

MINUTES
REGULAR CITY COUNCIL MEETING
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY COUNCIL CHAMBERS, YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
MARCH 15, 2017
5:30 p.m.

CALL TO ORDER

Mayor Nicholls called the City Council meeting to order at 5:30 p.m.

INVOCATION/PLEDGE

Pastor Tyrone Jones, Church of the City, gave the invocation. **Laurie Lineberry**, Director of Community Development, led the City Council in the Pledge of Allegiance.

ROLL CALL

Councilmembers Present: Shelton, Miller, Knight, Thomas, Craft, and Mayor Nicholls
Councilmembers Absent: Wright
Staffmembers Present: City Administrator, Gregory K. Wilkinson
Various Department Heads or their representative
City Attorney, Richard W. Files
City Clerk, Lynda L. Bushong

FINAL CALL

Mayor Nicholls made a final call for the submission of Speaker Request Forms from members of the audience.

PRESENTATIONS – There were no presentations at this time.

I. MOTION CONSENT AGENDA

Motion Consent Agenda Item B.5 – Agreement Arizona Public Service Company – Pacific Avenue Athletic Complex – Authorize the City Administrator to execute a Line Extension Agreement with Arizona Public Service Company (APS) to provide power to the Pacific Avenue Athletic Complex (PAAC) at a cost of \$153,680.00 (Engineering)

Mayor Nicholls and **Miller** declared a conflict of interest and left the dais.

Motion (Thomas/Shelton): To approve the Motion Consent Agenda item MC 2017-057, the Agreement with Arizona Public Service Company for the Pacific Avenue Athletic Complex. Voice vote: **approved** 4-0-2 Mayor Nicholls and Councilmember Miller abstained due to conflict of interest.

Mayor Nicholls and **Miller** returned to the dais.

Motion (Knight/Thomas): To approve the Motion Consent Agenda with the exception of item B.5 Voice vote: **approved** 6-0.

A. Approval of minutes of the following City Council meeting(s):

Regular City Council Meeting	October 25, 2016
Regular Council Worksession	November 1, 2016
Regular City Council Meeting	December 7, 2016
Regular Council Worksession	December 20, 2016

B. Approval of Staff Recommendations:

1. Executive Sessions may be held at the next regularly scheduled Special Worksession, Regular Worksession and City Council Meeting for personnel, legal, litigation and real estate matters pursuant to A.R.S. § 38-431.03 Section A (1), (3), (4), and (7). (City Atty)
2. Approve a Special Event Liquor License Application submitted by Mary Barkley on behalf of the Yuma County Democrats for Spring Fling. The event will take place at the Historic Gowan Building located at 370 S. Main Street on Friday, April 28, 2017, from 6:00 p.m. to 12:00 a.m. (SP17-13) (Admin/Clerk)
3. Approve a Special Event Liquor License Application submitted by Angela Mitchell on behalf of Foothills Rotary for Paint the Town Red. The event will take place at the Historic Gowan Building located at 370 S. Main Street on Saturday, March 18, 2017, from 5:30 p.m. to 9:30 p.m. (SP17-14) (Admin/Clerk)
4. Award to the lowest responsible and responsive bidder for the construction of the Terraces At the View Storm Drain in the amount of \$164,576.00 to: Mountain High Excavating, LLC, Flagstaff, AZ (PW-Bid #2017-20000153)
5. Pulled for separate consideration above.
6. Authorize the City Administrator to execute a Line Extension Agreement with Arizona Public Service Company (APS) to provide power to the new Fleet Services Maintenance Shop at no cost to the City. (Eng)
7. Authorize the City Administrator to execute a Line Relocation Agreement with Arizona Public Service Company (APS) to remove and relocate their powerlines crossing the City's new Fleet Services Maintenance Shop site to the perimeter of the property. (Eng)
8. Approve the final plat of the Center Pointe Commons Subdivision. The property is located at the southwest corner of 16th Street and 4th Avenue in Yuma, AZ. The applicant is Dahl, Robins and Associates, on behalf of the City of Yuma. (Subd-15975-2017) (DCD/Planning)

II. **RESOLUTION CONSENT AGENDA** – There were no resolutions scheduled for adoption.

III. **ADOPTION OF ORDINANCES CONSENT AGENDA**

Motion (Thomas/Knight): To adopt the Ordinances Consent Agenda as recommended.

