

MINUTES
REGULAR CITY COUNCIL WORKSESSION
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CITY COUNCIL CHAMBERS - YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
May 5, 2026
5:30 p.m.

CALL TO ORDER

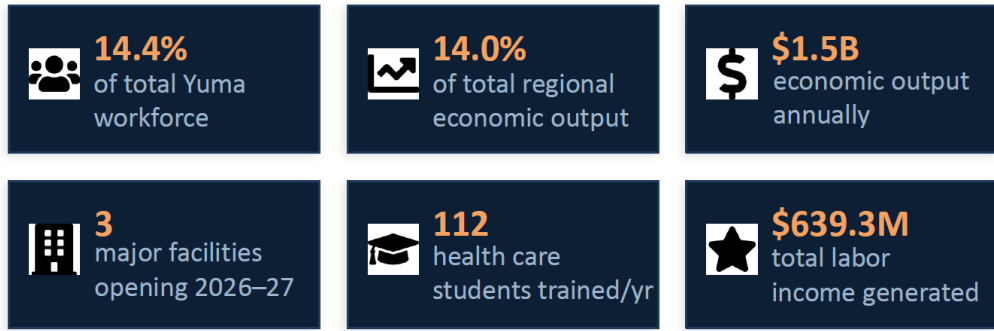
Mayor Nicholls called the Regular City Council Worksession to order at 5:31 p.m.

Councilmembers Present: Martinez, Morris, McClendon, Smith, Morales, Watts, and Mayor Nicholls
Councilmembers Absent: None
Staffmembers Present: Acting City Administrator, John D. Simonton
Chief of Police, Thomas Garrity
Director of Parks and Recreation, Eric Urfer
Director of Community Development, Alyssa Linville
Various department heads or their representatives
City Attorney, Richard W. Files
Acting City Clerk, Janet L. Pierson

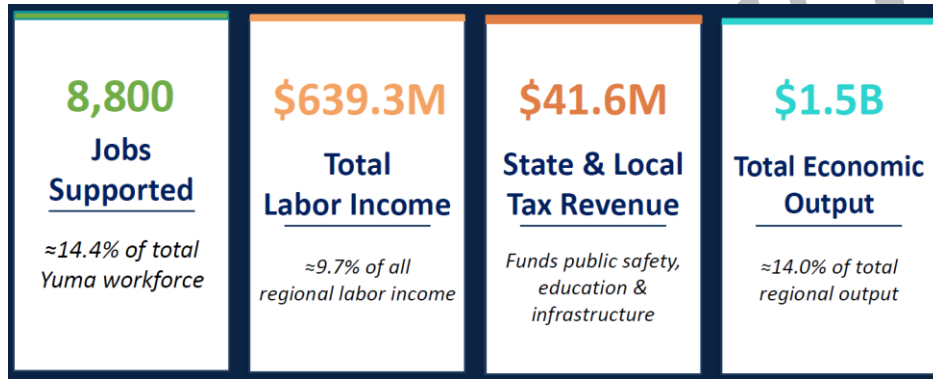
I. ONVIDA HEALTH – BUILDING A HEALTHIER TOMORROW

Jim Rounds, Rounds Consulting, presented the following information on how investing in healthcare drives economic impact:

- About Onvida Health
 - A comprehensive system of care serving more than 200,000 residents across Yuma County and border communities with services including:
 - Yuma Medical Center – emergency, trauma, surgical, and inpatient specialties
 - Primary and Specialty Clinics – family medicine, cardiology, oncology, neurology, and more
 - Behavioral Health Campus – inpatient and outpatient mental health and crisis support
 - Community and Preventive Care – mobile screenings, chronic disease management, and wellness
 - Medical Education Hub – residency programs and clinical partnerships with the University of Arizona, Northern Arizona University, and Arizona Western College
- A Regional Anchor and Catalyst for Long-Term Growth
 - Approximately 14.4% of the total regional workforce and 14% of the regional economic output are connected to Onvida Health, generating an estimated \$1.5 billion in annual economic output.
 - Arizona is expected to experience an uneven economic slowdown, with lower-income individuals potentially facing recession-level impacts while the state overall experiences a downturn.
 - Strong long-term economic expansion is anticipated following the slowdown, with Yuma positioned for growth and diversification due in part to existing community assets, including the regional hospital system.



- 2025 Economic Impact



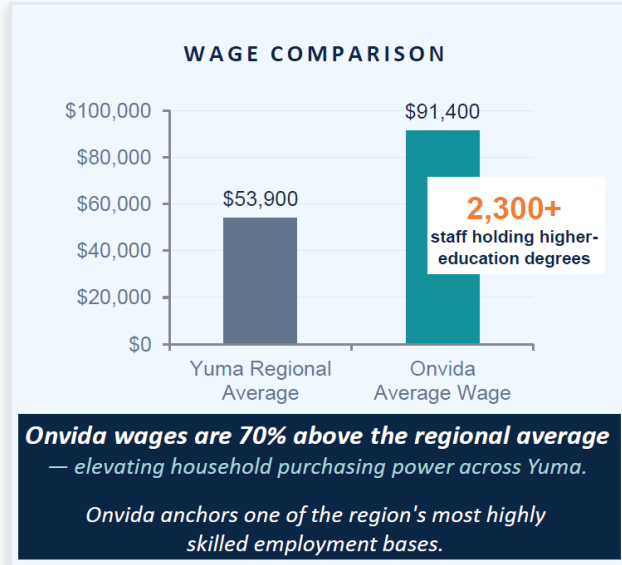
- Significant Fiscal Benefits

- Over a five-year period, the hospital was estimated to generate approximately \$99 million in state tax revenue, nearly \$20 million in county tax revenue, and almost \$17 million in City tax revenue.
- Healthcare infrastructure generates economic impacts beyond direct hospital operations, similar to how transportation infrastructure supports broader business and economic activity.
- Estimates likely understate the full economic impact and revenue retention benefits generated by the hospital and its nonprofit status.

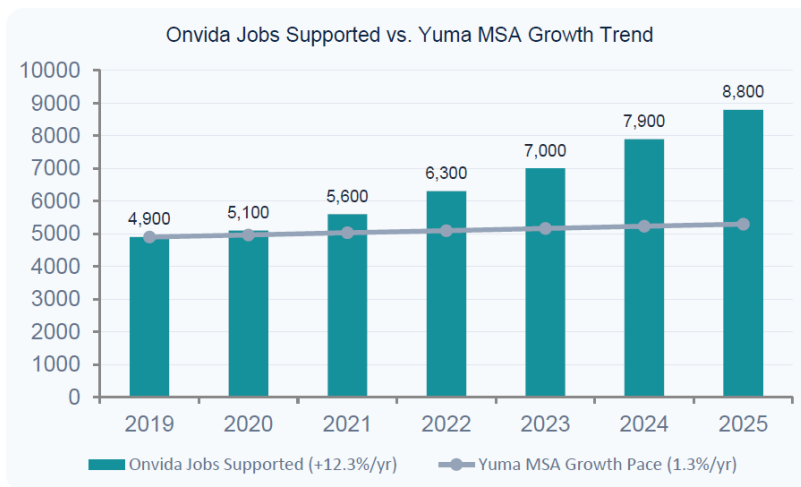
Historical Operations-Related Economic & Fiscal Impacts (2019–2024)			
Impact Type	Direct	Indirect/Induced	Total
Job-Years	20,688	12,987	33,675
Avg. Annual Jobs	3,448	2,165	5,613
Labor Income	\$1,835,452,400	\$666,212,700	\$2,501,665,100
Economic Output	\$3,702,976,600	\$2,028,375,900	\$5,731,352,500
Tax Revenues	\$94,549,700	\$41,491,000	\$136,040,700
State Taxes	\$70,182,500	\$29,415,100	\$99,597,600
County Taxes	\$12,831,700	\$6,732,400	\$19,564,100
City Taxes	\$11,535,500	\$5,343,500	\$16,879,000

Note: In 2026 dollars. May not sum to totals due to rounding.
 Source: Rounds Consulting Group, Inc.

- Onvida as a Workforce Anchor
 - Of the approximately 4,700 direct full-time and contracted employees, more than 2,300 were reported to hold higher education degrees, representing nearly half of the workforce.



- Historical Growth: 2019-2025
 - Hospital growth has contributed to economic growth in the Yuma area during a period of otherwise limited regional expansion following the COVID-era recession and recovery.
 - Future economic development efforts, particularly through partnerships with organizations such as Onvida Health, have strong potential for long-term return on investment and future regional growth opportunities.



Cumulative 2019–2025 Contributions

\$7.6B
Cumulative Economic Output

\$3.3B
Cumulative Labor Income

\$201.4M
State & Local Taxes Generated

\$433M
Capital Investments (2019–2025)

Source: Rounds Consulting Group, Inc. | Figures in 2026 dollars

- Academic and Training Programs
 - Training, residency, fellowship, medical school, and community outreach programs are difficult to fully quantify economically due to their complexity and long-term impacts.

