

MINUTES
REGULAR CITY COUNCIL WORKSESSION
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY COUNCIL CHAMBERS - YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
November 14, 2023
5:30 p.m.

CALL TO ORDER

Mayor Nicholls called the Regular City Council Worksession to order at 5:31 p.m.

Councilmembers Present: Morales, Smith, Knight, Morris, Shoop, Shelton, and Mayor Nicholls
Councilmembers Absent: None
Staffmembers Present: Acting City Administrator, John D. Simonton
Director of Utilities, Jeremy McCall
Director of Planning and Neighborhood Services, Alyssa Linville
Chief of Police, Thomas Garrity
Various department heads or their representatives
City Attorney, Richard W. Files
City Clerk, Lynda L. Bushong

I. UTILITY RATES AND LONG-TERM FINANCIAL PLAN

McCall introduced **Dan Jackson**, Vice President of Willdan Financial Services, to present an overview of the Water and Wastewater 2023 Rate Study and Long-Term Financial Plan as follows:

- Background on Rates
 - Facts about Water and Wastewater Rates in the 21st Century
 - The average utility has been increasing rates 5-6% per year; this trend is expected to continue
 - American Water Works Association (AWWA) forecasts that water and wastewater rates across the U.S will triple in the next 15 years
 - Rate adjustments are primarily due to reasons beyond a utility's control – inflation, Capital Improvement Plans (CIP), changing regulations, etc.
 - 30-40% of utilities charge rates that do not cover their costs
 - City of Yuma Rate History
 - The City's last water and wastewater rate adjustment was in January 2019
 - Yuma's average monthly residential charge is currently 25% below the average for Arizona
 - Operating costs continue to increase every year, primarily for reasons beyond the City's control
 - The City must meet certain financial requirements as part of its debt obligations (i.e. debt coverage)

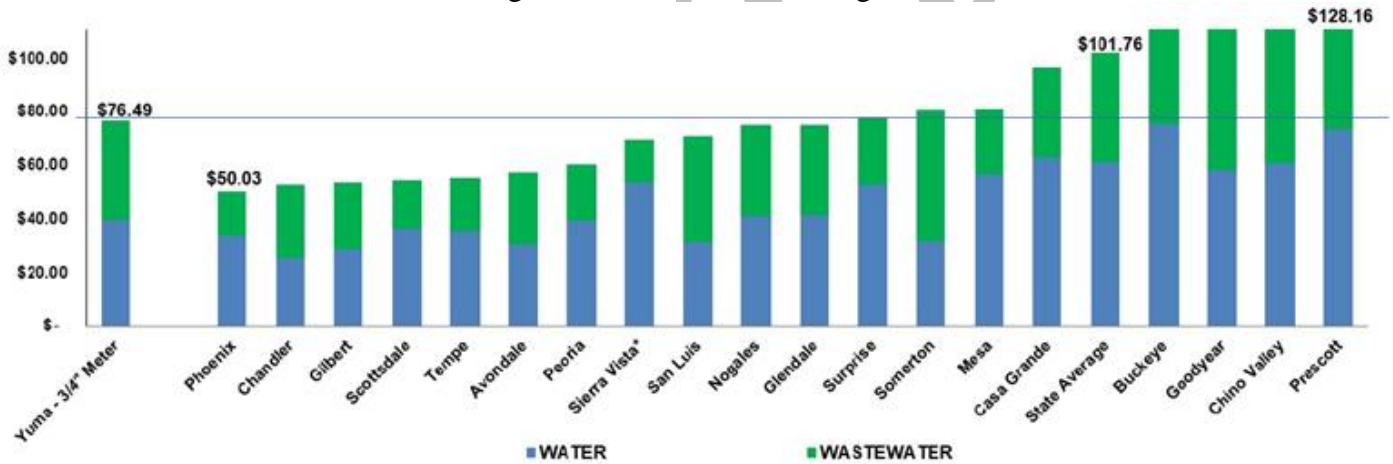
○ Current Water and Wastewater Rate Structure

Water Rates			Wastewater Rates		
Base Charge – All Classes		Inside City	Residential		Inside City
By Meter Size	5/8" x 3/4"	\$ 17.82	Base Charge	All Meter Sizes	\$ 36.91
	1"	21.56	Non-Residential		Inside City
	1 1/2"	27.93	Base Charge	All Meter Sizes	\$ 4.74
	2"	34.26	Usage Charge Per Hundred Cubic Foot		2.10
	3"	62.09	Industrial		Inside City
	4"	93.72	Usage Charge Per Hundred Cubic Foot		\$ 2.10
	6"	172.79	Total Suspended Solids (TSS)/lb		0.30
	8"	251.83	Biochemical Oxygen Demand (BOD)/lb		0.30
Usage Charge Per Hundred Cubic Foot		Inside City			
Residential	0-10	\$ 1.56			
	11-30	1.83			
	31-Above	2.10			
Multi-Family	0-5	1.56			
	6-13	1.83			
	14-Above	2.10			
Commercial and Irrigation	0-Above	1.75			

