

MINUTES
SPECIAL WORKSESSION\JOINT MEETING WITH YUMA COUNTY
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY HALL CONFERENCE ROOM #190, YUMA, ARIZONA
February 4, 2025
4:00 p.m.

CALL TO ORDER

Mayor Nicholls and **Chairman Porchas** called the Special Worksession/Joint Meeting with Yuma County to order at 4:02 p.m.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by **Mayor Nicholls**. **Deacon Joel Olea**, Immaculate Conception Church, gave the invocation.

Councilmembers/Board of Supervisors Present:

City Council

Mayor Douglas Nicholls
Deputy Mayor Carol Smith
Mark Martinez
Chris Morris
Art Morales
Leslie McClendon
Karen Watts

Board of Supervisors

Chairman Martin Porchas
Vice Chairman Jonathan Lines
Darren Simmons
Lynne Pancrazi

Marco A. "Tony" Reyes - absent

City/County Staff Present:

City Staff

Jay Simonton, City Administrator
Richard W. Files, City Attorney
Janet L. Pierson, Deputy City Clerk
Randy Crist, Building Safety Director
Alyssa Linville, Planning &
Neighborhood Services Director
Douglas Allen, Director of Finance

County Staff

Ian McGaughey, County Administrator
Joshua Scott, Deputy County Administrator
Bill Kerekes, Deputy County Attorney
Desiree Gunderman, Clerk of the Board
Ty Martinez, Chief Building/Fire Code
Official
Humberto Del Castillo Ochoa, Chief
Financial Officer
Maggie Castro, Planning & Zoning Director

I. INTRODUCTIONS & WELCOME ADDRESSES

Mayor Nicholls welcomed the Board of Supervisors to City Hall and explained that tonight's meeting is not about making decisions. **Mayor Nicholls** stated that good conversation amongst good community members and talking through ideas is what he is looking to get out of tonight's meeting.

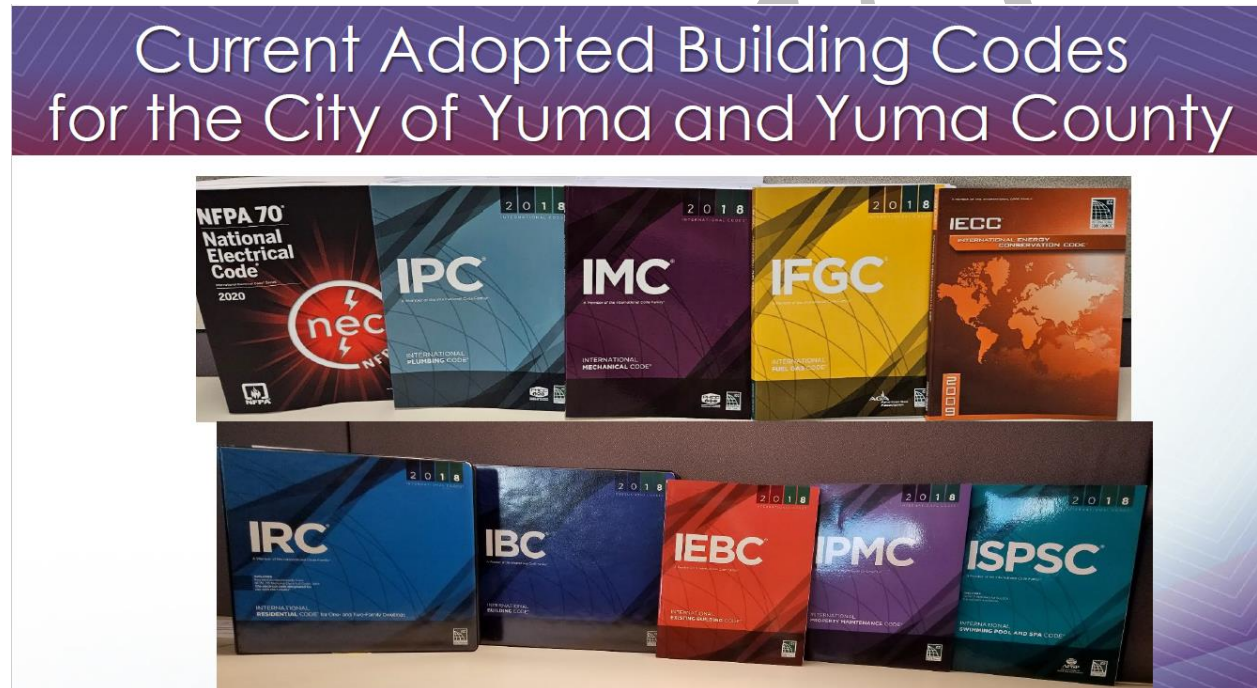
Chairman Porchas welcomed everybody to the meeting.

II. RESIDENTIAL & COMMERCIAL BUILDING CODE UPDATES

Presentation by **Randy Crist**, City Building Safety Director and **Ty Martinez**, County Chief Building/Fire Code Official.

Crist stated that he and Martinez would be talking about the Code update process and status followed by questions.

Martinez reported that the following Codes and amendments have been adopted with the exception of the International Property Maintenance Code which Yuma County currently enforces through a zoning ordinance:



Crist:

- 2024 Codes Currently Under Review
 - Codes are reviewed on a six-year cycle
 - The International Code Council (ICC) updates their codes and standards every three years.
 - It is too disruptive to the design and development community and the City of Yuma to update them that often.
 - 2018 is the currently adopted Code cycle
 - All life safety provisions reviewed (Residential/Commercial)
 - Accessibility requirements reviewed (ADA, Chapter 11)

- This is the first time looking at the Americans with Disabilities Act (ADA) Chapter 11
- Residential energy standards reviewed
 - This will most likely be reviewed at the next meeting
- Currently about two thirds done with the review
 - Besides Chapter 11, no significant changes have been made to the International Residential Code (IRC).

Crist reported on the review process:

- The City uses two advisory boards appointed by City Council
 - Building Advisory Board/Board of Appeals
 - Residential Advisory Board/Board of Appeals
 - Comprised of experts in the industry such as:
 - Electrical Engineers
 - Structural Engineers
 - Contractors
 - Mechanical Contractors
 - Realtor (Residential Advisory Board)
 - Members at large
- Chapter by Chapter review
- Meetings are open to the public

Martinez discussed collaboration:

- Yuma County Building Official is in attendance at all code review meetings.
- San Luis, Somerton and Wellton also attend review meetings.
 - Open conversation is held
 - County needs are taken into consideration
- Incorporate proposed amendments that work for City and County
- Monthly meetings are held between City and County Building Officials
 - Keeps lines of communication open on what City and County are doing for consistency purposes.

Crist discussed the Major Changes

- Chapter 11 of the International Building Code (IBC) will be reviewed and proposed for adoption for the first time in early summer or late spring
 - The City currently uses only the ADA guidelines from the State and must still incorporate those guidelines into the City's Ordinance
 - Chapter 11 is the biggest step currently being made in the review of the Codes
 - Due to its complexity, one whole meeting has been dedicated to the review of Chapter 11
- Some of the major changes in Chapter 11 from the ADA which the City currently has now include:
 - Family assist restroom requirements
 - Includes restaurants and bars (5,000-6,000 sq.ft.) and mercantile (100,000 sq.ft.). Some of the chain restaurants already include family assist

- restrooms because it is a requirement in other parts of the Country. The ADA does not require it.
- Adult changing stations required for certain occupancies
 - There is a State statute that came out in 2019 or 2020 that would require buildings like City Hall or the new County Administration Building to have adult changing stations. The ADA does not require it.
 - Chapter 11 would require these adult changing stations whenever there is a family assist restroom so that they correlate whenever a family assist restroom is required.
- Elevator requirement for two-story buildings over 3,000 sq ft
 - According to the ADA, public buildings and medical buildings with two or more stories must have an elevator
 - Two story building with just office space are not require to have an elevator according to the ADA
 - Chapter 11's requirement would require an elevator for two story buildings over 3,000 sq.ft.
- Wheelchair turning radius increases from 60" to 67"
 - To accommodate the larger scooters in addition to wheelchairs
- Chapter 11 has been updated to accommodate the aging population
 - Most of these changes, with the exception of the changing stations, are already in the 2018 IBC.
- Timer switch added for residential exhaust fans
 - These have been a source of residential fires in the City of Yuma and Yuma County due to overheating. This requirement is not an expensive fix.
- Braced wall line requirements slightly changed
 - Not much difference
- IRC/IBC recognizes new materials and practices
 - Newer Codes are not more restrictive despite common belief
 - The newer Codes recognize newer materials that are coming out
- IRC energy efficiently review in next board meeting
 - Not yet reviewed as a group
 - **Crist** has done a cursory review and has tried to back down some of the 2021 requirements to be more in line with where we are right now.
 - The Board's input is needed to be conscientious of cost increases and their impact on the housing shortage

Discussion

- Although not all cost increases can be controlled, being conscientious of costs is a priority when reviewing Code amendments. The 2024 Amendment has options which helps control costs. Cost increases will be identified when presenting to Council. **(Lines/Crist/Martinez)**
- Collaboration with all cities and towns within Yuma County is key to consistency. **(Lines/Crist)**
- Once a Code Amendment has been adopted there is a 30-day Referendum period as well as a 6-month grace period. Reviews starting while 2018 is in effect will be grandfathered in. **(Mayor Nicholls/Crist/Martinez)**

