

MINUTES
REGULAR CITY COUNCIL MEETING
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY COUNCIL CHAMBERS, YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
MAY 5, 2021
5:30 p.m.

CALL TO ORDER

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

INVOCATION/PLEDGE

Pastor Tyrone Jones, Church for the City, gave the invocation. **Jeremy McCall**, Director of Utilities, led the City Council in the Pledge of Allegiance.

ROLL CALL

Councilmembers Present:	Shelton, Morris, McClendon, Knight, Watts, Shoop, and Mayor Nicholls
Councilmembers Absent:	None
Staffmembers Present:	City Administrator, Philip A. Rodriguez Director of Parks & Recreation, Jason Nau Assistant Director of DCD, Rhonda Lee-James Assistant Director of DCD/Zoning Administrator, Alyssa Linville 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.

PRESENTATIONS

Reading of Tourism Proclamation

Mayor Nicholls read a proclamation declaring May 5-11, 2021, National Travel and Tourism Week and invited the citizens of Yuma to join in recognizing the critical role this industry plays in the community.

Briefing on New Main Street Fountain

Nau presented the following information on the Main Street fountain project:

- Project Background
 - September 2020 – The existing fountain’s structural integrity was compromised
 - November 2020 – A plan was developed to commission the design and installation of a large sculpture
 - December 2020 – A call to the public was issued announcing the project and commission opportunity
 - January 2021 – Nine submissions were received, four of which met the submission requirements and qualifications

- March 2021 – Downtown Merchants association review; Parks, Arts and Recreation Commission review; and Design and Historic Review Commission’s final decision
- Finalist Selected
 - Corey Cowan – Degree Mechanical, Yuma, Arizona
 - Budget: \$0
 - This project is being gifted to the City with the goal that the \$10,000 budget will go towards another art project in Downtown Yuma
- Project Highlights
 - 18- to 20-foot metal saguaro cactus
 - Fountain will be roughly 36 inches above the fountain walls for visibility
 - The water reservoir will be located below the rock base to prevent risk
 - Decorative lighting will provide nighttime aesthetics



Desert Dunes Wastewater Expansion and Possible Utility Revenue Obligation

Rodriguez stated that while the year 2020 brought many difficulties and challenges, it did not slow the growth happening in Yuma, which saw the largest residential growth year in its history and the second largest year for commercial projects. As a result, the Desert Dunes Wastewater Reclamation Facility (Desert Dunes) is starting to reach capacity, much sooner than previously anticipated. Tonight’s presentation is the first step in looking into expansion of Desert Dunes by exploring various financing mechanisms.

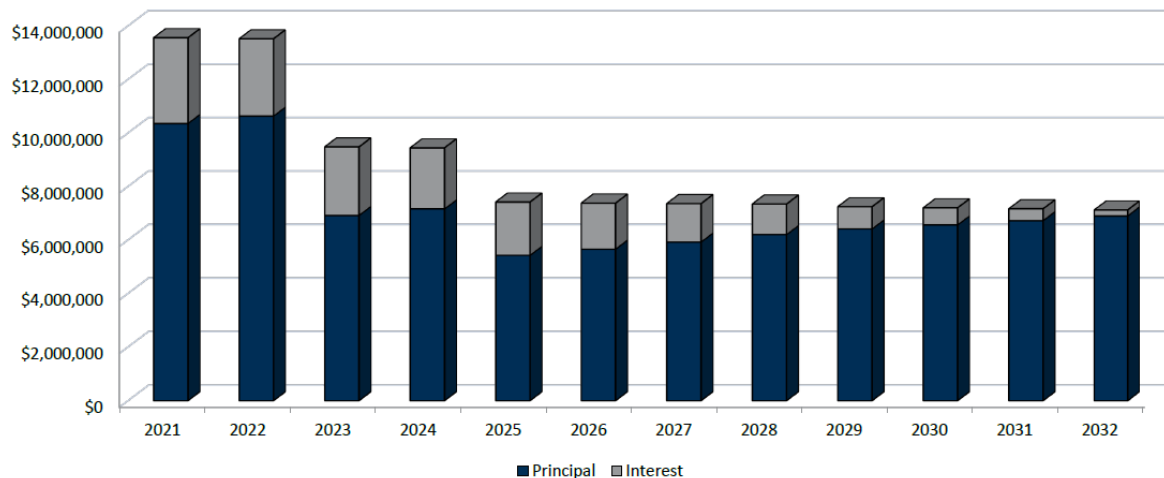
Mark Reader, Managing Director of Stifel’s Phoenix public finance team, presented the following information regarding current market conditions, the City’s outstanding utility system bonds, and possible financing options:

- Market Update
 - Although stimulus money is beginning to put pressure on interest rates, the market is still very attractive
 - If the financing was done today, it is estimated the interest rate would be in the high 1% to the low 2% range
- Utility System Supported Debt
 - The City issued bonds in 2015 and 2016 for water and wastewater utility improvements and still has about \$84 million in bonds outstanding
 - In 2021-2022, the City has about \$13.8 million budgeted for debt service for these bonds; this will drop down to about \$9.5 million in 2023 and to about \$7.5 million in 2025

Utility System Supported Debt

Series	Original Par Amount	Purpose	Final Maturity (July 1)	Call Date	Amount of Par Outstanding
2015	\$89,675,000	Refunding	2032	7/1/25	\$69,370,000
2016	\$37,835,000	Refunding	2024	Not Callable	\$15,467,000
Total Principal Outstanding					\$84,837,000

Aggregate Debt



- The Project and Financing Schedule
 - Projects and Public Policy Objectives
 - Wastewater treatment plant (capacity expansion and related public infrastructure improvements) pursuant to the City's strategic plan
 - Preliminary construction budget of \$80 million is subject to change; engineering and cost estimates are in the process of being updated
 - Minimize utility rate increases to maintain a healthy financial position; no increases are recommended for Fiscal Year 2022
 - Timing of financing completion is to be determined

- Financing Options
 - Senior Lien Utility Revenue Bonds – consistent with prior transactions
 - Water Infrastructure Finance Authority (WIFA) Loan
 - Capacity Fees – potential contribution toward expansion, if any Capacity Fees are available
 - Excise Tax Revenue Obligation
 - General Obligation Bonds
 - Utility Fund Cash Contribution
- Senior Lien Utility System Revenue Debt Covenants
 - 1.2x coverage (Net Revenues/Annual Debt Service) – in compliance
 - Additional Bonds Test is 1.2x Maximum Annual Debt Service – in compliance
 - Combined water/sewer pledge
 - 2015 transaction had a reserve fund, 2016 did not – 2021 to be determined but unlikely (savings to the City)
 - Limited excise tax debt allocated to utilities
 - No repair and replacement fund required
- Historical Wastewater Net Revenue and Debt Service Coverage
 - Wastewater has a very strong estimated debt service coverage of 2.38x, which translates to \$2 in revenue to cover every dollar of debt

Historical Wastewater Net Revenue and Debt Service Coverage

	Audited Fiscal Year Ending (a)				Unaudited Actuals (b)
	2017	2018	2019	2020	2021
Revenues					
Wastewater Services and Charges	\$ 14,141,449	\$ 14,622,123	\$ 15,157,721	\$ 15,470,458	\$ 16,646,520
Wastewater Non-Rate Revenues	2,978,665	2,739,188	3,693,913	3,302,648	2,269,980
Wastewater Capacity Fees	<u>2,697,843</u>	<u>3,265,751</u>	<u>2,644,046</u>	<u>3,103,944</u>	<u>2,800,000</u>
Total Revenues	<u>19,817,957</u>	<u>20,627,062</u>	<u>21,495,680</u>	<u>21,877,050</u>	<u>21,716,500</u>
Operation and Maintenance Expenses					
Wastewater Personnel Expenses	3,984,355	4,123,627	4,425,751	4,723,514	4,463,513
Wastewater Operating Expenses	<u>5,546,650</u>	<u>5,952,725</u>	<u>5,961,232</u>	<u>5,991,132</u>	<u>6,267,555</u>
Total Operation and Maintenance Expenses	<u>9,531,005</u>	<u>10,076,352</u>	<u>10,386,983</u>	<u>10,714,646</u>	<u>10,731,068</u>
Net Revenues	<u>\$ 10,286,952</u>	<u>\$ 10,550,710</u>	<u>\$ 11,108,697</u>	<u>\$ 11,162,404</u>	<u>\$ 10,985,432</u>
Debt Service					
Outstanding Debt Service for Existing Parity Obligations					
Estimated Debt Service for Bonds*					\$ 4,619,927
Revenue Bond Debt Service Coverage					2.38x

- Estimated Debt Service Schedule and Coverage - Wastewater Only
 - Numbers do not include the water system, which adds \$11 million to net revenue
 - Layering in existing and anticipated debt service brings the estimated debt service coverage for the wastewater system only to 1.72x