NOTE: Outside city rate premium = 33%

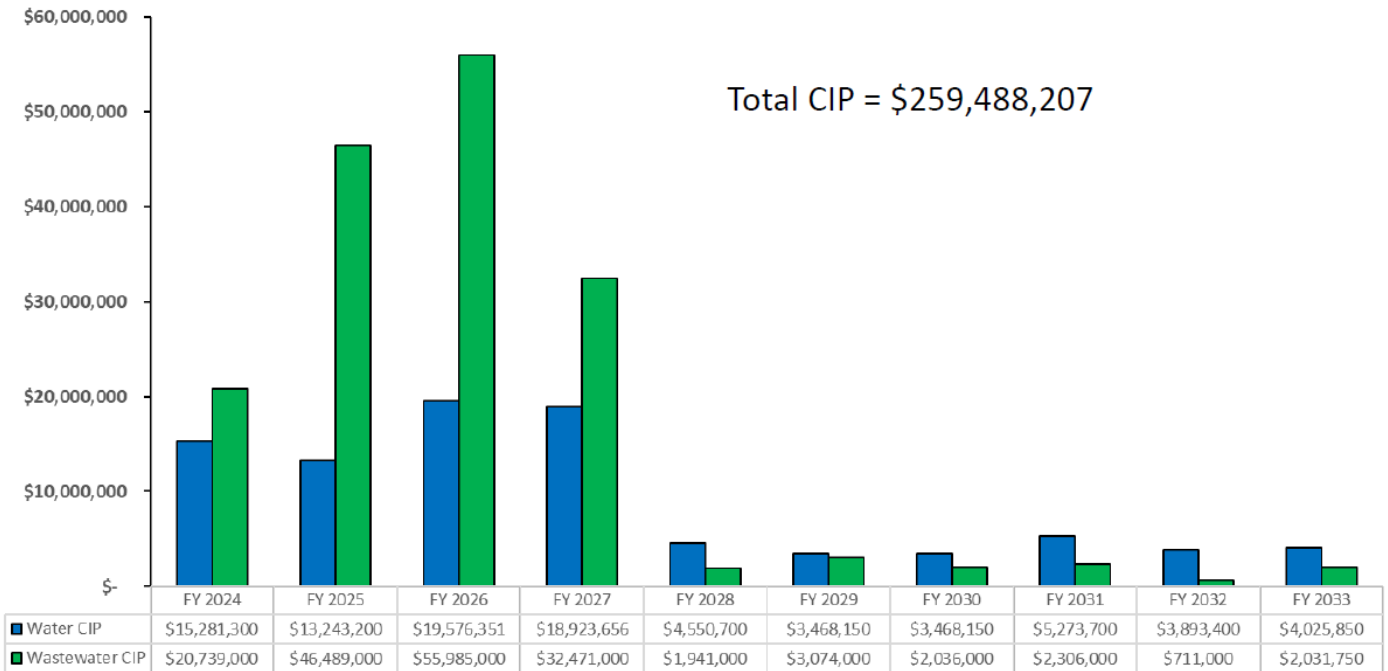
○ Monthly Residential Charge Comparison

- Based on 10,000 gallons of water and 5,000 gallons of wastewater



Source: 2022 WIFA Water and WW Rates Dashboard
* Served by AZ Water Company
10,000 Gallons = 13.37 hcf

