



City of Yuma City Council Meeting REVISED Agenda

Wednesday, March 19, 2025

5:30 PM

Yuma City Hall Council Chambers
One City Plaza, Yuma

Notice is hereby given, pursuant to Resolution R2015-047 that one or more members of the Yuma City Council may participate in person or by telephonic, video or internet conferencing. Voting procedures will remain as required by the Yuma City Charter and other applicable laws.

Those wishing to speak on an agenda item or during Call to the Public must complete a Speaker Request Form prior to the start of the meeting. Speaker Request Forms can be found on the City's website, in the Clerk's Office, as well as in the Council Chambers.

"Call to the Public" comments are limited to non-agenda items that pertain to City business under the authority and legislative functions of the City Council. The total time for "Call to the Public" is limited to 30 minutes.

Speaker Request Forms should be submitted to City clerk staff prior to the start of each meeting. All speakers, whether speaking on an agenda item or during "Call to the Public" are provided 3 minutes, with no more than 5 speakers permitted per topic/issue.

City Council Worksessions and Regular City Council Meetings can be viewed through the following platforms:

- Cable – Meetings are broadcast live on Spectrum Cable Channel 73.
- Live Stream – Residents can watch meetings on their computer or mobile device at www.yumaaz.gov/telvue. Previous Council meetings are also available on-demand.
- Virtual – Residents can watch meetings via Teams on their computer or mobile device at www.yumaaz.gov/publicmeetings. Click on "Calendar" then select the City meeting and click "Join".

CALL TO ORDER

INVOCATION

PLEDGE OF ALLEGIANCE

FINAL CALL

Final call for submission of Speaker Request Forms for agenda related items.

ROLL CALL

PRESENTATIONS

- Reading of Proclamation: National Small Business Development Center Day
- Hot Spot Policing

I. MOTION CONSENT AGENDA

All items listed on the Motion Consent Agenda will be considered and enacted with one motion. There will be no separate discussion of these items unless a Councilmember so requests. In which event, the item will be removed from the Motion Consent Agenda and the vote or action may be taken separately.

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

1. [MC 2025-039](#) Special Worksession/Joint Meeting Draft Minutes February 4, 2025
Attachments: [2025_02_04_SWS_Minutes](#)
2. [MC 2025-040](#) Regular Council Worksession Draft Minutes February 18, 2025
Attachments: [2025_02_18_RWS_Minutes](#)
3. [MC 2025-041](#) Special Council Meeting Draft Minutes March 11, 2025
Attachments: [2025_03_11_SCM_Minutes](#)

B. Executive Sessions

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 Attorney)

C. Approval of staff recommendations:

1. [MC 2025-035](#) **Liquor License: Boots & Buckles**
Approve a Series #06: Bar Liquor License application submitted by Susan Hwang, agent for Boots & Buckles located at 4104 E. 32nd Street. (LL25-04) (City Administration/City Clerk) (Lynda L. Bushong)
Attachments: [LL25-04 MAP](#)

2. [MC 2025-036](#) **Bid Award: Replacement of Cooling Tower at Civic Center**
Authorize the purchase and installation of a Stainless-Steel Cooling Tower to the lowest responsive and responsible bidder, Polar Cooling, LLC, Yuma, Arizona, for a total cost of \$221,822.00. (Building Safety RFB-24-307/RFB-25-262) (Justin Lewis/Robin R. Wilson)
3. [MC 2025-037](#) **Cooperative Purchase Agreement: Traffic Signal Equipment**
Authorize the purchase and delivery of traffic signal equipment to upgrade an additional seven intersections throughout the City to communicate with the City's Intelligent Transportation System, utilizing Maricopa County contract to Econolite, Anaheim, California for an expenditure of \$214,758.10 (Engineering-CPA-25-289) (David Wostenberg/Robin R. Wilson)
4. [MC 2025-038](#) **Final Plat: Villa Serena Unit No. 2 Subdivision**
Approve the final plat for the Villa Serena Unit No. 2 Subdivision, located at the northwest corner of Avenue 6E and 48th Street. (SUBD-43694-2025) (Community Planning) (Alyssa Linville)

Attachments:[1. P&Z Rpt Final Plat: Villa Serena Subdivision Unit No. 2.pdf](#)[2. PLAT Villa Serena Final Plat Unit No. 2.pdf](#)

II. RESOLUTION CONSENT AGENDA

All items listed on the Resolution Consent Agenda will be considered and enacted with one motion. There will be no separate discussion of these items unless a City Councilmember so requests or a Speaker Request Form has been submitted. In which event, the item will be removed from the Resolution Consent Agenda and the vote or action may be taken separately.

1. [R2025-024](#) **Preannexation Development Agreement: NextGen Properties, LLC**
Authorize a Preannexation Development Agreement for one property located on Palm Avenue. (Planning and Neighborhood Services/Community Planning) (Alyssa Linville)

Attachments:[1. RES PDA: NextGen Properties](#)[2. AGR PDA: NextGen Properties](#)

2. [R2025-025](#)**Intergovernmental Agreement: Arizona SMART Funding - Yuma Multi-Modal Transportation Center**

Authorize the City to enter into an Intergovernmental Agreement (IGA) with ADOT accepting \$3,537,057 of Arizona SMART funding for 100% of the Yuma Multi-Modal Transportation Center RAISE grant match. (Engineering) (David Wostenberg)

Attachments:[1. RES IGA: AZ SMART Funding- Yuma Multi-Modal Transportation Center](#)[2. IGA: AZ SMART Funding - Yuma Multi-Modal Transportation Center](#)[3. EXH IGA: AZ SMART Funding- Yuma Multi-Modal Transportation Center](#)**III. ADOPTION: ORDINANCE NO. O2025-008**

Pursuant to A.R.S. 42-6209 this ordinance will be voted on separately from the Ordinance Consent Agenda.

1. [O2025-008](#)**GPLET Lease: Spencrazi, L.L.C.**

Authorize: (1) accepting title to land and improvements on Parcel A of the Center Pointe Commons Lot Tie/Lot Split at the southwest corner of 16th Street and 4th Avenue; (2) an eight-year government property land and improvements lease with Spencrazi, L.L.C., as the statutory prime lessee; (3) abatement of the government property lease excise tax for the term of the lease; and, (4) reconveyance of the land and improvements to the prime lessee at the conclusion of the lease. (This item must be adopted by a simple majority vote without the use of the consent calendar) (City Attorney) (Richard Files)

Attachments:[1. LEASE GPLET Lease: Spencrazi LLC](#)[2. SUPP DOC GPLET Lease: Spencrazi LLC](#)[3. SUPP DOC GPLET Lease: Spencrazi LLC](#)[4. ORD GPLET Lease: Spencrazi LLC](#)

IV. ADOPTION OF ORDINANCES CONSENT AGENDA

All items listed on the Ordinances Consent Agenda will be considered and enacted with one motion. There will be no separate discussion of these items unless a City Councilmember so requests or a Speaker Request Form has been submitted. In which event, the item may be removed from the Ordinance Consent Agenda and the vote or action will be taken separately.

1. [O2025-007](#)

Yuma City Code Text Amendment: Civilian Accident Investigators

Amend Title 3, Chapter 32 (Yuma City Code §§ 32-45 through 32-49) for clarity and compliance with State law. (YPD) (Thomas Garrity)

Attachments:

[1. ORD Code Text Amendment: Civilian Accident Investigators](#)

V. ANNOUNCEMENTS AND SCHEDULING

Discussion and possible action on the following items:

1. Announcements:

City Council report on meetings/events attended – City Council report on issues discussed in meetings/events attended by a City Council representative in their official capacity as the City's representative during the period of March 6, 2025 through March 19, 2025. City Council questions regarding the update must be limited solely for clarification purposes. If further discussion is warranted, the issue will be added to a future agenda for a detailed briefing.

City Council report of upcoming meetings.

City Council request for agenda items to be placed on future agendas.

2. Scheduling:

Motion to schedule future City Council meetings pursuant to Arizona Revised Statutes Section 38-431.02 and the Yuma City Code, Chapter 30.

VI. SUMMARY OF CURRENT EVENTS

This is the City Administrator's opportunity to give notice to the City Council of current events impacting the City. Comments are intended to be informational only and no discussion, deliberation or decision will occur on this item.

VII. CALL TO THE PUBLIC

Members of the public may address the City Council on matters within City Council's authority and jurisdiction that are not listed on the agenda during the "Call to the Public" segment of the meeting. All speakers must complete a Speaker Request Form and submit it to City Clerk staff no later than the "Final Call for Speaker Request Forms" is made at the beginning of each meeting.

VIII. EXECUTIVE SESSION

An Executive Session may be called during the public meeting for the purpose of receiving legal advice for items on this agenda pursuant to A.R.S. Section 38-431.03 A (1, 3, 4 and/or 7) and the following items:

A. Discussion, consultation with and/or instruction to legal counsel concerning potential litigation. (A.R.S. § 38-431.03 A3, A4 & A7)

B. Discussion, consultation with and/or instruction to legal counsel regarding the railroad crossing at 9E. (A.R.S. §38-431.03 A3 & A4)

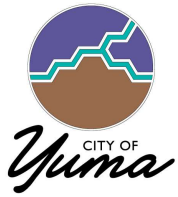
ADDITION

C. Discussion, consultation with and/or instruction to legal counsel regarding a potential contract matter. (A.R.S. §38-431.03 A3, A4 & A7)

ADDITION

ADJOURNMENT

In accordance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, the City of Yuma does not discriminate on the basis of disability in the admission of or access to, or treatment or employment in, its programs, activities, or services. For information regarding rights and provisions of the ADA or Section 504, or to request reasonable accommodations for participation in City programs, activities, or services contact: ADA/Section 504 Coordinator, City of Yuma Human Resources Department, One City Plaza, Yuma, AZ 85364-1436; (928) 373-5125 or TTY (928) 373-5149.



City of Yuma

City Council Report

File #: MC 2025-039

Agenda Date: 3/19/2025

Agenda #: 1.

Special Worksession/Joint Meeting Draft Minutes February 4, 2025

MINUTES
SPECIAL WORKSESSION\JOINT MEETING WITH YUMA COUNTY
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY HALL CONFERENCE ROOM #190, YUMA, ARIZONA
February 4, 2025
4:00 p.m.

CALL TO ORDER

Mayor Nicholls and **Chairman Porchas** called the Special Worksession/Joint Meeting with Yuma County to order at 4:02 p.m.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by **Mayor Nicholls**. **Deacon Joel Olea**, Immaculate Conception Church, gave the invocation.

Councilmembers/Board of Supervisors Present:

City Council

Mayor Douglas Nicholls
Deputy Mayor Carol Smith
Mark Martinez
Chris Morris
Art Morales
Leslie McClendon
Karen Watts

Board of Supervisors

Chairman Martin Porchas
Vice Chairman Jonathan Lines
Darren Simmons
Lynne Pancrazi

Marco A. "Tony" Reyes - absent

City/County Staff Present:

City Staff

Jay Simonton, City Administrator
Richard W. Files, City Attorney
Janet L. Pierson, Deputy City Clerk
Randy Crist, Building Safety Director
Alyssa Linville, Planning &
Neighborhood Services Director
Douglas Allen, Director of Finance

County Staff

Ian McGaughey, County Administrator
Joshua Scott, Deputy County Administrator
Bill Kerekes, Deputy County Attorney
Desiree Gunderman, Clerk of the Board
Ty Martinez, Chief Building/Fire Code
Official
Humberto Del Castillo Ochoa, Chief
Financial Officer
Maggie Castro, Planning & Zoning Director

I. INTRODUCTIONS & WELCOME ADDRESSES

Mayor Nicholls welcomed the Board of Supervisors to City Hall and explained that tonight's meeting is not about making decisions. **Mayor Nicholls** stated that good conversation amongst good community members and talking through ideas is what he is looking to get out of tonight's meeting.

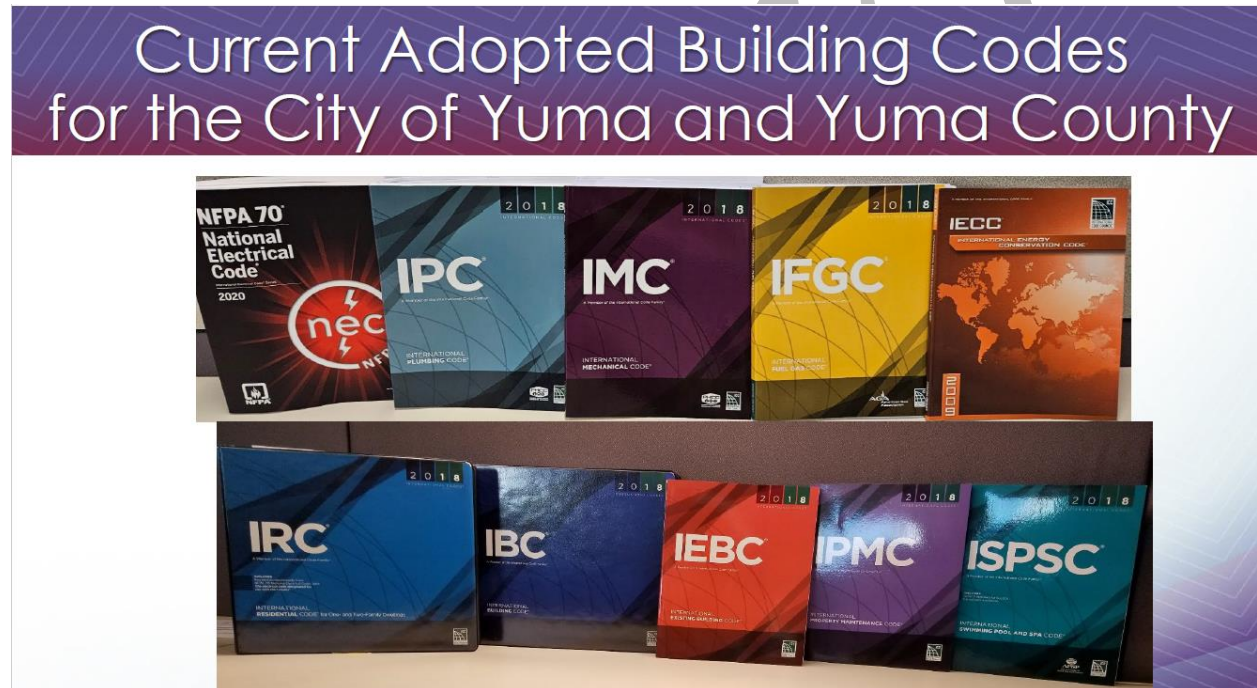
Chairman Porchas welcomed everybody to the meeting.

II. RESIDENTIAL & COMMERCIAL BUILDING CODE UPDATES

Presentation by **Randy Crist**, City Building Safety Director and **Ty Martinez**, County Chief Building/Fire Code Official.

Crist stated that he and Martinez would be talking about the Code update process and status followed by questions.

Martinez reported that the following Codes and amendments have been adopted with the exception of the International Property Maintenance Code which Yuma County currently enforces through a zoning ordinance:



Crist:

- 2024 Codes Currently Under Review
 - Codes are reviewed on a six-year cycle
 - The International Code Council (ICC) updates their codes and standards every three years.
 - It is too disruptive to the design and development community and the City of Yuma to update them that often.
 - 2018 is the currently adopted Code cycle
 - All life safety provisions reviewed (Residential/Commercial)
 - Accessibility requirements reviewed (ADA, Chapter 11)

- This is the first time looking at the Americans with Disabilities Act (ADA) Chapter 11
- Residential energy standards reviewed
 - This will most likely be reviewed at the next meeting
- Currently about two thirds done with the review
 - Besides Chapter 11, no significant changes have been made to the International Residential Code (IRC).

Crist reported on the review process:

- The City uses two advisory boards appointed by City Council
 - Building Advisory Board/Board of Appeals
 - Residential Advisory Board/Board of Appeals
 - Comprised of experts in the industry such as:
 - Electrical Engineers
 - Structural Engineers
 - Contractors
 - Mechanical Contractors
 - Realtor (Residential Advisory Board)
 - Members at large
- Chapter by Chapter review
- Meetings are open to the public

Martinez discussed collaboration:

- Yuma County Building Official is in attendance at all code review meetings.
- San Luis, Somerton and Wellton also attend review meetings.
 - Open conversation is held
 - County needs are taken into consideration
- Incorporate proposed amendments that work for City and County
- Monthly meetings are held between City and County Building Officials
 - Keeps lines of communication open on what City and County are doing for consistency purposes.

Crist discussed the Major Changes

- Chapter 11 of the International Building Code (IBC) will be reviewed and proposed for adoption for the first time in early summer or late spring
 - The City currently uses only the ADA guidelines from the State and must still incorporate those guidelines into the City's Ordinance
 - Chapter 11 is the biggest step currently being made in the review of the Codes
 - Due to its complexity, one whole meeting has been dedicated to the review of Chapter 11
- Some of the major changes in Chapter 11 from the ADA which the City currently has now include:
 - Family assist restroom requirements
 - Includes restaurants and bars (5,000-6,000 sq.ft.) and mercantile (100,000 sq.ft.). Some of the chain restaurants already include family assist

- restrooms because it is a requirement in other parts of the Country. The ADA does not require it.
- Adult changing stations required for certain occupancies
 - There is a State statute that came out in 2019 or 2020 that would require buildings like City Hall or the new County Administration Building to have adult changing stations. The ADA does not require it.
 - Chapter 11 would require these adult changing stations whenever there is a family assist restroom so that they correlate whenever a family assist restroom is required.
- Elevator requirement for two-story buildings over 3,000 sq ft
 - According to the ADA, public buildings and medical buildings with two or more stories must have an elevator
 - Two story building with just office space are not require to have an elevator according to the ADA
 - Chapter 11's requirement would require an elevator for two story buildings over 3,000 sq.ft.
- Wheelchair turning radius increases from 60" to 67"
 - To accommodate the larger scooters in addition to wheelchairs
- Chapter 11 has been updated to accommodate the aging population
 - Most of these changes, with the exception of the changing stations, are already in the 2018 IBC.
- Timer switch added for residential exhaust fans
 - These have been a source of residential fires in the City of Yuma and Yuma County due to overheating. This requirement is not an expensive fix.
- Braced wall line requirements slightly changed
 - Not much difference
- IRC/IBC recognizes new materials and practices
 - Newer Codes are not more restrictive despite common belief
 - The newer Codes recognize newer materials that are coming out
- IRC energy efficiently review in next board meeting
 - Not yet reviewed as a group
 - **Crist** has done a cursory review and has tried to back down some of the 2021 requirements to be more in line with where we are right now.
 - The Board's input is needed to be conscientious of cost increases and their impact on the housing shortage

Discussion

- Although not all cost increases can be controlled, being conscientious of costs is a priority when reviewing Code amendments. The 2024 Amendment has options which helps control costs. Cost increases will be identified when presenting to Council. **(Lines/Crist/Martinez)**
- Collaboration with all cities and towns within Yuma County is key to consistency. **(Lines/Crist)**
- Once a Code Amendment has been adopted there is a 30-day Referendum period as well as a 6-month grace period. Reviews starting while 2018 is in effect will be grandfathered in. **(Mayor Nicholls/Crist/Martinez)**

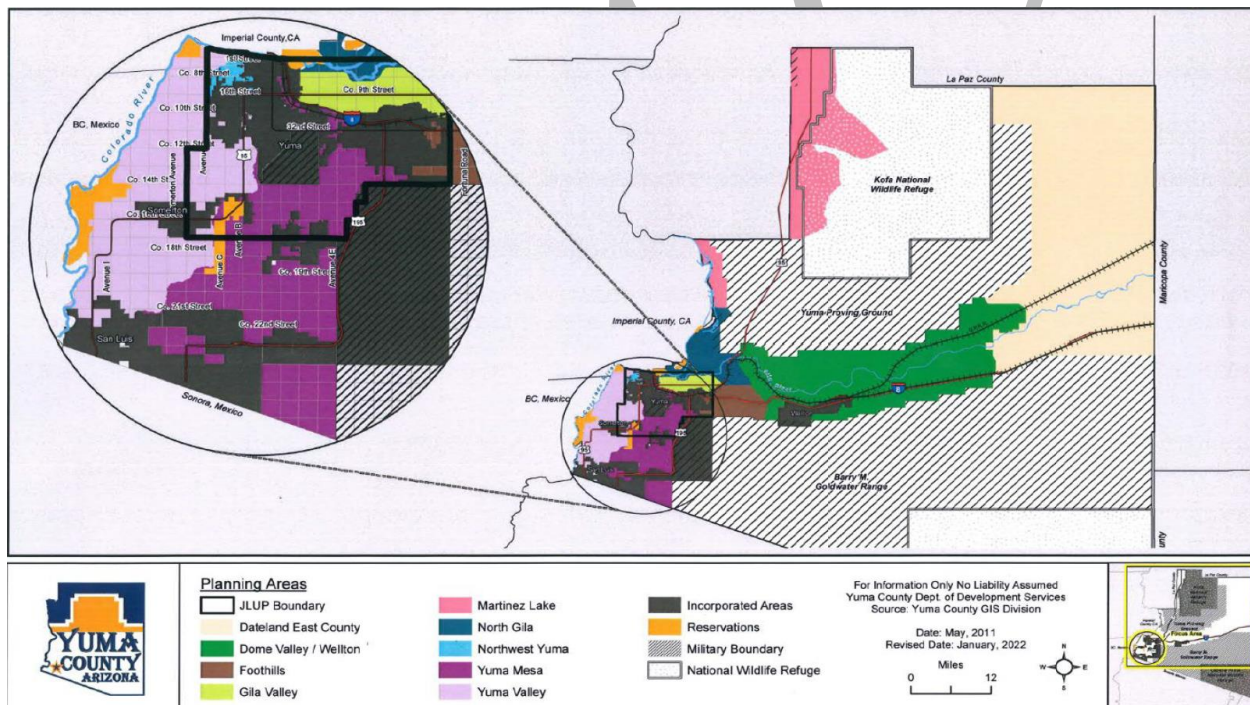
III. COMPREHENSIVE PLAN / GENERAL PLAN COMPATIBILITY

Presentation by **Alyssa Linville**, City Planning & Neighborhood Services Director and **Maggie Castro**, County Planning & Zoning Director.

Castro presented the following:

- The County Board of Supervisors adopted the 2030 Comprehensive Plan (Plan) in March 2023
- The Plan provides guidance on how the County will address growth and development and is used for the following:
 - Making recommendations and updating zoning ordinances
 - Regulatory Guidelines
 - Policy Development
 - Establishing a Planning Focus
 - Assisting the Development Community

The following map represents the entire County Planning area. The blown-up area is the portion on the west side of Yuma County, basically west of the Gila Mountains.



Yuma County has nine planning areas. Arizona Revised Statutes (ARS) mandates four elements for counties with a population of more than 125,000 persons:

- Land use element
- Circulation element
- Water resources element
- Energy element

Optional elements include:

- Open space element
- Growth element
- Environmental planning element
- Cost of development element

Yuma County's Comprehensive Plan contains the following elements:

- Land use element
- Open space element
- Recreational resources element
- Circulation element
- Environmental element
- Water resources element
- Safety element
- Energy element
- Housing element
- Cost of Development element
- Public participation element
- Regional coordination element

Yuma County and the City of Yuma have 10 elements in common.

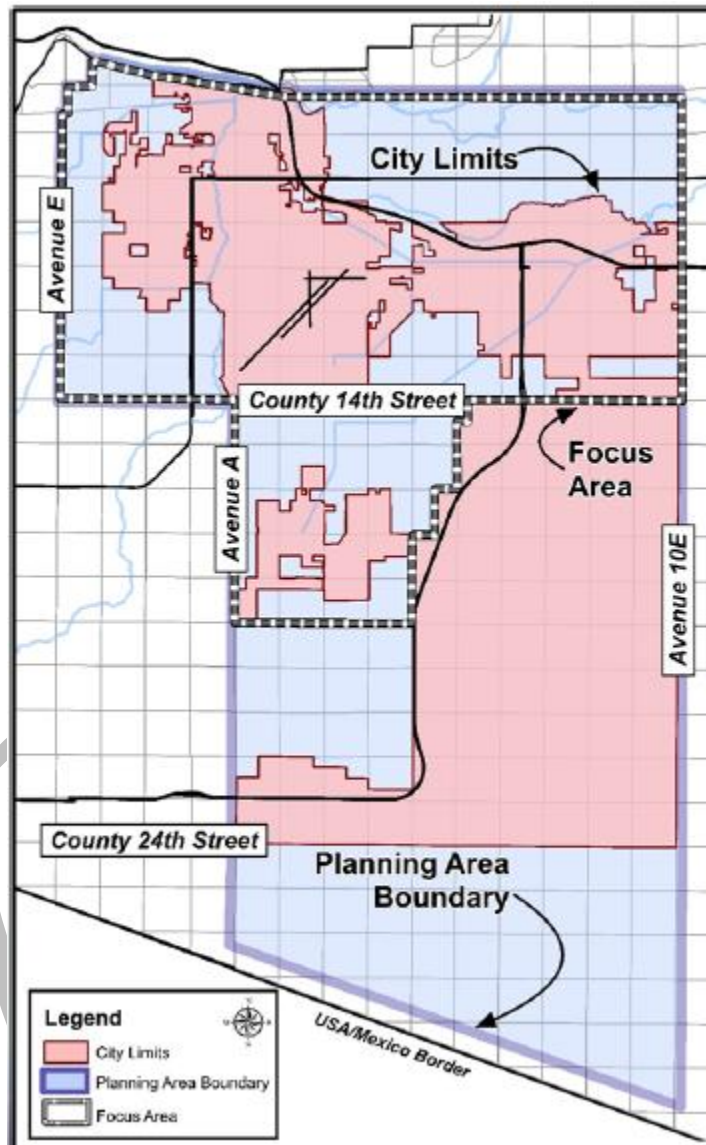
Linville presented the following:

- As required by the State, jurisdictions/cities with populations of 10,000 persons or more are required to send a General Plan, every 10 years, to the voters for ratification.
- The City of Yuma's General Plan was last ratified in November 2022
- The General plan is many things:
 - A local decision about what kind of community Yuma wants to be
 - The City's guide for development
 - Represents what the residents of our community hope Yuma will be in the future
 - A guide for growth, focused on protecting community economic assets
 - Protects resources and economic drivers
 - A means of support for established neighborhoods
 - Supports the character of our existing neighborhoods and development
 - A component of attracting new jobs to the City
 - Helps entice growth within our community in terms of jobs and attracting new industry.

Three boundaries are identified within the City's General Plan:

- City Limits (Pink)
 - Incorporated area within the City limits
- Planning Area (Blue)
 - The area adjacent to the incorporated areas/City limits, and the area that we expect the City to grow in years to come.

- Focus Area (Dashed line)
 - The area the General Plan focuses much of its attention on.
 - The area of the City that most growth is expected
 - Areas within the City of Yuma limits and the areas adjacent which we do expect annexations to happen.
 - Also the area where our utilities team has focused much of our growth within our community, Parks and Recreation, roadways as well as Public Safety.



Elements

- Similar to Yuma County, the City of Yuma is required by State statute to provide certain elements within its General Plan

- The following 17 elements have been incorporated into the City's General Plan:
 - Land Use
 - Recreation
 - Conservation, Redevelopment and Rehabilitation
 - Environmental
 - Public Buildings
 - Cost of Development
 - Circulation
 - Open Space
 - Neighborhood
 - Preservation and Revitalization
 - Energy
 - Water Resources
 - Growth Area
 - Bicycle
 - Housing
 - Conservation
 - Public Services and Facilities
 - Safety
- Each element of the General Plan is detailed within the document through a Chapter and each one has goals, objectives, as well as action plans that are required to occur over the course of 10 to 20 years.
- In addition to the elements identified within the General Plan, the City of Yuma has a participation component.
 - Chapter 13 of the General Plan identifies how the City of Yuma will incorporate and solicit comments from our residents
 - Through public notifications and neighborhood meetings.
 - For General Plan amendments as well as updates to the General Plan every 10 years

Chapter Outline

- User Friendly document
 - Each Chapter is broken up in a very similar fashion for ease of use for the reader
- Includes:
 - Arizona Revised Statutes
 - Background and existing conditions
 - Goals, objectives and policies that the City of Yuma would like to see supporting each of these elements
 - An Action Plan
 - Located at the end of each Chapter and is specific to each element required by the State and identifies how the City of Yuma will support each of those elements

Annual Status Report

- The City of Yuma Planning team drafts and publishes an annual status report showing the community where the City is on each action item. The report highlights the number of General Plan cases processed. The Planning team is currently working on updating the 2024 status report
- 2023 Accomplishments:
 - In 2023 the City of Yuma processed eight General Plan amendments - six minor and two major amendments all focused on commercial and residential development, increasing densities, updating development standards, as well as explaining the boundaries of the infill overlay district.

The General Plan serves the City of Yuma in a number of ways and helps grow our community in a way that we want to see.

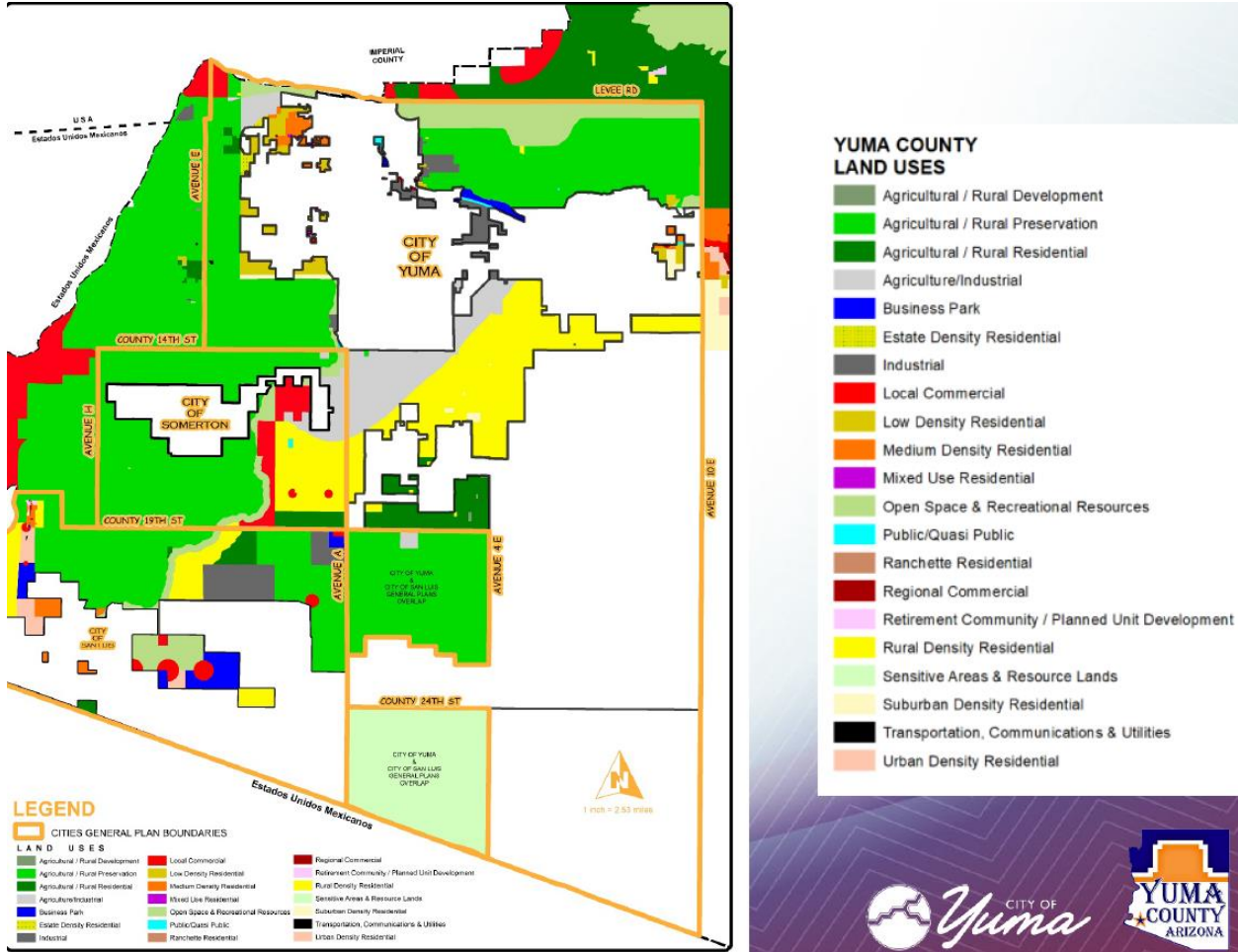
Castro gave the breakdown of Land Use Designations within Yuma County as follows:

- 21 – Yuma County
- 09 – City of San Luis
- 11 – Town of Wellton
- 13 – City of Yuma
- 11 – City of Somerton

YUMA COUNTY LAND USES	CITY OF SAN LUIS LAND USES	TOWN OF WELLTON LAND USES
Agricultural / Rural Development	Agricultural	Agriculture Rural Preservation
Agricultural / Rural Preservation	Low Density Residential	Community Commercial
Agricultural / Rural Residential	Medium Density Residential	Industrial
Agriculture/Industrial	High Density Residential	Industrial/Employment
Business Park	Commercial	Interstate Commercial
Estate Density Residential	Mixed Use Activity Center	Low Density Residential
Industrial	Employment	Medium Density Residential
Local Commercial	Conservation	Parks and Open Space
Low Density Residential	Border Buffer	Public
Medium Density Residential		Rural Density Residential
Mixed Use Residential		Suburban Rural Density Residential
Open Space & Recreational Resources		
Public/Quasi Public		
Ranchette Residential		
Regional Commercial		
Retirement Community / Planned Unit Development		
Rural Density Residential		
Sensitive Areas & Resource Lands		
Suburban Density Residential		
Transportation, Communications & Utilities		
Urban Density Residential		

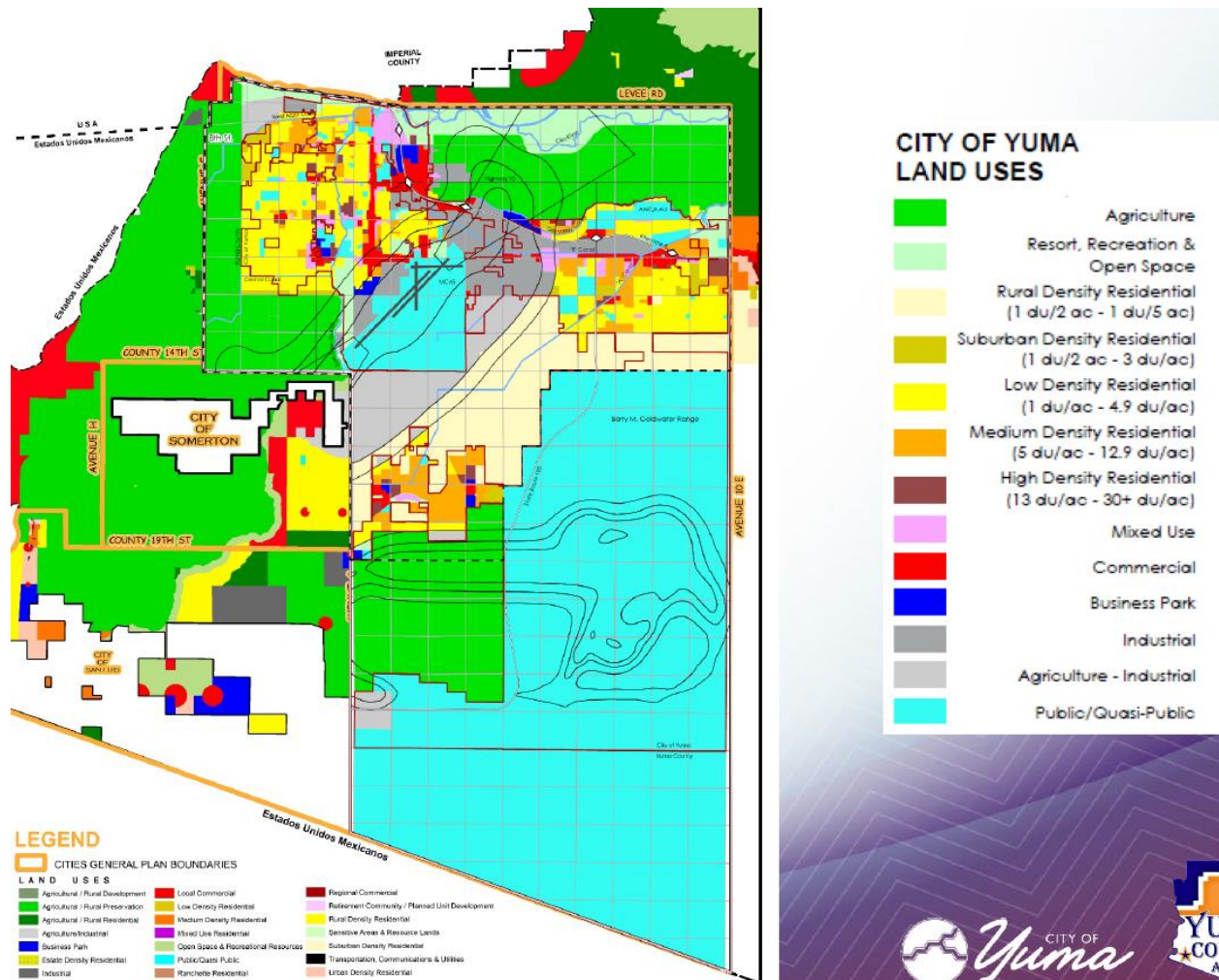
CITY OF YUMA LAND USES	CITY OF SOMERTON LAND USES
Agriculture	Agriculture
Resort, Recreation & Open Space	Rural Density Residential (RDR)
Rural Density Residential (1 du/2 ac - 1 du/5 ac)	Low Density Residential (LDR)
Suburban Density Residential (1 du/2 ac - 3 du/ac)	Medium Density Residential (MDR)
Low Density Residential (1 du/ac - 4.9 du/ac)	High Density Residential (HDR)
Medium Density Residential (5 du/ac - 12.9 du/ac)	Commercial
High Density Residential (13 du/ac - 30+ du/ac)	Downtown Overlay District
Mixed Use	Employment
Commercial	Agriculture / Industrial
Business Park	Public Facilities
Industrial	Recreation & Open Space
Agriculture - Industrial	
Public/Quasi-Public	
City Limits	
Focus Area	
Planning Area Boundary	

Castro explained that the below map shows the western portion of Yuma County. It shows the land use designations as well as the City of Yuma planning area, the City of Somerton planning area and the City of San Luis planning area:

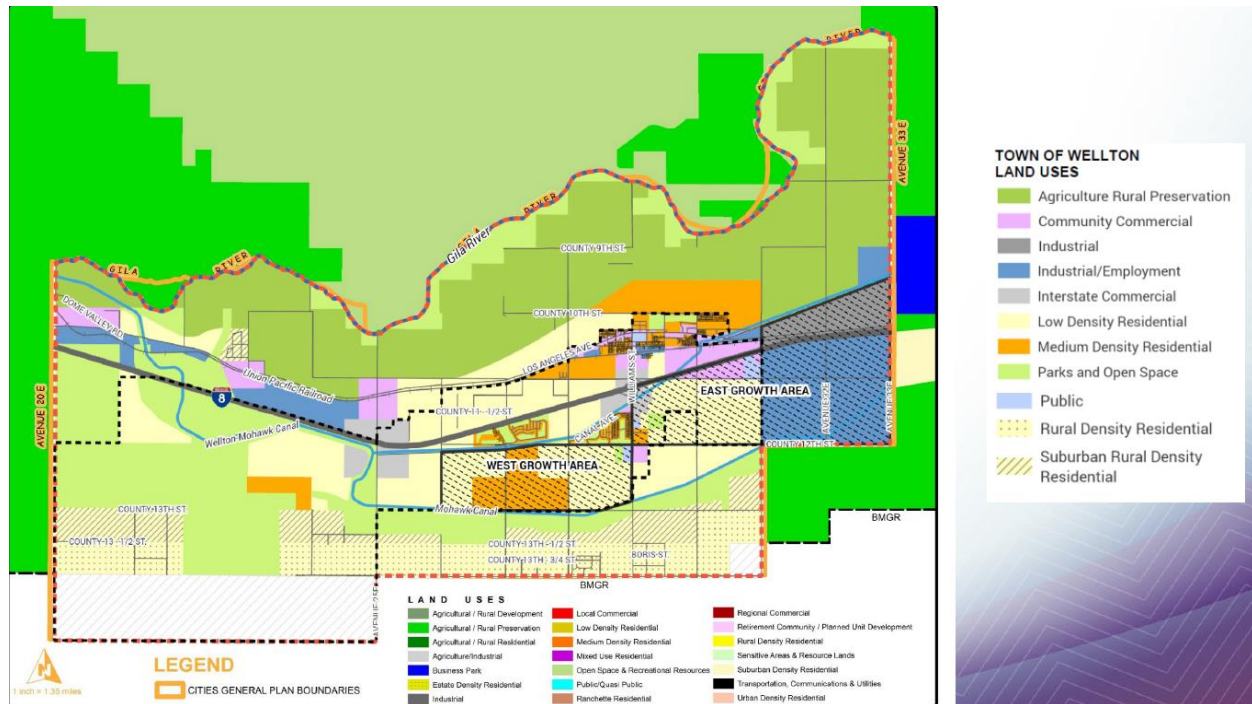


Castro explained that the below maps show how the City of Yuma, City of Somerton, the City of San Luis and the Town of Wellton's land uses fit within Yuma County's Comprehensive Plan as well as designations adjacent to or that touch Yuma County's boundaries are compatible:

City of Yuma



Town of Wellton



Discussion

- General Plans are a great tool to bring forth the perspective of the community and growth while preserving the agricultural elements that make Yuma unique. Sustaining the agricultural industry while growing the community is an important balance. (**Mayor Nicholls**)
- The amount of Federal Land in Yuma County is significant, making private land more critical to protect. (**Mayor Nicholls**)
- Energy needs, including solar, should be in the Eastern County. Industrial scale should be looked at due to the large footprint those industries take up (**Mayor Nicholls**)
- The City's infill plan takes a look at ways to redevelop land that does not involve removal of existing houses (**Mayor Nicholls**)
- It is important to be cognizant that we are not taking land out of urban production or urban utilization that could be in other areas (**Mayor Nicholls**)
- Calling the existing solar in the Foothills area good (enough) was supported. (**Simmons, Mayor Nicholls, Lines and Pancrazi**)
- Taking a proactive stance by getting with the League of Arizona Cities and Towns to revisit the tax rate the State sets for the solar industry was supported as it could be a missed opportunity to provide additional funding for our schools and roads. (**Mayor Nicholls/Simmons**)
- Encroaching on the Marine Base is the County's concern with allowing Accessory Dwelling Units (ADUs) as a permissible use. (**Morris/Pancrazi/Chairman Porchas**)
- MCAS was in support of the City of Yuma's adoption of ADUs as long as they are not located within the noise contours. (**Linville**)

IV. NEW COUNTY ADMINISTRATION BUILDING

Update provided by **Ian McGaughey**, County Administrator.

McGaughey presented the following on the new Yuma County Administration Services building:



- Architect is BWS Architects
- Local Engineers
 - Rob Campbell
 - Dahl Robins
 - GTS
- Contractor is Pilkington Construction
 - 75% of the subcontractors are local
 - Construction manager is Kitchell CEM
- Three floors plus a full basement
 - Each floor is roughly 27,000 sq.ft.
 - Basement is roughly 19,000 sq.ft.
- 170 staff will occupy the building upon opening with room to grow
- First Floor
 - Terrazzo floor with the Colorado River theme running through it
 - Includes:
 - Board of Supervisors Auditorium
 - Recorder's Officer
 - Election Services
 - Communications
- Second Floor
 - Agriculture and military theme

- Includes:
 - Treasurer's Office
 - Assessor's Office
 - School Superintendent
- Third Floor
 - Desert Sunset theme
 - Includes:
 - Board of Supervisor's Office
 - Administration
 - Human Resources
 - Finance
- Three public entrances
- Effort made to fit in with the existing street scape
- Board of Supervisors Auditorium
 - Named after E.F. Sanguinetti
 - Yuma Pioneer and former property owner.
 - Seats 110 public and 13 staff and board members
- Substantial completion expected in late August
 - Move-in will happen floor by floor
- Final completion expected in late September/early October

Discussion

- Attention to the buildings aesthetics is appreciated. (**Mayor Nicholls**)
- The ultimate capacity is 200 (**Mayor Nicholls/McGaughey**)
- Going from a vacant building to 200 employees will change the character of the parking downtown. Continued discussions on how that can work for everybody will be needed. (**Mayor Nicholls**)
- Employees of the Assessor, Treasurer and Recorder's offices were housed in the previous building 5 or 6 years ago. The School Superintendent, with 4 employees, is the only newly added office. (**McGaughey**)
- Available parking includes: 126 spaces behind the building between Maiden Lane and Gila Street; existing parking behind the current Administration building - 10 spaces owned by the County next to Jimmy Dees; City-owned parking behind Lutes Casino and other businesses (200+); and 40 parallel parking spaces on Gila Street. (**McGaughey**)
- 102 S. Main, the current location of the Recorder's and Elections Offices, will be occupied the Public Fiduciary's Office (10 employees); 198 S. Main Street (current Administration Building) will be occupied on the 3rd Floor by half of the Public Defender's Office (approximately 12 employees) and the first and second floors of that building remain to be seen. (**McGaughey**)
- It's important to note the economic consideration that all these employees will be shopping, dining and recreating downtown. (**McGaughey**)
- Consideration regarding the many events that happen on Main Street and how that will affect both the public and employees in terms of parking is needed as well as consideration of the Americans With Disabilities (ADA) regulations and what that looks like in terms of additional parking spots. (**McClendon**)

- Sufficient nighttime lighting as well as security cameras are planned for the building.
(Morales/McGaughey)

V. EXPENDITURE LIMITATION DISCUSSION

Presentation by **Doug Allen**, City Finance Director and **Humberto Del Castillo Ochoa**, County Chief Financial Officer.

