

MINUTES
REGULAR CITY COUNCIL MEETING
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY COUNCIL CHAMBERS, YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
JANUARY 17, 2024
5:30 p.m.

CALL TO ORDER

Mayor Nicholls called the City Council meeting to order at 5:32 p.m.

INVOCATION/PLEDGE

Mayor Nicholls gave the invocation. **Randy Crist**, Director of Building Safety, led the City Council in the Pledge of Allegiance.

ROLL CALL

Councilmembers Present: Morales, Smith, Knight, Morris, Shoop, Shelton, and Mayor Nicholls
Councilmembers Absent: None
Staffmembers Present: Acting City Administrator, John D. Simonton
Director of Engineering, Dave Wostenberg
Director of Utilities, Jeremy McCall
Deputy City Attorney, Rodney Short
Various Department Heads or their representative
City Attorney, Richard W. Files
City Clerk, Lynda L. Bushong

FINAL CALL

Mayor Nicholls made a final call for the submission of Speaker Request Forms for agenda related items from members of the audience.

Reading of Anti-Human Trafficking Month Proclamation

Mayor Nicholls read a proclamation declaring January 2024 Anti-Human Trafficking Month. **Mayor Nicholls** urged all residents, churches, and schools of the City of Yuma to work together, and take a stand, to eliminate human trafficking from the community.

I. MOTION CONSENT AGENDA

Motion (Smith/Morales): To approve the Motion Consent Agenda as recommended. Voice vote: **approved** 7-0.

A. Approval of minutes of the following City Council meeting(s):

Regular Council Worksession	December 19, 2023
Regular Council Meeting	December 20, 2023

B. Executive Session

Executive Sessions may be held at the next regularly scheduled Special Worksession, Regular Worksession and City Council Meeting for personnel, legal, litigation and real estate matters pursuant to A.R.S. § 38-431.03 Section A (1), (3), (4), and (7). (City Atty)

C. Approval of Staff Recommendations

There are no additional motion consent items scheduled for approval at this time.

II. ADOPTION OF ORDINANCES CONSENT AGENDA

Ordinance O2024-001- Grant of Utility Easement: Fire Station at Avenue 8 ½ E (grant a utility easement near the intersection of Avenue 8 ½ E and Desert Springs Drive to Arizona Public Service (APS) for the installation of electric facilities necessary to serve the new City fire station) (Admn)

Mayor Nicholls declared a conflict of interest on Ordinance O2024-001 and left the dais. There being no questions or speakers on this item, **Deputy Mayor Morris** entertained a Motion for Adoption.

Motion (Knight/Smith): To adopt Ordinance O2024-001 as recommended.

Bushong displayed the following title:

Ordinance O2024-001

An ordinance of the City Council of the City of Yuma, Arizona, Authorizing the granting of a utility easement for the installation of new electrical facilities at City-owned property near the intersection of Avenue 8 ½ E and Desert Springs Drive (Installation of electric facilities necessary to serve the new City fire station) (Admn)

Roll call vote: **adopted** 6-0-1. (**Mayor Nicholls** declared a Conflict of Interest)

Mayor Nicholls returned to the dais.

Ordinance O2024-002 – Intergovernmental Agreement Amendment: Yuma County and Yuma County Airport Authority, Inc. (amend the intergovernmental agreement (IGA) between the City and Yuma County with signature consent by the Yuma County Airport Authority, Inc. for the 40th Street Lift Station and force main improvements) (Eng)

Discussion

- The amendment grants a necessary easement by the Yuma County Airport Authority and Yuma County for a manhole that extends outside the right of way, avoiding a \$150,000 change order for additional bypass pumping and different piping, to connect existing sewer lines to the new lift station. (**Shelton/Wostenberg**)

Motion (Morales/Morris): To adopt Ordinances O2024-002, O2024-003, and O2024-004 as recommended.

Bushong displayed the following titles:

Ordinance O2024-002

An ordinance of the City Council of the City of Yuma, Arizona, authorizing the amendment of an Intergovernmental Agreement with Yuma County and authorizing the acquisition of a new easement area necessary for the construction of a new sewer lift station and manhole near 40th Street and 4th Avenue (development of new sewer lift station and construction of a new manhole within the 40th street right of way) (Eng)

Ordinance O2024-003

An ordinance of the City Council of the City of Yuma, Arizona, authorizing the abandonment of a portion of a sanitary sewer line in exchange for a water utility easement (sanitary sewer line west of the manhole located at the intersection of 31st Drive and 24th Place) (Eng/Dev Eng)

Ordinance O2024-004

An ordinance of the City Council of the City of Yuma, Arizona, amending Chapter 154 of the Yuma City Code, rezoning certain property located in the Light Industrial/Infill Overlay (L-I/IO) District to the Low Density Residential/Infill Overlay (R-1-6/IO) District, and amending the zoning map to conform with the rezoning (approximately .15 acres, located at 1719 S. Madison Avenue) (Plng & Nbhd Svcs/Cmty Plng)

Roll call vote: **adopted 7-0**

Ordinance O2024-005 – Rezoning of Property: 1641 W. 10th Place (rezone approximately 1.33 acres from the Low Density Residential (R-1-6) District to the High Density Residential (R-3) District, for the property located at 1641 W. 10th Place) (Plng & Nbhd Svcs/Cmty Plng)

Mayor Nicholls and **Deputy Mayor Morris** declared a conflict of interest on Ordinance O2024-005, turned the meeting over to **Mayor Pro Tem Knight** and left the dais. There being no questions or speakers on this item, **Mayor Pro Tem Knight** entertained a Motion for Adoption.