At the Mayor's request, **Bushong** displayed the following title:

Ordinance O2017-007

An ordinance of the City Council of the City of Yuma, Arizona, fixing compensation and benefits for the Office of Presiding Municipal Judge from and after January 1, 2018 (establishing compensation for the office of Presiding Municipal Judge)

Roll call vote: **adopted** 6-0.

IV. **INTRODUCTION OF ORDINANCES**

Utility Easement: Arizona Public Service Company – Pacific Avenue Athletic Complex – Grant a utility easement to Arizona Public Service Company (APS) for the construction, reconstruction, replacement, repair, operation and maintenance of electrical service lines, together with appurtenant facilities and fixtures, to provide power to the Pacific Avenue Athletic Complex (PAAC).

Mayor Nicholls and **Councilmember Miller** declared a conflict of interest and left the dais.

At the request of Deputy Mayor Knight, **Bushong** displayed the following title:

Ordinance O2017-008

An ordinance of the City Council of the City of Yuma, Arizona, authorizing the grant of a utility easement on city-owned real property, hereafter described, to Arizona Public Service Company, for the reason that such easement is required for the development, operation, and maintenance of the Pacific Avenue Athletic Complex (Generally located at the northwest corner of 8th Street and Pacific Avenue)

Mayor Nicholls and **Councilmember Miller** returned to the dais.

V. **2017-2018 BUDGET**

Regarding the economic statistics, **Wilkinson** stated:

- Arizona's economy grew 3%.
 - The national average increase was 3.7%
- The Yuma metro area had a:
 - 7.9% increase in personal income - the second largest among metro areas in the nation.
 - 6.8% increase in job growth - the third largest in the nation. The current unemployment rate is 9.58%.

- The groundbreaking of Almark will be held on March 28th and over the next several months other companies are proposed to be coming.

Wilkinson added there are jobs available which proves Yuma's economic development is working. Greater Yuma Economic Development Corporation (GYEDC) and the private sector are also bringing in new jobs. Looking into job training may be important to be sure the work force is properly prepared for the onset of these jobs.

To clarify some confusion about the City's budget **Wilkinson** explained there are eight separate funds, seven of which are restrictive in how they can be spent.

1. 2% / Hospitality Tax
 - Tax revenue from bars, hotels, and restaurants that generates approximately \$7.2 million. These funds can be expended in Parks & Recreation, the Yuma Crossing National Heritage Area and conventions and tourism. \$4.6 million of conventions and tourism activity takes place within Parks & Recreation. The City also invested about \$1 million into the Heritage Area, and invested \$150,000 this last year into the Visitor's Bureau.
 - Parks and Recreation also receives funding from the General Fund, whereas the others mentioned do not.
2. Highway User Revenue Fund (HURF) and (3) Road Tax
 - Every time one of our residents fills up a car, a portion of that goes into a HURF and Road Tax fund. These funds are dedicated to help maintain our roads. Unfortunately, the State continues to sweep these funds which has created a significant problem over the last 10 years. It looks hopeful, after the last legislative session, that these funds may be once again given to the cities and counties.

Wilkinson explained that the (4) Solid Waste, (5) Water and (6) Sewer Utilities are each separate enterprise funds and the money cannot be spent anywhere else. Solid waste is a well-managed fund and has been able to maintain the same rates for 7 years. Last year the City did a study that showed it was feasible to reduce our capacity fees on water and sewer, which is not typical – but the City did it, because it will be beneficial for economic development and construction.

