

**REGULAR WORKSESSION**  
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA  
CITY COUNCIL CHAMBERS - YUMA CITY HALL  
ONE CITY PLAZA, YUMA, ARIZONA  
**May 14, 2019**  
**6:00 p.m.**

**CALL TO ORDER**

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

Councilmembers Present: Shelton, Watts, Thomas, Knight, McClendon, Miller, and Mayor Nicholls  
Councilmembers Absent: None  
Staffmembers Present: Interim City Administrator, John D. Simonton  
Assistant Director of Engineering, Larry Halberstadt  
Director of Financial Services, Lisa Marlin  
Finance Officer Consultant, Pat Wicks  
Principal Planner, Alyssa Linville  
Various department heads or their representatives  
City Attorney, Richard W. Files  
City Clerk, Lynda L. Bushong

**I. FISCAL YEAR 2019-2023 CAPITAL IMPROVEMENT PROGRAM**

**Mayor Nicholls** declared a potential conflict of interest with regard to the Fiscal Year 2019-2023 Capital Improvement Program (CIP) as his firm participates in CIP projects. He turned the meeting over to Deputy Mayor Knight and left the dais.

**Halberstadt** presented an overview of the Fiscal Year 2020-2024 CIP as follows:

Capital improvements typically fall into one of three categories:

- New construction
- Improvements to an existing asset
- The purchase of equipment

Additionally, the City requires that capital improvements be infrequent, systematic, and a minimum value of \$25,000. Systematic meaning competing demands and resources are evaluated based on a prioritization matrix reflecting the City's long-term goals and objectives.

Capital improvements are performed for the following reasons:

- Asset Management
  - Increase useful function or service capacity of an asset
  - Extend useful life of an asset
  - Upgrade essential parts of an asset
- Service
  - Enhance quality of services
- Costs
  - Reduce future operating costs

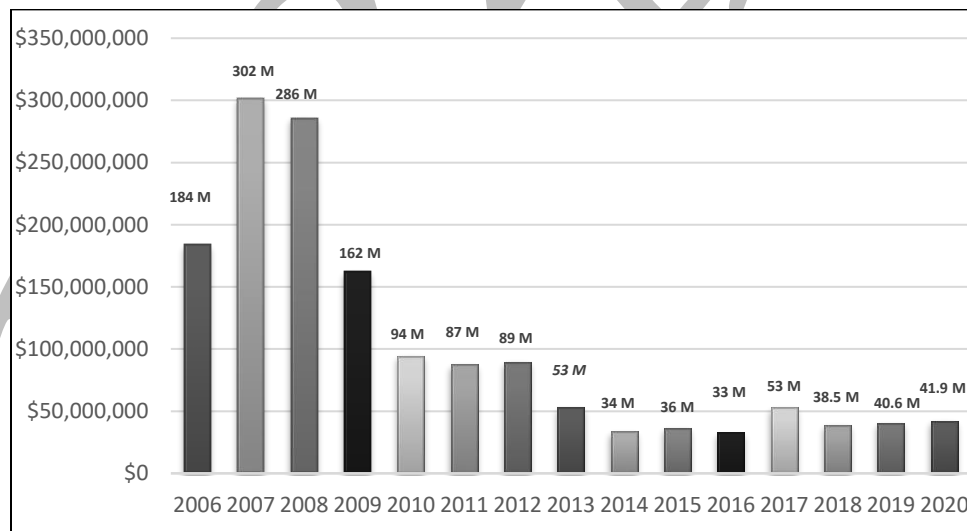
Program Development:

- July – December
  - Capital project status review
  - Priority setting
  - Department coordination
- January – March
  - Funding projection
  - Fund allocation
  - Capital program review
- April – June
  - Preliminary CIP presented for review
  - City Council public hearing
  - Program adoption

Fiscal Year 2020 Capital Improvement Program (CIP) Schedule History:

- A draft five-year CIP plan was delivered to City Council on April 16, 2019
- A Notice of Public Hearing was published in the Yuma Sun on April 14, 2019 for the May 15, 2019 City Council Meeting
- The CIP books were provided to Public Works and the City Clerk's Office on April 22, 2019 for public review
- A copy of the CIP Plan book was posted to the City of Yuma website on April 22, 2019

The following CIP budget history includes proposed changes from the FY20 budget, as published in the April 22, 2019 CIP draft, namely removal of the Far West Water acquisition:

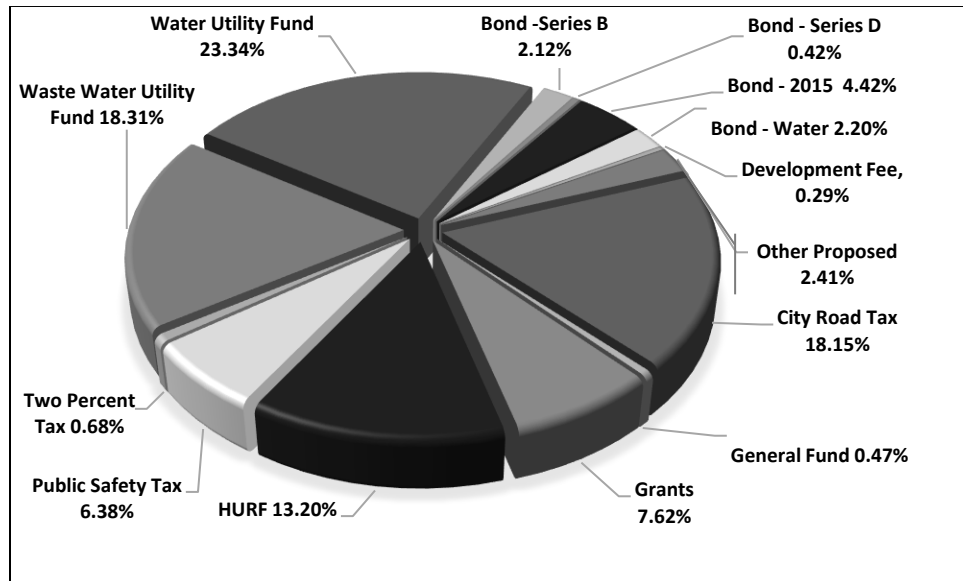


CIP funding sources include:

- Bonds – 2015 Excise Tax, 2007 Series B & D, and Water Utility
- Fees – Waste Water Utility, Water Utility, and Development Fees
- Other – Grants and Development Agreements
- Taxes – City Road Tax, Two Percent Tax, Highway User Revenue Funds (HURF), and Public Safety Tax

Many of the funding sources have restrictions that stipulate how the money may be spent.

Fiscal Year 2020 Funding sources:



Project summary by department:

- \$41,909,592 for a total of 57 projects
  - Facilities Maintenance - \$1,303,392 (5 projects)
  - General Government - \$1,500,000 (1 project)
  - Parks & Recreation - \$2,032,000 (6 projects)
  - Public Safety - \$2,095,000 (2 projects)
  - Stormwater Control - \$1,850,000 (2 projects)
  - Transportation - \$13,907,200 (25 projects)
  - Waste Water Utility - \$4,887,000 (11 projects)
  - Water Utility - \$11,960,000 (4 projects)
  - Yuma Crossing National Heritage Area - \$2,375,000 (1 project)

Completed projects:

- Roads
  - Avenue A Pavement Replacement – 32<sup>nd</sup> Street to 36<sup>th</sup> Street
  - 4<sup>th</sup> Avenue Reconstruction – 36<sup>th</sup> Street to 40<sup>th</sup> Street
  - 3<sup>rd</sup> Avenue & Orange Avenue Pavement Replacement
- Utilities
  - Gila Street – Sewer and Water Improvements
  - Figueroa Avenue Water Pollution Control Facility (WPCF) – Primary Clarifier Rehabilitation
  - Main Street Water Treatment Plant Filter Replacement Phase 1
  - Kmart Lift Station

Projects under construction:

- General Government
  - Fleet Services Building
- Roads
  - 1<sup>st</sup> Avenue – Orange Avenue to 16<sup>th</sup> Street

- 8<sup>th</sup> Street – Avenue C to Avenue D
- Avenue 9E – Widened for bicycle lanes
- Storm Water
  - Smucker Basin – Yuma County to bid this summer
- Utilities
  - Figueroa WPCF Electrical Upgrades Phase 1
  - Desert Dunes Clarifier Rehab and Bridge Crane

Projects in design:

- Public Safety
  - Fire Station #4 Remodel
- Transportation
  - 16<sup>th</sup> Street Paving – Avenue B to Avenue C
- Water/Waste Water
  - Utilities Building
- Transit
  - Yuma Multimodal Center - pending grant approval

Pavement replacement and funding challenges:

- Major areas of concern for the City are streets and stormwater system maintenance, which are funded primarily through City Road Tax or HURF
- Years of diversion of HURF from cities and towns has resulted in a deferral of pavement maintenance and replacement
- Streets continue to deteriorate and the cost of repairs will exponentially increase as a result of ongoing degradation
- City Council has given direction to allocate funds to arterial and collector roads in order to receive a higher return on taxpayer investment
- Almost \$10 million of the planned CIP budget for Fiscal Year 2020 is dedicated to this effort

Fiscal Year 2020 pavement replacement projects:

<b>Project Name</b>	<b>Transportation Dollars</b>
14th Street Paving - 1st Ave to 4th Ave	\$250,000
16th Street Paving - Ave B to Ave C	\$1,500,000
1st Ave Paving - Giss Pkwy to 16th Street	\$1,625,000
Airport Loop Road Improvements	\$10,000
Arizona Ave Paving - Palo Verde to Country Club Dr	\$50,000
Avenue 10E Paving - 28th St to N Frontage Rd	\$50,000
Avenue 3E, 32nd St - 40th St Rehabilitation	\$600,000
Catalina Drive - 32nd St to 4th Ave	\$660,000
North Frontage Road Paving - Ave 9E to Ave 10E	\$110,000
Palo Verde St - Catalina Dr to Arizona Ave	\$640,000
Pavement Rehabilitation	\$4,500,000
<b>Total</b>	<b>\$9,995,000</b>

Fiscal Year 2020 new projects:

- Facilities Maintenance Program
  - New to CIP this year
    - Includes funding for equipment replacement at various City-owned buildings
- Community Development Block Grant
  - Harvard Street Sewer Connections
  - Mesa Heights Streetlights
  - Joe Henry Optimist Center Improvements
- Parks
  - West Wetlands Substantial Completion
  - Kennedy Park Improvements
  - Desert Hills Improvements
- Public Safety
  - Fire Station #2 Concrete Replacement
- Transportation
  - Pavement Rehabilitation
  - Avenue 3E Pavement Rehabilitation – 32<sup>nd</sup> Street to 40<sup>th</sup> Street

Discussion

- The Yuma East Athletic Park is not scheduled for construction during the FY 2020-2024 Capital Improvement Program; the Agua Viva Water Treatment Facility Urban Lake Park is scheduled even further out. **(Shelton/Halberstadt)**
- A concept study for the Agua Viva Water Treatment Facility Urban Lake Park was performed approximately six years ago. The main purpose of the project is to provide an emergency water supply for the Aqua Viva plant in case it were to lose supply from one of the canals that currently feeds the plant. In conjunction with the project, there was discussion about a regional park on the west side. The combined project cost is about \$26 million and not something that either Parks and Recreation nor Utilities could fund but it has been left in the CIP as it is a worthwhile project. **(Simonton/Shelton)**
- The Yuma East Athletic Park is a roughly \$7 million project. **(Halberstadt/Shelton)**
- The residents for the 2<sup>nd</sup> Avenue and 12<sup>th</sup> Street project are aware they need to set up an improvement district; some of the pavement rehabilitation for the 2<sup>nd</sup> Avenue and 12<sup>th</sup> Street project was included in the transportation slide; grant opportunities have been explored but the project does not meet the eligibility. **(Shelton/Thomas/Halberstadt)**
- A portion of the pavement rehab budget could be used for the 2<sup>nd</sup> Avenue project and would be a good incentive to get the project started. **(Watts/Halberstadt)**
- The residents of 2<sup>nd</sup> Avenue have not decided for or against the creation of an improvement district at this time. **(Thomas/Shelton)**

**Mayor Nicholls** returned to the dais.

## II. FISCAL YEAR 2019-2023 BUDGET

**Marlin** presented the following projections for property values and estimated property taxes for tax year 2018 and 2019:

City of Yuma  
**Property Values and Estimated Property Taxes**  
Tax Year 2018 and 2019

Limited Property Value                      Rate/Tax  
(Primary Assessed Value)                      **\$2,2747 \$2.3185**

	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>Change</u>
Property Type	Commercial (18% Assessment Ratio)				
Shopping center	\$33,211,727	\$34,426,830	\$135,984	\$143,673	\$7,689
Chain restaurant	1,284,332	1,328,633	5,259	5,545	286
Office building	1,734,503	1,402,930	7,102	5,855	(1,247)
Supermarket	3,202,500	3,362,625	13,113	14,033	921
Hotel	6,930,000	7,276,500	28,375	30,367	1,992
Manufacturing	9,000,000	9,000,000	36,850	37,560	710

Neighborhood	Residential (10% Assessment Ratio)				
Near Country Club	\$221,496	\$232,571	\$504	\$539	\$35
Rancho Sereno	199,171	201,039	453	466	13
Meadowbrook	68,005	71,405	155	166	11
Dunes	420,906	412,858	957	957	(0)
Ocotillo	150,402	149,405	342	346	4