Castillo-Ochoa presented the following:

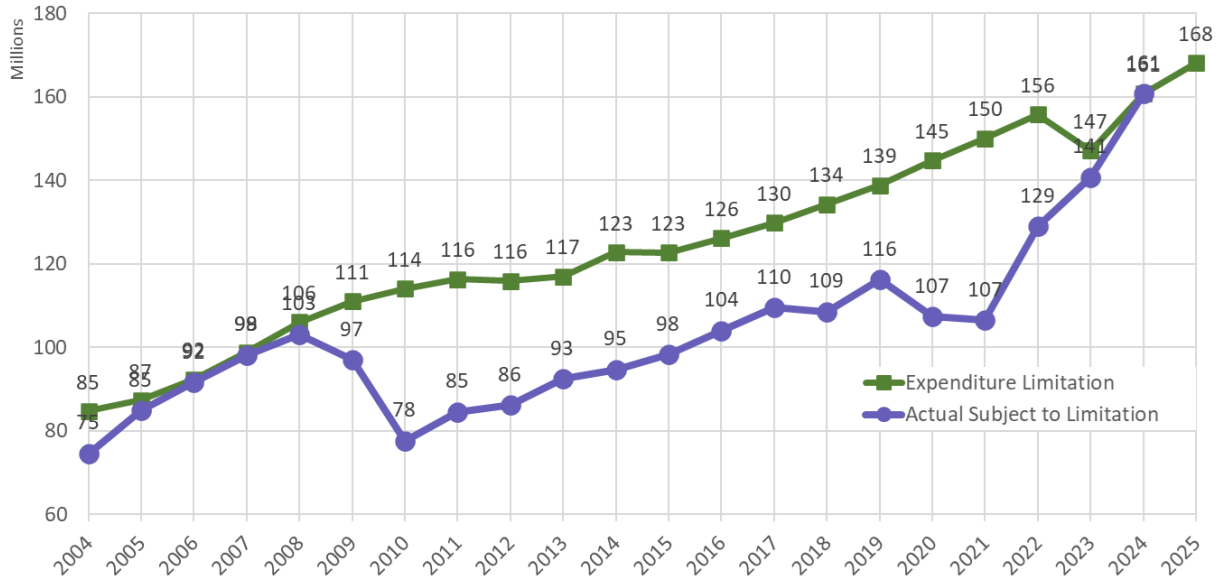
- The Annual Expenditure Limitation (AEL) can be found in the Arizona Constitution, Article IX, §20:
 - It sets the base limit for actual expenses of local revenues.
 - It has a restrictive ceiling even if the municipality has more local revenue/cash than the AEL
- Who Files Report
 - The Governing Body designates annually, by Resolution, a Chief Financial Officer (CFO) for the Annual Expenditure Limitation Report (AELR)
 - The CFO is subject to a Class 1 misdemeanor for certain erroneous actions or reporting
- Why Comply
 - Penalty up to 33% of State income tax withheld based on amount exceeding the AEL
 - Public Trust: Exceeding violates state law

Allen presented the following:

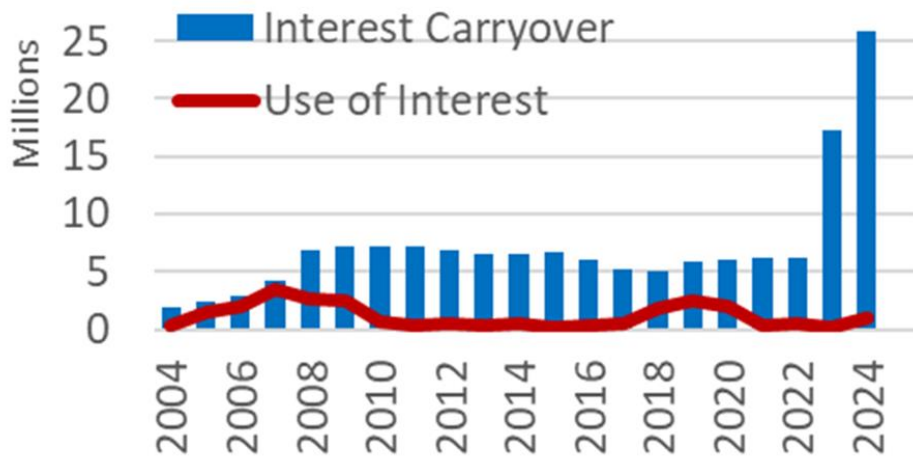
- What is the Formula – it goes back to 1980 and has a few components:
 - Population Factor
 - Takes the population of 1978 to today
 - Inflation Factor
 - Takes the Gross Domestic Product deflator from 1978 to today
 - Compares to what the budget was in 1980
 - Yuma had a rather significant budget at the time, per capita
- How to Increase – Must go to the voters (3 different ways it can be done):
 - Permanent base adjustment; Adjusts all future years
 - Home rule applied to next 4 years only; Voter may adopt additional adjustments
 - One-time override; Good for one specific year for a specific amount

The City of Yuma, for 2025, has sufficient revenues to carry operations and services going forward. However, the expenditure limitation is not sufficient to keep that going on the long term as shown in the below chart.

When expenditures are at risk of exceeding the expenditure limitation there are two options: (1) reduce spending on current services, operations and projects which means reducing services or (2) increase the expenditure limitation which goes to the voters. The City of Yuma is one of about only seven cities in Arizona that have not done a permanent base adjustment.

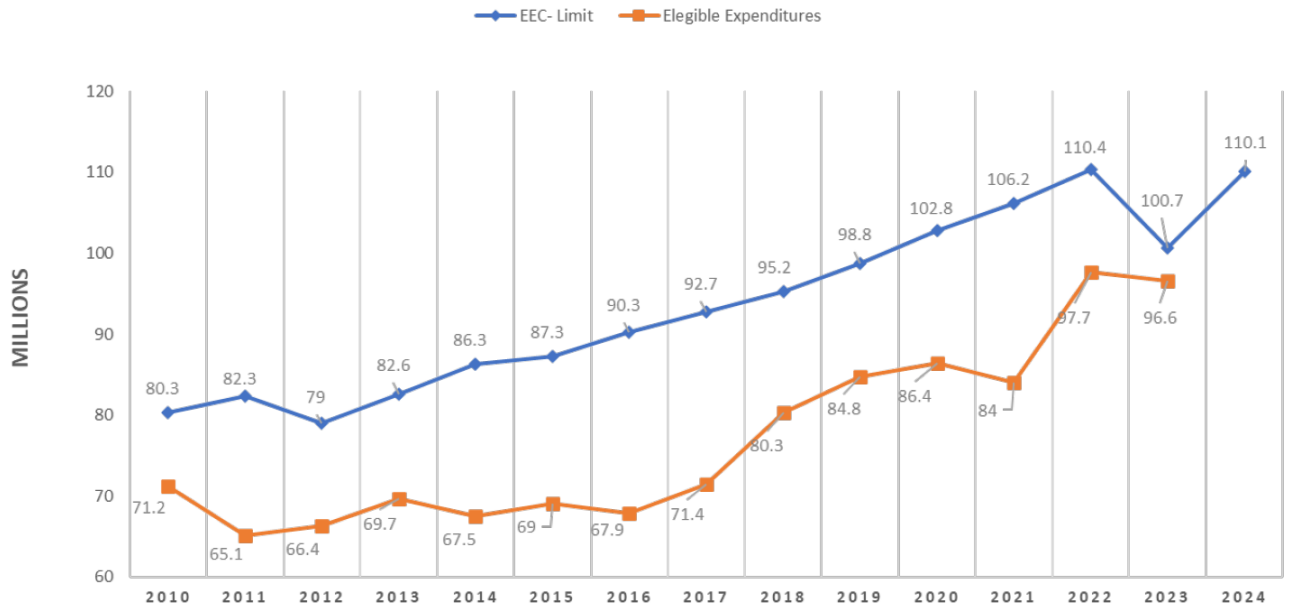


The City has had fortunate investment earnings the last couple of years which are excluded from the expenditure limitation. Currently \$25 million is excluded which will get the City through to the time this gets to the voters. The red lines shows historically how much investment earnings were used as an exclusion.

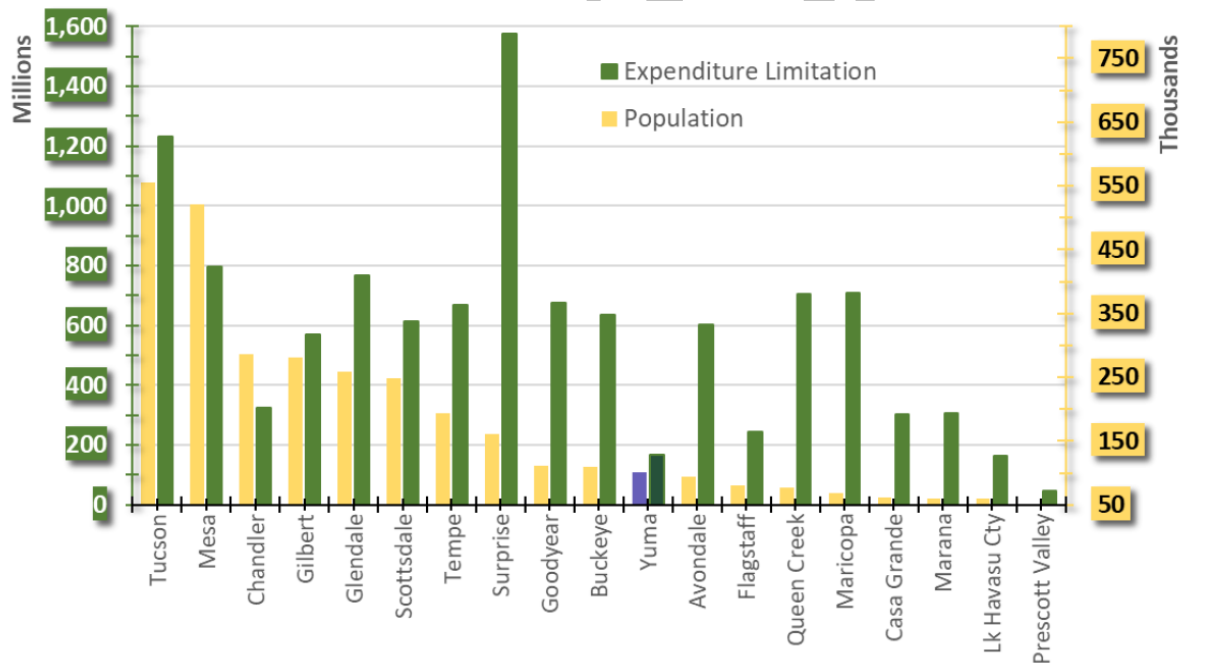


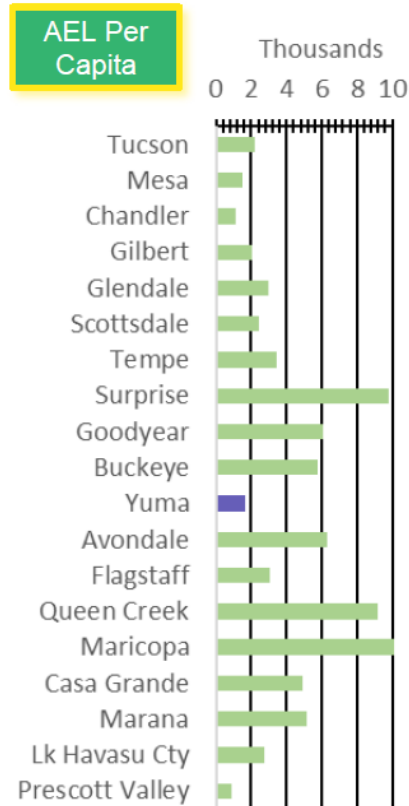
Castillo-Ochoa shared that the County had not been very close to their limit but, in addition to the pandemic, the decline in their expenditure limitation was mainly caused by two things: (1) the 2020 Census which, instead of increasing the population decreased the population, lowering the County's limit from \$110 million to \$100 million; and, (2) the increased cost of everything.

The County's plan going forward is to strictly adhere to and monitor department budgets and plan strategically looking for exclusions and what will be called the blue money during this presentation.



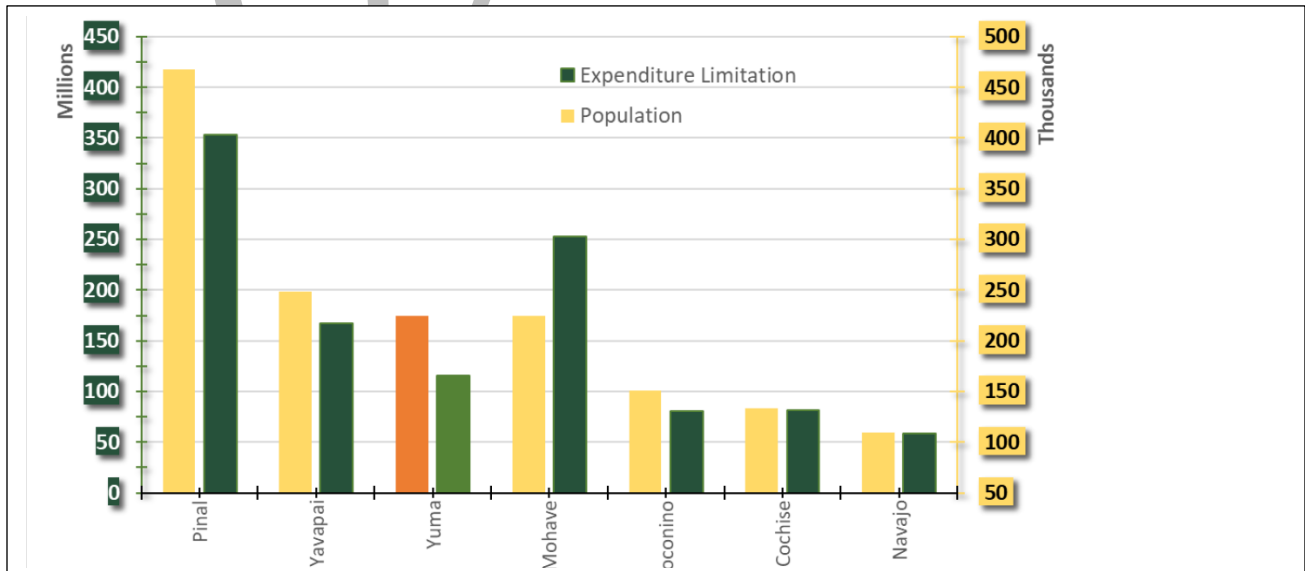
Allen presented the following graph showing Arizona cities (excluding Phoenix) with populations over 50,000 and their corresponding AEL as well as their AEL per capita:

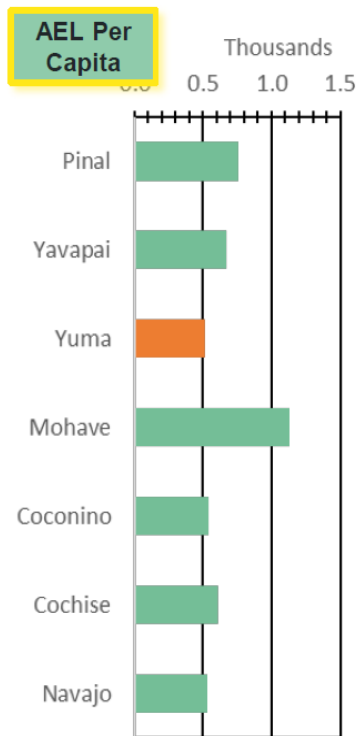




Castillo-Ochoa presented corresponding County charts showing Arizona counties with populations over 100,000; excluding Maricopa and Pima.

- Yuma County's population of 220,000 is comparable to Yavapai and Mohave Counties.
- Yuma County has an expenditure limitation of \$110 million in comparison to Mohave's \$250 million
- Yavapai County went to their voters in November 2024 and their Expenditure Limitation will increase to close to \$300 million next year.
- Yuma County would like to do the same thing and go to the voters in November 2026 and increase the base limit to catch up to the rest of the Counties around Arizona





Key Considerations

- Risks
 - Operational cost increases
 - Service impact and reductions
 - Population adjustments and census participation
 - State-shared revenue reductions
 - Preemptive legislation
- Revenue/Exclusions
 - Local revenues (green money) include:
 - Property taxes
 - Sales taxes
 - Licensing, permits and fees
 - State shared revenues
 - Exclusions (blue money) available such as:
 - Debt proceeds
 - Debt repayment
 - Grants and donations
 - Includes both Federal and State Grants
 - HURF in excess of 1980
 - Example: If Yuma County received HURF revenues for \$5 million in 1980 and \$15 million in the current fiscal year, it means \$10 million can be excluded.
 - Voter approved tax for CIP
 - Investment earnings

Allen continued:

- Mitigating Actions
 - Key Question
 - How can a municipality adopt a \$1/2 billion budget yet stay under AEL of \$160 million?
 - Planning and timing
 - Use most restrictive first
 - Protect bank carry forwards for future
 - Exclusions and no idle cash
 - The City is getting to the point where we do not have enough of the above options to keep under the AEL
- Restricting AEL
 - Budget available resources
 - Actual spending within AEL
 - AEL like reduced revenue:
 - Curb, flat spending
 - Delay projects, etc.
 - Considerations
 - Revenue trending well?
 - Have budget authority?
 - Have the cash?
 - Have AEL exclusion? Or included in AEL budget?
- Green/Blue Money
 - Consider if AEL behind budget:
 - Green: sources are included in AEL budget; good to proceed
 - Blue: sources excluded from AEL; validate to proceed
 - Transferring budget authority:
 - Green can be changed to blue (awarded a grant for it)
 - Blue changing to Green needs actual budget authority from Green budget (grant failed, spend anyway)
- Last Resort
 - Lease or short-term bonds for all vehicles and equipment:
 - Use of proceeds is excluded
 - Paying Debt is excluded
 - Both are Blue money
- Talk with your CFOs
 - Knowledgeable
 - Purposefully plan
 - Responsible for filing AELR
 - No Class 1 Misdemeanor here

The Appendix was not presented but included how to raise the AEP and what that means to voters, case studies for success and those not successful and potential solutions. It also states this is not a new tax or increase in current rates and does not authorize unrestrained spending.

The Timeline is as follows:

- Next Opportunity: November 3, 2026
- Adjustment Applies: FY 2027-28 and beyond
- Steps Leading to Adjustment: May/June 2026: Two public hearings, Board of Supervisors vote after hearings
- June 2026 Board of Supervisors Vote
- July-August 2026: Submit analysis for Attorney General review. Receive review and submit publicity pamphlet
- October 2026: Publicity pamphlet mailed prior to the election

Discussion

- Utilizing the City's communications team, reviewing case studies of previous counties with successful approaches and letting voters know it is not a tax increase but rather allowing the government to continue providing services are a few ways to assure passage of the AEL increase. (**Smith/Allen**)
- All three counties with successful approaches to the AEL increase highlight the importance of transparent communication and voter outreach. Being precise and transparent in the publicity pamphlet that is mailed to the voters is key. (**Castillo-Ochoa**)
- The City and Yuma County are considering running this on the same election and working together to get the message out to the voters. (**Simonton**)
- San Luis and Somerton have each approved the Home Rule increase (4-years). (**Mayor Nicholls/Simonton**)
- Somerton has expressed an interest in the Permanent Base adjustment. (**Chairman Porchas**)
- Running Yuma, Somerton and Yuma County at the same time could save on duplication of the message to the community. (**Simonton/Pancrazi**)
- State Statute is specific in that the AEL must happen in an even-year general election (November 2026). (**Chairman Porchas/McGaughey**)
- The recommendation is still being worked out but, will likely be similar to what the other cities have done. Also making sure it extends out for years, so those coming in after do not have to do it again anytime soon. (**Mayor Nicholls/Simonton**)

VI. COUNTY / REGIONAL TRANSPORTATION SALES TAX

Presentation by **Joshua Scott**, Deputy County Administrator.

Scott stated that in 2019 the former County Administrator started investigating the potential for a sales tax that could be dedicated to roads. Municipalities were brought in on the discussions and meetings have been held on a semi-regular basis. Today's presentation will highlight some of those discussions and solicit feedback on how to proceed.

Scott presented the following:

Needs and Challenges

- Flat Highway User Revenue Fund (HURF) revenues

- Biggest challenge with HURF is it is based on the gas tax that has not been adjusted since 1993
- Potential HURF sweeps by the legislature
- Gas tax
 - The 18 cents a gallon you are paying at the pump does not have the same buying power today
- Inflationary pressures
 - Hot topic the past few years
 - Construction costs have gone up significantly
 - Dealing with 30-years' worth of inflation when it comes to HURF revenues
- Growing maintenance backlog
 - The ever-growing gap between maintenance costs, construction costs and actual HURF revenues is challenging and a lot of road maintenance gets deferred
- Aging infrastructure
 - Agencies across the County and across the State are dealing with aging infrastructure including:
 - Roads with asphalt that are past their useful life
 - Bridges that need to be addressed etc.
 - When talking about roads in this presentation they include:
 - Everything in the right-of-way including sidewalks, bridges, drainage structures etc.

A New Revenue Source

- County led ballot initiative (A.R.S. §42-6107)
 - One possibility to fill the gap between HURF and the actual costs needed to maintain our infrastructure is to look at a new tax
 - State statute allows Counties to take an Initiative to the voters for up to a 1% sales tax
 - The tax would be dedicated to transportation projects
 - The tax would be countywide to include unincorporated areas of the County as well as within City/Town limits within the County
- Countywide \$0.005 tax
 - Discussions outlining needs and the costs associated with those needs show a half cent tax would be enough revenue to have a meaningful impact on the transportation infrastructure
- 20-year sunset
 - At which time it would either need to be reapproved by the voters or it would sunset
- Share revenues with cities and town (A.R.S. §48-5308)
 - State Statute authorizes the counties to split those revenues with the municipalities within the County
 - The statutes are broad and the County has leeway in determining how those revenues could be split
- Similar successful initiatives – Coconino, Gila, Pinal, Maricopa

Revenue Projection

- Potential to generate \$21.7M/yr
- Split with cities and town
 - There are a number of ways to split the \$21.7 million, staff recommends the following:
 - Minimum for Town of Wellton
 - \$400,000
 - Cities and County split based on population
 - The remainder of the \$27.7 million would be split based on population
- Local Control
 - Only used for roads
 - IGA between the County and the jurisdiction would specify use for roads, traffic signals, bridges etc.
 - Jurisdictions decide projects
 - Each jurisdiction would be able to set their own priorities, identify their own projects and spend their money as they see fit
 - Dollars could be used to leverage as match money for Federal grants
 - Cannot be swept by state

Possible Next Steps

- Identify specific needs and projects of each jurisdiction
 - Need to revisit since this was last done 5 years ago
- Yuma Metropolitan Planning Organization (YMPO) study and analysis
 - YMPO indicates they would like to include a study in next fiscal years' work plan
 - A consultant will look at identifying the regional transportation needs, the priorities and then what could be accomplished with a road tax
- Citizen education campaign
 - Education and outreach leading up to the election
 - Preparation of factual information
 - Leverage YMPO and their public involvement as a forum to educate the residents
- Ballot timing
 - Must be on ballot in an even-numbered year
 - County Expenditure Limitation initiative is scheduled for 2026. The expenditure limitation is a priority
 - 2028 is when this likely will go to the voters

Discussion

- Many options for splitting the funds were discussed including mileage of roadways versus population. Population seemed like the easiest to manage and easiest to explain to the voters. The different split options can be made available. (**Morris/Scott**)
- As painful as it might be, waiting until after the expenditure limitation goes to the voters before bringing the road tax to the voters is the right thing to do. (**Mayor Nicholls**)
- Leveraging the monies for Federal grant match money would be a goal to make the funds go further. (**Lines/Scott**)

- Clearing the backlog of maintenance projects is where the money will be most useful. The City has 50 miles of roads in very poor condition; the County has a 5% backlog. (Scott/Simonton/Olea)
- Roads are one of the basic necessities and services provided. If we are taking something to the voters and asking for their consideration we want to make an impact and not just put a band-aid on the problem. (Lines)
- This tax is meant to be a supplement to HURF revenues. (Scott)
- PM10 requirements – paving 3 miles every 5 years (Pancrazi/Scott)
- Getting ahead of the game and letting the voters start to see the benefits behind the tax is important even if it does not go on the 2026 ballot. (Simmons)
- Discussions have mostly been centered around maintenance and catching up on deferred maintenance and that cost is significantly less than a million dollars a mile. (McClendon/Scott/Simonton)
- Our community will receive a smaller percentage of the HURF funds if the Casa Grande Accord is reopened. (Mayor Nicholls)
- Getting the money is the priority. Once received each entity can decide whether to use it on maintenance or on a larger road project. (Chairman Porchas)
- The YMPO study may help show what percentage we need to take to the voters based on what needs to be accomplished. (Scott)

VII. HCR 2021 ELIMINATION OF FOOD TAX BRIEFING

Briefing by **Mayor Nicholls**.

Mayor Nicholls gave the following background on HCR2021:

- Last session the State Legislature prohibited cities from continuing to collect tax on multi-family dwellings which ended up impacting the City of Yuma by half a million dollars, roughly.
- Last session the State Legislature also talked about eliminating the food sales tax, but it was tabled and this year it is back and the legislators want to put it before the voters.
- The City of Yuma has a 1.7% food sales tax that was last updated in the 1990s. As the bill is currently written, the elimination of the food tax would be an \$8 million hit to the City of Yuma.
- .2% of that sales tax is dedicated to Public Safety. Based on how the City budgets, Public Safety would get hit from this elimination of \$8 million dollars, basically defunding our police and fire departments.
- The State does not have a sales tax; not every City in Arizona taxes food; therefore, this is not a statewide concern. This is grocery store food (consumables at home) and not restaurants.
- The City Administrator, Police Chief and a representative from our Fire Department Union gave their perspectives. The public in attendance asked if the food tax should be eliminated and they responded no, it should not be eliminated as it goes to protect the community and is not wasteful or extra money.

Simonton:

- Loss of the 1.7% food sales tax would be about 10% of the City's General Fund; San Luis would lose 25% as they have one of the highest sales taxes; Somerton would also suffer.
- Wellton will also be severely affected. Wellton and San Luis do not have a property tax to fall back on.
- Requested the County's assistance in reaching out to our State legislators and the communities in their districts about how devastating this can be for them.

Discussion

- The cost is roughly \$4.00 per week if you spend \$200 a week at the grocery store **(Watts/Simonton)**
- Because it is an HCR it will be voted on across the State and even those cities without a sales tax will be voting on it. **(Pancrazi)**
- Phoenix, Tucson and Mesa, which are the largest by population and do not have a food tax would be voting for this. If it goes to the voters, we can assume it will be approved. **(Simonton)**
- Beyond the actual bill, the approach of local government being superseded by State government is an even larger concern. **(Mayor Nicholls)**
 - These types of changes need to be done locally so it can be managed and not just arbitrary. **(Mayor Nicholls)**
- Our community is unique with our winter visitor population; sales tax is one of the easiest and most reliable ways the City structures our community and finances moving forward. **(Mayor Nicholls)**
- Our economy is different than Scottsdale, Phoenix and even Lake Havasu. The average family income in Yuma is almost \$40,000 less than the average family income in Phoenix. What works in Phoenix does not necessarily work in Yuma. **(Mayor Nicholls)**
- Yuma County's legislators did not commit to voting this legislation down. In fact, three of them co-sponsored the bill. **(Pancrazi/Mayor Nicholls)**
- The City needs help spreading the word that this is not a good thing for Yuma. **(Mayor Nicholls)**
- Representative Leo Biasiucci of Lake Havasu is the bill sponsor. Lake Havasu does not have a food tax so its really telling other communities how to run their communities when it does not affect their own community. The average family income in Lake Havasu is higher than ours and they have other ways to generate revenue than we do. **(Pancrazi/Mayor Nicholls)**
- It appears that the Legislators do not believe the argument that this bill will defund police and fire. There is a pervasive perspective at the State Legislature that Cities have monies tucked away. Very few State Legislatures have ever sat on a City Council. **(Smith/Simonton/Mayor Nicholls)**
- None of the legislators have taken Mayor Nicholls up on sitting down and going through the budget to see how this will impact Yuma County and why this is a bad bill. **(Mayor Nicholls)**

- The League of Arizona Cities and Towns is working the day-to-day strategy sessions regarding this bill. Even those cities not affected would recognize this infringement on local control (**Mayor Nicholls**)
- A fact sheet will be put together to show the impact that this bill will have. (**McClendon/Simonton**)
- A large part of the discussion was how to determine what foods fall into what category. (**Smith/Mayor Nicholls**)
- Yuma County does not have a food tax. (**Chairman Porchas/McGaughey**)
- **Pancrazi**, as the County Supervisor Association President, will discuss it at the Legislative Policy Committee meeting on Friday morning as well as pass out the Fact Sheet, if available, to the legislators on the floor. (**Chairman Porchas/Pancrazi/Mayor Nicholls**)
- The Board of Supervisor's could explore signing a letter of their support against the bill as well as getting their paid lobbyist involved. (**McGaughey**)

VIII. CITY OF YUMA SPACEPORT PROJECT

Update presented by **Jay Simonton**, City Administrator

Simonton presented an update on the status of the spaceport project as follows:

- Spaceport Project History
 - It Started With a Simple Vision
 - March 2016 – Former Councilmember Mike Shelton discussed the concept/goal of Yuma developing a spaceport at the Council Retreat
 - 2017/18 – The region received interest from commercial rocket companies regarding the possibility of developing a commercial spaceport
 - 2019 – Greater Yuma Economic Development Corporation (GYEDC) received a grant to complete a feasibility study
 - 2022 – City in partnership with GYEDC hired Launch on Demand to complete the Federal Aviation Administration (FAA) Site License Application Process
- Why Yuma?
 - It is all about location
 - Close to large bodies of water (Sea of Cortez/Pacific Ocean)
 - Rockets are usually two or more stages, and the first stage would break off over the Pacific Ocean
 - Ideal longitude and latitude to launch communication satellites toward a southerly polar orbit
 - Very low population densities
 - The launched rockets would travel over sparsely populated areas, reducing safety concerns
 - Very few viable commercial spaceports in the world
 - Fewer than 40 operational spaceports
 - Many spaceports are controlled by the federal government, making it difficult for smaller operators to launch their equipment into space
 - There is one private operation in Alaska

- Difficult to get to
 - Weather can be unpredictable
 - Space X has a facility in Texas
 - Only launches Space X rockets
 - Commercial space industry is expected to be a \$1 Trillion industry by 2030
- Progress to Date
 - Need to obtain FAA Part 420 Site Operator License
 - Hired consultant Launch on Demand in 2022 to complete the Site License Application Process
 - Submitted Pre-Application to FAA in February of 2024
 - Working with an environmental consultant to complete the required National Environmental Policy Act (NEPA) documents
 - Anticipate environmental review process to be completed in the Summer or Fall of 2025
 - FAA will have 180 days to review the application
 - If everything goes as planned, the goal is to have the Site Operator License approved in early 2026
 - A company called InterOrbital out of Mojave California is working on their 450 License and wants to be our first customer
- Challenges and Hurdles to Overcome
 - Land swap/acquisition with Arizona State Land Department and Marine Corps Air Station (MCAS)
 - A swap or exchange with MCAS and the State Land Department would give MCAS 300 acres of prime real estate for the protected Flat-Tail Horned Lizard and the City land for its spaceport
 - FAA approval of inland spaceport
 - The FAA has never approved an inland space port
 - Size of launch vehicles
 - The City is targeting the very small rockets that launch payloads of less than 1000 kilograms. The tables used by the FAA to determine the safety of launching a rocket were for much larger rockets carrying significantly larger payloads than would be handled at Yuma's spaceport
 - The City's consultants had to submit a lot of extra documentation to prove that launching small rockets from the proposed location would be safe
 - Private investment in site infrastructure
 - The City does not have the funds to build the spaceport, and will need to find a private partner
 - Companies such as InterOrbital only need a concrete pad, a water source, and a small control room.
 - Coordination with Mexico
 - Mexico's previous administration was supportive of this project; must reengage with the new Administration if we plan to launch anything over Mexico
- Project is Generating Interest
 - National Science Foundation (NSF) Engine Grant

- Partnership with the City, GYEDC, Arizona Western College (AWC) and Elevate Southwest
- Potential \$160 million grant over the next 10 years
- Companies and Educational Interests
 - Opportunities to partner with MCAS and Yuma Proving Ground (YPG)
 - InterOrbital Systems (signed a Memorandum of Understanding)
 - Uses turpentine and nitric acid as fuel sources, which are much less dangerous to the environment and unlike traditional rocket fuel does not require a special storage system
 - They want to be the first to launch a rocket from the Yuma spaceport
 - Space-Tech Inc.
 - University of Arizona
 - Arizona State University
 - Raytheon
 - Jet Propulsion Laboratories

Discussion

- Mayor Nicholls recognized Simonton's leadership and work with Elevate Southwest to get the City's application moving forward to the next level. The City's application is one of only two in the State (four in the whole country) and the only space-based application. **(Mayor Nicholls)**
- National Science Foundation Grants are notoriously difficult to get and put a stamp of approval on the project. **(Mayor Nicholls)**
- Supervisor Lines and GYEDC worked on legislative changes back in 2014/2015 to get the grant approved and signed by Mark Brnovich, Attorney General, on behalf of the State. **(Mayor Nicholls/Lines)**
- The market is currently dominated by the Space X's and Blue Origins of the World who utilize the three primary space ports making the demand for smaller launch locations, servicing small payloads and small rockets, necessary along with the year-round perfect weather. **(Morris/Simonton)**
- Educational components, including research and development, would come along with having a SpacePort in Yuma. **(Morris/Simonton)**
- A preliminary site plan was submitted with the application. **(Morales/Simonton)**
- Starting small and building up over time is the prudent way to go about this project. Currently a concrete pad, security fence, a conex box with a restroom and a water source is what is needed to get up and running. **(Morales/Simonton)**
- If the National Science Foundation Grant falls through the City will continue to move forward with the application and look for private investors. The project was already being pursued without the grant. **(Morales/Simonton)**
- If the license is granted the investors will come, as getting the license is the most arduous part of the process. **(Simonton)**

IX. CLOSING REMARKS

Provided by **Mayor Nicholls** and **Chairman Porchas**.

Mayor Nicholls stated he appreciated getting the opportunity to have these discussions and that he knows he can call any of the other elected officials in Yuma County to address an issue which is what makes Yuma unique. Its about everyone contributing for the betterment of our community and the word community does not tie us to State, County or City boundaries. It's a collective group of people that are looking out for the best for everyone.

Chairman Porchas stated he also appreciates that the City and County can work together and, while we may not agree on everything, knows that he can pick up the phone and have a discussion. **Chairman Porchas** thanked the staff for their time.

ADJOURNMENT

The meeting adjourned at 6:10 p.m.

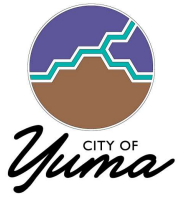
Lynda L. Bushong, City Clerk

APPROVED:

Douglas J. Nicholls, Mayor

Approved at the City Council Meeting of:

City Clerk: _____



City of Yuma

City Council Report

File #: MC 2025-040

Agenda Date: 3/19/2025

Agenda #: 2.

Regular Council Worksession Draft Minutes February 18, 2025

MINUTES
REGULAR CITY COUNCIL WORKSESSION
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY COUNCIL CHAMBERS - YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
February 18, 2025
5:30 p.m.

CALL TO ORDER

Mayor Nicholls called the Regular City Council Worksession to order at 5:30 p.m.

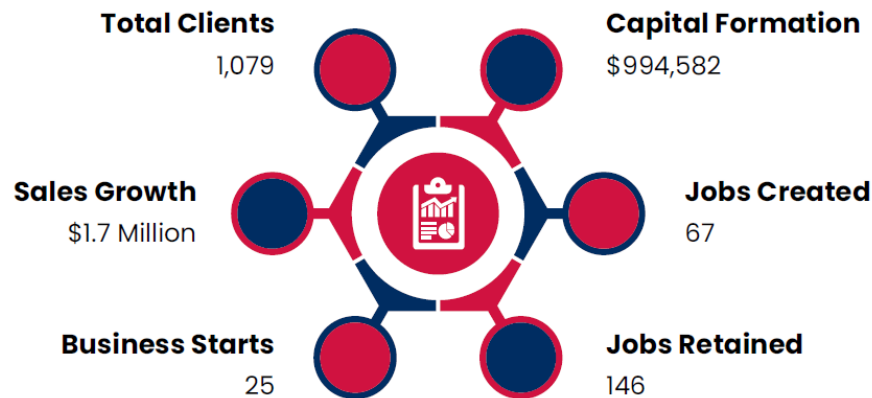
Councilmembers Present: Martinez, Watts, Morris, McClendon, Smith, Morales, and Mayor Nicholls
Councilmembers Absent: None
Staffmembers Present: Acting City Administrator, John D. Simonton
Director of Finance, Douglas Allen
Director of Engineering, David Wostenberg
Director of Planning and Neighborhood Services, Alyssa Linville
Various department heads or their representatives
City Attorney, Richard W. Files
Deputy City Clerk, Janet L. Pierson

I. ARIZONA WESTERN COLLEGE SMALL BUSINESS DEVELOPMENT CENTER

Crystal Mendoza, Director of the Arizona Western College (AWC) Small Business Development Center (SBDC), introduced **Leticia Williams**, Business Counselor with the SBDC, to provide the following annual update:

- Who We Are
 - The Arizona SBDC Network works to help launch, grow and sustain small businesses in Arizona. We are Arizona's largest most comprehensive and accessible statewide source of assistance for small businesses in every stage of development.
 - The SBDC is a nationwide network with the largest group of resources for small businesses
 - The Yuma location is one of 10 centers within Arizona
- SBDC Services
 - Counseling
 - Training
 - Resources
 - 10 SBDC Centers in Arizona and counselors in Yuma County
- SBDC-AWC Open Counseling Sessions
 - Offered at six locations: Yuma, Somerton, Wellton, San Luis, Parker and Quartzite
 - Offered at no cost
 - SBDC works with the client to adjust and evaluate the business to help figure out what is needed to move forward
- Fiscal Year (FY) 2024 Workshops Provided
 - Youth Entrepreneurial Skills
 - Social Media 101
 - The Business Behind the Beauty
 - 2024 Pitch Competition

- Limited Liability Company (LLC) Launch Lab
- Franchise Blueprints: Basics for Local Entrepreneurs
- Boots to Business – partnered with Marine Corps Air Station (MCAS)
- Mexicana Emprende – Mexican Consulate
- Funding Your Dreams in Collaboration with Chicanos Por La Causa
- Refuerza Tu Negocio (Strengthen Your Business) with the Better Business Bureau
- Small Business Resource Fair
- FY 2025 Upcoming Topics
 - How to Conduct Business with Confidence in the City of Yuma
 - National Small Business Week! Resource Fair
 - LLC Launch Lab
 - Beneficial Ownership Information (BOI) Requirements: 2025 Updates
 - Funding Your Dreams in Collaboration with Chicanos Por La Causa
 - Home Based Businesses
 - Social Media 101
 - Youth Entrepreneurial Skills
 - Running an E-Commerce Business
 - Boots to Business – MCAS
 - Loans: Options, Process & Acquisition
 - Desarrollo Empresarial (Business Development) in Collaboration with Startup Unidos
 - Financial Literacy: Profit Soup Cohort
 - Dream Builder Workshop Series
 - Cultivating the Future: 2025 Pitch Competition
 - International Trade Essentials: Import and Export Requirements
 - How to Know if Your Business is Generating Revenue
- Economic Impact October 2023-September 2024



Elaborating, **Williams** further discussed the following programs and partnerships:

- Profit Soup
 - A financial education resource helping business owners elevate their game
 - Provide workshops that cover rates, common financial statements, profit break even, and how to use your finances to make better decisions
- Dream Builder
 - Provides free online training in entrepreneurship targeting socially and economically disadvantaged individuals (SEDI) in rural and mining communities
 - Topics include pricing, sales, tracking profits and losses, and raising capital
- AI U (Artificial Intelligence University)
 - Initiative supported by Google with \$10 million in funding

- Will provide AI training and one-on-one coaching to help small businesses harness the power of AI
- Through AI Clinics, the program aims to train 500 small business advisors and engage 500 college students as associate advisors

Discussion

- The \$10 million funding will be split throughout the America's SBDC; our center is anticipating approximately \$1 million. **[Mayor Nicholls/Mendoza]**
- The Boots to Business Program provides resources specific to military families through a cohort that SBDC works closely with to be able to support their success. Local businesses that work through this Program by volunteering their services are most appreciated. **[Morales/Mendoza]**
- The Profit Soup Program should be helpful to assist businesses to file correct financial documents with their financial institutions. **[Morales]**
- With new businesses being supported by SBDC, the "Buy Local" campaign is a program that will be continued to be promoted. **[Morales/Mendoza]**
- Approximately 60%-65% of SBDC's services go towards start-up businesses, but if the business is under the Small Business Administration, they are eligible for SBDC's support to assist with retention. **[Morris/Mendoza]**
- The Beneficial Ownership Information (BOI) requirements were promoted by SBDC through a worksession to provide information to SBDC's clients; updates were also provided via social media. Last update is that BOI is being held in court. **[Mayor Nicholls/Mendoza]**

II. GREATER YUMA ECONOMIC DEVELOPMENT CORPORATION

Greg LaVann, President and CEO of the Greater Yuma Economic Development Corporation (GYEDC), took the opportunity to inform the newest Councilmembers and to reacquaint the veteran Councilmembers with what GYEDC does:

- The GYEDC Board is comprised of 19 members from both the public and private sector
- By working with multiple partners GYEDC essentially builds an economic landscape that is fertile for development
- Facilitate training programs and resources for companies looking to locate in Yuma
- Work with keyholder companies, such as APS, Southwest Gas, Allo and local municipalities, to ensure key infrastructure within development areas are prime for economic growth
- Spend approximately \$70,000 a year on market intelligence that provides data to inform GYEDC's partners that these are correct decisions
- Work with the manufacturing group and supply chain solutions to ensure that the industrial community is doing well
- Attract new companies that can benefit from local linkages and alignment
- Work with stakeholders to ensure GYEDC local partners are involved in the decision making
- GYEDC puts incentive packages together, through tax credits, grants and low interest loans for existing companies looking to expand, and new companies interested in Yuma
- As a marketing agency, and arm of the City and region, GYEDC promotes all our assets; health care, education, infrastructure, and overall economic development business.
- This is all accomplished by a staff of five individuals

LaVann went on to present the GYEDC mid-year update as follows:

- Key Performance Indicators (KPI)
 - Investor Creation
 - Revenue Generation
 - High Wage Job Growth
 - Economic Resilience
- Mid-Year KPI

20,040,696

Payroll Generated

\$54,756

Avg High-Wage Salary

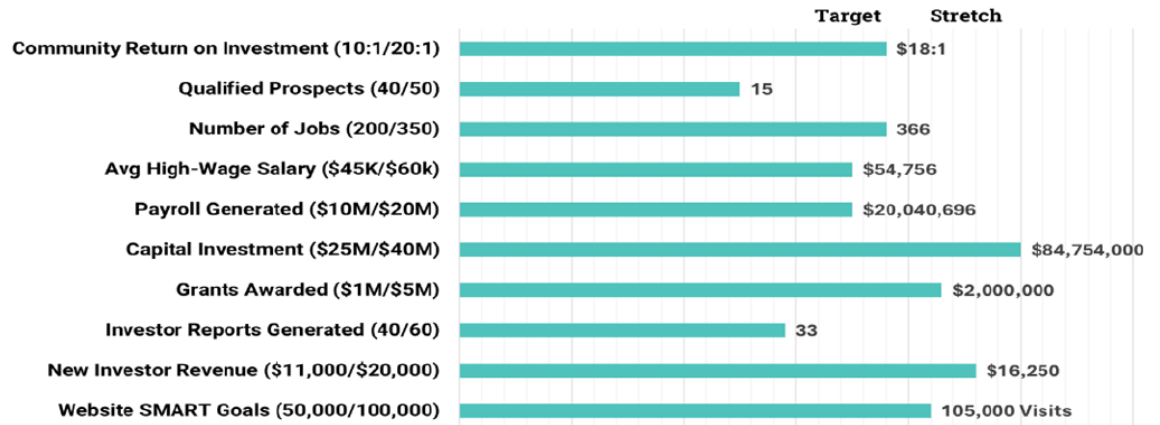
366

New Jobs

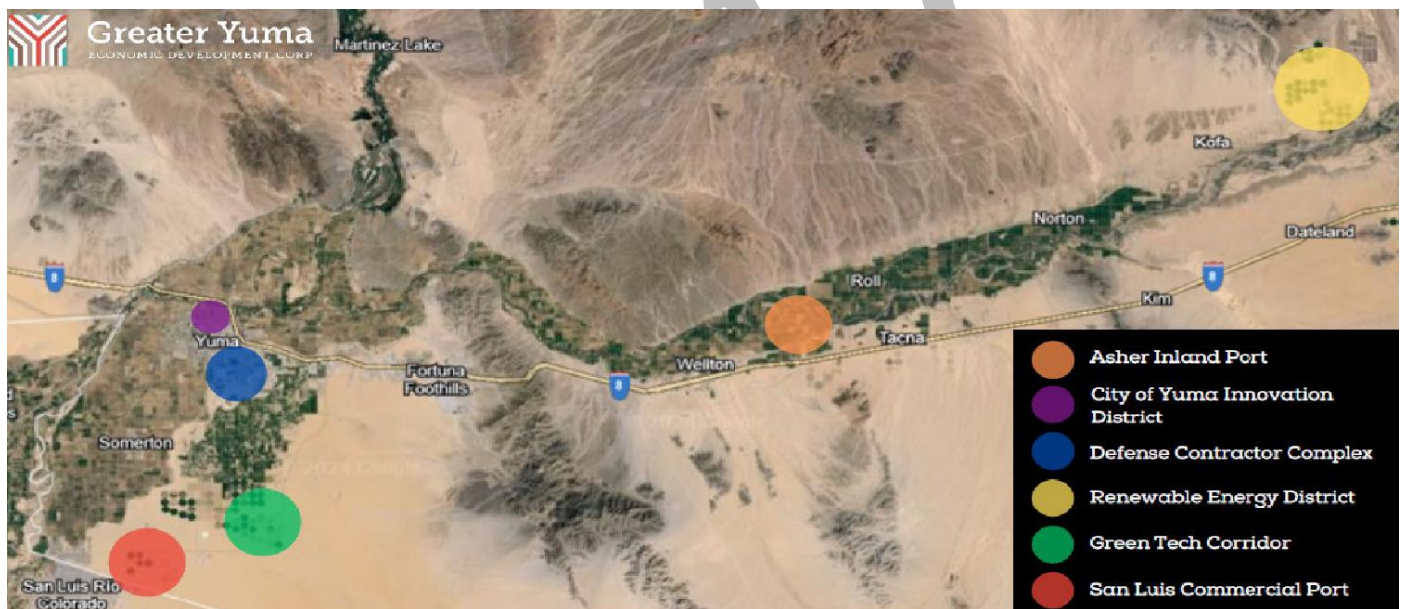
6

Company

Locates/Expansions



- Economic Growth Corridors



- GYEDC Marketing Strategy and Multi-Media approach
 - GYEDC is bringing in projects and businesses from the East County to San Luis
 - GYEDC is utilizing different media platforms to get in front of these projects and businesses and tell Yuma's story
 - Targeted approaches through Google ads along with other campaigns that help track and target key industries that we know are growing
 - GYEDC hired a binational consultant to promote the Yuma area in Mexico

Digital Strategy



Tracking Visits to Site
with LeadFeader/GA



Advertise Bi- nationally



Generate New Leads
with targeted ad
campaigns



Media Contacts



Magazines



Podcasts

- New Website Launch



99,197
Impressions



584,148
Impressions

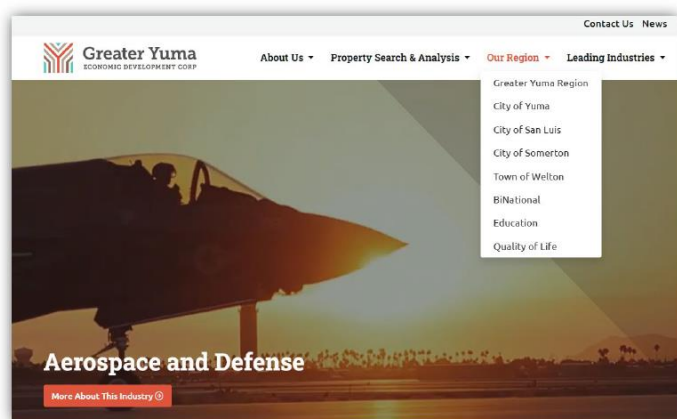


644,537
Events on Site
35,000 in 2023

532% Event Increase

98,771 Website Visits

89,000 New User Interface



Modern Design, Interactive User Experience, Trackable Audience Interface

- Outbound Attraction
 - 52+ Pitch Meetings
 - 40+ Company One-On-Ones

- GYEDC Partner Initiatives



Discussion

- GYEDC is aligned with 4FrontEd. [Mayor Nicholls/LaVann]
- The daycare efforts are still a work in progress; funding to support the local businesses is being looked into. [Morris/LaVann]
- The 52+ Pitch Meetings are face-to-face meetings with site selectors and consultants that we discuss key assets of our area and promote the region as a whole. [Morales/LaVann]
- GYEDC uses Executive Pulse as a Customer Relationship Manager (CRM) tool and follow up is done often, until they let us know they are not ready to proceed. [Morales/LaVann]

III. Q2 FY 2025 FINANCIAL BRIEFING

Allen presented the following information relating to the City's Fiscal Year (FY) 2024 year-end results, FY 2025 financial status, and FY 2026 budget preview:

- FY 2024 Year-End Results
 - Financial Overview
 - No adjustments for the FY 2025 budget are warranted resulting from the FY 2024 audit
 - However, based on the 2026 legislative session, it may be prudent to make any necessary changes along the way
 - Governmental revenues exceeded expenditures/transfers by \$15 million, with \$8.6 million in the General Fund
 - Water and Wastewater net revenues were \$0.7 million and \$2.1 million respectively, primarily due to the capital projects held back from prior years that will be completed this year
 - Investment earnings were at \$16.7 million