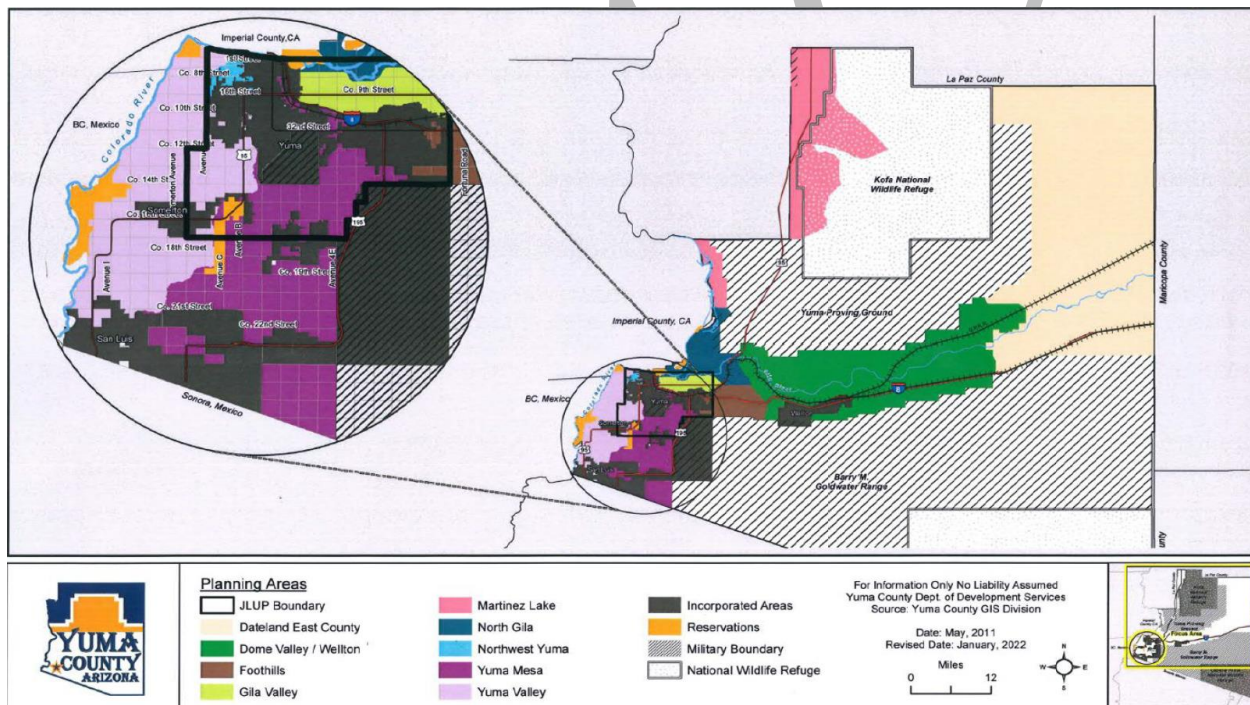
III. COMPREHENSIVE PLAN / GENERAL PLAN COMPATIBILITY

Presentation by **Alyssa Linville**, City Planning & Neighborhood Services Director and **Maggie Castro**, County Planning & Zoning Director.

Castro presented the following:

- The County Board of Supervisors adopted the 2030 Comprehensive Plan (Plan) in March 2023
- The Plan provides guidance on how the County will address growth and development and is used for the following:
 - Making recommendations and updating zoning ordinances
 - Regulatory Guidelines
 - Policy Development
 - Establishing a Planning Focus
 - Assisting the Development Community

The following map represents the entire County Planning area. The blown-up area is the portion on the west side of Yuma County, basically west of the Gila Mountains.



Yuma County has nine planning areas. Arizona Revised Statutes (ARS) mandates four elements for counties with a population of more than 125,000 persons:

- Land use element
- Circulation element
- Water resources element
- Energy element

Optional elements include:

- Open space element
- Growth element
- Environmental planning element
- Cost of development element

Yuma County's Comprehensive Plan contains the following elements:

- Land use element
- Open space element
- Recreational resources element
- Circulation element
- Environmental element
- Water resources element
- Safety element
- Energy element
- Housing element
- Cost of Development element
- Public participation element
- Regional coordination element

Yuma County and the City of Yuma have 10 elements in common.

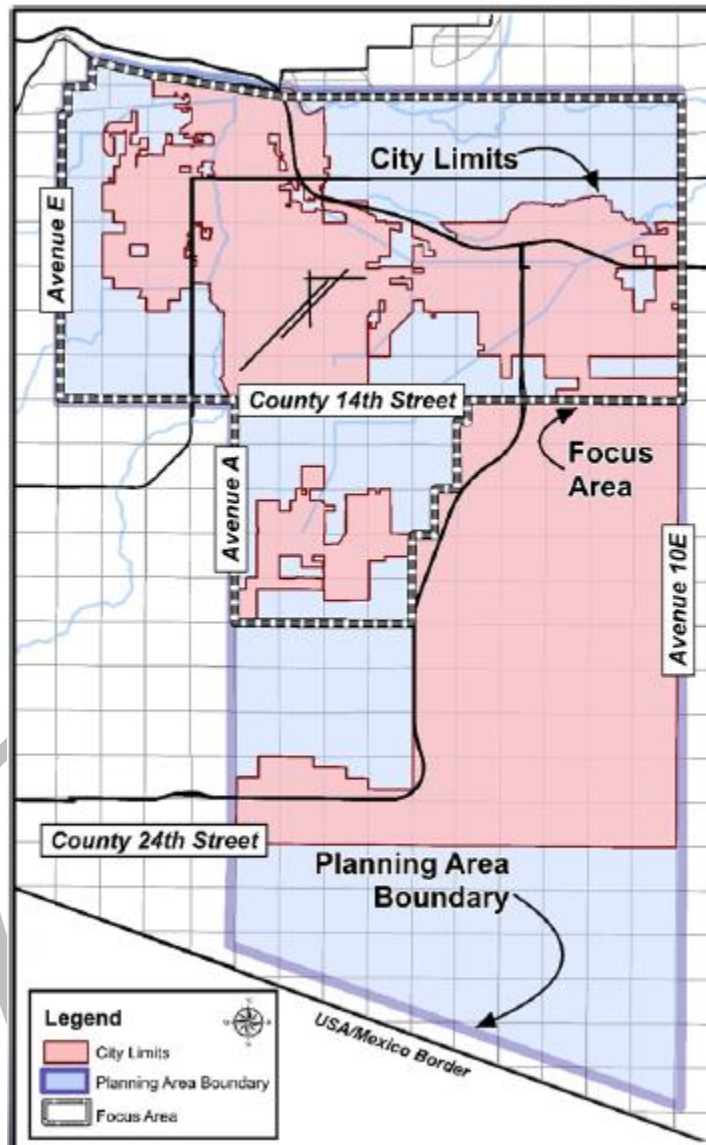
Linville presented the following:

- As required by the State, jurisdictions/cities with populations of 10,000 persons or more are required to send a General Plan, every 10 years, to the voters for ratification.
- The City of Yuma's General Plan was last ratified in November 2022
- The General plan is many things:
 - A local decision about what kind of community Yuma wants to be
 - The City's guide for development
 - Represents what the residents of our community hope Yuma will be in the future
 - A guide for growth, focused on protecting community economic assets
 - Protects resources and economic drivers
 - A means of support for established neighborhoods
 - Supports the character of our existing neighborhoods and development
 - A component of attracting new jobs to the City
 - Helps entice growth within our community in terms of jobs and attracting new industry.

Three boundaries are identified within the City's General Plan:

- City Limits (Pink)
 - Incorporated area within the City limits
- Planning Area (Blue)
 - The area adjacent to the incorporated areas/City limits, and the area that we expect the City to grow in years to come.

- Focus Area (Dashed line)
 - The area the General Plan focuses much of its attention on.
 - The area of the City that most growth is expected
 - Areas within the City of Yuma limits and the areas adjacent which we do expect annexations to happen.
 - Also the area where our utilities team has focused much of our growth within our community, Parks and Recreation, roadways as well as Public Safety.



Elements

- Similar to Yuma County, the City of Yuma is required by State statute to provide certain elements within its General Plan

- The following 17 elements have been incorporated into the City's General Plan:
 - Land Use
 - Recreation
 - Conservation, Redevelopment and Rehabilitation
 - Environmental
 - Public Buildings
 - Cost of Development
 - Circulation
 - Open Space
 - Neighborhood
 - Preservation and Revitalization
 - Energy
 - Water Resources
 - Growth Area
 - Bicycle
 - Housing
 - Conservation
 - Public Services and Facilities
 - Safety
- Each element of the General Plan is detailed within the document through a Chapter and each one has goals, objectives, as well as action plans that are required to occur over the course of 10 to 20 years.
- In addition to the elements identified within the General Plan, the City of Yuma has a participation component.
 - Chapter 13 of the General Plan identifies how the City of Yuma will incorporate and solicit comments from our residents
 - Through public notifications and neighborhood meetings.
 - For General Plan amendments as well as updates to the General Plan every 10 years

Chapter Outline

- User Friendly document
 - Each Chapter is broken up in a very similar fashion for ease of use for the reader
- Includes:
 - Arizona Revised Statutes
 - Background and existing conditions
 - Goals, objectives and policies that the City of Yuma would like to see supporting each of these elements
 - An Action Plan
 - Located at the end of each Chapter and is specific to each element required by the State and identifies how the City of Yuma will support each of those elements

