

MINUTES
BUDGET ROUNDTABLE
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY COUNCIL CHAMBERS - YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
May 14, 2020
5:30 p.m.

CALL TO ORDER

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

Councilmembers Present: Shelton, Morris, Knight, McClendon, Shoop, and Mayor Nicholls
Councilmembers Absent: Watts
Staffmembers Present: City Administrator, Philip A. Rodriguez
Director of Financial Services, Lisa Marlin
Deputy City Administrator, Jay Simonton
Various department heads or their representatives
City Attorney, Richard W. Files
City Clerk, Lynda Bushong

I. CITY OF YUMA FISCAL YEAR 2021 ANNUAL BUDGET

Rodriguez presented an overview of the Fiscal Year 2021 Annual Budget as follows:

- Revenue Projections
 - Because each fund has different parameters regarding how it can be used, the estimated reduction varies across the funds with a minimum decrease of 10%

Decrease in Revenue (Estimated)	
Fund	%
General Fund	
Sales Tax (City, State, and Vehicle)	15%
Fees for Service	10%
Highway User Revenue Fund (HURF) Gasoline Tax	10%
City Road Tax	15%
Public Safety Tax	15%
Two Percent Tax	28%
Water/Wastewater	10%
Desert Hills Golf Course	20%
<i>All percentages are approximate</i>	

- Highway User Revenue Fund (HURF)
 - Pavement Preservation expenditures are budgeted to increase from approximately \$1.4 million in FY 2020 to approximately \$2.8 million for FY 2021
- Two Percent Tax Fund
 - The City anticipates a decrease of approximately 28% in the Two Percent Tax fund and implemented a decrease on the expenditure side by about the same amount

- Initially revenues were tracking to capture \$7.1 million in FY 2020, that estimate was adjusted down due to changes during the last quarter
- Mayor and City Council
 - Increase is due to the reallocation of the Outside Agency Agreements that were assigned to other department budgets in past years.
 - Outside Agency Agreements are better aligned to Mayor and City Council's budget to track these expenditures and outcomes
 - Personnel expenditures decreased for FY 2021 due to the Executive Assistant position being moved to the City Administration budget for ease of accounting
- City Administration
 - The Facilities Maintenance budget will be absorbed into the City Administration budget, which will increase by \$1.6 million in personnel and \$3.8 million in operating expenses
 - This will allow City Administration to better monitor budget and expenditures in Facilities Maintenance and allow more transparency
 - Through this change and finding efficiencies, the cost for Facilities Maintenance was reduced by over \$1 million
- Parks and Recreation
 - Personnel costs will see a substantial decrease due to the freezing of vacancies and in anticipation of the potential suspension of summer programs
 - Several grants have been awarded to the City and more are being sought to continue to improve Parks and Recreation facilities
 - The City is committed to opening pools this summer, but will most likely open fewer pools which is reflected in the budget operating and personnel expenditures
- Police Department
 - Police Department personnel will increase with the addition of 12 full-time positions as of January 1, 2021, to provide needed investigative and patrol resources
- Fire Department
 - As of July 1, 2020, the City is responsible for 100% of the salaries and benefits of nine positions that were added in 2018 with the Staffing for Adequate Fire and Emergency Response (SAFER) Grant

Discussion

- By absorbing the Facilities Maintenance positions into City Administration rather than attributing them to departments throughout the City, it will be easier to track personnel costs and determine the full cost of benefits or Employee Related Expenses (EREs) (**Mayor Nicholls/Marlin**)
- Projects and direct budgeting are being used to appropriately track the use of Facilities Maintenance services to the various departments and divisions throughout the City (**Mayor Nicholls/Marlin**)
- The change in personnel costs associated with employees who took advantage of the early retirement option are included in the proposed budget (**Knight/Rodriguez**)
- Potential cost savings related to retiring employees will be achieved by not creating vacancies for non-critical positions until January 1, 2021, and those savings will be reflected in the Personnel and Operational Efficiency budget line item (**Rodriguez**)
- Vacancies will need to be re-vetted in terms of critical need and will not automatically be filled in January 2021 (**Rodriguez**)
- The total number of employees listed on page 100 of the budget is the number of positions and not the actual number of employees (**Knight/Rodriguez**)
- The second half of the Labor Market Study (LMS) pay increase will be deferred until January 2021 at the earliest depending on revenues (**Knight/Rodriguez**)

- City-operated concessions at the Pacific Avenue Athletic Complex (PAAC) will be shut down and the City will look into privatizing that operation (**Knight/Simonton**)
- In the interim, options including allowing patrons to bring their own food and beverages or allowing food trucks to operate in the parking lot of the PAAC are being considered (**Knight/Simonton**)

Shoop raised a question related to the Visit Yuma funding. **McClendon** declared a conflict of interest due to her employment with Visit Yuma and left the dais.