<p>Residency & Fellowship Programs</p> <p>Family medicine, psychiatry, sports medicine, pharmacy & administrative residencies — 65+ graduates to date</p>	<p>University Partnerships</p> <p>Clinical placements & training with UA, NAU & AWC across nursing, phlebotomy, and allied health fields</p>
<p>UA Medical School – Launching 2026</p> <p>Arizona's first rural regional MD branch — 3-year accelerated primary care pathway, 15 students/year, full-tuition scholarships</p>	<p>High School & Community Outreach</p> <p>~100 high school students/year through career camps, workshops & mentoring — building early health care pathways</p>

◆ 112 GME students trained annually ◆ 100% board pass rate (family medicine) ◆ 21 physicians chose Yuma post-residency ◆ \$23.2M annual economic output

- The Next Phase of Growth
 - Upcoming projects, including the San Luis campus, Health Career Center, and veterans medical facility are significant opportunities for future economic and healthcare growth in the region.
 - Continued hospital-related expansion is expected to create long-term, compounding economic development benefits that could attract additional businesses and investment to the area.

Three Major Expansion Projects in 2026/2027 – \$178M CAPEX Investment

<p>Opening 2026/27</p> <p>San Luis Campus</p> <ul style="list-style-type: none"> ● 24-bed inpatient hospital + ER ● Surgical suites & full imaging ● Primary, pediatric & specialty care ● ≈370 new jobs created ● \$56.6M annual economic output 	<p>Opening 2027</p> <p>Health Career Center</p> <ul style="list-style-type: none"> ● ~50,000 sq ft facility in partnership with AWC ● Medical simulation lab & classrooms ● Dual credit to advanced degrees ● Surgical tech, respiratory therapy & more ● 600+ construction jobs through build-out 	<p>Opening 2027</p> <p>Veteran's Medical Facility</p> <ul style="list-style-type: none"> ● 30,000 sq ft on Foothills Campus ● Partnership with SAVAHCS ● Primary care, women's health, imaging ● Optometry, audiology & therapy services ● Dedicated care for Yuma's veteran population
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Dr. Robert J. Trenchel, President and Chief Executive Officer of Onvida Health, continued the presentation with information on upcoming opportunities and Onvida’s investment in community organizations:

- Sparking New Opportunities
 - University of Arizona – Phoenix Collaboration
 - A partnership with University of Arizona (U of A) will bring Arizona’s first rural branch medical school to Yuma to enhance healthcare quality, medical education, and long-term physician recruitment in the region.
 - The program will focus on rural and primary healthcare, provide full scholarships to participating students, include medical training in Yuma, and may eventually expand into a full medical school campus in the community.
 - Veterans Administration (VA) Medical Clinic
 - A new 30,000-square-foot veterans’ clinic is planned in partnership with the U.S. Department of Veterans Affairs and is expected to be completed in summer 2027.
 - The facility, the first of its kind nationally between the VA and a private entity, will expand local healthcare access for veterans and may support future inpatient and integrated medical record opportunities.
 - Health Career Center
 - Onvida Health is also developing a Health Career Center in partnership with Arizona Western College (AWC) and Northern Arizona University to expand workforce training programs in healthcare and related fields.
 - The initiative is intended to strengthen the local workforce pipeline while creating additional education and career opportunities for community members.
 - San Luis Health Campus
 - A new health campus is being developed in San Luis to expand inpatient and emergency healthcare services in one of the county’s fastest-growing communities.
 - The facility is expected to open in spring or summer 2027 and will include 24 inpatient beds, a full emergency department, surgical services, and expanded primary and specialty care space.
 - The project was designed with future expansion in mind, including additional beds and medical offices, with approximately 80 acres available for long-term growth.
- Rooted in the Community

Over \$6 million in community support 2025

Including the below listed organizations:

Addie’s Packs	Children’s Museum	Inclusive Playground (City of Yuma)	United Way
Alzheimer’s Assoc.	Crossroads Mission	INSPIRE Hi Project	Yuma Anti-Drug Coalition
Amberly’s Place	Education Forward AZ	Kids at Hope	Yuma Child Burn Survivor
Arizona Western College	GYEDC	Rotary Clubs	Yuma Community Foodbank
Caballeros de Yuma	Hansen House	Scouting Troops	Yuma Mental Health Coalition
Campesinos Sin Fronteras	Healing Journey	Special Olympics	and more...
Chamber of Commerce	Helping Hands of Yuma		
City of Yuma Parks & Rec	High school / sports physicals		

Additional examples of Community Benefit include:

- NICU
- Behavioral Health
- Clinical Pastoral Education
- Transitional Care
- Children’s Rehabilitation Services

Dr. Trenchel concluded his presentation by thanking City Council for their continued leadership and support of Onvida Health and healthcare services within the community.

Discussion

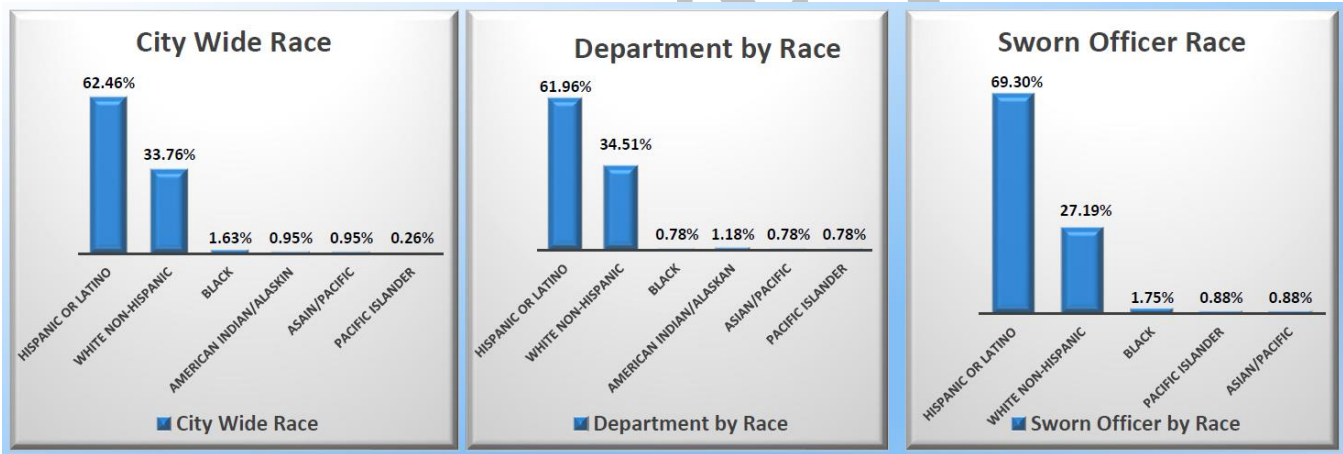
- The impact of the anticipated economic slowdown is expected to vary by income level, state, and region, with rural communities likely facing greater challenges than urban areas. Arizona's reserve funding and federal spending measures are expected to help lessen the severity and duration of the slowdown while reducing impacts on local communities and public agencies. (**Mayor Nicholls/Rounds**)
- Physician recruitment has remained strong, supported by a collaborative practice environment and continued healthcare expansion in the region. Workforce development efforts remain focused on addressing healthcare staffing shortages and creating local education pathways that allow students to train and eventually practice medicine in Yuma. (**McClendon/Dr. Trenchel**)
- Medical students accepted through the U of A program may receive full tuition scholarships to participate in a Yuma-based primary care track, with no obligation to remain in Yuma or work for Onvida Health after graduation. The scholarship program is intended to reduce student debt burdens and encourage students to pursue primary care fields based on interest and community need rather than financial pressures. (**Smith/Dr. Trenchel**)
- Maintaining safe nurse-to-patient ratios remains a priority, while recruitment and retention efforts have helped reduce reliance on travel nurses. Workforce development partnerships with AWC are intended to strengthen the local pipeline for nurses and other healthcare support positions needed to staff existing and future healthcare facilities. (**Watts/Dr. Trenchel**)
- Onvida Health continues investing in behavioral health and mental health services within the community through expanded psychiatric care, a psychiatry residency program, and increased public awareness of available behavioral health resources. (**Morales/Dr. Trenchel**)

