

**MINUTES**  
**SPECIAL WORKSESSION/BUDGET**  
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA  
CITY COUNCIL CHAMBERS, YUMA CITY HALL  
ONE CITY PLAZA, YUMA, ARIZONA  
**May 7, 2019**  
**5:30 p.m.**

**CALL TO ORDER**

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

Councilmembers Present:	Shelton, Thomas, Knight, Miller and Mayor Nicholls
Councilmembers Absent:	Watts and McClendon
Staffmembers Present:	Interim City Administrator, John D. Simonton
	Director of Financial Services, Lisa Marlin
	Municipal Court Administrator, Angela Graddy
	Neighborhood Services Manager, Rhonda Lee-James
	Director of Human Resources, Monica Welch
	Director of Public Works, Joel Olea
	Director of Utilities, Jeremy McCall
	Director of Parks & Recreation, Debbie Wendt
	Chief of Police, Susan Smith
	Assistant Fire Chief, Dusty Fields
	Finance Officer Consultant, Pat Wicks
	Various Department Heads or their representative
	City Attorney, Richard W. Files
	City Clerk, Lynda L. Bushong

**I. OPENING REMARKS**

**Mayor Nicholls** stated that tonight there will be further discussion on the revised budget numbers as they have been moved forward with the discussions held to date. Acknowledging there is still quite a bit more to discuss he turned the meeting over to Interim City Administrator Simonton.

**II. CITY OF YUMA 2018-2019 AND 2019-2020 BUDGETS**

**Simonton** stated there was no presentation tonight but wanted to highlight a few things that came out of the last budget discussion regarding the Mesa Del Sol annexation (Annexation) and the Far West Water acquisition (Acquisition). **Simonton** stated that the Annexation is very important to the City of Yuma and to the residents of Mesa Del Sol. It is important that it is done correctly and **Simonton** recommends:

- Not discussing the Annexation and the Acquisition in this budget.
- Going through the Annexation process:
  - The public hearing

- The gathering of signatures during the fall and winter seasons when more of those homeowners are in Yuma.
- Including the Annexation numbers at the very beginning of the budget process so there is no confusion as we should have a pretty good idea by then whether the Annexation is going to happen or not.
- The same for the Acquisition. **Simonton** stated he has had conversations with the owners of Far West Water and will continue discussing and talking with them throughout the process.

**Simonton** continued stating this year's budget is important as City Council has approved a substantial personnel increase. The Annexation and Acquisition was a distraction at the last meeting and **Simonton** felt it would be best to move that off to next year and to concentrate on this year's budget.

With the agreement of **Mayor Nicholls** and no objections from City Council, **Simonton** moved on to the question asked by Councilmember Thomas regarding comparison of sales tax rates.

**Marlin** stated she was providing a simple tax rate comparison to various cities and towns surrounding the City of Yuma with varying types of population. The following charts show the sales tax rate, the portion of that sales tax rate that goes into their general fund, their property tax numbers, their sales tax, their gross sales tax dollars and their totals. It was also broken up to per capita to get an idea of the actual dollar amounts that are taken in per person by the corresponding city/town.