Motion (Morales/Smith): To adopt Ordinance O2024-005 as recommended.

Bushong displayed the following title:

Ordinance O2024-005

An ordinance of the City Council of the City of Yuma, Arizona, amending Chapter 154 of the Yuma City Code, rezoning certain property located in the Low Density Residential (R-1-6) District to the High Density Residential (R-3) District, and amending the zoning map to conform with the rezoning (approximately 1.33 acres, located at 1641 W. 10th Place) (Plng & Nbhd Svcs/Cmty Plng)

Roll call vote: **adopted 5-0-2** (**Mayor Nicholls** and **Deputy Mayor Morris** declared a Conflict of Interest)

III. INTRODUCTION OF ORDINANCES

Bushong displayed the following title(s):

Ordinance O2024-006

An ordinance of the City Council of the City of Yuma, Arizona, amending Chapter 154 of the Yuma City Code, rezoning certain property located in the Light Industrial/Infill Overlay (L-I/IO) District to the Medium Density Residential/Infill Overlay (R-2/IO) District, and amending the zoning map to conform with the rezoning (approximately 14,000 sqft. of undeveloped property located at 1010 and 1012 S. 2nd Avenue) (Plng & Nbhd Svcs/Cmty Plng)

FINAL CALL

Mayor Nicholls made a final call for the submission of Speaker Request Forms from members of the audience interested in speaking at the Call to the Public.

IV. PUBLIC HEARING

MC 2024-008 – Public Hearing: Proposed Increases to Water and Wastewater Utility Rate Charges and Fees and Reinstatement of the Water Resource Trust Fund Surcharge (following a public hearing, staff is seeking City Council’s recommendation for the preferred water and wastewater rate charge and fee schedule including reinstatement of the Water Resource Trust Fund Surcharge, which will be presented as separate resolutions at a future City Council meeting) (Utl/Admn)

Mayor Nicholls opened the public hearing at 5:46 p.m.

McCall introduced **Dan Jackson** from Willdan Financial Services (Willdan) who gave a briefing on Water and Wastewater rate changes, the utilities long-term Financial Plan, and answered questions.

Jackson presented the following:

- Willdan has been the City’s water and wastewater rate consultants for going on 20 years
- In 2023 Willdan prepared a long-term rate study and financial plan; this is the 4th plan that Willdan conducted for the City
- As part of the plan, costs, expected growth and capital needs for the future were looked at
- A Notice of Intent to adjust water and wastewater rates was adopted by the City after Willdan developed a series of rate recommendations in November 2023