- General Fund Balances
 - Unassigned fund balances ended the year at \$30.1 million, which is 24% of the General Fund revenues
 - Highlights of fund balance designations (in millions):
 - Debt Service due within one year - \$15.1
 - Public Safety Personnel Retirement System (PSPRS) Reserve for future unfunded liability - \$14.1
 - Capital projects approved FY 2024-2028 - \$8.3
 - Subsequent capital and grant match - \$7.9
 - Fleet ordered, not received - \$4.7
 - Public Safety Prop 207 - \$2.2
 - Six other designations - \$4.2
- Annual Expenditure Compliance
 - The City met its FY 2024 Expenditure Limitation of \$160.8 million by utilizing \$2.3 million in prior year carry over; not a permanent solution, but it got the City through this year
- Audit Findings
 - No recurring findings from prior years
 - New one-time finding relating to a change in how the City recognizes revenue
- Change in Revenue Recognition
 - Historically the City has recognized Transaction Privilege Tax (TPT) revenue in the month the vendor remits payment to the Arizona Department of Revenue (ADOR), which is the month after the TPT activity is engaged
 - Beginning with FY 2024, the City has elected to change TPT revenue recognition to the month the TPT activity is engaged
 - This has no impact on the City's cash balances, timing for cash flows, or budgeting, but resulted in a restatement to the FY 2024 opening Fund Balance of \$5.3 million
 - This change in revenue recognition was explained in a note on pages 110-111 of the FY 2024 Annual Comprehensive Financial Report, following provisions of the Governmental Accounting Standards Board Statement No. 100
- Development Fees
 - A public hearing will be held during tomorrow night's City Council Meeting on the City's biennial certified audit of land use assumptions, infrastructure improvements plan and development fees
- FY 2025 Financial Status
 - Policies and Financing
 - Series 2021 Revenue Bond Buy-Back
 - The potential buy-back that was presented to City Council for consideration has been paused until it is determined what will happen with the pending grocery tax legislation
 - Public Safety Personnel Retirement System (PSPRS) Unfunded Actuarial Accrued Liability (UAAL)
 - The City's funded ratio has eroded below 100% which was driven by returns falling slightly lower than the 2022 assumed earnings rate, salary increases that were higher than expected, and independent actuarial audit results that were implemented in the 2023 valuation

- Recommendation - no action in FY 2025 based on the following considerations:
 - Though bond proceeds that are expenditure limitation exempt are available, using them would drain the reserve account
 - The funded ratio is still above 95%, and the reserve account brings it up to 100%
- Arizona State Retirement System (ASRS) Contribution Prepayment Program (CPPP)
 - The City has the option to deposit funds to the ASRS CPPP, which can then be used as a contribution in lieu of cash payment whenever the City deems it to be advantageous
 - These funds will be invested by ASRS and earn an average return of 7.1%, there is no time limit to move the deposit
 - Recommendation – deposit \$6.2 million into the ASRS CPPP based on the following:
 - \$6.2 million is equivalent to the FY 2026 one-year contribution
 - Once deposited it cannot be pulled back, but it can be used as a contribution at any time

Discussion

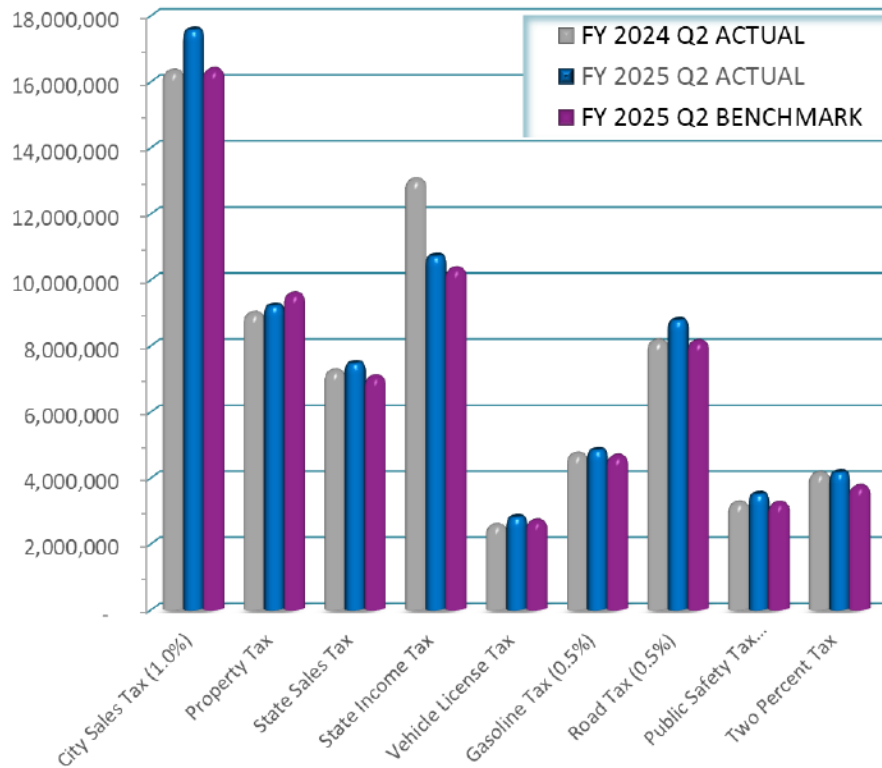
- If the PSPRS reserve fund is used to increase the funded ratio to 100%, the market could subsequently turn and result in the City then being over-funded; maintaining those funds in the reserve account keeps them liquid [**Mayor Nicholls/Allen**]
- Based on the information presented and economic indicators, it makes sense to not take any action on the PSPRS UAAL and re-evaluate next year [**Mayor Nicholls/Smith/Morales**]
- In the event that the market takes a unanticipated downward turn, the City can tap into the PSPRS reserve funds, which is currently \$14.1 million and growing at about 5% [**McClendon/Allen**]
- If the funded ratio dips below 95%, the City can revisit using reserve funds; the problem with being overfunded is the City can not get those funds back, even if the actuarial report changes in the future [**Morris/Allen**]
- Funds paid into the ASRS CPPP can then be transferred in lieu of payment to mitigate impact to the City's budget; there is also flexibility in the time periods and dollar amounts of those movements [**Mayor Nicholls/Allen**]
- Action on the ASRS CPPP would come back to City Council for approval at a future meeting; a summary can be provided to City Council prior to that meeting [**Mayor Nicholls/Smith/Allen**]

Allen concluded his presentation as follows:

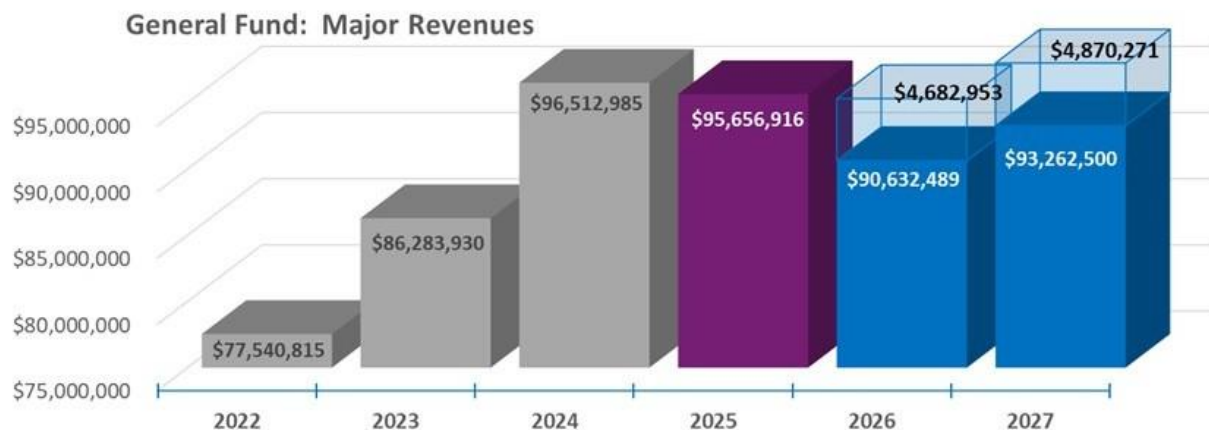
- FY 2025 Financial Status (continued)
 - Major Operating Revenues
 - General Fund major operating revenues have accounted for 76% to 80% of total annual General Fund revenues
 - This includes City Sales Tax, Property Tax, State Sales Tax, State Income Tax, and Vehicle License Tax
 - Year-over-year, major operating revenues are down \$2 million, primarily due to income tax which was expected to be lower

February 18, 2025

- Benchmarks are at about 100% for all sources, with the exception of property tax which is at 68% due to delays in collections from Yuma County
- With the exception of state income tax and property tax as mentioned above, all major operating revenues are coming in at or above both FY 2024 actual and FY 2025 benchmarks



- Expenditures/Expenses
 - Spending is at 50% or less of the approved budget, which is on target for the second quarter
- FY 2026 Budget Preview
 - General Fund Revenues
 - FY 2025-FY 2027 estimates reflect residential rental tax eliminated mid-FY 2025, income tax reduction FY 2025-2026, and potential grocery tax elimination in FY 2026



- City Sales Tax
 - Grocery Tax has been moved out of the Recurring/Operating section in FY 2026 due to it being at risk for preemptive legislation

CITY'S 1.7% SALES TAX (1.0% General; 0.5% Road; 0.2% Public Safety)				BY CATEGORY	
Category as Reported by ADOR	Projected FY 2026	Estimated FY 2025	Actual FY 2024	Actual FY 2023	Actual FY 2022
Retail	\$ 32,356,654	\$ 31,660,549	\$ 30,250,235	\$ 29,599,446	\$ 28,415,599
Grocery (recurring) *	-	7,581,925	7,091,646	6,821,060	5,705,262
Restaurants and bars	6,525,504	6,460,895	6,324,468	6,279,049	5,818,497
Internet sales	3,337,245	2,901,952	2,470,224	2,086,809	1,819,060
Hotels	1,143,293	1,149,038	1,230,342	1,372,421	1,382,398
Utilities	3,422,298	3,322,619	2,844,571	2,681,639	2,784,152
All 14 other categories	3,963,801	3,775,049	3,436,773	3,135,856	3,050,266
Total Recurring/Operating	\$ 50,748,795	\$ 56,852,027	\$ 53,648,259	\$ 51,976,280	\$ 48,975,234
Grocery *	7,961,021	-	-	-	-
Residential rental leasing **	-	280,975	552,362	562,535	343,235
Total At-Risk/Non-recurring	\$ 7,961,021	\$ 280,975	\$ 552,362	\$ 562,535	\$ 343,235
Construction	5,295,108	5,343,197	4,256,174	3,368,292	4,001,825
Total City's 1.7% Tax	\$ 64,004,924	\$ 62,476,199	\$ 58,456,795	\$ 55,907,107	\$ 53,320,294

- The projected FY 2026 budget impact of the elimination of the grocery tax on the General Fund, Road Tax, and Public Safety Tax is detailed in the pie chart below:



Discussion

- The grocery tax has been moved out of the recurring/operating section for the time being because it is at risk for elimination, but the projected revenues are still included as a final determination has not yet been made [Mayor Nicholls/Allen]
- The additional income that would be generated by implementing the maximum income tax levy is estimated at about \$158 thousand, while the projected loss resulting from the elimination of the grocery tax is \$8 million [Mayor Nicholls/Allen]
- The Public Hearing for the Development Fee Audit will be held at tomorrow night's meeting, where the auditor from Baker Tilly will present the audit findings to City Council [Mayor Nicholls/Allen]

IV. REGULAR CITY COUNCIL MEETING AGENDA OF FEBRUARY 19, 2025

Motion Consent Agenda Item C.3 – Bid Award: Traffic Management Center (award a construction services contract in the amount of \$270,382.46 to Merrill Development for tenant improvements at the City of Yuma Public Works building for a Traffic Management Center) (RFB-25-192) (Eng)

Mayor Nicholls declared a potential conflict of interest on Motion Consent Agenda Item C.3 as his firm was involved in the design of the project, turned the meeting over to Deputy Mayor Smith, and left the dais.

Discussion

- This contract will allow for the renovation of the interior of the Public Works building; once completed, this area will contain the server room, monitors, and new offices for the Traffic Management Center (TMC) [**Morris/Wostenberg**]
- Some of the required hard wire infrastructure is already routed into the building, but much of the equipment will operate utilizing Wi-Fi; Engineering will work closely with IT to ensure that all equipment is compatible with the City's systems [**Morris/Wostenberg**]
- The current focus of the TMC will be the City's four main corridors: 16th Street, 24th Street, 4th Avenue, and Avenue B; additional problematic areas, such as the Avenue 8E and 32nd Street intersection, may be added as funding allows [**Morris/Wostenberg**]
- As the system progresses, it will likely utilize a combination of Wi-Fi, fiber, and cellular to facilitate communication between the TMC and traffic signals [**Morris/Wostenberg**]

Mayor Nicholls returned to the dais.

Adoption of Ordinance O2025-004 – Easement – Latter-Day Saints Property Easement (acceptance of real property located southwest of E. 36th Street and E. Oriole Drive) (Eng)

Discussion

- This property was gifted to the Latter-Day Saints church for use as access for the current temple site, as well as an easement for future public utilities; it will be built and maintained by the church at this time, but could potentially be gifted to the City as right-of-way in the future [**Morris/Wostenberg**]

Resolution R2025-014 – Major General Plan Amendment: Café Main Street Properties, LLC (following a public hearing, approve the request to change the land use designation from Low Density Residential to Commercial for the property located west of the W. 7th Street and S. 21st Avenue intersection) (GP-43222-2024) (Plng & Nbhd Svcs/Cmtty Plng)

Resolution R2025-015 – Major General Plan Amendment: Calle Ocho Properties, LLC (following a public hearing, approve the request to change the land use designation from Low Density Residential to Commercial for the property located at 764 S. 21st Avenue) (GP-43223-2024) (Plng & Nbhd Svcs/Cmtty Plng)

Discussion

- A traffic statement or plan is not required for a General Plan Amendment, which only changes the land use designation for the property, but would be required for a rezoning application [Morales/Linville]
- The property to the south is already developed as H-2A housing, which is used for temporary agriculture workers; the property has split zoning, and H-2A housing is a permitted use under both zoning districts [Morris/Linville]
- The vehicle access to the existing H-2A housing is closed off, and a significant number of cars are parked on both sides of the road adjacent to the property; the City will ask for clarification as to whether the potential second development will allow parking on the premises [McClendon/Linville]

EXECUTIVE SESSION/ADJOURNMENT

Motion (Smith/Morales): To adjourn the meeting to Executive Session. Voice vote: **approved** 7-0. The meeting adjourned at 6:56 p.m.

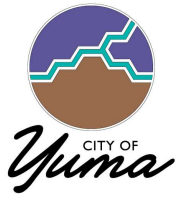
Lynda L. Bushong, City Clerk

APPROVED:

Douglas J. Nicholls, Mayor

Approved at the City Council Meeting of:

City Clerk: _____



City of Yuma

City Council Report

File #: MC 2025-041

Agenda Date: 3/19/2025

Agenda #: 3.

Special Council Meeting Draft Minutes March 11, 2025

MINUTES
SPECIAL CITY COUNCIL MEETING
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY COUNCIL CHAMBERS, YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
MARCH 11, 2025
4:30 p.m.

CALL TO ORDER

Mayor Nicholls called the City Council meeting to order at 4:30 p.m.

ROLL CALL

Councilmembers Present: Morales, Smith, McClendon, Morris, Watts (telephonic), and Mayor Nicholls
Councilmembers Absent: Martinez
Staffmembers Present: Deputy City Administrator, Jenn Reichelt
Various Department Heads or their representative
City Attorney, Richard W. Files
City Clerk, Lynda L. Bushong

I. DISCUSSION AND POSSIBLE ACTION

Mayor Nicholls asked if there were any questions on the agenda items.

A. Ratification of Filing of Verified Complaint

On Tuesday, March 4, 2025, the Arizona Court of Appeals issued a decision in Desert Mountain v. City of Flagstaff (1 CA-SA 24-0189) requiring a vote in open session by a public body before filing a lawsuit under Arizona's open meeting law. This action will ratify the filing of a December 13, 2024, complaint titled, City of Yuma v. Yuma County Flood Control District, Meridian Engineering Company, et al.

The City's legal counsel filed the complaint to preserve the statute of limitations while the parties attempted to resolve the matter. Prior to filing the complaint, City Council received attorney-client privileged legal memoranda on March 6, 2024, June 6, 2024, June 20, 2024, and attended executive sessions on June 25, 2024 and November 19, 2024.

A copy of the December 13, 2024, complaint is on file with the City Clerk. The complaint has not been served pending possible resolution prior to service.

B. Authorize Service of the December 13, 2024, Verified Complaint Titled, City of Yuma v. Yuma County Flood Control District, Meridian Engineering Company, et al.

This action will authorize service of the above-captioned complaint on each of the defendants.

C. Union Pacific Railroad's Application to Modify it's Existing At-Grade Crossing at Avenue 9E

This action will authorize the City of Yuma to officially comment and intervene in the matter of Arizona Corporation Commission Docket No. RR-03639A-25-0010.

Motion (McClendon/Smith): To recess to Executive Session. Voice vote: **approved** 6-0. The meeting recessed at 4:32 p.m.

The meeting reconvened at 4:45 p.m.

Motion (Smith/McClendon): To ratify the filing of the verified complaint titled City of Yuma v. Yuma County Flood Control District, Meridian Engineering Company, et al. Voice vote: **approved** 6-0.

Motion (Morris/Morales): To approve service of the December 13, 2024, verified complaint titled City of Yuma v. Yuma County Flood Control District, Meridian Engineering Company, et al. Voice vote: **approved** 6-0.

Motion (Morales/McClendon): To approve official comment and intervention in the matter of Arizona Corporation Commission Docket No. RR-03693A-25-0010. Voice vote: **approved** 6-0.

II. EXECUTIVE SESSION/ADJOURNMENT

There being no further business, **Mayor Nicholls** adjourned the meeting at 4:47 p.m.

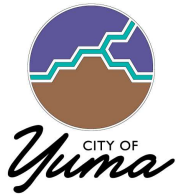
Lynda L. Bushong, City Clerk

APPROVED:

Douglas J. Nicholls, Mayor

Approved at the City Council Meeting of: _____

City Clerk: _____



City of Yuma

City Council Report

File #: MC 2025-035

Agenda Date: 3/19/2025

Agenda #: 1.

DEPARTMENT: City Administration	STRATEGIC OUTCOMES	ACTION
DIVISION: City Clerk	<input type="checkbox"/> Safe & Prosperous <input type="checkbox"/> Active & Appealing <input checked="" type="checkbox"/> Respected & Responsible <input type="checkbox"/> Connected & Engaged <input type="checkbox"/> Unique & Creative	<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance - Introduction <input type="checkbox"/> Ordinance - Adoption <input type="checkbox"/> Public Hearing

TITLE:

Liquor License: Boots & Buckles

SUMMARY RECOMMENDATION:

Approve a Series #06: Bar Liquor License application submitted by Susan Hwang, agent for Boots & Buckles located at 4104 E. 32nd Street. (LL25-04) (City Administration/City Clerk) (Lynda L. Bushong)

STRATEGIC OUTCOME:

Approval of this Liquor License aligns with City Council's Respected and Responsible strategic outcome as it provides notification to the public and transparency of City business.

REPORT:

Susan Hwang, agent for Boots & Buckles located at 4104 E. 32nd Street, has applied for a Series #06: Bar Liquor License.

The subject property has been posted for the required 20-day period and no arguments in favor of or opposed to the issuance of the license have been received.

The application has been reviewed by Planning & Neighborhood Services, the Police Department, the Fire Department, and Business Licensing.

Upon City Council's recommendation, this application will be forwarded to the Arizona Department of Liquor Licenses and Control for final processing.

FISCAL REQUIREMENTS:

CITY FUNDS:	\$ 0.00	BUDGETED:	\$ 0.00
STATE FUNDS:	\$ 0.00	AVAILABLE TO TRANSFER:	\$ 0.00
FEDERAL FUNDS:	\$ 0.00	IN CONTINGENCY:	\$ 0.00
OTHER SOURCES:	\$ 0.00	FUNDING: ACCOUNT/FUND #/CIP	

TOTAL \$ 0.00

.		
To total; right click number & choose "Update Field"		

FISCAL IMPACT STATEMENT:

Application Fee: \$250.00

ADDITIONAL INFORMATION:

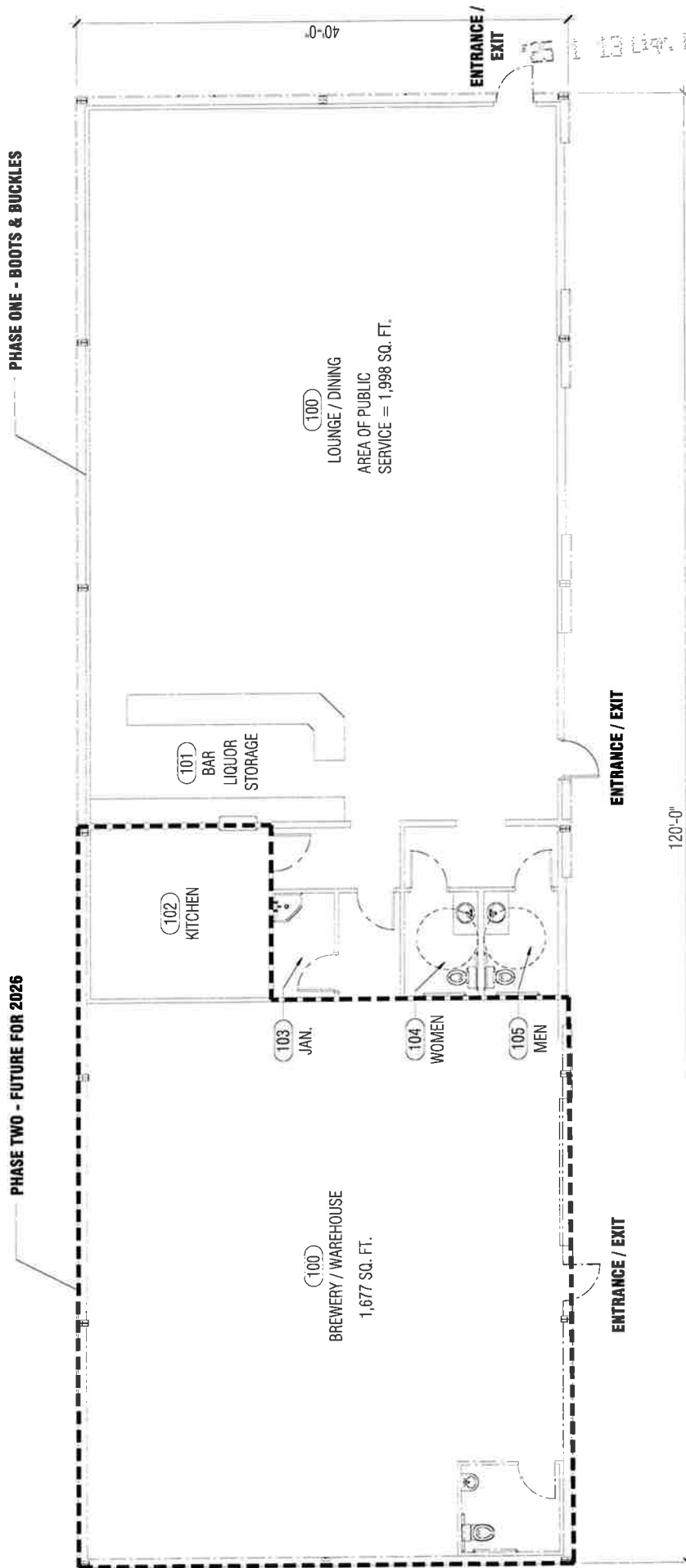
SUPPORTING DOCUMENTS NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT ARE ON FILE IN THE OFFICE OF THE CITY CLERK:

Series #06: Bar/Location Transfer Liquor License Application

IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?

- ☐ Department
- ☒ City Clerk's Office
- ☐ Document to be recorded
- ☐ Document to be codified

Acting City Administrator: Jennifer Reichelt for John D. Simonton	Date: 03/06/2025
Reviewed by City Attorney: Richard W. Files	Date: 03/06/2025

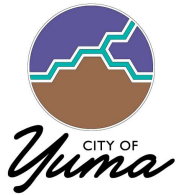


PHASE ONE SQFT: 2,722 SQFT
 PHASE TWO SQFT: 2,078 SQFT
 TOTAL SQFT: 4,800 SQFT



PROPOSED FLOOR PLAN

SCALE : NOT TO SCALE



City of Yuma

City Council Report

File #: MC 2025-036

Agenda Date: 3/19/2025

Agenda #: 2.

	STRATEGIC OUTCOMES	ACTION
DEPARTMENT: Finance	<input type="checkbox"/> Safe & Prosperous	<input checked="" type="checkbox"/> Motion
	<input type="checkbox"/> Active & Appealing	<input type="checkbox"/> Resolution
DIVISION: Procurement	<input checked="" type="checkbox"/> Respected & Responsible	<input type="checkbox"/> Ordinance - Introduction
	<input type="checkbox"/> Connected & Engaged	<input type="checkbox"/> Ordinance - Adoption
	<input type="checkbox"/> Unique & Creative	<input type="checkbox"/> Public Hearing

TITLE:

Bid Award: Replacement of Cooling Tower at Civic Center

SUMMARY RECOMMENDATION:

Authorize the purchase and installation of a Stainless-Steel Cooling Tower to the lowest responsive and responsible bidder, Polar Cooling, LLC, Yuma, Arizona, for a total cost of \$221,822.00. (Building Safety RFB-24-307/RFB-25-262) (Justin Lewis/Robin R. Wilson)

STRATEGIC OUTCOME:

This purchase supports the City Council's strategic outcome of Respected and Responsible, as it assures the City is being a good steward of public funds by utilizing the lowest responsive and responsible bid for necessary replacement.

REPORT:

The existing cooling tower at the Civic Center is more than 15 years old, and increased maintenance costs have indicated it has exceeded its useful life. This makes the replacement essential to proactively prevent emergency situations and unforeseen costs in the future. Due to the harder water in Yuma, the life expectancy for a cooling tower is typically 15-20 years.

The City requested bids from Hansberger Refrigeration, Trane, and Polar Cooling, all of which are under contract for HVAC services. Polar Cooling shall provide and install the cooling tower and provide a one-year warranty, as Polar Cooling is the lowest responsive and responsible bidder.

Two bids were received from the following contractors:

Polar Cooling, LLC	\$221,822.00
Trane	\$296,112.15

The equipment lead time is estimated to be 10-12 weeks, with the project completion anticipated by June 20, 2025.

FISCAL REQUIREMENTS:

CITY FUNDS:	\$ 221,822.00	BUDGETED:	\$ 225,000.00
STATE FUNDS:	\$ 0.00	AVAILABLE TO TRANSFER:	\$ 0.00
FEDERAL FUNDS:	\$ 0.00	IN CONTINGENCY:	\$ 0.00
OTHER SOURCES:	\$ 0.00	FUNDING: ACCOUNT/FUND #/CIP	
TOTAL\$221,822.00			
Two Percent Tax CIP 0450-YCC08			
To total; right click number & choose "Update Field"			

FISCAL IMPACT STATEMENT:

Sufficient budget capacity is provided in the FY 2025 City Council approved budget to award this bid.

ADDITIONAL INFORMATION:

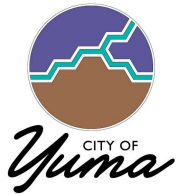
SUPPORTING DOCUMENTS NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT ARE ON FILE IN THE OFFICE OF THE CITY CLERK:

NONE

IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?

- ☐ Department
- ☐ City Clerk's Office
- ☐ Document to be recorded
- ☐ Document to be codified

Acting City Administrator: Jennifer Reichelt for John D. Simonton	Date: 03/06/2025
Reviewed by City Attorney: Richard W. Files	Date: 03/06/2025



City of Yuma

City Council Report

File #: MC 2025-037

Agenda Date: 3/19/2025

Agenda #: 3.

	STRATEGIC OUTCOMES	ACTION
DEPARTMENT: Finance	<input checked="" type="checkbox"/> Safe & Prosperous <input type="checkbox"/> Active & Appealing	<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Resolution
DIVISION: Procurement	<input checked="" type="checkbox"/> Respected & Responsible <input checked="" type="checkbox"/> Connected & Engaged <input type="checkbox"/> Unique & Creative	<input type="checkbox"/> Ordinance - Introduction <input type="checkbox"/> Ordinance - Adoption <input type="checkbox"/> Public Hearing

TITLE:

Cooperative Purchase Agreement: Traffic Signal Equipment

SUMMARY RECOMMENDATION:

Authorize the purchase and delivery of traffic signal equipment to upgrade an additional seven intersections throughout the City to communicate with the City's Intelligent Transportation System, utilizing Maricopa County contract to Econolite, Anaheim, California for an expenditure of \$214,758.10 (Engineering-CPA-25-289) (David Wostenberg/Robin R. Wilson)

STRATEGIC OUTCOME:

Awarding this contract meets the desired outcome of Safe and Prosperous and Respected and Responsible by optimizing signal timing as it will reduce pollution, revenue loss, and traffic accidents. It also meets the Connected and Engaged desired outcome by evaluating real-time traffic conditions and optimizing traffic based on the ever-variable roadway conditions (e.g. construction, time of year, accidents, etc.).

REPORT:

The City recently developed an Intelligent Transportation Systems (ITS) Strategic Plan, ITS Infrastructure Plan, and Transportation Management Center (TMC) Concept of Operations. The City is acquiring equipment needed to upgrade an additional seven intersections throughout the City. The additional intersections to be added to the ITS network are as follows: 32nd Street and Catalina Drive, 32nd Street and Arizona Avenue, 32nd Street and Avenue 7E, 32nd Street and Avenue 8E, 24th Street and Avenue C, 24th Street and Kennedy Lane, and 24th Street and Pacific Avenue. The City of Yuma Public Works staff will install all the located within the existing Traffic Signal Cabinets.

The City has the largest number of traffic signals and other traffic management equipment within the Yuma region but does not have the ability to monitor or actively operate the network remotely. There could be significant safety, efficiency, and public relations benefits if the City Engineering Department staff had the ability to monitor and operate traffic signals and other ITS devices in real-time from a centralized location. An ITS will allow for this centralization and real-time operations for the City of Yuma network. The implementation of an ITS is a strategy to elevate the City's ability to operate and manage a safe and efficient transportation network.

FISCAL REQUIREMENTS:

CITY FUNDS:	\$ 214,758.10	BUDGETED:	\$ 1,500,000.00
STATE FUNDS:	\$ 0.00	AVAILABLE TO TRANSFER:	\$ 0.00
FEDERAL FUNDS:	\$ 0.00	IN CONTINGENCY:	\$ 0.00
OTHER SOURCES:	\$ 0.00	FUNDING: ACCOUNT/FUND #/CIP	
TOTAL	\$214,758.10	Road Tax	
To total; right click number & choose "Update Field"			

FISCAL IMPACT STATEMENT:**ADDITIONAL INFORMATION:**

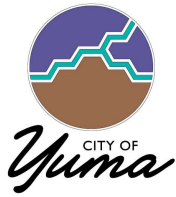
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Acting City Administrator: Jennifer Reichelt for John D. Simonton	Date: 03/06/2025
Reviewed by City Attorney: Richard W. Files	Date: 03/06/2025



City of Yuma

City Council Report

File #: MC 2025-038

Agenda Date: 3/19/2025

Agenda #: 4.

DEPARTMENT:	STRATEGIC OUTCOMES	ACTION
Planning & Neighborhood Svc	<input checked="" type="checkbox"/> Safe & Prosperous	<input checked="" type="checkbox"/> Motion
	<input type="checkbox"/> Active & Appealing	<input type="checkbox"/> Resolution
	<input checked="" type="checkbox"/> Respected & Responsible	<input type="checkbox"/> Ordinance - Introduction
DIVISION:	<input type="checkbox"/> Connected & Engaged	<input type="checkbox"/> Ordinance - Adoption
Community Planning	<input type="checkbox"/> Unique & Creative	<input type="checkbox"/> Public Hearing

TITLE:

Final Plat: Villa Serena Unit No. 2 Subdivision

SUMMARY RECOMMENDATION:

Approve the final plat for the Villa Serena Unit No. 2 Subdivision, located at the northwest corner of Avenue 6E and 48th Street. (SUBD-43694-2025) (Community Planning) (Alyssa Linville)

STRATEGIC OUTCOME:

This subdivision furthers the City Council's strategic outcomes of Safe and Prosperous and Respected and Responsible by supporting the development of new housing opportunities that will be responsibly constructed and will meet all City codes and development requirements.

REPORT:

The subdivision property is located at the northwest corner of Avenue 6E and 48th Street, south of Villa Serena Unit No. 1. The property was annexed into the City of Yuma on December 19, 2008. Since the annexation, the property has been subject to a General Plan amendment, with the intention of developing the site for single-family development.

With this 2nd phase, the applicant is proposing to construct 33 single-family residences on approximately 14.42 acres. The development is planned for single-family residential lots ranging in size from 9,462 square feet to 17,617 square feet, meeting the minimum lot size requirements for the Low Density Residential (R-1-8) District.

As specified in the Yuma City Code §154-05.04, the following are some of the development standards required of a development in the Low Density Residential (R-1-8) District:

1. The maximum lot coverage in the Low Density Residential (R-1-8) District shall not exceed 50% of the lot area;
2. A minimum front yard setback of 20 feet;
3. A minimum side yard setback of 7 feet;
4. A minimum rear yard setback of 15 feet;
5. A maximum building height of 40 feet; and
6. A requirement for each lot to provide 2 off-street parking spaces, appropriately located.

Approval of the final plat for the Villa Serena Unit No. 2 Subdivision shall be subject to the following conditions:

1. The conditions are in addition to City codes, rules, fees and regulations that are applicable to this action.
2. The Owner's signature on the application for this land use action shall constitute a waiver of any claims for diminution in value pursuant to A.R.S. § 12-1134.
3. The rights-of-way must be dedicated free and clear to the City, and all easements in the right-of-way must be vacated unless the easement is specifically presented to the City, and the City specifically approves its acceptance. Approval of the plat is not approval of an easement in the right-of-way.
4. Any easements on other property in the subdivision must be vacated to the extent that they would require a utility, licensed cable operator, or other licensed or franchised communications system (collectively, the "utilities") to:
 - a. pay to cross the easement to reach any structure on the lot;
 - b. prevent the utilities from providing service to any structure on a lot; or
 - c. effectively prevent any entity authorized to place facilities in a utility easement from using the easements or accessing potential customers crossing the easement.
5. Approval of the plat does not authorize the maintenance or installation of any facility in the rights of way, whether or not contemplated by the plat, without a license, franchise, or similar authorization issued by the City.
6. A time frame of build-out for the subdivision shall be submitted to the Yuma School District to enable the districts to adequately plan for future school facilities.
7. An 8 ½" X 11" paper copy of this subdivision plat, showing the location of the group mailboxes and signed as APPROVED by the local Yuma Postmaster, shall be submitted to the City within sixty (60) calendar days of the effective date of approval of the subdivision final plat and prior to the issuance of any building permit. In the event this condition is not completed within this time frame, the approval of the plat is null and void.
8. The Owner/Developer shall be required to establish a Municipal Improvement District (MID) for the maintenance of required subdivision landscaping prior to the recording of the final plat.
9. After the final plat has been approved by City Council, the applicant/developer shall have two years to record the approved plat, or the final plat approval shall be null and void.

The preliminary plat for the Villa Serena Subdivision was approved by the Planning and Zoning Commission on October 12, 2018.

Public Comments - Excerpts from Planning and Zoning Commission Meeting Minutes:

On the Consent Calendar.

"Motion by Tyrone Jones - Planning and Zoning Commissioner, second by Gregory Counts - Planning

and Zoning Commissioner, to APPROVE the Consent Calendar (including SUBD-23288-2018) as presented.

“Motion carried unanimously 4-0.”

Planning Commission Preliminary Plat Staff Report - Attached.

The City Council’s approval of this motion accepts the final plat of the Villa Serena Unit No. 2 Subdivision as submitted, including the conditions of approval written above.

FISCAL REQUIREMENTS:

CITY FUNDS:	\$ 0.00	BUDGETED:	\$ 0.00
STATE FUNDS:	\$ 0.00	AVAILABLE TO TRANSFER:	\$ 0.00
FEDERAL FUNDS:	\$ 0.00	IN CONTINGENCY:	\$ 0.00
OTHER SOURCES:	\$ 0.00	FUNDING: ACCOUNT/FUND #/CIP	
TOTAL \$ 0.00			
-			
To total; right click number & choose “Update Field”			

FISCAL IMPACT STATEMENT:

NONE

ADDITIONAL INFORMATION:

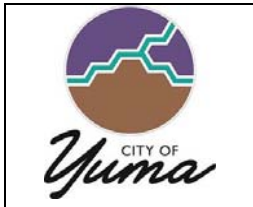
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Acting City Administrator: Jennifer Reichelt for John D. Simonton	Date: 03/06/2025
Reviewed by City Attorney: Richard W. Files	Date: 03/06/2025



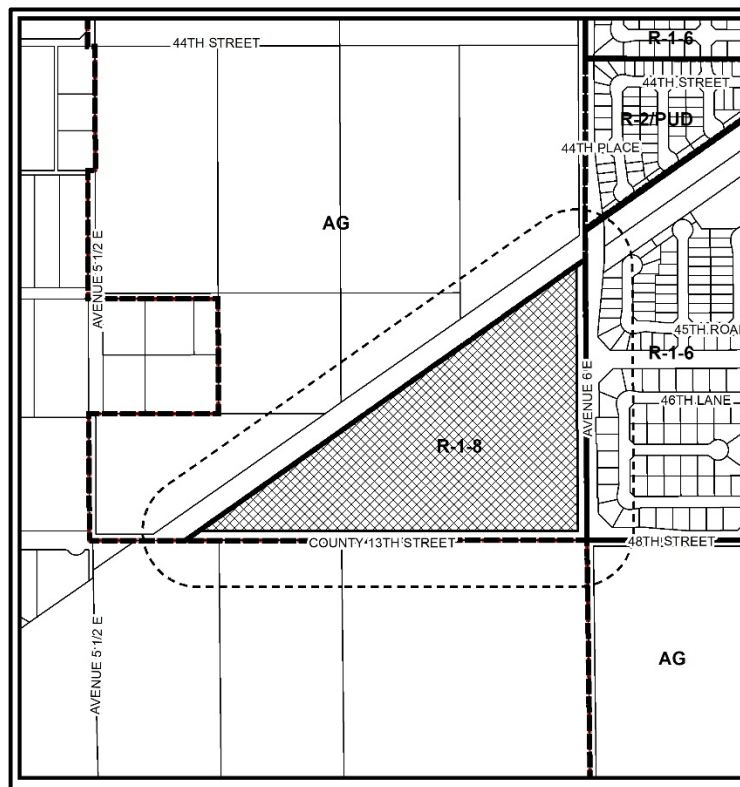
STAFF REPORT TO THE PLANNING AND ZONING COMMISSION
DEPARTMENT OF COMMUNITY DEVELOPMENT
COMMUNITY PLANNING DIVISION
CASE TYPE – PRELIMINARY SUBDIVISION
CASE PLANNER: BOB BLEVINS

Hearing Date: October 22, 2018 **Case Number:** SUBD-23288-2018

Project Description/Location: This is a request by Dahl, Robins and Associates, on behalf of Jakolin, LLC, for approval of the preliminary plat for Villa Serena Subdivision, Unit 1 and 2. This subdivision contains approximately 33.36 acres and is proposed to be divided into 82 residential lots, ranging in size from approximately 8,937 square feet to 25,582 square feet, for the property located at the northwest corner of S. Avenue 6E and E. 48th Street, Yuma, AZ.

	Existing Zoning	Existing Land Use	Designated Land Use
Site	Low Density Residential (R-1-8)	Citrus	Low Density Residential
North	Low Density Residential (R-1-12 and R-1-8)	Driftwood Ranch Subdivision	Low Density Residential
South	Yuma County Zoning: Rural Area (RA-10)	Citrus	Rural Density Residential
East	Low Density Residential (R-1-6)	Ocotillo Subdivision	Low Density Residential & Public-Quasi Public
West	Low Density Residential (R-1-12 and R-1-8)	Driftwood Ranch Subdivision	Low Density Residential

Location Map



Prior site actions: Annexation: A2008-05; Plan Amendment: GP2008-004; Subdivision: S2008-008 & S2008-008-01 (expired).

Staff Recommendation: Staff recommends **APPROVAL** of the preliminary plat for the Villa Serena Subdivision, Unit 1 and 2, subject to the conditions outlined in Attachment A.

Suggested Motion: Move to **APPROVE** Preliminary Plat SUBD-23288-2018 as presented, subject to the staff report, information provided during this hearing, and the conditions in Attachment A.

Effect of the Approval: By approving the preliminary plat, the Planning and Zoning Commission is acknowledging the street and lot layout of Villa Serena Subdivision, Unit 1 and 2, which includes 82 lots ranging in size from 8,937 square feet to 25,582 square feet for the property located at the northwest corner of S. Avenue 6E and E. 48th Street, Yuma, AZ., subject to the conditions of the rezoning and the conditions outlined in Attachment A, and affirmatively finds that the request is in conformance with the City of Yuma Subdivision Code and General Plan and is compatible with surrounding land uses.

Staff Analysis: The proposed 33.36 acre Villa Serena Subdivision will consist of 82 single-family residential lots. Access will be off of S. Avenue 6E and E. 48th Street. This new residential subdivision is in proximity to the existing Ocotillo 4B Subdivision and has the "A" Canal as its north boundary.

A subdivision with a similar layout was previously approved (S2008-008-01) and that version of the Villa Serena Subdivision expired. The final plat was never recorded.

The street landscaping improvements will be maintained by a Maintenance Improvement District (MID), which needs separate City Council approval.

1. Does the subdivision comply with the zoning code and the zoning district development standards?

Yes. This preliminary plat meets R-1-8 development standards.

2. Does the subdivision comply with the subdivision code requirements?

Yes. This development meets Subdivision Code requirements.

3. Does the subdivision comply with the Transportation Element, plans and policies?

Yes.

Transportation Element	Planned	Existing	Difference	Requested
Avenue 6E– 2 Lane Collector	40 FT H/W ROW	50 FT+ H/W ROW	-10 FT H/W ROW	0 FT
48 th Street – 2 Lane Minor Arterial	40 FT H/W ROW	50 FT+ H/W ROW	-10 FT H/W ROW	0 FT

4. Is the subdivision the site of any public facility in the General Plan?

No.

Public Comment Received:

Name:	John Miller				Contact Information: 928-726-6309					
Method of Contact:	Phone	X	FAX		Email		Letter		Other	
"What concerns me is that people further to the east don't have any say because they are not within 300 feet. It would be common sense to mail to everyone in the [Ocotillo 4B] Subdivision. I am worried about that Avenue 6E doesn't support an increase in traffic. It needs two lanes. The left turn on 32 nd Street is difficult."										

External Agency Comments:

See Attachment C.

Neighborhood Meeting Comments:

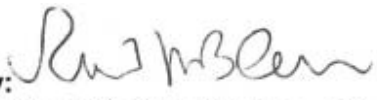
See Attachment D.

Proposed conditions delivered to applicant on: September 28, 2018**Final staff report delivered to applicant on:** October 12, 2018

<input checked="" type="checkbox"/>	Applicant agreed with all of the conditions of approval on: October 12, 2018
<input type="checkbox"/>	Applicant did not agree with the following conditions of approval: (list #'s)
<input type="checkbox"/>	If the Planner is unable to make contact with the applicant – describe the situation and attempts to contact.

Attachments

A	B	C	D	E	F
Preliminary Plat Conditions of Approval	Preliminary Plat Map	External Agency Comments	Neighborhood Meeting Comments	Aerial Photo	Staff Research

Prepared By: 
 Robert M. Blevins, Principal Planner (928) 373-5189

Date: 10/12/18
 Robert.Blevins@yumaaz.gov

Reviewed By: 
 Alyssa Linville, Principal Planner

Date: 10/12/18

Approved By: 
 Dan Symer, AICP,
 Assistant Director Community Development

Date: 10/12/2018

Approved By: 
 Laurie L. Lineberry, AICP,
 Community Development Director

Date: 10.12.18

**ATTACHMENT A
PRELIMINARY PLAT
CONDITIONS OF APPROVAL**

The following conditions of approval have been determined to have a reasonable nexus to the requested subdivision application and are roughly proportionate to the impacts associated with the subdivision and expected development on the property.

**Community Development Comments: Laurie Lineberry, Community Development Director
(928) 373-5175:**

1. The conditions are in addition to City codes, rules, fees and regulations that are applicable to this action.
2. The Owner's signature on the application for this land use action request takes the place of the requirement for a separate notarized and recorded "Waiver of Claims" document.
3. The Owner shall submit to the City of Yuma, for recordation, a signed and notarized Range Disclosure Statement on the property acknowledging that the property owner and subsequent development owners will encounter aircraft operations and slow-moving vehicles, will experience ordnance detonations, and vibrations and high energy electronic emitters which may disturb radio and television reception.

City Attorney Comments: (928) 373-5058:

4. The rights-of-way must be dedicated free and clear to the City, and all easements in the right-of-way must be vacated unless the easement is specifically presented to the City, and the City specifically approves its acceptance. Approval of the plat is not approval of an easement in the right-of-way.
5. Any easements on other property in the subdivision must be vacated to the extent that they would require a utility, licensed cable operator, or other licensed or franchised communications system (collectively, the "utilities") to:
 - a) pay to cross the easement to reach any structure on the lot;
 - b) prevent the utilities from providing service to any structure on a lot; or
 - c) effectively prevent any entity authorized to place facilities in a utility easement from using the easements or accessing potential customers passed by the easement.
6. Approval of the plat does not authorize the maintenance or installation of any facility in the rights of way, whether or not contemplated by the plat, without a license, franchise, or similar authorization issued by the City.

City Engineering Department Conditions: Andrew McGarvie, Engineering Manager, (928) 373-5000, #3044:

7. Owner/Developer shall obtain a non-revocable license in the name of the City of Yuma or a Maintenance Improvement District for the use of the WAPA right-of-way for any retention/walking path, and street encroachment prior to the recordation of a final plat to the City of Yuma. If no permit can be obtained from WAPA, then the plat will be revised with new storm water retention locations outside of the WAPA right-of-way.

