

MINUTES
REGULAR CITY COUNCIL WORKSESSION
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY COUNCIL CHAMBERS - YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
April 30, 2024
5:30 p.m.

CALL TO ORDER

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

Councilmembers Present: Morales, Smith, Morris, Shoop, Shelton, and Mayor Nicholls
Councilmembers Absent: Knight (passed away 4/14/2024 – seat vacant)
Staffmembers Present: Acting City Administrator, John D. Simonton
Director of Finance, Doug Allen
CIP Administrator, Sue Cowey
Assistant Director of Facilities Management, Justin Lewis
Chief of Police, Thomas Garrity
Municipal Court Administrator, Del Miller
Director of Engineering, David Wostenberg
Various department heads or their representatives
City Attorney, Richard W. Files
City Clerk, Lynda L. Bushong

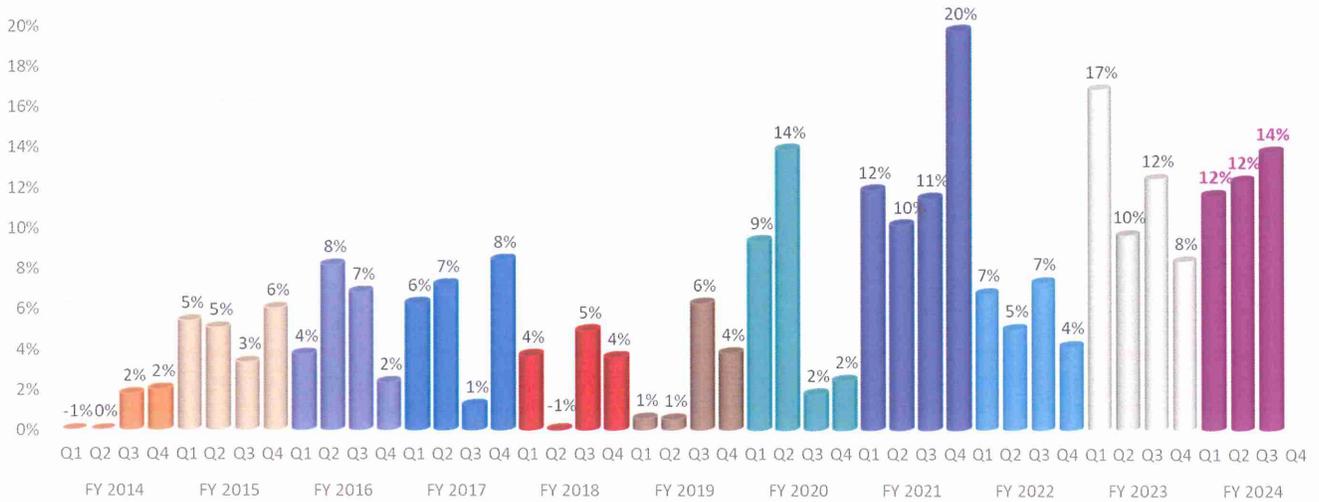
I. QUARTERLY FINANCIAL BRIEFING

Allen presented information relating to the City’s Fiscal Year (FY) 2024 financial status and outlook for FY 2025 as follows:

- FY 2024 Financial Status
 - Major Revenues

Major Operating Revenue		Benchmark (BM) to Budget (BUD)					Year Over Year		
(A) Source	(B) Fund	(C) FY 2024 July-March	(D) FY 2024 Total Budget	(E) % of Budget	(F) Bench Mark	(G) Variance to Bench Mark	(H) FY 2023 July-March	(I) Amount Change	(J) % Change
(1) City Sales Tax (1.0%)	General	\$ 25,572,924	\$ 33,600,000	76%	75%	0.9%	\$ 24,234,924	\$ 1,338,000	5.5%
(2) Property Tax	“	9,918,765	16,290,776	61%	64%	-2.6%	9,761,627	157,138	1.6%
(3) State Sales Tax	“	11,092,846	14,371,000	77%	76%	1.7%	10,579,586	513,260	4.9%
(4) State Income Tax	“	19,581,615	25,500,000	77%	75%	1.8%	13,814,019	5,767,596	41.8%
(5) Vehicle License Tax	“	4,034,496	5,375,400	75%	74%	1.2%	3,960,174	74,322	1.9%
(6) Gasoline Tax (0.5%)	HURF	7,133,996	9,614,190	74%	74%	0.7%	6,866,911	267,085	3.9%
(7) Road Tax (0.5%)	Road Tax	12,784,288	16,809,600	76%	74%	2.2%	12,115,404	668,884	5.5%
(8) Public Safety Tax (0.2%)	Public Safety	5,111,976	6,711,600	76%	74%	2.3%	4,844,514	267,462	5.5%
(9) Two Percent Tax	Two Percent	6,477,717	8,925,000	73%	72%	0.3%	6,521,726	(44,009)	-0.7%
(10) Water Sales	Water	19,929,603	26,889,250	74%	72%	2.1%	20,099,886	(170,283)	-0.8%
(11) Wastewater Operating	Wastewater	13,730,744	19,044,800	72%	72%	0.2%	13,694,420	36,324	0.3%
(12) Solid Waste Fees	Solid Waste	4,142,638	5,661,785	73%	72%	1.0%	3,917,261	225,377	5.8%
(13) Total Major Operating Revenue		\$139,511,608	\$188,793,401	74%	73%	1.1%	\$130,410,452	\$ 9,101,156	7.0%

○ Revenue and Expenditures – Primary Funds

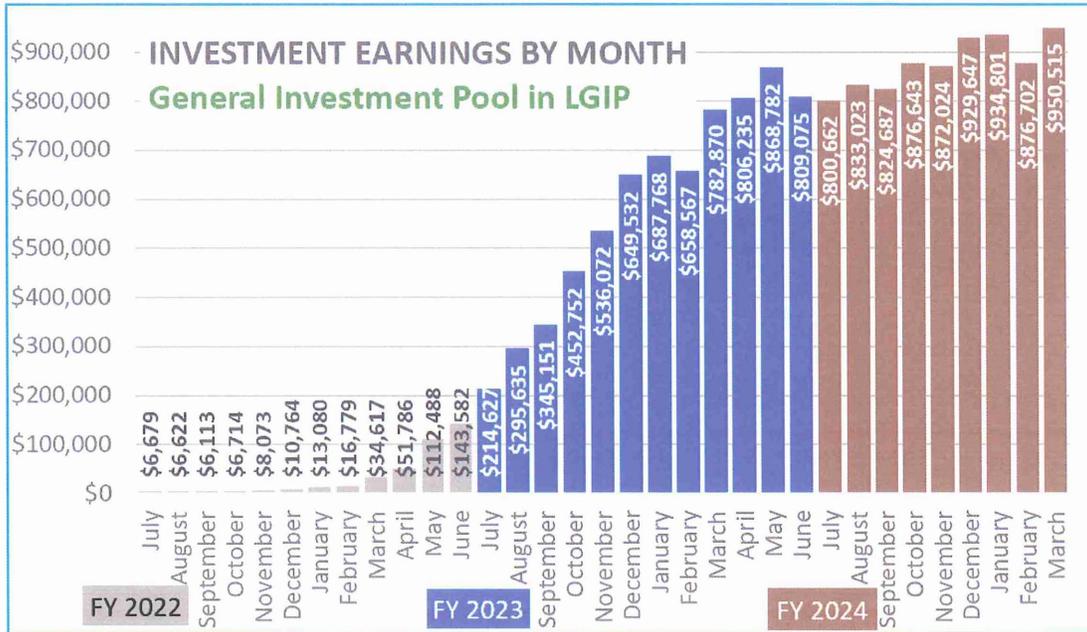


○ Collections by Quarter



○ Investment Earnings – General Pool Only

- YTD Earnings Q3 (July-March)
 - FY 2022 - \$109,441
 - FY 2023 - \$4,622,974
 - FY 2024 - \$7,898,704



