

Mayor Cal Sheehy
Vice Mayor Michele Lin
Councilmember Nancy Campbell
Councilmember Jeni Coke
Councilmember David Diaz
Councilmember Jim Dolan
Councilmember Cameron Moses



Lake Havasu City
Council Chambers
92 Acoma Boulevard South
Lake Havasu City, Arizona
86403
www.lhcaz.gov

City Council Regular Meeting

Minutes - Final

Tuesday, February 25, 2025

5:30 PM

CALL TO ORDER

Mayor Sheehy called the meeting to order at 5:30 p.m.

INVOCATION

Pastor David Jackson, Hilltop Church, gave the invocation.

PLEDGE OF ALLEGIANCE

Ms. Sarah Messmer, Hospice of Havasu, led in the Pledge of Allegiance.

ROLL CALL

PRESENT: Councilmembers Cal Sheehy, Jeni Coke, Michele Lin, Cameron Moses, Nancy Campbell, and David Diaz.

ABSENT: Councilmember Jim Dolan.

CONSENT AGENDA

The following items will be considered as one item by the City Council and will be enacted with one motion with no separate discussion unless a Councilmember so requests, in which event the item will be removed.

5.1 Action: Approve the February 11, 2025, City Council Regular Meeting Minutes (Kelly Williams)

5.2 Action: Resolution No. 25-3811 Appointing City Councilmembers to the Lake Havasu Metropolitan Planning Organization's Executive Board (Kelly Garry)

5.3 Action: Resolution No. 25-3813 Approving the Agreement with the Arizona Department of Environmental Quality for the Hazardous Material Emergency Preparedness Grant Program (Chief Pilafas)

5.4 Action: Resolution No. 25-3814 Approving the Submission of a Grant Application to the State Homeland Security Grant Program through the Arizona Department of Homeland Security for Crash-Rated Removable Bollards (Chief Stirling)

5.5 Action: Resolution No. 25-3815 Approving Abandonment of the Existing 10-Foot-Wide Public Utility and Drainage Easement across the Northeastern Portion of 1111 Cascade Lane, Tract 2209, Block 1, Lot 3A (Trevor Kearns)

5.6 Action: Resolution No. 25-3816 Approving and Authorizing Execution of Instruments Necessary to Vacate and Convey Parcel V, Approximately 2,828 Square Feet of Roadway, Located Between Lots 34 and 35 of Block 28, Tract 2280, to the Owners of Adjacent Lots 34 and 35 (Chris Gilbert)

5.7 Action: Extension of Lease Agreement for Climate Controlled Storage Space (Kelly Garry)

5.8 Action: Apprenticeship Contract for Police Service Assistant with Cora Mariani (Bobbie Kimelton)

5.9 Action: Call for Executive Session Pursuant to A.R.S. § 38-431.03(A) 4:30 p.m., Tuesday, March 11, 2025 (Kelly Williams)

Councilmember Coke moved to approve the Consent Agenda as presented, seconded by Councilmember Moses, and carried by the following vote:

AYE: 6 - Campbell, Coke, Diaz, Lin, Moses, and Sheehy.
NAY: 0 – None.

CORRESPONDENCE, COMMUNICATIONS, PETITIONS, ANNOUNCEMENTS, CITY MANAGER REPORT

6.1 Announce Vacancies on Lake Havasu City Boards, Committees, and Commissions (Kelly Williams)

City Clerk Kelly Williams announced the current vacancies on various Lake Havasu City Boards, Committees, and Commissions. She added that applications are available at City Hall and on the City's website at www.lhcaz.gov.

6.2 City Manager's Report (Jess Knudson)

City Manager Jess Knudson reported on the following:

- Announced various ceremonies, events, and proclamations.
- Coffee with the Mayor & City Manager will be held on Friday, March 7, 2025, at 8:30 a.m. at the Lake Havasu City Council Chambers.
- The city was awarded \$969,750 in State Lake Improvement Fund (SLIF) grant funding for the Lake Havasu City ADA Accessibility Project at Rotary Community Park.
- Announced several events in March including Baby & Me Yoga, Come Fly With Me, and Teen Break.
- Project Updates:
 - Installation of light poles at Dick Samp Memorial Park.

7.1 Discussion and Action: Presentation from CliftonLarsonAllen LLP on the Fiscal Year 2024 Audit Results and Any Findings (Trinna Ware)

Finance Division Manager Trinna Ware advised that the city received an independent annual audit to review the city's financial statements, internal controls, and grant compliance for Fiscal Year 2024. She highlighted that the city and auditing firm had several challenges and changes this year, noting that every year there are new standards and one of the standards this year required any accounting changes or errors to retroactively report or restate prior periods, and outlined the changes as follows:

- The Capital Project Fund was moved from a minor non-major fund to a major fund due to the expenses in 2024.
- A new major fund was created for the Second Bridge to keep the project more transparent.
- The city's Flood Control was moved from the Irrigation and Drainage Fund into the General Government.
- The city had several additional federal audits that exceeded \$750,000 which required additional auditing.