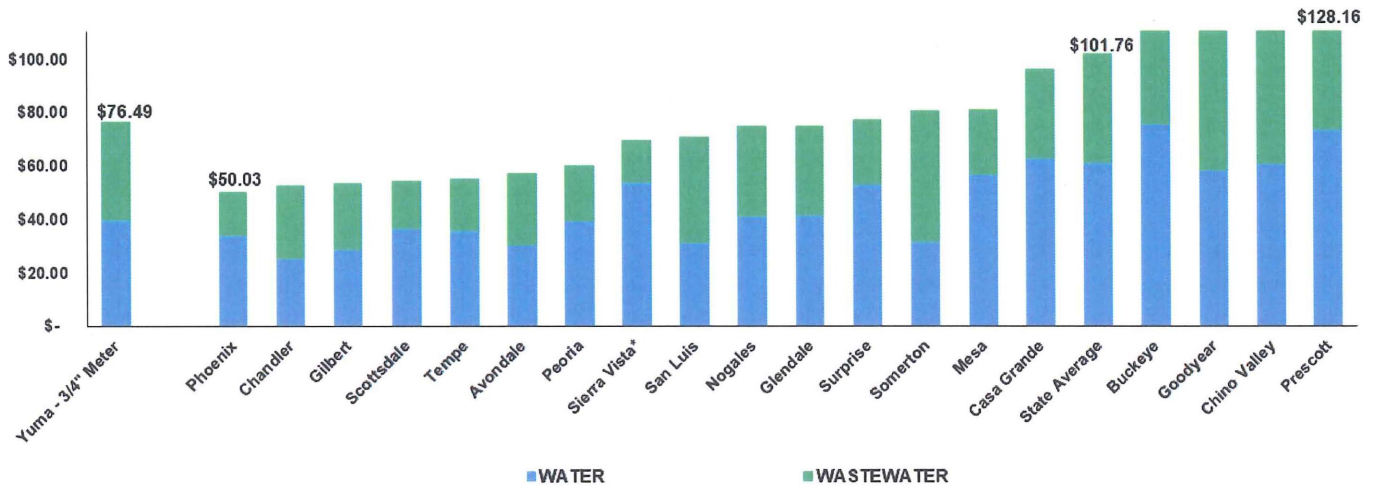
City of Yuma Rate History

- The City’s last water and wastewater rate adjustment was in January 2019
 - The average utility in the United States is increasing water and wastewater rates by 5% to 6% every year
- Yuma’s average monthly residential inside City charge is currently 25% below the average for the state of Arizona
- Operating costs continue to increase every year, primarily for reasons beyond the City’s control
 - Inevitably higher costs pass through to the rate payers
 - The City is not making a profit from water and wastewater rates, only seeking reimbursement from ratepayers for providing a service

- To keep rates low, some cities are not investing in their systems to ensure quality. Low rates are not always the best rates
- City must meet certain financial requirements as part of its debt obligations (i.e., debt coverage)

Monthly Residential Charge Comparison

**Monthly Residential Charge Comparison
 10,000 Gallons Water and 5,000 Gallons Wastewater**



- The average residential ratepayer in the City of Yuma uses about 10,000 gallons of water in a month, which costs \$76.49 for both water and sewer service
- Although the majority of the City of Yuma’s utility customers are residential, the City has a very sound commercial base

**Water and Wastewater Accounts
 December 2022**

WATER Customer Accounts

Residential Inside City	26,823
Residential Outside City	2,781
Multi Family Inside City	651
Multi Family Outside City	205
Commercial Inside City	2,380
Commercial Outside City	399
Irrigation Inside City	702
Irrigation Outside City	9
Total Accounts	33,950

WASTEWATER Customer Accounts

Residential Inside City	24,430
Residential Outside City	1,214
Non Residential Inside City	2,375
Non Residential Outside City	158
Industrial Inside City	18
Industrial Outside City	-
Total Accounts	28,195

Forecast Financial and Rate Plan

Key Assumptions Driving Forecast Financial and Rate Plan

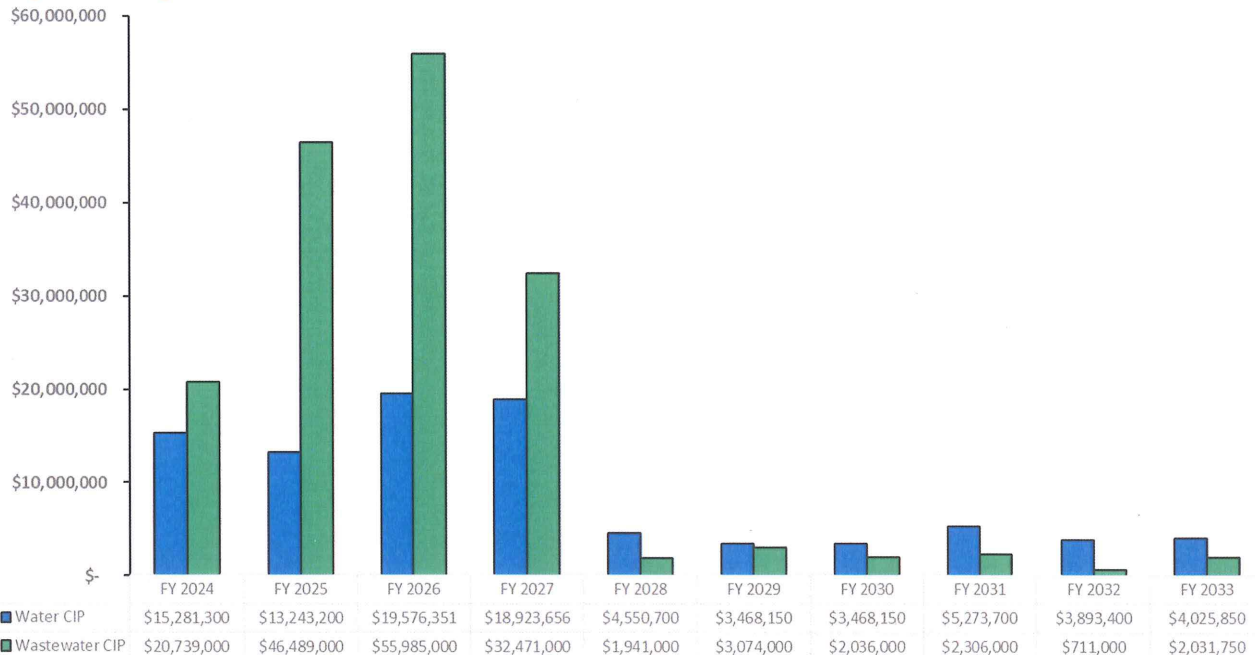
- Based on FY 2024 Budget Projections
- Robust growth will moderate need for rate adjustments
- Inflation adjustment assumed to be 5.0% through FY 2025; afterward returns to 3.0%
- Certain expenses increase at higher rates and/or are tied to increases in accounts/volumes
- No significant increases in personnel levels or extraordinary operating expenses
- Funding of \$259.5 million Capital Improvement Plan is most critical component of rate plan