o Major Revenues – City Sales Tax

- Overall, FY 2024 total City 1.7% Sales Tax is 5.5% or \$2.3 million more than FY 2023 for the first six months (July-December)
 - The FY 2024 post-audit updated budget goal of 2.2% increase is being met
- Sub-Total Recurring tax revenues, in the General Fund, support the City’s core ongoing operations, personnel, small equipment, contracts, commodities, and debt service
- “All Other” consists of 14 categories primarily driven by Commercial Leasing, Equipment Rental and Communications

- At-Risk or Ending categories have either been, or are at risk of being, discontinued as taxable activities
 - The year-over-year change for food for home consumption (Grocery) has been stabilizing; FY 2023 recorded a 20% increase compared to FY 2022
 - Collections from residential rental leasing activities will cease midway through FY 2025
- Total 2% Tax is 0.7% lower in FY 2024 compared to FY 2023
 - After hyper growth in FY 2021 and FY 2022, estimates for FY 2024 and FY 2025 are level
 - The post-audit updated budget goal of 0.7% decrease is being met

City's 1.7% Sales Tax (1.0% General; 0.5% Road; 0.2% Public Safety)					
Category As Reported by ADOR	July-March FY 2024	July-March FY 2023	July-March FY 2022	Change in FY24/FY23	
				\$	%
Retail	\$ 22,706,259	\$ 21,837,824	\$ 20,639,425	\$ 868,435	4.0%
Restaurants and Bars	4,611,368	4,579,741	4,206,226	31,627	0.7%
Internet Sales*	1,817,957	1,527,310	1,312,709	290,647	19.0%
Hotels	907,612	992,653	978,378	(85,041)	-8.6%
Utilities	2,205,879	2,080,311	2,160,103	125,568	6.0%
All Other	2,350,500	2,235,162	2,269,668	115,338	5.2%
Sub-Total Recurring	\$ 34,599,575	\$ 33,253,001	\$ 31,566,509	\$ 1,346,574	4.0%
Grocery**	5,283,075	5,055,383	4,114,825	227,692	4.5%
Residential Rental Leasing	415,092	431,363	235,968	(16,271)	-3.8%
At-Risk or Ending	\$ 5,698,167	\$ 5,486,746	\$ 4,350,793	\$ 211,421	3.9%
Construction	3,171,448	2,455,130	3,001,659	716,318	29.2%
Total City's 1.7% Tax	\$ 43,469,190	\$ 41,194,877	\$ 38,918,961	\$ 2,274,313	5.5%
<i>* Internet Sales = Marketplace facilitated or remote retail sales of food for home consumption</i>					
<i>** Grocery = Food for home consumption</i>					

Two Percent Tax (2.0%)					
Category As Reported by ADOR	July-March FY 2024	July-March FY 2023	July-March FY 2022	Change in FY24/FY23	
				\$	%
Restaurants and Bars	\$ 5,438,974	\$ 5,388,975	\$ 5,063,837	\$ 49,999	0.9%
Hotels	1,038,744	1,132,749	1,099,588	(94,005)	-8.3%
Total Two Percent Tax	\$ 6,477,718	\$ 6,521,724	\$ 6,163,425	\$ (44,006)	-0.7%

- Expenditures/Expenses
 - Governmental Funds
 - For the third quarter, all presented governmental operating funds are meeting their revenue benchmark goal and spending less than 75% of the approved budget
 - Like many Arizona cities, Yuma's year-over-year spending is higher in FY 2024 than it was in FY 2023, primarily due to inflationary factors and supply chain delays that caused deferred spending from previous years; this is expected to continue in FY 2025 and potentially in FY 2026

01 General Fund	Budget and Actual				Year Over Year		
	FY 2024 Q3	Total Budget	\$ Remaining	% Budget	FY 2023 Q3	\$ Change	% Change
Total Revenue	\$ 87,358,625	\$ 115,999,806	\$ 28,641,181	75%	\$ 79,266,784	\$ 8,091,841	10%
Total Expenditures (Operating)	(64,844,004)	(100,411,344)	(35,567,340)	65%	(60,663,112)	(4,180,892)	7%
Revenue Over (Under) Expenditures	\$ 22,514,621	\$ 15,588,462	<i>Balance for CIP, Debt, Contingencies</i>		\$ 18,603,672	\$ 3,910,494	

02 HURF (Highway User Revenue Fund)	Budget and Actual				Year Over Year		
	FY 2024 Q3	Total Budget	\$ Remaining	% Budget	FY 2023 Q3	\$ Change	% Change
Total Revenue	\$ 7,030,908	\$ 9,631,690	\$ 2,600,782	73%	\$ 6,957,419	\$ 73,489	1%
Total Expenditures and Projects	(7,160,459)	(12,379,629)	(5,219,170)	58%	(6,685,317)	(475,142)	7%
Revenue Over (Under) Expenditures	\$ (129,551)	\$ (2,747,939)	<i>Planned use of fund balance</i>		\$ 272,102	\$ (401,653)	

03 City Road Tax (.05%) Fund	Budget and Actual				Year Over Year		
	FY 2024 Q3	Total Budget	\$ Remaining	% Budget	FY 2023 Q3	\$ Change	% Change
Total Revenue	\$ 13,332,425	\$ 16,899,556	\$ 3,567,131	79%	\$ 12,432,825	\$ 899,600	7%
Total Expenditures and Projects	(8,157,983)	(24,991,907)	(16,833,924)	33%	(5,484,157)	(2,673,826)	49%
Revenue Over (Under) Expenditures	\$ 5,174,442	\$ (8,092,351)	<i>Planned use of fund balance for CIP</i>		\$ 6,948,668	\$ (1,774,226)	

04 Public Safety Tax (.02%) Fund	Budget and Actual				Year Over Year		
	FY 2024 Q3	Total Budget	\$ Remaining	% Budget	FY 2023 Q3	\$ Change	% Change
Total Revenue	\$ 5,308,782	\$ 6,711,600	\$ 1,402,818	79%	\$ 4,961,957	\$ 346,825	7%
Total Expenditures and Projects	(4,313,636)	(8,936,103)	(4,622,467)	48%	(4,066,473)	(247,163)	6%
Revenue Over (Under) Expenditures	\$ 995,146	\$ (2,224,503)	<i>Planned use of fund balance for CIP</i>		\$ 895,484	\$ 99,662	