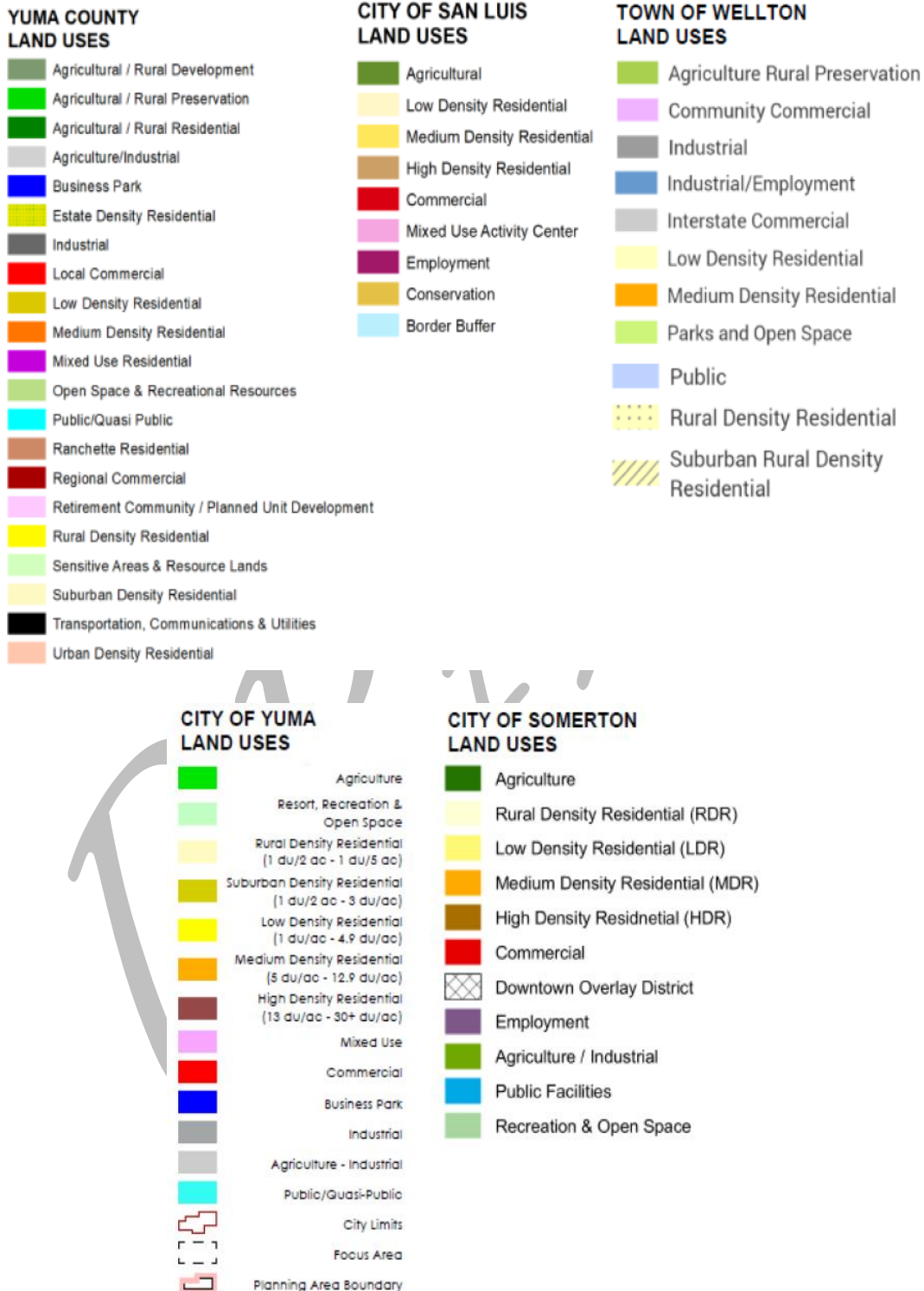
Annual Status Report

- The City of Yuma Planning team drafts and publishes an annual status report showing the community where the City is on each action item. The report highlights the number of General Plan cases processed. The Planning team is currently working on updating the 2024 status report
- 2023 Accomplishments:
 - In 2023 the City of Yuma processed eight General Plan amendments - six minor and two major amendments all focused on commercial and residential development, increasing densities, updating development standards, as well as explaining the boundaries of the infill overlay district.

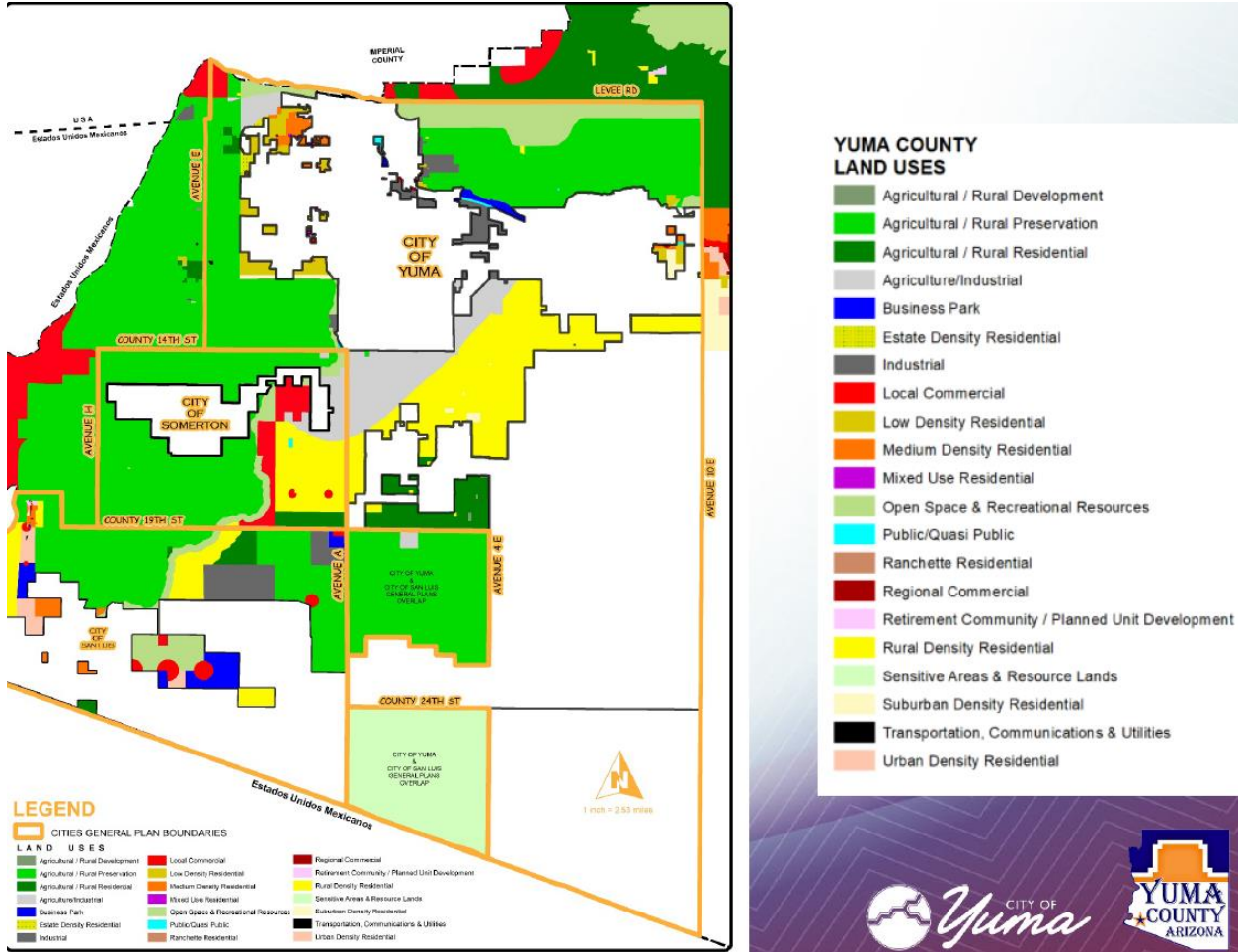
The General Plan serves the City of Yuma in a number of ways and helps grow our community in a way that we want to see.

Castro gave the breakdown of Land Use Designations within Yuma County as follows:

- 21 – Yuma County
- 09 – City of San Luis
- 11 – Town of Wellton
- 13 – City of Yuma
- 11 – City of Somerton

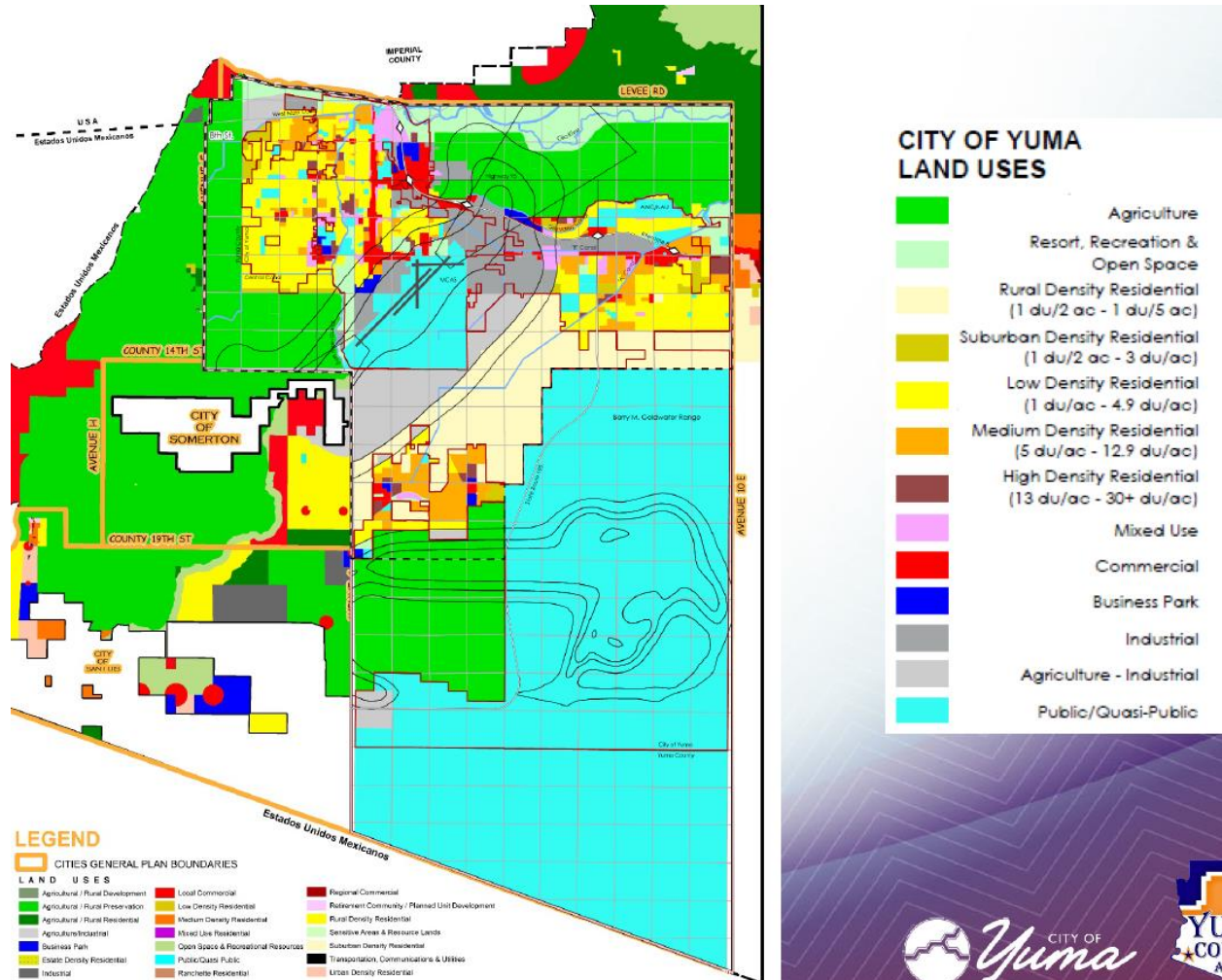


Castro explained that the below map shows the western portion of Yuma County. It shows the land use designations as well as the City of Yuma planning area, the City of Somerton planning area and the City of San Luis planning area:

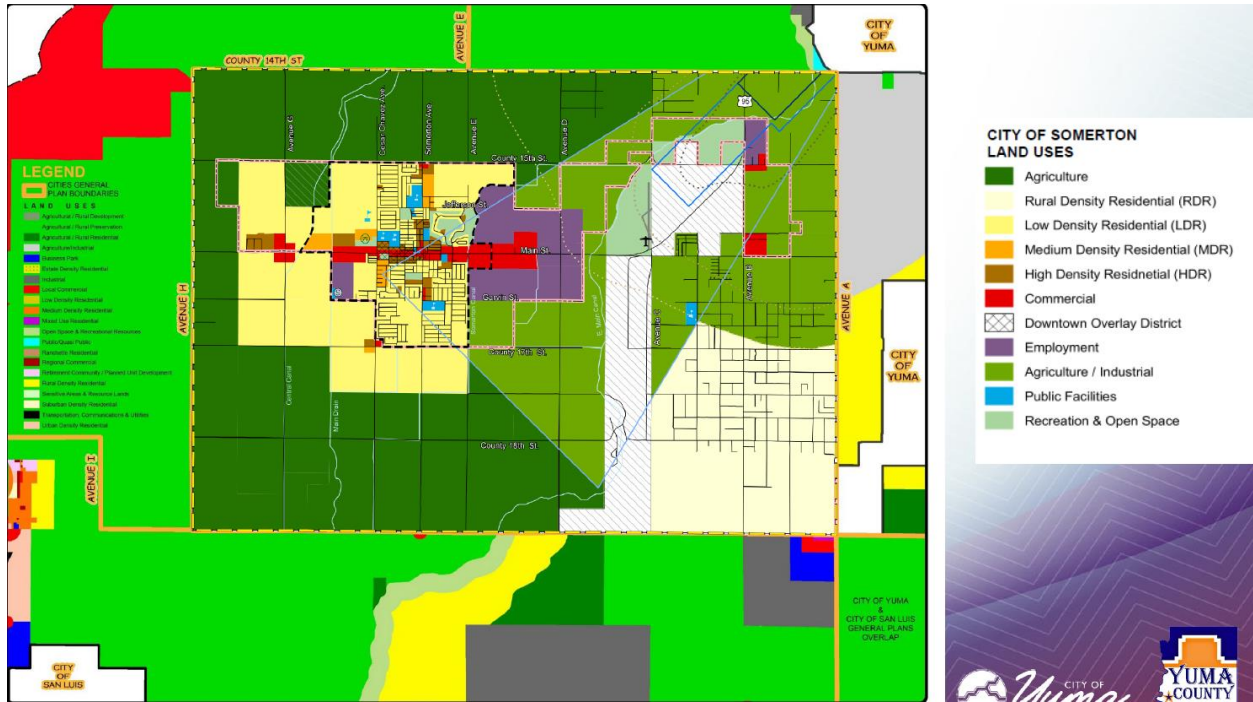


Castro explained that the below maps show how the City of Yuma, City of Somerton, the City of San Luis and the Town of Wellton's land uses fit within Yuma County's Comprehensive Plan as well as designations adjacent to or that touch Yuma County's boundaries are compatible:

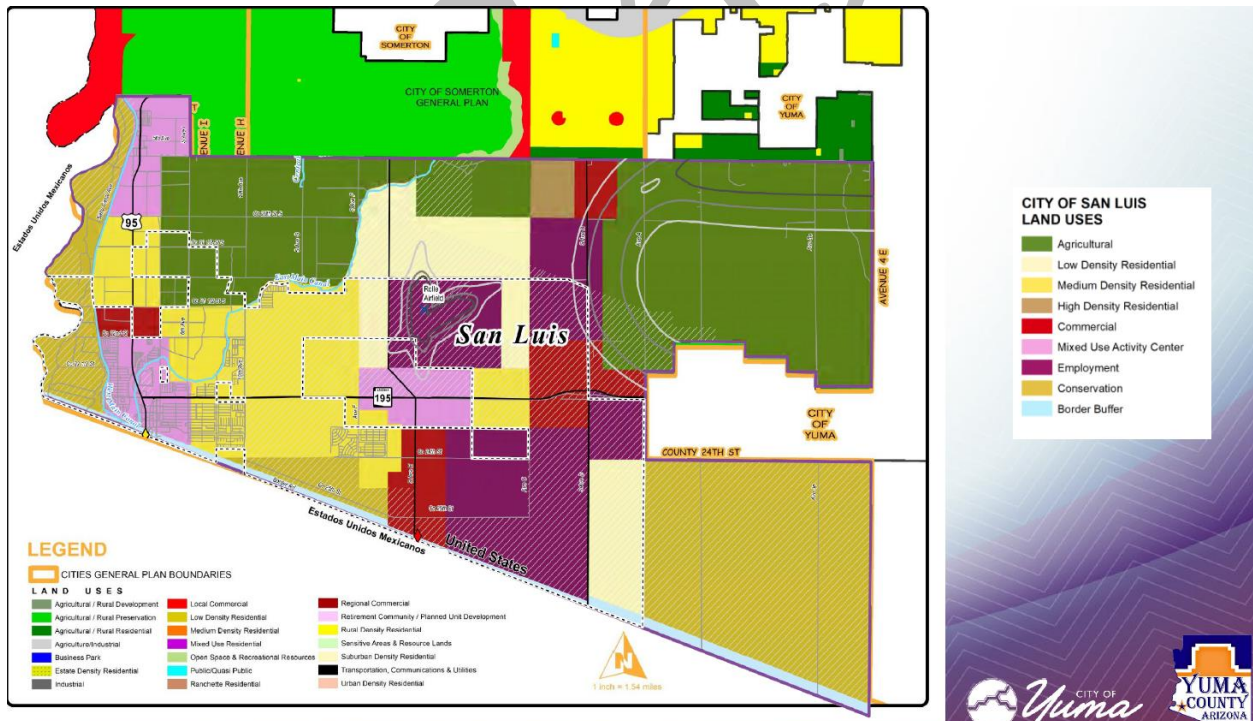
City of Yuma



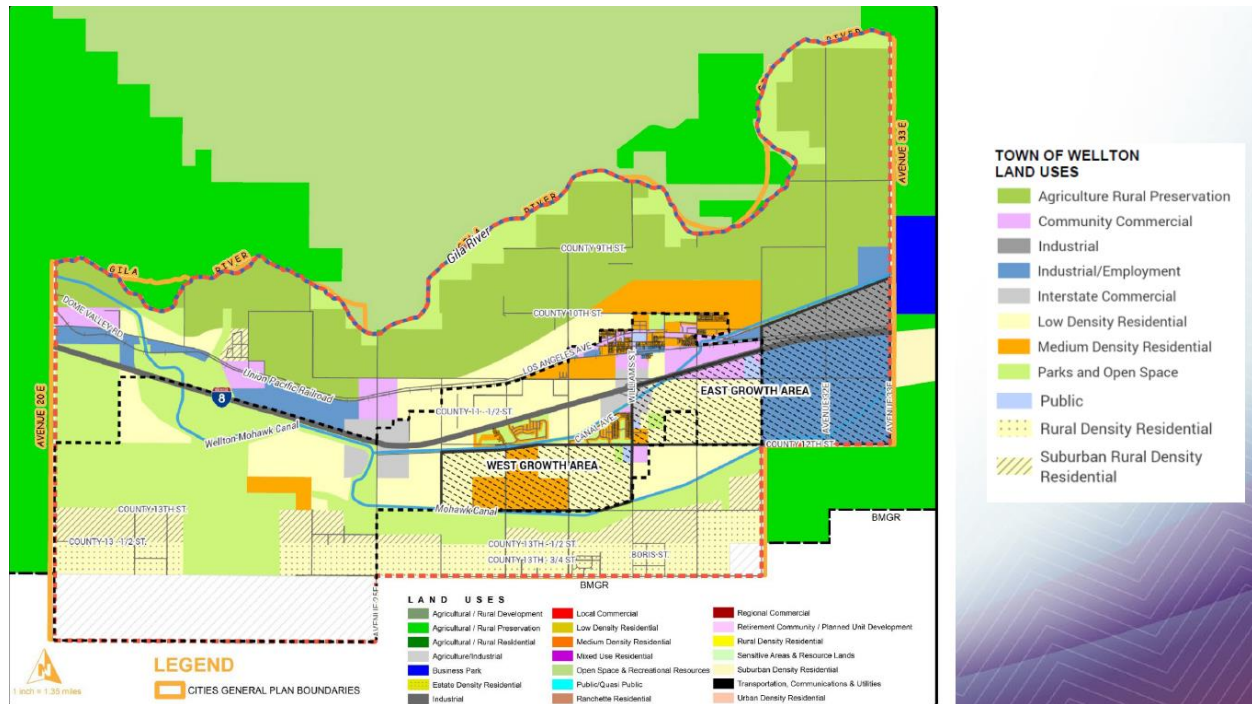
City of Somerton



City of San Luis



Town of Wellton



Discussion

- General Plans are a great tool to bring forth the perspective of the community and growth while preserving the agricultural elements that make Yuma unique. Sustaining the agricultural industry while growing the community is an important balance. (**Mayor Nicholls**)
- The amount of Federal Land in Yuma County is significant, making private land more critical to protect. (**Mayor Nicholls**)
- Energy needs, including solar, should be in the Eastern County. Industrial scale should be looked at due to the large footprint those industries take up (**Mayor Nicholls**)
- The City's infill plan takes a look at ways to redevelop land that does not involve removal of existing houses (**Mayor Nicholls**)
- It is important to be cognizant that we are not taking land out of urban production or urban utilization that could be in other areas (**Mayor Nicholls**)
- Calling the existing solar in the Foothills area good (enough) was supported. (**Simmons, Mayor Nicholls, Lines and Pancrazi**)
- Taking a proactive stance by getting with the League of Arizona Cities and Towns to revisit the tax rate the State sets for the solar industry was supported as it could be a missed opportunity to provide additional funding for our schools and roads. (**Mayor Nicholls/Simmons**)
- Encroaching on the Marine Base is the County's concern with allowing Accessory Dwelling Units (ADUs) as a permissible use. (**Morris/Pancrazi/Chairman Porchas**)
- MCAS was in support of the City of Yuma's adoption of ADUs as long as they are not located within the noise contours. (**Linville**)

IV. NEW COUNTY ADMINISTRATION BUILDING

Update provided by **Ian McGaughey**, County Administrator.