- A forecast is a prediction based on a series of reasonable assumptions and not a guarantee
- Forecasting for a long-term financial plan:
 - Based on the City’s budget with a proportional cost increase
 - Estimated yearly growth of the City, which is about 300 to 400 new accounts per year
 - Water system inflation is approximately 3% to 4% each year
 - Higher water utility costs: chemicals, electricity, insurance, workers compensation
 - \$260 million Capital Improvement Plan over the next 10 years to fix, repair, replace and expand the existing water and wastewater system

Capital Improvement Plan

Capital Improvement Plan: FY 2024 – FY 2033



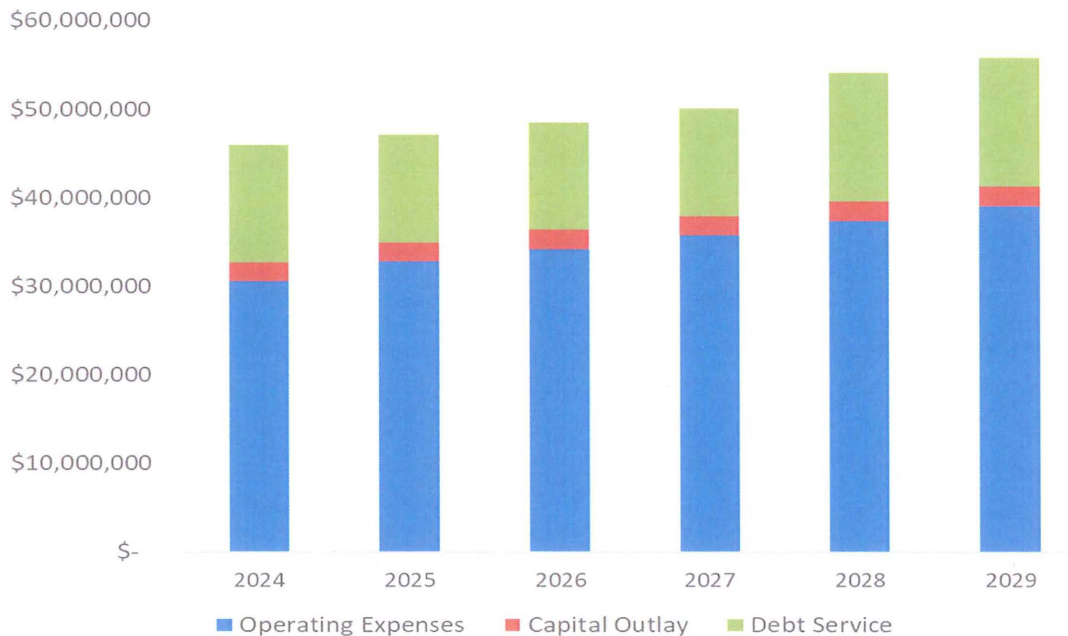
- Most of the Capital Improvement Plan will take place in the first four to five years of the 10-year plan
- The rate plan needs to be adjusted now due to the City issuing more debt and doing more capital improvements in the next five years

Capital Improvement Plan: Funding Sources:

- The City has been disciplined in financial management, and as a result the City has the ability to absorb capital expenses without significant rate increases for ratepayers
- Of the \$260 million in capital improvements, about \$5 million is expected to be funded through grants, almost \$100 million will be funded by existing funds set aside by the City, and \$83 million is from debt that was issued in 2021
- New debt for Capital Improvement Projects is forecasted to be around \$37 million; this amount will not have a significant impact on the Capital Improvement Plan, which keeps the rates lower than they otherwise would have been

Forecast Water and Wastewater Cost of Service

Forecast Water and Wastewater Cost of Service



- The City is currently incurring about \$46 million in costs to run the water system; it is forecasted to increase to approximately \$55.8 million by 2029, so it is recommended to implement a new rate plan to fund those costs
- Recommend an implementation of a 5-year plan
- Rate adjustments to be effective on January 1st of each year 2024-2028
 - The effective date for year 2024 will be somewhere in February or March