05 Two Percent Tax Fund	Budget and Actual				Year Over Year		
	FY 2024 Q3	Total Budget	\$ Remaining	% Budget	FY 2023 Q3	\$ Change	% Change
Total Revenue	\$ 7,337,689	\$ 9,823,000	\$ 2,485,311	75%	\$ 7,362,115	\$ (24,426)	0%
Total Expenditures and Projects	(6,414,639)	(11,029,181)	(4,614,542)	58%	(5,728,673)	(685,966)	12%
Revenue Over (Under) Expenditures	\$ 923,050	\$ (1,206,181)	<i>Planned use of fund balance for equipment</i>		\$ 1,633,442	\$ (710,392)	

- Enterprise Funds
 - Like the City’s Governmental Funds, the Enterprise Funds spending levels are under 75%; while they are circling at or above 75% of the revenue goals, the Enterprise Funds continue consistent revenue growth compared to last year

06 Water Enterprise	Budget and Actual				Year Over Year		
	FY 2024 Q3	Total Budget	\$ Remaining	% Budget	FY 2023 Q3	\$ Change	% Change
Total Income	\$ 21,989,327	\$ 27,881,750	\$ 5,892,423	79%	\$ 21,043,301	\$ 946,026	4%
Total Expenditures (Operating)	(11,745,273)	(23,770,613)	(12,025,340)	49%	(10,910,139)	(835,134)	8%
Income Over (Under) Expenses	\$ 10,244,054	\$ 4,111,137	<i>Balance for CIP</i>		\$ 10,133,162	\$ 110,892	

07 Wastewater Enterprise	Budget and Actual				Year Over Year		
	FY 2024 Q3	Total Budget	\$ Remaining	% Budget	FY 2023 Q3	\$ Change	% Change
Total Income	\$ 17,060,434	\$ 19,122,300	\$ 2,061,866	89%	\$ 15,425,323	\$ 1,635,111	11%
Total Expenditures (Operating)	(11,746,309)	(20,344,199)	(8,597,890)	58%	(11,076,198)	(670,111)	6%
Income Over (Under) Expenses	\$ 5,314,125	\$ (1,221,899)	<i>Planned use of fund balance for CIP</i>		\$ 4,349,125	\$ 965,000	

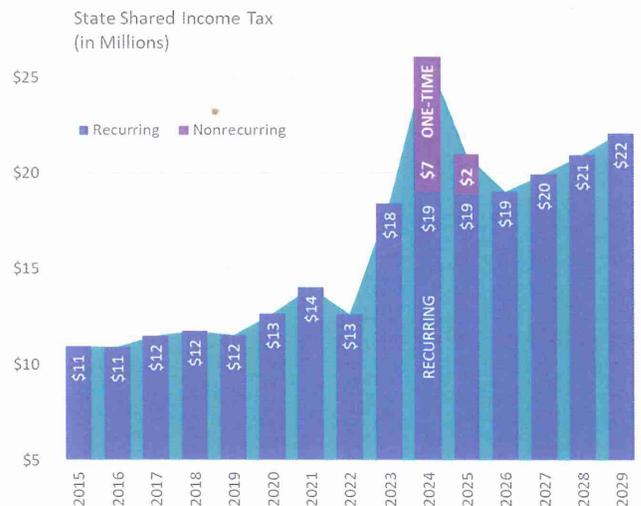
08 Solid Waste Enterprise	Budget and Actual				Year Over Year		
	FY 2024 Q3	Total Budget	\$ Remaining	% Budget	FY 2023 Q3	\$ Change	% Change
Total Income	\$ 4,238,580	\$ 5,675,785	\$ 1,437,205	75%	\$ 3,984,609	\$ 253,971	6%
Total Expenses (Operating)	(3,783,923)	(5,948,620)	(2,164,697)	64%	(3,616,635)	(167,288)	5%
Income Over (Under) Expenses	\$ 454,657	\$ (272,835)	<i>Planned use of fund balance for equipment</i>		\$ 367,974	\$ 86,683	

Discussion

- The -2.6% variance to benchmark for property tax is attributed to the timing of collections and some delinquency collections in prior years that were higher than the current year; there is no concern about making this year’s goal (**Morales/Allen**)

Allen continued his presentation with the FY 2025 Financial Outlook as follows:

- FY 2025 Financial Outlook
 - State Shared Revenues
 - Sales Tax
 - Estimated FY 2025
 - \$14.8 million; 12.5% of the General Fund budget
 - Income Tax
 - \$21.0 million; 18% of the General Fund budget
 - Recurring Revenue vs. One-Time
 - FY 2024 – State allocation to cities and towns up from 15% to 18% of total income tax
 - FY 2025 – State moves from incremental income tax to a flat 2.5% (effective calendar year 2024); impacts cities and towns in the second half of FY 2025
 - FY 2026 – New income tax rate in effect for full fiscal year
 - Capital Reserve and Contingency Fund added in FY 2024 to accumulate one-time revenue



- City Sales Taxes and Property Tax Levy
 - Sales Tax
 - FY 2025 Estimate = \$34.9 million; 30% of the General Fund budget
 - Risks – local/state economy; preemptive legislation (grocery and residential rental taxes)

City's 1.7% Sales Tax										(1% General; 0.5% Road; 0.2% Public Safety)			General Fund Only		
Category	Actual FY 2021	Actual FY 2022	Actual FY 2023	% Change	Estimated FY 2024	% Change	Budget FY 2025	% Change	Estimated FY 2024	Budget FY 2025	% Change				
Retail (Non-Internet)	\$26,331,645	\$28,415,599	\$29,599,446	4.2%	\$30,966,294	4.6%	\$31,579,855	2.0%	\$18,215,467	\$18,576,385	2.0%				
Restaurants and Bars	4,756,792	5,818,497	6,279,049	7.9%	6,341,839	1.0%	6,405,257	1.0%	3,730,494	3,767,798	1.0%				
Internet Sales*	1,411,135	1,819,060	2,086,809	14.7%	2,401,917	15.1%	2,449,955	2.0%	1,412,892	1,441,150	2.0%				
Hotels	986,472	1,382,398	1,372,421	-0.7%	1,290,076	-6.0%	1,264,274	-2.0%	758,868	743,691	-2.0%				
Utilities	2,688,252	2,784,152	2,681,639	-3.7%	2,815,721	5.0%	2,843,878	1.0%	1,656,306	1,672,869	1.0%				
All Other	2,826,702	3,050,269	3,135,856	2.8%	3,298,921	5.2%	3,315,416	0.5%	1,940,542	1,950,245	0.5%				
Sub-Total Recurring	\$39,000,998	\$43,269,975	\$45,155,220	4.4%	\$47,114,768	4.3%	\$47,858,635	1.6%	\$27,714,569	\$28,152,138	1.6%				
Food for Home Consumption	5,541,656	5,705,262	6,821,060	19.6%	7,128,008	4.5%	7,270,568	2.0%	4,192,946	4,276,805	2.0%				
Residential Rental Leasing	186,121	343,235	562,535	63.9%	582,224	3.5%	291,112	-50%	342,485	171,242	-50%				
Sub-Total At-Risk	\$ 5,727,777	\$ 6,048,497	\$ 7,383,595	22.1%	\$ 7,710,232	4.4%	\$ 7,561,680	-1.9%	\$ 4,535,431	\$ 4,448,047	-1.9%				
Construction (Nonrecurring)	3,139,253	4,001,825	3,368,292	-15.8%	3,791,000	12.5%	3,876,000	2.2%	2,230,000	2,280,000	2.2%				
Total City's 1.7% Tax	\$47,868,028	\$53,320,297	\$55,907,107	4.9%	\$58,616,000	4.8%	\$59,296,315	1.2%	\$34,480,000	\$34,880,185	1.2%				