7. Public Safety Tax
 - The Public Safety Tax generates about \$4.2 million which is used specifically for equipment and buildings for the City Police and Fire departments.
8. General Fund
 - General Fund monies can be spent anywhere since there are no restrictions. However, the State can get their hands on this fund and have done so, which makes it the most problematic fund.

Continuing, **Wilkinson** shared the following:

Yuma Property Tax Rates

- FY 2017 Property Tax Rate – 2.3518%, with the proposed new rate being lower
- FY 2018 Proposed Property Tax rate – 2.3416%
- Taxes on a \$100,000 home would decrease by \$1.02

Sales Tax Rates

- State average – 2.12%
- Yuma is the second lowest in the state at 1.7%

State Impacts to the City

State Funding and Cost Shifting

- State Shared Revenues loss of \$3.7 million
- \$1 million loss from Construction sales tax changes (25%)
- HURF loss of \$1 million per year
- LTAF cut \$496,000 per year (Except Maricopa County)

State Budget

Governor's Budget

- Larger sweeps of HURF
- Increased cuts to State Shared Revenue (redistributed to Universities)
- Legislature – Restoration Bills (LTAF and HURF)

State Bills

- ABOR – State Shared Revenues distributed to universities
- HB2521 – Construction Tax + 1% tax
- HB2212 – Reporting Federal Grants
- HB2495 – Special Elections only in even years
- HB2365 – Small Cell bill allowing companies to establish towers in right-of-ways
- HB2179 – Redo on Intergovernmental Agreements

Public Safety Personnel Retirement System (PSPRS)

- The City's largest budget issue along with our roads
- City of Yuma's unfunded liability is \$99 million

Minimum Wage Impacts

- The City has reduced part-time employees by 10% to help off-set the 25% increase in minimum wage
- The City's Parks & Recreation Department dropped programs with minimal attendance
- There is a 10% fee increase for Parks and Recreation activities
- The City will develop a 5 year plan to approach minimum wage issues as well as PSPRS and HURF
- Minimum wage impacts 80% of the operational budget
- Minimum wage will increase about 45% over 4 years
- Most local businesses are passing costs onto customers
 - Over 4 years will raise fees about 40% or reduce services
- Minimum wage will affect compensation and pay increases for other personnel

General Fund

- The City's Health Insurance has increased by 5% and will cost an additional \$250,000
- The retail sales tax was adjusted to 3 ½ %
- The City will continue to support iconic special events, but may need to reevaluate supporting the smaller events
- In terms of the vehicle replacement fund the City has started to replace some of the vehicles as they have become critical, however there is a significant back log that we are managing.

- Police, Fire and Parks and Recreation consume about 75% of the City's budget
- The City has unfunded a position in the Information Technology Services and the Department of Community Development - for a total of 953 employees

Wilkinson noted the following options to address public safety and infrastructure needs:

- Cut City services
- Work with legislators to stop sweeping/cost shifting and increase HURF funding
- Continue to raise property tax levy to fund Public Safety

Solid Waste

- Joel Olea presented on the privatization of solid waste to City Council at the Worksession of March 14th
- The City of Yuma's trash rates are the lowest in the State at \$11.25 for once a week trash and recycling
- The fee is \$5.00 to cover trash pick-up and \$6.25 to cover landfill costs, along with household hazardous waste and the neighborhood clean-up programs