Rate Plan Scenario I – Status Quo

**Rate Plan Scenario I: Status Quo – Inside City
 FY 2024 – FY 2028**

Description		Current	Effective Jan-24	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28	
Base Charge								
W A T E R	All Customer Classes - By Meter Size							
	5/8" x 3/4"	\$ 17.82	\$ 18.35	\$ 18.91	\$ 19.47	\$ 20.06	\$ 20.66	
	1"	21.56	22.21	22.87	23.56	24.27	24.99	
	1 1/2"	27.93	28.77	29.63	30.52	31.44	32.38	
	2"	34.26	35.29	36.35	37.44	38.56	39.72	
	3"	62.09	63.95	65.87	67.85	69.88	71.98	
	4"	93.72	96.53	99.43	102.41	105.48	108.65	
	6"	172.79	177.97	183.31	188.81	194.48	200.31	
	8"	251.83	259.38	267.17	275.18	283.44	291.94	
	Usage Charge per hcf							
	Residential							
	0 - 10	1.56	1.61	1.66	1.70	1.76	1.81	
	11 - 30	1.83	1.88	1.94	2.00	2.06	2.12	
31 - Above	2.10	2.16	2.23	2.29	2.36	2.43		
Multi-Family								
0 - 5	1.56	1.61	1.66	1.70	1.76	1.81		
6 - 13	1.83	1.88	1.94	2.00	2.06	2.12		
14 - Above	2.10	2.16	2.23	2.29	2.36	2.43		
Commercial and Irrigation								
All Usage	1.75	1.80	1.86	1.91	1.97	2.03		
Automated Metering Infrastructure Fee								
Per Meter	-	1.00	1.00	1.00	1.00	1.00		
W A S T E W A T E R	Residential							
	Monthly Charge	\$ 36.91	\$ 38.39	\$ 39.92	\$ 41.52	\$ 43.18	\$ 44.91	
	Non-Residential							
	Base Charge	4.74	4.93	5.13	5.33	5.55	5.77	
	Usage Charge Per hcf	2.10	2.18	2.27	2.36	2.46	2.55	
	Industrial							
	Usage Charge Per hcf	2.10	2.18	2.27	2.36	2.46	2.55	
BOD per lb	0.30	0.31	0.32	0.34	0.35	0.36		
TSS per lb	0.30	0.31	0.32	0.34	0.35	0.36		

- Assumes no change in rate structure; uniform percentage adjustments for base and usage charges
 - Increases the rate in place by a straight percentage each year
- Higher adjustments required for wastewater to recover its cost of service
 - Rate adjustments are going to be a bit higher for wastewater because the capital needs are higher
- Addition of an Automated Metering Infrastructure (AMI) fee
 - Implement an AMI fee of \$1 per connection
- Most ratepayers have a 5/8" x 3/4" meter and pay a base charge of \$17.82 per month for water; this rate will increase by 50 cents each year for five years, and will be higher for larger meters
- The higher the water usage, the more the ratepayer pays; this is intended to encourage conservation by providing a financial disincentive for greater amounts of water usage
 - The City currently has three water usage tiers: 0-10 units, 11-30 units, and 31 units and above
 - The average ratepayer uses 13 units, or 1,300 cubic feet of water a month
- Customers currently pay \$75.82 a month for water and wastewater services; their monthly bill will increase by \$2.64, which is about a 3.5% increase

- Water rates will steadily increase on the five-year plan
- Ratepayers pay a flat fee of \$36.91 a month for wastewater service; monthly rates will go up by about \$1.50 each year for the next five years

Impact on Monthly Charges

**Rate Plan Scenario I – Impact on Monthly Charges
 FY 2024 – FY 2028 (Inside City)**

		Current	Effective Jan-24	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28
Residential 3/4" Meter (Inside City)							
<u>Water hcf</u>	<u>VVV hcf</u>						
7		\$ 65.65	\$ 67.99	\$ 70.41	\$ 72.92	\$ 75.53	\$ 78.22
Increase -- \$			2.34	2.42	2.51	2.60	2.70
Increase -- %			3.6%	3.6%	3.6%	3.6%	3.6%
13		\$ 75.82	\$ 78.46	\$ 81.20	\$ 84.04	\$ 86.97	\$ 90.01
Increase -- \$			2.64	2.74	2.84	2.94	3.04
Increase -- %			3.5%	3.5%	3.5%	3.5%	3.5%
20		\$ 88.63	\$ 91.66	\$ 94.79	\$ 98.03	\$ 101.39	\$ 104.86
Increase -- \$			3.03	3.13	3.24	3.36	3.47
Increase -- %			3.4%	3.4%	3.4%	3.4%	3.4%
Commercial - 1 1/2" Meter (Inside City)							
80	80	\$ 340.67	\$ 352.62	\$ 364.99	\$ 377.81	\$ 391.09	\$ 404.84
Increase -- \$			11.95	12.38	12.82	13.28	13.75
Increase -- %			3.5%	3.5%	3.5%	3.5%	3.5%

NOTE: Does not include AMI Fee

- Under this plan ratepayers will see a monthly increase of \$2 to \$3 for the next five years, generating revenue of about \$260 million that can be used for capital improvements and investment funds for the future of the City