* Internet Sales = Marketplace facilitated or remote retail sales of food for home consumption
Does not include the City's 2% Tax
Residential Rental ending January 1, 2025

- Property Tax Levy
 - FY 2025 Estimate (at the max) \$16.6 million; 14% of the General Fund budget
 - Risks – local economy; preemptive legislation (resetting the maximum levy to current resulted in lost capacity in the mid 2000s)

MAXIMUM LEVY AND TRUTH-IN-TAXATION OVERVIEW											
FY 2023-24 (TY 2023)	Appreciation to Base	FY 2024-25 (Tax Year 2024)									
		A) Stay at Same Base Levy (0% Increase)			B) Back to Maximum Levy (4% Increase)			C) Stay at Same Rate (3% Increase)			
Total		Base	New Construction	Total	Base	New Construction	Total	Base	New Construction	Total	
Proposed 2024-25 Tax Levy	-	\$15,725,832	\$ 230,333	\$ 15,956,165	\$ 16,361,865	\$ 239,651	\$ 16,601,516	\$16,206,045	\$16,206,045	\$32,412,090	
Total Assessed Valuation	\$ 737,574,759	760,097,806	11,133,074	771,230,880	760,097,806	11,133,074	771,230,880	760,097,806	11,133,074	771,230,880	
Taxed on per \$100	7,375,748	7,600,978	111,331	7,712,309	7,600,978	111,331	7,712,309	7,600,978	111,331	7,712,309	
Primary Property Tax Rate	2.1321	2.0689	2.0689	2.0689	2.1526	2.1526	2.1526	2.1321	2.1321	2.1321	
Primary Tax Levy	15,725,832	15,725,863	230,333	15,955,996	16,361,865	239,651	16,601,516	16,206,045	237,368	16,443,413	
		\$ (169) difference due to rounding			\$ 636,033 TNT required			\$16,206,045 TNT required			
		0.00% (need be same/lower OR do TNT)			4.04% (Max increases 2% per year)			3.05%			
TNT (Truth-in-Taxation)		Not to be Published			Required to Publish		Difference: Same Base, Amount Under Max			Required to Publish	
Proposed 2024-25 Primary Property Tax Levy per		\$ 206.89			\$ 215.26		FY 2025 < 4% \$ 645,520			\$ 213.21	
2024-25 Primary Property Tax Levy per \$100,000 Home Value if the Tax Rate was not adjusted in FY 2025		206.89			206.89		FY 2024 < 2% 314,944			206.89	
Proposed 2024-25 Primary Property Tax Levy Increase(Decrease) per \$100,000 Home Value					8.3700		FY 2023 < 2% 303,060			6.3200	
							FY 2022=Max				

- General Fund Balances
 - City of Yuma Policy (Historical Unassigned Balance)
 - Benchmark no less than 20% of revenues or subsequent years expenditures
 - Maintains sufficient cash flow as sales and property tax collections have differing high/low seasons

- Government Finance Officer’s Association Recommendation (Assigned Balance)
 - Diversity of revenues, volatility
 - Exposure to subsidizing programs more than the General Fund
 - Bond ratings and convents ratios (1.2-3.0 coverage)
 - Rainy/snowy day funds
 - Plan to replenish if assigned certain balances are used

○ General Fund Balances – By Purposes

Fund Balances By Purpose	Actual Audited FY 2023	Actual Estimated FY 2024	Budget Amended FY 2024	Budget Proposed FY 2025
PSPRS UAAL Reserve (Committed)				
Beginning balance, July 1	\$12,344,124	\$13,136,272	\$13,136,272	\$13,793,086
Addition	792,148	656,814	300,000	689,654
Reduction	-	-	-	(7,000,000)
Ending balance June 30	\$13,136,272	\$13,793,086	\$13,436,272	\$ 7,482,740
ASRS CPP Reserve (Committed)				
Beginning balance, July 1	-	-	-	\$ 3,168,781
Addition	-	3,168,781	-	3,088,855
Reduction	-	-	-	-
Ending balance June 30	-	\$ 3,168,781	-	\$ 6,257,636
Long-Term Debt - Bonds				
Beginning balance, July 1	\$14,278,946	\$15,037,302	\$15,037,302	\$15,099,670
Addition	15,037,302	15,099,670	15,099,670	12,500,170
Reduction	(14,278,946)	(15,037,302)	(15,037,302)	(15,099,670)
Ending balance June 30	\$15,037,302	\$15,099,670	\$15,099,670	\$12,500,170
Capital Improvement Plan				
Beginning balance, July 1	\$6,418,575	\$6,312,075	\$6,312,075	\$8,281,358
Addition	-	2,416,469	-	2,561,551
Reduction	(106,500)	(447,186)	(447,186)	(7,292,668)
Ending balance June 30	\$6,312,075	\$8,281,358	\$5,864,889	\$3,550,241
Supply Chain Delays				
Beginning balance, July 1	\$2,863,201	\$5,615,542	\$5,615,542	\$7,315,994
Addition	2,752,341	1,700,452	-	-
Reduction	-	-	(5,615,542)	(7,315,994)
Ending balance June 30	\$5,615,542	\$7,315,994	-	-
Unassigned Fund Balance				
Beginning balance, July 1	\$24,167,070	\$29,849,742	\$29,849,742	\$34,540,728
Addition	-	4,690,986	-	-
Reduction	5,682,672	-	(6,774,345)	(5,275,631)
Ending balance June 30	\$29,849,742	\$34,540,728	\$23,075,397	\$29,265,098

- Future Considerations
 - FY 2025 Policy Considerations
 - Future considerations for City Council
 - Scheduling periodically over next year (mostly quarterly)
 - Not all require immediate action or budget authority

- Budget authority programmed in Proposed Budget, if needed
- City Administrator recommendations may be to move forward or hold for future action
- Future Considerations – Sooner / This Year