McGaughey presented the following on the new Yuma County Administration Services building:



- Architect is BWS Architects
- Local Engineers
 - Rob Campbell
 - Dahl Robins
 - GTS
- Contractor is Pilkington Construction
 - 75% of the subcontractors are local
 - Construction manager is Kitchell CEM
- Three floors plus a full basement
 - Each floor is roughly 27,000 sq.ft.
 - Basement is roughly 19,000 sq.ft.
- 170 staff will occupy the building upon opening with room to grow
- First Floor
 - Terrazzo floor with the Colorado River theme running through it
 - Includes:
 - Board of Supervisors Auditorium
 - Recorder's Officer
 - Election Services
 - Communications
- Second Floor
 - Agriculture and military theme

- Includes:
 - Treasurer's Office
 - Assessor's Office
 - School Superintendent
- Third Floor
 - Desert Sunset theme
 - Includes:
 - Board of Supervisor's Office
 - Administration
 - Human Resources
 - Finance
- Three public entrances
- Effort made to fit in with the existing street scape
- Board of Supervisors Auditorium
 - Named after E.F. Sanguinetti
 - Yuma Pioneer and former property owner.
 - Seats 110 public and 13 staff and board members
- Substantial completion expected in late August
 - Move-in will happen floor by floor
- Final completion expected in late September/early October

Discussion

- Attention to the buildings aesthetics is appreciated. (**Mayor Nicholls**)
- The ultimate capacity is 200 (**Mayor Nicholls/McGaughey**)
- Going from a vacant building to 200 employees will change the character of the parking downtown. Continued discussions on how that can work for everybody will be needed. (**Mayor Nicholls**)
- Employees of the Assessor, Treasurer and Recorder's offices were housed in the previous building 5 or 6 years ago. The School Superintendent, with 4 employees, is the only newly added office. (**McGaughey**)
- Available parking includes: 126 spaces behind the building between Maiden Lane and Gila Street; existing parking behind the current Administration building - 10 spaces owned by the County next to Jimmy Dees; City-owned parking behind Lutes Casino and other businesses (200+); and 40 parallel parking spaces on Gila Street. (**McGaughey**)
- 102 S. Main, the current location of the Recorder's and Elections Offices, will be occupied the Public Fiduciary's Office (10 employees); 198 S. Main Street (current Administration Building) will be occupied on the 3rd Floor by half of the Public Defender's Office (approximately 12 employees) and the first and second floors of that building remain to be seen. (**McGaughey**)
- It's important to note the economic consideration that all these employees will be shopping, dining and recreating downtown. (**McGaughey**)
- Consideration regarding the many events that happen on Main Street and how that will affect both the public and employees in terms of parking is needed as well as consideration of the Americans With Disabilities (ADA) regulations and what that looks like in terms of additional parking spots. (**McClendon**)

- Sufficient nighttime lighting as well as security cameras are planned for the building.
(Morales/McGaughey)

V. EXPENDITURE LIMITATION DISCUSSION

Presentation by **Doug Allen**, City Finance Director and **Humberto Del Castillo Ochoa**, County Chief Financial Officer.

Castillo-Ochoa presented the following:

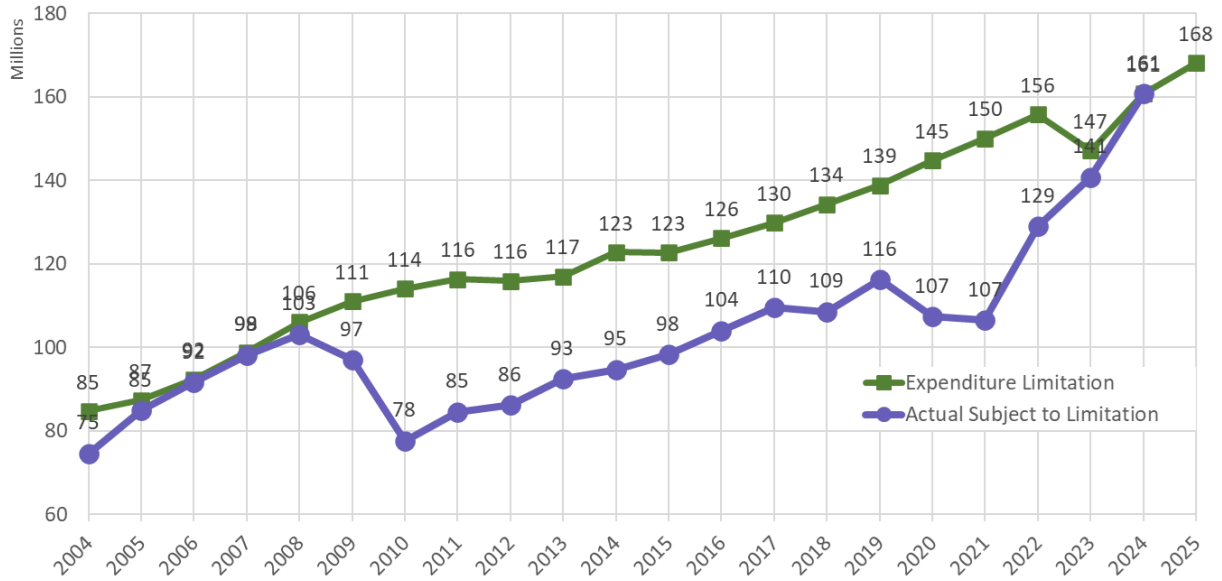
- The Annual Expenditure Limitation (AEL) can be found in the Arizona Constitution, Article IX, §20:
 - It sets the base limit for actual expenses of local revenues.
 - It has a restrictive ceiling even if the municipality has more local revenue/cash than the AEL
- Who Files Report
 - The Governing Body designates annually, by Resolution, a Chief Financial Officer (CFO) for the Annual Expenditure Limitation Report (AELR)
 - The CFO is subject to a Class 1 misdemeanor for certain erroneous actions or reporting
- Why Comply
 - Penalty up to 33% of State income tax withheld based on amount exceeding the AEL
 - Public Trust: Exceeding violates state law

Allen presented the following:

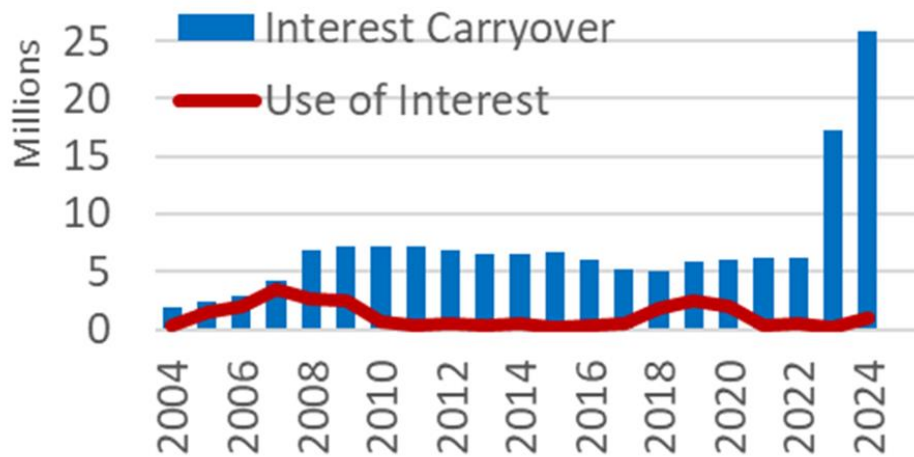
- What is the Formula – it goes back to 1980 and has a few components:
 - Population Factor
 - Takes the population of 1978 to today
 - Inflation Factor
 - Takes the Gross Domestic Product deflator from 1978 to today
 - Compares to what the budget was in 1980
 - Yuma had a rather significant budget at the time, per capita
- How to Increase – Must go to the voters (3 different ways it can be done):
 - Permanent base adjustment; Adjusts all future years
 - Home rule applied to next 4 years only; Voter may adopt additional adjustments
 - One-time override; Good for one specific year for a specific amount

The City of Yuma, for 2025, has sufficient revenues to carry operations and services going forward. However, the expenditure limitation is not sufficient to keep that going on the long term as shown in the below chart.

When expenditures are at risk of exceeding the expenditure limitation there are two options: (1) reduce spending on current services, operations and projects which means reducing services or (2) increase the expenditure limitation which goes to the voters. The City of Yuma is one of about only seven cities in Arizona that have not done a permanent base adjustment.