Rate Plan Scenario II: Conservation

- Implements a fourth water usage tier to encourage conservation by moving more of the cost to the volume rate
- No increase on the minimum charge over the next five years
- Impact: lesser adjustments for low volume users, higher adjustment for high volume users
 - Ratepayers using 200 or 300 units a month will see a minimal increase to their monthly bill
- No change to commercial rates
 - Commercial ratepayers will pay a flat fee rate
- Wastewater Rates same adjustments as Scenario I
- The only disadvantage of the conservation rate is that it puts more of the revenue recovery on the volumes, which in turn affect the City's bottom line
- When deciding to implement a conservation rate, having sufficient revenue recovery is imperative

Rate Plan Scenario II: Inside City

**Rate Plan Scenario II: Inside City
 FY 2024 – FY 2028**

Description		Current	Effective Jan-24	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28
		Base Charge					
W A T E R	All Customer Classes - By Meter Size						
	5/8" x 3/4"	\$ 17.82	\$ 17.82	\$ 17.82	\$ 17.82	\$ 17.82	\$ 17.82
	1"	21.56	21.56	21.56	21.56	21.56	21.56
	1 1/2"	27.93	27.93	27.93	27.93	27.93	27.93
	2"	34.26	34.26	34.26	34.26	34.26	34.26
	3"	62.09	62.09	62.09	62.09	62.09	62.09
	4"	93.72	93.72	93.72	93.72	93.72	93.72
	6"	172.79	172.79	172.79	172.79	172.79	172.79
	8"	251.83	251.83	251.83	251.83	251.83	251.83
			Usage Charge per hcf				
	Residential						
	0 - 10	1.56	1.61	1.66	1.70	1.76	1.81
	11 - 20	1.83	1.93	1.99	2.05	2.11	2.17
	21 - 30	1.83	2.31	2.38	2.45	2.53	2.60
	31 - Above	2.10	2.78	2.86	2.95	3.03	3.13
	Multi-Family						
	0 - 5	1.56	1.61	1.66	1.70	1.76	1.81
	6 - 10	1.83	1.93	1.99	2.05	2.11	2.17
	11 - 15	1.83	2.31	2.38	2.45	2.53	2.60
	16 - Above	2.10	2.78	2.86	2.95	3.03	3.13
	Commercial and Irrigation						
	All Usage	1.75	1.80	1.86	1.91	1.97	2.03
	Automated Metering Infrastructure Fee						
	Per Meter	-	1.00	1.00	1.00	1.00	1.00

- Wastewater rates will stay the same under either scenario
- With conservation rates the minimum charge will stay the same until 2028
 - Essentially the minimum charge will have stayed the same for ten years
- An additional rate block will be added to the conservation rate, and the usage charge for the four rate blocks will get proportionately higher each year

Rate Plan Scenario II: Impact on Monthly Charges

**Rate Plan Scenario II – Impact on Monthly Charges
 FY 2024 – FY 2028 (Inside City)**

		Current	Effective Jan-24	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28
Residential 3/4" Meter							
Water hcf	WW hcf						
7		\$ 65.65	\$ 67.45	\$ 69.33	\$ 71.27	\$ 73.29	\$ 75.39
	Increase -- \$		1.80	1.87	1.94	2.02	2.10
	Increase -- %		2.7%	2.8%	2.8%	2.8%	2.9%
13		\$ 75.82	\$ 78.06	\$ 80.25	\$ 82.52	\$ 84.88	\$ 87.32
	Increase -- \$		2.24	2.19	2.27	2.36	2.44
	Increase -- %		3.0%	2.8%	2.8%	2.9%	2.9%
20		\$ 88.63	\$ 91.56	\$ 94.15	\$ 96.84	\$ 99.63	\$ 102.51
	Increase -- \$		2.93	2.60	2.69	2.79	2.89
	Increase -- %		3.3%	2.8%	2.9%	2.9%	2.9%
40		\$ 127.93	\$ 142.46	\$ 146.58	\$ 150.84	\$ 155.25	\$ 159.81
	Increase -- \$		14.53	4.12	4.26	4.41	4.55
	Increase -- %		11.4%	2.9%	2.9%	2.9%	2.9%

- Low volume users, about 6,000 gallons of water in a month, will see an increase in their monthly bill of about 2.7%; this is less than it would be under Scenario I
- The average volume user, about 10,000 gallon of water a month, would see about a 3% increase on their monthly bill
- The high-volume user, about 35,000 gallons of water in a month or more, will see a significant increase of about 11% on their monthly bill
- There are not very many customers who use 40 units (32,000-35,000 gallons) of water a month; to use this amount of water, the customer will pay a high premium

Rate Plan Scenario Comparison

- If customers use 15,000 gallons of water or less in a month, the monthly bill increase will be slightly less under the Conservation Rate Plan Scenario II than under the Status Quo Rate Plan Scenario I
- A lot of customers will benefit, and a few people will see an additional charge under a conservation based scenario
- Both scenarios will earn the City the same amount of money

