was not a 100% buy-in in the beginning.
- In terms of growth, within our City, being inhibited by regulations, **Wilkinson** stated most are handled on a case-by-case basis. Also, an In-fill Ordinance, coming before Council, should offer some positive things.

Discussion between Knight, Wilkinson and Olea:

- In terms of outsourcing oil changes and tire rotations, it is something that has, and can be again, looked into. However, both oil changes and tire rotations are some of the simpler duties of the mechanics. One of the benefits of our mechanics doing this routine maintenance is the mechanics are also doing an inspection on the vehicle at the same time.
- The City is looking at outsourcing the fuel and will see when the bids come back whether there is a cost savings in doing so.

Discussion between Shelton and Wilkinson:

- Funding from a private foundation has been sought to do improvements at the Quartermaster Depot, which will soon be called the Colorado River State Historic Park, with a goal to getting the park to a point where it can sustain itself.
- The City of Yuma took the lead in the Fairgrounds Relocation Study at the request of, and as part of our partnership with, the Marine Corps Air Station.
- Through the City's efforts, the money for the study was raised. The City, however, will not be involved in the actual relocation of the fairgrounds
- It is important to budget employee time as well as money.

Discussion between Wright, Wilkinson and Mayor Nicholls

- The reduction in funding to the Visitor's Bureau from \$650,000 to \$400,000 came from guidance at the retreat.
- The Two Percent tax requires the City to spend \$400,000 on conventions and tourism.
- The City employs four marketing specialists one in each of the following departments:
 - Art Center
 - Civic Center
 - Parks and Recreation
 - Administration
- This is the preliminary budget and the amount we are starting from for the Yuma Visitor's Bureau. All opportunities are being explored.

Mayor Nicholls asked City Council about the next two nights of scheduled budget meetings and it was the consensus to cancel the next two nights of budget meetings in lieu of a meeting at a

later date in order to have time to review the budget further as well as hear comments from the Citizen's Committee put together to review the budget.

Wilkinson asked if there was any objection to keeping the adoption of the preliminary budget, which sets the ceiling for the budget, on the agenda for next week's regular council meeting. No objections were heard.

II. ADJOURNMENT/EXECUTIVE SESSION

The meeting adjourned at 7:12 p.m.

Lynda L. Bushong, City Clerk

APPROVED:

Douglas J. Nicholls, Mayor