*Estimated Debt Service and Coverage – Wastewater Only***Senior Lien Utility System Revenue Bonds
20-Year Amortization**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal Year Ending	Estimated Wastewater Net Revenues	Series 2015 and Series 2016 Outstanding Debt Service (a)	Utility System Revenue Bonds, Series 2021			Total Estimated Debt Service	Estimated Debt Service Coverage
			Principal (b)	Interest (c)	Debt Service		
2020	\$11,162,404						
2021	10,985,432	\$4,619,927				\$4,619,927	2.38 x
2022		4,609,182	\$1,790,000	\$2,401,833	\$4,191,833	8,801,016 (d)	1.25 x
2023		2,656,533	940,000	2,792,700	3,732,700	6,389,233	1.72 x
2024		2,647,324	995,000	2,745,700	3,740,700	6,388,024	1.72 x
2025		1,674,622	2,015,000	2,695,950	4,710,950	6,385,572	1.72 x
2026		1,663,812	2,130,000	2,595,200	4,725,200	6,389,012	1.72 x
2027		1,658,205	2,240,000	2,488,700	4,728,700	6,386,905	1.72 x
2028		1,652,915	2,355,000	2,376,700	4,731,700	6,384,615	1.72 x
2029		1,643,451	2,485,000	2,258,950	4,743,950	6,387,401	1.72 x
2030		1,633,204	2,620,000	2,134,700	4,754,700	6,387,904	1.72 x
2031		1,622,256	2,760,000	2,003,700	4,763,700	6,385,956	1.72 x
2032		1,611,620	2,910,000	1,865,700	4,775,700	6,387,320	1.72 x
2033			4,665,000	1,720,200	6,385,200	6,385,200	1.72 x
2034			4,855,000	1,533,600	6,388,600	6,388,600	1.72 x
2035			5,050,000	1,339,400	6,389,400	6,389,400	1.72 x
2036			5,250,000	1,137,400	6,387,400	6,387,400	1.72 x
2037			5,460,000	927,400	6,387,400	6,387,400	1.72 x
2038			5,680,000	709,000	6,389,000	6,389,000	1.72 x
2039			5,905,000	481,800	6,386,800	6,386,800	1.72 x
2040			6,140,000	245,600	6,385,600	6,385,600	1.72 x
		<u>\$27,693,052</u>	<u>\$66,245,000</u>	<u>\$34,454,233</u>	<u>\$100,699,233</u>	<u>\$128,392,286</u>	
		Average Life:	<u>12.42</u>				

Discussion

- The estimated debt service coverage does not include any projections for increases in revenue due to development or rate adjustments (**Knight/Reader**)

I. MOTION CONSENT AGENDA

Motion Consent Agenda Item B.2 – 2021-2025 Consolidated Plan, Analysis of Impediments to Fair Housing Choice, and Annual Action Plan for Program Year 2021-2022 (approve the aforementioned plans and authorize the City Administrator to execute funding agreements with the U.S. Department of Housing and Urban Development) (DCD)

Motion (Knight/McClendon): To amend the Executive Summary of the Analysis of Impediments to Fair Housing Choice, included in Motion Consent Agenda Item B.2, to add the following statement as bullet point four under the section titled “Impediments and Fair Housing Action Plan”:

“The City Council approved an infill incentive ordinance that modifies development standards for construction of housing in older, established neighborhoods. The ordinance

provides flexibility in regulations regarding lot size, setbacks, lot coverage and fees to encourage housing development that is more affordable.”

Voice vote: **approved** 7-0.

Discussion

- Adoption of the Analysis of Impediments (AI) will not make changes to the City Code as the AI is only advisory in nature; any changes to the City Code would need to go through the normal amendment process (**Knight/Lee-James**)
- The City has made progress in overcoming the obstacles identified in the AI completed five years ago; the Department of Housing and Urban Development requires yearly reports on those findings, and the City’s accomplishments are always made a part of the official record (**Knight/Lee-James**)
- The public services identified as high priority in the Consolidated Plan through resident and stakeholder engagement will allow those specific types of services to be prioritized for CDBG funding in the coming years (**Shelton/Lee-James**)
- Improved access to transit and improvements to bus stops were identified amongst the high priority public services in the Consolidated Plan; there have not been any transit-related projects submitted for funding (**Watts/Lee-James**)

Motion (Morris/Knight): To approve the Motion Consent Agenda as amended. Voice vote: **approved** 7-0.

A. Approval of minutes of the following City Council meeting:

Regular Council Meeting April 7, 2021

B. Approval of Staff Recommendations:

1. 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)
2. Approve the 2021-2025 Consolidated Plan, Analysis of Impediments to Fair Housing Choice and the Annual Action Plan for Program Year 2021-2022 and authorize the City Administrator to execute funding agreements with the U.S. Department of Housing and Urban Development (HUD). (DCD)

II. RESOLUTION CONSENT AGENDA

Resolution R2021-008 – Preannexation Development Agreement: Brandon Dennis and John P. Mahon (for the property located at 1024 S. Palm Avenue) (DCD)

Discussion

- There is a provision in the Preannexation Development Agreement that requires the property owners to pay required fees prior to water service being established (**Watts/Linville**)

Motion (Knight/McClendon): To adopt the Resolution Consent Agenda as recommended.