II. YUMA POLICE DEPARTMENT UPDATE

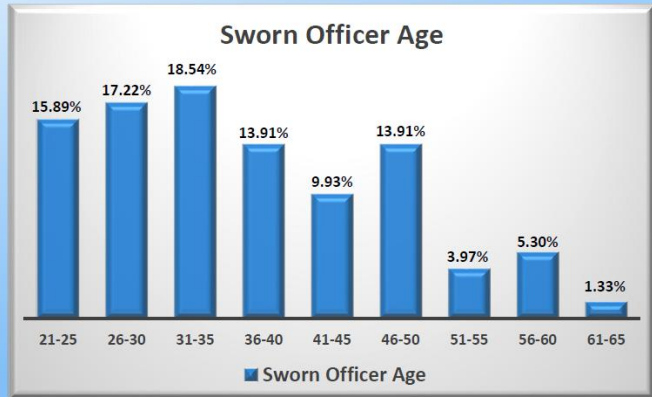
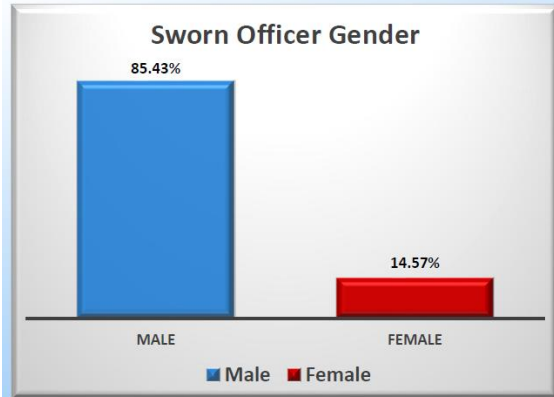
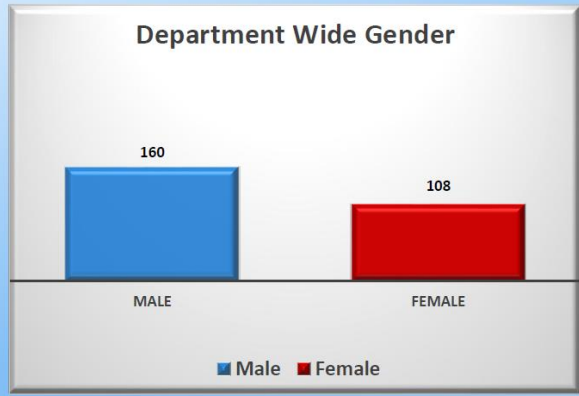
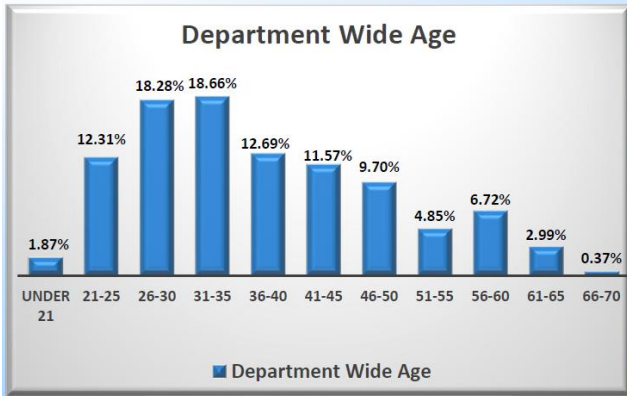
Chief Garrity presented the Yuma Police Department (YPD) update as follows:

- Overview
 - YPD reported strong performance in 2025 through measured growth in staff and technology, supported by the City Administration and City Council.
 - The Citizen Advisory Committee continued providing community perspective and feedback on department policies.
 - A primary goal remains keeping pace with the City's growth while maintaining effective and efficient public safety services.
- Quick Facts
 - YPD has 167 authorized sworn positions and 124 authorized professional staff positions, many of whom perform duties traditionally handled by sworn officers to keep officers available for emergency response.
 - The department's budget has increased over the past three years, with personnel costs comprising a significant portion of expenditures.
 - Services are provided to approximately 103,000 full-time residents, along with a substantial seasonal population increase between October and May.
- 2025 Grants
 - YPD seeks grant funding to remain fiscally responsible to community members and taxpayers.
 - Grants from state and federal agencies help support public safety operations without relying solely on the General Fund.

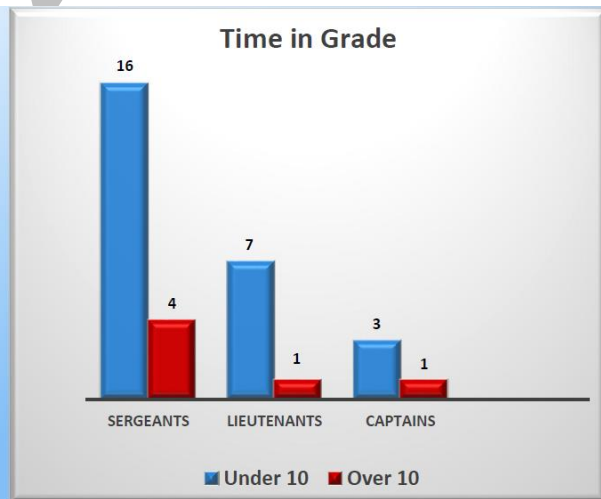
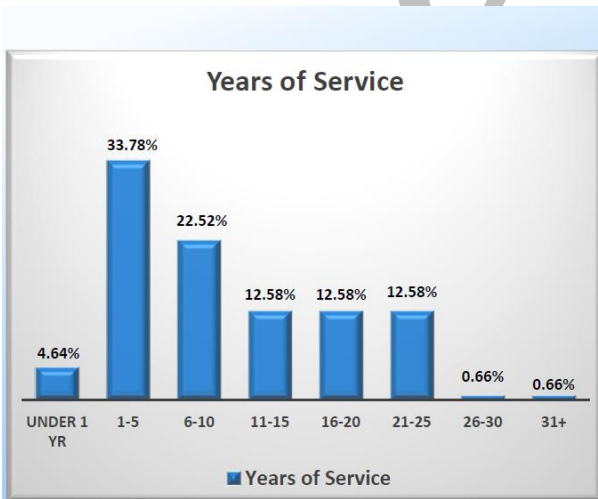
- Governor’s Office of Highway Safety
 - \$54,319 in overtime funding to target DUI, traffic enforcement, and materials and supplies.
 - Operation Stonegarden
 - \$619,020 to support border-related operations and overtime costs.
 - Arizona Department of Public Safety (DPS) Department of Emergency and Military Affairs Local Border Safety Fund
 - \$971,723.75 to support critical public safety communications upgrades, including the Viavi Service Monitor, Spectrum Analyzer, and six emergency backup dispatch consoles.
 - Arizona DPS DEMA Anti-Human Trafficking Fund
 - \$11,500 to provide specialized investigative equipment, including three tracker technology units and an alternate light source
 - Arizona Department of Administration
 - \$1.35 from the School Safety Interoperability Fund to implement the Rave School Safety System in participating schools.
 - Demographics
 - Race
 - Department demographics generally reflect the diversity of the community.
 - Many police officer applicants are area residents who want to serve their community.



- Age
 - More than half of YPD staff are under 35 years old, supporting long-term staffing stability.
 - Some senior officers are participating in the Public Safety Personnel Retirement System (PSPRS) Deferred Retirement Option Plan, which requires retirement within five years and is monitored as part of workforce planning efforts.
- Gender
 - Women make up approximately 14.5% of YPD’s staff, exceeding the national average. Efforts continue toward the goal of 30% female representation by 2030.

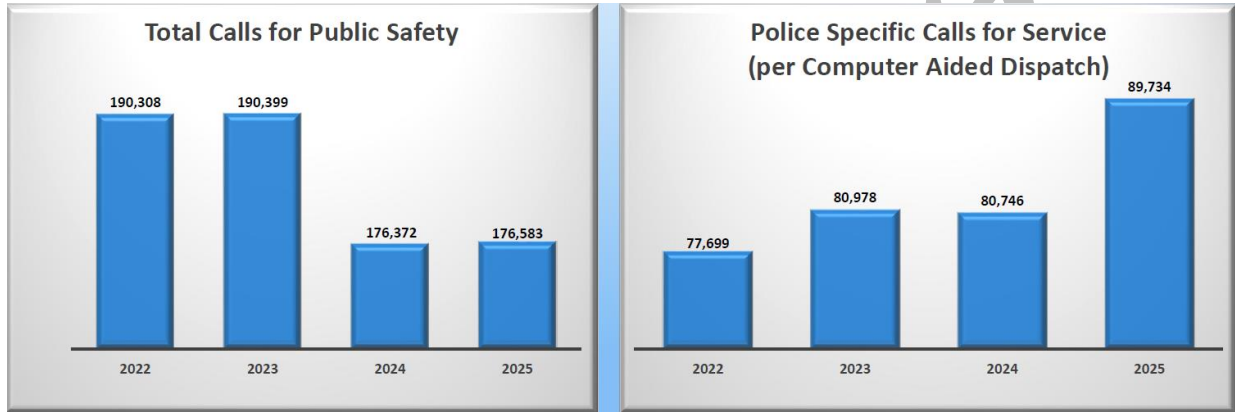


- Years of Service
 - Most employees have fewer than 10 years of service, with more than one-third having less than five years of experience.
 - YPD also has a relatively young supervisory staff, with most sergeants, lieutenants, and captains having less than 10 years in rank.



- Sworn Personnel
 - 21 Officers Hired
 - 20 Officers resigned, terminated, or retired

- 13 resigned during academy or field training; three of the 13 remained as Public Safety Technicians
- Five retired; two retired in lieu of discipline
- One resigned for a military spouse receiving orders to Florida
- One disciplinary termination
- Statistical Data
 - Calls for Service
 - Police calls for service increased by approximately 10,000 from 2024, despite an overall decline in total public safety calls since 2022.



- Workload Data
 - Report numbers remained steady, indicating that many calls involve non-criminal incidents such as welfare checks and mental health responses.
 - Traffic crash numbers have generally leveled off in recent years.



- Crime Statistics
 - Crime Overview
 - YPD reports crime data monthly to the Arizona Department of Public Safety (DPS) for statewide statistical tracking.
 - At the time of reporting, the overall crime rate had decreased by approximately 3.1% over the five-year trend period.
 - Crime statistics fluctuate slightly from month to month as reporting data is updated and processed.