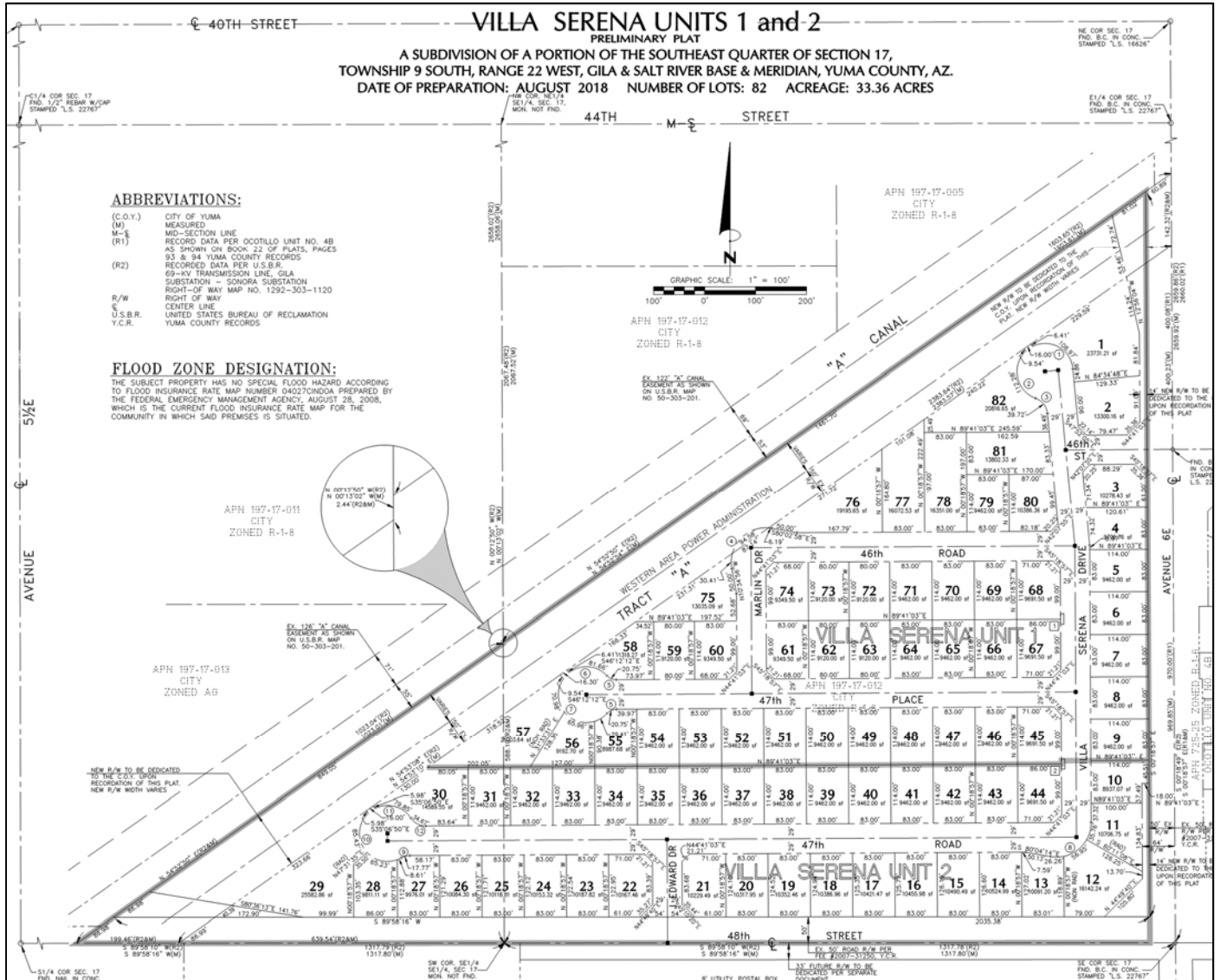
8. Owner/Developer shall incorporate any WAPA improvements/requirements into the Final Plat, if a non-revocable license for the use of WAPA right-of-way is approved.
9. Owner/Developer will set up a Maintenance Improvement District to maintain the landscaping along the E. 48th Street frontage, the S. Avenue 6E frontage, and the basin and walking areas if a non-revocable WAPA license is granted. It is acknowledged that the maintenance district will be maintaining additional landscaping along the S. Avenue 6E frontage until buildout along S. Avenue 6E occurs in the future.
10. Owner/Developer shall landscape the S. Avenue 6E frontage from the property line to the edge of the 8 foot shoulder. This would be a combination of landscaping having areas of gravel where visibility and safety on S. Avenue 6E would be affected.
11. The City of Yuma is open to reducing the right-of-way on E. 48th Street from the 50 feet (minor arterial street) dedication to 40 feet nominal (Collector Street) as classified in the City of Yuma Master Transportation Plan. The City will retain the existing right-of-way on S. Avenue 6E.
12. The Owner/Developer shall provide a Raised Median Disclosure at the time the final plat is recorded.
13. The Owner/Developer shall dedicate any additional right-of-way necessary for the bridge/box culvert crossing of the "A" Canal on the north side of E. 48th Street, at the time the final plat is recorded.

Community Planning Conditions: Robert M. Blevins, Principal Planner (928) 373-5189:

14. Landscaping and the Resolution Ordering the Maintenance Improvement District to be completed prior to the recordation of the final plat.
15. No lot can be split to create additional lots on the plat.
16. The Owner shall submit a final plat within one (1) year of Preliminary Plat approval. Should a Final Plat not be submitted within one (1) year of the effective date of approval of the Preliminary Plat, the approval of this Preliminary Plat shall be null and void, unless the conditions are contained in an executed Pre-development Agreement.

Any questions or comments regarding the Conditions of Approval as stated above should be directed to the staff member who provided the comment. Name and phone numbers are provided.

ATTACHMENT B PRELIMINARY PLAT MAP



ATTACHMENT C
EXTERNAL AGENCY COMMENTS

☒ COMMENT ☐ NO COMMENT

Enter comments below:

The ADOT Southwest District would like the opportunity to review and comment on a Traffic Impact Analysis (TIA). Specifically, the TIA would allow the Department the opportunity to assess the affects the increased traffic from the proposed development would have on the intersections of SR 195 & Co. 14th Street, SR 195 & 32nd Street, and I-8, Araby Traffic Interchange. Thank you.

DATE: 9/10/18 NAME: Isabell Garcia TITLE: Development Coordinator
AGENCY: ADOT Southwest District
PHONE: (928) 317-2159

From: Ramos, Edwin <Ramos@WAPA.GOV>
Sent: Thursday, September 13, 2018 10:43 AM
To: Blevins, Robert (Bob) - Principal Planner
Subject: FW: GLA-SON 4/16 ---FW: [EXTERNAL] Fwd: Request for Comments
SUBD-23288-2018
Attachments: Comments_SUBD-23288-2018.docx; LM.pdf; RESEARCH.pdf; SP.pdf;
Information Sheet License Agreement Application Rev Apr 20 18.pdf

Good Morning Mr. Blevins,

This was brought to my attention this week for "possible" encroachment on WAPA Easement. There is not enough information on hand to for me to determined that's the case. which is the purpose of this email. In the case there is possible encroachment, developer would have to fill out a ROW use application and a license agreement will have to be issued before the start of project. Attached you will find under the title "information sheet license agreement application", WAPA's current policy regarding construction within our easement.

Thank you Sir for your time and consideration. Hopefully you can accept this email as our formal comment in this proposed project.

**ATTACHMENT D
NEIGHBORHOOD MEETING COMMENTS**

Date Held: 09/18/18

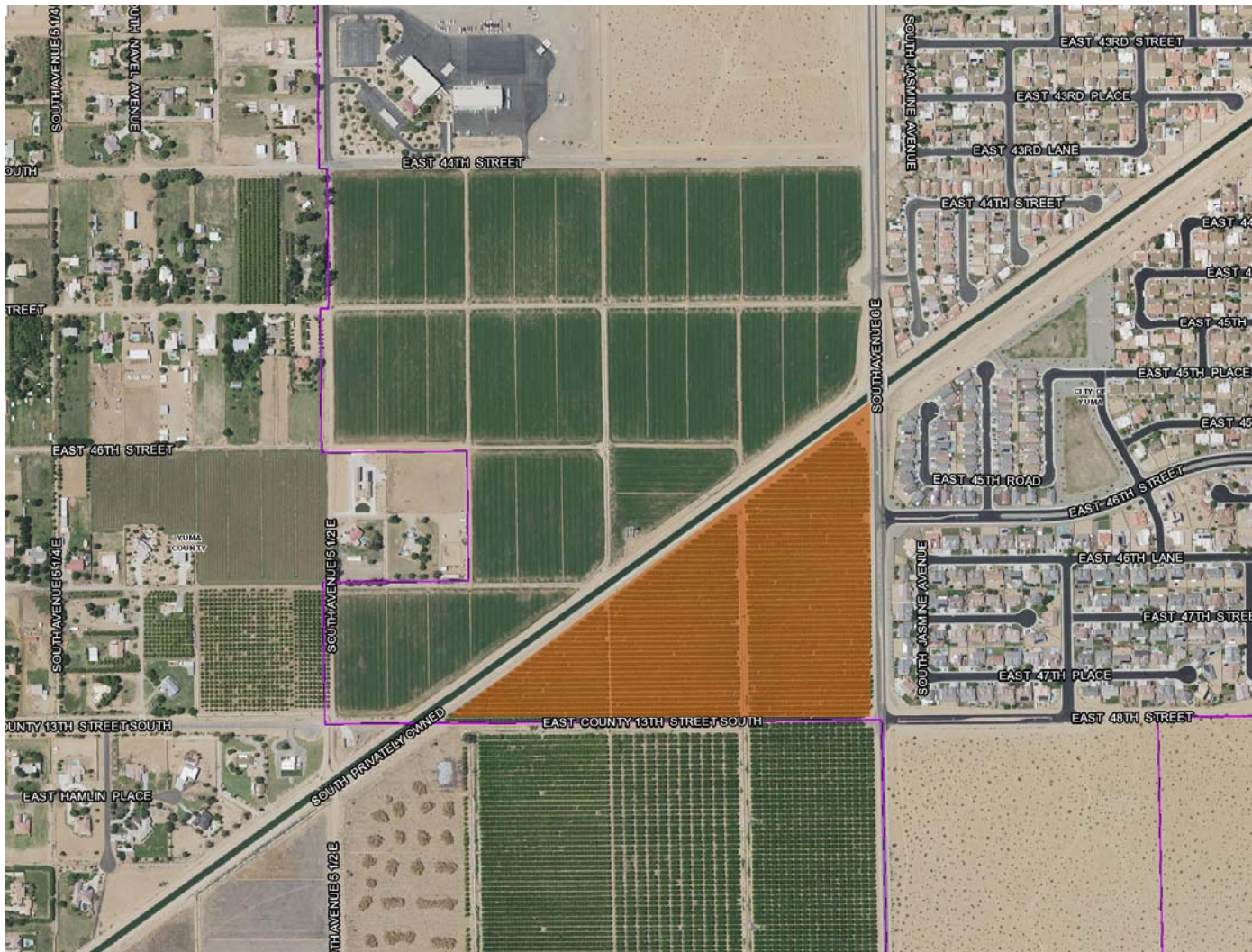
Location: At the property (Northeast corner of S. Avenue 6E and E. 48th Street.

Attendees: Applicant: Sean Kerley of Jakolin, LLC; Agent: Dave Bickel of Dahl, Robins; and Bob Blevins, City of Yuma, and two neighbors.

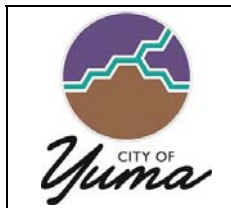
SUMMARY OF ATTENDEE(S') COMMENTS RELATED TO THE PROJECT:

- **DISCUSSED HOW 48TH STREET WOULD BE DEVELOPED AND DECELERATION LANES INTO SUBDIVISION.**
- **40TH AND 48TH STREET WILL NOT ACCESS STATE ROUTE 195.**
- **NEW SCHOOL SOON TO BE UNDER CONSTRUCTION ON NORTH SIDE OF CANAL.**
- **HOUSES WILL BE LIKE KERLEY RANCH- BLOCK CONSTRUCTION.**
- **THERE PRESENTLY IS MUCH SAND BLOWING, WILL NEED TO WORK TO BLOCK IT.**

ATTACHMENT E
AERIAL PHOTO



ATTACHMENT F
STAFF RESEARCH



STAFF RESEARCH –PRELIMINARY PLAT

CASE #: SUBD-23288-2018
CASE PLANNER: BOB BLEVINS

I. PROJECT DATA

Project Location:	Northwest corner of S. Avenue 6E and E. 48 th Street.													
Parcel Number(s):	197-17-004													
Parcel Size(s):	1,453,161.6 square feet.													
Total Acreage:	33.36													
Proposed Dwelling Units:	82													
Address:	Not yet assigned.													
Applicant:	Dahl, Robins, and Associates.													
Applicant's Agent:	Jakolin, LLC.													
Land Use Conformity Matrix:	Conforms:			Yes	X	No								
Zoning Overlay:	Public		AO		Auto		B&B		Historic		None	X	Airport	
Noise Contours	65-70		70-75		75+		APZ1		APZ2		Clear Zone			

	Existing Zoning	Use(s) on-site	General Plan Designation
Site	Low Density Residential (R-1-8)	Citrus	Low Density Residential
North	Low Density Residential (R-1-12 and R-1-8)	Driftwood Ranch Subdivision	Low Density Residential
South	Yuma County Zoning: Rural Area (RA-10)	Citrus	Rural Density Residential
East	Low Density Residential (R-1-6)	Ocotillo Subdivision	Low Density Residential & Public-Quasi Public
West	Low Density Residential (R-1-12 and R-1-8)	Driftwood Ranch Subdivision	Low Density Residential

Prior Cases or Related Actions:				
<u>Type</u>	<u>Conforms</u>			<u>Cases, Actions or Agreements</u>
Pre-Annexation Agreement	Yes		No	N/A
Annexation	Yes	X	No	A2008-05 (Effective 12-18-08)
General Plan Amendment	Yes	X	No	GP2008-004
Development Agreement	Yes		No	N/A
Rezone	Yes		No	N/A
Subdivision	Yes	X	No	S2008-008 & S2008-008-01 (Expired).
Conditional Use Permit	Yes		No	N/A
Pre-Development Meeting	Yes	X	No	08/08/18
Design Review Commission	Yes		No	N/A
Enforcement Actions	Yes		No	N/A
Avigation Easement Recorded	Yes	X	No	Fee # 2011-16827
Land Division Status:	Parcel is a legal lot of record.			
Irrigation District:	Yuma Mesa Irrigation and Drainage District.			
Adjacent Irrigation Canals & Drains:	"A" Canal			
Water Conversion: (5.83 ac ft/acre)	N/A			
Water Conversion Agreement Required	Yes		No	X

II. ZONING CODE AND DISTRICT DEVELOPMENT STANDARDS

Standard	Subdivision						Conforms						
Lot Size	Minimum:	8,937 SF			Maximum:	25,582 SF		Yes	X	No			
Lot Depth	Minimum:	90.38 FT			Maximum:	323.66 FT		Yes	X	No			
Lot Width/Frontage	Minimum:	70 FT			Maximum:	198.16 FT		Yes	X	No			
Setbacks	Front:	20 FT		Rear:	20 FT		Side:	7 FT		Yes	X	No	
District Size	33.36		Acres						Yes	X	No		
Density	2.45		Dwelling units per acre						Yes	X	No		
Issues: None													

III. SUBDIVISION CODE DEVELOPMENT STANDARDS

Requirements	Conforms						
General Principles	Yes	X	No		N/A		
Streets	Conforms						
Circulation	Yes	X	No		N/A		
Arterial Streets	Yes	X	No		N/A		
Existing Streets	Yes	X	No		N/A		
Cul-de-sacs	Yes	X	No		N/A		
Half Streets	Yes	X	No		N/A		
Stub Streets	Yes		No		N/A	X	
Intersections	Yes	X	No		N/A		
Easements	Yes	X	No		N/A		
Dimensional Standards	Yes	X	No		N/A		
Issues: None							
Blocks	Conforms						
Length	Yes	X	No		N/A		
Irregular Shape	Yes		No		N/A	X	
Orientation to Arterials	Yes	X	No		N/A		
Business or Industrial	Yes		No		N/A	X	
Issues: None							
Lots	Conforms						
Minimum Width	Yes	X	No		N/A		
Length and Width Ratio	Yes	X	No		N/A		
Fronting on Arterials	Yes	X	No		N/A		
Double Frontage	Yes	X	No		N/A		
Side Lot Lines	Yes	X	No		N/A		
Corner Lots	Yes	X	No		N/A		
Building Sites	Yes	X	No		N/A		
Street Frontage	Yes	X	No		N/A		
Issues: None							

IV. CITY OF YUMA GENERAL PLAN

Land Use Element:												
Land Use Designation:			Low Density Residential									
Noise Contour:			N/A		Overlay/Specific Area:			None				
Issues:			None									
Historic District:		Brinley Avenue			Century Heights			Main Street			None	X
Historic Buildings on Site:			Yes		No	X						

Transportation Element:													
FACILITY PLANS													
Transportation Master Plan				Planned				Existing					
Avenue 6E– 2 Lane Collector				40 FT H/W ROW				50 FT+ H/W ROW					
48 th Street – 2 Lane Minor Arterial				40 FT H/W ROW				50 FT+ H/W ROW					
Median Covenant				Will be required on 48 th Street; Median exists on Avenue 6E.									
Gateway Route				Scenic Route				Hazardous Cargo Route				Truck Route	
Bicycle Facilities Master Plan				Avenue 6E Bike Lane									
YCAT Transit System				None									
Issues:				None									
Parks, Recreation and Open Space Element:													
Parks and Recreation Facility Plan													
Neighborhood Park:		Existing: Ocotillo Park				Future: Ocotillo Park							
Community Park:		Existing: None				Future: South Mesa Community Park							
Linear Park:		Existing: None				Future: "A" Canal Linear Park							
Issues:		None											
Housing Element:													
Special Need Household:		N/A											
Issues:		None											
Redevelopment Element:													
Planned Redevelopment Area:		N/A											
Adopted Redevelopment Plan:		North End:				Carver Park:				None:		X	
Conforms:		Yes				No							
Conservation, Energy & Environmental Element:													
Impact on Air or Water Resources		Yes				No		X					
Renewable Energy Source		Yes				No		X					
Issues:		None											
Public Services Element:													
Population Impacts Population projection per 2012-2016 American Community Survey Police Impact Standard: 1 officer for every 530 citizens; Water Consumption: 300 gallons per day per person; Wastewater generation: 100 gallons per day per person				Dwellings & Type <i>Single Family</i>		Projected Population		Police Impact		Water Consumption		Wastewater Generation	
Dwellings		Per Unit				Officers		GPD		AF		GPD	
82		3.1		254		0.48		76,260		85.4		25,420	
Fire Facilities Plan:		Existing: Fire Station No. 5				Future: Fire Station No. 9							
Water Facility Plan:		Source:		City		X		Private		Connection		12" PVC (S. Avenue 6 E)	
Sewer Facility Plan:		Treatment:		City		X		Septic		Private		18" PVC (S. Avenue 6 E)	
Issues:		None											
Safety Element:													
Flood Plain Designation:		Flood Zone X		Liquefaction Hazard Area:				Yes				No	
Issues:		None											
Growth Area Element:													
Growth Area:		Araby Rd & Interstate 8				Arizona Ave & 16 th St				Avenue B & 32 nd St.			
		North End				Pacific Ave & 8 th St				Estancia		None	
Issues:		None											

NOTIFICATION

- Legal Ad Published: The Sun 09/28/18
- 300' Vicinity Mailing: 09/03/18
- 34 Commenting/Reviewing Agencies noticed: 09/06/18
- Site Posted: 09/11/18
- Neighborhood Meeting: 09/18/18
- Hearing Date: 10/22/18
- Comments Due: 09/17/18

External List (Comments)	Response Received	Date Received	"No Comment"	Written Comments	Comments Attached
Yuma County Airport Authority					
Yuma County Engineering					
Yuma County Public Works					
Yuma County Water Users					
Yuma County Planning & Zoning					
Arizona Public Service					
Time Warner Cable					
Southwest Gas					
Qwest Communications					
Bureau of Land Management					
YUHS District #70					
Yuma Elem. School District #1					
Crane School District #13					
A.D.O.T.	YES	09/10/18		X	
Yuma Irrigation District					
Arizona Fish and Game	YES	09/10/18	X		
USDA – NRCS					
United States Postal Service					
Yuma Metropolitan Planning Org.					
El Paso Natural Gas Co.					
Western Area Power Administration	YES	09/13/18		X	
City of Yuma Internal List (Conditions)	Response Received	Date Received	"No Conditions"	Written Conditions	Comments Attached
Rod Hamilton, Police					
Ron Ramirez, Parks					
Damon Chango, Parks					
Andrew McGarvie, Engineering					
Kayla Holiman, Fire	YES	09/10/18	X		
Randy Crist, Building Safety					
City Engineer					
Traffic Engineer					
MCAS / C P & L Office	YES	09/10/18		X	X
Jay Simonton, Utilities					
Joel Olea, Public Works					

Neighborhood Meeting	Comments Available
09/18/18 at the property 5 p.m.	See Staff Report Attachment
Prop. 207 Waiver Given to Applicant on:	Delivery Method:
Mailed to Dahl, Robins on 08/30/18	U.S. Mail

PUBLIC COMMENTS RECEIVED:

Name: John Miller				Contact Information: 928-726-6309							
Method of Contact:	Phone	X	FAX		Email		Letter		Other		
<p>"What concerns me is that people further to the east don't have any say because they are not within 300 feet. It would be common sense to mail to everyone in the [Ocotillo 4B] Subdivision. I am worried about that Avenue 6E doesn't support an increase in traffic. It needs two lanes. The left turn on 32nd Street is difficult."</p>											

CITY OF YUMA INTERNAL COMMENTS/CONDITIONS:

☒ Condition(s)

☐ No Condition(s)

☐ Comment

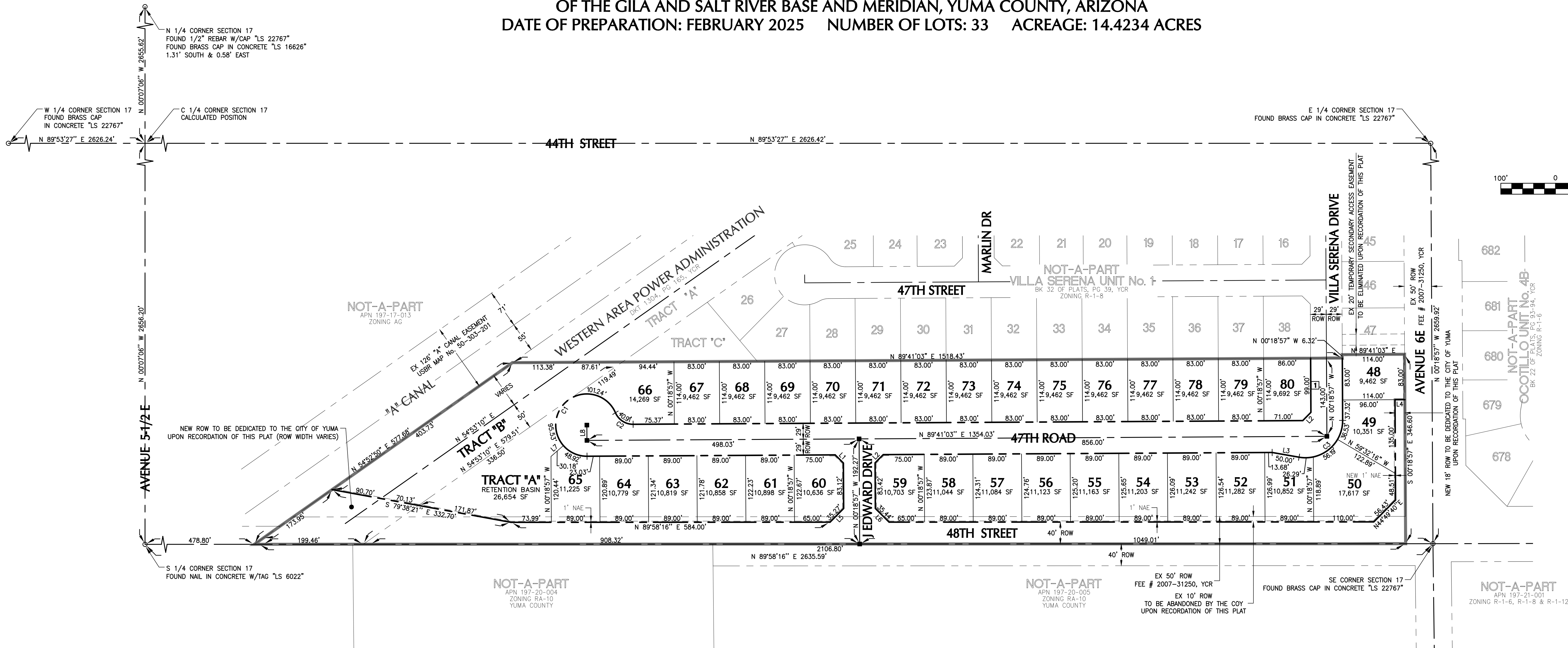
Enter conditions here: This parcel lies just outside the 1 mile buffer zone (approx 1.25 miles) from the Barry M Goldwater Range boundary and it is requested that the property owner and subsequent development owners sign Range Disclosure Statements acknowledging that occupants of the subject property, will encounter aircraft operations and slow-moving vehicles, will experience ordnance detonations, and vibrations and high energy electronic emitters which may disturb radio and television reception. In addition the parcel is just outside the Overflight Pattern/Approach/Departure Flight Paths which will also incur significant noise events.

DATE:	14 Sept 2018	NAME:	Mary Ellen Finch	TITLE:	Community Liaison Spec
CITY DEPT:	MCAS Yuma		<i>Mary Ellen Finch</i>		
PHONE:	928-269-2103				
RETURN TO:	Robert Blevins				
	Robert.Blevins@YumaAZ.gov				

VILLA SERENA UNIT No. 2

A SUBDIVISION OF A PORTION OF THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 9 SOUTH, RANGE 22 WEST,
OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YUMA COUNTY, ARIZONA

DATE OF PREPARATION: FEBRUARY 2025 NUMBER OF LOTS: 33 ACREAGE: 14.4234 ACRES



DEDICATION

STATE OF ARIZONA }
COUNTY OF YUMA }
KNOW ALL MEN BY THESE PRESENTS:
THAT KERLEY INVESTMENTS, LLC, AN ARIZONA LIMITED LIABILITY COMPANY, HAS CAUSED THE FOLLOWING DESCRIBED PROPERTY, THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 17, TOWNSHIP 9 SOUTH, RANGE 22 WEST, GILA & SALT RIVER BASE & MERIDIAN, YUMA COUNTY, ARIZONA AS PLATTED HEREON TO BE SUBDIVIDED INTO LOTS, TRACTS AND STREETS UNDER THE NAME OF "VILLA SERENA UNIT No. 2" AND HEREBY DECLARES THAT SAID PLAT SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF THE LOTS, TRACTS AND STREETS CONSTITUTING SAID "VILLA SERENA UNIT No. 2" AND THAT THE LOTS SHALL BE KNOWN BY THE NUMBER, THE TRACTS BY THE LETTER AND THE STREETS BY THE NAME GIVEN EACH RESPECTIVELY ON SAID PLAT, AND THAT KERLEY INVESTMENTS, LLC, AN ARIZONA LIMITED LIABILITY COMPANY, HEREBY DEDICATES THE STREETS SHOWN HEREON TO THE CITY OF YUMA FOR THEIR USE AND BENEFIT. TRACT "A" IS DEDICATED TO THE CITY OF YUMA FOR STORMWATER RETENTION. TRACT "B" IS DEDICATED TO THE CITY OF YUMA FOR THEIR USE AND BENEFIT. THE EASEMENTS ARE DEDICATED TO THE CITY OF YUMA FOR THE PURPOSES SHOWN HEREON. A THREE FOOT NON-CONSTRUCTION AND NO OBSTRUCTION EASEMENT FROM THE FURTHEST PROJECTION ON ANY SIDE OF ALL FIRE HYDRANTS IS HEREBY GRANTED.

IN WITNESS WHEREOF KERLEY INVESTMENTS, LLC, AN ARIZONA LIMITED LIABILITY COMPANY, HAS CAUSED ITS COMPANY NAME TO BE SIGNED AND ITS COMPANY SEAL TO BE AFFIXED AS ATTESTED BY THE SIGNATURE OF SEAN E. KERLEY, ITS MEMBER, THEREUNTO DULY AUTHORIZED ON THIS ____ DAY OF ____, 2025

SEAN E. KERLEY, MEMBER
KERLEY INVESTMENTS, LLC, AN ARIZONA LIMITED LIABILITY COMPANY

ACKNOWLEDGMENT

STATE OF ARIZONA }
COUNTY OF YUMA }
ON THIS ____ DAY OF ____, 2025 BEFORE ME, THE UNDERSIGNED NOTARY PUBLIC, PERSONALLY APPEARED SEAN E. KERLEY, WHO ACKNOWLEDGED HIMSELF TO BE THE MEMBER OF KERLEY INVESTMENTS, LLC, AN ARIZONA LIMITED LIABILITY COMPANY AND THAT HE, AS SUCH OFFICER BEING DULY AUTHORIZED TO DO SO, EXECUTED THE DEDICATION INSTRUMENT FOR THE PURPOSE THEREIN CONTAINED BY SIGNING THE NAME OF SAID COMPANY BY HIMSELF AS SUCH OFFICER

IN WITNESS WHEREOF

I HEREUNTO SET MY HAND AND OFFICIAL SEAL

NOTARY PUBLIC
MY COMMISSION EXPIRES

APPROVED

DEPARTMENT OF COMMUNITY DEVELOPMENT

CITY OF YUMA ENGINEER

STATE OF ARIZONA }
COUNTY OF YUMA }
THIS SUBDIVISION, AS SHOWN HEREON, HAS BEEN APPROVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF YUMA, ON THIS ____ DAY OF ____, 2025

MAYOR
ATTEST:

CITY CLERK

LEGEND

- CENTERLINE / SECTION LINE
- SUBDIVISION BOUNDARY
- RIGHT OF WAY LINE
- LOT LINE
- SETBACK LINE
- EASEMENT LINE (TYPE AS SHOWN)
- 50 NEW LOT NUMBER
- 10,000 SF NEW LOT AREA
- NEW STREET MONUMENT
- SET 1/2" REBAR W/CAP "LS 22767"
- EXISTING MONUMENT (TYPE AS NOTED)
- RIGHT OF WAY
- NON ACCESS EASEMENT
- PUBLIC UTILITY EASEMENT
- ASSESSOR'S PARCEL NUMBER
- BOOK
- DOCKET
- PAGE
- YCR YUMA COUNTY RECORDS

CURRENT ZONING

R-1-8 LOW DENSITY RESIDENTIAL

BASIS OF BEARINGS

THE EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 17, AS RECORDED IN "OCOTILLO UNIT NO. 48", BOOK 22 OF PLATS, PAGES 93 & 94, RECORDS OF YUMA COUNTY, ARIZONA, NAMELY N 00°18'57" W.

FLOOD ZONE DESIGNATION

THE SUBJECT PROPERTY IS LOCATED WITHIN AN AREA HAVING A ZONE X DESIGNATION (AREAS OF 0.2% ANNUAL CHANCE FLOOD, AREAS OF 1% ANNUAL CHANCE FLOOD WITH AVERAGE DEPTHS OF LESS THAN 1 FOOT OR WITH DRAINAGE AREAS LESS THAN 1 SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM 1% ANNUAL CHANCE FLOOD). COMMUNITY PANEL NUMBER 04027C1545E DATED AUGUST 28, 2008, WHICH IS THE FLOOD INSURANCE RATE MAP (PANEL NOT PRINTED) FOR THE COMMUNITY IN WHICH THIS PROJECT IS SITUATED

RESTRICTIVE COVENANTS

HAVE BEEN RECORDED CONCURRENTLY AND ARE A PART OF THIS PLAT

SURVEYOR'S NOTE

- ALL NEW PROPERTY CORNERS TO BE SET 1/2" REBAR WITH CAP "LS 22767"

LINE DATA

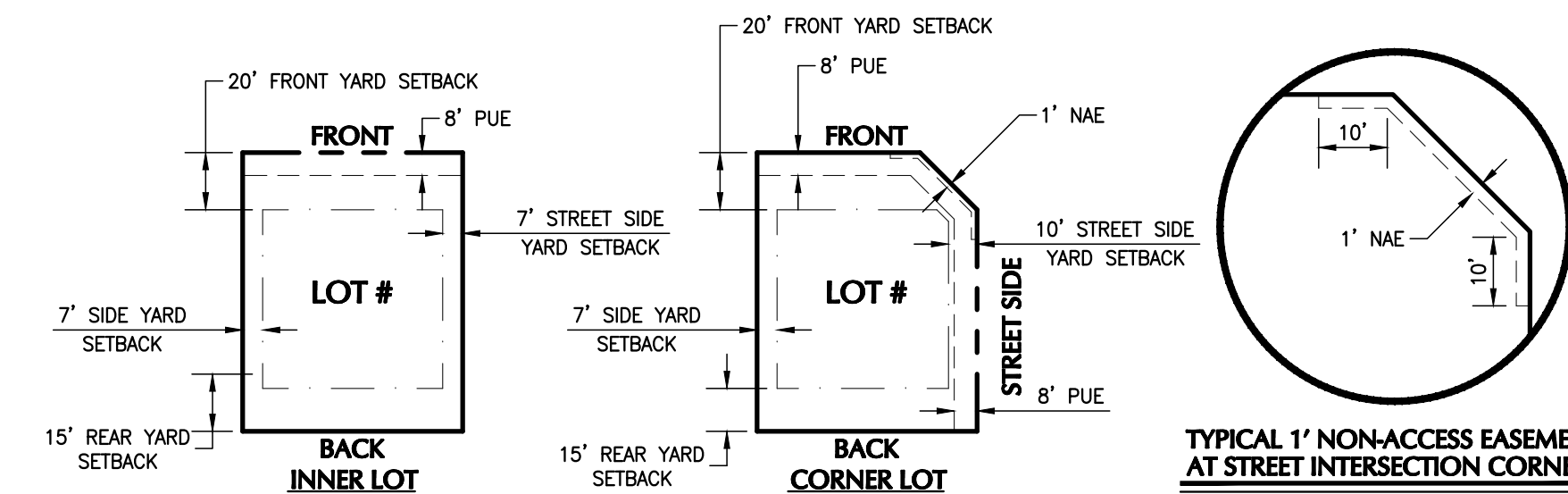
NUMBER	BEARING	DISTANCE
L1	S 45°18'57" E	21.21'
L2	N 44°41'03" E	21.21'
L3	S 80°02'58" E	50.00'
L4	N 89°41'03" E	18.00'
L5	N 44°49'40" E	35.37'
L6	S 45°10'20" E	35.37'
L7	N 48°51'21" E	30.18'
L8	N 00°18'57" W	28.00'

CURVE DATA

No.	LENGTH	RADIUS	DELTA
C1	245.69'	57.00'	246°57'52"
C2	40.91'	35.00'	66°57'52"
C3	119.00'	68.00'	100°15'19"

MAILBOX NOTES

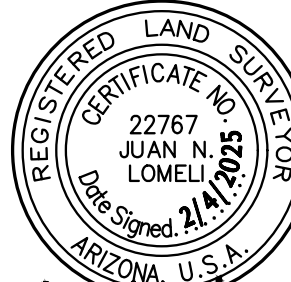
- NEW CLUSTER MAILBOXES TO SERVE LOTS 48 THRU 80



TYPICAL LOT LAYOUTS R-1-8

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THE SUBDIVISION SHOWN HEREON WAS MADE UNDER MY DIRECTION DURING FEBRUARY 2025 AND THAT THIS SUBDIVISION CONFORMS TO ALL REGULATIONS AND REQUIREMENTS OF THE SUBDIVISION REGULATIONS OF THE CITY OF YUMA, ARIZONA.



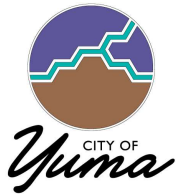
JUAN N. LOMELI

RLS No. 22767

LAND SURVEYOR

DAHL, ROBINS & ASSOCIATES, INC.

1500 S. 5th Avenue
Yuma, AZ 85364
Phone: (928) 819-0825
Fax: (928) 819-0826
www.dahlrobs.com
DRA Job: 24194



City of Yuma

City Council Report

File #: R2025-024

Agenda Date: 3/19/2025

Agenda #: 1.

DEPARTMENT:	STRATEGIC OUTCOMES	ACTION
Planning & Neighborhood Svc	<input checked="" type="checkbox"/> Safe & Prosperous	<input type="checkbox"/> Motion
	<input type="checkbox"/> Active & Appealing	<input checked="" type="checkbox"/> Resolution
	<input type="checkbox"/> Respected & Responsible	<input type="checkbox"/> Ordinance - Introduction
DIVISION:	<input type="checkbox"/> Connected & Engaged	<input type="checkbox"/> Ordinance - Adoption
Community Planning	<input type="checkbox"/> Unique & Creative	<input type="checkbox"/> Public Hearing

TITLE:

Preannexation Development Agreement: NextGen Properties, LLC

SUMMARY RECOMMENDATION:

Authorize a Preannexation Development Agreement for one property located on Palm Avenue. (Planning and Neighborhood Services/Community Planning) (Alyssa Linville)

STRATEGIC OUTCOME:

The approval of this Preannexation Development Agreement will facilitate the development of the property furthering the City Council's strategic outcome of Safe and Prosperous.

REPORT:

NextGen Properties, LLC (owner) owns the parcel located on Palm Avenue, north of 12th Street (APN 664-09-040) (Property). The Owner has requested a Preannexation Development Agreement to connect to City of Yuma services. The Owner's intent is to develop the Property with a multi-family development. In accordance with City policy, to receive City of Yuma services, annexation or a preannexation development agreement are required. Since annexation of the Property is not possible at the current time, a Preannexation Development Agreement will be executed, kept on file, and utilized at such time that a larger annexation can be brought forward.

The attached resolution authorizes a Preannexation Development Agreement with NextGen Properties, LLC for the property shown on the location map attached to the Agreement.

FISCAL REQUIREMENTS:

CITY FUNDS:	\$ 0.00	BUDGETED:	\$ 0.00
STATE FUNDS:	\$ 0.00	AVAILABLE TO TRANSFER:	\$ 0.00
FEDERAL FUNDS:	\$ 0.00	IN CONTINGENCY:	\$ 0.00
OTHER SOURCES:	\$ 0.00	FUNDING: ACCOUNT/FUND #/CIP	
TOTAL \$ 0.00			
To total; right click number & choose "Update Field"			

FISCAL IMPACT STATEMENT:

Not Applicable

ADDITIONAL INFORMATION:

SUPPORTING DOCUMENTS NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT ARE ON FILE IN THE OFFICE OF THE CITY CLERK:

NONE

IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?

- ☒ Department
- ☐ City Clerk's Office
- ☒ Document to be recorded
- ☐ Document to be codified

Acting City Administrator: Jennifer Reichelt for John D. Simonton	Date: 03/06/2025
Reviewed by City Attorney: Richard W. Files	Date: 03/06/2025

RESOLUTION NO. R2025-024

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUMA, ARIZONA, AUTHORIZING AND APPROVING THE EXECUTION OF A PREANNEXATION DEVELOPMENT AGREEMENT WITH NEXTGEN PROPERTIES, LLC FOR ASSESSOR PARCEL NUMBER 664-09-040 LOCATED ON PALM AVENUE, NORTH OF 12TH STREET

WHEREAS, the City of Yuma (City) is authorized under Arizona Revised Statutes Section 9-500.05 to enter into development agreements with owners of real property situated in unincorporated lands; and,

WHEREAS, the owners of certain real property identified as APN 664-09-040 (the Property) desire to annex the Property into the municipal boundaries of the City, but the Property does not meet the statutory annexation requirements at this time; and,

WHEREAS, the City adopted its General Plan in 2022, and the use and development of the Property is consistent with the goals and objectives of the City of Yuma General Plan, as amended; and,

WHEREAS, the Property is located in unincorporated land that is territory desired by the City to be annexed into the boundaries of the City; and,

WHEREAS, the Property owners desire certain assurances and commitments from the City prior to and upon annexation of the Property into the City.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Yuma as follows:

SECTION 1: The Preannexation Development Agreement between NextGen Properties, LLC and the City of Yuma, attached as Exhibit A and incorporated as part of this resolution by reference, is approved according to its terms.

SECTION 2: The City Administrator is authorized and directed to execute the attached Preannexation Development Agreement on behalf of the City of Yuma and to record the Preannexation Development Agreement in the Official Records of the Yuma County Recorder.

Adopted this _____ day of _____ 2025.

APPROVED:

Douglas J. Nicholls
Mayor

ATTESTED:

Lynda L. Bushong
City Clerk

APPROVED AS TO FORM:

Richard W. Files
City Attorney

**EXHIBIT A
RESOLUTION NO. R2025-024**

PREANNEXATION DEVELOPMENT AGREEMENT

This PREANNEXATION DEVELOPMENT AGREEMENT (“Agreement”), made and entered into pursuant to Arizona Revised Statutes (A.R.S.) § 9-500.05, is by and between NextGen Properties, LLC (“Owner”), as the owner of the real property identified as APN 664-09-040, more particularly described and depicted in **Exhibit 1** attached and incorporated by reference (the “Property”), and the City of Yuma (“City”), an Arizona municipal corporation. Owner and City shall be referred to collectively as the “Parties” and individually as a “Party.”

RECITALS

WHEREAS, the City adopted its General Plan in 2022, and the use and development of the Property is consistent with and conforms to the goals and objectives of the City of Yuma General Plan, as amended; and,

WHEREAS, the Owners desire to annex the Property into the City limits and seeks certain assurances and commitments from the City following annexation; and,

WHEREAS, the Parties have entered into this Agreement to provide for the annexation and City of Yuma water service upon the terms and conditions described in this Agreement.

NOW THEREFORE, in consideration of the above recitals, the Parties agree as follows:

1. Development Agreement. This Agreement, together with all attached exhibits, is a Development Agreement within the meaning of Arizona Revised Statutes § 9-500.05. On the condition that all of the terms and covenants of this Agreement are complied with in a prompt and timely manner, this Agreement shall also constitute a contractual commitment of the City to furnish water service to the Property outside of the City’s municipal boundaries pursuant to *Yuma Valley Land Co., LLC. v City of Yuma*, 227 Ariz. 28 (2011).
2. Term. In consideration of the City’s commitment to furnish water service and, if sanitary sewer service should become available in the City’s normal course of construction, sanitary sewer service to any existing or future buildings on the Property, it is the intent of the Parties that this Agreement will commence and become operative on the date of its execution (the “Effective Date”), and terminate when the obligations of the Parties with respect to annexation are fully complied with, or the Parties mutually provide for termination in writing, whichever occurs first. Normal course of construction shall be interpreted to mean when such sanitary sewer service is available in the City’s absolute discretion and on the City’s schedule. In accordance with the Parties’ intent, the furnishing of water service shall begin on the Effective Date, either prior to or after annexation.
3. Annexation. Owner agrees to petition for and hereby consents to annexation of the Property into the City of Yuma pursuant to A.R.S. § 9-471. Owner’s agreement to annex shall operate as a covenant upon the Property, and upon recording this Preannexation Development Agreement, such covenant shall run with the land and with title to the Property until annexation is complete and no longer subject to referendum or appeal.

3.1. Owner and any subsequent owners of the Property agree that within ten (10) days of written request by an authorized representative of the City of Yuma, Owner or any subsequent owners or Owner’s successors will sign an annexation petition seeking to annex the entire Property into the City of Yuma

municipal boundaries. Upon receipt of the signed annexation petition, the City agrees to proceed with the annexation procedures established in the provisions of A.R.S. § 9-471 *et seq.* and, if determined to be in the best interest of the City, adopt the final ordinance annexing the property into the City of Yuma corporate limits.

3.2. Upon annexation of the Property, City staff will bring forward to City Council a request for rezoning the Property to a zoning district in the City's Zoning Code that is consistent with A.R.S. § 9-471 (L) which will permit densities and uses no greater than those permitted by Yuma County immediately before annexation.

4. Development Standards. The development and use of the Property shall be subject to all City, county, state and federal laws, regulations, rules, policies, and fees in effect at the time of development ("Applicable Laws").

4.1 Parking. To best meet the off-street parking requirements of the City and support the establishment of new multi-family housing the City will accept off-street parking space dimensions of nine feet by eighteen feet, exclusive of handicapped parking.

5. City of Yuma Development Fees and Water and Sewer Capacity Charges. A material consideration for the Parties' willingness to enter into this Agreement is to make City utility service available to the Property on the same terms and conditions as any other development within the City. To accomplish this, beginning on the Effective Date, any development and use of the Property shall require the payment to the City of all City of Yuma Development Fees for any new construction (defined as any building construction commenced within two years prior to or any time after the Effective Date), including the streets facilities development fee, the police facilities development fee, the fire facilities development fee, the general government facilities development fee, water and sanitary sewer capacity and connection charges, water system development charges, sanitary sewer interceptor charge, any water or sewer payback amounts, and a payment to the City in lieu of tax ("PILOT") on any new construction that would otherwise have been due to the City if the building permit had been issued and the construction had occurred after annexation, equivalent to 1.7% of 65% of the total construction cost. Payment of all capacity, PILOT and development fees to the City under this Section 5 shall be made prior to City issuance of any water meter, connection to City water and/or sewer, or issuance of a City building permit. In order to calculate the PILOT, Owner shall require each contractor and subcontractor having taxable activities in connection with development of the Property furnish the City with a worksheet showing all gross income received by them for the construction. If Owner provides satisfactory documentation showing that the City tax on construction has already been paid, no payment in lieu of City taxes on construction shall be due. Until such time as annexation is complete, Owner and City acknowledge that Sanitation (solid waste), Emergency Medical Service, Police, and Emergency Fire Response to the Property shall be through a Yuma County provider, but that upon annexation, such services shall be provided by the City of Yuma in accordance with Applicable Laws. Upon Owner's execution of this Agreement, prior to or upon annexation of the Property, water service to the Property shall be available in accordance with Applicable Laws and the terms of this Agreement. Monthly water and any sanitary sewer service charges shall be paid in accordance with and governed by the City of Yuma Utility Regulations.

6. Additional Requirements. Prior to conveyance or transfer of any portion of the Property to a third party or the issuance of any water meter, fire service (water) connection, sewer connection, or any other permit for the Property, Owner shall record against title to the Property, utilizing the City's standard forms for such matters:

6.1 Avigation and Range Disclosure, Easement and Waiver. As a covenant and condition to

entering into this Agreement, before conveying or transferring any portion of the Property, Owner agrees to disclose that the subject property is located in the vicinity of Yuma County International Airport and the U.S. Marine Corps Air Station, both of which may result in aircraft overflight, vibrations and related noise as may be inherent in the operation of aircraft now known or used for flying within navigable airspace. This disclosure obligation shall survive the termination of this agreement, shall run with the land, and shall be binding on all successors, assigns and future owners of the Property.

6.2 Encroachment and Right-of-Way Permits and Licenses Required. Owner acknowledges and agrees that any work performed in the public right-of-way, or the construction, installation or maintenance of any facility or other improvement in the public right-of-way requires a permit, license, franchise, or similar authorization issued by the controlling agency (the “Permitting Agency”) through the Permitting Agency’s normal and customary process for such issuance. Owner further acknowledges and agrees that City approval of any Site Plan or Plat over all or any portion of the Property does not constitute authorization for work or improvements in the public rights-of-way or any grant or waiver of any permitting requirements of the Permitting Agency. Owner shall meet all permitting requirements of the Permitting Agency, and shall obtain all necessary permits prior to commencing such work or improvements in the public rights-of-way.

7. Construction and Dedication of Improvements. Any public improvements required for development of the Property shall be designed, constructed, and dedicated in accordance with Applicable Laws, including, without limitation, City’s normal plan submittal, review and approval processes, day-to-day inspection requirements, insurance requirements, and financial assurance requirements. Owner’s construction and installation of public improvements shall occur within the timeframes specified under Applicable Laws.

8. Utility Services. The City acknowledges that the property is within the City of Yuma potable water service area, as approved by Yuma County. Upon application to the State of Arizona, Department of Environmental Quality, for a Notice of Intent, the City will issue the appropriate “Authorization to Connect to Public Water Service” letter for water service provided that Subsection 8.3 is complied with.

8.1 Assignment of Water Rights. Owner and any subsequent owners shall sign an application or otherwise fully cooperate with the City to convert, transfer, or assign any water or water delivery entitlements associated with the Property to the City.

8.2 Non-Potable Water. Nothing contained in this Agreement shall be construed as obligating Owner to accept City water services for any non-potable water demand on the Property, provided that such non-potable water demand is served by the appropriate irrigation district.

8.3 Septic System. If Owner has obtained permitting and installed a septic system pursuant to County of Yuma regulations the requirements of this Agreement shall not be interpreted to require the Property to connect to City sanitary sewer service until such time as Sanitary Sewer Service is available (at the City’s absolute and discretionary schedule) and the existing septic tank system is declared unserviceable as defined in City of Yuma Utility Regulations, as amended, or the Parties agree that such a connection shall be made. Any such connection to a future City of Yuma Sanitary Sewer Service line shall be at Owner’s sole cost for design, permitting, capacity charges and construction, and shall require City approval prior to permitting.

9. City and Owner Cooperation.

9.1 Cooperation in Development Approvals. Subject to the terms of this Agreement and compliance with Applicable Laws including without limitation City’s compliance with all required notice and public hearing requirements, City and Owner will cooperate reasonably in processing the approval or issuance

of any permits, plans, specifications, plats or other development approvals requested by Owner in connection with development of the Property. If developed in Yuma County, written City approval of all such permits, plans, specifications, plats or other development approvals shall be required.