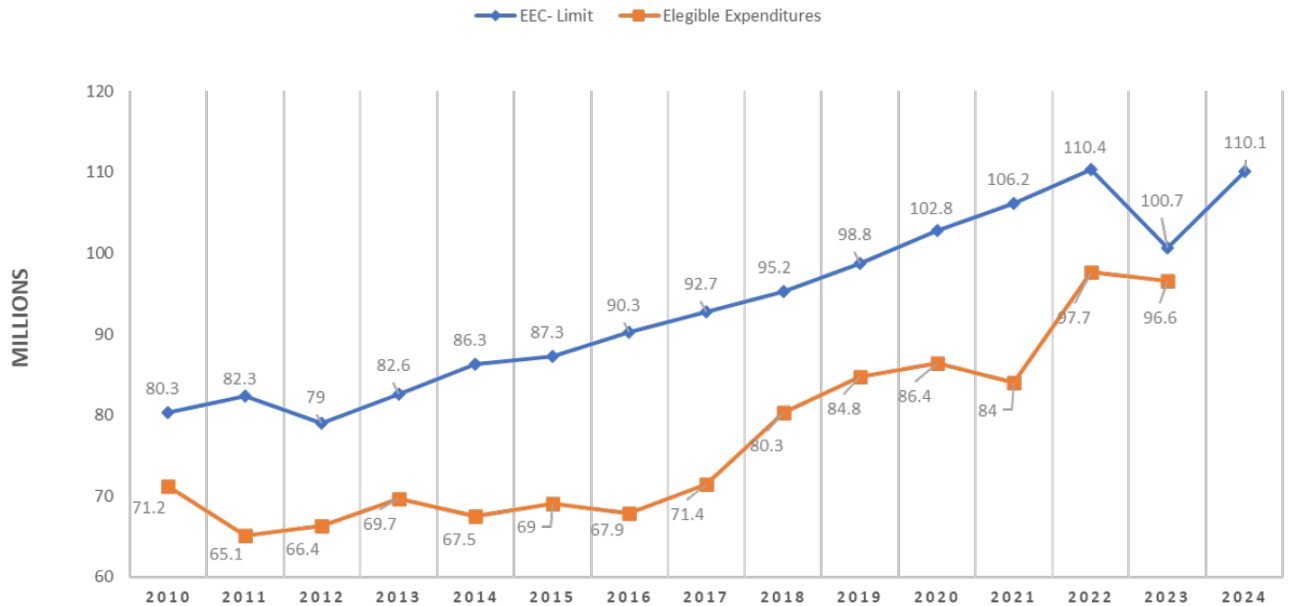
The City has had fortunate investment earnings the last couple of years which are excluded from the expenditure limitation. Currently \$25 million is excluded which will get the City through to the time this gets to the voters. The red lines shows historically how much investment earnings were used as an exclusion.



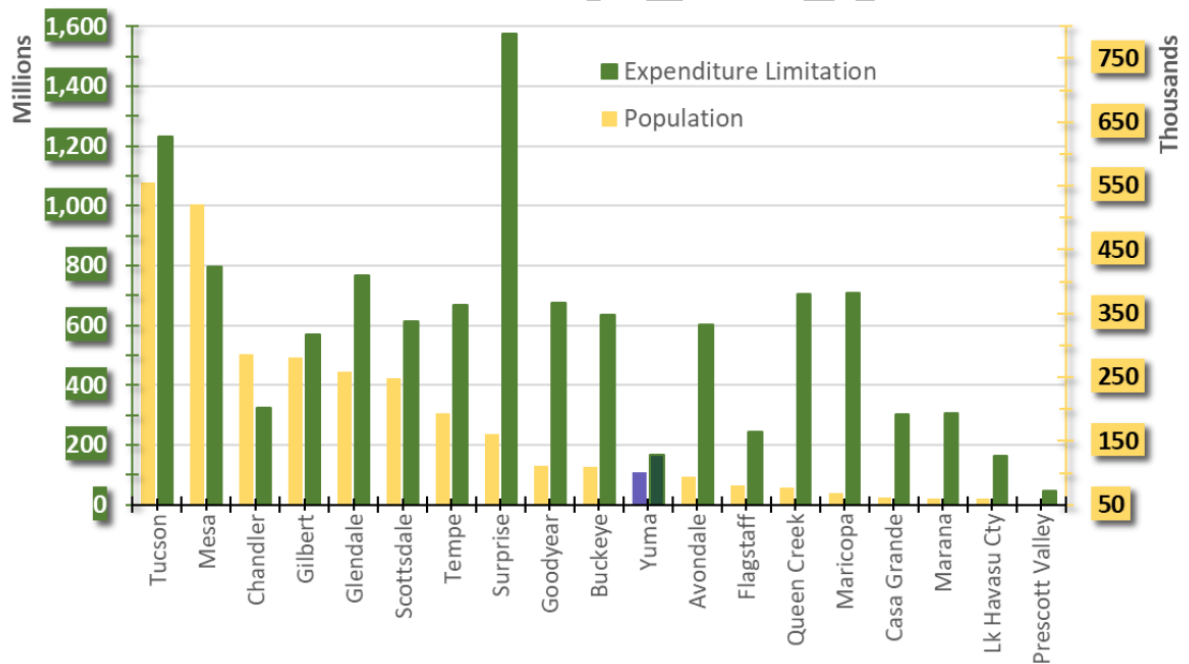
Castillo-Ochoa shared that the County had not been very close to their limit but, in addition to the pandemic, the decline in their expenditure limitation was mainly caused by two things: (1) the 2020 Census which, instead of increasing the population decreased the population, lowering the County's limit from \$110 million to \$100 million; and, (2) the increased cost of everything.

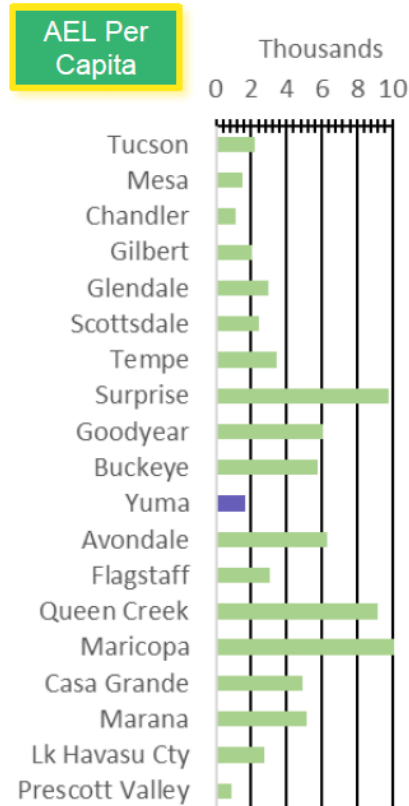
The County's plan going forward is to strictly adhere to and monitor department budgets and plan strategically looking for exclusions and what will be called the blue money during this presentation.

SPECIAL WORKSESSION/JOINT MEETING WITH YUMA COUNTY
FEBRUARY 4, 2025



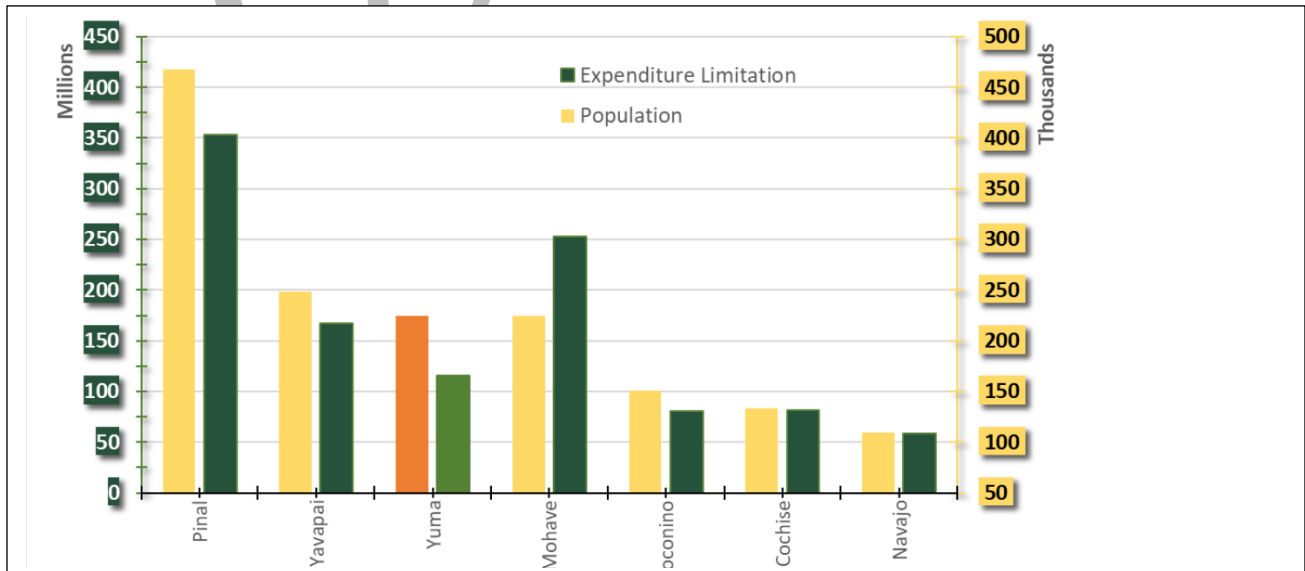
Allen presented the following graph showing Arizona cities (excluding Phoenix) with populations over 50,000 and their corresponding AEL as well as their AEL per capita:

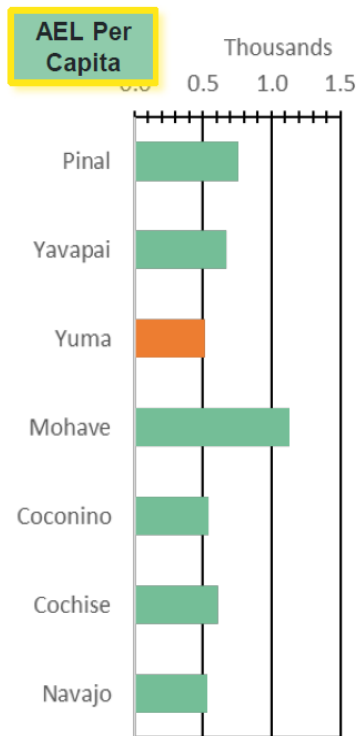




Castillo-Ochoa presented corresponding County charts showing Arizona counties with populations over 100,000; excluding Maricopa and Pima.