Ms. Jean Dietrich, with CliftonLarsonAllen LLP (present via remote conferencing), presented the Lake Havasu City Fiscal Year 2024 audit results and findings.

Mayor Sheehy opened the public hearing. There being no comments, he closed the public hearing.

Councilmember Coke moved to accept Lake Havasu City's audited annual financial report and audit results for the fiscal year ending June 30, 2024, seconded by Councilmember Diaz, and carried by the following vote:

AYE: 6 - Campbell, Coke, Diaz, Lin, Moses, and Sheehy.
NAY: 0 – None.

7.2 Discussion and Action: Resolution No. 25-3817 Relating to Finance: Authorizing the Issuance and Sale of Senior Lien Wastewater System Revenue General Obligation Refunding Bonds, Series 2025, in a Principal Amount Not to Exceed \$150,000,000 to be issued as Senior Lien GO Backed Obligations; Providing for the Sale, the Application of the Proceeds to the Refunding of the Obligations to be Refunded and the Payment of Principal and Interest; Providing Certain Terms, Covenants and Conditions Relating to the Series 2025 Refunding Bonds; Authorizing the Execution and Delivery of a Purchase Agreement and a Continuing Disclosure Undertaking with Regard to the Series 2025 Refunding Bonds; Appointing a Trustee, Bond Registrar and Paying Agent for the Series 2025 Refunding Bonds; and Authorizing the Preparation and Delivery of an Official Statement with Respect to the Series 2025 Refunding Bonds (Jill Olsen)

Administrative Services Director Jill Olsen advised that this item is to adopt a resolution authorizing the issuance of the sale of the bonds to refund the Senior Lien Wastewater System Revenue General Obligation Bonds allowing the opportunity to lower the city's debt over the remainder of the bonds and free up operating revenue for infrastructure needs. Ms. Olsen noted that this is strictly a refinancing and would not extend the life of the financing or add any new money. She further noted that the Water Infrastructure Finance Authority (WIFA) released the requirement for the rate stabilization fund; therefore, the \$5.2 million that has accumulated in the rate stabilization fund is available to apply to the balance of the principle on the bonds. She added that staff is recommending that the City Council apply the \$5.2 million to the bond refunding to reduce the principle amount and increase savings on an annual basis.

Mr. Mark Reader, with STIFEL, spoke on the wastewater utility bonds and refinancing opportunities. He highlighted the following in his presentation:

Summary of Wastewater Project

- \$463 million November 6, 2001, bond election
 - 78% of voters approved
- All projects completed between 2003 & November 2011
 - Approximately \$348 million (\$115 million under budget) in debt issued to finance the Wastewater Enterprise System
 - 21,135 connections by WWSE, current total as of 1/2015 – 26,370
 - 274 miles of gravity sewer mains; 286 miles of sewer laterals
 - 3,891 sewer manholes; 30 wastewater pump stations
 - 8.2 MGD of WWTP capacity (Added 4.6 MGD)
- Debt reduced from \$348 million to approximately \$179 million (after July 1, 2025, payment)

Outstanding Wastewater/General Obligation Debt (\$000s omitted)

Outstanding Wastewater/General Obligation Debt (\$000s omitted)

STIFEL

Public Finance

Fiscal Year Ending (July 1)	\$71,775 Senior Lien Wastewater System Revenue General Obligation Refunding Bonds Series 2015A Dated: 9/15/15		\$98,300 Senior Lien Wastewater Revenue Bonds Series 2015B Dated: 9/15/15		\$60,269 Water Infrastructure Finance Authority Loan #910165-16 Dated: 9/15/15		Total
	Principal	Coupon	Principal	Coupon	Principal	Coupon	
2025	\$2,855	3.500%			\$3,000	2.368%	\$5,855
2026	2,955	4.000%			3,071	2.368%	6,026
2027	3,075	4.000%			3,144	2.368%	6,219
2028	3,200	5.000%			3,218	2.368%	6,418
2029	3,355	5.000%			3,295	2.368%	6,650
2030	3,525	5.000%			3,373	2.368%	6,898
2031	3,700	5.000%			3,452	2.368%	7,152
2032	3,885	5.000%			3,534	2.368%	7,419
2033	4,080	5.000%			3,618	2.368%	7,698
2034	4,285	5.000%			3,704	2.368%	7,989
2035	4,500	5.000%			3,791	2.368%	8,291
2036	8,575	5.000%					8,575
2037	755	4.000%	\$8,245	5.000%			9,000
2038			9,445	5.000%			9,445
2039			9,915	5.000%			9,915
2040			10,410	5.000%			10,410
2041			10,935	5.000%			10,935
2042			11,480	5.000%			11,480
2043			12,055	5.000%			12,055
2044			12,655	4.000%			12,655
2045			13,160	4.000%			13,160
	\$48,745		\$98,300		\$37,200		\$184,245

