

**MINUTES**  
**REGULAR WORKSESSION**  
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA  
CITY COUNCIL CHAMBERS - YUMA CITY HALL  
ONE CITY PLAZA, YUMA, ARIZONA  
**March 20, 2018**  
**6:00 p.m.**

**CALL TO ORDER**

**Deputy Mayor Knight** called the Regular City Council Worksession to order at 6:03 p.m.

Councilmembers Present:	Shelton, Watts, Thomas, and Deputy Mayor Knight
Councilmembers Absent:	McClendon, Miller, and Mayor Nicholls
Staffmembers Present:	Deputy City Administrator, Ron Corbin Assistant City Engineer, Andrew McGarvie City Engineer, Jeff Kramer Police Chief, John Lekan Principal Planner, Jennifer Albers Various department heads or their representatives City Attorney, Richard W. Files City Clerk, Lynda Bushong

**I. DEVELOPMENT FEES, LAND USE ASSUMPTIONS, AND INFRASTRUCTURE IMPROVEMENTS PLAN**

**Ben Tischler** of TischlerBise presented the draft Land Use Assumptions and Infrastructure Improvements Plan as follows:

**Purpose of development fees**

- Development fees are a way to accommodate new development while also avoiding the use of general funds on development that should be paid for by future development
- Much easier to have a defined Infrastructure Improvement Plan (IIP) with development fees than to negotiate with developers on a case-by-case basis
- Allows comprehensive planning, economic development goals, and revenue strategies to work together to better fund infrastructure

**Eligible Costs**

- Those designed to serve new development
- Not for maintenance or repairs
- Excess capacity in existing facilities
- Not for improvements required to correct existing deficiencies unless there is a funding plan in place to increase the level of service

**Impact Fee Calculation**

- The product of demand units per development unit, infrastructure units per demand unit, and dollars per infrastructure unit

### Fee Methodologies

- Buy-In Approach (Past)
  - New growth is buying in to the cost the community has already incurred to provide growth-related capacity
  - Also known as recoupment or cost recovery approach
- Incremental Expansion Approach (Present)
  - Fee based on cost to replicate existing levels of service
  - Also known as replacement cost or level of service approach
  - Provides flexibility
- Plan-Based Approach (Future)
  - Reflects an adopted Capital Improvement Program (CIP) or Master Plan
  - Will be scrutinized more closely by development community

### Evaluate Need for Credits

- Site Specific – reimburse developer for construction of a facility included in fee calculations
- Debt Service – avoid double payment due to existing or future bonds
- Dedicated Revenues – credit for property tax, local option sales tax, gas tax, etc.

### Overview of Adoption Process

- Round One
  - Land Use Assumptions (LUA) & IIP
- Round Two
  - Development Fees
  - Modify based on Round One input and decisions
  - Revenue projections
  - Required offsets

### Key Changes to Legislation

- Three integrated products
  - LUA – projects at least 10 years and approved by elected officials
  - Infrastructure Improvements Plan – limited to 10 years; no build-out analysis
  - Development Fees – part of a broader revenue strategy
- Based on same level of service provided to existing development
- Limitations on public services
  - Focus on mid-sized parks
  - No greater than 10,000 square feet for libraries
  - No regional training facilities for public safety
- Refunds can be requested if improvements are not built within the 10-year time frame

### Demographics

- Population – based on Arizona Department of Administrations estimates and projections
- Housing Units – converted from population projections using U.S. Census Bureau factors
- Employment – U.S. Census Bureau estimates and current jobs per person ratio on projections
- Nonresidential Floor Area – converted from jobs using Institute of Transportation Engineers factors
- All IIPs for the City of Yuma North Service Area

### Growth Projections

- Housing Units –526 units per year over the next five years
- Nonresidential Square Footage –355 square feet per year over the next five years
- Population –14,000 over the next 10 years
- Housing Units –5,400 over the next 10 years
- Employment – 8,779 over the next ten years
- Nonresidential Floor Area – 3.7 billion square feet over the next ten years

