

MINUTES
REGULAR WORKSESSION
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
April 5, 2011
5:00 p.m.

CALL TO ORDER

Mayor Krieger called the City Council meeting to order.

Councilmembers Present: Stuart, Mendoza, Beeson, McClendon, Brooks, Johnson and Mayor Krieger
Councilmembers Absent: none
Staffmembers Present: City Administrator, Greg Wilkinson
Director of Community Development, Laurie Lineberry
City Attorney, Steven W. Moore
Various department heads or their representatives
City Clerk, Lynda Bushong

I. REGULAR CITY COUNCIL MEETING AGENDA OF APRIL 6, 2011

Ordinance O2011-09 Rezoning of Properties: Northeast corner of Avenue B and 31st Street, Yuma, AZ.

Mayor Krieger referenced a previous discussion regarding the review of the Aesthetic Overlay (AO) and the possibility of scaling back and refining the process. If this process is pending review is it necessary to continue with the current implementation of the AO given the current economic strain on businesses? **Lineberry** agreed that it has been discussed to scale back the AO, but because of the need to address other time sensitive issues it has not been addressed. The reason this item was brought before Council is because it is part of a development agreement that was previously approved by City Council. **Mayor Krieger:** Is the development agreement time sensitive that mandates this action to be address at this time? Could this be delayed until the AO process is reviewed? **Lineberry** replied that this component of the agreement can be postponed.

Mendoza asked if this agenda item could be pulled from the agenda. **Johnson** suggested the development agreement be modified to exclude the AO component. **Mayor Krieger** indicated that if removing Ordinance O2011-09 from the agenda was not a violation it could be considered, but amending the agreement should be postponed until all development agreements can be addressed at the same time. **Moore** recommended that since Ordinance O2011-09 is on the agenda for adoption, instead of removing the agenda item Council should consider continuing it for a specified time period. **Mayor Krieger** agreed, if staff could provide a feasible timeline to address the current AO and the development agreement. **Lineberry** responded that 180 days should be enough time to address these issues.

Ordinance O2011-10 Zoning Code Text Amendment: Conditional Use Permit Time Extensions

Mayor Krieger stated that based on the meeting minutes from the Planning and Zoning Commission meeting on February 14, 2011, information about the appeals process was going to be provided once review of the ordinance was completed. **Mayor Krieger** indicated he was uncomfortable making a decision until all information was available for Council's review. **Lineberry** informed Council that the information would be available during the Regular Council Meeting on April 6, 2011, once it's reviewed by the City Attorney's Office.

II. ARIZONA PUBLIC SERVICE 230kV INFRASTRUCTURE UPDATE

Paul Herndon, Senior Siting Consultant, Arizona Public Service Company (APS) presented the following:

- History of the 230kV siting effort
 - In 2007 transmission planners identified a need for additional resources in the Yuma area to adequately serve the growing area and to add reliability to the APS system. The project was suspended in 2008 as a result of slowing regional growth, in-service date change for the Palo Verde North Gila #2 500kV project and local Yuma area upgrades.
- APS Public Siting Activities/Conceptual Project Schedule
 - Began collecting input in April 2010 through ongoing stakeholder briefings, Public Open House meetings, and discussions with special interest groups such as MCAS and Western Area Power Administration (WAPA)
 - Next Public Open House is scheduled for April 27, 2011, at the Hampton Inn & Suites, from 5:30 p.m. to 7:30 p.m.
 - During the summer of 2010 a preliminary route was identified, alternate routes will be identified by the summer of 2011.
 - Prepare and file a Certificate of Environmental Compatibility application with the Arizona Power Plant and Transmission Line Siting Committee by Fall 2011
 - Hearings will be held and then recommendations will be submitted to the Arizona Corporation Commission for approval, denial, or an amended application.
 - Arizona Corporation Commission Line Siting Hearings – Fall/Winter 2011
 - Hearings are open to the public for comments in support or against the project
 - Stakeholder briefings and opportunities for public comment will occur through out this time period.
- North Gila, Transmission Station 8 (TS-8), and Yucca 230kV Project
 - Project Description
 - Double-circuit 230kV capable transmission line; this is a large line that can carry a lot of bulk power.
 - Substation interconnection facilities at North Gila and Yucca Power Plant, and a new 230/69kV substation at TS-8
 - Single shaft steel poles about 130-150 feet high
 - Typical right-of-way width of 100 feet
 - Potential co-location of existing and future APS 69kV facilities
 - Project Need
 - Necessary component for the 500kV transmission line from Palo Verde generating hub to North Gila substation presented in 2008. The 500kV transmission line will bring bulk power into the area and provide the ability to introduce new transmission element into the Yuma area to supplement the existing 69kV system. This will increase reliability of the