Call
Features:

7/1/26 and After
Callable 7/1/25
@ par

7/1/26 and After
Callable 7/1/25
@ par

Non-callable

All-in
TIC:

Average Coupon
Outstanding:

4.654%

4.778%

2.368%

3.89%

Required Debt
Service Coverage:

1.20x

1.20x

1.20x

Current Ratings:

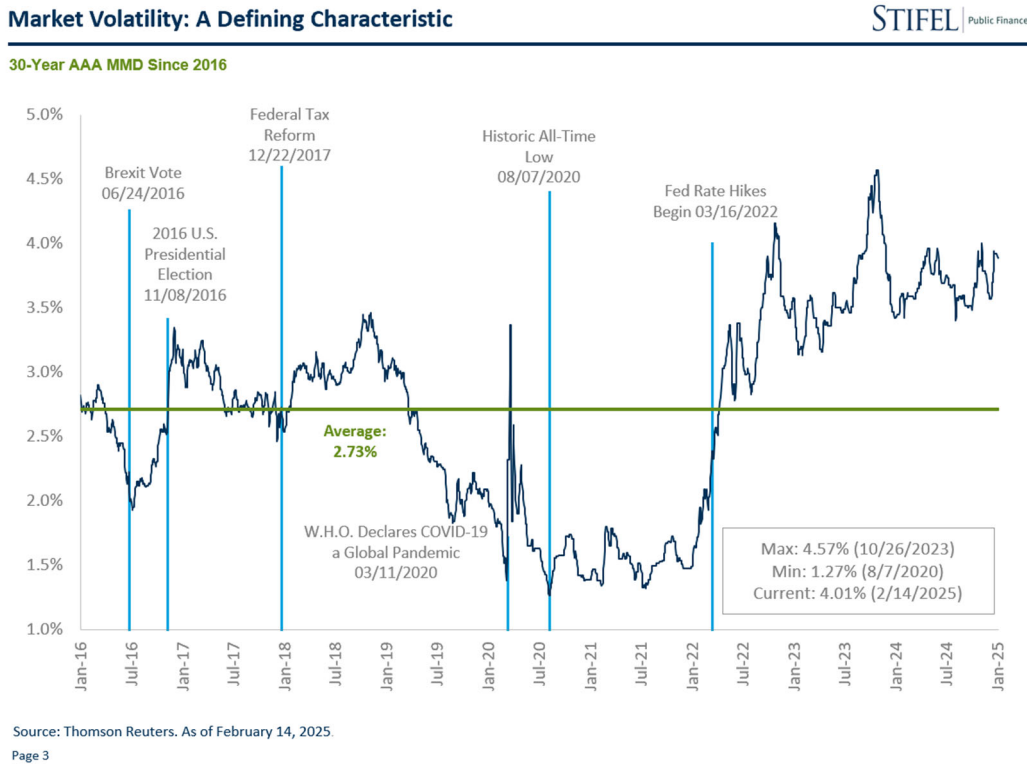
'AA' (S&P), 'Aa3' (Moody's)

'A-' (S&P), 'A2' (Moody's)

\$144,190

= Callable obligations

Market Volatility: A Defining Characteristic



Bond Market Update

Bond Market Update

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Market Consensus Yield Curve Projections (%)					
	Current	Q1 25	Q2 25	Q3 25	Q4 25
Fed Funds	4.50	4.35	4.20	4.05	3.95
2-Yr UST	4.26	4.14	4.01	3.89	3.82
10-Yr UST	4.47	4.47	4.42	4.36	4.34
30-Yr UST	4.69	4.68	4.65	4.60	4.57

- Last week's combination of hotter-than-expected reads on both consumer and producer inflation have investors reducing expectations for further rate cuts in the near term. In late December, investors anticipated about two cuts in 2024, now, however, market participants expect as few as one over the course of 2025, which may still prove overly optimistic. At this point, any further rate relief appears to be off the table, at least until inflation arrests its upwards ascent and/or the labor market indicates a material slowdown.
- That being said, expecting the Committee to take a more extended position on the sidelines does not immediately imply an increased willingness to reengage in rate hikes, again, at least not yet. Given structural adjustments in the economy, some cooling in the pace of hiring, as well as marked improvement in inflation from earlier peak levels, this does justify a further move towards neutral – eventually.