### Fee Methods and Cost Components

Fee Type	Incremental Expansion	Plan-Based	Cost Recovery	Cost Allocation
Parks and Recreation	Regional & Community Park Improvements, Neighborhood Park Improvement, Bike Paths	Development Fee Study	N/A	Peak Population
Police	Facilities, Vehicles, Equipment, Fleet Services	Development Fee Study	N/A	Peak Population, Nonresidential Trips
Fire	Facilities, Apparatus, Ambulances, Fleet Services	Development Fee Study	N/A	Peak Population, Jobs
General Government	N/A	Development Fee Study	City Hall	Peak Population, Jobs
Streets	Arterials, Intersections, Bike Lanes	Development Fee Study, Bridges	N/A	Vehicle Miles of Travel

### Parks and Recreation

- Demand
  - Regional Community Parks – 32.1 developed acres (\$5.2 million)
  - Neighborhood Parks – 8.5 developed acres (\$340,000)
  - Bike Paths – 1.8 miles (\$855,000)
- Proposed Fees
  - Single-Family – \$1,463 (increase of \$452)
  - Multi-Family – \$1,019 (increase of \$222)
  - All Other Types – \$850 (increase of \$238)

### Police

- Demand
  - Facilities – 23,486 square feet (\$1.9 million)
  - Vehicles – 23.8 vehicles (\$1.3 million)
  - Equipment – 1.7 units (\$12,750)
  - Fleet Services – 847 square feet (\$304,920)
- Proposed Fees
  - Residential (per unit)
    - Single-Family - \$412 (decrease of \$94)
    - Multi-Family - \$287 (decrease of \$112)
    - All Other Types - \$239 (decrease of \$67)
  - Nonresidential (per square foot)
    - Commercial/Retail - \$0.63 (decrease of \$0.32)
    - Office/Institutional - \$0.25 (decrease of \$0.22)
    - Industrial/Flex - \$0.16 (decrease of \$0.14)
    - Hotel (per room) - \$126 (decrease of \$113)

## Fire

- Demand
  - Facilities – 9,546 square feet (\$2.8 million)
  - Apparatus – 2.07 units (\$1.5 million)
  - Ambulances – 1.3 units (\$305,900)
  - Fleet Services – 96 square feet (\$34,560)
- Proposed Fees
  - Residential (per unit)
    - Single-Family - \$384 (increase of \$45)
    - Multi-Family - \$268 (increase of \$1)
    - All Other Types - \$223 (increase of \$18)
  - Nonresidential (per square foot)
    - Commercial/Retail - \$0.68 (increase of \$0.53)
    - Office/Institutional - \$1.13 (increase of \$0.87)
    - Industrial/Flex - \$0.79 (increase of \$0.62)
    - Hotel (per room) - \$150 (increase of \$117)

## General Government

- Debt Recovery on City Hall
  - Total debt of \$41.2 million
  - Currently at 75% capacity, remaining 25% capacity is allocated to increase in population/jobs
    - 73% to residential, and 27% to nonresidential
  - Debt credit based on future principal and interest payments included to offset tax revenue generated from future development
- Proposed Fees
  - Residential (per unit)
    - Single-Family - \$152 (increase of \$132)
    - Multi-Family - \$106 (increase of \$91)
    - All Other Types - \$88 (increase of \$76)
  - Nonresidential (per square foot)
    - Commercial/Retail - \$0.08 (increase of \$0.07)
    - Office/Institutional - \$0.14 (increase of \$0.12)
    - Industrial/Flex - \$0.10 (increase of \$0.09)
    - Hotel (per room) - \$18 (increase of \$15)

## Streets

- Demand
  - Arterials – 10 lane miles (\$9.9 million)
  - Signalized Intersections – 4.1 intersections (\$2.6 million)
  - Bike Lanes – 1.8 miles (\$315,000)
- Planned Projects
  - 45<sup>th</sup> Street (East Half) - \$490,880 (\$186,044 growth cost)
  - 36<sup>th</sup> Street Bridge - \$1.4 million (\$893,200 growth cost)
  - 48<sup>th</sup> Street Bridge - \$1.5 million (\$944,240 growth cost)
  - Avenue 7E and 40<sup>th</sup> Street Canal Box - \$1.9 million (\$1.2 million growth cost)