Currently in Process

- Medical Cost Reduction Committee has:
 - Met with Yuma Regional Medical Center (YRMC) to discuss lowering costs
 - Allowed for medical insurance coverage in Mexico
 - Included Blue Book Services that provide cost comparison and more of listed doctors/procedures in order to choose the best options
 - Added a smartphone application for medical advice and prescriptions
- City Vehicle Review Committee
- Overall City Marketing Plan
 - City marketing staff will work together with the Visitor's Bureau
- Consolidated Dispatch
- Parks RFP's
 - Mowing in larger parks
 - Landscaping
 - Downtown Mall Maintenance
 - Graffiti abatement
 - Tree Trimming
- Fuel RFP
 - Contract with a Company to provide fuel for our trucks and vehicles
- Pacific Avenue Athletic Complex (PAAC)
 - Has a total of 22 weekends booked for tournaments
 - The City is currently working on ten additional tournaments
 - There will be a peak in monies coming into the local economy
 - This compliments hotels and restaurants
- Desert Hills Golf Course changes
 - The Restaurant has positive changes since being outsourced
 - A new business plan to reduce operating and maintenance costs and new tournaments

- Civic Center
 - Steady increase in bookings and events – Terrace and indoor
- Art Center
 - Momo in Yuma
 - 113,000 visits to the Yuma Art Center in 2016, 42% increase
 - Theater and galleries are booked every weekend through spring 2018
 - \$21,000 in artwork sales this fiscal year; the City receives 25-35% in commission
- Children's Museum Partnership
 - Over 9,000 visits during the 6 week run in 2016
 - 2017 Summer Partnership will run from June 3 – July 29th (8 weeks)
 - \$2 admission fee for the summer 2017, with a projection of \$18,000 in revenue split between the City and the Children's Museum of Yuma County

Discussion

Mayor Nicholls suggested that the City Administrator create an ad hoc committee to do a budget review process. In that process the budget could be divided into three sections:

1. Water and Sewer Administration
2. Police, Fire, and Parks & Recreation
3. Solid Waste, Engineering and Community Development.

Mayor Nicholls recommended the committee be made up of four citizens at large and suggested that Deputy Mayor Knight and Councilman Craft participate on that committee. The committee will be managed by the citizens at large, appointing one as the chair to go through the budget at the same time that City Council is going through the budget. **Mayor Nicholls** stated that there is an ability to look at things differently and would like for the committee to report back to City Council in a month.

Shelton recommended the City Administrator contact the Arizona City Management Association (ACMA) about a service known as the Senior Advisor Program. The purpose of this program is to provide intellectual and experiential expertise by retired city managers to help current city managers in thinking of new options and new approaches or to validate the direction they are going in. **Shelton** specifically suggested that the City Administrator speaks with Michael Eckner, former City Manager of Sedona and Tucson with 30 years of direct city management experience.

Wilkinson noted that the City Council would receive a copy of the presentation and the budget on March 20th. **Thomas** thanked Wilkinson for the presentation and stated he believes the community will be able to have a better understanding of what City Council and City staff have to do. **Wilkinson** responded that he hopes the presentation was simplified and would like to have The Yuma Sun publish it to stop confusion about City funds. **Thomas** stated he would like to see some pressure on Maricopa County to vote more along the interests of cities rather than just for Maricopa County. **Wilkinson** responded that there is concern about the HURF and the LTAF since it is only the cities in Maricopa County that have had their LTAF restored and the rest of the state is doing without.

In regards to privatizing areas within Parks and Recreation, **Miller** said he would like to see numbers for the overhead and labor on small projects that the City is doing itself, and asked if it would be incorporated into this budget. **Wilkinson** responded that this would be incorporated in the future. **Mayor Nicholls** asked if there were RFP's going out. **Wilkinson** confirmed there are RFP's going out and those hard numbers would become available soon. He also stated the City will not be outsourcing athletic fields. **Miller** asked

for clarification on the monies brought into the City from tournaments that would be held at the PAAC. **Wilkinson** explained this would not be tax money, further explaining that the City is using the 2% tax money to build the PAAC. When the athletes come into town they will be using hotels, bars, restaurants, and filling up with gas, to name a few things. The City is hoping to receive a payback into the bars, hotels and restaurants that pay that 2% Hospitality Tax into the fund, which will then break even after a year or two. He added that summer is a tough time for some of the hotels and even some of the restaurants. However, Thursday through Sunday are key booking times so if we are booking on weekends, tournaments would be complimentary of what their peaks are and we will get our 1.7% (City tax rate) as well as the 2% Hospitality Tax on top of the additional money that comes into the economy. **Miller** requested those projections be submitted to City Council along with the eight separate funds and the balances. **Wilkinson** stated those are in the budget numbers and will be presented to City Council.