### Discussion

- The numbers in the chart above include the increase of the property value as well as the proposed tax increase. (**Mayor Nicholls/Marlin**)
- There is no change to the HURF projection from the previous version of the budget. (**Mayor Nicholls/Marlin**)
- A property tax increase is not necessary to fund the pay increases. (**Miller**)
- The impact of the public safety pay plans and the first half of the Labor Market Study (LMS) would have an impact of approximately \$2.3 million to the general fund. (**Thomas/Simonton**).
- The fund balance is at 19.4% of its 20% target and it continues to compound in later year projections. The additional property tax will bring in approximately \$792,000 for FY20. (**Thomas/Marlin**)
- City Council must do what is necessary to follow-through with their promise to provide the Public Safety Pay Plans and LMS increases to the City's employees. (**Thomas**)
- The property tax increase is necessary to cover the promised Public Safety Pay Plans and the LMS as well as the minimum wage increase. Cuts to services should not be considered. (**Watts**)

- Approximately \$2 million was cut from the budget prior to it getting to City Council for review. In order to sustain the Public Safety Pay Plans and the LMS that City Council passed there is no choice but to approve the property tax increase. The increase in the tax rate is four hundredths of a percent. **(Knight/Marlin)**
- The minimum wage increase to \$11.50 is already included in the budget. **(Mayor Nicholls/Marlin)**
- The reduction in the fund balance can be compared to the use of a rainy day fund. Once it is used it is not available the next year. **(Mayor Nicholls/Marlin)**
- If the fund balance, which is based on revenues, is dropped to 18%, it would stay at that percentage. The higher the City can keep the fund balance at, the better. **(Miller/Marlin)**
- The City of Yuma is the highest per capita in property taxes compared with all Phoenix cities. Continuing to increase property taxes will make competing with Phoenix an issue. **(Miller/Shelton)**
- Comparing Yuma to other cities with a higher population is unfair. Yuma also misses out when competing with Phoenix cities due to being a rural community. **(Thomas)**
- There has not been a property tax increase in 3 years, but the cost of business has increased. **(Thomas)**
- It is important to make sure that the City remains solvent, balanced, provides the services that the citizens are accustomed to while at the same time ensuring that the City keeps its word to the citizens and to the employees. **(Thomas)**
- General fund revenues went down 30% during the 2007-2008 recession and 105 positions went unfunded. **(Mayor Nicholls/Wicks)**
- Other cities have a higher sales tax that is the reason they can afford to hire the City's Police Officers. The City has a higher property tax and a lower sales tax when compared to other cities. When combined, the tax rates are very comparable to larger cities. **(Wicks)**
- The only way to balance the budget with no property tax increase would be to make cuts on the operational side. **(McClendon/Marlin)**
- The general fund is 80% personnel. The operations side of the budget has already been cut by a million dollars compared with last year's budget. It would be difficult to make additional cuts without affecting personnel. **(Simonton/McClendon)**
- The budget process is an almost year-round process and without increasing the property tax, cuts will have to be made to personnel and Parks and Recreation, which the City does not want to cut if it does not have to. **(Shelton/Simonton)**
- The City's purpose as an organization is to provide services. If service is unaffected and staff can be reduced, that is where we want to be. **(Mayor Nicholls)**

### **III. REGULAR CITY COUNCIL MEETING AGENDA OF MAY 15, 2019**

Introduction of Ordinances O2019-022 – Zoning Code Text Amendment: Company Housing (to add definitions related to company housing, and to add Title 15, Chapter 154, Section 15.19 to provide regulations regarding company housing) (DCD)

#### **Discussion**

- Although agriculture is the main industry within our community, the ordinance is for any industry providing housing for their employees. **(Thomas/Linville)**
- When drafting the ordinance, DCD worked with the agricultural community, Yuma Regional Medical Center and Julie Engel, Greater Yuma Economic Development Corporation (GYEDC) – no concerns were expressed with the proposal. **(Thomas/Linville)**

- The requirement of an onsite manager was in the initial draft, but was removed after the agricultural community did not feel it was necessary to include it in the ordinance. The Planning and Zoning Commission asked that it be put back in, and it is included in the proposed ordinance. (**Mayor Nicholls/Thomas/Linville**)
- Without the requirement for an onsite manager in these communities the legal responsibility for any incident is likely to fall on the City of Yuma. (**Thomas/Linville/Files**)
- A contact person for the agriculture community has been made aware of upcoming hearings and updates. (**Mayor Nicholls/Linville**)
- The users of company housing are not protected from complaints without this ordinance. There is nothing regarding land use for zoning in the City's code. (**Mayor Nicholls/Linville**)
- The International Property Maintenance Code is followed by these users as far as building safety. (**Mayor Nicholls/Linville**)

#### **IV. EXECUTIVE SESSION/ADJOURNMENT**

**Motion** (Thomas/Knight): To adjourn the meeting to Executive Session. Voice vote: **adopted** 7-0. The meeting adjourned at 7:54 p.m.

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Lynda L. Bushong, City Clerk

APPROVED:

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Douglas J. Nicholls, Mayor