

MINUTES
REGULAR WORKSESSION
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
January 6, 2015
6:00 p.m.

CALL TO ORDER

Mayor Nicholls called the Regular City Council Worksession to order 6:04 p.m.

Councilmembers Present: Wright, Knight, Beeson, McClendon, Thomas, Craft and Mayor Nicholls
Councilmembers Absent: none
Staffmembers Present: City Administrator, Gregory K. Wilkinson
Director of Community Development, Laurie Lineberry
Deputy City Administrator, Ricky Rinehart
Various department heads or their representatives
City Attorney, Steven W. Moore
City Clerk, Lynda Bushong

Lineberry introduced the City's newest AmeriCorps VISTA member, Christopher McKinney. The City of Yuma has been awarded a grant that will pay for five Americorps Vista personnel. McKinney will join her staff; his primary focus will be the neighborhood revitalization strategy.

I. REGULAR CITY COUNCIL MEETING AGENDA OF JANUARY 7, 2015

Mayor Nicholls opened the meeting to discussions and questions on items before the City Council for action tomorrow.

Motion Consent Agenda

B.8 Authorize the City Administrator to execute an Installation Agreement and a Measurements and Verification Agreement to upgrade the energy efficiency of 20 City-owned facilities as identified in the scope of work, by utilizing a cooperative purchase agreement with the State of Arizona and Climatec, LLC, Phoenix, Arizona.
(Administration)

Wright and Knight discussed the details of the agreement with **Rinehart and Moore**:

- Does the agreement contain any provisions for times when the guaranteed savings will be evaluated?
 - The City and Climatec will review the actual savings on an annual basis. Each year the model used to calculate the savings will be reviewed.
- Does the agreement allow the City to terminate the agreement?
 - The City can terminate the agreement at any time.
- Climatec's presentation indicated the measurement and verification period would be three years, not 15, because the City would have realized the savings by then. However, Staff chose to continue the agreement for the full 15 years. Thus, all of the figures presented to the City Council reflect full 15-year savings.

- Per this agreement, Climatec is responsible for any shortfalls in the guaranteed savings amount, but what if Climatec goes out of business? How is the City protected from loss in that case?
 - Climatec has been in business for a number of years in the state of Arizona. The agreement contains several provisions that allow the City to buy its way out of the contract. However, if Climatec goes bankrupt, the equipment installed becomes the property of the City; it will still be operating to the benefit of the City. The City is not disposing of any property.
- What is the cost of this agreement?
 - The City's financial commitment is \$3,579,391.12. The City's savings for 15 years will run at \$300,000 annually. If Climatec does not meet the annual savings they are guaranteeing, they will write a check to the City for the difference.
- Climatec has guaranteed the actual savings will be at least 90% of the projected savings.

Motion Consent Agenda

B.11 Authorize an amendment to the City Administrator's agreement. (Mayor/City Council)

Wright requested to ask questions about the agreement.

Motion (Mayor Nicholls/ Knight): To recess to Executive Session regarding Motion Consent Agenda item B.11, as shown above, pursuant to ARS 38-431.03(A)(1). Voice vote: **approved** 7-0. The meeting recessed at 6:23 p.m.

Mayor Nicholls reconvened the meeting at 6:58 p.m. with all members present.

Thomas stated that he will declare a conflict of interest on the agreement with Arizona Department of Homeland Security (Motion Consent Agenda item B.10) at tomorrow's meeting.

Mayor Nicholls stated that he will declare a conflict of interest on O2015-01 (the acquisition of real property at 3401 S. 18th Ave. and 1771 W. 34th St.) because his company is working on the related water drainage project.

O2015-05: Zoning Code amendment re: Off-site Signs

McClendon and **Thomas** discussed with **Lineberry** details of the proposal:

- Why is this issue being brought forward at this time? Have businesses been complaining?
 - No, the Sign Code is out of date with old terminology, making it difficult to know where off-site signs are allowed. On-site signs are located at the business site. Off-site signs advertise business that is not related to what's occurring at the location of the sign.
- The Sign Code establishes where off-site signs can occur – what types of streets and zoning districts. It sets allowable dimensions and spacing.
- Staff confirmed that this would include billboards during a Planning and Zoning meeting.
- Do off-site signs direct people from one business to another?
 - Off-site signs advertise something that is not for sale where the sign is located.