Standard Policies: <ul style="list-style-type: none"> • Budget and Levy Adoption (Annual Event) • PSPRS Funding Policy (Annual Event) • Designate Chief Financial Officer (CFO) for Annual Expenditure Limitation Report (AELR) (Annual Event) 	Finance RFP/RFQ: <ul style="list-style-type: none"> • Independent Audit Services (Firm Since 1994) • Investment Management (Co. Since 2002) • TPT Audit (Expert Since 1990s) 	Reporting and Use of Funds: <ul style="list-style-type: none"> • River Development (Separate For Audit Reporting) • Opioid Settlement (Separate Account, Approve Uses) • Save AZ – Prop. 207 (Approve Uses)
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- Future Considerations – Later / Next Fiscal Year

Model City Tax Code (MCTC): <ul style="list-style-type: none"> • Update Local Option (Two-Tier) • Consider Local Options (Various Options) • Update Full Model City Tax Code (MCTC) (When Available to Cities) 	Financing Considerations: <ul style="list-style-type: none"> • American Rescue Plan Act (Amend Project Budgets) • Public Safety Pension (Unfunded Accrued Liability) • Arizona State Retirement (Repayment Program) 	Capital Asset Policy Thresholds: <ul style="list-style-type: none"> • Last Set in 2003 (Equipment > \$5,000 > 1 Year) • Equipment Costs Increased (Unintended Capitalization) • Technology Changed (Unintended Capitalization)
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Discussion

- Regarding future considerations about reporting and use of funds: Opioid Settlement are funds the City will receive that will be reported separately for audit purposes; and, River Development are fees that were previously reported in the General Fund, but due to the dollar amounts need to be separated out moving forward (**Shelton/Allen**)

Allen continued his presentation with the following FY Proposed Budget Introduction:

- FY 2025 Proposed Budget Introduction
 - Budget Calendar

Date	Event
April 8-11	Councilmember individual budget review sessions
April 30	Worksession: Third Quarter Briefing, Proposed Budget Presentation and CIP
May 1	Placeholder: For City Council questions and/or discussion
May 14	Worksession: Budget Update, Other Policy Considerations, Municipal Improvement Districts (MIDs)
May 15	Public Hearing: Capital Improvement Program
“	Motion: Tentative Budget Adoption – State Forms A-G
May 21, 28	Publication: State Forms and Truth-in-Taxation, if applicable, in the Yuma Sun
June 5	Resolution: City Council Action regarding FY 2024, if applicable
“	Resolution: Capital Improvement Program Adoption
“	Public Hearing: Final Budget and Truth-in-Taxation, if applicable
“	Resolution: Final FY 2025 Budget Adoption
“	Ordinance: Introduction of Tax Levy Ordinance
June 26	Ordinance: Adopt Tax Levies and Rates (General, Mall and MIDs)
“	Resolution: Adopt Annual PSPRS Funding Policy
“	Resolution: Designate City’s Chief Financial Officer for the AELR

Updated: April 18, 2024

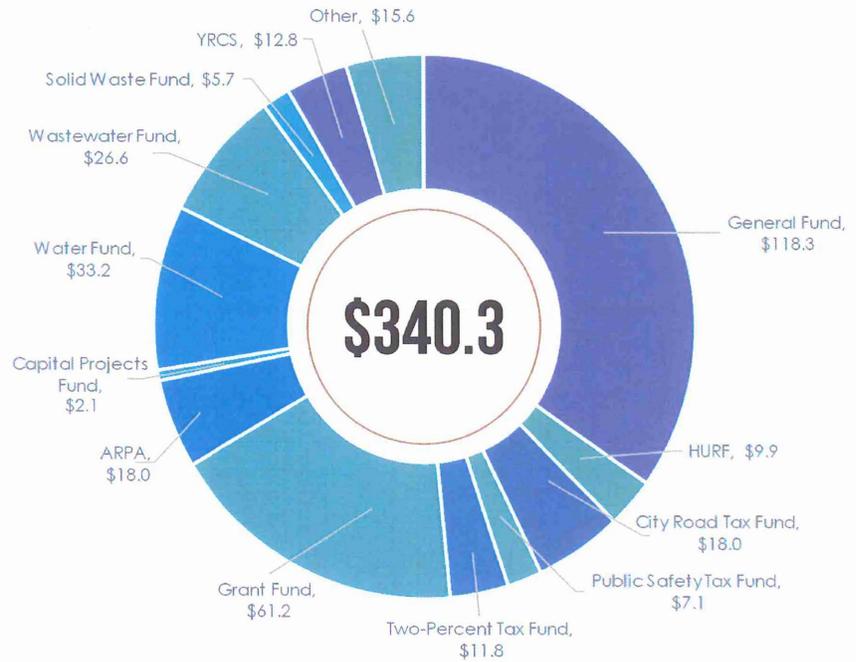
Simonton presented the City Administrator's Budget Highlights as follows:

- City Administrator's Budget Highlights
 - Total Budget (All Funds) Approximately \$521 Million
 - General Fund Revenues
 - Forecasting a modest 2% growth in recurring revenues
 - Forecasting a \$5.8 million decline in non-recurring revenues
 - Anticipating a \$3.6 million decline in General Fund revenues in FY 2025
 - Proposing the maximum allowable property tax levy
 - General Fund Expenditures
 - Proposing a \$2.3 million increase in operating expenditures
 - Inflationary pressures are still impacting operating expenses
 - Electrical rate increase
 - Technology increase
 - Cost of consumables
 - Insurance cost increases
 - Personnel Expenditures
 - General 9-10% increase in personnel expenditures across all funds
 - Proposing six new full-time employees
 - 3% merit or step increase (public safety) July 2024
 - Up to 2% cost of living (market adjustment) January 2025
 - 4% health care premium increase
 - A \$25/pay period dependent coverage decrease for the High Deductible Plan
 - An employee general leave buy-back program in December 2024
 - Stand-by pay increase from \$2.00/hour to \$2.50/hour
 - An increase in the employee college tuition reimbursement program from \$3,000 to \$3,500 annually; added more funds to the program
 - Capital Expenditures
 - All major equipment needs are included in the proposed budget
 - Additions to the fleet - \$2.4 million
 - Replacements - \$3.5 million (Equipment Replacement Fund)
 - Carry Forward - \$3.0 million
 - Capital Improvement Program (CIP)
 - Several highly anticipated projects will begin construction in FY 25
 - Desert Dunes Expansion (September 2025)
 - East Mesa Park (November/December 2024)
 - Police Evidence Storage (August 2024)
 - Hotel Del Sol Project (January 2025)
 - Kennedy Skate Park (July 2024)
 - Desert Hills New Irrigation System (Spring 2025)
 - The Legacy of Leadership
 - Continues to promote the City as an Employer of Choice
 - Continues to meet the community's needs
 - Includes the possible use of more than \$60 million in grant funding
 - The proposed budget plans for the future
 - HURF is not sustainable for future road maintenance needs

FY 2025 REVENUES

\$340.3 All Funds

- \$118.3 General Fund
- \$9.9 HURF
- \$18 City Road Tax Fund
- \$7.1 Public Safety Tax Fund
- \$11.8 Two-Percent Tax Fund
- \$61.2 Grant Fund
- \$18 ARPA
- \$2.1 Capital Projects Fund
- \$33.2 Water Fund
- \$26.6 Wastewater Fund
- \$5.7 Solid Waste Fund
- \$12.8 YRCS
- \$15.6 Other