- Proposed Fees
  - Residential (per unit)
    - Single-Family - \$4,356 (increase of \$1,784)
    - Multi-Family - \$3,142 (increase of \$1,185)
    - All Other Types - \$2,512 (increase of \$1,014)
  - Nonresidential (per square foot)
    - Commercial/Retail - \$4.22 (increase of \$2.30)
    - Office/Institutional - \$2.74 (increase of \$1.56)
    - Industrial/Flex - \$1.82 (increase of \$1.06)
    - Hotel (per room) - \$921 (increase of \$423)

**Knight** asked why the increases on some of the development fees is so great if a study is completed every five years. **McGarvie** stated that many projects were pulled out of the IIP to reduce the development fees due to the economic downturn. The previous fees were almost double what they are currently, so these increases are getting the City back to where it should be.

**Thomas** asked if the development fees before the downturn were realistic or if they were inflated. **Tischler** explained that the development fees were previously higher because there were more projects included in the IIP due to the increased development at that time. **Thomas** opined that the City should be cautious with its projections and proceed realistically to avoid collecting excessive fees. **Tischler** stated that because an incremental expansion methodology is used for almost all of the fee categories, if the growth rate is slowed less revenue will be generated. The allocation is not changed by an increase or decrease in development like a plan-based approach would.

**Watts** asked to what extent the general fund was utilized to compensate for the lower development fees. **McGarvie** explained that the CIP was significantly scaled down to reduce the need for development fees and eliminate the need to utilize the general fund.

**Tischler** displayed a slide summarizing the adoption process as follows:

- March 21<sup>st</sup> – Public hearing on LUA and IIP
- May 2<sup>nd</sup> – Public hearing to adopt LUA and IIP, notice of public hearing on development fees
- June 6<sup>th</sup> – Public hearing on proposed development fees
- July 18<sup>th</sup> – Public hearing to adopt development fees

**Shelton** asked if stakeholders were notified of the public hearing tomorrow. **McGarvie** stated that there was a notice published in the newspaper, it is listed on the City's website, and he has personally sent the information to some of the developers and their attorneys.

## II. PROJECT DELIVERY METHODS

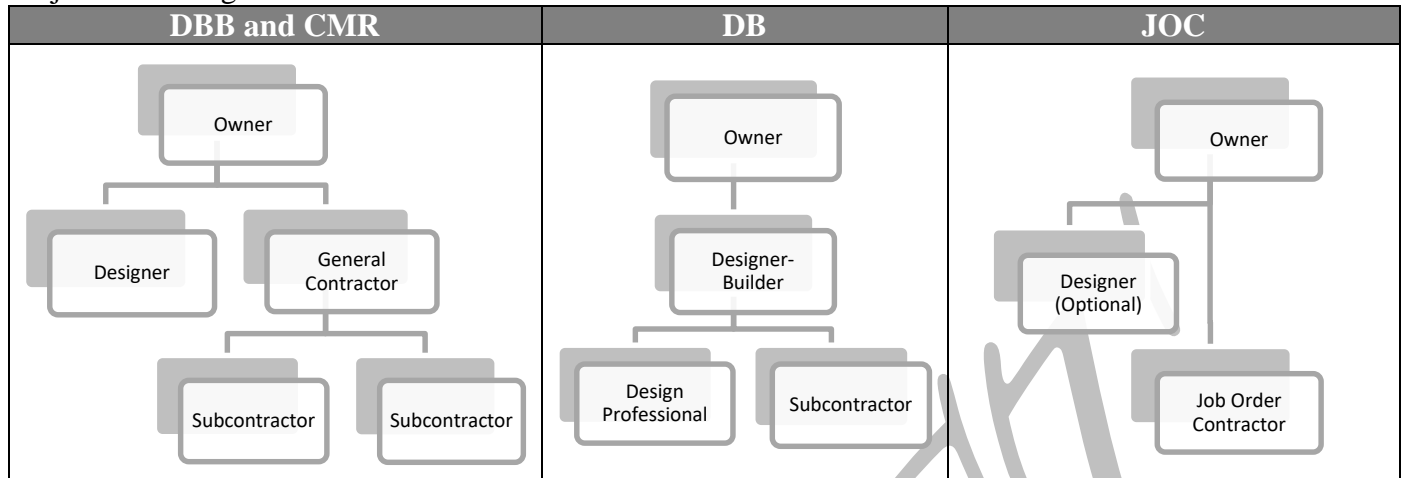
**Kramer** presented an overview of how capital projects are constructed in the City. At one time, projects were built by a master builder. One person conceptualized and designed the project and oversaw the construction. Specialization and separation occurred over time, with different stages of the project being completed by different people. Now in the digital age collaboration and integration is returning, where architects, contractors, and owners are part of a unified team.