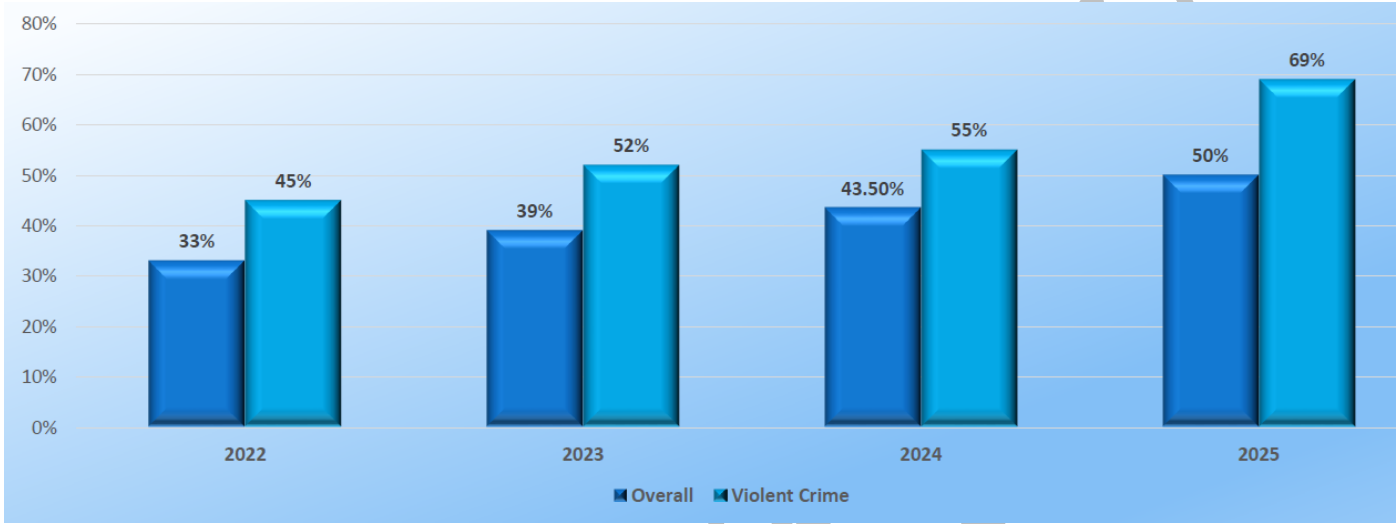


Violent Crime

- Violent crime has decreased by nearly 14% and has steadily declined over the past four years.
- Firearms remain the most commonly used weapons in violent crimes, though firearm-related incidents have remained relatively steady.
- The proactive efforts of officers, detectives, and professional staff contribute to the reduction in violent crime.



- Case Clearance
 - Cases may be cleared through arrest or by exception when prosecution cannot proceed for specific reasons despite probable cause.
 - Over the past four years, the Department’s case clearance rate has steadily increased, with more than 50% of reported crimes being cleared.
 - Nearly 70% of violent crimes are cleared through arrest or exceptional clearance.
 - The high clearance rates reflect the dedication of officers, detectives, crime analysts, records staff, and professional staff in serving victims and the community.



- Crime Overview
 - Homicides increased from two cases in the previous year to eight cases this year; six were related to domestic violence incidents.
 - Seven of the eight homicide cases have been solved, while the remaining case is still under investigation.
 - Aggravated assaults, sexual assaults, and burglaries decreased during the reporting period.
 - Robberies increased slightly from 23 cases to 24 cases.
 - Overall crime trends remain down despite the increase in homicides.

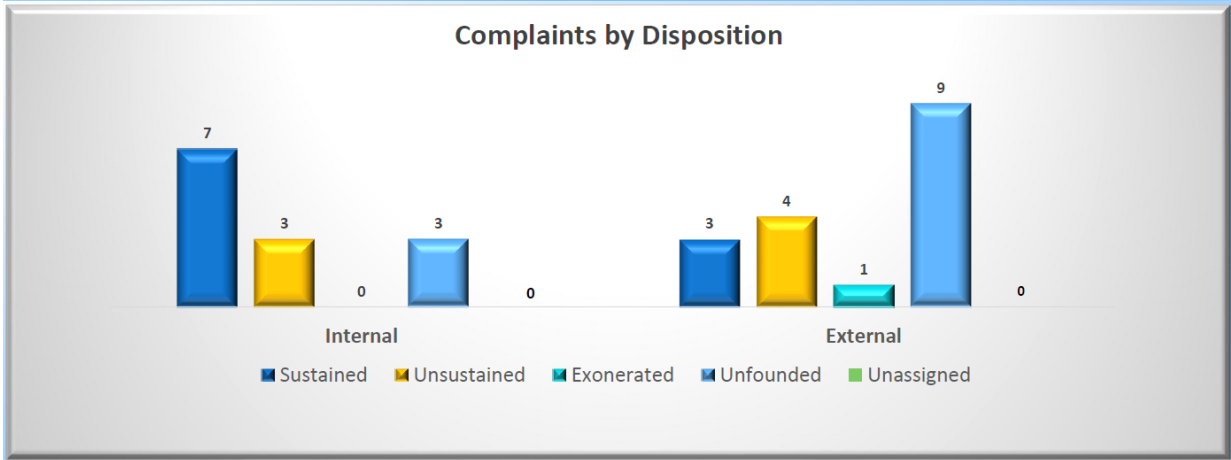
CRIME OVERVIEW – 2025 Compared to 2024

• HOMICIDE: Cases: 8 (6 DV)	↑ +300.00%
• The majority of homicide cases were domestic-related.	
• AGGRAVATED ASSAULT: Cases: 310	↓ -13.54%
• ROBBERY: Cases: 24	↑ +4.17%
• SEXUAL ASSAULT: Cases: 37	↓ -40.00%
• BURGLARY: Cases: 202	↓ -20.30%
• MOTOR VEHICLE THEFT: Cases: 112	↓ -32.12%
• FRAUD: Cases: 373	↓ -3.12%
• ARSON: Cases: 9	↓ -40.00%
• LARCENY: Cases: 917	↑ +0.22%

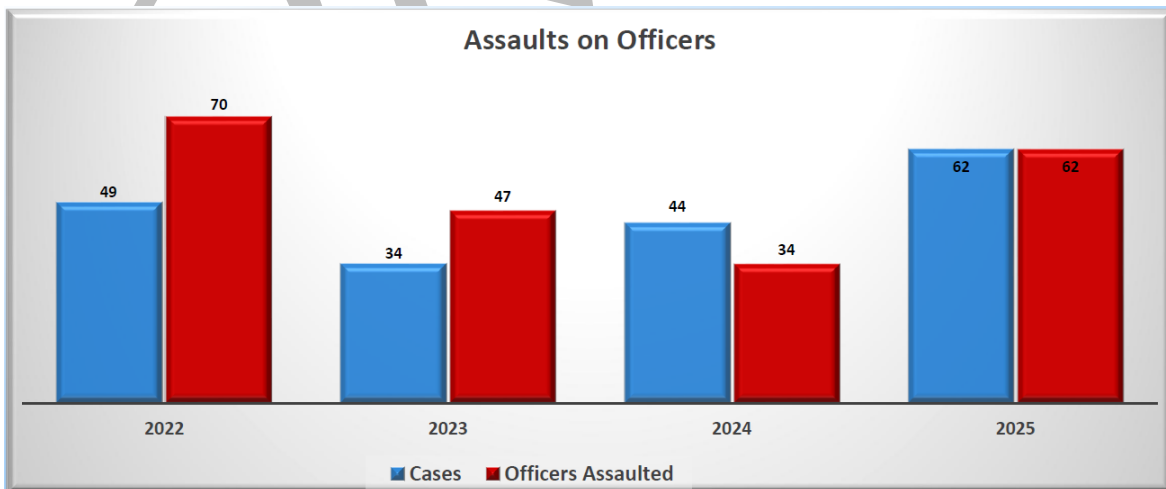
- Traffic Citations
 - Traffic safety remains a significant community quality-of-life concern, with officers conducting targeted enforcement efforts focused on violations such as red-light offenses, stop sign violations, distracted driving, and DUIs.
 - Enforcement efforts are rotated throughout the community based on identified traffic concerns to promote accountability and safety.



- Video Requests
 - Increased use of technology has led to a growing number of video records requests involving body camera footage.
 - Staff spent more than 600 hours last year reviewing and redacting video requests.
 - Professional staff also assist with reviewing video evidence from businesses, residential doorbell cameras, and other sources during investigations.
- Park Patrol
 - The first full year of the Park Patrol program has been completed, with officers voluntarily conducting nearly 18,200 patrol hours and approximately 1,300 contacts in City parks.
 - Most enforcement actions involved warnings rather than citations, while the program also resulted in 17 citations, 26 arrests, and the location of one missing person and three runaways.
- Professional Standards
 - Complaints
 - YPD received 30 professional standards complaints, including 13 internal complaints and 17 external complaints.
 - Seven internal complaints and three external complaints were sustained following investigation.
 - Some complaints were classified as unsustained due to insufficient evidence.
 - Other complaints were determined to be within policy, meaning officers acted appropriately within their training and legal authority.