Bushong displayed the following titles:

Resolution R2021-008

A resolution of the City Council of the City of Yuma, Arizona, authorizing and approving the execution of a Preannexation Development Agreement with the owner of real property located at 1024 S. Palm Avenue (property contains one single-family home on a one-acre parcel; owners intend to split the lot to create a total of four parcels and construct three new single-family homes) (DCD)

Resolution R2021-009

A resolution of the City Council of the City of Yuma, Arizona, authorizing and approving the execution of a Preannexation Development Agreement with the owner of real property located at 3040 S. Avenue 3½ E (the property contains a solid waste transfer site; the owner intends to construct a 5,000 square-foot shade structure to provide additional area to sort recyclables) (DCD)

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

III. ADOPTION OF ORDINANCES CONSENT AGENDA

Motion (Knight/McClendon): To adopt the Ordinances Consent Agenda as recommended.

Bushong displayed the following title:

Ordinance O2021-007

An ordinance of the City Council of the City of Yuma, Arizona, updating the current list of City departments pursuant to the Yuma City Charter Article VI, Section 15, and Article VII, Section 6(g)(6), and repealing or amending any portion of an ordinance, resolution or City Code in conflict therewith (authorize Building Safety as a City department and make other minor changes to the names of City departments to reflect current operations) (City Admin)

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

IV. INTRODUCTION OF ORDINANCES

Bushong displayed the following titles:

Ordinance O2021-008

An ordinance of the City Council of the City of Yuma, Arizona, authorizing City of Yuma acceptance of a utility easement on private real property, hereafter described, from Terraces Retail, L.L.C., for the reason that such easement is required for the operation and maintenance of a public waterline in Lot 2 of the amended Terraces Lot Tie/Lot Split Plat (easement of approximately 2,539 square-feet for a public utility line to be constructed and dedicated to the City of Yuma) (Eng)

Ordinance O2021-009

An ordinance of the City Council of the City of Yuma, Arizona, authorizing the City Administrator to execute a lease agreement between the City of Yuma and Yuma Private Industry Council for use of the Dr. Martin Luther King Jr. Neighborhood Center for the purpose of serving the needs of the citizens, particularly youth, in the Carver Park Neighborhood and surrounding communities (for a five-year term commencing July 1, 2021, with the option to renew for one additional five-year term) (DCD)

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.

V. ANNOUNCEMENTS AND SCHEDULINGAnnouncements

Knight and **Mayor Nicholls** reported on events and meetings they have attended during the last two weeks and upcoming events of note.

Scheduling

Shelton suggested that a letter be sent to the appropriate agency to request that benches and shade be added to bus stops. **Knight** noted that Yuma County Intergovernmental Public Transit Authority (YCIPTA) is aware of the need for both benches and shade and it is their goal to provide both at all of their bus stops. **Rodriguez** added that a number of benches are already available and are being stored at the City's Public Works facility awaiting installation. **Shelton** asked that a presentation from YCIPTA be scheduled at a future meeting.

Motion (Knight/Watts): To schedule a Special Worksession/Budget Roundtable on May 20, 2021, beginning at 5:30 p.m., with an agenda to be posted in accordance with Arizona Open Meeting Law. Voice vote: **approved** 7-0.

Motion (Morris/McClendon): To cancel the City Council Meetings scheduled for July 7, 2021, and September 1, 2021, due to the Independence Day holiday and the League of Arizona Annual Conference, respectively. Voice vote: **approved** 7-0.

VI. SUMMARY OF CURRENT EVENTS

Rodriguez reported the following events:

- The Virtual Cinco de Mayo Celebration is viewable on the City's social media channels as well as on cable channel 73
- May 2-8 - Municipal Clerks Week
- May 2-8 - Drinking Water Week
- May 5-6 - Oil sealant will be applied overnight to 4th Avenue between 1st Street and Catalina Drive
- May 6-7 - Freedom Performing Arts Company Spring Showcase at Yuma Art Center

- May 15th - 44th Annual Peace Officer Memorial Services at the Fallen Law Enforcement Officer Monument located at the Pacific Avenue Athletic Complex
- Through May 23 - Lifeguard Certification Courses continue; visit yumaaz.gov/lifeguards, call (928) 373-5200, or stop by the Parks and Recreation Office at City Hall to register

VII. CALL TO THE PUBLIC

Miguel Miranda, City resident, commented on the construction that has been taking place on residential streets and noted their improved appearance.

VIII. EXECUTIVE SESSION/ADJOURNMENT

There being no further business, **Mayor Nicholls** adjourned the meeting at 6:29 p.m. No Executive Session was held.

Lynda L. Bushong, City Clerk

APPROVED:

Douglas J. Nicholls, Mayor

Approved at the City Council Meeting of:

City Clerk: _____