- Yuma County's population of 220,000 is comparable to Yavapai and Mohave Counties.
- Yuma County has an expenditure limitation of \$110 million in comparison to Mohave's \$250 million
- Yavapai County went to their voters in November 2024 and their Expenditure Limitation will increase to close to \$300 million next year.
- Yuma County would like to do the same thing and go to the voters in November 2026 and increase the base limit to catch up to the rest of the Counties around Arizona





Key Considerations

- Risks
 - Operational cost increases
 - Service impact and reductions
 - Population adjustments and census participation
 - State-shared revenue reductions
 - Preemptive legislation
- Revenue/Exclusions
 - Local revenues (green money) include:
 - Property taxes
 - Sales taxes
 - Licensing, permits and fees
 - State shared revenues
 - Exclusions (blue money) available such as:
 - Debt proceeds
 - Debt repayment
 - Grants and donations
 - Includes both Federal and State Grants
 - HURF in excess of 1980
 - Example: If Yuma County received HURF revenues for \$5 million in 1980 and \$15 million in the current fiscal year, it means \$10 million can be excluded.
 - Voter approved tax for CIP
 - Investment earnings

Allen continued:

- Mitigating Actions
 - Key Question
 - How can a municipality adopt a \$1/2 billion budget yet stay under AEL of \$160 million?
 - Planning and timing
 - Use most restrictive first
 - Protect bank carry forwards for future
 - Exclusions and no idle cash
 - The City is getting to the point where we do not have enough of the above options to keep under the AEL
- Restricting AEL
 - Budget available resources
 - Actual spending within AEL
 - AEL like reduced revenue:
 - Curb, flat spending
 - Delay projects, etc.
 - Considerations
 - Revenue trending well?
 - Have budget authority?
 - Have the cash?
 - Have AEL exclusion? Or included in AEL budget?
- Green/Blue Money
 - Consider if AEL behind budget:
 - Green: sources are included in AEL budget; good to proceed
 - Blue: sources excluded from AEL; validate to proceed
 - Transferring budget authority:
 - Green can be changed to blue (awarded a grant for it)
 - Blue changing to Green needs actual budget authority from Green budget (grant failed, spend anyway)
- Last Resort
 - Lease or short-term bonds for all vehicles and equipment:
 - Use of proceeds is excluded
 - Paying Debt is excluded
 - Both are Blue money
- Talk with your CFOs
 - Knowledgeable
 - Purposefully plan
 - Responsible for filing AELR
 - No Class 1 Misdemeanor here

The Appendix was not presented but included how to raise the AEP and what that means to voters, case studies for success and those not successful and potential solutions. It also states this is not a new tax or increase in current rates and does not authorize unrestrained spending.

The Timeline is as follows:

- Next Opportunity: November 3, 2026
- Adjustment Applies: FY 2027-28 and beyond
- Steps Leading to Adjustment: May/June 2026: Two public hearings, Board of Supervisors vote after hearings
- June 2026 Board of Supervisors Vote
- July-August 2026: Submit analysis for Attorney General review. Receive review and submit publicity pamphlet
- October 2026: Publicity pamphlet mailed prior to the election

Discussion

- Utilizing the City's communications team, reviewing case studies of previous counties with successful approaches and letting voters know it is not a tax increase but rather allowing the government to continue providing services are a few ways to assure passage of the AEL increase. (**Smith/Allen**)
- All three counties with successful approaches to the AEL increase highlight the importance of transparent communication and voter outreach. Being precise and transparent in the publicity pamphlet that is mailed to the voters is key. (**Castillo-Ochoa**)
- The City and Yuma County are considering running this on the same election and working together to get the message out to the voters. (**Simonton**)
- San Luis and Somerton have each approved the Home Rule increase (4-years). (**Mayor Nicholls/Simonton**)
- Somerton has expressed an interest in the Permanent Base adjustment. (**Chairman Porchas**)
- Running Yuma, Somerton and Yuma County at the same time could save on duplication of the message to the community. (**Simonton/Pancrazi**)
- State Statute is specific in that the AEL must happen in an even-year general election (November 2026). (**Chairman Porchas/McGaughey**)
- The recommendation is still being worked out but, will likely be similar to what the other cities have done. Also making sure it extends out for years, so those coming in after do not have to do it again anytime soon. (**Mayor Nicholls/Simonton**)

VI. COUNTY / REGIONAL TRANSPORTATION SALES TAX

Presentation by **Joshua Scott**, Deputy County Administrator.

Scott stated that in 2019 the former County Administrator started investigating the potential for a sales tax that could be dedicated to roads. Municipalities were brought in on the discussions and meetings have been held on a semi-regular basis. Today's presentation will highlight some of those discussions and solicit feedback on how to proceed.

Scott presented the following:

Needs and Challenges

- Flat Highway User Revenue Fund (HURF) revenues

- Biggest challenge with HURF is it is based on the gas tax that has not been adjusted since 1993
 - Potential HURF sweeps by the legislature
- Gas tax
 - The 18 cents a gallon you are paying at the pump does not have the same buying power today
- Inflationary pressures
 - Hot topic the past few years
 - Construction costs have gone up significantly
 - Dealing with 30-years' worth of inflation when it comes to HURF revenues
- Growing maintenance backlog
 - The ever-growing gap between maintenance costs, construction costs and actual HURF revenues is challenging and a lot of road maintenance gets deferred
- Aging infrastructure
 - Agencies across the County and across the State are dealing with aging infrastructure including:
 - Roads with asphalt that are past their useful life
 - Bridges that need to be addressed etc.
 - When talking about roads in this presentation they include:
 - Everything in the right-of-way including sidewalks, bridges, drainage structures etc.

A New Revenue Source

- County led ballot initiative (A.R.S. §42-6107)
 - One possibility to fill the gap between HURF and the actual costs needed to maintain our infrastructure is to look at a new tax
 - State statute allows Counties to take an Initiative to the voters for up to a 1% sales tax
 - The tax would be dedicated to transportation projects
 - The tax would be countywide to include unincorporated areas of the County as well as within City/Town limits within the County
- Countywide \$0.005 tax
 - Discussions outlining needs and the costs associated with those needs show a half cent tax would be enough revenue to have a meaningful impact on the transportation infrastructure
- 20-year sunset
 - At which time it would either need to be reapproved by the voters or it would sunset
- Share revenues with cities and town (A.R.S. §48-5308)
 - State Statute authorizes the counties to split those revenues with the municipalities within the County
 - The statutes are broad and the County has leeway in determining how those revenues could be split
- Similar successful initiatives – Coconino, Gila, Pinal, Maricopa

Revenue Projection

- Potential to generate \$21.7M/yr
- Split with cities and town
 - There are a number of ways to split the \$21.7 million, staff recommends the following:
 - Minimum for Town of Wellton
 - \$400,000
 - Cities and County split based on population
 - The remainder of the \$27.7 million would be split based on population
- Local Control
 - Only used for roads
 - IGA between the County and the jurisdiction would specify use for roads, traffic signals, bridges etc.
 - Jurisdictions decide projects
 - Each jurisdiction would be able to set their own priorities, identify their own projects and spend their money as they see fit
 - Dollars could be used to leverage as match money for Federal grants
 - Cannot be swept by state

Possible Next Steps

- Identify specific needs and projects of each jurisdiction
 - Need to revisit since this was last done 5 years ago
- Yuma Metropolitan Planning Organization (YMPO) study and analysis
 - YMPO indicates they would like to include a study in next fiscal years' work plan
 - A consultant will look at identifying the regional transportation needs, the priorities and then what could be accomplished with a road tax
- Citizen education campaign
 - Education and outreach leading up to the election
 - Preparation of factual information
 - Leverage YMPO and their public involvement as a forum to educate the residents
- Ballot timing
 - Must be on ballot in an even-numbered year
 - County Expenditure Limitation initiative is scheduled for 2026. The expenditure limitation is a priority
 - 2028 is when this likely will go to the voters

Discussion

- Many options for splitting the funds were discussed including mileage of roadways versus population. Population seemed like the easiest to manage and easiest to explain to the voters. The different split options can be made available. **(Morris/Scott)**
- As painful as it might be, waiting until after the expenditure limitation goes to the voters before bringing the road tax to the voters is the right thing to do. **(Mayor Nicholls)**
- Leveraging the monies for Federal grant match money would be a goal to make the funds go further. **(Lines/Scott)**

- Clearing the backlog of maintenance projects is where the money will be most useful. The City has 50 miles of roads in very poor condition; the County has a 5% backlog. (Scott/Simonton/Olea)
- Roads are one of the basic necessities and services provided. If we are taking something to the voters and asking for their consideration we want to make an impact and not just put a band-aid on the problem. (Lines)
- This tax is meant to be a supplement to HURF revenues. (Scott)
- PM10 requirements – paving 3 miles every 5 years (Pancrazi/Scott)
- Getting ahead of the game and letting the voters start to see the benefits behind the tax is important even if it does not go on the 2026 ballot. (Simmons)
- Discussions have mostly been centered around maintenance and catching up on deferred maintenance and that cost is significantly less than a million dollars a mile. (McClendon/Scott/Simonton)
- Our community will receive a smaller percentage of the HURF funds if the Casa Grande Accord is reopened. (Mayor Nicholls)
- Getting the money is the priority. Once received each entity can decide whether to use it on maintenance or on a larger road project. (Chairman Porchas)
- The YMPO study may help show what percentage we need to take to the voters based on what needs to be accomplished. (Scott)

VII. HCR 2021 ELIMINATION OF FOOD TAX BRIEFING

Briefing by **Mayor Nicholls**.