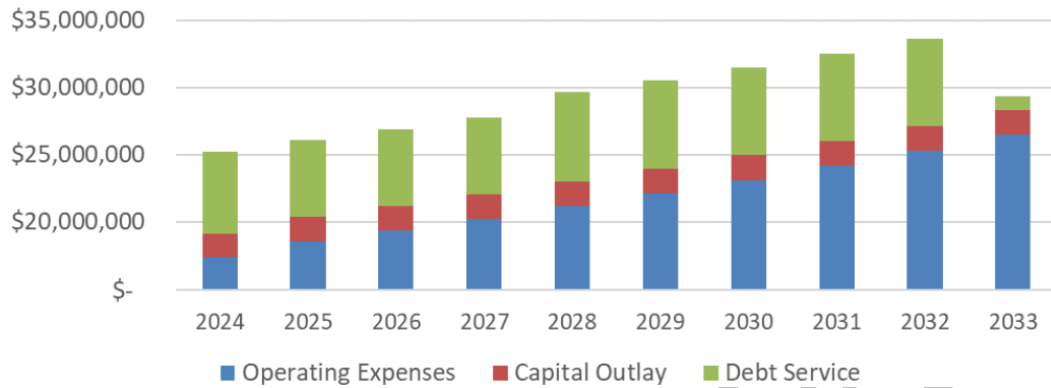
- Current and Forecast Cost of Service
 - Key Assumptions Driving Forecast Financial and Rate Plan
 - Based on Fiscal Year (FY) 2024 Budget Projections
 - Robust growth will moderate need for rate adjustments
 - Inflation adjustment assumed to be 5.0% through FY 2025; afterwards returns to 3.0%
 - Certain expenses increase at higher rates and/or are tied to increases in accounts/volume
 - No significant increase in personnel levels or extraordinary operating expenses
 - Funding of \$259.5 million CIP is most critical component of rate plan
 - CIP FY 2024-2033



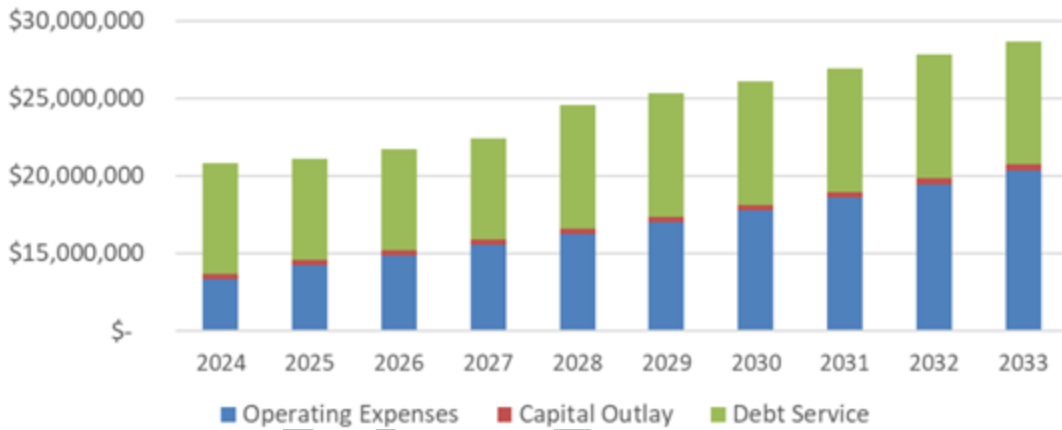
- CIP Funding Sources

Source	Total
Grants	\$ 4,500,000
System Capacity Fees	-
Fund Balances	98,232,955
Series 2021 Bond	83,100,000
Forecast Bond – 2027	37,000,000
Annual Rates	36,655,252
Total	\$ 259,488,207

○ Forecast Costs of Service – Water



○ Forecast Costs of Service – Wastewater



● Rate Plan Scenarios

○ Rate Plan Scenario I – Status Quo

- Recommend implementation of a Five-Year Plan
- Rate adjustment to be effective on January 1st of each year 2024-2028
- Assumes no change in rate structure; uniform percentage adjustments for base and usage charges
- Higher adjustments required for wastewater to recover its cost of service
- Addition of an Automated Metering Infrastructure (AMI) Fee

Rate Plan Scenario I: Status Quo – FY 2024-FY 2028 (Inside City)								
Description		Current	Effective Jan-24	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28	
Water	All Customer Classes – By Meter Size	Base Charge						
	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	
		Usage Charge per hundred cubic foot (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	
Wastewater		Residential						
	Monthly Charge	\$ 36.91	\$ 38.89	\$ 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	
	Biochemical Oxygen Demand (BOD)/lb	0.30	0.31	0.32	0.34	0.35	0.36	
	Total Suspended Solids (TSS)/lb	0.30	0.31	0.32	0.34	0.35	0.36	

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)							
Water hcf	WW hcf						
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		\$ 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%
<i>NOTE: Does not include AMI Fee</i>							

- Rate Plan Scenario II – Conservation
 - Implements additional volume block to encourage conservation
 - No change to residential monthly charge
 - Impact: lesser adjustments for low volume users; higher adjustments for high volume users
 - No change to commercial rates
 - Wastewater Rates same adjustment as Scenario I

Rate Plan Scenario II – Conserve FY 2024-FY 2028 (Inside City)								
Description		Current	Effective Jan-24	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28	
Water	All Customer Classes – By Meter Size	Base Charge						
	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	
		Usage Charge per hundred cubic foot						
	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	