Sources: Stifel Fixed Income Strategy Department, US Treasury, Bloomberg, Thomson Reuters. As of February 14, 2025.

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Municipal Market Outlook – Week of February 18, 2025

Municipal Market Outlook – Week of February 18, 2025

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RATE DATA				
	TODAY	WEEK PRIOR	MONTH PRIOR	YEAR PRIOR
AAA GO				
2 YEAR	2.68	2.60	2.82	2.76
5 YEAR	2.77	2.69	2.92	2.46
10 YEAR	3.02	2.91	3.15	2.46
15 YEAR	3.32	3.23	3.44	2.95
20 YEAR	3.81	3.72	3.85	3.27
30 YEAR	4.01	3.93	4.04	3.59
US TREASURY				
2 YEAR	4.28	4.28	4.25	4.60
5 YEAR	4.36	4.33	4.37	4.25
10 YEAR	4.51	4.49	4.56	4.28
30 YEAR	4.73	4.70	4.79	4.45
FED FUNDS	4.25-4.5	4.25-4.5	4.25-4.50	5.25-5.50
PRIME RATE	7.50	7.50	7.50	8.50
MIG 1 - 1YR	2.81	2.76	2.99	3.17
MUB ETF	106.700	106.710	106.230	107.890
SIFMA 7DAY	3.36	2.07	2.54	3.60
SOFR	4.33	4.35	4.29	5.31
MSRB 7DAY TRD	\$71,353MM	\$70,951MM	\$80,525MM	\$60,764MM
BOND BUYER INDEXES				
20 Bond GO ¹	4.25	4.06	4.28	3.54
11 Bond GO ²	4.15	3.96	4.18	3.44
25 Bond REV ³	4.54	4.35	4.57	3.82

¹ GO bonds maturing in 20 years, avg. rating equivalent to Moody's Aa2 & S&P's AA

² GO bonds maturing in 20 years, avg. rating equivalent to Moody's Aa1 & S&P's AA+

³ Revenue bonds maturing in 30 years, avg. rating equivalent to Moody's A1 & S&P A+

Net System Revenue Coverage Analysis

Net System Revenue Coverage Analysis



Lake Havasu City, Arizona

Senior Lien WW System Revenue Refunding Bonds, Series 2025 – Does not include Rate Stabilization Fund

	Audited Actuals 2023/24 (a)	Forecast 2024/25 (c)	Forecast 2025/26
Total Operating Revenues	\$ 29,509,980 (b)	\$ 31,692,385	\$ 31,343,200
Operating Expenses			
Cost of Sales and Services	\$ 11,051,781	\$ 11,600,000	\$ 12,285,225
Net Revenues Available for Debt Service	\$ 18,458,199	\$ 20,092,385	\$ 19,057,975
Debt Service	\$ 13,722,674	\$ 13,719,424	\$ 12,608,254 (d)
Debt Service Coverage	135%	146%	151%
Debt Service Coverage Requirement	120%	120%	120%

(a) Source: Lake Havasu City Audits.
(b) Includes charges for services, investment earnings and other income.
(c) Source: Lake Havasu City.
(d) Estimated. Net of Series 2025 refunding.

Refinancing Opportunity – Series 2025 (Wastewater Utility Revenue Bonds with GO Backstop)

Refinancing Opportunity

Series 2025 (Wastewater Utility Revenue Bonds with GO Backstop)