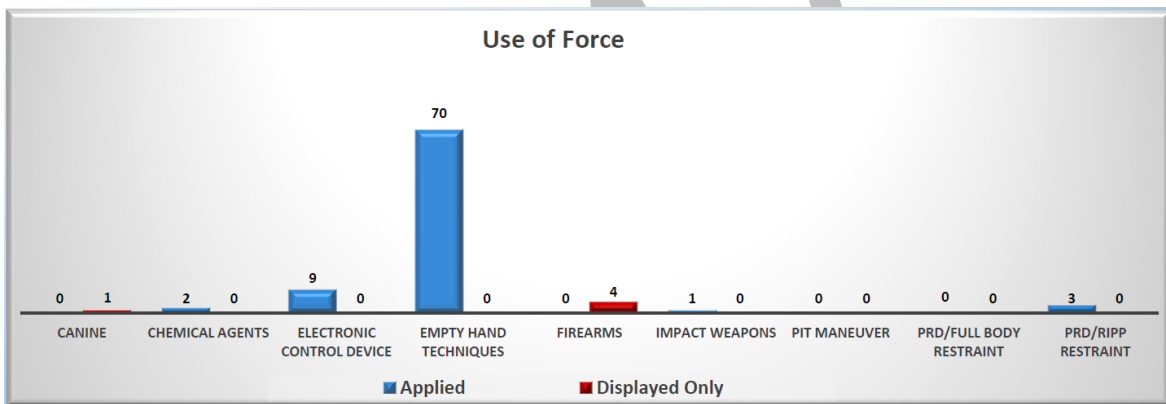
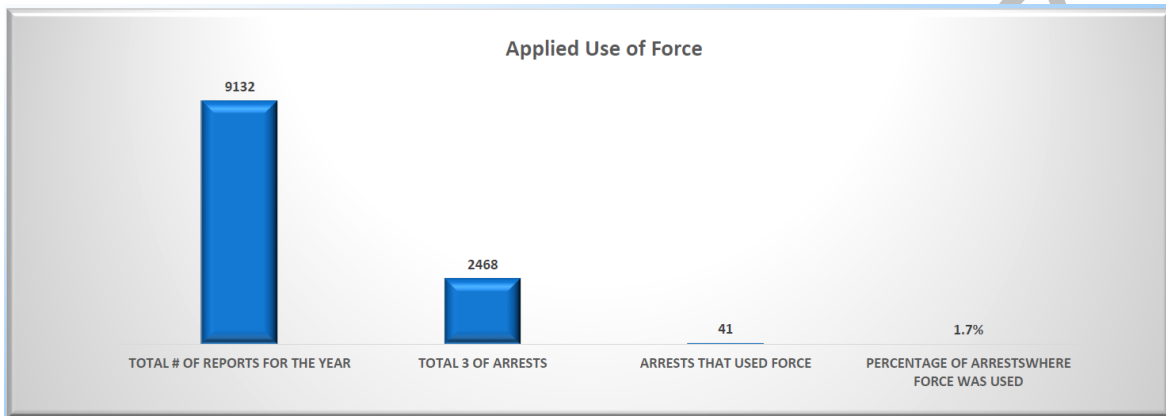


- Assaults on Officers
 - Assaults on officers increased nearly double from 2024.
 - Both the number of cases and the number of officers assaulted are tracked, as multiple officers may be involved in a single incident; for example, in 2022 there were 49 assault cases involving 70 officers.



○ Use of Force

- Of more than 9,000 police reports, approximately 2,500 resulted in arrests.
- Only 41 arrests involved a reported use of force, representing about 1.5% of arrests.
- Use of force is defined as any action beyond basic control measures.
- Most uses of force involved empty-hand techniques or control holds, and some incidents involved multiple officers.
- There were no officer-involved shootings or canine bites reported in 2025.



● Training

- Sworn officers are provided with more than 100 hours of training annually.
- During a national survey conducted by the Police Executive Research Forum (PERF), YPD's training levels drew significant attention.
- PERF invited YPD to present its training approach at a national conference as a model for other agencies.

● Community Engagement

- A strong emphasis is placed on community engagement outside of emergency situations to build relationships, trust, and mutual respect between residents and staff.
- Community events also provide opportunities for officers and professional staff to interact with residents in positive settings rather than only during emergencies or enforcement actions.

- Significant Operational and Infrastructure Advancements
 - The Co-Responder Unit, launched in October in partnership with the Fire Department, responds to mental health-related calls to reduce demands on patrol officers and improve responses to non-criminal crises.
 - Expansion of the Co-Responder Unit remains a priority as additional staff complete field training.
 - YPD also achieved tri-accreditation – Police, 911 Dispatch, and Property/Evidence – reflecting a commitment to transparency, best practices, and accountability.
 - Through the Law Enforcement Support Office military surplus program, YPD obtained more than \$500,000 in equipment without using City funds.
 - Acquired equipment included training medical kits, trailers, road barriers, and a bomb trailer, with some items also benefiting other City departments.
- Looking Forward
 - Employee wellness, including physical, financial, and mental health support will continue to be prioritized.
 - Wellness initiatives include a chaplain program developed with the Fire Department and financial training opportunities for officers.
 - Future priorities include expanding staff, technology, and the co-responder program.
 - YPD is working toward establishing a real-time crime center and implementing a drone-as-first-responder program to improve emergency response coordination.
 - Computer-Aided Dispatch and records management systems are also being upgraded, with implementation expected in July.
 - New technology initiatives include Artificial Intelligence (AI)-assisted report writing to help officers complete reports more efficiently and remain available for patrol duties.
- 2025 Key Takeaways
 - Crime decreased in most categories, and case clearance rates increased, including nearly 70% clearance for violent crimes.
 - Technology integration continues to expand through programs such as the Co-Responder Unit, drones, and planned real-time crime center operations.
 - Drones have already been used to locate missing persons, identify evidence, and assist with investigations more efficiently.
 - Well-trained officers and staff were emphasized as critical to effective decision-making, confidence, and public trust.
 - Growth is being managed gradually to maintain organizational culture and ensure staffing, facilities, and equipment keep pace with expansion plans.
 - Data-driven policing strategies, including hotspot patrols and technology-based responses, are being used to reduce crime and gun violence.
 - Future priorities include modernizing department capabilities, supporting employee wellness, expanding community engagement, and developing a full real-time crime center.
 - Real-time crime center technology is intended for responding to crimes in progress rather than general public surveillance.

Discussion

- Drone and real-time crime center technology would be used only for calls for service or crimes in progress, not for general surveillance or routine patrol. Department policies, constitutional safeguards, and auditing procedures ensure tools such as drones and license plate readers are used appropriately and only for criminal investigations. **(Mayor Nicholls/Garrity)**

- AI-assisted report writing is designed to improve efficiency while keeping officers responsible for the final content. Officers must review, edit, and certify all AI-generated reports before submission, with safeguards in place to ensure active review. The technology has already been implemented and legally tested in other jurisdictions in Arizona. **(Mayor Nicholls/Garrity)**
- Some residents continue to exceed the new 35 mph speed limit on 32nd Street despite prior education and traffic awareness efforts. Increased enforcement in the area is planned. **(Mayor Nicholls/Garrity)**
- Technology continues to be used to improve efficiency and manage growth strategically. Residents can report traffic concerns, including repeated stop sign or red-light violations, through the Traffic Unit or the YPD mobile app, which is monitored 24 hours a day. **(Morris/Garrity)**
- School Resource Officers (SROs) are currently assigned to 11 schools, with another school seeking grant funding for an additional position. SROs build relationships with students, encourage communication about safety concerns, and help address issues before they escalate. During the summer, SROs also participate in youth academies that strengthen positive relationships between officers and local youth. **(Morris/Garrity)**
- Planning for the new police station around 2030-2031 includes an estimated need for approximately 220 sworn officers. Staffing projections are based on calls for service, response times, projected population growth, and potential annexations. Gradual hiring allows staffing, equipment, and infrastructure to expand in a sustainable manner. **(Morales/Garrity)**
- Implementation of a drone-as-first-responder program is estimated to be about four years away to allow time for infrastructure, policies, training, and careful program development. The program would place drones on City-owned buildings throughout the community to improve response times to calls for service. **(Morales/Garrity)**
- Two Citizens Police Academy classes were completed this year, both reaching full capacity. One class included a high number of participants ages 19 to 24, reflecting strong interest from younger residents. The program helps participants better understand the many roles that support public safety, including records staff, dispatchers, public safety technicians, traffic investigators, and other City departments. **(Morales/Garrity)**
- The increased presence of female officers and detectives, along with YPD's victim-centered and trauma-informed approach, has improved interactions with victims and strengthened support services. Detectives assigned to Amberly's Place were noted as having a significant positive impact on victim care. Additional developments are planned within the Child and Family Crime Unit to further enhance community services. **(Watts/Garrity)**
- Officer pay has become more competitive in recent years, including approximately 20% in labor market adjustments over the past three years in addition to regular step increases. Incentive pay is available for specialty assignments, training roles, education, physical fitness, safe driving, and community involvement. Officers also receive full officer wages while attending the academy. Department culture and community support were identified as key factors in officer retention alongside compensation. **(McClendon/Garrity)**
- The number of sworn officer vacancies changes regularly due to retirements, hiring, and academy recruitment, with staffing levels expected to improve after the upcoming academy class. Beginning around 2020-2021, professional staff positions were expanded by shifting some responsibilities from sworn officers to civilian specialists, including forensic staff and traffic investigators. Expanding these positions has helped maintain service levels, keep sworn officers available for patrol duties, and provide additional community service career opportunities outside traditional law enforcement roles. **(Smith/Garrity)**