APS systems and increase the load serving capability in the Yuma area for many years to come.

- The area continues to grow even through the depressed economy. The project will provide opportunities to integrate regional renewable generation resources into the electric system.
- Project Timeline
 - The North Gila Substation to TS-8 segment is scheduled for completion during the summer of 2014 which coincides with the date the 500kV transmission line will be in service at the North Gila Substation.
 - The TS-8 to Yucca Power Plant portion completion date has not been determined. This project falls beyond APS' 10-year planning horizon.

Jim Valenzuela Sr., Director of SW Energy Delivery, APS, displayed the following:

- Power sources all come from the northern part of APS' service territory:
 - Yucca Power Plant is a peaking plant that only comes on during peak loads in the summer.
 - Shaw Industries has a coal generation plant that allows 50 megawatts to be acquired
 - North Gila Substation is the main source with a 500kV transmission line
 - Gila Substation is a western power authority substation
- The 69kV lines connect all substations to the power source. The new substation located between Avenue 1E and 4th Avenue Extension and the substation on Avenue 6E will serve as a switch yard with the ability to interconnect the different 69kV line systems. The switch yards allow the system to connect and feed from different directions. It also allows a 69kV line to run from the substation to San Luis and the Baja Substation near the new port of entry. The importance of this substation is the ability to serve the south part of Yuma through different 69kV lines that will integrate right into the TS-8 Substation.
- One of the goals is to partner with other utilities similar to previous projects to accomplish consolidation of poles, avoid breaking new ground, and impacting other customers.
- Ensure these two projects remain separate

Johnson expressed residents' concern of having multiple power lines and poles going along the same routes. **Valenzuela** responded that the map displayed is a planning map which serves more as a connection type map. The approved routes will be presented to the public at the Public Open Houses to allow for public input.

McClendon asked if once the 69kV project for the Waldrip Substation is completed in 2012, if it will allow other substations with excess power to pull energy from it. **Valenzuela** explained that the Waldrip Substation is intended to work as a switch yard which makes it possible to bring power to substations from different directions. The switch yard gives APS the ability to manage the flow of energy and feed power to out of service lines, due to an outage. **McClendon** inquired if the switch yard will allow APS to address outages such as the one that occurred on August 2010 more efficiently. **Valenzuela** indicated that the switch yard will help minimize the amount of time and customers affected during outages. During the August 2010 storm APS was able to shorten the length of the outage and restore power because of the ability to feed from different directions from the 69kV line system and the distribution system. This switch yard will also give the ability to add another loop feed for the cities of Somerton and San Luis. This will truly enhance the ability to diversify the number of areas APS can restore.

Herndon displayed the following:

- The plan is to connect the 500kV line to the North Gila Substation; this will create a number of different line-route links. The intent is not to build the transmission line on all the routes but to create a family of routes. The route that will be presented to the public will be modified to illustrate changes in the lines encroaching on the department of defense lands. The map will continue to evolve and change as feed back from the public and stakeholders is received.
- Public Outreach Activities
 - Briefing elected officials
 - Series of newsletters to stakeholders and the public with information about the project
 - Public Open House meetings
 - Information can be obtained by contacting the APS Project Manager or accessing project website at www.aps.com/siting
- Typical Siting Considerations
 - Public Acceptability
 - Regulatory Approvals
 - Land Acquisition
 - Cost
 - Engineering
 - Environmental
- These considerations are in conjunction with the Certificate of Environmental Compatibility application process.