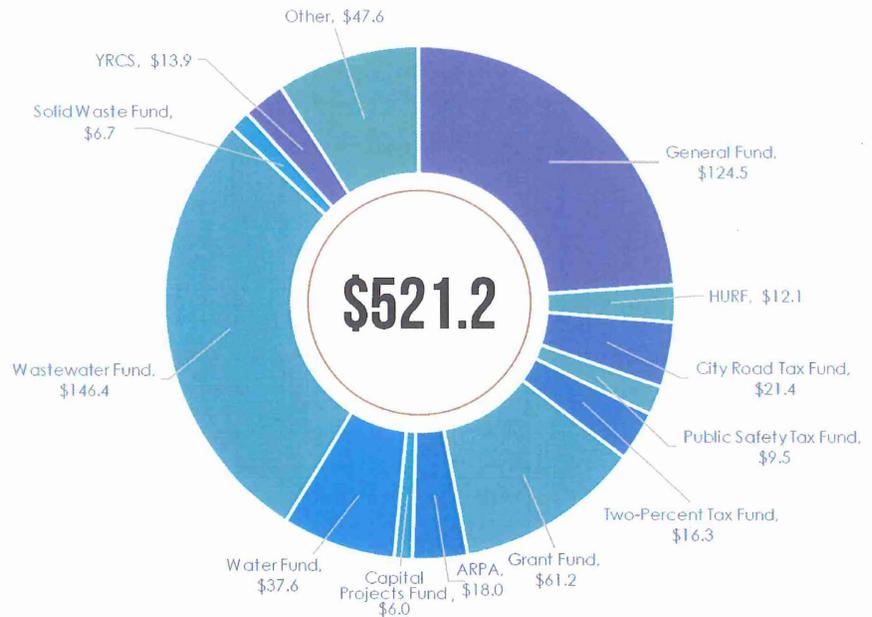


The difference between revenues and expenditures are planned uses of fund balance

FY 2025 EXPENDITURES

\$521.2 All Funds

- \$124.5 General Fund
- \$12.1 HURF
- \$21.4 City Road Tax Fund
- \$9.5 Public Safety Tax Fund
- \$16.3 Two-Percent Tax Fund
- \$61.2 Grant Fund
- \$18 ARPA
- \$6 Capital Projects Fund
- \$37.6 Water Fund
- \$146.4 Wastewater Fund
- \$6.7 Solid Waste Fund
- \$13.9 YRCS
- \$47.6 Other



II. PROPOSED BUDGET OVERVIEW

Allen presented the following overview of the proposed FY 2025 budget:

- Total Budget
 - The total budget is \$521,167,546, which is \$48 million, or 10% more than the prior year total budget
 - Less the Capital Improvement Plan, the budget is \$42 million, or 6% more than prior year
 - Expenditures by Category
 - Capital Outlay – 47%
 - Operating – 25%
 - Personnel – 21%
 - Debt Service – 8%

Total Budget (Expenditures / Expenses)				
Expenditures / Expenses	Budget FY 2024	Budget FY 2025	FY 2025 and FY 2024 Change In	
			\$	%
General Fund	\$ 107,080,057	\$ 124,484,257	\$ 17,404,200	16%
Water Operating and Capacity	41,382,184	37,609,349	(3,772,835)	-9%
Waste Water Operating and Capacity	47,898,213	57,355,492	9,457,279	20%
Highway Users Revenue Fund	12,380,601	12,130,185	(250,416)	-2%
City Road Tax Fund	20,591,038	21,394,286	803,248	4%
Public Safety Tax Fund	8,593,151	9,358,314	765,163	9%
Two Percent Tax Fund	10,564,250	16,320,094	5,755,844	54%
ARPA	20,537,035	18,040,898	(2,496,137)	-12%
All Other Funds	203,794,963	224,474,671	20,679,708	10%
Total Expenditures / Expenses	472,821,492	521,167,546	48,346,054	10%
Less: Capital Improvement Plan	(216,040,262)	(222,418,219)	(6,377,957)	3%
Operating Expenditures / Expenses	\$ 256,781,230	\$ 298,749,327	\$ 41,968,097	16%

Does not include interfund transfers

- Total Budget by Department
 - Department budgets increased 15%, less debt service and capital improvements
 - The decrease in Parks and Recreation Department’s budget is due to \$4 million less in grants in FY 2025 compared to FY 2024
 - The Police Department’s budget increase contains \$8 million in grants in FY 2025
 - An increase in grant funding of \$7 million impacted the General Government Budget in FY 2025

Department Total Budget (Expenditures / Expenses)				
Expenditures / Expenses	Budget FY 2024	Budget FY 2025	FY 2025 and FY 2024 Change In	
			\$	%
Mayor and City Council	\$ 879,828	\$ 924,053	\$ 44,225	5%
Municipal Court	2,964,939	3,424,674	459,735	16%
City Administration	7,938,290	9,407,308	1,469,018	19%
City Attorney	5,640,033	6,121,512	481,479	9%
Information Technology	19,899,293	20,321,439	422,146	2%
Finance	2,943,991	3,284,775	340,784	12%
Human Resources	1,767,041	1,997,671	230,630	13%
General Government	20,122,850	29,616,005	9,493,155	47%
Planning and Neighborhood Services	8,436,187	8,618,824	182,637	2%
Building Safety	10,059,106	10,885,144	826,038	8%
Engineering	4,043,158	4,237,708	194,550	5%
Parks and Recreation	21,919,180	19,609,076	(2,310,104)	-11%
Public Works	24,731,666	27,858,211	3,126,545	13%
Utilities	30,495,933	33,743,493	3,247,560	11%
Police	37,938,856	51,627,034	13,688,178	36%
Fire	21,846,530	23,950,602	2,104,072	10%
Total Department	221,626,881	255,627,529	34,000,648	15%
Debt Service (Bonds and Leases)	35,045,857	33,946,798	(1,099,060)	-3%
Capital Improvements	216,148,754	231,593,219	15,444,465	7%
Total Expenditures / Expenses	\$ 472,821,492	\$ 521,167,546	\$ 48,346,054	10%