Shelton added to his previous statement about the ACMA that may be of assistance in regards to the downturn in staffing that we have had with police and fire and seeing if they have any comment to make that we have not heard of that can lead to the re-inflation of our public safety. **Wilkinson** stated that he is aware that ACMA has some classes available that teach about the correct number of police officer and fire fighter numbers per population or call volume on a regular schedule.

VI. PUBLIC HEARING AND RELATED ITEMS – There were no public hearings scheduled at this time.

FINAL CALL

Mayor Nicholls made a final call for the submission of Speaker Request Forms from members of the audience interested in speaking at the Call to the Public.

VII. APPOINTMENTS, ANNOUNCEMENTS AND SCHEDULING

Motion (Craft/Knight): To appoint Glen Moss as the Chairman and Liz Laster as the Vice-Chairman to the Housing Authority of the City of Yuma. Voice vote: **approved 6-0.**

Motion (Thomas/Craft): To call a Special Worksession/Roundtable for the purpose of discussing the City's budget on March 28th, 29th and the 30th to be held in the City Hall Conference Room 190 at 5:30 p.m. each evening. Voice vote: **approved 6-0.**

Thomas, Miller, Shelton, Knight, Craft and **Mayor Nicholls** reported on events and meetings they have attended during the last two weeks and upcoming events of note.

Knight requested to review the attendance records for the different boards and commissions to see if changes need to be made.

VIII. SUMMARY OF CURRENT EVENTS

Wilkinson stated election packets for candidate nominations will be available beginning March 16th at the City Clerk's Office. **Wilkinson** also announced that Antonio Alcocer from the City's Utilities department

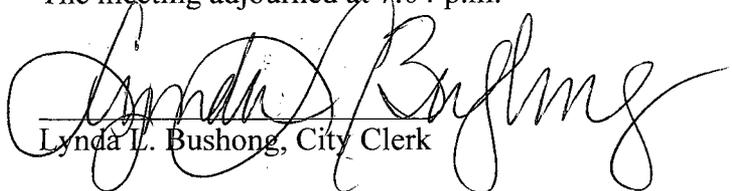
who won the City's Equipment Rodeo, went on to the state qualifying rounds in Gilbert Arizona and won the first place prize as the best backhoe operator in the State of Arizona.

IX. CALL TO THE PUBLIC

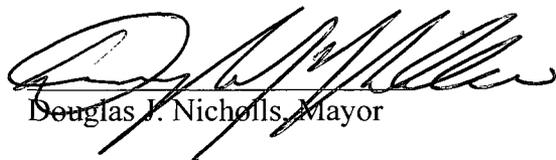
Diane Umphress, Director of Amberly's Place, 1310 South 3rd Avenue, stated that on March 9th their organization went before the House of Representatives to testify in favor of House Bill 1107. The bill sets the standard that all advocacy centers across the State of Arizona have to meet. There is \$2 million attached to this bill, which would be spread out amongst the centers in the State of Arizona in the 2018-2019 budget. **Umphress** also urged City Council to contact the House of Representatives or our Senators in support of the bill.

X. Executive Session/Adjournment

Motion (Thomas/Knight): To adjourn the meeting into Executive Session. Voice vote: **approved 6-0**. The meeting adjourned at 7:04 p.m.


Lynda L. Bushong, City Clerk

APPROVED:


Douglas J. Nicholls, Mayor

Approved at the City Council Meeting of:
November 1, 2017
City Clerk: 