	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
			Estimated Savings					
	Bonds Being Refunded	Refunding Bonds			Gross Savings	PV Savings		
Maturity Year	Debt Service	Principal	Interest	Debt Service				
2025	\$ 6,346,713				\$ 1,111,245	\$ 1,039,925		
2026	9,838,500	\$ 900,000	\$ 7,827,255	\$ 8,727,255	1,114,550	1,031,417		
2027	9,840,300	2,495,000	6,230,750	8,725,750	1,111,300	991,623		
2028	9,842,300	2,625,000	6,106,000	8,731,000	1,112,550	956,970		
2029	9,837,300	2,750,000	5,974,750	8,724,750	1,112,300	922,277		
2030	9,839,550	2,890,000	5,837,250	8,727,250	1,115,550	891,619		
2031	9,838,300	3,030,000	5,692,750	8,722,750	1,112,050	856,778		
2032	9,838,300	3,185,000	5,541,250	8,726,250	1,112,050	825,869		
2033	9,839,050	3,345,000	5,382,000	8,727,000	1,115,300	798,385		
2034	9,840,050	3,510,000	5,214,750	8,724,750	1,111,550	766,979		
2035	9,840,800	3,690,000	5,039,250	8,729,250	1,116,050	742,263		
2036	13,690,800	7,720,000	4,854,750	12,574,750	1,113,300	713,681		
2037	13,687,050	8,105,000	4,468,750	12,573,750	1,116,100	689,650		
2038	13,689,600	8,510,000	4,063,500	12,573,500	1,114,350	663,666		
2039	13,687,350	8,935,000	3,638,000	12,573,000	1,115,350	640,224		
2040	13,686,600	9,380,000	3,191,250	12,571,250	1,113,850	616,214		
2041	13,691,100	9,855,000	2,722,250	12,577,250	1,114,850	594,424		
2042	13,689,350	10,345,000	2,229,500	12,574,500	1,113,100	571,978		
2043	13,690,350	10,865,000	1,712,250	12,577,250	1,113,600	551,479		
2044	13,687,600	11,405,000	1,169,000	12,574,000	1,112,650	531,566		
2045	13,686,400	11,975,000	598,750	12,573,750				
Totals	\$ 241,627,363	\$ 125,515,000	\$ 87,494,005	\$ 213,009,005	\$ 22,271,645	\$ 15,340,045		
					PV Savings:	\$ 15,340,045		
					Minus \$5.2 million RSF:	(\$5,200,000)		
					Net PV Savings:	\$ 10,140,045		
					Net PV Savings as a Percent of Refunded Bonds:	6.90%		

Avg Outstanding Coupons

Series 2015A 4.65%

Series 2015B 4.77%

Estimated Market Yields

2.81% – 4.06%

Refunding Statistics

Total Savings \$22,271,645

NPV Savings (\$) \$10,140,045

NPV Savings (%) 6.90%

Avg Annual Savings \$1,113,582

1. Preliminary and subject to change.
2. Interest rate assumptions are based on current market conditions and similar credits.
3. Issuer's actual results may differ and Stifel makes no commitment to underwrite at these levels.

Debt Service Coverage – Scenario I

Debt Service Coverage – Scenario I

STIFEL Public Finance

- Includes release of the \$5.2 million rate stabilization fund and assumes level savings
- Required debt service coverage ratio of 1.20x

Fiscal Year	Net System Revenues	Outstanding Bonds (net of Refunded Bonds)			The Refunding Bonds*			Total Estimated Annual Debt Service Requirements	Projected Debt Service Coverage
		Principal	Interest	Debt Service	Principal	Interest	Debt Service		
2025/26	\$ 19,057,975 (a)	\$ 3,071,153	\$ 809,847	\$ 3,880,999	\$ 900,000	\$ 7,827,255	\$ 8,727,255	\$ 12,608,254	1.51x
2026/27		3,143,877	737,122	3,880,999	2,495,000	6,230,750	8,725,750	12,606,749	1.51x
2027/28		3,218,324	662,675	3,880,999	2,625,000	6,106,000	8,731,000	12,611,999	1.51x
2028/29		3,294,534	586,465	3,880,999	2,750,000	5,974,750	8,724,750	12,605,749	1.51x
2029/30		3,372,549	508,450	3,880,999	2,890,000	5,837,250	8,727,250	12,608,249	1.51x
2030/31		3,452,411	428,588	3,880,999	3,030,000	5,692,750	8,722,750	12,603,749	1.51x
2031/32		3,534,164	346,835	3,880,999	3,185,000	5,541,250	8,726,250	12,607,249	1.51x
2032/33		3,617,853	263,146	3,880,999	3,345,000	5,382,000	8,727,000	12,607,999	1.51x
2033/34		3,703,524	177,476	3,880,999	3,510,000	5,214,750	8,724,750	12,605,749	1.51x
2034/35		3,791,223	89,776	3,880,999	3,690,000	5,039,250	8,729,250	12,610,249	1.51x
2035/36		-	-	-	7,720,000	4,854,750	12,574,750	12,574,750	1.52x
2036/37		-	-	-	8,105,000	4,468,750	12,573,750	12,573,750	1.52x
2037/38		-	-	-	8,510,000	4,063,500	12,573,500	12,573,500	1.52x
2038/39		-	-	-	8,935,000	3,638,000	12,573,000	12,573,000	1.52x
2039/40		-	-	-	9,380,000	3,191,250	12,571,250	12,571,250	1.52x
2040/41		-	-	-	9,855,000	2,722,250	12,577,250	12,577,250	1.52x
2041/42		-	-	-	10,345,000	2,229,500	12,574,500	12,574,500	1.52x
2042/43		-	-	-	10,865,000	1,712,250	12,577,250	12,577,250	1.52x
2043/44		-	-	-	11,405,000	1,169,000	12,574,000	12,574,000	1.52x
2044/45		-	-	-	11,975,000	598,750	12,573,750	12,573,750	1.52x
		<u>\$ 34,199,613</u>	<u>\$ 4,610,381</u>	<u>\$ 38,809,994</u>	<u>\$ 125,515,000</u>	<u>\$ 87,494,005</u>	<u>\$ 213,009,005</u>	<u>\$ 251,818,998</u>	

*Subject to change.