Public Hearing: ANEX-7505-2014 – Annexation of Ranchos el Toreo, located at the southwest corner of 36th Street and Avenue 10E

Mayor Nicholls recused himself due to a conflict of interest in connection with this annexation because his firm represents one of the property owners. He turned the meeting over to **Deputy Mayor Beeson** and left the room.

A discussion followed involving **Knight, Wright, Thomas, Albers, Moore** and **Wilkinson**; highlights follow.

- This area lies within the City's water franchise area and within Far West's wastewater franchise area. Given Far West's reputation and past problems, is it wise to develop more houses and add to the Far West's customers? What's the City's liability for overloading Far West?
 - These jurisdictions are set by the Arizona Corporation Commission and the situation isn't something the City can control.
 - This annexation poses no greater liability than any other annexation; the City must provide City services to the area upon its completion.
- Since the City initiated the annexation, is the City obligated to move forward with it?
 - The City did not initiate this annexation; the developer approached the City, asking for annexation.
- This property is the subject of a Preannexation Development Agreement (Resolution R2000-36).
 - There have been times when the City has decided it cannot provide services to a development that is too far away from infrastructure and, thus, too expensive to provide. In such cases, other providers – including Far West – may agree to provide the services.
 - As this development moves forward, the developer may want to add items to the development agreement, in which case it would give both parties an opportunity to review and possibly amend the development conditions. This is not uncommon. Any amendments to the resolution would have to return to the City Council for consideration.
 - Moving forward with this annexation means that the City is honoring an agreement that is already in place with the developer.
- The City would much prefer to annex property prior to its development to allow for the collection of impact fees and to ensure that the development is built to City standards.
- City staff has not inspected Far West's operations because the City has no authority to do so.
- It's difficult to say exactly how many new homes this development would result in because the area involves multiple owners and will be developed over time. The area has 2½-acre or 5-acre parcels, but they may not be developed cohesively for the maximum number of homes. All of the property owners have entered into Preannexation Development Agreements with the City.
- Couldn't this property develop under Yuma County's jurisdiction rather than the City's? That way the City wouldn't be hindering development.
 - Because there are existing Preannexation Development Agreements, these properties will develop with City water; it's only a matter of whether they develop inside or outside the City limits.
- Why doesn't the proposed annexation area also include a number of developed properties nearby on Avenue 10E; many of those homeowners have expressed an interest in annexing?
 - Those developed properties are not adjacent to City property and, therefore, cannot be annexed. This annexation couldn't deal with them individually. If this annexation is successful, those properties would be adjacent to City property and they could be annexed soon afterwards.

- Will the City ever be responsible for installing or repairing this area's water or wastewater system?
 - There are other subdivisions that have City water, but Far West sewer. There are several private utility companies that provide wastewater services to City residents.
 - Only under catastrophic events would the City become responsible for the sewer system and the City would not have to pay for it. Rural grants are available in such situations; the City would not be on the hook to bail Far West out.

Mayor Nicholls returned to the dais.

R2015-02: Water and Wastewater Utility Rates and Fees

A discussion followed involving **Wright, Thomas, Craft, Mayor Nicholls, Wicks, Simonton**, and the City's consultant, **Dan Jackson** of Economists.com; highlights follow:

- What is the total amount of revenue the proposed increases will generate over the five-year period?
 - Revenue will increase by approximately \$1 million each year for the next five years.
 - On the water side - annually:
 - 2016: \$1 million
 - 2017: \$1 million
 - 2018: \$750,000
 - 2019: \$750,000
 - Total: approximately \$3.5 million
 - On the wastewater side – annually:
 - 2016: \$750,000
 - 2017: \$600,000 - \$700,000
 - 2018: \$600,000 - \$700,000
 - 2019: \$600,000 - \$700,000
 - Total: \$2½ - \$3 million
 - Grand total: \$5-6 million
- The proposal continues to be for increases of 3%, 3%, 3%, 2% and 2% in each of the respective years for the next five years. This schedule will bring in the more money at the outset, rather than following a 3%, 2%, 3%, 2% and 2% schedule. The City is working on a pay-as-you-go basis for Capital Improvement Projects (CIP). Until the City has the money, the projects can't go forward.
- Compare the amount of revenue the last increases brought in with this proposal.
 - The water rate increases ceased in 2008, while wastewater increases continued for a couple more years.
 - In 2006, the water and wastewater revenues were running at \$15.3 million. After rate increases took effect, the revenues jumped to \$22 million in 2009. The bulk of the rate adjustment income fell within 2006, 2007 and 2008. This was during the housing boom. After the rate increases ceased, revenues flatten out in 2010 and beyond.
 - Revenues are projected to be \$20 million in 2015. Over the course of the last 10 years, the income reached a high of \$23 million.
- Proposed revenues are expected to bring in \$5-6 million over a 5-year period; proposed CIP projects over the next five years are expected to cost \$27 million.
- Does the City pay anything to have water delivered to its treatment plants?

- The City had long term contracts with certain water users associations for delivery of water to the treatment plants. The City pays a wheeling charge – a delivery charge – and a volume charge. The City is allowed a certain amount of water flow; if more than that amount is used, the City pays for that additional volume. Yuma County Water Users Association is under contract with the City for water to the Main Street plant; Unit B Irrigation District delivers water to the Agua Viva plant. There have not been any significant increases in these costs.
- What are the major costs for the water treatment plant?
 - Consumables and equipment: chemicals, electricity, the replacement of expensive equipment
 - Electricity accounts for a third of the budget for each plant.
 - A new strainer for Agua Viva was replaced at a cost of \$75,000.
 - The plant is mechanical which is subject to equipment failure. Every replacement item costs more than the original piece of equipment.
 - These plants are almost 10 year old; failures and repairs will become more common.
- 10% of the City's water customers are not within the City limits.
 - Non-residents pay a premium for City water; their rate is 33% higher. With these increases, they would pay 33% of the adjusted amount.
- Why not use a bond to raise the money?
 - The City needs to pay down its current level of debt, not become more indebted.
 - These rate increases will be a bridge to pay off current debt in preparation of future bonds for larger scale improvements.
 - Bonds are necessary when a large amount of money is needed up front. If the City were to bond the \$27 million and pay them off short term, the City would just end up adding the cost of interest to the project costs. If the City stretched those payments out for 20 years – a more normal timeframe – the City would be paying for the projects for 20 years and essentially doubling the costs of the projects.
 - A \$27 million bond at 4% interest over 20-years would cost \$163,000 a month, adding an extra \$2.5 million to project costs each year.
 - Bonds would lock the City into payments.
- Would the pay-as-you-go method work to build new treatment plants?
 - Typically, new plants pose a more immediate need. In 2006, if the new plant had not been built, the City would have had to put a moratorium on new home construction.
- How much is set aside in the water and wastewater treatment plant budgets for upgrades and maintenance?
 - Each plant's budget has line item entries for maintenance and replacement of parts. If the needs don't materialize, the money is rolled into the next budget for reallocation. Some years, contingencies aren't used, but there have been years where 98% of the money set aside has been used. In addition, the City keeps certain spare equipment warehoused for quick replacement. When those are used, they are replaced.
 - Do the Water and Wastewater Enterprise Funds have any surplus?
 - The Water Enterprise Fund maintains a \$5-6 million fund balance for operational purposes; the Wastewater Fund is similar.
 - This fund balance was used when the revenue streams declined after the last revenue increases ceased.
- It would be good to have more customers to buy the City's water. The City's current system has the capacity to handle more growth in both the residential and commercial sectors.