Arizona, like most states up until the turn of the century, completed projects on a low bid basis. The contractor that had the lowest price got the work, but there were challenges with schedule, budget, and getting the project completed properly. The private sector was successfully utilizing Alternative Project Delivery Methods (APDM), and legislation was passed in 2000 allowing Arizona to do the same. This allowed contractors to be selected based on qualifications and elevated construction from a commodity to a service.

The delivery methods available today are:

- Design-Bid-Build (DBB)
  - Design and construction by different entities under separate contracts
  - Architect/Engineer and owner's representative (if applicable) are selected on qualification
  - Construction contractor selected on lowest price only
  - Linear process – each step must be completed before proceeding to the next
  - Adversarial relationships often exist
- Construction Manager At Risk (CMAR)
  - Design and construction by different entities under separate contracts
  - Architect/Engineer, CMAR, and owner's representative (if applicable) are selected on qualifications
  - CMAR provides preconstruction services
  - Construction cost is negotiated as a Guaranteed Maximum Price (GMP)
  - CMAR becomes general contractor for construction
  - General contractor uses owner-approved subcontractors
  - Open book, collaborative process
- Design-Build (DB)
  - Design and construction by one entity under a single contract
  - Owner's representative (if applicable) is selected on qualifications
  - Design-builder selected on qualifications or best value
  - Shifts design risk from owner to design-builder, no "finger pointing"
  - Construction costs negotiated as a GMP
  - Design-builder uses owner-approved subcontractors
  - Open book, collaborative process
- Job Order Contracting (JOC)
  - Contractor selected on qualifications or best value
  - Contractor performs multiple projects over time
  - Design (if any) by owner, architect/engineer or JOC
  - Construction cost established with unit price book and multiplier, or negotiated like a GMP
  - Typically used for small, repetitive projects like landscaping, localized drainage, sidewalks and ramps, pavement repair, electrical, etc.

### Project Team Organizations



The big difference between the four delivery methods is timing. DBB is very linear process, with each phase of the project beginning after the prior phase is complete. With CMAR there is some overlap because the contractor is involved early in the project and the bidding time gap is eliminated, creating a time savings. DB has an even shorter timeframe because they are a more integrated team. With JOC there are gaps between the jobs, but they are on call so getting a job order and starting construction can happen very quickly.

The key is choosing the right delivery method for the project:

- DBB - typical street improvements, storm drains, water/wastewater lines
- CMAR - Buildings, water/wastewater treatment facilities, complex horizontal projects, aviation
- DB – Fast track (speed premium), fixed-price variable scope (scope not fully defined)
- JOC – Renovation, remodel, retrofit, small projects

A majority of the City's projects will be delivered using DBB and JOC for the foreseeable future, with CMAR a likely option for buildings and larger, more complex horizontal projects. DB will most likely be an infrequent option reserved for special cases.