McClendon inquired if the information presented at the last Public Open House meeting had significantly changed resulting in the need to present it again at the upcoming meeting. **Herndon** indicated that the routes originally presented to the public last year were more generalized and conceptualized line routes. The line routes being presented now have been validated. The public will continue to be updated through out the process through the Public Open House meetings as information changes.

III. GREATER YUMA ECONOMIC DEVELOPMENT CORPORATION MID-YEAR REPORT

Julie Engel, President/CEO, Greater Yuma Economic Development Corporation (GYEDC), presented GYEDC's Mid-year Report:

- During the 2009-2010 Annual Dinner GYEDC issued a challenge to leverage funds for the Yuma area through the American Recovery and Reinvestment Act (ARRA) funds or other grants. Due to the distressed level of this region and the unemployment rate GYEDC was successful in obtaining several funds for the region. Funding includes:
 - Grant Dollars
 - From 75 applications submitted and \$27 million applied for, Yuma County was awarded \$480,630 of the Arizona Rural Grant \$2 million competitive package for the Arizona Commerce Authority (ACA) Rural Authority.
 - Johnson Controls – \$100,000
 - Yuma International Airport – \$380, 630 towards the Defense Contractor Complex
 - Partnerships
 - Yuma Private Industry Council was awarded \$8,660 ARRA funds to compensate for the software that is used in attraction and retention.
 - Claritas Demographics Program

- One Source – Company Director
- Executive Pulse – Project Lead Tracking Program
- Sun Corridor Alliance leveraged \$15,000 marketing dollars with \$150,000 from Greater Phoenix Economic Council, Tucson Regional Economic Opportunity, Flagstaff and this year Pinal County has joined. These funds will be allocated towards sales missions into California.
- Competitiveness is an issue Arizona has been battling for the last five years; several initiatives are underway to increase the competitiveness of Arizona and Yuma County.
 - The Governors recently adopted Competitiveness Package, moved Arizona from last place to 4th place in the Western Mountain States Region.
 - SB 1041 – Invest Arizona is scheduled for full vote on April 6, 2011. If passed, SB 1041 will replace the current enterprise zone that is designed primarily to help minority and smaller businesses; it will assist larger corporations that want to make a large capital investment. SB 1041 would become effective immediately if adopted opposed to the Governor's bill that will be phased in until 2016. GYEDC supports this bill because it fills the 4-year gap of the Competitiveness Package. GYEDC became involved during the initial stages of the bill with the drafting phase to ensure it addressed and helped the rural community.

Johnson asked if the enterprise zones were used to get the Intel manufacturing plant. Intel's CEO has stated that without the zone used it would have been financially impossible to locate in Arizona. **Engel** responded that foreign trade zones were used for that purpose. The foreign trade zone offers property tax reclassification by reducing the property tax bill by 85% which makes capital intensive operations like Intel more affordable. The jurisdiction where a capital intensive operation is located benefits regardless of the reduced property tax.