(a) Source: Lake Havasu City Forecast for Fiscal Year 2025/26.

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Financing Scenarios Summary

Financing Scenarios Summary

STIFEL Public Finance

\$5.2 million Rate Stabilization Fund Release Alternatives – Estimated Summary

Structuring Component	Paydown Bonds	Use Funds for CIP	Difference
Refunding Bond Size:	\$125,515,000	\$130,435,000	\$5,200,000
Annual Debt Service Savings – Post Refunding:	\$1,100,000	\$715,000	\$385,000
Total Interest:	\$87.5 million	\$90.5 million	\$3.0 million
Total Debt Service Savings:	\$22.7 million	\$14.2 million	\$8.5 million

Tentative Financial Calendar

Tentative Financing Calendar

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February 2025	March 2025	April 2025
S M T W TH F S	S M T W TH F S	S M T W TH F S
1	1	1 2 3 4 5
2 3 4 5 6 7 8	2 3 4 5 6 7 8	6 7 8 9 10 11 12
9 10 11 12 13 14 15	9 10 11 12 13 14 15	13 14 15 16 17 18 19
16 17 18 19 20 21 22	16 17 18 19 20 21 22	20 21 22 23 24 25 26
23 24 25 26 27 28	23 24 25 26 27 28 29	27 28 29 30
	30 31	

Date	Event
Completed	City Council Study Session – direction to proceed.
Completed	Resolution, POS and related documents due to the City for the February 25 th City Council meeting.
Week of February 17 th	Rating agencies application packages sent through portal system.
February 19 th , 9:00 a.m.	WIFA Board meeting to approve LHC Rate Stabilization Fund release.
February 25th	City Council adopts a Resolution without emergency clause authorizing the issuance of the refunding bonds.
Week of March 10 th	Credit Ratings meetings.
TBD	Due diligence meeting to review POS.
March 12 th – subject to change	Post Preliminary Official Statement (POS) and Road Show and distribute to prospective investors.
March 26th/27th – subject to change	Refunding Bond sale. [30 days after Resolution adoption]
Week of April 14 th	Bond closing.

Mayor Sheehy briefly reviewed the history of the Wastewater System Expansion Project that began in 2001 and was completed earlier and under budget. He said a bond refinance was done in 2015, and now those 2015 bonds are callable and can be refinanced which would result in significant savings and would not create any new debt or extend the life of the debt. Mayor Sheehy added that this refinance would allow the city to reinvest the \$5.2 million initially needed for bond coverage into the principle resulting in savings of approximately \$1 to \$1.2 million annually that could be invested back into the infrastructure of the system.

Councilmember Campbell expressed concerns regarding the city’s older infrastructure needs and said at the Planning Session in January Mr. Reader stated that investing the \$5.2 million into the city’s infrastructure versus reinvesting would result in approximately \$100,000. Mr. Reader explained that if the city uses the \$5.0 million (rounded) then they would size the bond issue by \$125 million. If the city takes the \$5.0 million (rounded) and uses it for another infrastructure project, it would increase the size of the bond issue and the city would pay four percent (rounded) interest on \$5 million (rounded) for 20 years. He said based on their projections it would decrease the amount of debt savings by \$350,000 annually.

Councilmember Diaz asked if the \$1 to \$1.2 million in savings was based on a low four or high three percentage rate, to which Mr. Reader explained that the city is at 480 for all current bonds; therefore, if the city were able to get into the 200’s, 300’s and low 400’s, they would be swapping out the 480’s into the lower interest rates which would result in a savings of approximately \$1 million annually.

Ms. Olsen explained that when the bonds are issued, they are issued in \$5,000 increments and sold for different periods of maturity with a blend of interest rates, with the earlier bonds having lower interest rates and the later bonds having higher interest rates.

Councilmember Moses asked if the \$5.2 million could only be used for wastewater, to which Mr. Reader said when the city established the reserve fund as a management tool to manage the city’s rate structure with the amount of debt that was taken on it was funded from city funds; therefore, the city can utilize the \$5.2 million in any manner

in which they want. Councilmember Moses thought that by not buying down the debt with the \$5.2 million it would essentially cost the city \$8 million over the course of 20 years, to which Mr. Reader said it would be approximately \$385,000 annually for 20 years.