9.2 Annexation requests. City agrees that City staff will support any annexation request by Owner for the Property that is consistent with this Agreement, the General Plan, and Applicable Laws.

10. Notice. Except as otherwise required by law, any notice, demand or other communication given under this Agreement shall be in writing and shall be given by personal delivery or be sent by certified or registered U.S. Mail, return receipt requested, addressed to the Parties at their respective addresses set forth below, or at such other address as a Party may designate in writing pursuant to the terms of this paragraph, or by electronic mail, facsimile machine or by any nationally recognized express or overnight delivery service (e.g., Federal Express or UPS), with all postage and other delivery charges prepaid:

To City:
City Administrator
One City Plaza
Yuma, Arizona 85364-1436

To Owners:
NextGen Properties, LLC
3378 W. 17th Place
Yuma, AZ 85364

All such notices, demands or other communications will (i) if delivered personally or delivered through a same day delivery/courier service be deemed effective upon delivery or refusal to accept delivery by the addressee, and (ii) if delivered by U.S. mail in the manner described above be deemed effective upon the earlier of receipt or three (3) business days after deposit in a post office operated by the United States or with a United States postal officer (in each case regardless of whether such notice, demand or other communication is received by any other person to whom a copy of such notice, demand or other communication is to be delivered pursuant to this paragraph). Any notice sent by a recognized national overnight delivery service shall be deemed effective one (1) business day after deposit with such service. Any notice sent by email or facsimile machine shall be deemed effective upon confirmation of the successful transmission by the sender's electronic mail system or facsimile machine. Notwithstanding the foregoing, no payment shall be deemed to be made until actually received in good and available funds by the intended payee.

11. Default. If either Party defaults (the "Defaulting Party") with respect to any of such Party's obligations, then the other Party (the "Non-Defaulting Party") shall give written notice in the manner described in Section 10 above to the Defaulting Party. The notice shall state the nature of the default claimed and make demand that such default be corrected. The Defaulting Party shall then have:

- a. twenty (20) days from the date of receipt of such notice within which to correct such default if it can be reasonably corrected by the payment of money, or
- b. sixty (60) days from the date of receipt of such notice to cure such default if action other than payment of money is reasonably required, or
- c. if any such non-monetary default cannot reasonably be cured within sixty (60) days for reasons beyond its control (financial inability, construction delays and market conditions excepted), then such longer period as may be reasonably required, provided and so long as such cure is promptly commenced within such period and diligently prosecuted to completion.

11.1 Remedies. If the default is not corrected within the time periods described in Section 11 above, the Non-Defaulting Party shall have all remedies available to it at law or in equity, subject to the limitations

set forth herein. Owner or City, or any successor-in-interest or assignee, may institute a legal action to cure, correct or remedy any default, to enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation, including but not limited to suits for declaratory relief, specific performance, relief in the nature of mandamus and actions for damages, provided that claims for damages shall be limited to actual damages as of the time of entry of judgment. The Parties hereby waive any right to seek consequential, punitive, multiple, exemplary or any damages other than actual damages.

11.2 Delays; Waivers. Except as otherwise expressly provided in this Agreement, any delay by any Party in asserting any right or remedy under this Agreement shall not operate as a waiver of any such rights or limit such rights in any way; and any waiver in fact made by such Party with respect to any default by the other Party shall not be considered as a waiver of rights with respect to any other default by the Non-Defaulting Party or with respect to the particular default except to the extent specifically waived in writing. It is the intent of the Parties that this provision will enable each Party to avoid the risk of being limited in the exercise of any right or remedy provided in this Agreement by waiver, laches or otherwise at a time when it may still hope to resolve the problems created by the default involved.

11.3 Rights and Remedies Cumulative. The rights and remedies of the Parties are cumulative, and the exercise by either Party of any one or more of such rights shall not preclude the exercise by it, at the same or different times, of any other right or remedy for any other default by the other Party.

12. Owner Representations. Owner represents and warrants that:

- a. Owner has the full right, power and authorization to enter into and perform this Agreement and the obligations and undertakings of Owner under this Agreement, and the execution, delivery and performance of this Agreement by Owner has been duly authorized, agreed to, and is in compliance with any organizational documents of Owner.
- b. All consents and approvals necessary to the execution, delivery and performance of this Agreement have been obtained, and no further action needs to be taken in connection with such execution, delivery and performance.
- c. Owner will execute and acknowledge when appropriate all documents and instruments and take all actions necessary to implement, evidence and enforce this Agreement.
- d. As of the date of this Agreement, Owner knows of no litigation, proceeding or investigation pending or threatened against or affecting Owner, which could have a material adverse effect on Owner's performance under this Agreement that has not been disclosed in writing to City.
- e. This Agreement (and each undertaking of Owner contained herein) constitutes a valid, binding and enforceable obligation of Owner according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity.
- f. The execution, delivery and performance of this Agreement by Owner is not prohibited by, and does not conflict with, any other agreements, instruments, judgments or decrees to which Owner is a party or to which owner is otherwise subject.
- g. Owner has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement other than normal costs of conducting business and costs

of professional services such as the services of architects.

h. Owner has had opportunity for independent legal review of this Agreement by counsel of its choosing prior to the execution hereof.

13. City Representations. City represents and warrants to Owner that:

a. City has the right, power and authorization to enter into and perform this Agreement and each of City's obligations and undertakings under this Agreement, and City's execution, delivery and performance of this Agreement have been duly authorized and agreed to in compliance with the requirements of the Yuma City Charter and the Yuma City Code.

b. All consents and approvals necessary to the execution, delivery and performance of this Agreement have been obtained, and no further action needs to be taken in connection with such execution, delivery and performance.

c. City will execute and acknowledge when appropriate all documents and instruments and take all actions necessary to implement, evidence and enforce this Agreement.

d. City knows of no litigation, proceeding, initiative, referendum, investigation or threat of any of the same contesting the powers of City or its officials with respect to this Agreement that has not been disclosed in writing to Owner.

e. This Agreement (and each undertaking of City contained herein), constitutes a valid, binding and enforceable obligation of City, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditor's rights and by equitable principles, whether considered at law or in equity.

f. The execution, delivery and performance of this Agreement by City is not prohibited by, and does not conflict with, any other agreements, instruments or judgments or decrees to which City is a party or is otherwise subject.

g. City has been assisted by counsel of its own choosing in connection with the preparation and execution of this Agreement.

14. Rights of Lenders. Financing or refinancing for acquisition, development and/or construction of the Property and/or improvements may be provided, in whole or in part, from time to time, by one or more Third Parties (individually a "Lender", and collectively the "Lenders"). If a Lender is permitted, under the terms of a non-disturbance agreement with City to cure the event of default and/or to assume Owner's position with respect to this Agreement, City agrees to recognize such rights of the Lender and to otherwise permit the Lender to assume all of the rights and obligations of Owner under this Agreement.

15. Successors and Assigns. All of the provisions of this Agreement shall inure to the benefit of and be binding upon the successors in interest and assigns of each of the Parties pursuant to A.R.S. § 9-500.05D and will run with the land during the Term of the Agreement as defined in Section 2.

16. Attorneys' Fees. In the event of commencement of a legal action in an appropriate forum by a Party to enforce any covenant or any of such Party's rights or remedies under this Agreement, including any action for declaratory or equitable relief, the prevailing Party in any such action shall be entitled to reimbursement of its reasonable attorneys' fees and court costs, including, but not limited to, its costs of expert witnesses,

transportation, lodging and meal costs of the Party and witnesses, costs of transcript preparation and other reasonable and necessary direct and incidental costs of such dispute.

17. Miscellaneous.

17.1 Governing Law; Choice of Forum. This Agreement shall be deemed to be made under, shall be construed in accordance with, and shall be governed by the internal, substantive laws of the State of Arizona (without reference to conflict of law principles). Any action brought to interpret, enforce or construe any provision of this Agreement shall be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Yuma (or, as may be appropriate, in the Justice Courts of Yuma County, Arizona, or in the United States District Court for the District of Arizona at the John M. Roll United States Courthouse, if, but only if, the Superior Court lacks or declines jurisdiction over such action). The Parties irrevocably consent to jurisdiction and venue in such courts for such purposes and agree not to seek transfer or removal of any action commenced in accordance with the terms of this Section 17.1.

17.2 A.R.S. § 38-511. Notice is hereby given of the applicability of A.R.S. § 38-511.

17.3 Integration. This Agreement contains the entire agreement between the Parties, and no oral or written statements, promises, or inducements made by either Party, or its agents not contained or specifically referred to in this Agreement is valid or binding.

17.4 Recordation. Upon receipt of the recording fee from Owner, the City shall record a copy of this Agreement no later than ten (10) days from date of entering into this Agreement pursuant to A.R.S. § 9-500.05.

17.5 Estoppel Certificate. The Parties agree that, upon not less than twenty one (21) business days prior written request from a Party to this Agreement, a requested Party shall execute, acknowledge and deliver to the Party making such request a written statement certifying to the current status of the Agreement, including whether or not, the requested Party has actual knowledge that any Party is in default of any obligation or duty set forth in this Agreement. Any such certificate may be relied on by a prospective purchaser of any lot within the Property, or any prospective Lender.

17.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signatures of all Parties may be physically attached to a single document.

17.7 Headings. The descriptive headings of the Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning of construction of any of the provisions hereof.

17.8 Exhibits and Recitals. Any exhibit attached to this Agreement shall be deemed to have been incorporated into this Agreement by this reference with the same force and effect as if fully set forth in the body of the Agreement. The Recitals set forth at the beginning of this Agreement are acknowledged and incorporated and the Parties confirm the accuracy each Recital.

17.9 Further Acts. Each Party agrees to perform such other and further acts and to execute and deliver such additional agreements, documents, affidavits, certifications, acknowledgments and instruments as any other Party may reasonably require to consummate, evidence, confirm or carry out the matters contemplated by this Agreement or confirm the status of (i) this Agreement as in full force and effect, and (ii)

the performance of the obligations hereunder at any time.

17.10 Time is of the Essence. Time is of the essence in implementing the terms of this Agreement.

17.11 No Partnerships; Third Parties. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between the Parties. No term or provision of this Agreement is intended to, or shall, be for the benefit of any person or entity not a Party hereto, and no such other person or entity shall have any right or cause of action under this Agreement, except for transferees or assignees to the extent that they assume or succeed to the rights and/or obligations of Owner under this Agreement or such rights and duties described as running with title to the land.

17.12 Amendment. No change or addition is to be made to this Agreement except by written amendment executed by City and Owner. Within ten (10) days after any amendment to this Agreement, such amendment shall be recorded in the Official Records of Yuma County, Arizona.

17.13 Severability. If any provision of this Agreement is declared void or unenforceable, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect. If any applicable law or court of competent jurisdiction prohibits or excuses City or Owner from undertaking any contractual commitment to perform under any provision hereunder, the remaining portions of this Agreement shall remain in full force and effect, and the Parties will negotiate diligently in good faith for such amendments of this Agreement as may be necessary to achieve the original intent of this Agreement, notwithstanding such invalidity or unenforceability.

17.14 Business Days. If the last day of any time period stated in this Agreement or the date on which any obligation to be performed under this Agreement shall fall on a Saturday, Sunday or legal holiday, then the duration of such time period or the date of performance, as applicable, shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday or legal holiday.

17.15 Individual Nonliability/Damages. No City Council member, official, representative, agent, attorney or employee shall be personally liable to any of the other Parties hereto, or to any successor in interest to such Parties, in the event of any default or breach by City or for any amount which may become due to a Party or its successor, or with respect to any obligation of City under the terms of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the liability of Owner shall be limited to the Property and any improvements thereon, and shall not extend to or be enforceable against the individual assets of any member, officer, or trustee of Owner.

17.16 Proposition 207 Waiver. Owner hereby waives and releases City from any and all claims under Arizona Revised Statutes § 12-1134, et seq., including any right to compensation for reduction to the fair market value of the Property or any portion thereof, as a result of City's approval or failure to approve this Agreement, the Annexation Ordinance, or adoption or failure to adopt the zoning designation, and all related annexation, zoning, land use, building and development matters arising from, relating to, or reasonably inferable from this Agreement, including the approval, rejection or imposition of conditions or stipulations upon the approval of the zoning designation. The terms of this waiver shall run with the land and shall be binding upon all subsequent landowners, assignees, lessees and other successors, and shall survive the expiration or earlier termination of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement through their authorized representatives.

Dated this _____ day of _____, 2025.

CITY:
CITY OF YUMA

OWNER:
NextGen Properties, LLC

By _____
John D. Simonton
Acting City Administrator

By _____
Jose Salazar
Member

By _____
Socrates Scott Awar
Member

ATTEST:

By _____
Lynda L. Bushong
City Clerk

APPROVED AS TO FORM:

By _____
Richard W. Files
City Attorney

ACKNOWLEDGEMENTS

State of Arizona)
) ss
County of Yuma)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025 by Jose Salazar on behalf of NextGen Properties, LLC.

NOTARY PUBLIC

COMMISSION EXPIRATION:

State of Arizona)
) ss
County of Yuma)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025 by Socrates Scott Awar on behalf of NextGen Properties, LLC.

NOTARY PUBLIC

COMMISSION EXPIRATION:

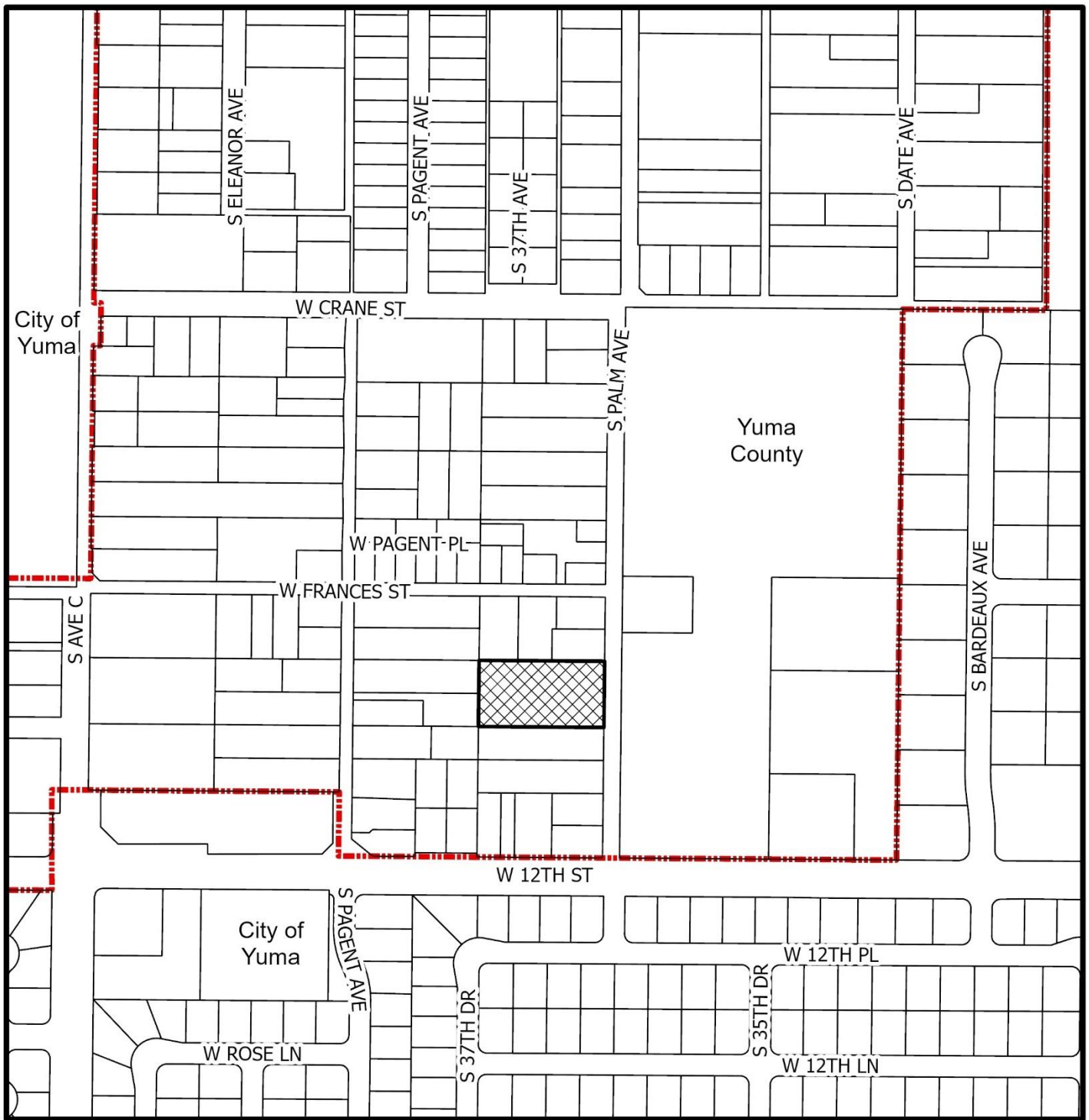
EXHIBIT 1

Legal Descriptions and Depictions of Property

That portion of the Southeast Quarter of the Southwest Quarter of the Northwest Quarter of Section 30, Township 8 South, Range 23 West of the Gila and Salt River Base and Meridian, City of Yuma, Yuma County, Arizona and being more particularly described as follows:

New Parcel A as per “**Nextgen Properties Palm Ave. Lot Tie LT24-05**” according to the plat as recorded in the Yuma County Recorder’s Office, Yuma County, Yuma Arizona, in Book 36, Page 72. Fee# 2024-28834, Dated: 12-03-2024.

Containing 45,459.29 square feet or 1.04 acres more or less.



LOCATION MAP



LOCATION OF SUBJECT PROPERTY



Prepared by: DG

Checked by: EP



Community Planning and
Neighborhood Services GIS

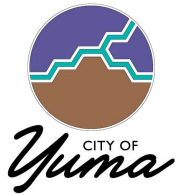
Date: 1/27/2025

Revised:

Revised:

Case #:

AGR-43642-2025



City of Yuma

City Council Report

File #: R2025-025

Agenda Date: 3/19/2025

Agenda #: 2.

DEPARTMENT: Engineering	STRATEGIC OUTCOMES	ACTION
DIVISION: Engineering	<input type="checkbox"/> Safe & Prosperous <input type="checkbox"/> Active & Appealing <input checked="" type="checkbox"/> Respected & Responsible <input type="checkbox"/> Connected & Engaged <input type="checkbox"/> Unique & Creative	<input type="checkbox"/> Motion <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance - Introduction <input type="checkbox"/> Ordinance - Adoption <input type="checkbox"/> Public Hearing

TITLE:

Intergovernmental Agreement: Arizona SMART Funding - Yuma Multi-Modal Transportation Center

SUMMARY RECOMMENDATION:

Authorize the City to enter into an Intergovernmental Agreement (IGA) with ADOT accepting \$3,537,057 of Arizona SMART funding for 100% of the Yuma Multi-Modal Transportation Center RAISE grant match. (Engineering) (David Wostenberg)

STRATEGIC OUTCOME:

Utilizing AZ SMART funding for the construction of the Yuma Multi-Modal Transportation Center meets the desired outcome of Respected and Responsible by utilizing the AZ SMART program to pay the RAISE grant match greatly reduces the amount needed from local funds to construct this project. The primary purpose of this project is the improvement of the efficiency, reliability, and safety of the traveling public.

REPORT:

The City of Yuma is utilizing the Arizona Department of Transportation's (ADOT) AZ SMART program to assist the City with funding the construction of the Yuma Multi-Modal Transportation Center project. This IGA consists of providing reimbursements to the City up to \$3,537,057 to meet 100% of the RAISE grant required local match. In return for receiving these funds, the City of Yuma will accept the abandonment of state right-of-way consisting of the east-bound frontage road (Gila Ridge Road) along Interstate 8, between Avenue 4E and Araby Road, approximately 2.5 miles.

FISCAL REQUIREMENTS:

CITY FUNDS:	\$ 0.00	BUDGETED:	\$ 0.00
STATE FUNDS:	\$ 3,537,057.00	AVAILABLE TO TRANSFER:	\$ 0.00
FEDERAL FUNDS:	\$ 0.00	IN CONTINGENCY:	\$ 0.00
OTHER SOURCES:	\$ 0.00	FUNDING: ACCOUNT/FUND #/CIP	
TOTAL	\$ 3,537,057.00	Grants- 198	
To total; right click number & choose "Update Field"			

FISCAL IMPACT STATEMENT:

Approval of this agreement will have a financial impact on the city of any maintenance associated with the section of Gila Ridge Road that the City of Yuma is taking ownership of.

ADDITIONAL INFORMATION:

SUPPORTING DOCUMENTS NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT ARE ON FILE IN THE OFFICE OF THE CITY CLERK:

NONE

IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?

- ☐ Department
- ☒ City Clerk's Office
- ☐ Document to be recorded
- ☐ Document to be codified

Acting City Administrator: Jennifer Reichelt for John D. Simonton	Date: 03/06/2025
Reviewed by City Attorney: Richard W. Files	Date: 03/06/2025

RESOLUTION NO. R2025-025

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUMA, ARIZONA,
AUTHORIZING AND APPROVING AN INTERGOVERNMENTAL AGREEMENT
WITH THE STATE OF ARIZONA FOR THE YUMA MULTI-MODAL
TRANSPORTATION CENTER DEVELOPMENT**

WHEREAS, the City of Yuma (City) desires to enter into an Intergovernmental Agreement (Agreement) with the Arizona Department of Transportation (ADOT) for the Yuma Multi-Modal Transportation Center Development (Project); and,

WHEREAS, the Project lies within the jurisdiction of the City of Yuma; and,

WHEREAS, the City will request reimbursement from ADOT for match on the federal grant; and,

WHEREAS, the City will obtain ownership, jurisdiction, and maintenance responsibilities of Gila Ridge Road from Avenue 4E to Araby Road; and,

WHEREAS, the Parties agree that the completion of the Project is essential to public safety and public welfare and desire to cooperate in the completion of the Project; and,

WHEREAS, it is to the mutual benefit of ADOT and the City to enter into this Agreement for the final design and construction of the project.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Yuma as follows:

SECTION 1: The Agreement between ADOT and the City for the final design and construction of the Project for the benefit of the citizens and residents of Yuma, attached as Exhibit A and incorporated by reference, is approved.

SECTION 2: The City Administrator is authorized and directed to execute the Agreement for and on behalf of the City.

SECTION 3: The various City officers and employees are authorized and directed to perform all acts necessary or desirable to give effect this resolution.

Adopted this _____ day of _____, 2025.

APPROVED:

Douglas J. Nicholls
Mayor

ATTESTED:

APPROVED AS TO FORM:

Lynda L. Bushong
City Clerk

Richard W. Files
City Attorney

ADOT CAR No.: IGA 24-0009698-I
AG Contract No.: P0012024001728
Project Location/Name: Yuma Multi-
Modal Transportation Center
Type of Work: MMTC Development
Federal-aid No.: NA
ADOT Project No.: T0580 01C
TIP/STIP No.: YU-22-11
CFDA No.: 20.205 - Highway Planning and
Construction
Budget Source Item No.: AZ SMART

INTERGOVERNMENTAL AGREEMENT

BETWEEN
THE STATE OF ARIZONA
AND
THE CITY OF YUMA

THIS AGREEMENT ("Agreement") is entered into this date _____, pursuant to the Arizona Revised Statutes ("A.R.S.") §§ 11-951 through 11-954, as amended, among the STATE OF ARIZONA, acting by and through its DEPARTMENT OF TRANSPORTATION (the "State" or "ADOT") and the CITY OF YUMA, acting by and through its MAYOR and CITY COUNCIL (the "City"). The State and the City are each individually referred to as a "Party" and are collectively referred to as the "Parties."

I. RECITALS

1. The State is empowered by A.R.S. §§ 28-339 and 28-401 to enter into this Agreement and has delegated to the undersigned the authority to execute this Agreement on behalf of the State.
2. The City is empowered by A.R.S. §§ 28-339 and 48-572 to enter into this Agreement and has by resolution, if required, a copy of which is attached and made a part of, resolved to enter into this Agreement and has authorized the undersigned to execute this Agreement on behalf of the City.
3. The federal Bipartisan Infrastructure Law (BIL), enacted as the Infrastructure Investment and Jobs Act (IIJA), Pub. L. 117-58 (November 15, 2021), created multiple new federal grant programs for surface transportation purposes to be administered by the US Department of Transportation. IIJA is currently authorized through September 30, 2026. Congress may extend IIJA prior to passing a new long-term highway program authorization, and these extensions may extend the September 30, 2026 deadline.
4. The Arizona State Match Advantage for Rural Transportation funds (AZ SMART Funds) was established by the Arizona State Legislature in Laws 2022, Chapter 322 House Bill 2872 which became effective on September 24, 2022 to assist eligible cities, towns, counties and ADOT in applying for and winning Federal Grants for surface transportation projects.

5. The City was awarded AZ SMART Funds for match on the federal grant. The match funds which may be paid or reimbursed are restricted to those identified in the executed federal Grant Agreement (GA).
6. The City is the successful direct recipient of a 2021 Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant to transform the Hotel Del Sol into a Multi-Modal Transportation Center (MMTC) for the Yuma Region (the "Project"). The purpose of this Agreement is for the State to reimburse the City an amount not to exceed \$3,537,057 of eligible AZ SMART match funds for the Project, as shown on Exhibit A, and for the City to accept the abandonment of right of way of the east-bound frontage road (Gila Ridge Road) along Interstate 8 (I-8), approximately 2.5 miles, between the Engineering Stations, as depicted in Exhibit B.
7. After execution of this Agreement and with the approval of the State Transportation Board, the State will abandon ownership, jurisdiction, and maintenance responsibilities of the area shown in Exhibit B to the City. The City agrees to waive the requirements of A.R.S. § 28-7209.
8. The foregoing Recitals and all Exhibits referred to in and attached are incorporated into this Agreement.

In consideration of the mutual terms expressed herein, the Parties agree as follows:

II. SCOPE OF WORK

1. The Parties agree:
 - a. To adhere to A.R.S. § 28-339.
 - b. The City will enter into a GA with FHWA that identifies the RAISE grant requirements, as shown on Exhibit C. The City will provide the GA and any changes made in the GA to ADOT in a timely manner which may require an amendment to this Agreement.
 - c. The City will coordinate with the State as requested by ADOT on the Project documents, reports, and activities.
2. The State will:
 - a. Within 30 days after receipt, review, and approval of invoice(s) and documentation of payment for Project costs, reimburse the City for eligible match on costs incurred, at the applicable prorata match detailed in the GA, in an amount not to exceed \$3,537,057, the amount of the AZ SMART Funds approved and programmed for the Project.
 - b. After execution of this Agreement and with approval by Resolution of the State Transportation Board, abandon and transfer ownership, jurisdiction, and maintenance responsibilities of the area as depicted in Exhibit B.

3. The City will:
 - a. Submit to ADOT for review, approval, and reimbursement, at least quarterly and no more than monthly, an invoice(s) on ADOT's Payment Report Form, Exhibit D, and documentation of payment for eligible costs incurred for the Project, less the City's prorata match, not to exceed \$3,537,057, the amount of AZ SMART Funds approved and programmed for the Project. Any costs incurred prior to the date of obligation of the federal grant are not eligible for reimbursement from the AZ SMART Fund.
 - c. Enter into agreements with and make all payments directly to the required consultants and/or professional services for the Project.
 - d. Submit to ADOT the Closeout Letter, as shown on Exhibit E, with the final invoice request.
 - e. Waive the requirements of A.R.S. § 28-7209.
 - f. After execution of this Agreement and with approval by Resolution of the State Transportation Board, accept ownership, jurisdiction, and maintenance responsibilities of the area depicted in Exhibit B.

III. MISCELLANEOUS PROVISIONS

1. Effective Date. This Agreement shall become effective upon signing and dating of all Parties.
2. Amendments. Any change or modification to this Agreement will only occur with the mutual written consent of all Parties.
3. Duration. The terms, conditions and provisions of this Agreement shall remain in full force and effect until completion of the Project and all related deposits and/or reimbursements are made.
4. Cancellation. This Agreement may be cancelled at any time by any Party prior to the exchange of any AZ SMART Funds and after 30 days' prior written notice to the other Party. It is understood and agreed that, in the event the City terminates this Agreement, the City shall be responsible for all costs paid by the State up to the time of termination. It is further understood and agreed that in the event the City terminates this Agreement, the State shall have no further obligations to reimburse AZ SMART Funds to the City.
5. Indemnification. The City shall indemnify, defend, and hold harmless the State, any of its departments, agencies, boards, commissions, officers or employees (collectively referred to in this paragraph as the "State") from any and all claims, demands, suits, actions, proceedings, loss, cost and damages of every kind and description, including reasonable attorneys' fees and/or litigation expenses (collectively referred to in this paragraph as the "Claims"), which may be brought or made against or incurred by the State on account of loss of or damage to any property or for injuries to or death of any person, to the extent caused by, arising out of, or contributed to, by reasons of any alleged act, omission,

professional error, fault, mistake, or negligence of the City, its employees, officers, directors, agents, representatives, or contractors, their employees, agents, or representatives in connection with or incident to the performance of this Agreement. The City's obligations under this paragraph shall not extend to any Claims to the extent caused by the negligence of the State, except the obligation does apply to any negligence of the City which may be legally imputed to the State by virtue of the State's ownership or possession of land. The City's obligations under this paragraph shall survive the termination of this Agreement.

6. Liability. ADOT assumes no liability or financial responsibility for AZ SMART Fund Projects or the information submitted by the City. The City is solely responsible for complying with all applicable laws, rules and regulations, for any additional funding required to complete the Project(s) and for any claims due to delays, change orders or any other circumstances.
7. Federal Funding Accountability and Transparency Act. The Parties warrant compliance with the Federal Funding Accountability and Transparency Act of 2006 and associated 2008 Amendments (the "Act"). Additionally, in a timely manner, the City will provide information that is requested by the State to enable the State to comply with the requirements of the Act, as may be applicable.
8. Single Audit. The City acknowledges compliance with federal laws and regulations and may be subject to the CODE OF FEDERAL REGULATIONS, TITLE 2, PART 200 (also known as The Uniform Grant Guidance). Entities that expend \$750,000.00 or more (on or after 12/26/14) of federal assistance (federal funds, federal grants, or federal awards) are required to comply by having an independent audit in accordance with §200.331 Subpart F. Either an electronic or hardcopy of the Single Audit is to be sent to Arizona Department of Transportation Financial Management Services within the required deadline of nine months of the sub recipient fiscal year end.

ADOT – FMS
 Attn: Cost Accounting Administrator
 206 S 17th Ave. Mail Drop 204B
 Phoenix, AZ 85007
SingleAudit@azdot.gov
9. Governing Law. This Agreement shall be governed by and construed in accordance with Arizona laws.
10. Conflicts of Interest. This Agreement may be cancelled in accordance with A.R.S. § 38-511.
11. Records. The Applicant is required to retain all books, accounts, reports, files and other records relating to this Agreement for a period of five years after the date of the final payment of AZ SMART Funds from ADOT. Such records shall be produced by the City, electronically or at the State office as set forth in this Agreement, at the request of ADOT or the State Auditor General.
12. Audit. All books, accounts, reports, files and other records relating to this Agreement shall be subject to inspection and audit. The State may refer Projects to the State Auditor General or ADOT's Internal Audit unit in cases of suspected misuse of AZ SMART Funding.
13. Title VI. The Applicant acknowledges and will comply with Title VI of the Civil Rights Act of

1964.

14. **Non-Discrimination.** This Agreement is subject to all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable Federal regulations under the Act, including 28 CFR Parts 35 and 36. The Parties to this Agreement shall comply with Executive Order Number 2009-09, as amended by Executive Order 2023-01, issued by the Governor of the State of Arizona and incorporated by reference regarding “Non-Discrimination.”
15. **Non-Availability of Funds.** Every obligation of the State under this Agreement is conditioned upon the availability of funds appropriated or allocated for the fulfillment of such obligations. If funds are not allocated and available for the continuance of this Agreement, this Agreement may be terminated by the State at the end of the period for which the funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments as a result of termination under this paragraph.
16. **Arbitration.** In the event of any controversy, which may arise out of this Agreement, the Parties agree to abide by arbitration as is set forth for public works contracts if required by A.R.S. § 12-1518.
17. **E-Verify.** The Parties shall comply with the applicable requirements of A.R.S. § 41-4401.
18. **Contractor Certifications.** The City shall certify that all contractors comply with the applicable requirements of A.R.S. §§ 35-393.01 and 35-394.
19. **Other Applicable Laws.** The Parties shall comply with all applicable laws, rules, regulations and ordinances, as may be amended.
20. **Notices.** All notices or demands upon any Party to this Agreement shall be in writing and shall be delivered electronically, in person, or sent by mail, addressed as follows:

For Agreement Administration:

Arizona Department of Transportation
Joint Project Agreement Group
205 S. 17th Avenue, Mail Drop 637E
Phoenix, AZ 85007
JPABranch@azdot.gov

City of Yuma
Attn: David Wostenberg
155 West 14th Street
Yuma, AZ 85364
928.373.4520
David.wostenberg@yumaaz.gov

For Project Administration:

Arizona Department of Transportation
Southwest District
205 S. 17th Avenue, Mail Drop 614E
Phoenix, AZ 85007

City of Yuma
Attn: David Wostenberg
155 West 14th Street
Yuma, AZ 85364
928.373.4520
David.wostenberg@yumaaz.gov

For Financial Administration:

Arizona Department of Transportation
Southwest District
205 S. 17th Avenue, Mail Drop 614E
Phoenix, AZ 85007

City of Yuma
Attn: David Wostenberg
155 West 14th Street
Yuma, AZ 85364
928.373.4520
David.wostenberg@yumaaz.gov

21. Revisions to Contacts. Any revisions to the names and addresses above may be updated administratively by any Party and shall be in writing.
22. Legal Counsel Approval. In accordance with A.R.S. § 11-952 (D), the written determination of each Party's legal counsel providing that the Parties are authorized under the laws of this State to enter into this Agreement and that the Agreement is in proper form is set forth below.
11. Electronic Signatures. This Agreement may be signed in an electronic format including DocuSign.
-

Remainder of this page is intentionally left blank.

(Signatures begin on the next page)

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective upon the full completion of signing and dating by all Parties to this Agreement.

CITY OF YUMA

By _____ Date _____
JOHN D. SIMONTON
City Administrator

ATTEST:

By _____ Date _____
LYNDA BUSHONG
City Clerk

I have reviewed the above referenced Intergovernmental Agreement among the State of Arizona, acting by and through its Department of Transportation and the City of Yuma an agreement among public agencies which, has been reviewed pursuant to A.R.S. §§ 11-951 through 11-954 and A.R.S. §§ 28-339 and 48-572 and declare this Agreement to be in proper form and within the powers and authority granted to the City under the laws of the State of Arizona.

No opinion is expressed as to the authority of the remaining Parties, to enter into this Agreement. Approved as to Form:

By _____ Date _____
RICHARD FILES
City Attorney

ARIZONA DEPARTMENT OF TRANSPORTATION

By _____ Date _____
AUDRA MERRICK
Infrastructure Delivery and Operations Division
Division Director

This Agreement between public agencies, the State of Arizona and the City of Yuma, has been reviewed pursuant to A.R.S. §§ 11-951 through 11-954 and A.R.S. §§ 28-339 and 28-401, by the undersigned Assistant Attorney General who has determined that it is in the proper form and is within the powers and authority granted to the State of Arizona. No opinion is expressed as to the authority of the remaining Parties, other than the State or its agencies, to enter into said Agreement.

By _____ Date _____
Assistant Attorney General

EXHIBIT A
Cost Estimate

T0580 01C

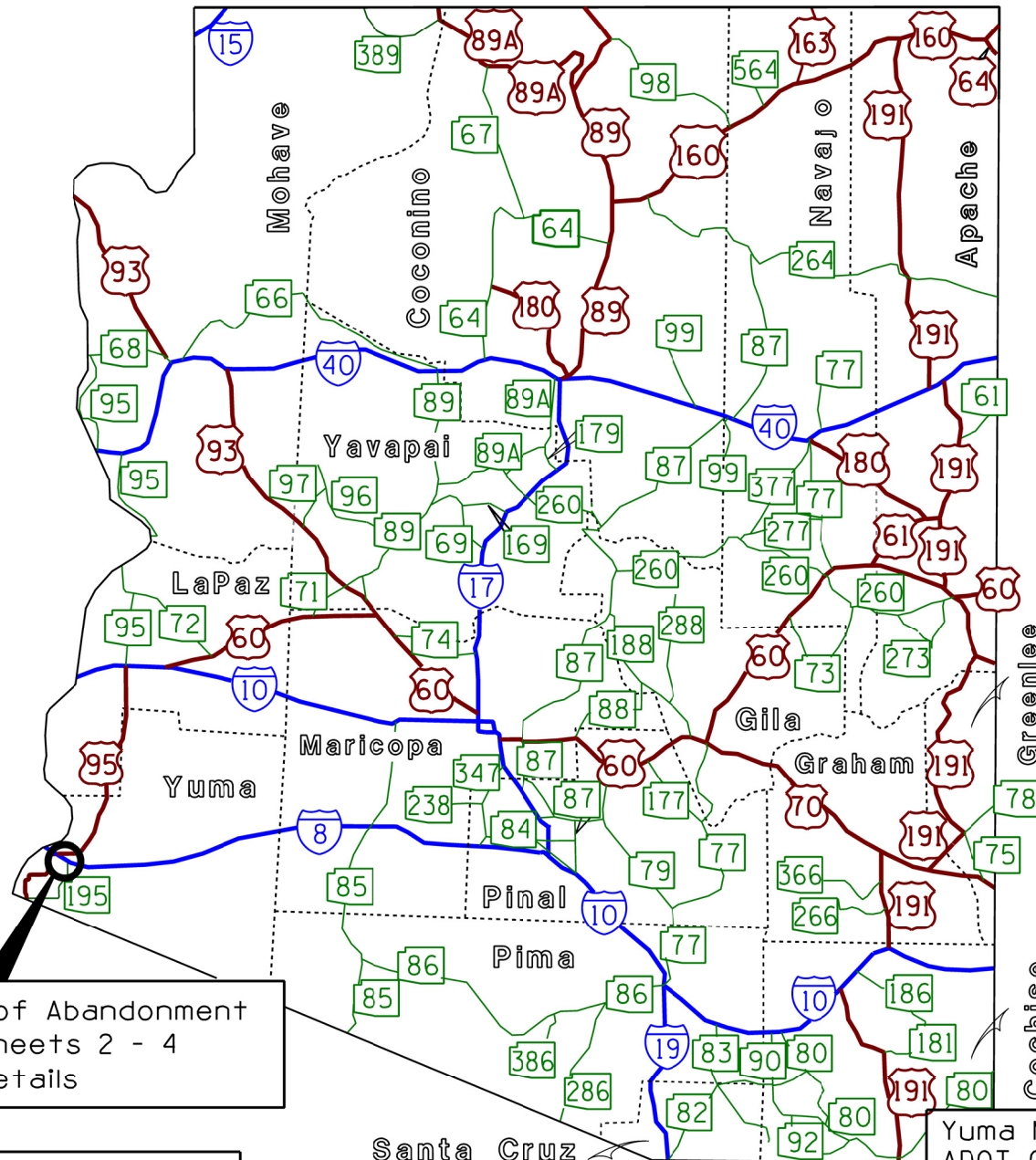
The Project costs are estimated as follows:

*** Grant Match:**

AZ SMART Funds @ 100%	<u>\$ 3,537,057</u>
-----------------------	---------------------

Total Federal Funds	\$ 3,537,057
----------------------------	---------------------

* AZ SMART match funds are reimbursable; as a result ADOT will not invoice the Local Agency for the AZ SMART funds.



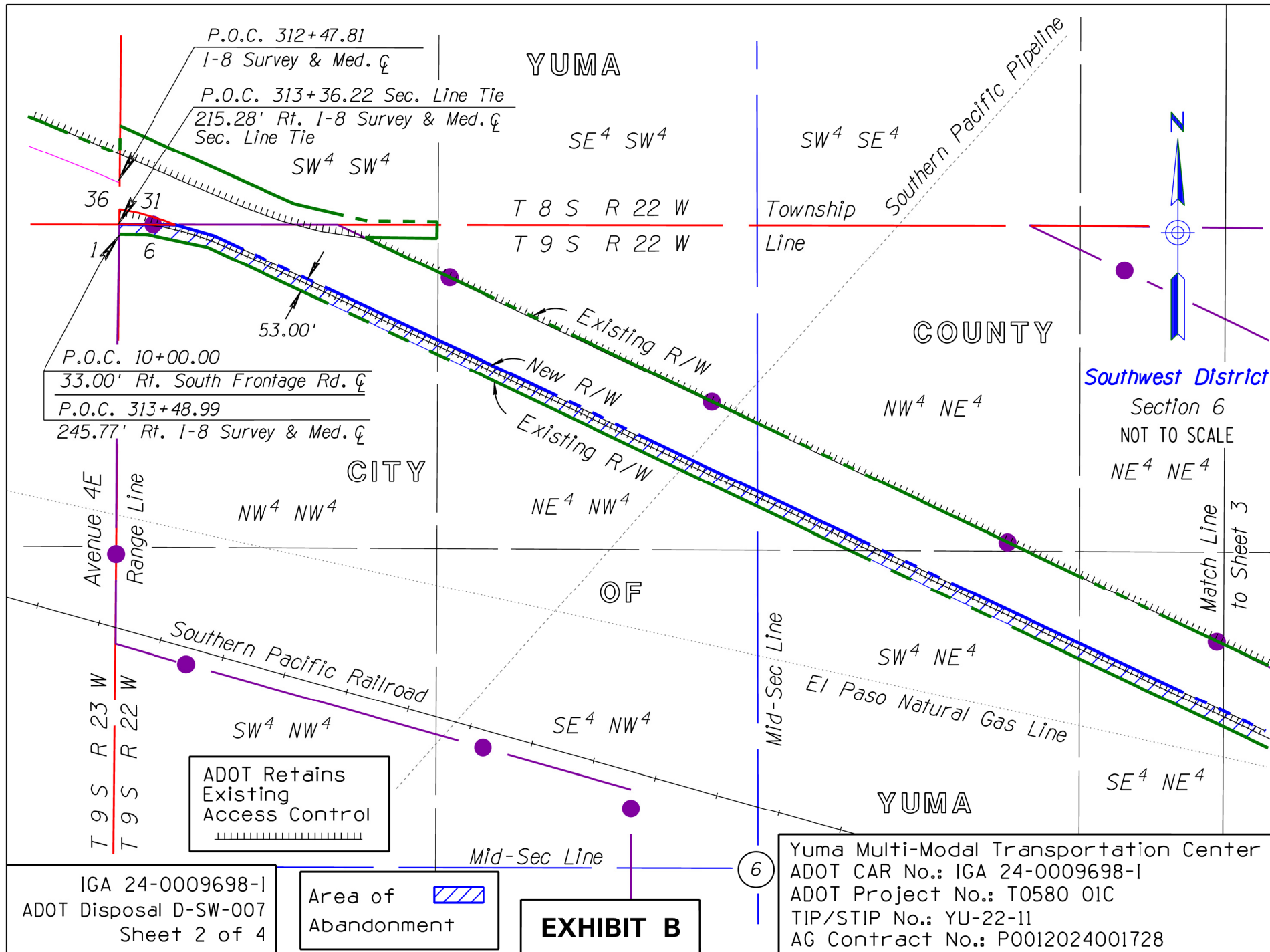
Southwest District
NOT TO SCALE

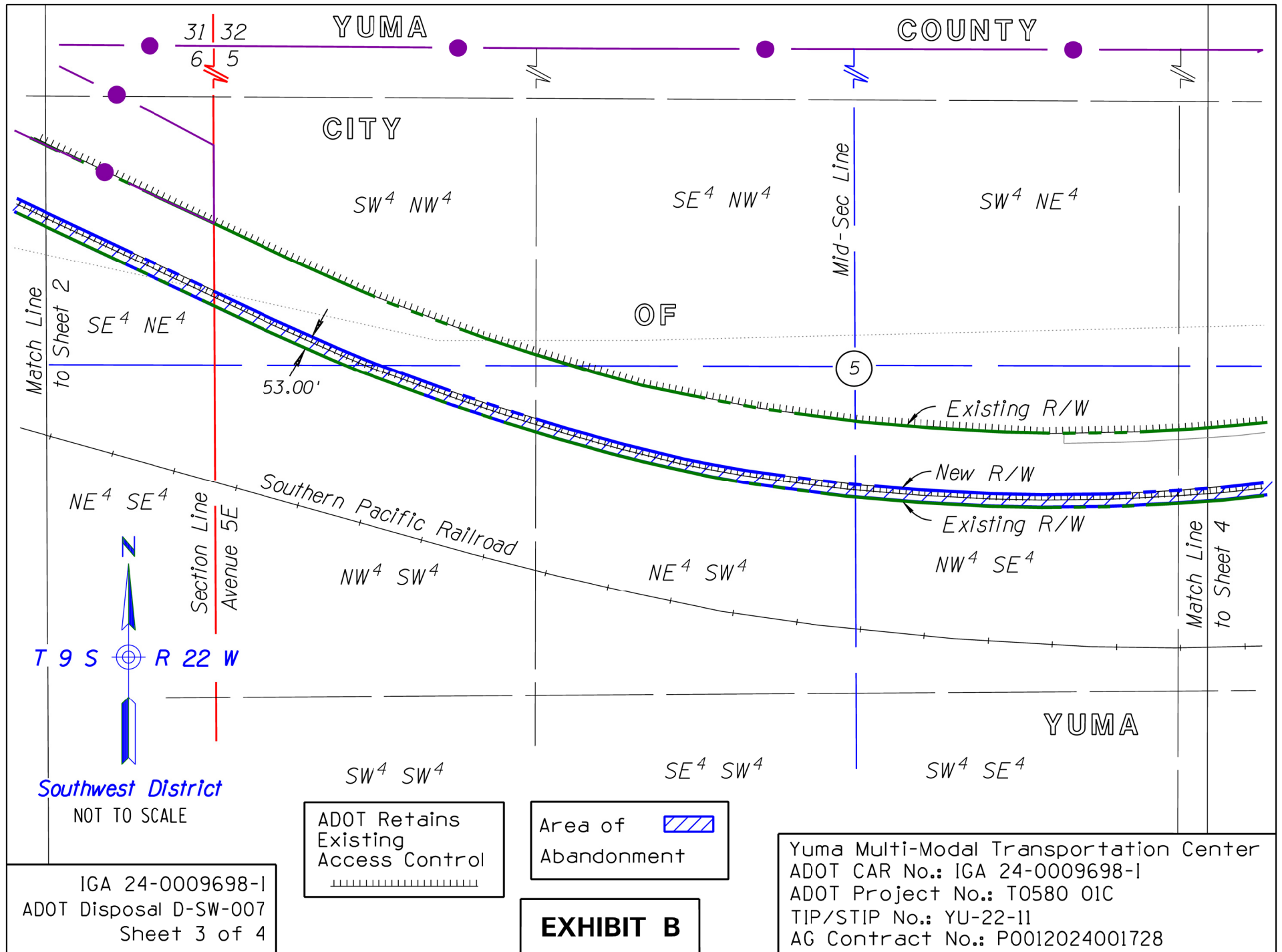
Area of Abandonment
See Sheets 2 - 4
for Details

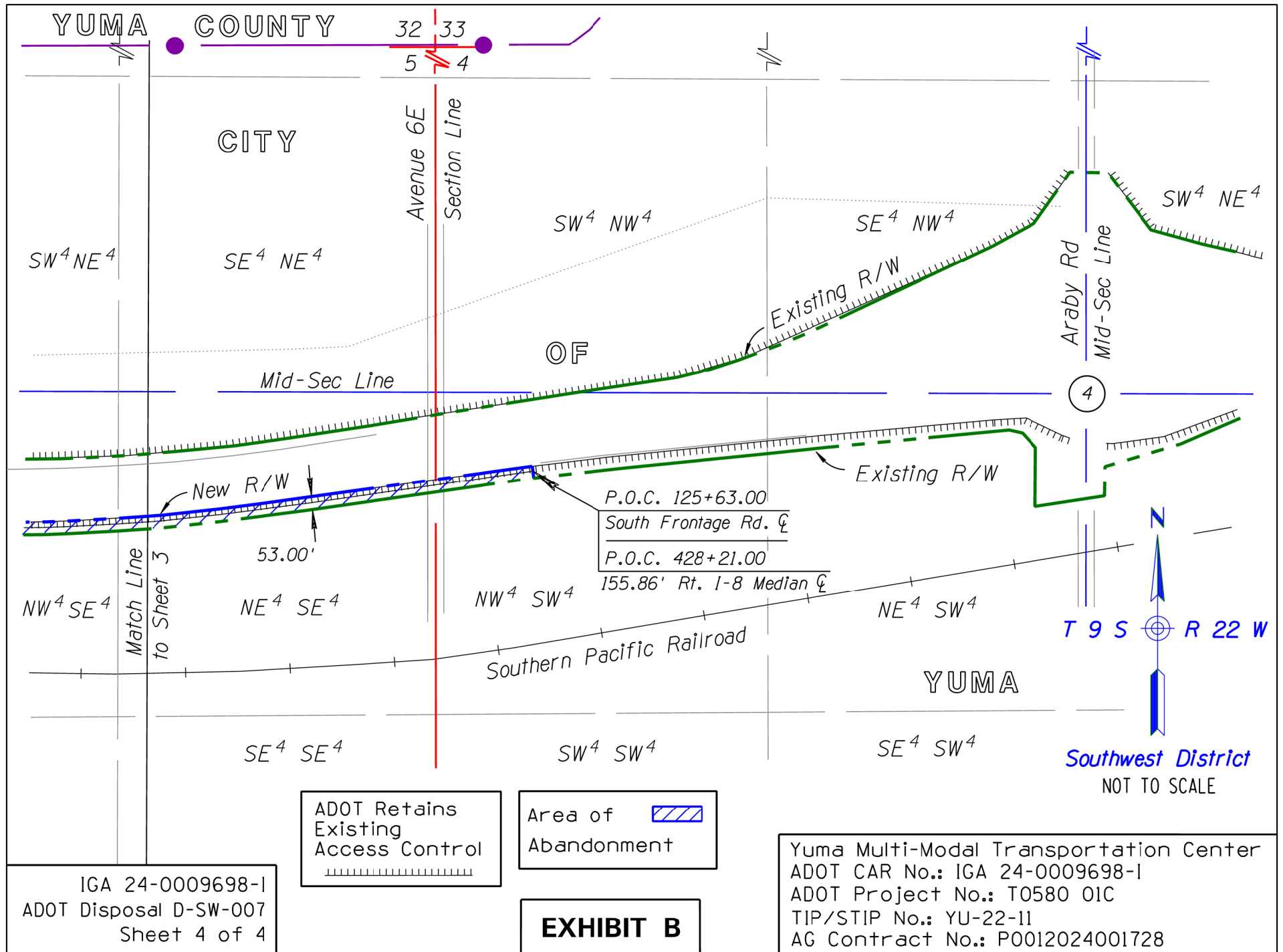
IGA 24-0009698-I
ADOT Disposal D-SW-007
Sheet 1 of 4

EXHIBIT B

Yuma Multi-Modal Transportation Center
ADOT CAR No.: IGA 24-0009698-I
ADOT Project No.: T0580 01C
TIP/STIP No.: YU-22-11
AG Contract No.: P0012024001728







U.S. DEPARTMENT OF TRANSPORTATION

GRANT AGREEMENT UNDER THE

FISCAL YEAR 2021 RAISE GRANT PROGRAM

This agreement is between the United States Department of Transportation (the “**USDOT**”) and the City of Yuma (the “**Recipient**”).