- Total Budget by Department and Fund Type

Department Total Budget (Expenditures / Expenses)				
Expenditures / Expenses	FY 2025			Total
	General Fund	Other Governmental	Enterprise	
Mayor and City Council	\$ 887,153	\$ 36,900	-	\$ 924,053
Municipal Court	3,324,674	100,000	-	3,424,674
City Administration	4,870,456	4,536,852	-	9,407,308
City Attorney	1,943,512	4,178,000	-	6,121,512
Information Technology	6,401,517	46,933	\$ 13,872,989	20,321,439
Finance	3,284,775	-	-	3,284,775
Human Resources	1,997,671	-	-	1,997,671
General Government	13,483,804	15,081,603	1,050,598	29,616,005
Planning and Neighborhood Services	3,005,159	5,613,665	-	8,618,824
Building Safety	10,588,707	296,437	-	10,885,144
Engineering	373,652	2,637,712	1,226,344	4,237,708
Parks and Recreation	9,704,139	9,904,937	-	19,609,076
Public Works	-	21,815,284	6,042,927	27,858,211
Utilities	-	54,122	33,689,371	33,743,493
Police	35,970,494	15,656,540	-	51,627,034
Fire	21,316,809	2,633,793	-	23,950,602
Total Department	117,152,522	82,592,778	55,882,229	255,627,529
Debt Service (Bonds and Leases)	39,067	21,680,661	12,227,070	33,946,798
Capital Improvements	7,292,668	87,838,551	136,462,000	231,593,219
Total Expenditures / Expenses	\$ 124,484,257	\$ 192,111,990	\$ 204,571,299	\$ 521,167,546

Discussion

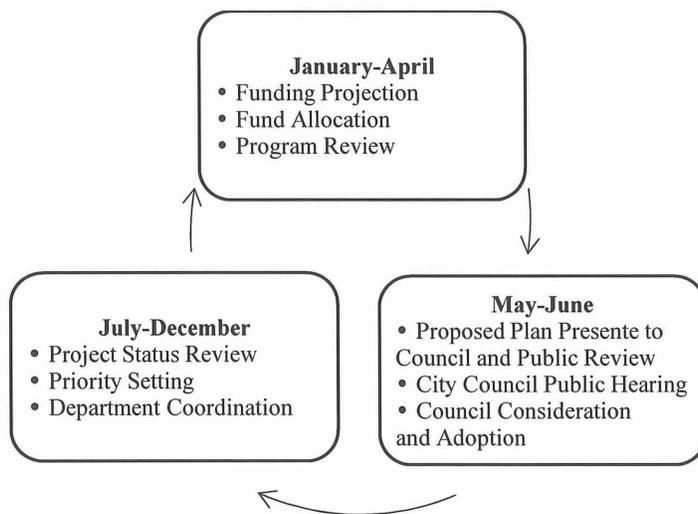
- The possibility of a leave buyback program came about due to conversations with employees who have reached their maximum leave accrual and are unable to take leave due to staffing issues (**Mayor Nicholls/Simonton**)
- Parks and Recreation are responsible for the East and West Wetlands and the Heritage Area; their planning documents, such as the Parks, Arts, Recreation and Trails (PART) Master Plan, include the development and maintenance of those areas, and they have received federal funding to assist with those efforts (**Shoop/Simonton**)
- The City would be open to talking with anyone interested in long-term investment along the river; the Brownfields to Innovation District project is an example of a planning effort involving private investment in the downtown area (**Simonton/Mayor Nicholls**)

III. CAPITAL IMPROVEMENT PROGRAM FOR FY2025-FY2029

Mayor Nicholls declared a conflict of interest on the Capital Improvement Program (CIP) as his firm participates in CIP projects, turned the meeting over to **Deputy Mayor Morse**, and left the dais.

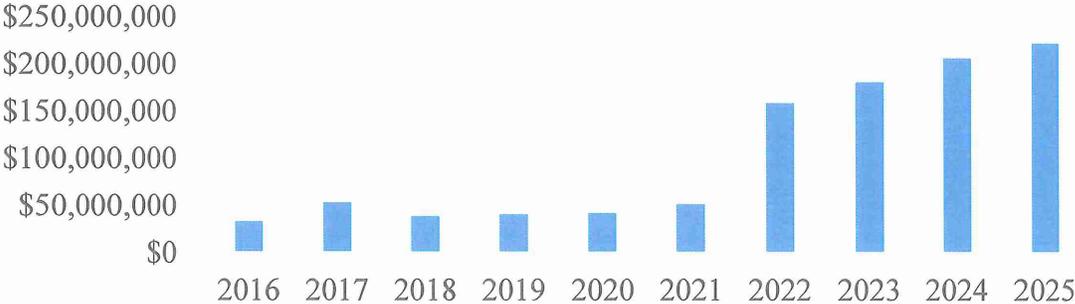
Cowey presented the proposed CIP for Fiscal Years 2025-2029 as follows:

- What is a Capital Improvement?
 - New Construction
 - Improve Existing Asset
 - Equipment Purchase
 - Minimum Value \$25,000
- Program Development

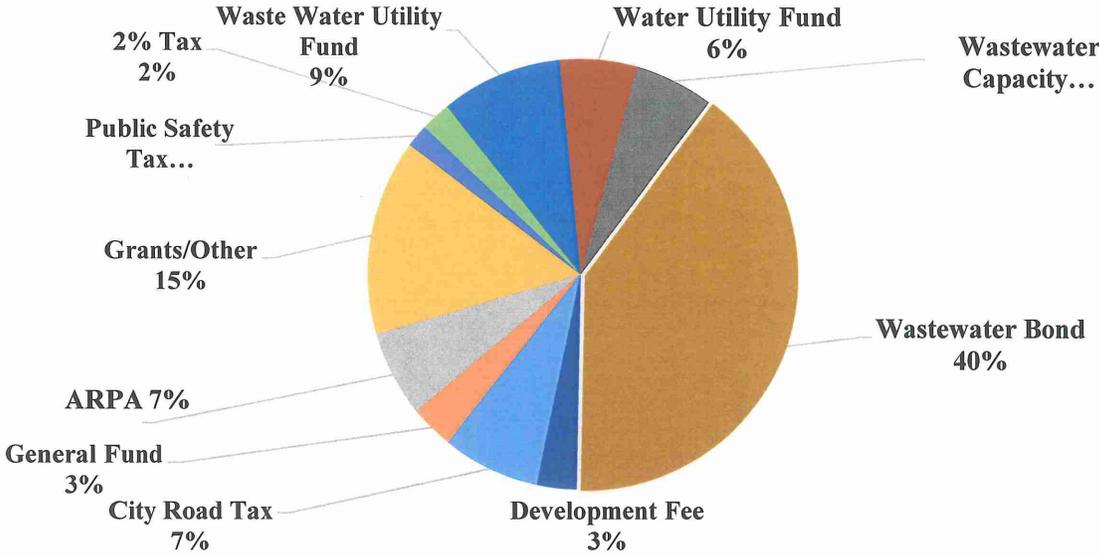


- Fiscal Year (FY) 2025-2029 Schedule
 - April 8th – Proposed 1-year CIP delivered to City Council
 - April 29th – Proposed 5-year CIP Program made available to the public
 - May 15th – Public Hearing at a City Council Meeting

- Framework for FY2025-FY2029
 - Represents City Council’s strategic initiatives and legislative policy for FY2025
 - Detailed view to forecast the following four years (2026-2029)
 - Each project in the CIP supports one of City Council’s five Strategic Outcomes as adopted in the 2021-2025 Strategic Plan
- 10-Year Capital Allocation History



- FY2025 Funding Sources
 - Bonds
 - Wastewater Revenue
 - Fees
 - Wastewater Utility
 - Wastewater Capacity
 - Water Utility
 - Development Fees
 - Other
 - Grants
 - Reimbursements
 - Taxes
 - City Road Tax
 - General Fund
 - Public Safety Tax
 - Two Percent Tax