Presentation Summary

- Adoption of a rate plan is not just a financial decision; it is a social and community decision, as it will impact each person differently
- Adoption of either rate plan will result in the continued financial health of the utility by enabling the City to invest \$260 million in the future of the City of Yuma

Reinstatement of the Water Resource Trust Fund

Short proposed the following:

- To reinstate the City’s Water Resource Trust Fund (WRTF) that was established by the City Council in 1988 by Resolution R2558 and implements a surcharge that protects Yuma’s water resources
- Setting tight parameters and following those parameters to a tee for allocating funds for:
 - Major legal expenses
 - Acquisition of water rights
 - Water supply enhancements
 - Legislative assistance
 - Water source protection information and education

<p>1988</p> <ul style="list-style-type: none"> • \$300,000 <ul style="list-style-type: none"> ○ 3.0% on residential and commercial • Two years 	<p>2024 (proposed)</p> <ul style="list-style-type: none"> • \$500,000 <ul style="list-style-type: none"> ○ \$1.00 per month residential (single family) ○ \$2.00 per month multifamily (with 50 cents per each dwelling unit capped at \$10.00 max per month for the dwelling units) ○ \$2.00 per month for each commercial ○ \$10.00 per month for each industrial • 15 months (projected)
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Speakers

- **Vinod Mohindra**, Chairman of the Water and Sewer Commission, informed Mayor and City Council that there was no one from the public in attendance at the public hearing held during the Water and Sewer Commission meeting on January 16, 2024, regarding the water rates increase, and the proposed rate plans. The Commission recommends the adoption of the Rate Plan Scenario II - Conservation rate plan, as they feel it will serve two purposes: it will keep the City financially healthy, and will conserve water for future use.
- **Greg Wilkinson**, City resident, expressed his support of the water trust fund, and recommended a sunset clause be put in place for the fund. **Wilkinson** recommended that capacity fees be tackled along with growth fees so that ratepayers are not subsidizing growth.

Discussion

- The WRTF has an automatic sunset clause. Once the \$500,000 has been collected in the WRTF, it will shut itself down. The projected time to collect this amount of money is 15 months. (**Mayor Nicholls/Wilkinson**)
- The original Desert Dunes plant has just been paid off with the capacity fees collected throughout the years. The new Desert Dunes plant expansion will be paid with the new projected capacity fees collected in the future. Capacity fees will also be looked at as the City goes through the Transportation Master Plan in about two years. (**Simonton/Wilkinson**)

Motion (Knight/Smith): To close the Public Hearing. Voice vote: approved 7-0. The Public Hearing closed at 6:22 p.m.

Discussion

- It is reasonable to assume that costs will continue to go up beyond the five-year period. In a ten-year rate model, rate adjustments will be slightly less in years 6 through 10 than they are today, but rates will continue to go up. In a realistic scenario, rates will continue to increase over a 10-year period. (**Morris/Jackson**)
- The Capital Improvement Plan covers both maintenance and potential future expansion. Expansion related expenses are included in rates because capacity fees are intended to reimburse a utility for growth related expenses; however, capacity fees are always a step behind. As a result, rates must be in place to issue the debt to do the expansion before recovering capacity fees to reimburse the City for the expansion. Capacity fees should be reviewed because that will minimize the burden on ratepayers. (**Morris/Jackson**)
- The bond issue will not impact the rate plan until the fourth year. In year 2027, if the bond does not need to be issued, the rates will be revisited to look at the last two rate adjustments and see whether the City can postpone or eliminate them. The expenses are still built into the model whether the City needs to use them or not. (**Morris/Jackson/Simonton**)
- If the bond issue was a guaranteed expense, acquiring the funds for that now saves interest. If it is an unknown expense, that is where the bonding allocation comes in and gives the City some flexibility in the future and does not over collect if it is not needed. (**Mayor Nicholls**)
- It is recommended to keep the rates modest versus increasing the rate to 5% in lieu of issuing debt. If we do not have to issue debt, then we can look at lower rates in years four, five, and beyond. (**Morris/Simonton**)
- Rate Plan I spreads the increase over the entire group of ratepayers. Because a family is low income or on a fixed income, it does not mean they will, or can use less water. There are large families

living paycheck to paycheck who might have 4, 5 or 6 children, or multiple family members living in the household, they are going to use more water and that family might not be able to afford more water. Everyone should take a little bit of the increase and spread it over. **(Knight)**