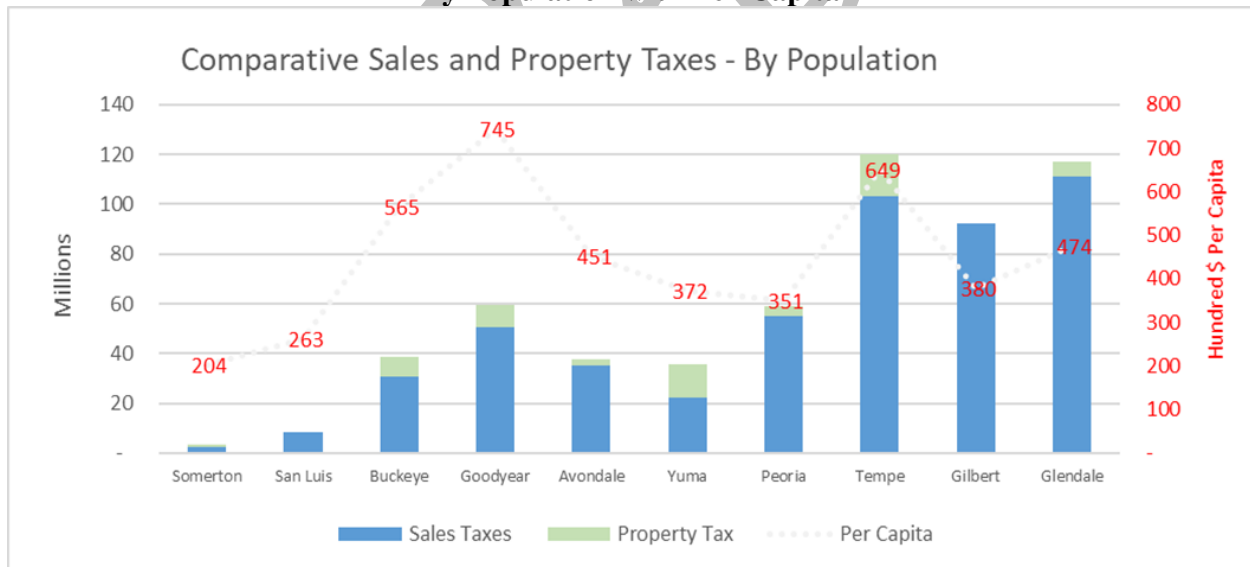
**City Tax Rate Comparison**

	2017	Sales Tax	General	Property Tax	Sales Taxes	Total	Per Capita		
	Population	Rate	Fund				Prop	TPT	Total
Somerton	16,120	3.3%	3.3%	661,413	2,625,555	3,286,968	41	163	204
San Luis	32,446	4.0%	4.0%	-	8,529,700	8,529,700	-	263	263
Peoria	168,181	1.8%	1.1%	4,175,767	54,802,370	58,978,137	25	326	351
Yuma	95,502	1.7%	1.0%	13,102,142	22,453,000	35,555,142	137	235	372
Gilbert	242,354	1.5%	1.5%	-	92,000,000	92,000,000	-	380	380
Avondale	84,025	2.5%	1.50%	2,914,679	34,979,457	37,894,136	35	416	451
Glendale	246,709	2.9%	1.9%	5,759,711	111,206,621	116,966,332	23	451	474
Buckeye	68,453	3.0%	3.0%	7,779,824	30,900,000	38,679,824	114	451	565
Tempe	185,038	1.8%	1.2%	17,118,826	103,031,233	120,150,059	93	557	649
Goodyear	79,858	2.5%	2.5%	9,072,800	50,438,200	59,511,000	114	632	745

### Comparison by Population



### By Population with Per Capita



**Thomas** stated that he asked the question in response to Councilmember McClendon's suggestion to reduce the fund balance to 16% or 17%. Seeing what other cities and towns charge for sales tax and how much of that sales tax goes into the general fund was helpful.

**Mayor Nicholls** asked Marlin if she knew what percentage these communities use for their fund balance. **Marlin** stated she could put together some comparative analyses, but across the board there are many different philosophies. This was the way that was selected at some point in time by the City of Yuma and it has served the City well, which is why we continue to target that 20% of revenues rather than expenditures.

**Thomas** asked if the listed cities/towns have a dedicated emergency fund or if they borrow from their general fund? **Marlin** opined that most cities/towns were probably not in a financial position to have a dedicated emergency fund.

**Shelton** commented that the City of Yuma is not the only one who impacts property tax. According to the newspaper Arizona Western College (AWC) and possibly Yuma County are looking to do an increase. **Shelton** asked if there was any way of knowing how many entities in Yuma have gone back to the public and asked for a tax hike in some way in the past three years to show the increase of what the multiple entities have done. **Marlin** offered to put something together if Council requested it.