Mayor Sheehy opened the public hearing.

Ms. Bonny Toy, citizen, addressed the council and said the presentation noted that the city had 30 pump stations; however, the city's website lists 50 pump stations and asked how the difference in pump stations is accounted for.

Mr. Reader said the pump station numbers were taken from some of their original work several years ago and apologized for the discrepancy in the number of pump stations.

There being no further comments, Mayor Sheehy closed the public hearing.

Mayor Sheehy was in support of buying down the debt. He said the city has a current Capital Improvement Plan (CIP) that was created by the rate study and noted that even if the city had additional money right now there would be constraints in timing, staffing, and resources to be able to get some of those projects done.

Councilmember Diaz moved to approve Resolution No. 25-3817 relating to Finance: authorizing the issuance and sale of Lake Havasu City, Arizona, Senior Lien Wastewater System Revenue General Obligation Refunding Bonds, Series 2025, in a principal amount not to exceed \$150,000,000, seconded by Councilmember Moses, and carried by the following vote:

AYE: 6 - Campbell, Coke, Diaz, Lin, Moses, and Sheehy.
NAY: 0 – None.

7.3 Discussion and Action: Professional Services Agreement for the 2025 Water Master Plan with Jacobs Engineering Group, Inc. (Timothy Kellett)

Public Works Deputy Director Tim Kellett advised that this item is to award a Professional Services Agreement for the 2025 Water Master Plan to Jacobs Engineering Group, Inc., in the amount of \$224,940. Mr. Kellett said the last Water Master Plan was published in 2019 and since then there have been population changes along with an aging infrastructure and a growing community. He said the goal of this plan is to ensure operational capacity and functional reliability. Mr. Kellett outlined the purpose and need for a water master plan, and explained that there is an effort at the federal and state level for the post 2026 Operations of the Colorado River that the city will be directly affected by depending on the outcome; however, at this point, the city does not know what that outcome will be and still needs to plan and think about the potential scenarios that could affect Lake Havasu City. He added that this project is anticipated to take seven months with the final report estimated to be completed in September 2025.

Councilmember Moses asked if it would be beneficial to wait to see what regulations and restrictions will be handed down to Lake Havasu City once the agreements are figured out with the water issue, to which Mr. Kellett said in theory they should be done by 2026; however, the reality that it will be ready in 2026 is low. He said he believes that it will take a couple of years past 2026, and the most likely outcome is that we will be stasis for two years after 2026 as they finish ironing out any court documents that come as a result. He said he does not think delaying this project for four years is a good idea.

Councilmember Campbell asked if this plan would address pipes throughout the community that need to be addressed, to which Mr. Kellett replied yes. Mr. Kellett said they plan to include any additional data, including data from the 2019 plan, to bring forward a thought-out five-, ten-, and fifteen-year plan.

Mayor Sheehy opened the public hearing.

Mr. Pat Willett, citizen, addressed the council and asked what the cost breakdown was for the project, to which Mayor Sheehy said the cost breakdown is based on milestones throughout the project and reviewed the costs.

Ms. Toy addressed the council and asked if this plan involves the General Plan and if it would help address the recent water main breaks that resulted in brown water.

Mr. Kellett explained that the brown water issue was due to planned work on a 27-inch transmission main leak.

Mr. Eli Ludwig, citizen, addressed the council and asked if the plan takes into account parts of Lake Havasu City that are not served and how the plan plays into areas that EPCOR controls.

Mr. Kellett explained that the city would not be addressing any of the EPCOR needs as part of this particular effort as EPCOR is their own separate water system. He said the city would be looking at all areas that the water needs to flow in the current system as well as developable land and areas that have low pressure concerns.

There being no further comments, Mayor Sheehy closed the public hearing.

Councilmember Campbell moved to approve the Professional Services Agreement for the 2025 Water Master Plan with Jacobs Engineering Group, Inc., in the amount of \$224,940, seconded by Councilmember Diaz, and carried by the following vote:

AYE: 6 - Campbell, Coke, Diaz, Lin, Moses, and Sheehy.
NAY: 0 – None.

7.4 Discussion and Action: Construction Manager At Risk (CMAR) Preconstruction Services Contract for the Second Bridge and Roadway Construction Project to Ames Construction (Jason Hart)

Capital Program Manager Jason Hart advised that this item is to award a Preconstruction Services Contract for Construction Manager At Risk (CMAR) for the Second Bridge and Roadway Construction Project to Amex Construction in the amount of \$458,042.96. He displayed photographs of the proposed alignment of the second bridge. He said the preconstruction services would include design support specific to the bridge structure, design support specific to roadway items, design support specific to utility design, providing cost estimates at key points, and potholing and existing utility investigation. Mr. Hart said three firms responded to the Request for Statement of Qualifications and all three were interviewed, scored, and ranked by the selection committee with Ames Construction being selected as the most qualified. He noted that the project schedule was anticipated to be completed by the end of June 2025 with 30 percent plans submitted for permitting purposes.