This agreement reflects the selection of the Recipient to receive a RAISE Grant for the Yuma Multimodal Transportation Center.

The parties therefore agree to the following:

ARTICLE 1

GENERAL TERMS AND CONDITIONS

1.1 General Terms and Conditions.

- (a) In this agreement, “**General Terms and Conditions**” means the content of the document titled “General Terms and Conditions Under The Fiscal Year 2021 Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program: FTA Projects,” dated June 7, 2022, which is available at <http://go.usa.gov/xJkjt>. Articles 8–31 are in the General Terms and Conditions. The General Terms and Conditions are part of this agreement.
- (b) The Recipient states that it has knowledge of the General Terms and Conditions.
- (c) The Recipient acknowledges that the General Terms and Conditions impose obligations on the Recipient and that the Recipient’s non-compliance with the General Terms and Conditions may result in remedial action, terminating of the RAISE Grant, disallowing costs incurred for the Project, requiring the Recipient to refund to the USDOT the RAISE Grant, and reporting the non-compliance in the Federal-government-wide integrity and performance system.

ARTICLE 2

APPLICATION, PROJECT, AND AWARD

2.1 Application.

Application Title: Yuma Multi-Modal Transportation Center

Application Date: July 12, 2021

2.2 Award Amount.

RAISE Grant Amount: \$10,614,225

2.3 Award Dates.

Budget Period End Date: 08/30/2029

Period of Performance End Date: 08/30/2029

2.4 Urban or Rural Designation.

Urban-Rural Designation: Rural

2.5 Capital or Planning Designation.

Capital-Planning Designation: Capital

2.6 Federal Award Identification Number. The USDOT identifies this award with the following federal award identification number:

AZ-2024-027

ARTICLE 3 SUMMARY PROJECT INFORMATION

3.1 Summary of Project's Statement of Work.

The project converts a historic building in downtown Yuma into a regional transfer hub and central, multi-modal transit center for commuter rail, intercity bus, local public transit, and ridesharing. The project includes a renovated pedestrian pathway to Amtrak, bus bays for Greyhound and Yuma Area Transit, transit administration offices, ticket counters and kiosks, a waiting area for taxis, van pools, private shuttles, and rideshare, as well as improved facilities for transit users.

3.2 Project's Estimated Schedule.

Milestone	Schedule Date
Planned Finalization of Construction Documents and Drawings Date:	02/01/2025
Planned Construction Contract Award Date:	07/31/2025
Planned Construction Start Date:	08/15/2025
Planned Construction Substantial Completion Date:	01/31/2029
Planned Revenue Service Date:	03/31/2029
Planned Project Closeout:	09/30/2029

3.3 Project's Estimated Budget.

Eligible Project Costs	
RAISE Grant Amount:	\$10,614,225
Other Federal Funds:	\$476,872
Non-Federal Funds:	\$7,169,524
Total Eligible Project Cost:	\$18,260,621

Note: Other Federal Funds are FTA 5307.

ARTICLE 4 CRITICAL MILESTONE DEADLINES

4.1 Critical Milestone Deadlines.

None. The parties have not identified any project-specific critical milestone deadlines for this award. The Recipient acknowledges the USDOT may terminate this award under section 17.1(a) on some conditions related to the Project's estimated schedule, as listed in section 3.2.

ARTICLE 5 PARTY INFORMATION

5.1 Recipient's Unique Entity Identifier.

Recipient's Unique Entity Identifier: GN4ZBTUNCN83

5.2 Recipient Contact(s).

Alex Tipton
CIP Manager
City of Yuma
155 W. 14th Street, Yuma, AZ 85364
928.373.4510
alex.tipton@yumaaz.gov

5.3 Recipient Key Personnel.

None. The parties have not identified any individuals as key personnel for this award.

5.4 USDOT Project Contact(s).

Samuel Diaz
General Engineer
FTA – TRO-9 Southern California Office (SCO)
888 South Figueroa Street, Suite 440, Los Angeles, CA 90017-5467
(202) 366-3057
samuel.diaz@dot.gov

Charlene Lee Lorenzo
Senior Director, Southern CA Office
FTA – TRO-9 Southern California Office (SCO)
888 South Figueroa Street, Suite 440, Los Angeles, CA 90017-5467
(213) 202-3952
charlene.leelorenzo@dot.gov

**ARTICLE 6
USDOT ADMINISTRATIVE INFORMATION**

6.1 Payment System.

USDOT Payment System: ECHO

6.2 Office for Subaward and Contract Authorization.

USDOT Office for Subaward and Contract Authorization: None

**ARTICLE 7
SPECIAL GRANT TERMS**

There are no special terms for this award.

ATTACHMENT A STATEMENT OF WORK

The new multimodal transportation center (MMTC) will be the primary regional transfer hub for all arriving and departing Amtrak and Greyhound passengers of the Yuma Region and will serve as YCAT's Downtown Transit Center. Additionally, this development will include office space and public service counters for the Yuma County Intergovernmental Transportation Authority (YCIPTA) staff, thus eliminating the need for riders to travel to multiple locations for transportation and ticketing services.

The MMTC will feature:

- New pedestrian pathway to Amtrak, bus bays for arriving and departing Greyhound and YCAT vehicles, YCAT On-Call Americans with Disabilities Act (ADA) paratransit, and waiting areas for taxis, van pools, rideshare and private shuttles traveling to various intercity destinations including, Phoenix Sky Harbor International Airport, Phoenix-Mesa Gateway Airport, Tucson, and Nogales, AZ., and locations in Mexico, etc. The one-stop MMTC will allow individuals to purchase tickets for Amtrak, Greyhound, and local bus services directly from YCIPTA or by using public ticketing kiosks. On-site security and assistance, restrooms, vendor space, water fountains and secure seating areas will be included in the development to accommodate passengers.
- The MMTC will also offer operator break facilities; bike racks, lockers, and a bicycle repair station to accommodate bicycling patrons; and free public parking accommodations.
- The second and third floors of the site will be left undeveloped. Any upgrades to the second and third floors using RAISE funding will only support the building's structural integrity and any electrical or mechanical upgrades needed to ensure the safety and security of the building and its occupants. Any additional modifications or development of the second and third floor will be funded separately through a public- private partnership as part of the City's aggressive downtown economic investment plan.

**ATTACHMENT B
ESTIMATED PROJECT BUDGET**

1. Supplementary Fund Source Table(s)

Reserved. This attachment B does not contain any supplementary fund source tables.

2. Cost Classification Table

Cost Classification	Total Costs	Non-RAISE Previously Incurred Costs	Eligible Costs
Administrative and legal expenses	\$3,877,261		\$3,877,261
Architectural and engineering fees	\$214,753		\$214,753
Other architectural and engineering fees	\$148,882		\$148,882
Project inspection fees	\$54,763		\$54,763
Site work	\$1,197,284		\$1,197,284
Demolition and removal	\$796,488		\$796,488
Construction	\$6,378,019		\$6,378,019
Equipment	\$162,037		\$162,037
Miscellaneous	\$2,964,845		\$2,964,845
Contingency	\$2,466,289		\$2,466,289
Project Total	\$18,260,621		\$18,260,261

ATTACHMENT C
PERFORMANCE MEASUREMENT INFORMATION

Study Area: Yuma County Multimodal Transportation Center

Baseline Measurement Date: 05/15/2025

Baseline Report Date: 09/15/2025

Table 1: Performance Measure Table

Measure	Category and Description	Measurement Frequency
Equitable Access to Jobs (Total Jobs Accessible within 30 Minutes of Travel)	Economic Competitiveness and Opportunity, Quality of Life, Mobility and Community Connectivity Total jobs assessable within 30 minutes of travel may be disaggregated by mode (bicycles, pedestrians, transit, or rail) that best aligns with project purpose.	Annual
Unlinked Passenger Trips (Ridership) (Total Boardings per Year)	Mobility and Community Connectivity, Quality of Life Unlinked Passenger Trips (UPT) are the number of boardings on a public transportation vehicle during the year. The total for the project study area must be reported, but reporting can also be disaggregated by route, station, or facility. Reporting can also be disaggregated by rider characteristic to the extent that it is voluntarily reported by riders and aligns with a specific project purpose.	Quarterly

ATTACHMENT D CHANGES FROM APPLICATION

Scope: During the design phase of the project, it was determined that transforming the first floor of the Hotel del Sol provided numerous structural engineering and constructability challenges. The undertaking now includes removing the entire building except for the existing northern and eastern façade. The exterior elements (the northern and eastern façade) will remain in place, keeping the distinctive historic downtown Yuma characteristics. Prior to demolition, historic elements will be removed from the building, curated, and incorporated into a new lobby display open to the public.

Schedule: The design and preconstruction phase of the project experienced significant delays due to the project causing an adverse effect on the Hotel del Sol property. Therefore, there were extended conversations with the Arizona State Historic Preservation Office (SHPO) on the different options to preserve as many historical features of the building as possible. It was determined that the original design of rehabilitating and maintaining the existing Hotel del Sol structure was excessively destructive to the historic preservation effort and a new undertaking option of partial restoration was chosen.

The construction phase of the project has extended as well due to the various supply chain issues that the construction market has faced in recent years.

The table below compares the application schedule to the current schedule.

Milestone	Application Date	Section 3.2 Date
Planned Finalization of Construction Documents and Drawings Date:	11/18/2021	02/01/2025
Planned Construction Contract Award Date:	02/16/2022	07/31/2025
Planned Construction Start Date:	02/16/2022	08/15/2025
Planned Construction Substantial Completion Date:	04/12/2023	01/31/2029
Planned Revenue Service Date:	06/15/2023	03/31/2029
Planned Project Closeout:	09/30/2023	09/30/2029

Budget: The City of Yuma was able to secure additional state funding in the amount of \$3.6 million, through AZSMART funding, to provide matching funds assistance for the completion of the project. In addition, approximately \$476,000 in FTA 5307 funds were added to the project in order bring the total funds available to equal the updated total project cost.

The table below provides a summary comparison of the project budget.

Fund Source	Application		Section 3.3 and Attachment B	
	\$	%	\$	%
Previously Incurred Costs				
Federal Funds				
Non-Federal Funds				
Total Previously Incurred Costs				
Future Eligible Project Costs				
RAISE Funds	\$10,614,225	75%	\$10,614,225	58%
Other Federal Funds			\$476,872	3%
Non-Federal Funds	\$3,538,075	25%	\$7,169,524	39%
Total Future Eligible Project Costs	\$14,152,300	100%	\$18,260,621	100%
Total Project Costs	\$14,152,300		\$18,260,621	

ATTACHMENT E
APPROVED PRE-AWARD COSTS

None. The USDOT has not approved under this award any pre-award costs under 2 C.F.R. 200.458. Because unapproved costs incurred before the date of this agreement are not allowable costs under this award, the USDOT will neither reimburse those costs under this award nor consider them as a non-Federal cost sharing contribution to this award. Costs incurred before the date of this agreement are allowable costs under this award only if approved in writing by USDOT before being included in the project costs and documented in this Attachment E. See section 20.3(b).

ATTACHMENT F
CLIMATE CHANGE AND ENVIRONMENTAL JUSTICE IMPACTS

1. Consideration of Climate Change and Environmental Justice Impacts.

The Recipient states that rows marked with “X” in the following table are accurate:

	The Project directly supports a Local/Regional/State Climate Action Plan that results in lower greenhouse gas emissions. <i>(Identify the plan in the supporting narrative below.)</i>
	The Project directly supports a Local/Regional/State Equitable Development Plan that results in lower greenhouse gas emissions. <i>(Identify the plan in the supporting narrative below.)</i>
	The Project directly supports a Local/Regional/State Energy Baseline Study that results in lower greenhouse gas emissions. <i>(Identify the plan in the supporting narrative below.)</i>
	The Recipient or a project partner used environmental justice tools, such as the EJSCREEN, to minimize adverse impacts of the Project on environmental justice communities. <i>(Identify the tool(s) in the supporting narrative below.)</i>
X	The Project supports a modal shift in freight or passenger movement to reduce emissions or reduce induced travel demand. <i>(Describe that shift in the supporting narrative below.)</i>
	The Project utilizes demand management strategies to reduce congestion, induced travel demand, and greenhouse gas emissions. <i>(Describe those strategies in the supporting narrative below.)</i>
	The Project incorporates electrification infrastructure, zero-emission vehicle infrastructure, or both. <i>(Describe the incorporated infrastructure in the supporting narrative below.)</i>
	The Project supports the installation of electric vehicle charging stations. <i>(Describe that support in the supporting narrative below.)</i>
	The Project promotes energy efficiency. <i>(Describe how in the supporting narrative below.)</i>
	The Project serves the renewable energy supply chain. <i>(Describe how in the supporting narrative below.)</i>
	The Project improves disaster preparedness and resiliency <i>(Describe how in the supporting narrative below.)</i>

	The Project avoids adverse environmental impacts to air or water quality, wetlands, and endangered species, such as through reduction in Clean Air Act criteria pollutants and greenhouse gases, improved stormwater management, or improved habitat connectivity. <i>(Describe how in the supporting narrative below.)</i>
	The Project repairs existing dilapidated or idle infrastructure that is currently causing environmental harm. <i>(Describe that infrastructure in the supporting narrative below.)</i>
	The Project supports or incorporates the construction of energy- and location-efficient buildings. <i>(Describe how in the supporting narrative below.)</i>
	The Project includes recycling of materials, use of materials known to reduce or reverse carbon emissions, or both. <i>(Describe the materials in the supporting narrative below.)</i>
	The Recipient has taken other actions to consider climate change and environmental justice impacts of the Project, as described in the supporting narrative below.
	The Recipient has not yet taken actions to consider climate change and environmental justice impacts of the Project but, before beginning construction of the Project, will take relevant actions described in Attachment A. <i>(Identify the relevant actions from Attachment A in the supporting narrative below.)</i>
	The Recipient has not taken actions to consider climate change and environmental justice impacts of the Project and will not take those actions under this award.

2. Supporting Narrative.

The MMTC project protects the environment by shifting commuters to transit, eliminating multiple needs for travel, and providing amenities to bike commuters, thereby reducing fuel usage and vehicle emissions. In addition, it will help increase utilization of local transit services by providing one central hub for passengers of bus and rail transportation.

The transition of automobile passengers to rail and public transportation modes has a significant positive impact on the protection of the environment, reduction of pollution, and energy efficiency, with one primary benefit of the MMTC being a reduction of environmental emissions. Emission savings from the transition from automobiles to rail and buses also has benefits in the areas of fuel savings, highway and road safety, reduction of congestion, and highway and road maintenance.

ATTACHMENT G
RACIAL EQUITY AND BARRIERS TO OPPORTUNITY

1. Efforts to Improve Racial Equity and Reduce Barriers to Opportunity.

The Recipient states that rows marked with “X” in the following table are accurate:

	A racial equity impact analysis has been completed for the Project. <i>(Identify a report on that analysis or, if no report was produced, describe the analysis and its results in the supporting narrative below.)</i>
	The Recipient or a project partner has adopted an equity and inclusion program/plan or has otherwise instituted equity-focused policies related to project procurement, material sourcing, construction, inspection, hiring, or other activities designed to ensure racial equity in the overall delivery and implementation of the Project. <i>(Identify the relevant programs, plans, or policies in the supporting narrative below.)</i>
	The Project includes physical-barrier-mitigating land bridges, caps, lids, linear parks, and multimodal mobility investments that either redress past barriers to opportunity or that proactively create new connections and opportunities for underserved communities that are underserved by transportation. <i>(Identify the relevant investments in the supporting narrative below.)</i>
	The Project includes new or improved walking, biking, and rolling access for individuals with disabilities, especially access that reverses the disproportional impacts of crashes on people of color and mitigates neighborhood bifurcation. <i>(Identify the new or improved access in the supporting narrative below.)</i>
d	The Project includes new or improved freight access to underserved communities to increase access to goods and job opportunities for those underserved communities. <i>(Identify the new or improved access in the supporting narrative below.)</i>
X	The Recipient has taken other actions related to the Project to improve racial equity and reduce barriers to opportunity, as described in the supporting narrative below.
	The Recipient has not yet taken actions related to the Project to improve racial equity and reduce barriers to opportunity but, before beginning construction of the project, will take relevant actions described in Attachment A. <i>(Identify the relevant actions from Attachment A in the supporting narrative below.)</i>
	The Recipient has not taken actions related to the Project to improve racial equity and reduce barriers to opportunity and will not take those actions under this award.

2. Supporting Narrative.

The project is located in a Designated Area of Persistent Poverty, Census Tract #1, Opportunity Zone 04027000100. Of the residents in this Census Tract, 30.7% are below the poverty line as measured by the 2015-2019 5-year data series of the American Community.

Within the project area, Community Development Block Grant funds have been used to revitalize neighborhoods and renovate structures, including the proposed site of MMTC. Additionally, according to the U.S. Department of Housing and Urban Development – HUD Exchange, American Community Survey 2019 5-Year Low- and Moderate-Income Summary Data, the proposed MMTC site is located directly in Census Tract 1 with a current population base of 2,173 residents. Of the 2,173 residents, 978 (45% percent) are classified as persons below the poverty line.

The multi-modal investment creates connections and opportunities for communities that are underserved by the region's current transportation system. Historically residents of Hispanic, African American and Native America and other minorities have more often utilized the bus system.

RECIPIENT SIGNATURE PAGE

The Recipient, intending to be legally bound, is signing this agreement on the date stated opposite that party's signature.

CITY OF YUMA

9/9/2024 By: [Signature]
Date Signature of Recipient's Authorized Representative

John D. Simonton

Name

City Administrator

Title

Attest:
[Signature]
Signature Date 9.9.2024
Lynda L. Bushong
City Clerk

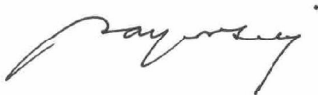
Approved as to form:

Richard W. Files 9-9-2024
Signature Date
Richard W. Files
City Attorney

USDOT SIGNATURE PAGE

The USDOT, intending to be legally bound, is signing this agreement on the date stated opposite that party’s signature.

UNITED STATES DEPARTMENT OF
TRANSPORTATION

September 10, 2024	By: 

Date	Signature of USDOT’s Authorized Representative
	Ray Tellis

	Name
	Regional Administrator Region 9

	Title

**ARIZONA DEPARTMENT OF TRANSPORTATION
PAYMENT REPORT**

ADOT Project Number:		Program Phase:		Federal Aid #:	
Payment Report Number:		Billing Period:		TIP ID #:	
JPA/IGA Number:		Final Payment: <input type="checkbox"/> Check		Progress Payment: <input type="checkbox"/> Check	
Contract Amount:		Progress %:		Project End Date:	
Vendor ID:		GAE Number:			
Name of Project:					
Vendor (Sponsor):					
REMIT PAYMENT TO (Address):					
SUMMARY OF WORK FOR WHICH PAYMENT IS REQUESTED					
Items	DESCRIPTION	Previous Cumulative Amount	Current Request (Federal Share)	In-Kind (Local Share)	Cumulative Amount
Totals		\$	\$	\$	\$
I am signing to confirm and certify that the above referenced project is considered to be complete and accepted as Final, in accordance with FHWA requirements. All vendors have been paid in full.					
Submitted By:			Accumulative Federal Amount: \$		
<div style="display: flex; justify-content: space-between;"> <div>_____</div> <div>_____</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Project Sponsor</div> <div>Date</div> </div>					
Approved By:			Accumulative Local Amount \$		
<div style="display: flex; justify-content: space-between;"> <div>_____</div> <div>_____</div> </div> <div style="display: flex; justify-content: space-between;"> <div>ADOT Project Manager</div> <div>Date</div> </div>					
Approved By:			Project Accumulative Amount \$		
<div style="display: flex; justify-content: space-between;"> <div>_____</div> <div>_____</div> </div> <div style="display: flex; justify-content: space-between;"> <div></div> <div>Date</div> </div>					
Comments:			Accumulative Local NFA Amounts reported \$		

AZ SMART Fund Project - SAMPLE CLOSEOUT LETTER TO ADOT

Place on Sponsoring Agency's Letterhead

***Note: All items in red should be removed and replaced with the required information prior to submission to the ADOT Multimodal Planning Division. Please email**

(Insert Date)

ADOT Multimodal Planning Division
AZ SMART Fund Program
1611 W Jackson
Phoenix, AZ 85007

Re: AZ SMART Project Closeout

ADOT Project Number:
Project Name:
Federal Discretionary Grant received or to be pursued:
COG/MPO:
COG/MPO TIP ID Number:

To Whom It May Concern:

The **(Insert sponsoring agency's name)** received the final deliverables on **(Insert date)** for the above referenced AZ SMART project.

The undersigned certifies that:

1. The work in the subject contract has been inspected for deficiencies;
2. The required project review was conducted by representatives of **(Insert sponsoring agency's name)**, **(Insert COG/MPO)** and ADOT on **(Insert date)** (if applicable);
3. The contractor has fulfilled all contractual obligations; and
4. The contractor was paid in full by **(Insert sponsoring agency's name)** on **(Insert date)**.

Attached is the following required documentation:

***Note: All Final Acceptance letters to the AZ SMART Fund Program will be returned *without* action unless all items listed below are submitted with this letter.**

- ☐ An invoice for the final eligible costs on the project;
- ☐ Documentation reflecting payment in full by **(Insert sponsoring agency's name)** to the contractor; and
- ☐ The project final acceptance letter from **(Insert sponsoring agency's name)** to the contractor.

Please consider this project as accepted and complete. Please contact us if you have any questions regarding this request or require additional information. Thank you.

Sincerely,

Project Manager Name

Title

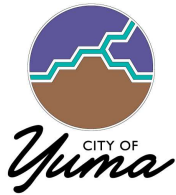
Agency

Address

City, AZ, Zip code

Phone Number

Email address



City of Yuma

City Council Report

File #: O2025-008

Agenda Date: 3/5/2025

Agenda #: 1.

	STRATEGIC OUTCOMES	ACTION
DEPARTMENT: City Attorney	<input type="checkbox"/> Safe & Prosperous	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Active & Appealing	<input type="checkbox"/> Resolution
	<input type="checkbox"/> Respected & Responsible	<input type="checkbox"/> Ordinance - Introduction
DIVISION: Administration	<input type="checkbox"/> Connected & Engaged	<input checked="" type="checkbox"/> Ordinance - Adoption
	<input type="checkbox"/> Unique & Creative	<input type="checkbox"/> Public Hearing

TITLE:

GPLET Lease: Spencrazi, L.L.C.

SUMMARY RECOMMENDATION:

Authorize: (1) accepting title to land and improvements on Parcel A of the Center Pointe Commons Lot Tie/Lot Split at the southwest corner of 16th Street and 4th Avenue; (2) an eight-year government property land and improvements lease with Spencrazi, L.L.C., as the statutory prime lessee; (3) abatement of the government property lease excise tax for the term of the lease; and, (4) reconveyance of the land and improvements to the prime lessee at the conclusion of the lease. (This item must be adopted by a simple majority vote without the use of the consent calendar) (City Attorney) (Richard Files)

STRATEGIC OUTCOME:

This previously vacant parcel has been improved with a Slim Chickens restaurant on Parcel A pursuant to a development agreement previously entered with the developer Spencrazi, L.L.C., furthering the City Council's strategic outcome of Active and Appealing.

REPORT:

On December 21, 2022, the City Council adopted Ordinance No. O2022-054, authorizing a Real Sale, Option, and Development Agreement (Agreement) between the City and Hardknocks, LLP, which then assigned the Agreement to Spencrazi, L.L.C. The Agreement described, among other things, a real property sale of surplus City property, a lot tie/lot split into two parcels, Parcel A and Parcel B of the Center Pointe Commons Lot Tie/Lot Split, the redevelopment of the Parcel A property, an option to purchase and redevelop Parcel B, and the potential for Spencrazi to take advantage of a government property land and improvements lease on either or both Parcel A and Parcel B, provided Developer deeded the redeveloped property to the City prior to opting into the lease. The City then would lease either or both parcels to Developer, under a government property land and improvements lease with the City as landlord and Developer as prime lessee. At the conclusion of the eight-year lease, the City must reconvey the property back to the Developer. This Ordinance concerns Parcel A and authorizes acceptance of title to Parcel A by the City and the Lease of Parcel A to the Prime Lessee, Spencrazi, L.L.C.

During the term of the lease, the leased land and improvements is subject to the Government Property Lease Excise Tax (GPLET), which, because the redevelopment property is in a statutory central business district and statutory redevelopment area, qualifies for abatement of the GPLET. Pursuant to statute, GPLET abatement

requires that prior to entering into the Land and Improvements Lease, "the government lessor determines that, within the term of the lease or development agreement, the economic and fiscal benefit to this state and the county, city or town in which the government property improvement is located will exceed the benefits received by the prime lessee as a result of the development agreement or lease on the basis of an estimate of those benefits prepared by an independent third party in a manner and method acceptable to the governing body of the government lessor." A.R.S. § 42-6209C(2)

In a March 13, 2024, 2019 report prepared by Elliott D. Pollack & Company titled, *Economic and Fiscal Impact of a Proposed Fast-Food Restaurant, Yuma Arizona*, the estimated fiscal benefit based on the proposed redevelopment of Parcel A over a 10-year period will generate \$8.5 million in revenues. This amount includes \$3.9 million for the State of Arizona, \$1.3 million for Yuma County, over \$2.7 million for the City of Yuma and approximately \$520,700 for local school districts. This information is summarized on page 7 of the report. In addition, the redevelopment of Parcel A will create approximately 100 local direct-employment jobs with an average annual wage of approximately \$27,200. The property tax abatement is estimated at \$136,880 over eight years or approximately \$17,110. Of this amount the City would give up approximately \$23,200 in GPLET payments over the eight-year period or \$2,900 per year. A copy of the report is on file with the Yuma City Clerk and included as a supplement to this City Council Report (CCR).

The Spencrazi L.L.C. Parcel A Project is the Slim Chickens Restaurant, which received a Certificate of Occupancy on February 20, 2025. The letters included as a supplement to this RFCCA demonstrate that City Staff has provided the required notice to all local taxing agencies. To date, no comments from any of the taxing entities concerning the GPLET abatement request have been received by City staff.

Also attached to this CCR is a copy of the proposed form of the Parcel A Land and Improvements Lease which shall remain on file with the Yuma City Clerk. The final form shall be substantially similar.

FISCAL REQUIREMENTS:

CITY FUNDS:	\$ 0.00	BUDGETED:	\$ 0.00
STATE FUNDS:	\$ 0.00	AVAILABLE TO TRANSFER:	\$ 0.00
FEDERAL FUNDS:	\$ 0.00	IN CONTINGENCY:	\$ 0.00
OTHER SOURCES:	\$ 0.00	FUNDING: ACCOUNT/FUND #/CIP	
TOTAL \$ 0.00			
-			
To total; right click number & choose "Update Field"			

FISCAL IMPACT STATEMENT:

NONE

ADDITIONAL INFORMATION:

SUPPORTING DOCUMENTS NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT ARE ON FILE IN THE OFFICE OF THE CITY CLERK:

NONE

IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?

☐ Department

- ☐ City Clerk's Office
- ☐ Document to be recorded
- ☐ Document to be codified

Acting City Administrator: John D. Simonton	Date: 02/26/2025
Reviewed by City Attorney: Richard W. Files	Date: 02/26/2025

SPENCRAZI, L.L.C.
PARCEL A LAND AND IMPROVEMENTS LEASE

between

CITY OF YUMA, ARIZONA,
an Arizona municipal corporation,

and

SPENCRAZI, L.L.C.,
an Arizona limited liability company

_____, 2025__

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SPENCRAZI, L.L.C.
PARCEL A LAND AND IMPROVEMENTS LEASE

THIS SPENCRAZI, L.L.C. PARCEL A LAND AND IMPROVEMENTS LEASE (“**Lease**”) is made and entered into as of the _____ day of _____, 2025 (“**Execution Date**”) by and between the CITY OF YUMA, an Arizona municipal corporation (“**Landlord**” or “**City**”), and SPENCRAZI, L.L.C., an Arizona limited liability company, (“**Tenant**”). The Landlord and Tenant are sometimes referred to herein collectively as the “**Parties**” or individually as a “**Party**”.

RECITALS

- A. The City of Yuma and The Spencer Companies, d/b/a Hardknocks, LLLP, an Arizona limited liability limited partnership (“**Hardknocks**”), previously entered into that certain Real Property Sale, Option, and Development Agreement dated January 23, 2023, and recorded as Document No. 2023-01843 in the Official Records of the Yuma County, Arizona at (the “**Development Agreement**”). Hardknocks assigned its rights under the Development Agreement to Tenant pursuant to that certain Memorandum of Assignment dated January 25, 2023, and recorded as Document No. 2023-01813 in the Official Records of Yuma County, Arizona. The Development Agreement, in part, authorizes the Parties to enter into this Lease. Capitalized terms in this Lease which are not defined herein shall have the same meanings as set forth in the Development Agreement; capitalized terms in this Lease which are defined herein shall prevail over any conflicting definitions in the Development Agreement.
- B. Tenant previously held fee title to the land described in **Exhibit A** hereto (the “**Land**”) and entered into that certain Ground Lease with AZ Slims Real Estate, LLC, an Arizona limited liability company (“**AZ Slims**”) dated March 17, 2023, and amended by the First Amendment dated September 16, 2024, as evidenced by that certain Memorandum of Lease dated November 1, 2024 and recorded (or to be recorded) in the official records of Yuma County, Arizona (“**Ground Lease**”).
- C. The Ground Lease requires AZ Slims to construct a building and other improvements, along with fixtures, furnishings and equipment therein consistent with the Development Agreement (the “**Improvements**”) which, together with the Land and all rights and privileges appurtenant thereto and all future additions thereto or alterations and replacements thereof, are collectively referred to herein as the “**Premises**”).
- D. Tenant has conveyed the Premises to the Landlord by special warranty deed (but reserving unto Tenant all right, title, interest in and to the Ground Lease), and Landlord has agreed to lease the Premises to the Tenant pursuant to this Lease and consents to the Ground Lease, which shall henceforth be converted to a sublease between Tenant, as Sublessor, and AZ Slims, as Sublessee. For purposes of this Lease, however, such sublease shall continue to be referred to as “Ground Lease” for convenience.
- E. The Premises are located in a single central business district in a redevelopment area established pursuant to Title 36, Chapter 12, Article 3, of the Arizona Revised Statutes (“**A.R.S.**”). The construction of the Improvements will result in an increase in the property

value of the Premises of at least one hundred percent (100%).

- F. Pursuant to A.R.S. § 42-6206, notice is hereby given that the Premises will be subject to the government property lease excise tax under A.R.S. § 42-6201 through § 42-6210 (the “GPLET”). Landlord has or will abate the GPLET for the period beginning upon the issuance of the certificate of occupancy on those Improvements defined by A.R.S. § 42-6201 as a government property improvement and ending eight (8) years thereafter, as provided in A.R.S. §42-6210. But for the abatement, Tenant would not have agreed to cause the Improvements to be constructed.

AGREEMENT

IN CONSIDERATION of the mutual promises and covenants contained herein, and of other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

ARTICLE 1 LEASE OF PREMISES

1.1 Lease. In consideration of the covenants of Tenant contained in this Lease, Landlord leases the Premises to Tenant, and Tenant leases the Premises from Landlord, effective as of the Commencement Date set forth in Section 2.1, in an “**AS IS**” “**WHERE IS**” condition and subject to: (a) current taxes and assessments, reservations in patents, all rights-of-way, easements, liens, encumbrances, covenants, conditions, restrictions, obligations, and liabilities of record as of the date hereof; (b) AZ Slims rights under the Ground Lease and the Leasehold Mortgage; (c) all matters which a current accurate survey or physical inspection of the Premises would disclose; and (d) all federal, state, county and local laws (statutory and common law) ordinances, rules, regulations, permit requirements, development fees (in accordance with A.R.S. § 9-463.05), and other requirements and official policies of the City, now or hereafter in effect, provided any such new laws (statutory and common law) ordinances, rules, regulations, permit requirements, development fees (in accordance with A.R.S. § 9-463.05), and other requirements and official policies shall be of general applicability (“**Applicable Laws**”).

1.2 Premises. The Premises are described in Recital C above.

1.3 Tenant’s Inspection of the Premises. Tenant has inspected and investigated the Premises to Tenant’s complete satisfaction, observed its physical characteristics and existing conditions, the operations thereon and on adjacent areas, and Tenant hereby waives any and all objections to, complaints about, or claims regarding the Premises and its physical characteristics and existing conditions, including, without limitation, subsurface soil and water conditions and solid and hazardous waste and any Hazardous Substance on, under or adjacent to the Premises. Tenant further hereby assumes the risk of changes in Applicable Laws and regulations relating to past, present and future environmental conditions on the Premises and the risk that adverse physical characteristics and conditions, including, without limitation, the presence of any Hazardous Substance or other contaminants that may not have been revealed by its investigation. Landlord is hereby released from all responsibility and liability regarding the operation, condition

(including the presence in the soil, air, structures, and surface and subsurface waters, of materials or substances that have been or may in the future be determined to be toxic, hazardous, undesirable or subject to regulation and that may need to be specially treated, handled and/or removed from the Premises under current or future federal, state and local laws and regulations), valuation or utility of the Premises, or its suitability for any purpose whatsoever. Tenant expressly acknowledges that Tenant has not relied on any warranties, promises, understandings or representations, express or implied, oral or written, of Landlord or of any agent of Landlord, relating to the Premises, except as specifically set forth in this Lease.

1.4 Quiet Enjoyment. Landlord covenants that so long as Tenant shall perform the obligations of Tenant contained in this Lease and shall not be in default in the performance of any of such obligations, Landlord shall not take any action, or fail to take any action, that would deny Tenant and its subtenants, licensees, successors and assigns the right to freely, peaceably, and quietly have, hold and enjoy full and exclusive use and enjoyment of the Premises.

ARTICLE 2 TERM

2.1 Commencement Date and Term. The term of this Lease (the “**Term**” or “**Lease Term**”) shall be for a period of eight (8) years, commencing on the later to occur of the date on which, (i) the Certificate of Occupancy for those Improvements referenced in Recital F above was issued by the City; and (ii) fee title to the Premises is conveyed from Spencrazi, L.L.C., to the City (the “**Commencement Date**”), and ending at midnight on the eighth (8th) anniversary of the Commencement Date, subject to the terms and conditions set forth in this Lease which may permit or provide for an earlier termination. However, and notwithstanding anything to the contrary herein, Tenant shall not be obligated to pay any Rent or perform any of its other obligations under this Lease until the Commencement Date of this Lease.

2.2 Option to Terminate. If no Event of Default under this Lease exists at the time, at any time during the Term of this Lease, it shall be the option of both the Tenant and the Landlord to terminate this Lease, subject to the continuance of the Ground Lease and the Leasehold Mortgagee protections provided in Article 14 herein, effective upon thirty (30) days after written notice of such termination.

2.3 Termination and Reconveyance. Upon the end of the Lease Term or any other termination of this Lease, this Lease shall terminate, and fee title to the Premises shall be promptly, but in no case more than sixty (60) days, reconveyed (the “**Reconveyance**”) by the City to Spencrazi, L.L.C., or its permitted successors or assigns, at the time of termination, pursuant to a special warranty deed executed and delivered by the City similar to the form of Exhibit D hereto.

ARTICLE 3 RENT

The consideration for this Lease includes, without limitation, the following payments by Tenant to Landlord (collectively, the “**Rent**”):

3.1 Annual Rental. Tenant shall pay to Landlord as annual rental for the Premises the sum of One Dollar (\$1) (the “**Annual Rent**”) on the Commencement Date and on each consecutive

anniversary thereof. The Landlord accepts and acknowledges the receipt of prepayment of the Rent for the Term of this Lease.

3.2 Additional Rent. Upon ten (10) days prior written notice to Tenant, Landlord may pay any sum or do any act which Tenant has failed to do (however, Landlord shall have no obligation to do so), and Tenant agrees to pay Landlord, upon demand, all sums so expended by Landlord, together with interest at a rate (the “**Default Rate**”) equal to four (4) percentage points added to the prime lending rate of JP Morgan Chase Bank, N.A. or its successor bank, as it varies from time to time. In addition to Annual Rent, such sums expended by Landlord, interest thereon and all other payments to be made by Tenant under this Lease shall be deemed “**Additional Rent**” and shall be due and payable within ten (10) days after notice thereof to Tenant if no other time for payment is specified.

ARTICLE 4 UTILITIES

In addition to the Rent and other payments herein provided, Tenant during the Term of this Lease shall pay, prior to delinquency, for all water, gas, light, power, telephone, telecommunications, cabling, sewage, refrigeration, air conditioning, heat and ventilation, janitorial and all other materials and utilities used in connection with or supplied to the Premises. To the extent not already installed, Tenant at its cost and expense shall be obligated for all utility connections, disconnections and security deposit charges applicable to the Premises. Landlord shall not be liable for, and Tenant shall not be entitled to any other relief, by reason of the unavailability, limited availability, or interruption of any utilities and services.

ARTICLE 5 TAXES AND ASSESSMENTS

5.1 Payment of Taxes and Assessments. Subject to the GPLET Abatement provisions of this Lease, Tenant shall pay, prior to delinquency: (a) all real property taxes, personal property taxes, GPLET and other taxes, assessments, levies, fees, fines, penalties and all other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, which now or hereafter under existing or future Applicable Laws are imposed or levied upon, measured by or assessed during the Lease Term against (i) the Premises, (ii) any Annual Rent, or any Additional Rent or other sum payable by Tenant hereunder or (iii) this Lease, the leasehold estate hereby created or which arises in respect of the operation, possession or use of the Premises; and (b) all sales, transaction privilege, gross receipts or similar taxes imposed or levied upon, assessed against or measured by any Annual Rent, or other amounts payable to Landlord hereunder, but not income taxes (collectively, the “**Taxes**”). If Tenant fails to pay any Taxes before they become delinquent, Landlord, after notice to Tenant, may pay such delinquent Taxes, and all expenditures and costs incurred thereby shall be payable as Additional Rent hereunder within ten (10) days after such notice to Tenant. Tenant will furnish to Landlord, promptly after demand therefor, proof of payment of all Taxes payable by Tenant. Tenant may pay such Taxes in installments if legally permitted to do so.

5.2 GPLET. Pursuant to A.R.S. § 42-6206, and in addition to the notice of the GPLET given in Recital F above, any failure by Tenant to pay the GPLET after notice and an opportunity

to cure as set forth in Section 15.1(b) of this Lease is an Event of Default that could result in Reconveyance and the divesting Tenant of any leasehold interest in the Premises for the government property improvement.

5.3 Prorations. All Taxes due and payable in the first and last years of the Term hereof shall be prorated so that Tenant is obligated only for those Taxes accruing or due during the Lease Term.

5.4 Privilege of Contesting. Upon at least ten (10) days prior written notice to Landlord and Tenant furnishing to Landlord such bonds or other security in such form and by such issuers as reasonably approved by Landlord in an amount equal to one hundred fifty percent (150%) of the amount of Taxes being contested, Tenant shall have the right to protest, contest, object to or oppose the legality or amount of any such Taxes to be paid by Tenant hereunder. In the event of any such contest, Tenant may defer payment of any such Taxes so long as the legality or the amount thereof is being so contested, diligently and in good faith; provided, however, that if at any time payment of the whole or any part thereof shall become necessary in order to prevent the termination by sale or otherwise of the right of redemption of any property affected thereby or to prevent physical eviction of either Landlord or Tenant because of nonpayment thereof, Tenant shall pay the same in order to prevent such termination of the right of redemption or such eviction. Any such contest shall be at the sole cost and expense of Tenant and Tenant shall pay any costs or expenses incurred by Landlord as a result of any such contest. Each refund of any Taxes so contested shall be paid to Tenant, and Landlord shall not, without prior approval of Tenant, make or enter into or finally agree to any settlement, compromise or any deposition of any contest or discontinue or withdraw any contest or accept any refund, other adjustment or credit of or from any such Taxes as a result of any contest. If there are any refunds of the Taxes at the beginning or end of the Lease Term, the amounts will be prorated between Landlord and Tenant on the basis set forth in Section 5.3. Any and all penalties and interest that become due as a result of any such contest shall be paid by Tenant.

ARTICLE 6

USES; LEGAL AND ENVIRONMENTAL COMPLIANCE

6.1 Permitted Uses. Tenant shall use, occupy, and/or sublet the Premises only for the following uses and purposes and no other without the prior written consent of Landlord which consent shall not be unreasonably withheld, conditioned or delayed provided such use is consistent with the Development Agreement and Applicable Laws:

(a) for the construction, installation, furnishing, maintenance, repair, reconstruction, replacement, alteration and operation, in strict conformity with this Lease, the Development Agreement and Applicable Laws, of Improvements which use includes the development and operation of an approximately 3,683 square feet Slim Chickens restaurant with a patio of approximately 428 square feet, an exterior refrigeration structure of approximately 263 square feet, dual drive through/bypass lanes on the Property together with appurtenant asphalt or concrete paving, landscaping, sidewalks and all necessary and appurtenant structures, machinery and equipment, all as more particularly described in the Site Plan approved by Landlord (the “**AZ Slims Development**”); and

(b) for construction, erection, maintenance, repair, reconstruction, replacement, alteration and operation of parking spaces in sufficient numbers to provide adequate parking, as may be approved by Landlord, for the uses to be developed and operated on the Premises.

6.2 Continuous Operation. After the issuance of a Certificate of Occupancy for the Improvements or any portion thereof, Tenant shall continuously operate and use (or cause to be operated and used) the Premises and all Improvements for which such Certificate(s) of Occupancy were issued, or such much thereof as may be sublet to third parties on terms acceptable to Tenant, for the operational purposes specified above, during all usual business hours and on all such days as similar businesses are operated in the same market area in which the Premises are located, except to the extent that Tenant is unable to operate or use (or cause to be operated and used) the Premises, or such much thereof as may be sublet to third parties on terms acceptable to Tenant, for reasons beyond the reasonable control of Tenant, such as during periods of damage or destruction.

6.3 Legal Compliance; Nuisance; Waste. Tenant shall fully comply with all Applicable Laws of all governmental authorities having jurisdiction over Premises, or any part thereof. Tenant shall pay all costs, expenses, liabilities, losses, fines, penalties, claims and demands including, without limitation, attorneys' fees that may in any way arise out of or be imposed because of the failure of Tenant to comply with such Applicable Laws. Tenant shall not conduct or permit to be conducted any public or private nuisance on or from the Premises. Tenant shall not permit or commit any waste of the Premises.

6.4 Hazardous Substances.

(a) **Definitions.** As used herein, the term "**Hazardous Substance**" means any hazardous or toxic substance, material, or waste which is or becomes regulated by any federal, state or local governmental authority, including, without limitation, (i) any substance, chemical or waste that is or shall be listed or defined as hazardous, toxic or dangerous under Applicable Environmental Law, (ii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any federal, state or local governmental authority pursuant to any environmental, health and safety or similar law, code, ordinance, rule, regulation, order or decree and which may or could pose a hazard to the health and safety of occupants or users of the Premises or any part thereof, any adjoining property or cause damage to the environment, (iii) any petroleum products, (iv) PCB's, i.e. polychlorinated biphenyl (v) leaded paint, and (vi) asbestos. As used in this Lease, the term "**Applicable Environmental Law**" shall mean the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 *et seq.*, the Resources Conservation Recovery Act, 42 U.S.C. §§ 6901 *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, the Clean Air Act, 42 U.S.C. §§ 7401 *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 *et seq.*, the Toxic Substances Control Act, 15 U.S.C. §§ 2601 *et seq.*, and the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j-26, as such Acts have been or are hereafter amended from time to time; any so called Superfund or superlien law; and any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or

imposing liability or standards of conduct concerning hazardous, toxic or dangerous waste, substance or material as now or any time hereafter in effect.

(b) **Restrictions on Hazardous Substances; Remedial Work.** Tenant shall not cause or knowingly permit any Hazardous Substance to be brought, kept or used in or about the Premises by Tenant, its members, managers, officers, directors, owners, agents, employees, subtenants, assignees, vendors, suppliers, contractors, subcontractors, invitees or concessionaires (“**Tenant’s Personnel**”) except in commercial quantities not in violation of Applicable Environmental Law and similar to those quantities usually kept on similar premises by others in the same businesses. Tenant shall store, use and dispose (and shall cause Tenant’s Personnel to store, use and dispose) of any Hazardous Substance in compliance with all Applicable Laws, including, without limitation, Applicable Environmental Law. If the presence of any Hazardous Substance on, in or under the Premises caused or permitted by Tenant or Tenant’s Personnel results in any contamination of the Premises, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the affected area to the condition existing prior to the introduction of any such Hazardous Substance, including, without limitation, any investigation or monitoring of site conditions or any clean up, remediation, response, removal, encapsulation, containment or restoration work required because of the presence of any such Hazardous Substance on, in or under the Premises or any release or suspected release or threat of release of any such Hazardous Substance in the air, soil, surface water or ground water (collectively, “**Tenant’s Remedial Work**”). Tenant shall obtain all necessary licenses, manifests, permits and approvals to perform Tenant’s Remedial Work. Tenant shall promptly perform all of Tenant’s Remedial Work and the disposal of all waste generated by Tenant’s Remedial Work in accordance with all Applicable Environmental Law.