- Proposed funding for Visit Yuma was decreased from \$600,000 to \$450,000, a reduction of about 25%, due to the anticipated 28% decrease in Two Percent Tax revenues (**Shoop/Rodriguez**)

McClendon returned to the dais.

- Funding for the Greater Yuma Economic Development Corporation (GYEDC) comes from both the General Fund and the Water Fund as GYEDC helps to bring new companies to Yuma that then become water customers (**Shoop/Simonton**)
- A summary of the companies brought to Yuma by GYEDC will be provided by President/CEO Julie Engel at her next semi-annual report to City Council (**Shoop/Simonton**)

Additional questions related to Visit Yuma were asked and having previously declared a conflict of interest regarding Visit Yuma, **McClendon** left the dais.

- The City Administrator will reach out to Linda Morgan of Visit Yuma to see what impact the \$150,000 reduction in funding will have on their operations (**Morris/Rodriguez**)
- It may not make sense to reduce Visit Yuma's funding if the additional \$150,000 would allow them to help generate at least \$150,000 in revenues through the Two Percent Tax (**Morris**)

McClendon returned to the dais.

- A 10% decrease in revenues is anticipated to the Water Fund due to business and restaurant closures leading to reduced water usage (**Shelton/Marlin**)
- The reduction to the Equipment Replacement Fund is due to fewer larger pieces of equipment being scheduled for replacement in FY 2021; some contingency dollars will remain in the budget for equipment that may break down and are found not to be cost effective to repair (**Shelton/Marlin**)
- Because actual claims have been less than anticipated, the Workers Compensation Fund balance has become too large; department contributions based on personnel costs will be reduced until the balance comes back down to a reasonable level (**Shelton/Marlin**)
- It takes Parks and Recreation about 30 days to recruit, hire, and train personnel in order to open any of the City's pools (**Shelton/Rodriguez**)
- Several of the City's pools are not filled with water at this time, and it would cost approximately \$25,000 to get each pool up and running and staffed with lifeguards (**Shelton/Rodriguez**)
- The City is not anticipating the use of Kennedy Pool or Carver Pool this summer in part due to the lack of availability of certified lifeguards; it will be difficult to hire enough lifeguards to open Marcus Pool and Valley Aquatic Center, which will be used by swim teams and for open swim (**Shelton/Simonton**)
- Opening Kennedy Pool in addition to Marcus Pool and Valley Aquatic Center would cover the majority of the City geographically, so the City should exhaust all possibilities before deciding not to

open; Parks and Recreation will provide a cost estimate for opening Kennedy Pool
(**McClendon/Simonton**)

- Options such as water play days at Kennedy Park will be considered; additionally, splash pads will be open at Friendship Park and Carver Park (**Nicholls/Simonton**)
- Programs are in place at Desert Hills Golf Course (DHGC) that have positively impacted revenues and given better times may have reversed the downward trend; however, privatization is still being considered (**Nicholls**)
- Shutting down DHGC or reducing operating hours during the summer may not be beneficial because maintenance would need to continue during that time and no revenues will be brought in to offset those costs (**McClendon/Knight**)
- The lifecycle costs of grant funded projects should be considered, because once grant funding is exhausted the City may still be financially responsible for years into the future (**Shoop/Nicholls**)
- Many private golf courses are profitable, so there should be a middle ground to where DHGC can cover its costs by cutting expenses and running more efficiently (**Morris**)
- Expenditures outweigh revenues in the overall budget by \$29.7 million; the difference comes from the fund balance left at the end of the prior year (**Morris/Rodriguez**)
- A Frontline Focus Group will be created with at least two representatives from every department who will work to track revenues and expenditures to help determine the right timing of the implementation of the second half of the LMS adjustment (**Morris/Rodriguez**)
- While expenditures initially rose as a result of City employees working from home due to the need to purchase necessary tools such as laptops and software licenses, overall it will result in a cost savings (**Morris/Rodriguez**)
- The 2% Target Fund Reserve will be discussed with City Council during the next budget planning cycle to determine whether the City will need additional budget stabilization in FY 2022 (**Knight/Rodriguez**)

II. EXECUTIVE SESSION

There being no further business, **Mayor Nicholls** adjourned the meeting at 7:08 p.m. No Executive Session was held

Lynda L. Bushong, City Clerk

APPROVED:

Douglas J. Nicholls, Mayor