The City will re-procure all JOC's, starting in Fiscal Year 2019, into the following six different categories to allow better control of contractor selection and costs:

1. Transportation, Pavement Rehabilitation and Repair
2. Concrete Flatwork, Walls and Structures
3. Water and Wastewater Lines and Related Facilities
4. Utility Plants and Related Facilities
5. Landscaping and Parks
6. Facilities and Buildings

### CMAR Candidate Projects

- Utilities Administration Building
- Fire Station 4 Remodel
- Avenue 9E from 24<sup>th</sup> Street to North Frontage Road
- 16<sup>th</sup> Street from Avenue B to Avenue C
- Desert Dunes Water Reclamation Facility Expansion

### DB Candidate Projects

- Fire Station 7

### III. REGULAR CITY COUNCIL MEETING AGENDA OF MARCH 21, 2018

Motion Consent Agenda Item B.7 – Post-Design Services for the Fleet Services Maintenance Facility (approve post-design services with WSM Architects in the amount of \$86,719) (Engineering)

**Edwards** asked who WSM Architects is. **Kramer** stated that WSM Architects of Tucson was the prime architect on the project, while the local firm Thompson Architects was a sub-contractor to them. **Knight** asked why this was not included in the original bid process. **Kramer** explained that post-design services is design support during the construction process. Often until the end of the design when the plans are better defined the extent of the post-design services is unknown.

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Motion Consent Agenda Item B.9 – Intergovernmental Agreement: City of Lake Havasu, Arizona Public Safety Training Facility Use (to allow Lake Havasu public safety personnel to use the City's Public Safety Training Facility) (Police)

**Knight** asked what the usual fee is for the use of the facility, or if it is determined on a case-by-case basis. **Lekan** stated that normally these agreements include the ability to charge a use fee, but the City has not done so in the past. If any fee is charged, it is based on consumables or damage.

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Resolution Consent Agenda R2018-002 – Environmental Solid Waste Fee and Refuse Collection and Disposal Charges and Fees (increase specified fees and charges, update collection pickups, and repeal prior resolutions) (Public Works)

**Knight** stated it was his understanding, based on previous discussion, that the documents would allow for City Council to increase the solid waste fee by an amount equal to the Cost of Living Adjustment (COLA) or 3%, whichever is lesser, as part of the annual budget process. **Edwards** expressed his agreement. **Bushong** stated that a motion will be drafted and placed on the dais tomorrow.

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Introduction of Ordinance O2018-012 – Annexation Area No. ANEX-20377-2017: Driftwood (approximately 113.9 acres of property generally located at the southwest corner of Avenue 6E and 44<sup>th</sup> Street) (DCD)

**Watts** asked how the land use designation will change for this property. **Albers** stated that the annexation will change the zoning from Rural Density Residential to Agriculture, but the applicants are requesting a rezoning to Low Density Residential. **Watts** asked if there is something that can be done to protect the current rural property owners, such as a disclosure to future property owners that they are near rural and agricultural areas where there will be associated odors and sounds. **Albers** stated that the practice when developing properties in agriculture areas is to have an agriculture disclosure statement that applies to those properties, similar to an aviation disclosure in areas where there is overflight. The pre-annexation agreement identified areas with a 50-foot setback between the new development and the existing development to help provide a buffer. There will also be no access from the new development onto Avenue 5 ½ E, which is a dirt road.

**Knight** added that the required wall along the west side of the property will be higher than a normal block wall in addition to the 50-foot setback. The developer has also agreed to the R-1-12 zoning on that side of



the subdivision, which is a considerable compromise when the rest of the subdivision is R-1-8. **Albers** explained that the R-1-12 is a 12,000 square-foot minimum lot size, while the R-1-8 has an 8,000 square-foot minimum. In comparison, typical zoning in the City is R-1-6 which has a 6,000 square-foot minimum lot size. **Knight** pointed out that this annexation will also provide an elementary school for residents in that area that children will be able to walk to.

#### IV. EXECUTIVE SESSION

There being no further business, **Deputy Mayor Knight** adjourned the meeting at 7:48 p.m. No Executive Session was held

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Lynda L. Bushong, City Clerk

APPROVED:

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Douglas J. Nicholls, Mayor