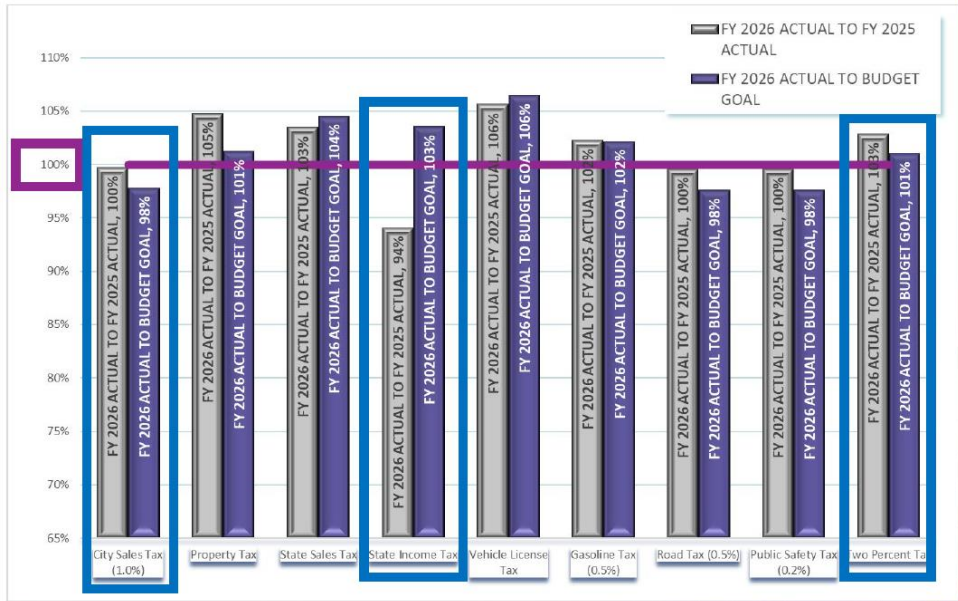
- The Co-Responder Unit received positive feedback for its collaborative approach to mental health response services, with a full-year update anticipated around October to evaluate its impact. The unit has helped reduce calls handled by patrol officers while improving access to respectful, service-oriented care for individuals experiencing mental health or substance abuse crises. Additional support from Onvida Health has expanded access to mental health and substance abuse services within the community. **(Smith/Garrity)**
- Hiring and recruiting practices are being reviewed to address the number of recruits who resign during the academy or field training process. Screening measures include written testing, background reviews, and evaluations throughout academy and field training, though some recruits ultimately determine the profession is not the right fit. Some recruits may transition into civilian public safety roles, such as Public Safety Technicians or animal control positions, which remain essential to supporting sworn officers and overall public safety operations. **(Martinez/Garrity)**

The meeting recessed at 7:13 p.m. and reconvened at 7:26 p.m.

III. QUARTERLY FINANCIAL BRIEFING

Allen presented the Fiscal Year (FY) 2026 financial status and outlook for FY 2027 as follows:

- FY 2026 Financial Status
 - Overview
 - FY 2026 financial planning continued to focus on slowing revenue growth, maintaining cash balances above policy minimums, addressing expenditure limitation constraints, and financing large capital improvement projects through bonds.
 - Third Quarter Summary
 - Major revenue sources remained essentially flat compared to the prior year, with overall revenues slightly exceeding budget benchmarks despite declines in state income tax and some local sales tax categories.
 - Population growth helped offset some revenue declines, while City sales tax collections continued to be monitored closely due to slower retail and hotel activity
 - Major Government Revenues
 - Third quarter revenues slightly exceeded budget expectations despite declines in state income tax and residential tax revenues, largely due to higher-than-expected population growth.
 - City sales tax revenues are at approximately 98% of projected collections and continue to be monitored closely pending updated revenue data.



This graph compares FY 2026 to the previous year and the budget goal.

The **Gray** bar represent FY 2025 Actual and audited amounts

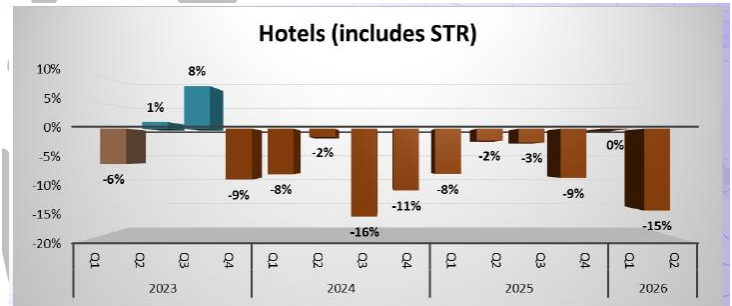
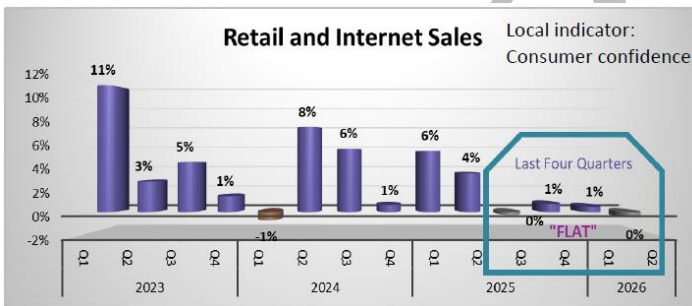
The **vivid fuchsia** bar is FY 2026 Actual first Quarter

The **royal purple** bar is the FY 2026 Budget goal.

The state income tax FY 2026 actual is less than FY 2025. This is typically not good, but this was expected to occur this year.

The FY 2026 actual state income tax is performing above the FY 2026 budget goal. This is good.

- City Sales Tax
 - Retail sales and internet sales tax revenues have shown a flattening trend since 2025 following several years of growth.
 - Hotel room tax revenues also reflected slower growth and ongoing economic uncertainty.
 - Local sales tax revenues remained relatively flat, with continued concerns regarding state legislative actions affecting grocery, utility, and internet-related tax revenues.



- 2025 Capital Improvement Bonds
 - The City issued approximately \$116 million in capital improvement bonds to fund large infrastructure and public safety projects that had become too large for pay-as-you-go funding methods.
 - Bond-funded expenditures and debt repayment are exempt from expenditure limitation calculations, providing additional financial flexibility.
- Annual Expenditure Limitation (AEL) Base Adjustment
 - The City continues pursuing an AEL base adjustment to allow use of existing revenues and cash reserves without increasing taxes.
 - The expenditure limitation is a critical issue for maintaining current service levels and future operations.

- PSPRS Unfunded Actuarial Accrued Liability
 - Rising payroll costs and pension calculations tied to payroll growth may require future policy adjustments.
 - Funding strategies and timing options will continue to be evaluated alongside expenditure limitation considerations.
- Ambulance Services Revenues
 - Ambulance service revenues continue supporting Fire Department operations, although revenue collections can fluctuate significantly due to billing timing, Medicare reimbursement processes, and delayed Certificate of Need (CON) approvals.
 - General Fund support for Fire Department operations has increased over time, while future ambulance revenue projections include anticipated impacts from Basic Life Support (BLS) service changes and varying collection scenarios.

Discussion

- Ambulance revenue projections were lower primarily due to delayed billing caused by the temporary expiration of the CON. Approval of BLS services is expected to increase future ambulance revenues. **(Mayor Nicholls/Allen)**
- While broader flat revenue trends have also affected other cities, Yuma experienced additional impacts from the government shutdown, reduced winter visitor activity, and weaker Canadian exchange rates affecting tourism and hotel-related spending. **(Mayor Nicholls/Allen)**

Allen continued his presentation as follows:

- FY 2026 Budget Outlook
 - Bottom Line Up Front
 - The FY 2027 outlook remains similar to FY 2026, with relatively flat revenues, continued reliance on cash balances, completed bond financing for major projects, and ongoing concerns regarding expenditure limitations.
 - Revenue Outlook
 - Major General Fund revenues are projected to remain relatively flat through FY 2027, with only modest growth anticipated in future years.
 - The City expects continued stabilization following prior legislative and tax policy changes affecting revenues.
 - State Shared Revenues
 - State shared revenues are expected to remain relatively flat, although Yuma's growing share of Arizona's population has helped increase the City's portion of state distributions.
 - Changes to state income tax formulas, the flat income tax rate, and incorporation of San Tan Valley have affected future revenue projections.
 - Local Revenues
 - Property tax revenues remain one of the City's most stable revenue sources and are expected to increase primarily due to new construction and rising assessed valuations.
 - Local sales tax revenues continue to face uncertainty due to flat economic trends and potential legislative impacts on tax authority.