II. AIRPACK DEMONSTRATION

Irr explained that last year City Council approved a \$1.2 million expenditure for the Yuma Fire Department (YPD) to replace the departments aging airpack stock. Fortunately, shortly after the approval, the City was awarded a \$700,000 federal grant. The City and YPD negotiated sharply with vendors and the new equipment was able to be purchased for much less than the original \$1.2 million. The City's old equipment would have become non-compliant with OSHA and NFPA standards by December 2014, but the replacement airpacks were able to be put in operation before the deadline.

Firefighter safety is very important and one of the silent killers of firefighters is cancer. New structures contain many synthetic materials that burn hotter and faster and contain more toxic gases; the more dangerous are carbon monoxide and hydrogen cyanide, both of which cause cancer.

Irr called forward a number of firefighters who were members of the purchasing team, as well as two firemen wearing the new airpacks for demonstration purposes.

Irr pointed out the benefits of the new equipment:

- Face plates are rated at 1,300 degrees versus the old equipment's 500 degrees.
- Built-in communication capabilities
- Better peripheral vision
- Internally and externally visible readings for air levels and use time.
- Quick change air bottles with 33% greater capacity
- Automatic tones indicate air levels
 - If a firefighter using the airpack doesn't move for over 20 seconds – indicating incapacitation – the airpack emits a loud alarm.
- The system includes:
 - A tracker or locator wand. When used, the wand indicates the direction of a lost or incapacitated firefighter.
 - Rapid Intervention Team (RIT) equipment that allows someone who is trapped to breathe while firefighters work to get them out. It includes a mask and large capacity air tank.

A discussion followed involving **Irr, Thomas, Mayor Nicholls** and **Wright**; highlights follow:

- Could a firefighter remove his mask and allow someone else to use it?
 - Doing so would put two people at risk rather than one. The RIT should be deployed to help a victim. The RIT equipment and personnel are staged at the entry point into the building, ready for immediate deployment. If victims can be removed quickly, that's the first option taken. .
- The airpack weighs approximately 43 pounds.
- The new equipment allows two firemen to use one tank if necessary, even if their respective equipment are different brands. These connection configurations have been standardized so that firefighters from Somerton or San Luis can hook up to a City firefighter, if need be.
- Training consisted of classroom work and field use were conducted at the training facility. Each engine company was trained before the equipment was put in use on the fire trucks.
- YPD personnel were trained on how to repair the new units, allowing repairs to be done in-house, saving money.
- A firefighter's fire suit can protect them for approximately 30 minutes, depending on the heat and proximity of the flame.

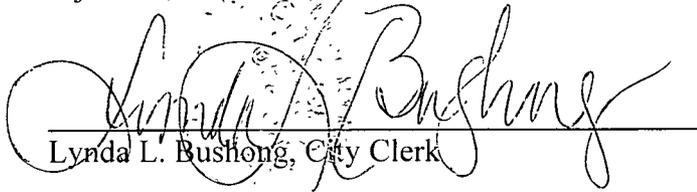
- YFD firefighters had some difficulty in knowing how to use the handheld radio in conjunction with the microphone on the mask, but they were able to figure it out.

On behalf of all firefighters, **Irr** thanked the City Council for giving YFD the support it needs to protect themselves and serve the community.

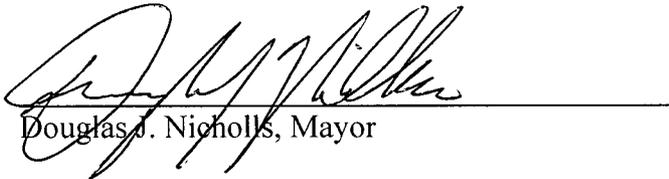
III. ADDITIONAL ITEMS FOR POSSIBLE DISCUSSION - no discussion

IV. EXECUTIVE SESSION

Motion (Thomas/McClendon): To adjourn the meeting. Voice vote: **adopted** 7-0. The meeting adjourned at 8:17 p.m. No additional Executive Session was held.


Lynda L. Bushong, City Clerk

APPROVED:


Douglas J. Nicholls, Mayor

Approved at the City Council Meeting of:
July 1st, 2015
City Clerk: 