#### Discussion regarding department budgets

- Any pay plan with the increases that were made in this budget for public safety is unlikely to pay for itself even in the reduction of overtime. (**Shelton/Simonton**)
- There are a number of *Failure to Pay Warrants* outstanding. A report showing the estimated uncollected restitution amounts and accounts payable will be provided. (**Mayor Nicholls/Graddy**)
- A *Video Remote Interpretive Service* would assist with the hearing impaired as well as those persons with other disabilities. (**Shelton/Graddy**)
- AWC criminal misdemeanor and civil traffic, Department of Public Safety as well as the trespasses for the Union Pacific Railroad all go through the Municipal Court. Restitutions, if collected, go back to those entities. (**Mayor Nicholls/Graddy**)
- The personnel increase in Administration's budget was the consolidation of the Facility Maintenance personnel into one group for management purposes and not new personnel. (**Mayor Nicholls/Simonton**)
- The difference in the adjusted budget from last year and the estimate for this year is being reviewed and may simply be a matter of something not pulling over correctly. (**Mayor Nicholls/Marlin**)
- The ITS budget shows a reduction of three people and had a 13% reduction in their budget. (**Mayor Nicholls**)
- Two positions were added to the Finance budget to help with the workload. (**Mayor Nicholls**)
- The Community Development budget shows a reduction of one position and a reduction in the budget, but an increase for grant opportunities. Those grant opportunities include CDBG and HOME Funds and the only money spent is what is allocated. (**Mayor Nicholls/Rhonda Lee-James**)
- Human Resources is working with Finance to prepare the bid for the consultant who will assist in the search for the City Administrator position. It is expected to cost

approximately \$20,000-\$25,000 for the consultant. The bid process will take about a month and then the search can begin. **(Shelton/Welch)**

- The new garbage route in the Public Works budget is for the anticipated increased number of customers with solid waste accounts and is not tied to the Mesa Del Sol annexation. The average for new accounts is 70 per month and approximately 1400 containers per route/per day are being picked up. The ideal number of containers per route/per day is 1300. **(Mayor Nicholls/Olea)**
- The hydro-excavator listed in the Utilities budget was a rollover item as it was unknown if the equipment would be available this budget year. Utilities recently took possession of the equipment so it will not be included in next year's budget. **(Mayor McCall)**
- A presentation to Council on bio-solids is scheduled for later in the summer. **(Shelton/McCall)**
- In the goals section of the budget for Parks and Recreation the six new events at the Civic Center are both sponsored and self-funded. **(Mayor Nicholls/Wendt)**
- There are discussions taking place regarding sponsorships/naming rights at the Pacific Avenue Athletic Complex (PAAC). Also being considered is banner advertising which could potentially bring in \$200,000/year. Banner advertising is not in this budget. **(Mayor Nicholls/Wendt)**
- Copies of contracts have been gathered from major metropolitan areas and include 5, 10 and 15-year contracts that the PAAC can mirror. Also being looked at is the outright purchase of naming rights for the lifetime of the facility. **(Shelton/Wendt)**
- An electronic message board for the PAAC is still being pursued. A 21' sign visible from the east or west would cost approximately \$67,000. The sign planned for the corner of 32<sup>nd</sup> St. and Avenue A is a repurposed digital sign-board from the Martin Luther King, Jr. Center and Parks and Recreation would build it in-house with very little costs. The repurposed sign is not an option for the PAAC because of the design of the sign. **(Shelton/Wendt)**
- Golf Now software is a point of sale system for concessions being utilized at the Golf Course and the PAAC and possibly the Civic Center for food service. **(Shelton/Wendt)**
- The current budget includes a training plan for the Yuma Police Department (YPD) personnel above the minimum training. Overtime is broken down by division in the budget. The two main divisions are Patrol at \$560,000, up \$30,000 from the current year, and Investigations at \$245,500 which is the same as this year. **(Mayor Nicholls/Chief Smith)**
- Mental health issues in the community and making sure officers are trained and competent in handling those issues is a priority, but also a huge draw on YPD resources. **(Shelton/Chief Smith)**
- The Child and Family Crimes Unit is currently down two positions. The issue is identifying experienced and qualified personnel as those positions deal with very sensitive investigations. **(Shelton/Chief Smith)**
- Getting the Police Department staff up to full strength/staff would have a direct impact on overtime costs. **(Shelton/Chief Smith)**
- Body camera support staff include a Program Manager and Video Redactionist to help with the redaction of the video and the public records request portion of it. Both are civilian positions. **(Knight/Chief Smith)**

- The last few recruitment academies for the Fire Department have brought applicants with prior training such as EMT certification and Fire Fighter certification resulting in not needing a full academy which saves about \$25,000-\$30,000 per training academy. **(Mayor Nicholls/Fields)**
- Grant funding for technical rescue needs for the Fire Department was received and went towards reducing travel costs in the amount of about \$30,000. **(Mayor Nicholls/Fields)**
- Hazmat equipment and training grants were also received in the Fire Department in the amount of \$10,000. **(Mayor Nicholls/Fields)**
- The addition of three firefighters reduced overtime costs by \$220,000 for next year. The three firefighter positions are in the budget. **(Mayor Nicholls/Fields)**