Mayor Nicholls gave the following background on HCR2021:

- Last session the State Legislature prohibited cities from continuing to collect tax on multi-family dwellings which ended up impacting the City of Yuma by half a million dollars, roughly.
- Last session the State Legislature also talked about eliminating the food sales tax, but it was tabled and this year it is back and the legislators want to put it before the voters.
- The City of Yuma has a 1.7% food sales tax that was last updated in the 1990s. As the bill is currently written, the elimination of the food tax would be an \$8 million hit to the City of Yuma.
- .2% of that sales tax is dedicated to Public Safety. Based on how the City budgets, Public Safety would get hit from this elimination of \$8 million dollars, basically defunding our police and fire departments.
- The State does not have a sales tax; not every City in Arizona taxes food; therefore, this is not a statewide concern. This is grocery store food (consumables at home) and not restaurants.
- The City Administrator, Police Chief and a representative from our Fire Department Union gave their perspectives. The public in attendance asked if the food tax should be eliminated and they responded no, it should not be eliminated as it goes to protect the community and is not wasteful or extra money.

Simonton:

- Loss of the 1.7% food sales tax would be about 10% of the City's General Fund; San Luis would lose 25% as they have one of the highest sales taxes; Somerton would also suffer.
- Wellton will also be severely affected. Wellton and San Luis do not not have a property tax to fall back on.
- Requested the County's assistance in reaching out to our State legislators and the communities in their districts about how devastating this can be for them.

Discussion

- The cost is roughly \$4.00 per week if you spend \$200 a week at the grocery store **(Watts/Simonton)**
- Because it is an HCR it will be voted on across the State and even those cities without a sales tax will be voting on it. **(Pancrazi)**
- Phoenix, Tucson and Mesa, which are the largest by population and do not have a food tax would be voting for this. If it goes to the voters, we can assume it will be approved. **(Simonton)**
- Beyond the actual bill, the approach of local government being superseded by State government is an even larger concern. **(Mayor Nicholls)**
 - These types of changes need to be done locally so it can be managed and not just arbitrary. **(Mayor Nicholls)**
- Our community is unique with our winter visitor population; sales tax is one of the easiest and most reliable ways the City structures our community and finances moving forward. **(Mayor Nicholls)**
- Our economy is different than Scottsdale, Phoenix and even Lake Havasu. The average family income in Yuma is almost \$40,000 less than the average family income in Phoenix. What works in Phoenix does not necessarily work in Yuma. **(Mayor Nicholls)**
- Yuma County's legislators did not commit to voting this legislation down. In fact, three of them co-sponsored the bill. **(Pancrazi/Mayor Nicholls)**
- The City needs help spreading the word that this is not a good thing for Yuma. **(Mayor Nicholls)**
- Representative Leo Biasiucci of Lake Havasu is the bill sponsor. Lake Havasu does not have a food tax so its really telling other communities how to run their communities when it does not affect their own community. The average family income in Lake Havasu is higher than ours and they have other ways to generate revenue than we do. **(Pancrazi/Mayor Nicholls)**
- It appears that the Legislators do not believe the argument that this bill will defund police and fire. There is a pervasive perspective at the State Legislature that Cities have monies tucked away. Very few State Legislatures have ever sat on a City Council. **(Smith/Simonton/Mayor Nicholls)**
- None of the legislators have taken Mayor Nicholls up on sitting down and going through the budget to see how this will impact Yuma County and why this is a bad bill. **(Mayor Nicholls)**

- The League of Arizona Cities and Towns is working the day-to-day strategy sessions regarding this bill. Even those cities not affected would recognize this infringement on local control (**Mayor Nicholls**)
- A fact sheet will be put together to show the impact that this bill will have. (**McClendon/Simonton**)
- A large part of the discussion was how to determine what foods fall into what category. (**Smith/Mayor Nicholls**)
- Yuma County does not have a food tax. (**Chairman Porchas/McGaughey**)
- **Pancrazi**, as the County Supervisor Association President, will discuss it at the Legislative Policy Committee meeting on Friday morning as well as pass out the Fact Sheet, if available, to the legislators on the floor. (**Chairman Porchas/Pancrazi/Mayor Nicholls**)
- The Board of Supervisor's could explore signing a letter of their support against the bill as well as getting their paid lobbyist involved. (**McGaughey**)

VIII. CITY OF YUMA SPACEPORT PROJECT

Update presented by **Jay Simonton**, City Administrator

Simonton presented an update on the status of the spaceport project as follows:

- Spaceport Project History
 - It Started With a Simple Vision
 - March 2016 – Former Councilmember Mike Shelton discussed the concept/goal of Yuma developing a spaceport at the Council Retreat
 - 2017/18 – The region received interest from commercial rocket companies regarding the possibility of developing a commercial spaceport
 - 2019 – Greater Yuma Economic Development Corporation (GYEDC) received a grant to complete a feasibility study
 - 2022 – City in partnership with GYEDC hired Launch on Demand to complete the Federal Aviation Administration (FAA) Site License Application Process
- Why Yuma?
 - It is all about location
 - Close to large bodies of water (Sea of Cortez/Pacific Ocean)
 - Rockets are usually two or more stages, and the first stage would break off over the Pacific Ocean
 - Ideal longitude and latitude to launch communication satellites toward a southerly polar orbit
 - Very low population densities
 - The launched rockets would travel over sparsely populated areas, reducing safety concerns
 - Very few viable commercial spaceports in the world
 - Fewer than 40 operational spaceports
 - Many spaceports are controlled by the federal government, making it difficult for smaller operators to launch their equipment into space
 - There is one private operation in Alaska

- Difficult to get to
 - Weather can be unpredictable
 - Space X has a facility in Texas
 - Only launches Space X rockets
 - Commercial space industry is expected to be a \$1 Trillion industry by 2030
- Progress to Date
 - Need to obtain FAA Part 420 Site Operator License
 - Hired consultant Launch on Demand in 2022 to complete the Site License Application Process
 - Submitted Pre-Application to FAA in February of 2024
 - Working with an environmental consultant to complete the required National Environmental Policy Act (NEPA) documents
 - Anticipate environmental review process to be completed in the Summer or Fall of 2025
 - FAA will have 180 days to review the application
 - If everything goes as planned, the goal is to have the Site Operator License approved in early 2026
 - A company called InterOrbital out of Mojave California is working on their 450 License and wants to be our first customer
- Challenges and Hurdles to Overcome
 - Land swap/acquisition with Arizona State Land Department and Marine Corps Air Station (MCAS)
 - A swap or exchange with MCAS and the State Land Department would give MCAS 300 acres of prime real estate for the protected Flat-Tail Horned Lizard and the City land for its spaceport
 - FAA approval of inland spaceport
 - The FAA has never approved an inland space port
 - Size of launch vehicles
 - The City is targeting the very small rockets that launch payloads of less than 1000 kilograms. The tables used by the FAA to determine the safety of launching a rocket were for much larger rockets carrying significantly larger payloads than would be handled at Yuma's spaceport
 - The City's consultants had to submit a lot of extra documentation to prove that launching small rockets from the proposed location would be safe
 - Private investment in site infrastructure
 - The City does not have the funds to build the spaceport, and will need to find a private partner
 - Companies such as InterOrbital only need a concrete pad, a water source, and a small control room.
 - Coordination with Mexico
 - Mexico's previous administration was supportive of this project; must reengage with the new Administration if we plan to launch anything over Mexico
- Project is Generating Interest
 - National Science Foundation (NSF) Engine Grant

- Partnership with the City, GYEDC, Arizona Western College (AWC) and Elevate Southwest
- Potential \$160 million grant over the next 10 years
- Companies and Educational Interests
 - Opportunities to partner with MCAS and Yuma Proving Ground (YPG)
 - InterOrbital Systems (signed a Memorandum of Understanding)
 - Uses turpentine and nitric acid as fuel sources, which are much less dangerous to the environment and unlike traditional rocket fuel does not require a special storage system
 - They want to be the first to launch a rocket from the Yuma spaceport
 - Space-Tech Inc.
 - University of Arizona
 - Arizona State University
 - Raytheon
 - Jet Propulsion Laboratories

Discussion

- Mayor Nicholls recognized Simonton's leadership and work with Elevate Southwest to get the City's application moving forward to the next level. The City's application is one of only two in the State (four in the whole country) and the only space-based application. **(Mayor Nicholls)**
- National Science Foundation Grants are notoriously difficult to get and put a stamp of approval on the project. **(Mayor Nicholls)**
- Supervisor Lines and GYEDC worked on legislative changes back in 2014/2015 to get the grant approved and signed by Mark Brnovich, Attorney General, on behalf of the State. **(Mayor Nicholls/Lines)**
- The market is currently dominated by the Space X's and Blue Origins of the World who utilize the three primary space ports making the demand for smaller launch locations, servicing small payloads and small rockets, necessary along with the year-round perfect weather. **(Morris/Simonton)**
- Educational components, including research and development, would come along with having a SpacePort in Yuma. **(Morris/Simonton)**
- A preliminary site plan was submitted with the application. **(Morales/Simonton)**
- Starting small and building up over time is the prudent way to go about this project. Currently a concrete pad, security fence, a conex box with a restroom and a water source is what is needed to get up and running. **(Morales/Simonton)**
- If the National Science Foundation Grant falls through the City will continue to move forward with the application and look for private investors. The project was already being pursued without the grant. **(Morales/Simonton)**
- If the license is granted the investors will come, as getting the license is the most arduous part of the process. **(Simonton)**

IX. CLOSING REMARKS

Provided by **Mayor Nicholls** and **Chairman Porchas**.

Mayor Nicholls stated he appreciated getting the opportunity to have these discussions and that he knows he can call any of the other elected officials in Yuma County to address an issue which is what makes Yuma unique. Its about everyone contributing for the betterment of our community and the word community does not tie us to State, County or City boundaries. It's a collective group of people that are looking out for the best for everyone.

Chairman Porchas stated he also appreciates that the City and County can work together and, while we may not agree on everything, knows that he can pick up the phone and have a discussion. **Chairman Porchas** thanked the staff for their time.

ADJOURNMENT

The meeting adjourned at 6:10 p.m.

Lynda L. Bushong, City Clerk

APPROVED:

Douglas J. Nicholls, Mayor

Approved at the City Council Meeting of:

City Clerk: _____