Engel added that even with the Governor's Competitiveness Package and SB 1041 issues will still exist, SB 1041 offers a 10-year property tax reclassification but the reduction level does not compare to the foreign trade zone. GYEDC is the grantee of that zone and has submitted an application to become the magnet site. Engel continued to present the following:

- GYEDC partnered on a grant application to the Economic Development Administration on behalf of the Yuma International Airport, to build a multi-tenant Defense Contractor Facility a \$3 million request. This grant will be leveraged with the \$10 million capital investment the airport has made towards improvements and structures.
- New Market Tax Credits available for capital intensive projects through Chelsea Financing which offers companies with gap financing trouble to apply for interest to be forgiven. Chelsea Finance located in San Diego is responsible for the entire border region from Yuma County to San Diego and has been allocated and designated as a new market tax credit lender. GYEDC's Senior Project Manager Greg LeVann is the local Board Member for Chelsea Finance.
- Efforts are underway to improve the level of technical skills in the labor force, beginning with students in high schools and linking them directly to higher education programs. These programs include:
 - Joint Technological Education District (JTED) program with Antelope and Yuma Union High School Districts
 - Science Technology Engineering Agricultural and Math (STEAM) program that is being introduced at Yuma Union High School
 - Lessons 2 Life
 - The Science Foundation of Arizona that is committed to the STEAM program
 - Yuma Business Education Coalition

- The Logistics Education Career Path program that is being funded through the Yuma Private Industry Council and Arizona Western College, 20 logistics degrees have been issued and 30 students are enrolled. These classes are free of charge.
- Unencumbered transportation system SR-195 connecting to Interstate 8 and Highway 95
- Improved Coordination with Union Pacific Railroad
 - New location in Yuma has been identified by Union Pacific as a transload facility. Union Pacific will fund the development of this facility and GYEDC will select a developer.
 - Will offer new opportunities to existing Yuma manufacturers and boost attraction efforts for new manufacturers
 - Union Pacific is paying to rehabilitate a spur on Avenue 4E for DC Logistics who serves Johnson Controls.

Johnson stated that Arizona Department of Transportation (ADOT)'s State Transportation Improvement Program (STIP) has budgeted \$10 million over the last 4 fiscal years including FY 2012 and FY 2013 for the widening of Highway 95; an additional \$5 million was budgeted for roadway improvements at San Luis I port of entry. About 2 months ago ADOT staff proposed to remove these funds for the next 5-years, but their finance staff is stating that by that time the state will only have about \$532,000 a year for all 13 counties. **Johnson** asked if GYEDC was planning to attend the public hearing that will be held this month in Phoenix, AZ to support the City and express the importance of the road improvements that were removed from the proposed budget. **Engel** explained that these funding situations have occurred on two other occasions with other funding sources. Some studies to help improve the logistics in the Yuma area had been approved funds were later removed. Although the GYEDC and representatives from the Gowan Company and Gray & Terkelsen were invited to sit on a symposium and are involved with the Capital Improvement Program (CIP) and the long term plans for the State, but at this time the focus remains with Maricopa County. GYEDC can attend the Public Hearing in Phoenix to participate in the STIP discussion once the date is provided. **Johnson** reported that he will be attending this month's Public Hearing with Mayor Escamillo from the City of San Luis because the General Services Administration (GSA) will not budget funds for the San Luis I Port of Entry or any port unless a local or state entity budgets for road improvements. Therefore, if the \$5 million budgeted for San Luis I Port of Entry is removed from the STIP as proposed, it gives the GSA an excuse not to budget \$80 million towards San Luis I Port of Entry. The more people who get involved to support this cause – the more awareness is brought to the State of the importance of these projects.

Engel continued the presentation with project updates:

- F-35 Joint Strike Fighter Program
 - The June 17th Open House meeting for the basing of the F-35 Aircraft was considered a success because of the support shown from Yuma County residents
 - It was announced that Marine Corps Air Station (MCAS) Yuma would receive 5 operational squadrons plus 1 OT&E squadron.
 - A single squadron consists of 16 aircraft and 311 personnel. The estimated personnel impact to MCAS Yuma once all 5 squadrons arrive will be 88 aircraft and 1,743 military personnel.
 - The first squadron is expected to arrive at MCAS Yuma in December 2011.
 - GYEDC recently visited the Lockheed Martin facility where the F-35 planes are currently in production. The testing phase is back on schedule and once the federal budget is adopted, MCAS Yuma will begin with the building of the hangers.