NOTE: Wastewater rates unchanged from Scenario I

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 (Inside City)							
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%

NOTE: Does not include AMI Fee

- Scenario Comparison
 - The average residential customer uses 1,300 cubic feet of water per month, which is about 10,000 gallons
 - Currently that customer pays \$75.82 per month for service; under Scenario II, they would pay an additional \$2.24 per month
 - Higher volume users will pay more under Scenario II, which will provide an incentive to conserve water
 - Lower volume users, who tend to be lower income and fixed income households, will see a smaller increase under Scenario II
- Summary and Next Steps
 - Summary
 - Rate plans are not just financial decisions – they are social, community, and political decisions
 - Rate plans will result in a financially healthy utility and provide sufficient revenue to continue to maintain a high quality of service
 - Either rate plan will enable the City to pay increased costs, fund needed capital improvements, and invest in the future of the City
 - Next Steps
 - Schedule City Council Meetings in accordance with A.R.S. 9-511
 - City Council adoption of Notice of Intent
 - Public Hearing (60 days later)
 - Adoption of Rate Plan
 - Rate Plan Effective (30 days after adoption)

Discussion

- Adoption of the Notice of Intent shows that City Council intends to consider a new rate plan, not that they are adopting the new plan today (**Mayor Nicholls/Jackson**)
- It is estimated that only 1-2% of the City's water customers use an average of 40 or more units, while approximately 70% use an average of 13 units or less (**Mayor Nicholls/Jackson**)
- While the Desert Dunes Wastewater Facility expansion is doubling the size of the facility, no additional processes are being added and no additional staff will be required (**Knight/McCall**)
- An elasticity factor was built into the proposed rate plans to take potential future water conservation resulting from the rate increase into consideration (**Knight/Jackson**)
- Conservation rates in general have been very successful in encouraging people to minimize water usage; getting too aggressive too quickly can create a financial hardship for higher volume users, so the proposed plan is intentionally moderate (**Morris/Jackson**)
- The \$1 AMI fee covers the cost of the automated metering service, so there is no need for it to be any higher (**Morales/Jackson**)
- Scenario II minimizes the necessary rate increases to the greatest extent possible, while still covering the costs needed to run the water and wastewater operations (**Shelton/Jackson**)
- It is more financially beneficial for the City to receive return credits for water discharged into the Colorado River than to turn wastewater into potable water (**Shelton/Jackson/McCall**)
- The biggest concern is not the cost of water to the City for resale, but other costs that have increased due to inflation such as chlorine and other chemicals (**Shelton/McCall**)
- A 3% per year increase is a fairly modest cost of living based increase that would be unlikely to be a threat to a business (**Shelton/Jackson**)

- Providing a financial disincentive for water use is more effective than outreach encouraging water conservation (**Shoop/Jackson**)
- Yuma is in a much better position when it comes to water resources than many other cities in Arizona and across the country, due to its diligent planning (**Shoop/Jackson**)
- The average family in the United States uses between 8,000 and 9,000 gallons of water a month; 40 units of water is about 32,000-33,000 gallons of water (**Mayor Nicholls/Jackson**)
- City Council can consider alternative rate plans, such as adding a disincentive to the third tier of Scenario I (**Knight/Jackson**)
- While water conservation is a good thing, using too little water could lead to other communities trying to seize some of Yuma's allocation (**Mayor Nicholls**)
- Water rates are not just a financial matter, but social and political as well; the interests of low income and commercial users both need to be taken into consideration (**Shelton**)

II. PARKING REGULATION UPDATE

Linville presented the following information on the City's current parking regulations and proposed updates to the zoning code:

- Current Code
 - Originally established in 1960
 - Subject to several updates throughout the years
 - The most recent update occurred in 2017
 - Identified parking reductions:
 - To meet industry standards
 - For certain uses in the Infill Overlay District
 - When bicycle parking, charging stations and/or increased landscaping are provided
- Existing Conditions
 - Over parked and under-utilized commercial developments
 - Historically retailers provided excess parking for holiday shopping (Black Friday)
 - Contributes to the urban heat island effect
 - Increases stormwater runoff
 - Results in urban sprawl
 - Decreases availability for development
- Changes in Industry Standard
 - Since the update in 2017, market trends have begun to change the way retailers do business and how consumers obtain goods
 - COVID further changed these trends
 - Expanded options for shopping have reduced the need for large parking lots
 - More shopping is occurring online
 - Retailers are offering curbside pick-up for local buyers and home delivery
- Proposed Updates
 - Shared Parking
 - Encourage the use of shared parking by streamlining and simplifying the requirements for mixed use developments
 - Require the recording of a mutually agreed upon document detailing the terms of the shared parking