- Funding Notes
 - The CIP represents the Yuma City Council’s legislative policy and provides direction to City staff for funding and constructing capital improvements and maintenance in the upcoming year. The City Council’s policy and direction is based on the available resources against the need. Almost every year, but especially recently, the needs greatly exceed the available resources. The City Council’s approval of the CIP reflects its legislative intent and its decision to prioritize spending of limited resources on projects while also reflecting City Council’s decision to not allocate the limited resources in other areas.
- FY2025 Program Changes
 - Project owner departments have been changed to align with various planning documents
 - New and historical project requests in the program have undergone a scoping and estimating process by the Engineering Department
- FY2025 Project Summary by Department

Department	Project Count	Budget
Engineering	25	\$19,778,249
Facilities Management	30	\$4,773,305
Fire	2	\$770,000
General Government	9	\$20,663,775
Parks & Recreation	13	\$26,390,500
Planning & Neighborhood Services	7	\$2,842,391
Police	3	\$6,700,000
Public Works	10	\$8,184,000
Utilities	29	\$132,374,000
Total	128	\$222,418,219

- Parks
 - Kennedy Skate Park (rebuild)
 - East Mesa Community Park (new park)
 - Desert Hills Golf Course (irrigation improvements)
- Roadways
 - FY2024
 - North End Pavement Replacement
 - FY2025
 - Capacity Increase/Traffic Signal - 28th Street, 45th Drive to 33rd Drive
 - Pavement Replacement
 - Avenue B, 16th Street to 24th Street
 - 28th Street, Madison Avenue to 4th Avenue
 - Master Plans
 - Citywide Americans with Disabilities Act (ADA) Improvements
 - Safety Action Plan
 - Innovation Hub
 - Transportation Master Plan
 - Transportation Management System
- Buildings and Facilities
 - FY2024
 - Fire Station 7

- FY 2025
 - Yuma Multimodal Transportation Center
 - Police Storage Facility
 - Desert Dunes Capacity Increase

Discussion

- There are several heating, ventilation, and cooling (HVAC) replacement projects in the CIP; this is primarily due to units aging out and needing to be replaced, but may also include required upgrades resulting from changes in requirements for refrigerants (**Morris/Lewis**)
- A quarterly update on the progress of CIP projects is forthcoming; the nature of the CIP is very fluid and constantly changing, but more frequent updates can be provided (**Morris/Cowey**)
- Currently the Smucker Park retention basin project is expected to be completed by the end of 2024 or the beginning of 2025; once construction has concluded, the City will address any necessary restoration or enhancements (**Morales/Wostenberg**)
- The plan for the Municipal Court project is to expand the building to the west of the existing footprint and add a second floor; this will allow the addition of a third courtroom, more office space, and the relocation of the City Prosecutor's Office to the second floor (**Shelton/Simonton**)
- City Council will begin to see projects related to the Parks, Arts, Recreation, and Trails (PART) Master Plan in the next CIP cycle (**Shelton/Cowey**)
- The City has not yet identified a funding source for the marquee at the Pacific Avenue Athletic Complex; the most likely source would be a donation (**Shelton/Cowey**)
- The pavement replacement on Virginia Drive between 24th Street and Catalina Drive was originally part of another project that needed to be scaled down; Public Works may have plans to do an interim pavement preservation project in the area (**Shelton/Wostenberg**)

Mayor Nicholls returned to the dais.

IV. REGULAR CITY COUNCIL MEETING AGENDA OF MAY 1, 2024

Motion Consent Agenda Item C.2 – Bid Rejection: Concert Production Service (pursuant to Yuma City Code § 36-36 reject the bid received for concert production services, which exceeded the allocated amount for the services) (RFB-24-173) (Admin)

Discussion

- The bid came in over budget because some aspects, such as the stage and sound system, were larger than needed for certain events; the City will start again with a more 'a la carte' bid process (**Mayor Nicholls/Simonton**)

Resolution R2024-012 – Intergovernmental Agreement: Marine Corps Air Station-Yuma (approve an intergovernmental agreement for the use of the City of Yuma Public Safety Training Facility) (YPD)

Discussion

- The YPD rarely relies on Marine Corps personnel for backup, but consistent training amongst public safety agencies ensures that capable help is available when needed (**Smith/Garrity**)

Ordinance O2024-013 – Compensation and Benefits for Municipal Judge (establish compensation and benefits for the office of Municipal Judge from and after January 1, 2025) (Muni Court)

Discussion

- The proposed salary increase includes an additional 5% to compensate for the lack of an annual cost of living increase during the judge’s four-year term (**Mayor Nicholls/Miller**)

Ordinance O2024-015 – Grant of Easement: Yuma County Water Users’ Association (authorize the grant of an easement along the south side of 28th Street, between Avenue C and 33rd Drive, for the relocation of a portion of the United States Bureau of Reclamation’s Thacker Lateral) (Eng)

Discussion

- While the Yuma County Water Users’ Association (YCWUA) originally requested that the City give up a portion of its right-of-way, the City is proposing instead to grant an easement; this will prevent the need for the City to request easements from YCWUA for work in that area in the future (**Mayor Nicholls/Wostenberg**)

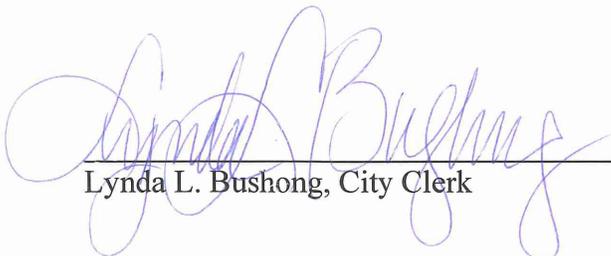
Ordinance O2024-016 – Rezoning of Property: 958 S. 3rd Avenue (rezone an approximately 7,000 square foot lot from the General Commercial/Infill Overlay (B-2/IO) District to the Transitional/Infill Overlay (TR/IO) District) (ZONE-42266-2024) (Plng & Nbhd Svcs/Cmty Plng)

Deputy Mayor Morris declared a conflict of interest on Ordinance O2024-016 as his firm is involved in the project.

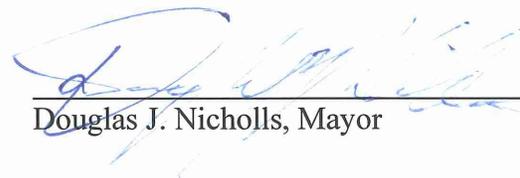
V. EXECUTIVE SESSION/ADJOURNMENT

Motion (Morales/Morris): To adjourn the meeting to Executive Session. Voice vote: **adopted** 6-0. The meeting adjourned at 7:01 p.m.

APPROVED:



Lynda L. Bushong, City Clerk



Douglas J. Nicholls, Mayor

Approved at the City Council Meeting of:
June 5, 2024
City Clerk: 