- The purpose of the trip was to establish Yuma as a serious consideration for Lockheed Martin 5th Generation Fighters.
- It is critical that Yuma improves its infrastructure, power, and natural gas in order to attract and retain large scale industries.
- White Mountain Roofing Materials is a building product manufacturer that has developed a unique product line of low emission, environmentally friendly asphalt roofing products.
 - The project will consist of relocating the entire production line to Yuma and is scheduled to begin next week.
 - The facility will be located in a heavy industrial park within the City of Yuma.
 - The first phase of production will have 24 new production employees and 5 management staff, because of the rapid increase in orders this number is anticipated to increase.
- The Agua Caliente Solar Project is completely under construction and is now in the Balance of System (BoS) subcontracting phase. Selection of the BoS subcontractor for the first three blocks is anticipated to occur by early March with a target start date of late March.
 - The project is scheduled to last at least 3 years.
 - Onsite there is 150 employees, 90% of them are Arizona residents and 53% of those Arizona residents are from the Yuma area.
- As of February 2011 GYEDC has 36 new business leads. The number of leads received by GYEDC from the Arizona Department of Commerce has increased from previous years.

Mayor Krieger commended everyone involved with the presentation given at Lockheed Martin in Dallas Fort Worth, TX.

IV. CITY WIDE DEVELOPMENT FEES

Wilkinson informed City Council that SB1525, a revamp of development fees, is in progress at the State Legislature.

- If SB1525 passes as currently presented, the City will not be able to address development fees this year.
- The City continues to advocate for control of development fees to remain at the local level and not through the State.
 - A meeting with a group of local businessmen and a developer was held to discuss development fees. The focuses from all parties were aligned.
- The 1st development fee meeting with staff was held to start the review process and set guidelines for development fees.
 - The group will define the criteria for fees to be based on, with consideration of the changes that have occurred since the last review in 2007.
 - The plan is to put everything in place by the time a decision on SB1525 is made. However if SB1525 does not pass, the group will have the ability to move forward with the usual process. If SB1525 does pass, it will take the group significantly longer to determine the impacts of the changes and develop a new process.

Mayor Krieger: Is the review for commercial and residential? **Wilkinson** responded that all fees are linked together. The City has to be able to justify what is being done and where the cost is suppose to be. One of the focuses will be to attract industrial and/or commercial businesses, which will result in new jobs and home buyers. Ordinance O2011-10 is on the agenda because review of development fees is currently on a 3-year cycle and the next review must be completed by December 2011. The proposal is to change “shall” to “may” in the current development fee ordinance, in case the City is

unable to complete a timely review due to the anticipated changes of SB1525. **Mayor Krieger** asked if the State might change the current development fee regulations, why would the City move forward with changes at this time. **Wilkinson** agreed that this change could be put off until more direction from the State is received, but also pointed out that this change mitigates some of the issues already occurring.

Mayor Krieger expressed concern of harming the good reputation for honesty, openness, and good dialogue the City has established and this seems to be counter productive. **Wilkinson** responded that there would be no problem if Council prefers to wait. This ordinance will not affect the review of development fee that has started.

Beeson stated that adjusting development fees sooner rather than later can assist in attracting new business to the City of Yuma and Yuma County. **Wilkinson** informed City Council that offering an incentive package to a particular target industry manufacture is different from development fees. Currently, the City of Yuma, Yuma County, GYEDC, and the Chamber of Commerce are working together to create an incentive package for these manufacturers. The development fees are a more complicated process that needs to be defensible in court on a number of different levels.

Mayor Krieger: What is the current mandate by the State Legislature? Moratorium? **Wilkinson** responded that the direction is definitely not to raise development fees which is not something the City would consider, but there is also a different debate about lowering them. There is a 50/50 split about lowering development fees, but there shouldn't be an issue if they are lowered which is why we want to proceed with the review of the fees.