- Allow mixed uses to share parking when such uses operate during opposite peak hours
- Parking Space Dimensions
 - Identify the parking space dimensions for all types of parking within one singular location
 - Outline provisions for utilizing compact parking
 - Typical space measures 10' by 19'
 - Compact space will measure 9' by 16'
 - Will be limited to 20% of the total required parking
- Required Parking
 - Reduce the amount of required parking for a variety of commercial uses and multi-family, including:
 - Restaurants
 - Hotels
 - Offices
 - Education facilities
 - One-bedroom multi-family units
- Residential Parking in Front Setback
 - Increase the permitted area of parking within the front setback from 40% to 60%
 - Not negate the need to provide required parking outside of the front setback, which is typically located within a garage or another form of covered parking
- Recreational Vehicle Parking
 - Limit the amount of recreational parking within the front yard setback to one space
 - Encourage the parking and/or storage of additional recreational vehicles beyond one to be located outside of the front yard setback
- Residential Paving
 - In an effort to reduce paving requirements in residential areas, the proposed amendment will:
 - Eliminate the need to pave secondary driveways; and,
 - Will formalize standards for ribbon driveways
- Redevelopment Areas
 - Allow a 20% parking reduction for commercial uses, an increase from the current 10% reduction
 - Allow 50% of the required parking for single-family, two-family and three-family dwellings to utilize on-street parking for required parking

Discussion

- On-street parking is in the public right-of-way and homeowners do not have any claim to the street in front of their property (**Mayor Nicholls/Linville**)
- Businesses with shared parking arrangements operate on the principle that one business uses the parking spaces when the other does not (for example, an office would use the parking during weekdays, and a church on the weekend); those businesses would be asked to provide sufficient parking for the use that requires the most parking spaces, so in the event that one of the businesses leaves there is still adequate parking to accommodate a variety of new uses (**Mayor Nicholls/Linville**)

- Homes with an Accessory Dwelling Unit (ADU) are not required to provide additional parking for the ADU, but must provide the required parking for the main home (**Shoop/Linville**)
- If a Homeowners Association (HOA) does not allow ADUs, the City Code would not override the HOA's restriction (**Shoop/Linville**)
- The City Code addresses setback requirements, including from street corners, and the Engineering Department requires certain visibility triangles at intersections (**Shoop/Linville**)
- Parking is currently not prohibited for residential streets. Some of Yuma's older neighborhood streets are narrow, but factoring in the typical eight-foot shoulder they still provide sufficient space down the center for public safety and other vehicles to travel (**Shoop/Mayor Nicholls/Linville**)
- Many of the national hotels locating to Yuma have requested that the parking standard be changed from 1.1 spaces per room to one space per room (**Morris/Linville**)
- Increasing the permitted area of parking within the front setback from 40% to 60% will help reduce the number of vehicles parking on the street (**Morris**)
- The parking standards are minimums, and businesses can choose to provide more parking than required (**Shelton/Mayor Nicholls/Linville**)
- The proposed change would allow, but not require, up to 20% of parking to be compact; the remaining spaces would be the standard 10 feet by 19 feet (**Shelton/Linville**)
- Any additions to residential parking would need to comply with requirements for installing new drive cuts and would be at the property owner's expense (**Morales/Linville**)

III. REGULAR CITY COUNCIL MEETING AGENDA OF NOVEMBER 15, 2023

Motion Consent Agenda Item C.9 – Sole Source: Integrated Ballistic Information System Warranty and Protection Plan (with Forensic Technology Inc., of Largo, Florida, for a total expenditure of \$123,879.00) (GRT-24-140) (YPD)

Discussion

- This item is for a one-time purchase to extend the warranty and protection plan for the Integrated Ballistic Information System; the purchase is 100% grant funded (**Mayor Nicholls/Garrity**)

Introduction of Ordinance O2023-038 – Declare Real Property Surplus and Authorize Sale: 150 N. Madison Avenue and 120 N. Main Street (declare surplus and authorize sale through a request for proposal (RFP) or other competitive process) (Econ Dev)

Discussion

- Approval of this ordinance will only declare the property surplus; the sale of the property will come back to City Council for separate approval (**Mayor Nicholls/Simonton**)

IV. EXECUTIVE SESSION/ADJOURNMENT

There being no further business, **Mayor Nicholls** adjourned the meeting at 7:16 p.m. No Executive Session was held.

Lynda L. Bushong, City Clerk

APPROVED:

Douglas J. Nicholls, Mayor

DRAFT

Approved at the City Council Meeting of: _____ City Clerk: _____
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