- Conservation rates have been very popular, it is estimated that 80% of utilities in the United States have some form of conservation rate in place. Populations continue to increase but sources of freshwater do not. Water is becoming more of a critical issue and more cities are looking at more aggressive conservation rates. **(Smith/Jackson)**
- In an apartment setting the water bill is either absorbed as part of the rent, or there is an individual bill. Generally, most of the larger units are going to be in the higher tier, this is one of the drawbacks of a conservation rate. In an apartment complex, there is no ability to influence an individual's usage, unless each apartment has its own meter. **(Shelton/Jackson)**
- Larger apartment complexes try to conserve by changing their landscape. Many will move away from grassy lawns and add gravel. **(Mohindra)**
- If any system, is not properly maintained it will begin to fail. Keeping low rates and not investing in the system, will cost more in the long run. Yuma's willingness to invest in its future and make the capital improvements needed is why its water system is of such superior quality. **(Shelton/Jackson)**
- Whether Rate Plan I or Rate Plan II is adopted, rates should not go higher than recommended. As of October, the City has 3,500 delinquent residential accounts, with 976 pending disconnection and 445 disconnected. Although losses and delinquencies are part of running a business, some of these accounts belong to retirees, veterans, and other fixed income categories. **(Morales)**
- Across the United States 30%-40% of water utilities/municipalities charge rates that do not cover their costs. It does not mean they are running a more efficient system; it might mean that they are subsidizing their water fund from their general fund, which is not illegal, but it also is not good financial management. **(Mayor Nicholls/Jackson)**
- 40 units is the equivalent of about 32,000 to 34,000 gallons of water a month. The average person uses about 200 gallons of water a day. The average residential usage is somewhere between 6,000 and 8,000 gallons of water a month. **(Mayor Nicholls/Jackson)**
- When modeling the conservation rate, we use an algorithm called the elasticity factor. Adding an additional conservation block, it is reasonable to assume people will use less water. The general rule of thumb in the water business is that for every 10% the rate is increased; people will reduce their water usage by 1%. **(Mayor Nicholls/Jackson)**
- Rate Plan Scenario II has a very large jump in the first year for the very high user, which seems to be almost punitive. Maybe it could be spread over two years' time. The idea that everyone pays the same is ideal, but not everyone's income is the same. If a customer has the ability to pull back their water usage to receive bigger savings, that is great. **(Mayor Nicholls)**

V. APPOINTMENTS, ANNOUNCEMENTS AND SCHEDULING

City Council Appointed Positions/Committees

Motion (Morales/Knight): That all City Councilmembers appointed to the 2023 City Council appointed positions/Committees remain in place for the 2024 calendar year, this includes the appointment of Chris Morris as Deputy Mayor. Voice Vote: **Approved 7-0**

Board and Commission appointments

Motion (Knight/Smith): to appoint Andrea Bereznak to the Clean and Beautiful Commission, with a term expiring December 31, 2025. Voice Vote: **Approved** 7-0.

Motion (Morris/Knight): to appoint Greg Counts and Chelsea Malouff to the Planning and Zoning Commission, with their terms expiring December 31, 2025, and December 31, 2026, respectively. Voice Vote: **Approved** 7-0.

Motion (Smith/Morales): to appoint Stephanie Cabrales to the Parks, Arts, and Recreation Commission, with a term expiring December 31, 2025. Voice Vote: **Approved** 7-0.

Announcements

Knight, Morales, Smith, Shelton, Morris, and Mayor Nicholls reported on events and meetings they have attended during the last two weeks and upcoming events of note.

Scheduling - None

VI. SUMMARY OF CURRENT EVENTS

Simonton reported the following events:

- January 29 – City of Yuma Job Fair at the Yuma Civic Center
- January 29 –Arts and Economic Prosperity Study Findings Release at The Historic Yuma Theatre
- February 8-11 and February 15-17 – 2024 Dinner Theatre: The Great Gatsby at the Yuma Art Center

VII. CALL TO THE PUBLIC

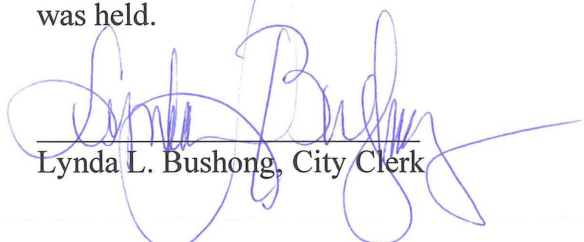
The following speakers requested the City of Yuma to adopt a Resolution calling for the release of hostages and ceasefire in Gaza:

- **Sophia Ramirez**, City resident
- **Jennifer Reger**, City resident
- **Holly Danielle**, City resident
- **Sherri Levek**, City resident
- **Brianna Fila**, City resident
- **Layla Hassin**, City resident

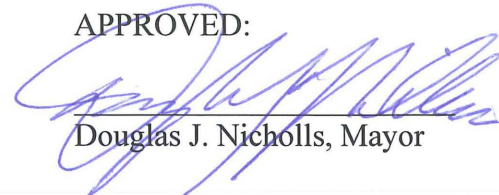
Approved at the City Council Meeting of: _____ City Clerk: _____
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VIII. EXECUTIVE SESSION/ADJOURNMENT

There being no further business, **Mayor Nicholls** adjourned the meeting at 7:34 p.m. No Executive Session was held.



 Lynda L. Bushong, City Clerk

APPROVED:


 Douglas J. Nicholls, Mayor