Beeson stated that information was received that several companies are turning away once they start calculating the cost of fees. If there is something that could be done to relieve that burden and make Yuma a place where companies want to locate, then the City should act now. **Wilkinson** replied that he is not aware of any company that has turned away because of the development fee cost. Johnson Control is a typical example of the incentive package. There is a lot of discussion about what development fees are and what they could be, but the end result is that the fees need to be able to pay for the infrastructure to support these companies. Otherwise, the City will not be able to have roads, streets, water, and sewer in place to attract these companies. It is a fine balance.

McClendon: What is the timeline for the review of development fees? **Wilkinson** indicated that some of the wording is unclear but there is currently a 4-month delay due to the State. If SB1525 does not pass, the review should be completed in about 90 days. Additional time to make adjustments will be required if the bill is adopted. The Governor, Senate and House are trying to get the League of Cities and the Home Builders Association to work together in formulating a bill that works for everyone.

Mayor Krieger: Why is the City moving forward with the review of development fees if response from the State Legislature is pending? **Wilkinson** stated that regardless, if development fees are completely rewritten, which is how it is being presented to the State at this time, the information that will be compiled during this review will allow the City to move forward.

McClendon stated she would like to see the review of fees move forward instead of waiting to see what the State Legislature might do. **Wilkinson** noted that the State should complete the review of their bills shortly. Some difficulties might arise throughout the review process based on the direction

the legislature takes. The idea is that once the first step is complete, the decision on SB1525 will be finalized.

Beeson asked if any representative from GYEDC, BetterGreaterYuma.org, or the Chamber of Commerce would like to speak on the agenda item he would like to hear their input. **Moore** stated that public comment and participation is not noticed on the public agenda. **Mayor Krieger** indicated that this is the reason he wants to keep this issue on the agenda of the Regular Council Meeting, on April 6, 2011.

Johnson asked if the capacity and system development fees, including water and sewer, will be part of this review process. **Wilkinson** responded that water and sewer and capacity fees are part of a different review process and will not be included in this review.

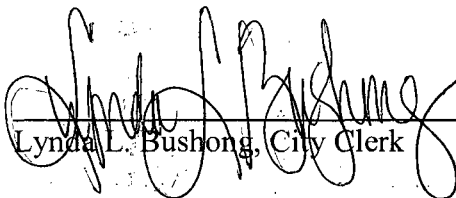
V. ADDITIONAL ITEMS FOR POSSIBLE DISCUSSION

Johnson reported to City Council that he attended the National League of Cities Conference with Mayor Krieger in Washington D.C. from March 13-17, 2011 which included several break-out sessions regarding economic strategies. The Senate and House staff held a briefing about rewriting the Safety Surface Transportation Bill. Until about three years ago this bill was self funded out of the gasoline tax, but it has been operating in a deficit for the last three years. Due to federal funding transportation cuts the changes can result in a cut from \$42 billion to \$27 billion, which constitutes a year in the transportation program. **Johnson** reported he also attended the YMPO Executive Board meeting in San Luis. Mayor Escamillo of San Luis made a presentation about the San Luis I Port of Entry project and the need for its completion.

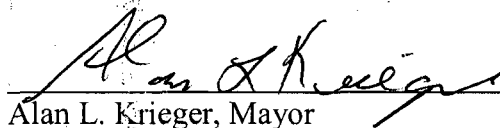
Mendoza held Saturday Coffee at the Coffee Bean and received good information and a thank you from community members regarding the Animal Control Ordinance.

VI. ADJOURNMENT/EXECUTIVE SESSION

Motion (Beeson/Brooks): To adjourn the meeting to Executive Session for the agenda items listed and to include Ordinance O2011-11. Voice vote: **adopted** 7-0. The meeting adjourned at 6:26 p.m.


Lynda L. Bushong, City Clerk

APPROVED:


Alan L. Krieger, Mayor

Approved at the City Council Meeting of:
June 1, 2011
City Clerk: L. Bushong