(c) **Compliance with Applicable Environmental Law.** Without limiting the generality of the foregoing or any other provision of this Lease, Tenant shall be solely and completely responsible for insuring that the Premises and all activities thereon (including activities of Tenant and Tenant’s Personnel) comply fully with Applicable Environmental Law and for responding to, defending against and/or complying with any administrative order, request or demand relating to potential or actual contamination on the Premises, or third party claims (including the claims of current or future subtenants in the Premises, or other tenants or subtenants in parcels adjoining or near the Premises) for Tenant’s Remedial Work or for the costs of any such remedial work or for the costs of any such Tenant’s Remedial Work which any third-party claimant has undertaken, whether such order, request, demand or claim names Landlord, Tenant or both, or refers to the Premises in any way. Tenant’s responsibility under this Section includes but is not limited to promptly responding to such order, requests, demands and claims on behalf of Landlord and defending against any assertion of Landlord’s financial responsibility or duty to perform thereunder.

(d) **Indemnification of Landlord.** Tenant shall indemnify, save harmless and defend Landlord, its council members, officers, officials, employees, agents, successors and assigns (collectively with Landlord, the “**Landlord Indemnitees**”) for, from and against any and all claims (including, without limitation, third party claims for personal injury or real or personal property damage), actions, administrative proceedings (including

informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses (including, without limitation, diminution in value of the Premises and the Improvements to the Premises, damages for the loss or restriction on use of rentable space or of any amenity in the Improvements to the Premises, damages arising from any adverse impact on marketing of space in the Improvements to the Premises, and sums paid in settlement of claims, attorney's fees, consultant fees, expert fees and any fees and expenses incurred in enforcing this indemnity) incurred by, sought from or asserted directly or indirectly against any Landlord Indemnitees during or after the Term of this Lease as a result of the presence of any Hazardous Substance on, in or under the Premises or any release of any Hazardous Substance into the air, soil, surface water or ground water, which Hazardous Substance was brought, kept or used in or about the Premises by Tenant or Tenant's Personnel, or as a result of a breach by Tenant of its obligations under this Section 6.4. Tenant shall promptly provide Landlord copies of all communications, filings or other writings, photographs or materials given to or received from any person, entity or agency in connection with any cleanup or Tenant's Remedial Work conducted by Tenant, and shall notify Landlord of, and permit Landlord's representative to attend, any meetings or oral communications relating thereto.

(e) **Survival.** The forgoing obligations and indemnities set forth in this Section 6.4 shall survive the termination or expiration of this Lease.

ARTICLE 7

DEVELOPMENT OF THE PREMISES AND CONSTRUCTION OF IMPROVEMENTS; TRADE FIXTURES

7.1 Development. The planning and development of the Premises and Improvements has been or will be achieved pursuant to the applicable provisions of the Development Agreement and Landlord's normal review and construction inspection process.

7.2 Alterations. In addition to the initial Improvements pursuant to Section 7.1 above, Tenant at its sole cost and expense may make, or permit to be made, additions and alterations to the Improvements now or hereafter located on the Premises, provided that (a) all such additions and alterations shall be constructed of new, high quality materials in a workmanlike manner, and shall not weaken or impair the structural strength or materially decrease the value of any existing Improvements; (b) all such additions and alterations shall comply with Applicable Laws, including without limitation obtaining all required permits and approvals of such construction from the governmental authorities and utilities having jurisdiction thereof; and (c) Tenant has complied with the provisions of Section 7.3 with respect thereto.

7.3 Plans and Specifications; Contractors. All construction work on the Premises, and all Major Alterations and additions thereto, shall be done in compliance with and pursuant to detailed plans, drawings and specifications first approved in writing by Landlord, such approval not to be unreasonably withheld or delayed and to be presumed given if written notice of disapproval is not given within fifteen (15) Business Days of Landlord's receipt of a request for approval ("**Business Days**" hereby defined to mean calendar days other than Fridays, Saturdays, Sundays and legal holidays observed by the City of Yuma), and by duly licensed and reputable contractors. Any modifications to any such Major Alteration plans, drawings and specifications

shall also require the prior written approval of Landlord, such approval not to be unreasonably withheld or delayed and to be presumed given if written notice of disapproval is not given within fifteen (15) Business Days of Landlord's receipt of a request for approval. As used herein, "**Major Alterations**" means Alterations involving any modifications to the structural, mechanical, electrical, plumbing, fire/life safety or heating, ventilation and air conditioning systems of the Building.

7.4 Ownership of Improvements. In addition to the Landlord's Ownership of the Premises, all Improvements, and all alterations and additions thereto, constructed or to be constructed by or on behalf of Tenant are hereby conveyed to and shall remain the property of Landlord during the Term of this Lease, subject to any Leasehold Mortgage. Upon the expiration of this Lease, all such Improvements, and all alterations and additions thereto, shall be reconveyed and become the property of Tenant. This Section excludes Trade Fixtures and Personal Property (as defined in Section 18.1).

7.5 Mechanics' Liens.

(a) **Tenant Not Agent of Landlord.** Notice is hereby given that Tenant is not the agent of Landlord for the construction, alteration or repair of any Improvements, the same being done at the sole direction and expense of Tenant. All contractors, materialmen, mechanics, and laborers are hereby charged with notice that they must look only to Tenant for the payment of any charge for work done or material furnished on the Premises during the Lease Term. Tenant shall have no right, authority or power to bind Landlord or any interest of Landlord for the payment of any claim for labor or material, or for any charge or expense, incurred by Tenant as to Improvements, additions, alterations or repairs on or to the Premises, and Tenant shall post notices on the Premises during all construction work of any nature whatsoever that Landlord is not responsible for any material and labor used on the Premises.

(b) **Landlord's Protection.** Tenant shall not suffer or permit to be enforced against the Premises, or any part thereof, and shall indemnify, defend and hold Landlord and the Premises harmless for, from, and against (i) any mechanics', materialman's, contractor's or subcontractor's liens arising from, and (ii) any claim for damage arising from, the work or any construction, repair, restoration, replacement, or improvement done by or on behalf of Tenant. Tenant shall pay or cause to be paid all of such liens, claims, or demands before any action is brought to enforce the same against the Premises. If Tenant shall in good faith contest the validity of any such lien, claim, or demand, then Tenant shall, at its expense, defend itself and Landlord against the same and shall pay and satisfy any adverse judgment that may be rendered thereon prior to execution thereof and in the event of any such contest Tenant shall at the request of Landlord provide such security and take such steps as required by A.R.S. §33-1003 or other Applicable Laws to release the Premises from the effect of such lien.

7.6 Easements; Restrictive Covenants. In connection with the further development of the Premises, Landlord agrees to:

(a) **Easements**. Join with Tenant in granting to public utilities or public service corporations, for the purpose of serving only the Premises, reasonable easements on, under, or over the Premises for telephone, electricity, water, cable, sanitary or storm sewers or both, drainage facilities, and for other utilities; and

(b) **CC&Rs**. Consent to or join with Tenant in granting or otherwise subjecting portions of the Premises to such covenants, conditions, restrictions and reciprocal easements as are reasonably necessary or appropriate in connection with the further development of the Premises.

ARTICLE 8 REPAIRS AND MAINTENANCE

8.1 Obligations of Tenant. During the Lease Term, Tenant, at its sole cost and expense, shall keep and maintain (or cause to be kept and maintained) all of the Improvements now or hereafter located on the Premises, together with all additions and alterations thereto, and all fixtures and equipment therein, in good, attractive and safe condition and repair and shall make all necessary repairs, replacements and renewals, whether structural or non-structural, foreseen or unforeseen, ordinary or extraordinary, in order to maintain such state of repair and condition, it being understood and agreed that Landlord shall have no liability for any of the foregoing. Tenant's maintenance and repair obligations shall apply, without limitation, to the maintenance, repair and replacement of all buildings, heating, ventilation and air conditioning equipment, windows and plate glass, wiring, plumbing, roadways, driveways, parking areas, landscaping, sidewalks, fencing, lighting, retention ponds, drainage and utility facilities and other Improvements located on, in, or under the Premises. Tenant, at Tenant's expense, shall be responsible for all improvements, additions, alterations, maintenance, and repairs necessary or appropriate such that the Premises and all Improvements thereon are in substantial compliance with Applicable Laws. In addition, but notwithstanding anything contained in this Section 8.1 to the contrary (and subject to causes beyond Tenant's reasonable control which are described in Articles 10 and 11 hereof), Tenant shall cause the Improvements to be maintained in good repair and condition and in conformity with Applicable Laws. Tenant shall make or cause to be made such routine maintenance, repairs and minor alterations to the Premises as Tenant, from time to time, reasonably deems necessary. Tenant waives any provisions of Applicable Laws that may require any duty of repair by Landlord or permit Tenant to make repairs at the expense of Landlord.

ARTICLE 9 INDEMNITY AND INSURANCE

9.1 Indemnity. Tenant shall pay, defend, indemnify and hold harmless each and all Landlord Indemnitees from and against all claims, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities, and suits (including attorneys' fees, experts' fees and court costs associated therewith) arising out of (a) any accident or other occurrence causing injury to or death of persons or damage to property by reason of construction or maintenance of any Improvements, of any additions, alterations or renovations thereto, or due to the condition of the Premises or any Improvements thereon, or the use or neglect thereof by Tenant, Tenant's Personnel, or any other person, or otherwise occurring upon the Premises or any Improvements thereon, or (b) arising out of any failure of Tenant to comply with any of Tenant's

obligations under this Lease; provided however, that the provisions of (a) and (b) of this Section 9.1 shall not apply to loss or damages or claims therefore which are attributable to acts or omissions of Landlord or any other Landlord Indemnitee, and their respective employees, contractors, subcontractors, agents or representatives, and Tenant shall have no defense obligations in any instance in which a claim is asserted based, in whole or in part, upon an act or omissions of Landlord, its employees, contractors, subcontractors, agents or representatives.

9.2 GPLET Release and Indemnity. Notwithstanding anything to the contrary in Section 9.1 or elsewhere in this Lease or the Development Agreement, Tenant shall defend, indemnify, release and hold harmless the City and its City Council members, officers, employees and agents from and against all claims, demands, fines, penalties, costs, expenses, damages, losses, liabilities and lawsuits or arbitration, mediation and other dispute resolution proceedings (including without limitation attorneys' fees, experts' fees and associated costs) which arise from or relate in any way to A.R.S. §§ 42-6201 through 42-6210 (the "**GPLET**"), regardless of any acts or omissions by the City or any other party, including without limitation (i) the repeal or amendment of the GPLET statutes as they exist on the Execution Date of this Lease; (ii) the failure of the GPLET Abatement for any cause; or (iii) the Premises not being located within the City's central business district or within a slum or blighted area pursuant to A.R.S. Title 36, Chapter 12, Article 3.

9.3 Liability, Etc. Insurance. Tenant shall, at all times during the Lease Term and at the sole cost and expense of Tenant, procure and maintain liability and other insurance in accordance with and in amounts and coverages set forth in Section 9.4 and on Exhibit B hereto.

9.4 Casualty Insurance. Tenant, at its sole cost and expense, shall obtain and continuously maintain in full force and effect during the Lease Term, policies of insurance covering the Improvements now or hereafter constructed, installed or located on the Premises naming the Landlord, as an additional insured, against (a) loss or damage by fire; (b) loss or damage from such other risks or hazards now or hereafter covered by a current ISO form "special causes of loss" (also known as "all-risk") policy (or similar policy providing comparable coverage), including, but not limited to, windstorm, hail, explosion, vandalism, riot and civil commotion, damage from vehicles, smoke damage, water damage and debris removal; (c) loss for flood, if required by Lender (as defined in the Development Agreement), if the Premises are in a designated flood or flood insurance area; (d) loss for damage by earthquake, if required by Lender, if the Premises are located in an earthquake-prone area; (e) loss from so-called explosion, collapse and underground hazards; (f) loss or damage covered by a customary policy of boiler and machinery insurance to the extent applicable to the Improvements; and (g) loss or damage from such other risks or hazards of a similar or dissimilar nature which are now or may hereafter be customarily insured against with respect to improvements similar in construction, design, general location, use and occupancy to the Improvements. Such insurance coverage at all times shall be in an amount equal to ninety percent (90%) of the then Full Replacement Cost of the Improvements. "**Full Replacement Cost**" means the cost of replacing the Improvements without deduction for depreciation or wear and tear, and shall include a reasonable sum for architectural, engineering, legal, administrative and supervisory fees connected with the restoration or replacement of the Improvements in the event of damage thereto or destruction thereof. If a sprinkler system shall be located in any of the Improvements, sprinkler leakage insurance consistent with the foregoing general requirements shall be procured and continuously maintained

by Tenant at Tenant's sole cost and expense. All such policies shall comply with the insurance requirements in Paragraphs D, E and F of Exhibit B hereto and shall provide that loss, if any, payable thereunder shall be payable to Tenant (or to the Leasehold Mortgagee, if required by the terms of any Leasehold Mortgage) to be held in trust and disbursed for the restoration and repair of the Premises pursuant to Section 10.3 or allocated between Landlord and Tenant after a termination of the Lease pursuant to Section 10.2, whichever is applicable.

9.5 Waiver of Subrogation and Release of Claims. Tenant, on behalf of Tenant and its insurers, waives, releases and discharges Landlord from all claims, actions, demands, liabilities, damages, costs, penalties, forfeitures, losses or expenses, including, without limitation, attorneys' fees and the costs and expenses of enforcing any indemnification, defense or hold harmless obligation under this Lease (collectively, "**Claims**"), arising out of personal injury or damage to or destruction of the Premises or Tenant's trade fixtures, other personal property or business, and any loss of use or business interruption, occasioned by any fire or other casualty or occurrence whatsoever (whether similar or dissimilar), regardless whether any of such Claims results from the negligence or fault of Landlord or otherwise, and Tenant will look only to Tenant's insurance coverage (regardless whether Tenant maintains any such coverage, regardless whether any such insurance covers such Claims and regardless of any self-insured retention maintained by Tenant) in the event of any such Claims. Tenant's Trade Fixtures and Personal Property and all other property in Tenant's care, custody or control, is located within the Premises at Tenant's sole risk, and Landlord is not liable for any damage to or for any theft, misappropriation or loss of such Trade Fixtures and Personal Property. Tenant is solely responsible for providing such insurance as may be required to protect Tenant and Tenant's Personnel against any injury, loss, or damage to persons or property occurring within the Premises, including, without limitation, any loss of business or profits from any casualty or other occurrence within the Premises.

9.6 Conflict. If any of the foregoing provisions of this Article 9 conflict with the Development Agreement, the provisions of this Article 9 shall prevail.

9.7 Survival. The foregoing provisions of this Article 9 shall survive the expiration or termination of this Lease for a period equal to the applicable statute of limitations period.

ARTICLE 10 DAMAGE AND DESTRUCTION

10.1 Damage or Destruction. Subject to the provisions of Sections 10.2 and 10.3, if any Improvements are damaged or destroyed during the Lease Term by fire, earthquake, flood or any other casualty covered or required to be covered by a policy of insurance to be maintained pursuant to Article 9, Tenant shall repair and/or rebuild, and or cause to be repaired and/or rebuilt, the same (a "**Restoration**") so that the repaired or rebuilt Improvements shall have at least the same values as such Improvements immediately prior to such damage or destruction, such construction to be undertaken and completed in accordance with the requirements of Article 7. In no event whatsoever shall Landlord be required to repair, replace, or restore any Improvements as a result of any such damage or destruction. No damage to or destruction of Improvements shall effect an abatement or reduction in Rent or, except as provided in Section 10.2, a termination of this Lease, and Tenant waives any provisions of Applicable Laws that may be to the contrary.

10.2 Lease Termination by Tenant. If the Improvements are damaged or destroyed (a) at any time during the Term of this Lease by fire or other casualty covered or required to be covered by a policy of insurance to be maintained pursuant to Article 9 and the cost of repairing or rebuilding such Improvements exceeds twenty percent (20%) of the full replacement value thereof; or (b) at any time during the Term of this Lease by casualties not covered or required to be covered by a policy of insurance to be maintained pursuant to Article 9 and the cost of repairing or rebuilding such Improvements exceeds twenty-five percent (25%) of the full replacement value thereof, Tenant, by giving written notice to Landlord within sixty (60) days after the occurrence of such damage or destruction and by removing, if requested by Landlord and approved by any permitted Leasehold Mortgagee, any damaged or destroyed Improvements and leveling and grading that portion of the Premises underlying such removed Improvements, may elect to terminate this Lease. Also, if a Restoration of any damaged or destroyed Improvements shall not occur by reason of any Leasehold Mortgagee applying the insurance monies to the repayment of any amounts due under its Leasehold Mortgage as permitted by Section 10.3 below, either party, by giving written notice to the other, may elect to terminate this Lease with respect to that portion of the Premises underlying such damaged or destroyed Improvements, as well as the parking or common area therefor. Notwithstanding anything contained in this Lease to the contrary, in the event of a termination of the Lease pursuant to this Section 10.2, the balance of any insurance monies payable by reason of any damage or destruction shall be paid for the full cost to remove the damaged or destroyed Improvements and to level and grade that portion of the Premises underlying such removed Improvements, with the balance thereof to be disbursed to the permitted Leasehold Mortgagee(s) and applied to the repayment of its or their Leasehold Mortgage(s).

10.3 Application of Insurance Proceeds. All insurance monies on account of such damage or destruction, less the costs, if any, of such recovery, shall be disbursed to the permitted Leasehold Mortgagee(s) and, in the sole and absolute discretion of any permitted Leasehold Mortgagee(s), applied either to the cost of Restoration or to the repayment of any amounts due under the Leasehold Mortgage(s); provided, however, that if any Leasehold Mortgagee applies such insurance monies to the repayment of its Leasehold Mortgage, that portion of such insurance monies required to pay the full cost to remove the damaged or destroyed Improvements and to level and grade the portion of the Premises underlying such removed Improvements shall be excluded from the repayment of amounts due under the Leasehold Mortgage(s) and, instead, shall be paid for the full cost of removing the damaged or destroyed Improvements and leveling and grading the portion of the Premises underlying such removed Improvements. To the extent that a Leasehold Mortgagee elects to allow the insurance monies to be utilized for the Restoration, such insurance monies shall be applied to the payment of the costs of the Restoration and shall be paid out from time to time as the Restoration progresses upon the written request of Tenant (such written request to be made to Landlord and the insurer or, if the Leasehold Mortgagee requires such insurance proceeds to be held by the Leasehold Mortgagee, to Landlord, the Leasehold Mortgagee, and the insurer), accompanied by a certificate of the architect or a qualified professional engineer in charge of the Restoration stating that as of the date of such certificate (a) the sum requested is justly due to the contractors, subcontractors, materialmen, laborers, engineers, architects or persons, firms or corporations furnishing or supplying work, labor, services or materials for such Restoration, or is justly required to reimburse Tenant for any expenditures made by Tenant in connection with such Restoration, and when added to all sums previously paid out by Landlord does not exceed the value of the Restoration performed to the date of such certificate by all of said parties; (b) except for the amount, if any, stated in such certificate to be due for work, labor,

services or materials, there is no outstanding indebtedness known to the person signing such certificate, after due inquiry, which is then due for work, labor, services or materials in connection with such Restoration, which, if unpaid, might become the basis of a mechanic's lien or similar lien with respect to the Restoration or a lien upon the Premises, or any portion thereof; and (c) the costs, as estimated by the person signing such certificate, of the completion of the Restoration required to be done subsequent to the date of such certificate in order to complete the Restoration do not exceed the sum of the remaining insurance monies, plus the amount deposited by Tenant, if any, remaining in the hands of Landlord (or, if the Leasehold Mortgagee requires such insurance proceeds to be held by the Leasehold Mortgagee, in the hands of the Leasehold Mortgagee) after payment of the sum requested in such certificate. Landlord (or the Leasehold Mortgagee, if applicable) and Tenant shall not be required to pay out any insurance monies where Tenant fails to supply satisfactory evidence of the payment of work, labor, services or materials performed, furnished or supplied, as aforesaid. Upon completion of the Restoration and payment in full thereof by Tenant, Tenant shall be entitled to receive any insurance monies or other monies then remaining upon submission of proof reasonably satisfactory to Landlord that the Restoration has been paid for in full and the damaged or destroyed Improvements repaired, restored or rebuilt as nearly as possible to the condition there were in immediately prior to such damage or destruction, or with such additions or alterations as may be made in accordance with Section 7.2 above.

ARTICLE 11 CONDEMNATION

11.1 Entire or Substantial Condemnation. If all or Substantially all of the Premises shall be lawfully taken by condemnation or other eminent domain proceedings pursuant to any Applicable Laws, general or special, this Lease shall terminate on the date of such taking. All Rent required to be paid by Tenant under this Lease shall be paid up to the date of such termination and upon such termination this Lease shall be of no further force and effect, except that any obligation or liability of either Party, actual or contingent, under this Lease which has accrued on or prior to such termination date shall survive and any prepayment of Rent shall be prorated between the Parties. For purposes of this Section "**Substantially All of the Premises**" shall mean such portion of the Premises as, when so taken, would leave remaining a balance of the Premises which, due either to the area so taken or the location of the part so taken in relation to the part not so taken, would not under economic conditions, applicable zoning laws and building regulations then existing or prevailing, reasonably accommodate Tenant's business as conducted at the date of such taking. Tenant, in cooperation with Landlord, shall have the right to participate in any condemnation proceedings and be represented by legal counsel for the purpose of protecting its interests hereunder.

11.2 Continuation of Lease. In the event of a taking of less than all or Substantially All of the Premises, this Lease shall continue in effect with respect to the portion of the Premises not so taken, and Tenant at its expense, to the extent Tenant has received the award for the taking, shall proceed with reasonable diligence with restoring the remaining parts of the Premises, subject to Section 7.2, to substantially the condition existing immediately prior to the date of taking to the extent that the same may be feasible to constitute a complete and tenantable Premises.

11.3 Award. Except for a partial taking that does not result in a termination of this Lease, the Tenant shall receive the entire award. In the case of a partial taking which does not

result in a termination of this Lease, and, provided no Default shall have occurred and be continuing, such award shall be paid in the same manner as insurance proceeds are paid pursuant to Section 10.3 for the cost of restoring the Premises pursuant to Section 11.2 hereof. Nothing herein contained shall prohibit Tenant from making a separate claim, to the extent permitted by Applicable Laws, for the value of Tenant's relocation expenses, Trade Fixtures and Personal Property.

11.4 Notice of Condemnation. In the event any action is filed to condemn the Premises or any part thereof by any public or quasi-public authority under the power of eminent domain, or in the event that action is threatened or any public or quasi-public authority communicates to Landlord or Tenant its desire to acquire the Premises or any part thereof by a voluntary conveyance or transfer in lieu of condemnation, either Landlord or Tenant shall give prompt notice thereof to the other Party and each shall have the right, at its own cost and expense, to represent its respective interest in each proceeding, negotiation or settlement with respect to any taking or threatened taking. No agreement, settlement, conveyance or transfer to or with the condemning authority affecting the Premises shall be made without the prior written approval of both Landlord and Tenant.

ARTICLE 12 NET LEASE

This Lease shall be interpreted and construed as an absolute net lease, and it is the express intent and agreement of Landlord and Tenant that (a) the obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements and the Rent and all other charges payable by Tenant hereunder shall be payable in all events without abatement, deduction, diminution, deferment, suspension, reduction or setoff whatsoever, unless this Lease shall be terminated pursuant to Section 2.2 or Articles 10 or 11 hereof; (b) all costs or expenses of whatever character or kind, general or special, ordinary or extraordinary, foreseen or unforeseen, and of every kind and nature whatsoever that may be necessary, appropriate or required in and about the Premises or any part thereof, or in connection with Tenant's possession or authorized use thereof during the Term of this Lease, shall be paid by Tenant; (c) the Rent shall be absolutely net to Landlord; (d) all Taxes, insurance premiums, utility expenses, repair and maintenance expense, and all other costs, fees, interest, charges, expenses, reimbursement and obligations of every kind and nature whatsoever relating to the Premises, or any portion thereof, which may arise or become due during the Term of this Lease, or any extension or renewal thereof, shall be paid or discharged by Tenant as Additional Rent; and (e) Tenant shall indemnify, defend and save Landlord harmless from and against such costs, fees, charges, expenses, reimbursements and obligations, any interest thereon. Except as otherwise expressly provided in Articles 10 and 11 hereof, this Lease and the rights of Landlord and the obligations of Tenant hereunder shall not be affected by any event or for any reason, including without limitation: (i) any damage to or theft, loss or destruction of any of the Premises by fire, flood, earthquake or other casualty, (ii) any condemnation, (iii) any default on the part of Landlord hereunder, (iv) any latent or other defect in any of the Premises, (v) the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution or winding-up of, or other proceeding, affecting either of the Parties, (vi) the exercise of any remedy, including without limitation foreclosure, under any Leasehold Mortgage, collateral assignment or other encumbrance, (vii) any action with respect to this Lease (including the disaffirmance hereof) which may be taken by any trustee, receiver or liquidator of either of the Parties or any court under

the Federal bankruptcy laws or otherwise, (viii) any interference with Tenant's use of the Premises, (ix) market or economic changes or (x) any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding. Landlord shall have no responsibility, obligation or liability under this Lease whatsoever with respect to disruption or unavailability of gas, heat, water, light, power, telephone, telecommunications, cabling, sewage, and any other utilities or services for or to the Premises; maintenance, repair or Restoration of the Premises; or any other cost, expense, duty, obligation, service or function whatsoever related to the Premises.

ARTICLE 13 ASSIGNMENT

13.1 Restrictions on Transfer. Except as permitted in Section 13.3 below, or in Article 14 hereof, Tenant shall not assign, mortgage, pledge, or otherwise encumber this Lease, or any interest therein, or in any manner assign, mortgage, pledge, or otherwise encumber its interest or estate in the Premises, or any portion thereof (each of which are herein referred to sometimes as a "**Transfer**"), without obtaining Landlord's prior written consent in each and every instance, such consent not to be unreasonably withheld, conditioned or delayed. Tenant's request for Landlord's consent to a Transfer must describe in detail the parties and portion of the Premises involved in the proposed Transfer. If Landlord consents to a Transfer, the following terms and conditions shall apply:

(a) Any assignment of this Lease shall transfer to the assignee all of Tenant's right, title and interest in this Lease and all of Tenant's estate or interest in the Premises.

(b) Any such assignee shall assume, by written, recordable instrument, in form and content reasonably satisfactory to Landlord, the due performance of all of Tenant's obligations under this Lease, including any accrued obligations at the time of the effective date of the assignment, and such assumption agreement shall state that the same is made by the assignee for the express benefit of Landlord as a third party beneficiary thereof, whereupon Tenant shall be released from all liability under this Lease. A copy of the assignment and assumption agreement, both in form and content reasonably satisfactory to Landlord, fully executed and acknowledged by the assignee, together with a certified copy of a properly executed corporate resolution (if assignee or its signatory is a corporation) authorizing the execution and delivery of such assumption agreement, shall be sent to Landlord within a reasonable time following the effective date of such assignment.

(c) No Event of Default under this Lease shall exist at any time of any assignment, nor when Tenant requests Landlord's written consent thereto.

(d) Any assignment shall be subject to all the provisions, terms, covenants and conditions of this Lease.

(e) No assignee shall further assign its interest in this Lease or in the Premises, or any portion thereof, without Landlord's prior written consent in each and every instance, which consent shall not be unreasonably withheld or unduly delayed.

(f) Tenant shall pay or reimburse Landlord as Additional Rent any and all costs of Landlord, including reasonable attorney's fees paid or payable to outside counsel, occasioned by such Transfer in an amount not to exceed One Thousand Dollars (\$1,000).

(g) Tenant's failure to comply with all of the provisions and conditions of this Section 13.1 shall (whether or not Landlord's consent is required under this Section 13), at Landlord's option, render any purported Transfer or sublease null and void and of no force and effect.

(h) Landlord consents to the Ground Lease.

13.2 Landlord's Consent Standard. For purposes of Section 13.1 and in addition to any other reasonable grounds for denial, Landlord's consent to any requested Transfer described in Section 13.1 will be deemed reasonably withheld if, in Landlord's good faith judgment, any one or more of the following apply: (i) a proposed assignee of the entire Premises does not have the financial strength to perform the Tenant's obligations under this Lease; (ii) the business and operations of the proposed assignee are not of comparable quality to the business and operations being conducted by Tenant in the Premises; (iii) the proposed assignee does not have a good business reputation; (iv) the use of the Premises by the proposed assignee would, in Landlord's reasonable judgment, impact the Premises in a negative manner; (v) the proposed assignee is a government entity (or agency or instrumentally thereof); or (vi) an Event of Default exists under this Lease at the time Tenant requests consent to the proposed transaction.

13.3 Transfer to Affiliate. Provided that no Event of Default exists under this Lease, Tenant may, without Landlord's consent, assign all or a portion of this Lease or the Premises to an Affiliate (as herein defined) if (a) Tenant notifies Landlord of such assignment, including the name of the Affiliate and terms of the assignment, at least twenty (20) days prior to such assignment; and (b) Tenant delivers to Landlord, not later than the effective date of the assignment, a written agreement reasonably acceptable to Landlord under which the assignee assumes and agrees to perform Tenant's obligations under this Lease and to observe all terms and conditions of this Lease. Tenant will also promptly provide Landlord with copies of any documents reasonably requested by Landlord to document the status and relationship between Tenant and its Affiliate. A Transfer to an Affiliate shall not release Tenant from any liability or obligation under this Lease. "**Affiliate**" means (i) any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Tenant or any of its controlling principals; (ii) any trust or entity created by any of Tenant's controlling principals for estate planning purposes; (iii) any entity into which Tenant is consolidated or merged; and (iv) any entity to which substantially all of the assets of Tenant are transferred. For purposes of this definition, "**control**" means possessing the power to direct or cause the direction of management and policies of the entity by the ownership of a majority of the voting securities of the entity. In the event of consolidation of Tenant with one or more other entities or the sale or other disposition of all or substantially all of the assets of Tenant to one or more entities, the surviving entity or transferee of assets, as the case may be, shall deliver to Landlord, and any assignee of any interest of Landlord, an acknowledged instrument assuming all obligations, covenants and responsibilities of Tenant hereunder.

ARTICLE 14 LEASEHOLD MORTGAGE OF PREMISES

14.1 Permitted Encumbrances. Tenant and/or AZ Slims, from time to time during the Lease Term, may encumber either's respective leasehold interest in the Premises under this Lease, or any part thereof, or any of the Improvements, by one or more Leasehold Mortgages (as defined below), and assign their respective interest in this Lease and/or the Ground Lease, or any part or parts thereof, as collateral security therefor; subject to the following:

(a) For the purposes of this Lease, the term "**Leasehold Mortgage**" shall mean an encumbrance on a leasehold interest in the Premises under this Lease, including the leasehold interest created under the Ground Lease, which shall be deemed to include a deed of trust and such other types of security instruments as are commonly given to secure loans or advances for the construction and permanent financing and refinancing of improvements and property similar to the Improvements and the Premises, and the term "**Leasehold Mortgagee**" shall mean a bank, insurance company, pension fund or other financial institution which is the holder of record of a Leasehold Mortgage (including a beneficiary or trustee under a deed of trust).

(b) Tenant or the Leasehold Mortgagee shall promptly deliver to Landlord in the manner provided in this Lease for the giving of notice to Landlord a true and complete copy of the Leasehold Mortgage and of any assignment thereof, and shall notify Landlord of the address to which notices to the Leasehold Mortgagee may be sent.

(c) The Leasehold Mortgage shall secure financing to be utilized only for the Premises, including, without limitation, the development and construction of the Improvements.

(d) The Leasehold Mortgage shall include provisions to the effect that any notice of default under the Leasehold Mortgage shall be delivered to Landlord, as well as to Tenant; that Landlord shall have the same time period as is available to Tenant within which to cure a default, with Landlord's time period for curing a default running concurrently with the time period available for Tenant's cure of such defaults; and that neither Landlord's right to cure a default nor Landlord's exercise of such right shall be deemed to be an assumption by Landlord of liability under the Leasehold Mortgage.

(e) In the event of an Event of Default by Tenant, Landlord shall provide notice of such Event of Default, at the same time notice is provided to Tenant, to not more than two (2) of such Leasehold Mortgagees, as previously designated by Tenant to receive such notice (the "**Designated Lenders**") whose names and addresses were provided by written notice to Landlord in accordance with Article 16. Landlord shall give Tenant copies of any such notice provided to such Designated Lenders and, unless Tenant notifies Landlord that the Designated Lenders names or addresses are incorrect (and provides Landlord with the correct information) within three (3) Business Days after Tenant receives its copies of such notice from Landlord, Landlord will be deemed to have given such notice to the Designated Lenders even if their names or addresses are incorrect. Tenant may provide notices to other Leasehold Mortgagees. Notwithstanding the forgoing, on the Execution

Date, the Parties mutually agree and understand that the Designated Lender under the terms of the Ground Lease is Bell Bank, a North Dakota corporation ("Bell"). Accordingly, Landlord shall provide written notice of any Event of Default by Tenant to Bell at Bell's designated address set forth in Article 16 of this Lease, or any other address that Bell may elect by written notice to Landlord and Tenant during the term of this Lease.

(f) It may be necessary for the Leasehold Mortgagees to enter into an agreement among themselves, Tenant and/or its permitted assignees, acknowledging the various rights of the Leasehold Mortgagees (the "**Triparty Agreement**"). Landlord agrees that it shall execute such Triparty Agreement only for the purpose of acknowledging the rights of such Leasehold Mortgagees in this Lease, provided that such Triparty Agreement imposes no additional obligations upon nor diminishes any rights of Landlord other than those contained within this Lease. If a Leasehold Mortgagee is permitted, under the terms of its nondisturbance agreement with Landlord, or under a Triparty Agreement executed by Landlord, to cure the Event of Default and/or to assume Tenant's position with respect to this Lease, Landlord agrees to recognize such rights of the Leasehold Mortgagee or Leasehold Mortgagees under the Triparty Agreement, and to otherwise permit each such Leasehold Mortgagee to assume all of its respective rights and obligations of Tenant under this Lease. Landlord shall, at any time upon reasonable request by Tenant, provide to any Leasehold Mortgagee an estoppel certificate or other document evidencing that this Lease is in full force and effect and that no Event of Default by Tenant exists hereunder (or, if appropriate, specifying the nature and duration of any existing Event of Default). Upon request by a Leasehold Mortgagee, Landlord will enter into a separate nondisturbance agreement with each such Leasehold Mortgagee, consistent with the provisions of this Article 14.

(g) From and after receiving notice of the existence of a Designated Lender's Leasehold Mortgage, Landlord and Tenant shall not cancel, surrender, modify or amend this Lease in any respect without the prior written consent of the Designated Lender.

(h) Any Leasehold Mortgagee may be added as a named insured or to the "loss payable endorsement" of any and all insurance policies required to be carried by Tenant under this Lease on the condition that the insurance proceeds are to be applied in the manner specified in this Lease. The proceeds of any insurance policies or proceeds arising from a condemnation shall be held by any Leasehold Mortgagee and distributed pursuant to the provisions of this Lease, but the Leasehold Mortgagee may reserve its right to apply to the Leasehold Mortgage debt all, or any part of Tenant's share of such proceeds pursuant to such Leasehold Mortgage.

(i) Landlord consents to a provision in any Leasehold Mortgage for an assignment of rents due to Tenant from sublessees to the holder thereof, effective upon any default under Leasehold Mortgage, and to a provision in the Leasehold Mortgage that the holder thereof in any action to foreclose the same shall be entitled to the appointment of a receiver.

14.2 Leasehold Mortgagee's Rights on Tenant's Default.

(a) If Tenant shall Default under any of the provisions of this Lease, each Leasehold Mortgagee shall have the right and period of time as Tenant to cure such Default, whether the same consists of the failure to pay Rent or the failure to perform any other obligation which Tenant is required to do or perform, and Landlord shall accept such performance on the part of the Leasehold Mortgagee as though the same had been done or performed by Tenant; provided, that any of the Designated Lenders after receiving notice in accordance with Section 14.1 will have forty-five (45) days more than is given Tenant after notice to such Designated Lender, to remedy such default by Tenant.

(b) In the event any Leasehold Mortgagee becomes an owner of Tenant's interest under this Lease by foreclosure of its Leasehold Mortgage or as a result of the assignment of this Lease in lieu of foreclosure, the Leasehold Mortgagee shall not become liable under the provisions of this Lease unless and until such time as it becomes, and then only for as long as it remains, an owner of Tenant's interest under this Lease. Any purchaser at a foreclosure sale, other than a Leasehold Mortgagee, shall assume all of Tenant's obligations under this Lease and such purchaser shall have no right with respect to the Premises unless it so assumes and delivers a duplicate of the assumption agreement (to be executed in due form for recording) within ten (10) days after such purchaser acquires Tenant's interest under this Lease.

14.3 Right to New Lease. In the event of termination of this Lease for any reason (including but not limited to any Default by Tenant), Landlord, if requested by any Leasehold Mortgagee, will enter into a new lease of the Premises with the most senior Leasehold Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original Term of this Lease, at the same Rent and upon the same terms, covenants and conditions herein contained; provided that

(a) Such Leasehold Mortgagee shall make written request upon Landlord for the new lease within thirty (30) days after the date such Leasehold Mortgagee receives written notice from Landlord that the Lease is to be terminated;

(b) Such Leasehold Mortgagee shall pay to Landlord, at the time of the execution and delivery of said new lease, any and all sums which would at the time of the execution and delivery thereof be due under this Lease but for such termination, and in addition pays to Landlord any and all expenses, including reasonable attorneys' fees, court costs and disbursements incurred by Landlord in connection with any such Default and termination, as well as in connection with the execution and delivery of such new lease;

(c) Each sublessee of the Premises whose sublease was in force and effect immediately prior to termination of this Lease, and which did not expire of its own terms prior to the delivery of said new lease, shall attorn to the tenant under said new lease; and

(d) Any new lease made in accordance with the provisions of this Section 14.3 and the leasehold estate thereby created shall, subject to the same conditions contained in this Lease, continue to maintain the same priority as this Lease with regard to any then existing Leasehold Mortgage.

14.4 Leasehold Mortgagee; Further Assurances. Landlord and Tenant shall cooperate in including in this Lease, by suitable amendment from time to time, any provision that may be reasonably requested by any proposed Leasehold Mortgagee which is a Designated Lender for the purpose of implementing the mortgagee protection provisions contained in this Lease by (i) allowing such Leasehold Mortgagee reasonable means to protect or preserve the lien of its Leasehold Mortgage upon the occurrence of a Default under the terms of this Lease, and (ii) confirming the elimination of the ability of Tenant to modify, terminate, or waive this Lease or any of its provisions without the prior written approval of such Leasehold Mortgagee. Landlord and Tenant each agree to execute and deliver (and to acknowledge, if necessary, for recording purposes) any such amendment; provided, however, that any such amendment shall not in any way affect the Term or Rent under this Lease nor otherwise in any material respect adversely affect any rights or obligations of Landlord under this Lease; and, provided further, that any such amendment shall be subject to approval by Landlord's City Council. Neither disapproval by Landlord's City Council of such an amendment for any reason whatsoever, nor any delay by Landlord's City Council in deciding to approve or disapprove such an amendment, shall result in any liability to Landlord or affect any time periods set forth in this Lease.

ARTICLE 15 EVENTS OF DEFAULT; REMEDIES

15.1 Events of Default. The occurrence of any of the following events shall be a default or breach of this Lease by Tenant (each a "**Default**" or "**Event of Default**");

(a) if Tenant fails to pay any Rent for more than five (5) days after the same becomes due and payable; or

(b) if Tenant fails to pay, when the same becomes due and payable, any Taxes or charges other than Rent which Tenant is required to pay under this Lease, and such failure continues for more than ten (10) days after written notice of such non-payment has been given by Landlord to Tenant; or

(c) if Tenant fails to perform or comply with any other obligation of Tenant under this Lease, including without limitation the timely commencement or completion of the construction of the Improvements, and such failure shall continue for more than thirty (30) days after notice thereof has been given by Landlord to Tenant, and Tenant shall not, cure the same within such period; provided, that such period of thirty (30) days shall be extended by the number of additional days, if any, that the curing of such failure is delayed by reasons beyond the reasonable control of Tenant, financial inability and economic market conditions excepted;

(d) if Tenant shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall file a petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation due to its bankrupt or insolvent financial status; or

(e) if, as a result of any proceeding against Tenant, a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Tenant or of or relating to all or substantially all of its property, or for the winding-up or liquidation of its affairs or for the supervision of the business or affairs of Tenant, shall have been entered, and such decree or order shall remain in force for a period of more than sixty (60) days; or

(f) if Tenant is in Default under the Development Agreement.

15.2 Remedies. Upon the occurrence of any Default, and after the expiration of any applicable cure periods, Landlord at Landlord's option, without notice or demand, may do any one or more of the following, in any order, successively or concurrently:

15.2.1 Continuation of Lease without Reentry. Landlord may continue the Lease in full force and effect, without reentry, and may recover from Tenant, in one or more actions, all Rent and other sums due or coming due from Tenant, plus any added costs, expenses or damages caused by or arising out of Tenant's Default, and without any obligation of Landlord to reenter, terminate or take other action.

15.2.2 Termination of Lease. Landlord may terminate this Lease by written notice to Tenant of Landlord's election to do so, whether or not Landlord has previously elected to continue the Lease in effect without reentry. Upon Landlord's notice of termination, (i) Landlord shall immediately convey fee simple title to the Premises to Tenant as contemplated by Section 2.3 above and (ii) Tenant immediately shall pay to Landlord the amount of all Rent and other sums due under this Lease to the date of termination.

15.2.3 Landlord's Expenses and Damages. Landlord, in every case, shall be entitled to recover from Tenant all of Landlord's expenses, costs and damages arising out of any Event of Default, including, but not limited to, clean-up, repair, alterations, refurnishing, refurbishing, custodial and security expenses, bookkeeping, and accounting costs, attorneys' fees (whether or not suit is brought), and costs and expenses of litigation.

15.3 Landlord Default. Upon any failure by Landlord to perform any of its obligations hereunder, and the continuance thereof for thirty (30) days following written notice thereof from Tenant (or such longer period of time, not to exceed 90 days as may be reasonably required for Landlord to cure such failure so long as Landlord commences such cure within said 30 days and thereafter diligently pursues such cure to completion), Tenant shall be entitled to exercise any and all remedies available to it in law and/or equity, provided, however, in no event shall Tenant be entitled to seek or recover consequential, lost profit, punitive or similar monetary damages. Tenant shall not be entitled to seek any claim for damages against Landlord after the date of Landlord's conveyance of fee simple title to the Premises to Tenant described in Sections 2.2 and 2.3 above.

ARTICLE 16

NOTICES

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or if mailed by United States certified or registered mail, return receipt requested, postage prepaid, as follows:

If to Landlord:

City Administrator
City of Yuma
One City Plaza
Yuma, AZ 85364-1436

With a copy to:

City Attorney
City of Yuma
One City Plaza
Yuma, AZ 85364-1436

If to Tenant:

Spencrazi, L.L.C.
c/o A.T. Pancrazi Real Estate Services, Inc.
350 W. 16th Street, Suite 332
Yuma, Arizona 85364
Attn: Thomas J. Pancrazi

With a copy to:

Garcia, Kinsey & Villarreal, P.L.C.
2620 W. 24th Street
Yuma, Arizona 85364
Attn: John S. Garcia, Esq.

If to Bell:

Bell Bank
8349 West Bell Road
Peoria, AZ 85382
Attn: Evan Ho

or at such other place or to such other persons as any Party shall from time to time notify the other in writing as provided herein. The date of service of any communication hereunder shall be the date of personal delivery or seventy-two (72) hours after the postmark on the certified or registered mail, as the case may be.

ARTICLE 17 NO MERGER

In no event shall the leasehold interest, estate or rights of Tenant hereunder, or of any Leasehold Mortgagee, merge with any interest, estate or rights of Landlord in or to the Premises. Such leasehold interest, estate and rights of Tenant hereunder, and of any Leasehold Mortgagee, shall be deemed to be separate and distinct from Landlord's interest, estate and rights in or to the Premises, notwithstanding that any such interests, estates or rights shall at any time be held by or vested in the same person, corporation or other entity.

ARTICLE 18 TRADE FIXTURES AND PERSONAL PROPERTY

18.1 Tenant's Property. All trade fixtures and personal property, including, without limitation, all furniture, furnishings and inventories now or hereafter maintained, installed or used in or about the Premises by Tenant or Tenant's subtenant or permitted assignees (the "**Trade Fixtures and Personal Property**") shall remain the property of Tenant, or such subtenant or permitted assignee, as applicable, after the expiration or earlier termination of this Lease.

18.2 Landlord's Lien Waiver. Upon request of Tenant or Tenant's permitted assignees or subtenants, Landlord shall execute and deliver any commercially reasonable consent or waiver form submitted by any vendors, landlords, chattel mortgagees or holders or owners of any Trade Fixtures and Personal Property (each a "**Third Party Claimant**") located or installed in the Premises by Tenant or any such permitted assignee or subtenant, provided that such consent or waiver form shall be limited to (i) Landlord's waiver in favor of such Third Party Claimant of any lien, claim, interest or other right superior to that of such Third Party Claimant in such Trade Fixtures and Personal Property; (ii) Landlord's acknowledgement that the Trade Fixtures and Personal Property covered by such consent or waiver form is personal property and is not to become part of the realty no matter how affixed thereto; and (iii) Landlord's acknowledgement that such personal property may be removed from the Premises by the applicable Third Party Claimant at any time, upon default by Tenant or the assignee or subtenant in accordance with the terms of such chattel mortgage or other similar documents, free and clear of any claim or lien of Landlord, subject to the Third Party Claimant at its cost repairing any damage and restoring the damaged Improvements to substantially the same condition as existed prior to the removal of such Trade Fixtures and Personal Property.

ARTICLE 19 ESTOPPEL CERTIFICATES

19.1 By Landlord. Landlord will execute, acknowledge and deliver to Tenant, subtenant or any permitted Leasehold Mortgagee, within twenty (20) days of Tenant's written request, a certificate stating that:

(a) this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications);

(b) the dates, if any, to which Rent and other sums payable hereunder have been paid; and

(c) whether or not, to the knowledge of Landlord, there then exists any Default under this Lease (and if so, specifying the same).

Any such certificate may be relied upon by Tenant and any permitted prospective Leasehold Mortgagee or permitted prospective assignee of Tenant's interest under this Lease.

19.2 By Tenant. Tenant will execute, acknowledge and deliver to Landlord within twenty (20) days of Tenant's written request, a certificate stating that:

(a) this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications);

(b) the dates, if any, to which Rent and other sums payable hereunder have been paid; and

(c) whether or not, to the knowledge of Tenant, there then exists any Default under this Lease (and if so, specifying the same).

Any such certificate may be relied upon by Landlord.

ARTICLE 20 GENERAL PROVISIONS

20.1 Time of Essence. Time is of the essence of each and every provision of this Lease.

20.2 Landlord's Access to Premises. Landlord and its agents, at all reasonable times and upon notice to Tenant, shall have free and full access to the Premises for the purposes of examining or inspecting the condition thereof, determining if Tenant is performing the covenants and agreements of this Lease, and posting such notices as Landlord may desire to protect the rights of Landlord, provided the exercise of such rights does not materially interfere with Tenant's use and enjoyment of the Premises.