- General Fund Balances
 - The City continues maintaining General Fund balances above the 20% policy minimum to provide financial stability, address volatility in major revenues, and prepare for potential economic downturns.
 - Assigned fund balances continue supporting pension obligations, capital projects, supply chain delays, and long-term financial planning needs.
- Financial Forecast
 - The City continues monitoring the risk of a structural deficit if recurring expenditures exceed recurring revenues.
 - Future financial planning may require expenditure reductions, revenue increases, or a combination of both depending on economic conditions and revenue performance.
- Changes to the Proposed Budget
 - The budget process will continue allowing for corrections, refinements, appropriation adjustments, and other revisions prior to final adoption.
- FY 2027 Budget Calendar

FY 2027				KEY BUDGET AND FINANCE DATES (Updated 4/8, 5/4)
Date	Budget	CIP	OTHER	Event
April 9,13	Budget	-	-	Councilmember budget review sessions
April 30	Budget	-	-	Budget: Excerpts from Select Summaries Schedules to City Council
May 1	-	CIP	-	Capital Improvement Plan: City Council and ready for public
May 5	Budget	-	-	Work session: Proposed Budget presentation
May 19	-	CIP	-	Work session: Capital Improvement Plan (CIP) presentation
May 20	-	CIP	-	Public Hearing: CIP
"	Budget	-	-	Motion: Tentative Budget Adoption
June 3	-	-	AEL	Ordinance (Intro): Proposed Permanent Base Adjustment (AEL)
June 17	Budget	-	TNT	Public Hearing: Final Budget and Truth-in-Taxation, if applicable
"	Budget	CIP	-	Resolution: Final Budget Adoption, Final CIP Adoption
"	Budget	-	-	Ordinance (Intro): Tax Levy Rates
"	-	-	AEL	Ordinance: Proposed Permanent Base Adjustment (AEL)
"	-	-	PSPRS	Resolutions: PSPRS Funding Policy for FY 2027
"	-	-	AELR	Resolutions: Designate CFO for Annual Expenditure Limitation Report
"	-	-	Opioid	Resolution: Authorize uses of opioid settlement funding
July 1	-	-	-	Ordinances: Adopt Tax Levy Rates

A budget discussion placeholder will be on all City Council agendas until final adoption

IV. PROPOSED BUDGET OVERVIEW

Simonton presented the following overview of the proposed FY 2027 budget, themed “Celebrating Our Past, Investing in Our Future”:

- Budget Framework
 - The proposed budget is intended to align with City Council’s Strategic Plan and reflect the priorities identified during the recent retreat.
 - The budget is designed to be balanced, forward-looking, and focused on long-term financial stability.
 - Departments are closely evaluating spending needs due to flattening revenues and are prioritizing essential operational needs.
 - Employee compensation and retention remain important budget considerations.

- Maintaining structural balance by ensuring operational expenditures do not exceed recurring revenues continues to be a key financial priority.
- Building on Momentum
 - Recent momentum has continued through major infrastructure investments, including \$116 million in bond funding for capital improvement projects.
 - Public safety enhancements remain a priority, including planned projects, additional personnel, and technology investments.
 - Downtown revitalization efforts continue, including advancement of the long-planned Hotel Del Sol redevelopment project.
 - Departments are continuing to explore technology and asset management improvements to enhance operations and improve efficiency.
 - Public safety investment remains a key focus area identified by the City Council.
- Public Safety Investments
 - The proposed budget includes several public safety investments, including three new Battalion Chief positions for the new East Division to support coverage across all shifts.
 - The Police Department budget includes funding for additional overfill positions to support continued hiring and staffing growth.
 - Completion of the new Emergency Dispatch Center is anticipated during the fiscal year.
 - Planned facility improvements include a Fire Administration expansion, a new fire warehouse near Fire Station 5, and a new de-escalation training facility funded through bond proceeds.
 - Funding is also included for the design and expansion of Yuma Municipal Court to address increased demands related to citations and court operations.
- Parks and Quality of Life
 - The proposed budget also includes significant quality-of-life investments focused on parks, recreation, and community amenities.
 - Projects funded through the \$17 million parks revenue bond include improvements at East Mesa Park, with the lake expected to open in the fall.
 - Funding is included for the Aquatics Feasibility Study as the first step toward evaluating a potential new aquatic facility.
 - Additional investments include expanded athletic field lighting, playground replacements, restroom upgrades, and Civic Center improvements.
 - The budget also prioritizes improvements to existing parks and recreational facilities identified in the Parks, Arts, Recreation and Trails Master Plan.
- Infrastructure Improvements
 - The proposed budget continues major infrastructure investments, including more than \$20 million in revenue bond funding for street replacement projects such as 32nd Street, Avenue B, and neighborhood roadway improvements.
 - A new alley maintenance program is included to address cleanup and maintenance needs along approximately 52 miles of City alleys, with planned service occurring quarterly throughout the year.
 - The \$100 million Desert Dunes Wastewater Treatment Plant expansion remains underway and is expected to be completed next spring.
- Employee Investments
 - The proposed budget continues investments in employee compensation and benefits as part of ongoing efforts to remain an employer of choice.

- Included in the budget are merit and step plan increases for employees, along with a proposed 2.5% labor market adjustment planned for January.
- Compensation adjustments are structured throughout the fiscal year to allow flexibility if revenues fluctuate.
- The City will absorb increased health insurance premium costs for employees enrolled in the high deductible and Plan B options, resulting in no premium increase for those employees.
- The employee leave buyback program will continue at a reduced level alongside implementation of the new lifestyle spending account program, with minimal overall budget impact.
- Planning for Growth
 - Future growth planning will focus on strategic and sustainable annexation efforts supported by appropriate staffing and resources.
 - The budget continues to prioritize affordable and attainable housing initiatives.
 - Departments are expected to implement priorities identified in their master plans, with those priorities reflected in future budgets.
 - Ongoing priorities also include extreme heat preparedness and protection of Colorado River water resources.
- Fiscal Challenges
 - The City continues to face several fiscal challenges, including state expenditure limitations, flat state-shared revenues, and ongoing state preemption issues.
 - Additional public outreach and coordination with county partners regarding the expenditure limitation process is expected in the coming weeks.
 - Infrastructure and service demands are increasingly outpacing available revenues, creating long-term funding challenges.
- Proposed FY 2027 Budget Summary
 - The proposed fiscal year budget totals approximately \$570.1 million across all funds, including more than \$220 million dedicated to capital improvement projects.
 - The budget assumes modest revenue growth while maintaining the current property tax rate without an increase.
 - Unassigned fund balance levels are projected to remain slightly above 20%.
 - Adjustments to Parks and Recreation fees may be considered in the future, as many fees have not been updated since 2018-2019 and additional funding will be needed to support operations and maintenance.
 - General Fund operational expenditures are projected to increase by approximately 6%, driven primarily by personnel-related costs, while most departmental operating requests remained flat or minimal.

Proposed FY 2027 Budget Summary

Total Budget (All Funds) – Approx \$570,762,519 million (\$219,883,547 CIP)

• General Fund Revenues

- Forecasting a very small (1%) growth in reoccurring revenues
- Proposing Maintaining Same Property Tax Rate
- Unassigned Fund balance of \$28,306,676
- Proposing an increase to most Parks and Recreation rental and registration fees

• General Fund Expenditures

- Proposing a 6% increase in Operating Expenditures
 - Personnel
 - 14% Increase in Health Insurance Premiums
 - 11 new FTE's (All Funds) – Note added 15 new FTE's in FY 2026
 - Merit/Step Increases & Labor Market Adjustments
 - Operating
 - Due to flatter revenue projects departments minimized excessive operational requests focused on priorities

• Proposed New Full-Time Employee Positions

- The proposed budget includes several new positions across multiple departments to address operational needs, succession planning, and grant-supported programs.
- The City Attorney's Office is requesting an additional Assistant City Prosecutor position to support increasing caseloads and provide transition overlap for an anticipated retirement.
- Neighborhood Services will add two grant-funded positions associated with a recently awarded federal grant.
- Public safety additions include three new Battalion Chief positions, conversion of a part-time Information Systems Specialist to full-time, an Administrative Supervisor for the Municipal Court, and five YPD overfill positions.
- Public Works additions include a Senior Mechanic position associated with an anticipated Yuma Proving Ground contract, and two positions to support the new alley maintenance program.

• Personnel Pay Adjustments

- The City has implemented multiple employee compensation adjustments since 2021 as part of ongoing efforts to remain competitive and retain employees.
- Police officers and fire personnel have received significant compensation increases through the step plan and related pay adjustments, with some officers seeing base pay increases exceeding 60% since implementation.
- Employee compensation improvements extend beyond public safety and include adjustments across all departments in recognition of the role employees play in supporting City operations and services.

• Proposed Outside Agency Funding

- The proposed budget includes funding for several outside agency agreements and community partner organizations.

- Included in the budget is \$100,000 for the Yuma Anti-Drug Coalition using opioid settlement funds designated for eligible prevention and treatment-related programs following the loss of federal grant funding.
- Funding for the Greater Yuma Port Authority is proposed over a two-year period, with partial funding included in the current fiscal year budget.
- The proposed budget also includes a requested 5% increase in funding support for the Yuma County Area Transit system.

**SCHEDULE 3
FY 2027 OUTSIDE AGENCY SUMMARY**

Listed by Function

Fund/Cognizant Department	Outside Agency by Function	Budget FY 2025	Budget FY 2026	Budget FY 2027
Economic Development				
2% / Gen Government	Heritage Area	\$ 903,000	\$ 890,000	\$ 901,500
2% / Gen Government	Visit Yuma	903,000	890,000	901,500
General / Mayor & Council	GYEDC	232,000	232,000	232,000
General / Mayor & Council	4FrontED	46,000	46,000	46,000
General / Gen Government	YCIPTA - Yuma County Intergovernmental Public Transportation Authority	390,555	402,272	422,385
General / Mayor & Council	Elevate Southwest Yuma Metropolitan Planning Organization	30,000	30,000	-
HURF / Mayor & Council	Quartermaster Depot	36,900	41,226	45,000
2% / Gen Government	Greater Yuma Port Authority	-	-	150,000
General / Gen Government	Greater Yuma Port Authority	-	-	50,000
Health and Welfare				
General / Gen Government	Catholic Services - Safe House	15,500	15,500	15,500
General / Gen Government	Amberly's Place	52,380	52,380	52,380
General / Gen Government	Crossroads Mission Detox	27,000	27,000	27,000
General / Gen Government	Humane Society	-	425,000	500,000
PSS / Mayor & Council	Yuma Anti-Drug Coalition	-	-	100,000
Totals		\$2,786,335	\$3,201,378	\$3,443,265

- Looking Ahead
 - Future budget and planning efforts will continue to focus on City Council’s strategic priorities while remaining mindful of available resources and long-term sustainability.
 - Upcoming leadership transitions include the City’s search for a new City Administrator and anticipated changes to the City Council membership.