Discussion regarding funding sources

- Of the \$4.6 million in Public Safety Tax, \$2,007,922 is in the Police Department budget and \$1,085,760 is in the Fire Department budget. **Marlin** will get back to Council with the breakdown for the remainder of the Public Safety Tax. **(Mayor Nicholls/Marlin)**
- Currently only the 2010 bond is up for refunding. The cost to refund the bond versus the anticipated savings is being calculated to determine if it is worth it. **(Mayor Nicholls/Marlin)**
- Call dates on bonds are roughly seven years to attract better interest rates. If interest rates are favorable at the seven-year mark and there is an appropriate return by going through the process, then a refunding can be done. Paying off a bond prior to its call date is not a good idea as interest would have to be paid up until that point and a pre-payment penalty would be incurred. **(Mayor Nicholls/Thomas/Marlin/Wicks)**
- There are a number of factors included in a bond rating and the fund balance is one of those factors. **(Thomas/Marlin)**
- The City's current bond rate is AA-. **(Thomas/Marlin)**
- The League of Arizona Cities and Towns will be contacted to see if the most current number is being used for Highway User Revenue Funds (HURF) to see if it is based on full restoration or just what has been seen over the last 2-3 sessions. **(Mayor Nicholls/Marlin)**

**Miller** reiterated his stance on not being a proponent of property taxes and expressed his opinion that there would still be enough in the budget to cover the public safety pay plan and Labor Market Study (LMS) that City Council implemented if property taxes were not increased. **Miller** would like to see the property tax number back out of the budget to see what that looks like. **Miller** also suggested that a forensic audit be done after the budget is completed and prior to the hiring of a new City Administrator.

**Mayor Nicholls** also expressed a desire to find a way to not have a property tax increase, but stated that a growing community grows expenses as does a growing family and that we need to look for the best way to move forward. **Mayor Nicholls** also believes it would be good to see what the budget looks like with the property tax increase backed out.

**Mayor Nicholls** would also like to see an analysis on the property tax increase for a commercial property similar to what was done to show the effect of a \$9 increase on a \$200,000 home.

**Thomas** questioned if the list of closures/cuts previously provided to City Council would cover the budget if the property tax increase were to be back out of the budget and expressed his concern on what the cause and effect would be on the services currently provided. **Thomas** continued that if we can cut out the property tax increase and do it without cutting services he would be in favor of that. If services had to be cut he thinks there needs to be a serious discussion.

**Simonton** stated he is not in favor of cutting services and believes our community expects a certain level of services from the City. **Simonton** stated he would like to sit down with Miller and Marlin and go through the points brought up by Miller and then have another discussion at next Tuesday's Worksession. With the numbers **Simonton** is seeing he believes we either need a property tax increase or we are going to have to cut services. **Simonton** also asked City Council to keep in mind that we are also trying to set up for next year's budget which includes implementing the steps for the public safety pay plans and the second half of the LMS for the rest of the employees. Even with the property tax, next year's budget looks like it is going to be challenging. Eliminating the property tax will make it difficult to keep those pay plans, as implemented this year, in next year's budget.

**Thomas** stated he does not want to go back on City Council's word regarding the pay plans for public safety and the second half of the LMS.

**Miller** stated he was more of a proponent of doing something that affects everybody and property taxes do not affect everybody, but rather a small portion of our population that own homes and businesses. Also, with the commercial property tax rate going down it places more of the burden on the homeowners.

**Mayor Nicholls** questioned if State Shared Revenues was calculated on population and whether our share would go down if other communities were growing faster. **Marlin** stated that it was based on a fixed percentage and that fixed percentage was not adjusted yearly.

**Mayor Nicholls**, in response to Simonton's question, asked that the preliminary budget be placed on the May 15<sup>th</sup> agenda but stated it can be continued if City Council is not ready to vote on it.

There being no further business, **Mayor Nicholls** adjourned the meeting at 7:10 p.m.

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Lynda L. Bushong, City Clerk

APPROVED:

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Douglas J. Nicholls, Mayor