20.3 Governing Law; Choice of Forum. This Lease shall be deemed to be made under, shall be construed in accordance with, and shall be governed by the internal, substantive laws of the State of Arizona (without reference to conflict of law principles). Any action brought to interpret, enforce or construe any provision of this Lease shall be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Yuma (or, as may be appropriate, in the Justice Courts of Yuma County, Arizona, or in the United States District Court for the District of Arizona, if, but only if, the Superior Court lacks or declines jurisdiction over such action). The Parties irrevocably consent to jurisdiction and venue in such courts for such purposes and agree not to seek transfer or removal of any action commenced in accordance with the terms of this Section 20.3.

20.4 Successors and Assigns. This Lease and all of the covenants and conditions set forth herein shall inure to the benefit of and be binding upon the successors and permitted assigns of the Parties hereto.

20.5 Waiver. No waiver by either Party of any breach of any of the terms, covenants or conditions of this Lease shall be construed or held to be a waiver of any succeeding or preceding breach of the same for any other term, covenant or condition herein contained.

20.6 Limited Severability. Landlord and Tenant each believes that the execution, delivery and performance of this Lease is in compliance with all Applicable Laws. However, in the unlikely event that any phrase, clause, sentence, paragraph, section, article or other portion of this Lease is declared void or unenforceable (or is construed as requiring Landlord to do any act in violation of any Applicable Laws, constitutional provision, law, regulation, Yuma City Code or Yuma City Charter), such provision shall be deemed severed from this Lease and this Lease shall otherwise remain in full force and effect; provided that this Lease shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed lease (and any related agreements effective as of the same date) provide essentially the same rights and benefits (economic or otherwise) to the Parties as if such severance and reformation were not required. The Parties further agree, in such circumstances, to do all acts and to execute all amendments, instruments and consents necessary to accomplish and to give effect to the purposes of this Lease, as reformed.

20.7 Exhibits; Recitals. All Exhibits referred to herein or attached hereto are incorporated herein by this reference as though fully set forth herein. The Recitals at the beginning of this Lease are hereby incorporated herein as covenants.

20.8 Entire Agreement; Amendments. This Lease and the Development Agreement constitute the entire agreement between the Parties hereto pertaining to the subject matter hereof, and all other prior and contemporaneous agreements, representations, negotiations and understandings of the Parties hereto, oral or written, are hereby superseded and merged herein. No amendment or modification of this Lease shall be effective unless in writing executed and delivered by the Parties hereto. Any amendment of this Lease to change the use of the GPLET Improvements during the period of the GPLET abatement shall require adherence to the notification and other requirements of A.R.S. § 42-6209(C)(3).

20.9 Successor Laws. Each reference in this Agreement to a particular City Ordinance, Arizona statute or other Applicable Laws shall include any successor City ordinance, successor Arizona statute or successor Applicable Laws provided such successor City ordinance, successor Arizona statute or successor Applicable Laws are of general applicability.

20.10 Memorandum of Land and Improvements Lease. The Parties shall, concurrently with the execution of this Lease, complete, execute, acknowledge and record (at Tenant's expense) a Memorandum of Land and Improvements Lease in substantially the form attached hereto as Exhibit C.

20.11 Negation of Partnership. The relationship of the Parties is solely that of landlord and tenant, and under no circumstances shall the Parties become or be deemed partners or joint venturers.

20.12 Time Periods. If the time for the performance of any obligation under this Lease expires on a Friday, Saturday, Sunday or legal holiday, the time for performance shall be extended to the next succeeding day which is not a Friday, Saturday, Sunday or legal holiday.

20.13 Conflict of Interest. Pursuant to Arizona law, rules and regulations, no member, official or employee of the City shall have any personal interest, direct or indirect, in this Lease, nor shall any such member, official or employee participate in any decision relating to this Lease which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. This Lease is subject to cancellation pursuant to A.R.S. § 38-511.

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IN WITNESS WHEREOF, the Parties hereto have executed this Lease on the date and year first written above.

LANDLORD:

CITY OF YUMA, an Arizona municipal corporation

By: _____
John D. Simonton
City Administrator

TENANT:

SPENCRAZI, L.L.C., an Arizona limited liability company

By: _____
Thomas J. Pancrazi
Manager

ATTEST

By: _____
Lynda L. Bushong
City Clerk

APPROVED AS TO FORM

By: _____
Richard W. Files
City Attorney

Exhibit A

Legal Description of Land

Parcel A, Center Pointe Commons Lot Tie/Lot Split, recorded in Book 34 of Plats, page 93, records of Yuma County, Arizona.

Exhibit B

Insurance Requirements

Tenant (the term “Tenant” as used in this Insurance Exhibit shall not include Tenant’s sub-tenants or sub-lessees) shall procure and maintain for the Term of the Lease insurance against claims for injury to persons or damage to property which may arise from or in connection with this Lease by Tenant and Tenant’s agents, representatives, employees, contractors.

The insurance requirements herein are minimum requirements for this Lease and in no way limit the indemnity covenants contained in this Lease. Landlord in no way warrants that the minimum limits contained herein are sufficient to protect Tenant from liabilities that might arise out of this Lease and Tenant is free to purchase such additional insurance as may be determined necessary. The limits set forth below shall be adjusted every five (5) years by the percentage of change in the Consumer Price Index (the “CPI”) determined in accordance with this paragraph. In determining the percentage of change in the CPI for the adjustment of the insurance limits for any year, the CPI for the month October in the preceding year, as shown in the column for “All Items” in the table entitled “All Urban Consumers” under the “United States City Averages” as published by the Bureau of Labor Statistics of the United States Department of Labor, shall be compared with the corresponding index number for the month of October one (1) year earlier.

A. Minimum Scope and Limits of Insurance: Tenant shall provide coverage at least as broad with limits of liability not less than those listed below.

Commercial General Liability – Occurrence Form

General Aggregate or Umbrella Policy	\$2,000,000
Products-Completed Operations Aggregate	\$1,000,000
Personal Advertising Injury	\$1,000,000
Each Occurrence	\$2,000,000
Fire Damage (Any one fire)	\$100,000
Medical Expenses (Any one person)	Optional

Automobile Liability – Any Auto or Owned, Hired and Non-Owned Vehicles

Combined Single Limit per Accident for Bodily Injury	\$1,000,000
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Workers’ Compensation and Employer’s Liability

Workers’ Compensation	\$1,000,000
Employer’s Liability: Each Accident	\$500,000
Disease – Each Employee	\$500,000
Disease – Policy Limit	\$500,000

Liquor Liability

Combined Single Limit	\$1,000,000
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B. Self-Insured Retentions/Deductibles: Any self-insured retentions and deductibles greater than \$10,000 must be declared to and approved by Landlord.

C. Other Insurance Requirements: The policies are to contain, or be endorsed to contain, the following provisions:

a. Commercial General Liability and Automobile Liability Coverages: Landlord, its council members, officers, officials, agents, and employees are additional insureds with respect to liability arising out of the use and/or occupancy of the Premises subject to this Lease. Tenant's insurance shall contain broad form contractual liability coverage. Landlord, its officers, officials, agents, and employees shall be additional insureds to the full limits of liability purchased by Tenant even if those limits of liability are in excess of those required by this Lease. The commercial general liability additional insured endorsement will be at least as broad as the Insurance Services Office, Inc. (ISO) additional insured form B CG 20 10 1185. Tenant's insurance coverage shall be primary insurance with respect to Landlord, its officers, officials, agents, and employees. Any insurance or self-insurance maintained by Landlord, its officers, officials, agents, and employees shall be in excess of the coverage provided by Tenant and shall not contribute to it. Tenant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. Coverage provided by Tenant shall not be limited to the liability assumed under the indemnification provisions of this Lease. The policies shall contain a waiver of subrogation against Landlord, its officers, officials, agents, and employees for losses arising from Tenant's operations, occupancy and use of the Premises that are subject of this Lease.

b. Workers' Compensation and Employer's Liability Coverage: The insurer shall agree to waive all rights of subrogation against Landlord, its council members, officers, officials, agents, and employees for losses arising from Tenant's operations, occupancy, and use of the Premises that are the subject of this Lease.

D. Notice of Cancellation: Each insurance policy required by the insurance provisions of this Lease shall not be suspended, voided, cancelled, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to Landlord. Such notice shall be sent directly to Landlord's City Administrator, City of Yuma, One City Plaza, P. O. Box 13014, Yuma, AZ 85366-3014 and shall be sent by certified mail, return receipt requested.

E. Acceptability of Insurers: Insurance is to be placed with insurers duly licensed or approved unlicensed companies in the State of Arizona and with an "A.M. Best" rating of not less than A- VII. Landlord in no way warrants that the above-required minimum insurer rating is sufficient to protect Tenant from potential insurer insolvency.

F. Verification of Coverage: Tenant shall furnish Landlord with original certificates of insurance (Association for Cooperative Operation, Research and Development (ACCORD) form or equivalent approved by Landlord) as required by this Lease. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Any policy endorsements that restrict or limit coverage shall be clearly noted on the certificate of insurance.

All certificates are to be received and approved by Landlord before the Lease Term commences. Each insurance policy required by this Lease must be in effect at or prior to the commencement of the Lease Term and must remain in effect for the duration of the Lease Term. Failure to maintain

the insurance policies as required by this Lease or to provide timely evidence of renewal will be considered a material breach of the Lease.

All certificates required by this Insurance Exhibit shall be sent directly to Landlord's City Administrator, City of Yuma, One City Plaza, P. O. Box 13014, Yuma, AZ 85366-3014. Landlord's City Department and the lease agreement number, and location description are to be noted on the certificate of insurance. Landlord reserves the right to require complete, certified copies of all insurance policies and endorsements required by this Insurance Exhibit at any time.

G. Approval: Any modification or variation from the insurance requirements in Insurance Exhibit must have prior approval from Landlord's City Administrator's Office whose decision shall be final. Such action will not require formal contract amendment, but may be made by administrative action.

EXHIBIT C

MEMORANDUM OF LAND AND IMPROVEMENTS LEASE

DATE: _____, 202__ (“Execution Date”)

PARTIES: CITY OF YUMA, ARIZONA, an Arizona municipal corporation (“Landlord”)
SPENCRAZI, L.L.C., an Arizona limited liability company (“Tenant”)

RECITALS:

A. Landlord and Tenant are parties to that certain Spencrazi, L.L.C. Parcel A Land and Improvements Lease (“**Lease**”), dated as of _____, 202__, for the lease of certain land described in **Exhibit A** attached hereto and made a part hereof, together with all building(s) and other improvements now or hereafter constructed thereon, along with fixtures, furnishings and equipment therein, together with all rights and privileges appurtenant thereto and all future additions thereto or alterations and replacements thereof (collectively, the “**Premises**”).

B. This Memorandum of Land and Improvements Lease (“**Memorandum**”) is now executed and entered into for the purpose of recording the same and thereby giving notice of the Lease and this Memorandum.

COVENANTS:

For valuable consideration, receipt of which is hereby acknowledged, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, upon all of the terms, covenants and provisions contained in the Lease and in this Memorandum, including without limitation the following:

1. **Term.** The term of the Lease and this Memorandum (the “**Term**” or “**Lease Term**”) shall be for a period of eight (8) years, commencing on the date which is the later to occur of the date on which, (i) the Certificate of Occupancy for the Improvements is issued by the City for Improvements which are subject to the government property lease excise tax under A.R.S. § 42-6201 through § 42-6210; and (ii) fee title to the Premises is conveyed from Tenant to the Landlord (the “**Commencement Date**”), and ending at midnight on eighth (8th) anniversary of the Commencement Date, subject to the terms and conditions set forth in this Lease which may permit or provide for an earlier termination.

2. **Rent.** Tenant shall pay to Landlord rents and other amounts as set forth in the Lease.

3. **Lease.** All of the covenants, conditions, defined terms and provisions of the Lease are, by this reference to the Lease, incorporated herein and made a part hereof, the same as though expressly set forth herein. If a conflict arises between the provisions of this Memorandum and the

provisions of the Lease, the provisions of the Lease shall prevail.

IN WITNESS WHEREOF, Landlord and Tenant have executed this instrument to be effective as of the day and year first written above.

TENANT:

LANDLORD:

SPENCRAZI, L.L.C., an Arizona limited liability company

CITY OF YUMA, ARIZONA, an Arizona municipal corporation

By: _____
Thomas J. Pancrazi, Manager

By: _____
John D. Simonton, City Administrator

ATTEST:

By: _____
Lynda L. Bushong, City Clerk

APPROVED AS TO FORM:

Richard Files, City Attorney

EXHIBIT A TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION OF PROPERTY

Parcel A, Center Pointe Commons Lot Tie/Lot Split, recorded in Book 34 of Plats, page 93, records of Yuma County, Arizona.

EXHIBIT D

FORM OF SPECIAL WARRANTY DEED

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

City of Yuma
Attn: City Attorney
One City Plaza
Yuma, Arizona 85364

SPECIAL WARRANTY DEED

FOR THE CONSIDERATION of Ten Dollars (\$10.00), and other valuable consideration, Spencrazi, L.L.C., an Arizona limited liability company ("Grantor"), hereby conveys to the City of Yuma, an Arizona municipal corporation ("Grantee"), the real property ("Property") situated in Yuma County, Arizona, and more particularly described on Exhibit "A" attached hereto and made a part hereof, together with the building(s) and other improvements thereon, the fixtures, furnishings and equipment therein, and all rights and privileges appurtenant thereto but excluding, and reserving unto Grantor, all right, title, and interest of Grantor in and to that certain Ground Lease dated March 17, 2023, and the First Amendment to Ground Lease dated September 16, 2024, by and between Grantor, as Landlord, and AZ Slims Real Estate, LLC, an Arizona limited liability company, as Tenant.

SUBJECT to current taxes and assessments, reservations in patents, all easements, rights-of-way, encumbrances, liens, covenants, conditions, restrictions, obligations, and liabilities as may appear of record and to all matters which an accurate survey or inspection of the Property would disclose.

PROVIDED, that water rights, if any, appurtenant to the Property are excluded from the coverage of the warranties contained herein, and Grantor hereby quitclaims to Grantee all of the Grantor's right, title and interest in and to such water rights, if any, appurtenant to the Property.

And Grantor hereby binds itself and its successors to warrant and defend the title, as against all acts of Grantor herein and none other, subject to the matters above set forth.

Dated this _____ day of _____, 202__.

GRANTOR:

SPENCRAZI, L.L.C., an Arizona
limited liability company

By: _____
Thomas J. Pancrazi, Manager

STATE OF ARIZONA)
) ss.
County of Yuma)

On this, the _____ day of _____, 202__, before me, the undersigned Notary Public, personally appeared Thomas J. Pancrazi, who acknowledges himself to be the Manager of Spencrazi, L.L.C., an Arizona limited liability company, who acknowledged to me that he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

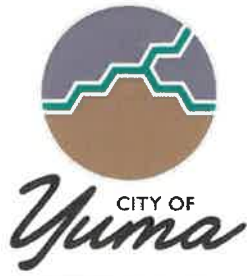
My Commission Expires:

Notary Public

EXHIBIT A TO SPECIAL WARRANTY DEED

LEGAL DESCRIPTION OF PROPERTY

Parcel A, Center Pointe Commons Lot Tie/Lot Split, recorded in Book 34 of Plats, page 93, records of Yuma County, Arizona.



Date: January 16, 2025

Governing Bodies:

Yuma County Board of Supervisors
ATTN: County Administration
198 S. Main Street
Yuma, AZ 85364

Crane Elementary School District
ATTN: Administration
4250 W. 16th Street
Yuma, AZ 85364

Yuma Elementary School District
ATTN: Administration
450 W. 6th Street
Yuma, AZ 85364

Yuma Union High School District
ATTN: Administration
3150 S. Avenue A
Yuma, AZ 85364

Arizona Western College
ATTN: Administration
PO Box 929
Yuma, AZ 85366

Attention:

This letter is to provide you with the statutory 60-day notice that the City of Yuma City Council will meet at their regularly scheduled meeting on Wednesday, March 19, 2025, to review a Land and Improvements Lease Agreement ("Lease") that the City of Yuma is negotiating with the following named Developer/Prime Lessee:

Name of Developer/Prime Lessee: SpenCrazi, L.L.C.

Address of Developer/Prime Lessee: Thomas J. Pancrazi
A.T. Pancrazi Real Estate Services, Inc.
350 W. 16th Street, Suite 332
Yuma, AZ. 85364

Project/Premises Location: Southwest Corner of 16th Street and
4th Avenue/Parcel A

Proposed Development/Use: 3,000+ Sq. Ft. Restaurant plus patio

Proposed Length of Term(s): Lease Agreement - Term 8 years

Pursuant to Arizona Revised Statutes, A.R.S. § 42-6201, *et seq.*, as part of this proposed Restaurant Project, the City of Yuma and the Developer/Lessee, collectively (the "Parties"), will enter into the Lease which will permit abatement of the Government Property Lease Excise Tax ("GPLET"). Pursuant to A.R.S. § 42-6209(C), the City must notify you as the governing bodies of the county and any school districts prior to taking action on the proposed lease at least sixty (60) days before the City Council considers approval of the Lease.

Additionally, A.R.S. § 42-6209(C)(2) requires that the City of Yuma determine that, within the term of the Lease, the economic and fiscal benefit to this state, county and the city in which the project is located will exceed the benefits received by the Developer/Prime Lessee as a result of the Lease on the basis of an estimate of those benefits prepared by an independent third party in a manner and method acceptable to the City Council. The estimate must be provided to the governing bodies of the county and any school district in which the project is located at least thirty (30) days before the vote of the City Council. Accordingly, please find attached the economic and fiscal benefit analysis for the Restaurant Project.

Should you have any further questions concerning the provisions of this notice or need further clarification or information about this proposed project, please contact: Cynthia Blot, Economic Development Manager, City of Yuma at (928) 373-5011 or by email at: Cynthia.Blot@YumaAZ.gov.

Enclosure:

Economic and Fiscal Impact of a Proposed Fast-Food Restaurant, Yuma, Arizona



Economic and Real Estate Consulting

MEMORANDUM

To: Jeffrey Burt
City of Yuma

From: Jill Stevenson
Elliott D. Pollack & Company

Date: March 13, 2024

Re: Economic and Fiscal Impact of a Proposed Fast-Food Restaurant, Yuma, Arizona

Elliott D. Pollack & Company has been retained by the City of Yuma to perform an economic and fiscal impact analysis of the construction activity and ongoing operations of a proposed fast-food restaurant to be located in the Center Point Commons retail development at the intersection of 6th Avenue and 16th Street in Yuma, Arizona. The project plan calls for a 3,683 square-foot restaurant with a 411 square foot patio, dual drive through/bypass lanes and 38 parking stalls.

The property is currently located within the General Commercial (B-2) District and the Central Business District and Yuma North End–16th Street and 4th Avenue Redevelopment Area. The development agreement and lease will be in accordance with the Arizona Revised Statutes 42-6209 relating to the proposed use and abatement of the Government Property Lease Excise Tax (GPLET).

This economic and fiscal impact analysis focuses on the impacts derived from (a) the new construction activity, and (b) ongoing operations at the site that will occur annually. Economic impact analysis examines the regional implications of an activity in terms of three basic measures: output, earnings, and employment. Fiscal impact analysis evaluates the public revenues created by a particular activity. In a fiscal impact analysis, the primary revenue sources of a governing entity are analyzed to determine how the activity may financially affect them. ***Our report does not address the financial or market feasibility of the project, nor does it address costs associated with providing city services beyond the agreed upon incentives.***

Assumptions of Analysis

The assumptions used to estimate the impacts of the construction of the proposed fast-food restaurant have been developed from a variety of sources. The construction costs, building size, employment, average wage, lease rates and sales per square foot were provided by the City of Yuma. Data internal to the model, such as consumer spending and tax rates have been collected from various government and private sources including the U.S. Bureau of



Census, Bureau of Labor Statistics, Consumer Expenditure Survey, Arizona Department of Revenue, and the Arizona Tax Research Association. Additional assumptions regarding utility usage and local supply purchases are based on industry standards from various sources.

The proposed fast-food restaurant will employ 100 people with average annual wages estimated to be \$27,200 per year, excluding benefits. Construction at the site will total \$2.7 million with additional equipment projected to cost \$585,000. On average, the fast-food restaurant will generate an estimated \$4.5 million in sales each year. The limited property value will be about \$250 per square foot. The following table contains a summary of the primary assumptions of the study.

Assumptions Yuma Fast-Food Restaurant (2024 Dollars)	
Project Description	
Total building square feet	3,683
Patio square feet	411
Value of new construction	\$2,700,000
Estimated FF&E	\$585,000
Operating Assumptions	
Total Jobs (full & part time)	100
Average Annual Wage (excluding benefits)	\$27,200
Annual lease (years 1 - 5)	\$90,000
Annual lease (years 6-10)	\$94,500
Estimated annual sales	\$4,500,000
Projected annual utility usage	\$8,839
Locally purchased supplies	\$100,000
Projected limited property value of building per sf	\$250
Various City of Yuma Tax Rates	
Construction sales tax	1.7%
Retail transaction privilege tax	1.7%
Restaurant & bar sales total (including additional tax)	3.7%
Commercial Assessment Ratio (post GPLET)	15.0%
Property tax rate per \$100 assessed value (City)	2.1321
Sources: Elliott D. Pollack & Co., City of Yuma	

All dollar values presented in this report are stated in constant 2024 dollars. No adjustment has been made for inflation over time.

Economic Impact Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings, and employment. For this study, the analysis focuses on the jobs and corresponding



output and wages that are created during construction as well as the jobs and output that are created through the operations of the project. Without the proposed project, the vacant land property taxes that would be due annually are approximately \$5,020.24 (Tax Year 2023) distributed according to tax rate between Yuma County, the City of Yuma, and the school districts including Arizona Western College.

The different types of economic impacts are known as direct, indirect, and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by the project employees. Indirect employment is those jobs created by businesses that provide goods and services essential to the operation or construction of the project. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms (who clean the buildings). Finally, the spending of the wages and salaries of the direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy throughout the region. These secondary effects are captured in this study. Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. The IMPLAN Group LLC developed the multipliers used in this study.

Fiscal Impact Methodology

Fiscal impact analysis quantifies the public revenues associated with a particular economic activity. The primary revenue sources of local, county, and state governments (i.e. taxes) are analyzed to determine how an activity may affect the various jurisdictions. This report will evaluate the impact of the proposed fast-food restaurant on the City of Yuma, Yuma County, and other governmental entities with ad valorem (property tax) or transaction privilege (sales tax) authority. The major sources of tax revenue generation for governmental entities are related to the construction of the project and ongoing impact from the operations such as construction sales tax, sales tax from direct revenues and retail spending, utility taxes, lease taxes, property taxes and State shared revenues.

Economic Impact of the Proposed Fast-food restaurant

The economic impact of the project development is outlined in the following table. The construction would generate an estimated 24 direct jobs and approximately \$1.2 million in direct wages during the construction phase. Another 6 indirect and induced jobs would be created in the local economy and \$364,000 in wages. Altogether, the project would create approximately 30 jobs during the construction period, generating \$1.6 million in wages and over \$3.9 million in economic activity.

Once construction is complete and the fast-food restaurant is up and running, a total of 100 people will be directly employed with total wages of nearly \$2.7 million. Taking into account the ripple effect of the regional multipliers, approximately 24 permanent direct, indirect, and induced jobs are supported throughout the Yuma area as a result of the operations of the project. In total approximately \$4.0 million in wages are paid out annually to these employees and nearly \$13.1 million in economic activity is produced each year.



Yuma Fast-Food Restaurant Economic Impact Summary (2024 Dollars)			
Construction			
	Jobs	Wages	Economic Output
Direct	24	\$1,209,000	\$2,700,000
Indirect	2	\$139,000	\$443,000
Induced	4	\$225,000	\$754,000
Total	30	\$1,573,000	\$3,897,000
Operations (annual at buildout)			
	Jobs	Wages	Economic Output
Direct	100	\$2,720,000	\$8,754,688
Indirect	13	\$731,000	\$2,445,000
Induced	11	\$575,000	\$1,926,000
Total	124	\$4,026,000	\$13,125,688
^{1/} Figures at stabilized operating levels Sources: Elliott D. Pollack & Co., ACA			

Fiscal Impact of the Proposed Fast-food restaurant

The construction and operations associated with the fast-food restaurant also creates tax revenues for the City of Yuma. Revenues have been defined in this analysis as either primary or secondary, depending on their source and how the dollars flow through the economy into tax accounts. For instance, some revenues, such as construction sales taxes, are straightforward calculations based on the cost of construction. These revenues are described in this study as direct revenues and include retail sales taxes, property taxes and lease taxes. Secondary revenues, on the other hand, flow from the wages of those direct, indirect and induced employees who are supported by the project. Revenue projections are based on typical wages of the employees working in the project, their spending patterns, and projections of where they might live.

The following table outlines the fiscal impact of the project during construction and over 10 years of operations (stated in 2024 dollars without an inflation factor). Approximately \$63,800 is estimated to be generated during the construction. This includes \$39,700 in direct construction sales taxes and taxes collected on local equipment purchases, along with nearly \$24,100 in secondary tax revenues generated by state shared revenues and the construction employees. Additional revenues would likely be generated in terms of permit and fees and impact fees, not included in this analysis.

Annual operations of the fast-food restaurant generate about \$265,350 in annual tax revenues for the City of Yuma. This includes an average of roughly \$170,800 in primary tax collections such as



direct sales at the fast-food restaurant, taxes paid on local supply purchases, utility taxes and personal property taxes. Excluded from this amount are real property taxes during the first eight years if a proposed GPLET agreement is finalized. Indeed, after the 8-year abatement, real property taxes to the city will be approximately \$2,900 on average each year.

In addition to the revenues generated for the City of Yuma, nearly \$52,070 is generated annually for local school districts. This includes both the impact of direct property taxes at the proposed site (in years 9 and 10 – after the abatement) as well as additional annual taxes that will be generated by the employees on homes they occupy.

In total, during the construction period and over the 10 years of operations, the proposed fast-food restaurant is expected to generate \$2.7 million in tax revenue for the City of Yuma and \$520,700 for school districts. A detailed table by year and category is provided on the following page. All figures are in 2024 dollars, no inflation has been added to the calculations.

Not included in the following table (that provides the taxes to be collected by the City of Yuma and its local school districts) are the taxes that would be collected by the State of Arizona, Yuma County and its special districts.

The State would collect prime contracting tax (\$136,100), annual sales taxes from the fast-food sales (\$222,500 per year), as well secondary taxes generated by employees totaling an estimated \$3.9 million over 10 years.

Yuma County would similarly collect prime contracting tax (\$19,500), as well as direct sales taxes collected from the restaurant (\$50,000 annually). Yuma County and its special districts would also collect property taxes in years 9 and 10 from the site as well as property taxes generated by the employees. The total for the County and these jurisdictions is estimated to be \$1.3 million over the ten-year impact period.



Yuma Fast-Food Restaurant Fiscal Impact of City of Yuma

(2024 Dollars)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total 10 Years
Construction Impact											
Total Primary Construction Impact	\$39,700	--	--	--	--	--	--	--	--	--	\$39,700
Construction sales tax	\$29,800	--	--	--	--	--	--	--	--	--	\$29,800
Permit fees	N/A	--	--	--	--	--	--	--	--	--	--
Use tax	\$9,900	--	--	--	--	--	--	--	--	--	\$9,900
Secondary impact from const. employees	\$24,100	--	--	--	--	--	--	--	--	--	\$24,100
Employee spending sales tax	\$4,000	--	--	--	--	--	--	--	--	--	\$4,000
Residents property tax	\$7,400	--	--	--	--	--	--	--	--	--	\$7,400
State shared sales tax	\$8,000	--	--	--	--	--	--	--	--	--	\$8,000
State shared income tax	\$2,800	--	--	--	--	--	--	--	--	--	\$2,800
State shared vlt	\$500	--	--	--	--	--	--	--	--	--	\$500
State shared hurf	\$1,400	--	--	--	--	--	--	--	--	--	\$1,400
Total Impact from construction	\$63,800	--	--	--	--	--	--	--	--	--	\$63,800
Operations Impact											
Total Primary Operations Impact	\$169,950	\$169,950	\$169,950	\$169,950	\$169,950	\$170,050	\$170,050	\$170,050	\$172,950	\$172,950	\$1,705,800
Direct sales taxes on restaurant sales	\$166,500	\$166,500	\$166,500	\$166,500	\$166,500	\$166,500	\$166,500	\$166,500	\$166,500	\$166,500	\$1,665,000
Utility sales tax	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,000
Local taxable purchases sales tax	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$17,000
Lease tax	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$15,500
Personal property tax	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$500
Real property tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$2,900	\$2,900	\$5,800
Secondary impact from DIRECT employees	\$80,100	\$74,500	\$74,500	\$74,500	\$74,500	\$74,500	\$74,500	\$74,500	\$74,500	\$74,500	\$750,600
Employee spending sales tax	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$135,000
Residents property tax	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$245,000
State shared sales tax	\$30,000	\$24,400	\$24,400	\$24,400	\$24,400	\$24,400	\$24,400	\$24,400	\$24,400	\$24,400	\$249,600
State shared income tax	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$41,000
State shared vlt	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$22,000
State shared hurf	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$5,800	\$58,000
Secondary impact from INDIRECT & INDUCED employees	\$13,600	\$13,600	\$13,600	\$13,600	\$13,600	\$13,600	\$13,600	\$13,600	\$13,600	\$13,600	\$136,000
Employee spending sales tax	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$40,000
Residents property tax	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$57,000
State shared direct sales tax	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,000
State shared income tax	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$19,000
State shared vlt	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$5,000
State shared hurf	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$13,000
Secondary impact from operations employees	\$95,400	\$95,400	\$95,400	\$95,400	\$95,400	\$95,400	\$95,400	\$95,400	\$95,400	\$95,400	\$954,000
Employee spending sales tax	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	\$175,000
Residents property tax	\$30,200	\$30,200	\$30,200	\$30,200	\$30,200	\$30,200	\$30,200	\$30,200	\$30,200	\$30,200	\$302,000
State shared direct sales tax	\$31,900	\$31,900	\$31,900	\$31,900	\$31,900	\$31,900	\$31,900	\$31,900	\$31,900	\$31,900	\$319,000
State shared income tax	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$60,000
State shared vlt	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$27,000
State shared hurf	\$7,100	\$7,100	\$7,100	\$7,100	\$7,100	\$7,100	\$7,100	\$7,100	\$7,100	\$7,100	\$71,000
Total Impact from operations	\$265,350	\$265,350	\$265,350	\$265,350	\$265,350	\$265,450	\$265,450	\$265,450	\$268,350	\$268,350	\$2,659,800
TOTAL CITY FISCAL IMPACT	\$329,150	\$265,350	\$265,350	\$265,350	\$265,350	\$265,450	\$265,450	\$265,450	\$268,350	\$268,350	\$2,723,600
Additional Impact on School Districts	\$64,300	\$49,400	\$49,400	\$49,400	\$49,400	\$49,400	\$49,400	\$49,400	\$55,300	\$55,300	\$520,700

NOTES:

All figures are intended only as a general guideline as to how the City could be impacted by the project(s).

The above figures are based on the current economic structure and tax rates of the City.

GPLET Payments

The proposed fast-food restaurant may qualify for favorable tax treatment in the form of an eight-year abatement of the Government Property Lease Excise Tax (GPLET) after deeding title to the property and improvements to the City of Yuma and entering into a government property lease with the City. The following table outlines the projected value of these GPLET payments by jurisdiction if the abatement is not awarded. An eight-year abatement would cost the city approximately \$2,900 each year in foregone GPLET payments (or a total of \$23,200 over the eight-year period).

Beyond the eight-year abatement period, taxes would revert back to taxes based on the net assessed value each year from the site. Not including inflation and using current property tax rates, the figures in the table also represent what would be collected by jurisdiction in years 9 and 10 after the abatement.

Yuma Fast-Food Restaurant Estimated Property Taxes (2024 Dollars)		
Taxing Authority	Rate / \$100	Projected Annual Tax
City of Yuma	2.1321	\$2,900
City of Yuma School Districts	4.3054	\$5,900
Arizona Western College	2.3458	\$3,200
Southwest Technical Education	0.0500	\$100
Yuma County	2.4206	\$3,300
Yuma County Hospital District	0.1219	\$200
Fire District Assistance Tax	0.0042	\$10
Yuma County Library Fund	0.8815	\$1,200
Flood Control District	0.2487	\$300
Total	12.5102	\$17,110

Source: Yuma County Assessor, City of Yuma, EDPCo.

Summary

The proposed fast-food restaurant will create annual economic and fiscal benefits for the City of Yuma. The economic benefits include local jobs and the ripple effect of these jobs throughout the economy. Indeed, the operations generate nearly \$13.1 million in economic activity each year in Yuma.

In terms of fiscal benefit, the site will generate more than \$8.5 million in revenues during construction and operations over the 10-year period. This includes about \$3.9 million for the State of Arizona, \$1.3 million for Yuma County and its special districts, \$2.7 million for the City of Yuma and approximately \$520,700 for local school districts.

Based on the above analysis, the economic and fiscal benefits derived from the proposed fast-food restaurant will exceed the incentives being offered by the City.



Yuma Fast-Food Restaurant Summary			
Economic Impact Summary			
Construction (total over ten years)			
	Jobs	Wages	Economic Output
Direct	24	\$1,209,000	\$2,700,000
Indirect	2	\$139,000	\$443,000
Induced	4	\$225,000	\$754,000
Total	30	\$1,573,000	\$3,897,000
Operations (annual at buildout)			
	Jobs	Wages	Economic Output
Direct	100	\$2,720,000	\$8,754,688
Indirect	13	\$731,000	\$2,445,000
Induced	11	\$575,000	\$1,926,000
Total	124	\$4,026,000	\$13,125,688
Fiscal Impact (Total over ten years)			
	Construction / FF&E	Operations	Total
State	\$170,700	\$3,752,000	\$3,922,700
County	\$37,300	\$1,282,400	\$1,319,700
City	\$63,800	\$2,659,800	\$2,723,600
Local school districts	--	\$520,700	\$520,700
Total	\$271,800	\$7,694,200	\$8,486,700
^{1/} Figures at stabilized operating levels Sources: Elliott D. Pollack & Co., ACA			



ORDINANCE NO. O2025-008

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF YUMA, ARIZONA, AUTHORIZING AND APPROVING THE ACCEPTANCE OF TITLE TO CERTAIN REAL PROPERTY AND IMPROVEMENTS, THE EXECUTION OF A GOVERNMENT PROPERTY LAND AND IMPROVEMENTS LEASE FOR A TERM OF EIGHT YEARS WITH SPENCRAZI, L.L.C. AS THE PRIME LESSEE, THE RECONVEYANCE OF TITLE TO THE REAL PROPERTY AND IMPROVEMENTS AT THE CONCLUSION OF THE DESCRIBED LEASE, AND APPROVING THE ABATEMENT OF THE GOVERNMENT PROPERTY LEASE EXCISE TAX DURING THE TERM OF THE EIGHT YEAR LEASE

WHEREAS, pursuant to the Yuma City Charter, Article III, Section 2, the City of Yuma (City) is authorized to acquire, lease and dispose of real property; and,

WHEREAS, on January 23, 2023, the City and The Spencer Companies, d/b/a Hardknocks, LLLP, an Arizona limited liability limited partnership entered into a Real Property Sale, Option and Development Agreement (Agreement), approved by City Council Resolution R2022-054 and recorded as Yuma County Recorder's Fee #2023-01843; and,

WHEREAS, pursuant to the terms of the Agreement and that certain Memorandum of Assignment dated January 25, 2023, recorded as Yuma County Recorder's Fee #2023-01813, the Agreement was assigned by Hardknocks, LLLP to Spencrazi, L.L.C., an Arizona limited liability company; and,

WHEREAS, the Agreement describes the purchase of surplus City property for redevelopment at the southwest corner of 16th Street and 4th Avenue (Redevelopment Project), including conveyance of one or both of Parcel A and Parcel B of the Center Point Commons Lot Tie/Lot Split (recorded as Yuma County Recorder's Fee #2023-09941), back to the City and the establishment of an eight-year government property lease with abatement of the government property lease excise tax (GPLET) on either or both parcels; and,

WHEREAS, pursuant to Arizona Revised Statutes (A.R.S.) § 42-6209, the Yuma City Council by Resolution R2004-01 and Resolution No. R2013-04 has designated a single Central Business District of the City of Yuma, Arizona; and,

WHEREAS, pursuant to A.R.S. § 36-1471 *et seq.*, the Yuma City Council by Resolution No. R2012-03 has made a finding of necessity, declaring the Yuma North End-16th Street and 4th Avenue Redevelopment Area a slum or blighted area, and directing City staff to prepare a redevelopment plan for the area; and,

WHEREAS, pursuant to A.R.S. § 36-1474, the Yuma City Council adopted Resolution No. R2013-10 approving the Yuma North End-16th Street & 4th Avenue Redevelopment Plan of 2013 (Redevelopment Plan); and,

WHEREAS, on September 16, 2020, the Yuma City Council adopted Resolution R2020-034 renewing the Redevelopment Plans, Central Business District and Slum and Blighted determinations; and,

WHEREAS, the Parcel A Redevelopment Project is located in the City's statutory redevelopment area and Central Business District and may qualify for favorable tax treatment, including abatement of the government property lease excise tax (GPLET) after deeding title to the property and improvements to the City of Yuma and entering into a government property land and improvements lease (lease) with the City as lessor and Spencrazi, L.L.C., as prime lessee; and,

WHEREAS, an analysis of the economic and fiscal benefits to the State of Arizona, Yuma County and the City of Yuma and the benefits to be received by Spencrazi, L.L.C. was prepared by Elliot D. Pollack & Company in a report titled, *Economic and Fiscal Impact of a Proposed Fast-Food Restaurant, Yuma, Arizona*, dated March 13, 2024, which shall remain on file with the City Clerk,

NOW THEREFORE, BE IT ORDAINED by the City Council of the City of Yuma as follows:

SECTION 1: The City Council finds that in accordance with the report titled, *Economic and Fiscal Impact of a Proposed Fast-Food Restaurant, Yuma, Arizona*, dated March 13, 2024:

- a. The Parcel A Redevelopment Project will generate more than \$8.5 million in revenues during construction and operations over a ten-year period including approximately \$3.9 million for the State of Arizona; \$1.3 million for Yuma County; \$2.7 million for the City of Yuma and approximately \$520,700 for the school districts.
- b. The Parcel A Redevelopment Project will have an annual economic impact of approximately \$13.1 million (\$2.7 million in direct wages for 100 full and parttime jobs).
- c. Abatement of the government property lease excise tax on the Parcel B Redevelopment Project will total approximately \$136,880 (\$23,200 abatement of City property taxes) over the eight-year term of the proposed lease.

SECTION 2: The City Council finds that the report titled, *Economic and Fiscal Impact of a Proposed Fast Food Restaurant, Yuma, Arizona*, was prepared using methods and in a manner acceptable to the City Council, and that the economic and fiscal benefit to the State of Arizona, Yuma County and the City of Yuma will exceed the benefits to Sixteen & Four, LLC, as prime lessee under the proposed *Spencrazi, L.L.C., Parcel A, Land and Improvements Lease*.

SECTION 3: The City Council further finds that in accordance with a letter dated January 16, 2025 (on file with the City Clerk), each of the appropriate taxing entities was notified at least 60 days prior to the adoption of this Ordinance, of the City's intent to enter into the described government property land and improvements lease together with a copy of the *Economic and Fiscal Impact of a Proposed Fast Food Restaurant, Yuma, Arizona*, dated March 13, 2024, as required by statute.

SECTION 4: The City of Yuma shall accept title to the Parcel A, Center Point Commons Lot Tie/Lot Split (the Parcel A Redevelopment Project land and improvements at the southwest corner of 16th Street and 4th Avenue), and to lease the property and improvements to Spencrazi, L.L.C., as prime lessee for a term of eight years in accordance with the terms described in the *Spencrazi, L.L.C., Parcel A, Land and Improvements Lease* on file with the Yuma City Clerk and incorporated by reference.

SECTION 5: The City Administrator is authorized to execute the *Spencrazi, L.L.C., Parcel A, Land and Improvements Lease* in substantially the same form attached to the City Council Report accompanying this Ordinance and made a part of this Ordinance by reference, on behalf of the City.

SECTION 6: Abatement of the government property lease excise tax (GPLET) for the Parcel A Redevelopment Project is approved for the term of the lease.

SECTION 7: Title to the described land and improvements shall be re-conveyed by the City to the prime lessee at the termination or conclusion of the land and improvements lease.

Adopted this _____ day of March, 2025.

APPROVED:

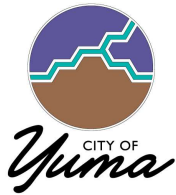
Douglas J. Nicholls
Mayor

ATTESTED:

Lynda L. Bushong
City Clerk

APPROVED AS TO FORM:

Richard W. Files
City Attorney



City of Yuma

City Council Report

File #: O2025-007

Agenda Date: 3/5/2025

Agenda #: 1.

DEPARTMENT:	STRATEGIC OUTCOMES	ACTION
Police	<input checked="" type="checkbox"/> Safe & Prosperous	<input type="checkbox"/> Motion
	<input type="checkbox"/> Active & Appealing	<input type="checkbox"/> Resolution
DIVISION:	<input checked="" type="checkbox"/> Respected & Responsible	<input type="checkbox"/> Ordinance - Introduction
-	<input type="checkbox"/> Connected & Engaged	<input checked="" type="checkbox"/> Ordinance - Adoption
	<input type="checkbox"/> Unique & Creative	<input type="checkbox"/> Public Hearing

TITLE:

Yuma City Code Text Amendment: Civilian Accident Investigators

SUMMARY RECOMMENDATION:

Amend Title 3, Chapter 32 (Yuma City Code §§ 32-45 through 32-49) for clarity and compliance with State law. (YPD) (Thomas Garrity)

STRATEGIC OUTCOME:

This text amendment ensures the City is Safe and Prosperous and Respected and Responsible by updating the City Code to comply with State law and provide for civilian employees of the Yuma Police Department to handle certain traffic matters.

REPORT:

The Yuma Police Department employs civilians to respond to and investigate traffic accidents and issue traffic related citations and complaints. There is a shortage of sworn police officers nationwide and the availability of civilian employees to respond to low level incidents is critical to ensuring YPD has sufficient staff to respond to and investigate events occurring within the community. Having civilian personnel that are available to respond relieves the burden from sworn personnel, freeing sworn officers to respond to emergencies and high-risk incidents.

A.R.S. § 28-627 grants the City the authority to employ civilian personnel to respond to and investigate specific, enumerated traffic related matters. The last update to the City Code relating to the Civilian Accident Investigators was adopted in 1986. An update is necessary to ensure the City is in compliance with State law, does not exceed the authority granted by the State, accepts all authority granted by the State, and is able to continue to employ civilian traffic personnel.

The proposed text amendment contains all authorities granted by the State for “unarmed police aides” and “traffic investigators,” and combines them into one position entitled “Civilian Traffic Investigator.”

FISCAL REQUIREMENTS:

CITY FUNDS:	\$ 0.00	BUDGETED:	\$ 0.00
STATE FUNDS:	\$ 0.00	AVAILABLE TO TRANSFER:	\$ 0.00
FEDERAL FUNDS:	\$ 0.00	IN CONTINGENCY:	\$ 0.00

File #: O2025-007**Agenda Date:** 3/5/2025**Agenda #:** 1.

OTHER SOURCES:	\$ 0.00	FUNDING: ACCOUNT/FUND #/CIP
TOTAL\$ 0.00		
-		
To total; right click number & choose "Update Field"		

FISCAL IMPACT STATEMENT:

NONE

ADDITIONAL INFORMATION:

SUPPORTING DOCUMENTS NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT ARE ON FILE IN THE OFFICE OF THE CITY CLERK:

NONE

IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?

- ☐ Department
- ☐ City Clerk's Office
- ☐ Document to be recorded
- ☐ Document to be codified

Acting City Administrator: John D. Simonton	Date: 02/25/2025
Reviewed by City Attorney: Richard W. Files	Date: 02/24/2025

ORDINANCE NO. O2025-007

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF YUMA, ARIZONA, AMENDING TITLE 3, CHAPTER 32 OF THE YUMA CITY CODE REGULATING CIVILIAN ACCIDENT INVESTIGATORS

WHEREAS, the State of Arizona, through Arizona Revised Statutes (A.R.S.) § 28-627, authorizes the City to employ civilians to perform limited traffic related tasks; and,

WHEREAS, the City of Yuma Police Department employs civilians pursuant to A.R.S. § 28-627; and,

WHEREAS, the current ordinances related to Civilian Accident Investigators were adopted in 1986, in reliance on a former version of A.R.S. § 28-627; and,

WHEREAS, the current ordinances related to Civilian Accident Investigators need updating for clarity and compliance with current State law; and,

WHEREAS, the employment of civilians pursuant to A.R.S. § 28-627 is necessary for the operation of the Yuma Police Department to relieve sworn officers from responding to low level traffic related incidents and enforcement.

NOW THEREFORE, BE IT ORDAINED by the City Council of the City of Yuma as follows:

SECTION 1: Yuma City Code, Chapter 32: *Civilian Accident Investigators*, is amended as follows where strike through text shows deletions and bolded text shows additions to the ordinance:

CIVILIAN ACCIDENT TRAFFIC INVESTIGATORS

~~§ 32-45 Definition.~~

~~—For the purpose of this subchapter, the following definition shall apply unless the context clearly indicates or requires a different meaning.~~

~~—CIVILIAN ACCIDENT INVESTIGATOR. A duly authorized agent (male or female) employed by the Yuma Police Department under the authority of this subchapter.~~

§ 32-465 Established; Appointment.

The position of **eCivilian Traffic accident i**Investigator is hereby created within the Yuma Police Department, which shall be under the control and supervision of the Chief of Police or his designee. They shall be appointed in accord with the personnel rules of the city. **pursuant to A.R.S. § 28-627(E)(1) and (2).**

§ 32-476 Official Status.

~~The civilian accident investigator will be “non-sworn personnel authorized to investigate traffic accidents occurring within the city limits, and issue both criminal and civil traffic citations pursuant to A.R.S. § 28-627, or pursuant to the traffic rules of this code. The civilian accident investigator will not have powers of physical arrest. They will not be subject to or acquire any rights to the Police Pension Fund Act of this state.”~~**Civilian Traffic Investigators shall be employees of the City of Yuma. The authority of a Civilian Traffic Investigator is limited to that expressly set forth in A.R.S. § 28-627(E)(1) and (2) and this chapter. A Civilian Traffic Investigator is not granted any other powers or benefits to which**

Arizona Peace Officers are entitled. A Civilian Traffic Investigator shall not carry a firearm while performing duties on behalf of the City of Yuma.

~~§ 32-48 Uniforms.~~

~~The Chief of Police shall designate and specify the type and color of uniform for the civilian accident investigator.~~

§ 32-497 Authority and Duties.

~~The authority and duties of the civilian accident investigator shall be as follows:~~**Civilian Traffic Investigators have the following powers and authorities:**

- A. Issue citations or complaints for violations of Chapter 212 of this Code pertaining to the standing or parking of vehicles.
- B. Investigate traffic accidents occurring within the City of Yuma.
- C. Issue citations or complaints for violations of state statute or the Yuma City Code relating to traffic, if the violation is related to a traffic accident occurring within the City of Yuma.
- D. File written reports as required by A.R.S. § 28-667.

~~(A) The civilian accident investigator shall have the authority to issue civil and criminal traffic citations per A.R.S. § 28-627.~~

~~(B) The civilian accident investigator shall have the authority to enforce city ordinances under the traffic rules of this code, and to issue civil and criminal traffic citations for a violation of said traffic rules.~~

~~(C) The civilian accident investigator shall investigate traffic accidents occurring within the city limits, and related duties as assigned.~~

SECTION 2: Penalty

Any person, entity, or corporation, found in violation of any provision of this ordinance shall be deemed guilty of a class 2 misdemeanor, and shall be punished as provided in § 10-99 of the Yuma City Code.

Adopted this _____ day of _____ 2025.

APPROVED:

Douglas J. Nicholls
Mayor

ATTESTED:

APPROVED AS TO FORM:

Lynda L. Bushong
City Clerk

Richard W. Files
City Attorney