Simonton concluded his presentation by thanking the department heads and staff involved in preparing the proposed budget, particularly those in the Finance Department who dedicated significant time and effort throughout the lengthy budget development process. The proposed budget is the result of extensive collaboration and ongoing work that occurs alongside annual audit responsibilities and long-term capital planning efforts.

Discussion

- The proposed budget has been introduced and published for public review, with upcoming meetings scheduled for Capital Improvement Program presentations, public hearings, and consideration of the preliminary budget and expenditure limitation ordinance. Final budget adoption, including the Truth in Taxation hearing, is scheduled for mid-June, with additional discussions or worksessions available as needed before final approval. **(Mayor Nicholls/Simonton)**
- The three proposed Battalion Chief positions are planned to move forward with hiring anticipated in January to support recruitment efforts, staffing transitions, and operational readiness within the Fire Department. **(Smith/Simonton)**
- Part-time positions are budgeted separately as personnel funding rather than as fractional full-time positions, which is why converting a part-time role to full-time appears as a new full-time position in the budget. Transitioning part-time positions into full-time roles allows departments to demonstrate operational need while reducing the overall financial impact of adding new full-time employees. **(Mayor Nicholls/ Simonton)**

V. REGULAR CITY COUNCIL MEETING AGENDA OF MAY 6, 2025

Motion Consent Agenda Item C.7 – Cooperative Purchase Agreement: Aquatics Feasibility Study

(Authorize the use of a cooperative purchase agreement through Omnia Partner Network, for the Aquatic Center Feasibility Study including Kennedy Pool to Berry, Dunn, McNeil & Parker, LLC of Phoenix, Arizona for a total expenditure of \$138,260.00.) (CPA-26-292) (Parks & Rec)

Urfer presented the following information:

- The proposed aquatics feasibility study was recommended in the 2024 Parks, Arts, Recreation and Trails Master Plan (Master Plan) due to the importance of aquatics to the community and the potential need for an additional pool facility.
- The study will review existing data, prior plans, surveys, and current aquatic facilities throughout Yuma, including Kennedy Pool.
- Kennedy Pool will receive a specific assessment to determine whether the facility can be repaired or if other options should be considered.
- Community engagement will include surveys, public meetings, and outreach events to gather input on future aquatic programming and facility needs.
- The study will evaluate potential aquatic facility concepts, including recreational and competitive features.
- Proposed concepts will be reviewed through additional public and stakeholder feedback processes before being finalized.
- The study will also analyze construction costs, operational costs, user fee considerations, and potential subsidy needs.
- Several possible locations for future aquatic facilities will be evaluated as part of the study.
- The completed study will provide City Council and City Administration with information needed for future decisions regarding aquatics in Yuma.

Discussion

- The feasibility study will evaluate City-owned and regional aquatic facilities, including pools in Somerton, San Luis, and at AWC, to assess overall aquatic needs. The study will also explore potential partnerships, funding opportunities, and operational support options, including possible collaboration with Marine Corps Air Station Yuma. **(Mayor Nicholls/Urfer)**
- Potential locations for future aquatic facilities will be evaluated using community input, operational needs, and economic factors, including accessibility, event potential, nearby amenities, land availability, and construction costs. **(McClendon/Urfer)**
- The feasibility study will evaluate the community's overall aquatic needs, including the future of the Kennedy Pool site, and will provide concepts, location comparisons, cost estimates, operational considerations, partnership opportunities, usage data, and public access impacts to help guide future decision-making. **(Morris/Urfer)**
- The Master Plan recommendation for the Kennedy Pool area included a neighborhood-scale pool and expanded splash pad features designed for youth and family recreation. The feasibility study will include both surveys and open community dialogue sessions to gather balanced public input. **(Morales/Urfer)**
- The Parks, Arts, and Recreation Commission will remain actively involved throughout the feasibility study process by reviewing updates, participating in community engagement efforts, gathering public feedback, and evaluating proposals and recommendations. **(Morales/Urfer)**
- Potential partnerships with organizations such as AWC may be explored as part of the feasibility study, with consideration given to shared operational needs, scheduling, community access, and overall facility efficiency. **(Morales/Urfer)**
- The feasibility study is expected to include demographic and prioritization analysis to help evaluate the timing, community value, and long-term benefits of future aquatic facility projects. **(Morales/Urfer)**

Motion Consent Agenda Item C.11 – Guaranteed Maximum Price: Hotel Del Sol Multi-modal Transportation Center (Authorize a contract for a guaranteed maximum price for the construction of the Multi-modal Transit Center in the amount of \$17,421,425.00 to Core Construction, Inc., Tempe, Arizona, under the existing Design-Build contract for the project.) (2020-20000136) (Eng)

Simonton presented the following information:

- The Hotel Del Sol project has been in development for many years, with grant funding applications submitted multiple times before receiving approval.
- The project includes approximately \$10.6 million in federal funding, \$3.6 million in state funding, prior federal design funding, and City matching funds included in the City bond program.
- The existing Hotel Del Sol building will largely be demolished, while preserving the historic east and north facades, including the arches and tile roof elements.
- A new three-story steel-frame structure will be constructed behind the preserved facades.
- The transit center will occupy a portion of the first floor near the Amtrak station, with bus pickup and drop-off relocated to Third Street.
- Remaining first-floor space and the upper floors will initially remain unfinished to allow future public-private partnership development opportunities such as restaurants, office space, hotel uses, or entertainment venues.

- The project also includes preservation and reuse of selected historic interior architectural features as part of the historic preservation process.
- Construction is expected to begin in September and take approximately 18 months to complete.
- Temporary street closures and traffic impacts are expected during construction due to facade stabilization work.
- A public fact sheet is being prepared to provide additional project information and address community questions.

Discussion

- Proactive public communication will be provided throughout the project regarding construction impacts, street closures, and related community updates through fact sheets and other outreach materials. **(McClendon/Simonton)**
- Efforts will be made during the project to preserve historic architectural and craftsmanship elements from the building whenever possible, including materials not reused in the redeveloped structure. **(Morris/Simonton)**
- The late councilmember Gary Knight played a significant role in securing approximately \$3.6 million in state funding for the Hotel Del Sol project, and there may be an opportunity to honor his contributions within the completed facility. **(Morris/Simonton)**

Motion Consent Agenda Item C.8 – Cooperative Purchase Agreement: Pump and Motor Repair and Replacement (Authorize the purchase and delivery of pump and motor repair and replacement from Precision Electric, Yuma, Arizona; Phoenix Pumps Inc., Phoenix, Arizona; and D&H Electric, Yuma, Arizona, utilizing a Cooperative Purchase Agreement from the Yuma Educational Materials Management Consortium. This contract is valid for one year with the option to renew for four additional one-year periods, one period at a time, depending on the appropriation of funds and satisfactory performance on an as-needed basis, at a total estimated annual expenditure of \$298,000.00.) (CPA-24-372) (Utl)

Morales declared a conflict of interest on Motion Consent Agenda Item C.8. There being no questions or discussion, **Morales** remained on the dais.

Adoption of Ordinance O2026-014 – Rezoning of Property: Northeast Corner of 40th Street and Avenue 5¹/₄E (Rezone approximately 36.24 acres located at the northeast corner of 40th Street and Avenue 5¹/₄E from the Agriculture/Airport Overlay (AG/AD) District to the Suburban Ranch/Airport Overlay (SR-1/AD) District and the Low Density Residential/Airport Overlay (R-1-12/AD) District.) (Comm Dev)

Discussion

- The smaller dashed line shown on the location map represents the notification boundary surrounding the subject property, while the larger dashed lines identify zoning district boundaries. **(Watts/Linville)**

Introduction of Ordinance O2026-009 – Business License Fee Exemption for Resident Veteran-Owned Businesses and Merchants (Revise Yuma City Code (Y.C.C.) to exempt resident veteran-owned businesses and merchants from the fee imposed by Y.C.C. § 70-05.) (City Admin)

Discussion

- The proposed ordinance would apply to veteran-owned businesses that are at least 51% owned by veterans residing within city limits. Expanding eligibility to non-resident veteran-owned businesses would require an amendment. The residency requirement is intended to support local veterans and veteran-owned businesses. (**Mayor Nicholls/ Martinez/Files**)
- Expanding eligibility for the proposed ordinance to include residents throughout Yuma County could allow additional local veteran-owned businesses operating within city limits to qualify. (**Morris**)
- Expanding eligibility to veteran business owners residing anywhere within Yuma County, provided the business operates within city limits, could encourage additional veteran-owned businesses to establish and grow within the city. (**Morales**)

EXECUTIVE SESSION/ADJOURNMENT

There being no further business, **Mayor Nicholls** adjourned the meeting at 8:55 p.m. No Executive Session was held

Janet L. Pierson, City Clerk

APPROVED:

Douglas J. Nicholls, Mayor

Approved at the City Council Meeting of:

City Clerk: _____