Discussion ensued related to the previous feasibility study and engineering firm hired for programming, design, CMAR management, and construction management of the second bridge.

Councilmember Diaz asked how much of the \$35.5 million received has been spent to date, to which Mayor Sheehy said the city has committed approximately \$6 million to NV5 for design and \$450,000 for this item tonight. Councilmember Diaz asked if the city is going to be able to build a second bridge for \$35.5 million, to which Mayor Sheehy said the feasibility study that was done presented several options ranging from \$26.5 to \$33.5 million. Mr. Knudson said the city is trying to determine the best path forward given the funding received when it comes to materials and costs, bridge alignment, roadway improvements, and utilities. Mr. Knudson added that the feasibility study that was conducted was a conceptual high-level look at the bridge costs and components.

Councilmember Campbell expressed concern regarding this contract and the NV5 contract having an overlap of design services and suggested the city wait until a contractor has been identified for this project. She asked what would happen to the money that has already been committed if the city were not able to move forward with this project?

Mayor Sheehy asked how long Ames Construction would be involved with this project and, if awarded, would they be the ones to build the second bridge, to which Mr. Hart replied yes.

Councilmember Campbell asked if Ames Construction is confident that they can build a second bridge within \$35.5 million, to which Mr. Hart said the city feels confident that a second bridge can be built within the remaining \$29 million, noting that, as the City Manager mentioned, there are some factors that need to be taken into consideration. He added that the previous contract awarded to NV5 was for \$6.3 million; however, to date, the city has paid \$480,000 and part of the contract includes \$1.8 million for construction management services that would not be paid if it was determined later that the cost estimate was not feasible. Mr. Hart emphasized that the contract before the City Council is for design support services and expertise in the design process, which is a great benefit and key reason for the CMAR process.

Mayor Sheehy opened the public hearing.

Ms. Toy addressed the council and suggested the bridge be called the “Freedom Bridge” and asked if the Construction Manager At Risk would be responsible for any breaks or utility issues in the future.

Mayor Sheehy replied that, if awarded, Ames Construction would be responsible for building the bridge which would be turned over to Lake Havasu City who would maintain the bridge moving forward.

There being no further comments, Mayor Sheehy closed the public hearing.

Discussion ensued related to the CMAR process.

Councilmember Moses moved to award the CMAR Preconstruction Services Contract for the Second Bridge and Roadway Construction Project to Ames Construction in the amount of \$458,042.96, seconded by Councilmember Coke, and carried by the following vote:

AYE: 6 - Campbell, Coke, Diaz, Lin, Moses, and Sheehy.
NAY: 0 – None.

7.5 Discussion and Action: Purchase of a Generator for Port Drive Lift Station from Empire Power Systems (Thilak Fernando)

Transportation and Maintenance Superintendent Bill Young advised that this item is requesting approval to purchase a replacement generator for the Port Drive Lift Station with Empire Power Systems in the amount of \$127,272.16. Mr. Young explained that the current generator has exceeded its life span and emphasized the importance of the city having a reliable emergency generator for the lift stations.

Mayor Sheehy opened the public hearing. There being no comments, he closed the public hearing.

Councilmember Diaz moved to approve the purchase of a replacement generator for the Port Drive Lift Station from Empire Power Systems in the amount of \$127,272.16, seconded by Councilmember Moses, and carried by the following vote:

AYE: 6 - Campbell, Coke, Diaz, Lin, Moses, and Sheehy.

NAY: 0 – None.

7.6 Discussion and Action: Cooperative Purchase Agreement and Purchase of a Valve Maintenance Skid and Installation from Balar Holding Corp. d.b.a. Balar Equipment (Bill Young)

Mr. Young advised that this item is requesting approval of a Cooperative Purchase Agreement and purchase of a valve maintenance skid and installation with Balar Equipment in the amount of \$117,199.41, to replace a current valve maintenance skid that is approximately 25 years old. He explained that the city has over 9,000 valves that need to be exercised annually to ensure the valves operate efficiently.

Mayor Sheehy opened the public hearing. There being no comments, he closed the public hearing.

Councilmember Moses moved to approve and authorize the City Manager to execute the Cooperative Purchase Agreement with Balar Holding Corp. dba Balar Equipment and approve the purchase and installation of the Valve Maintenance Skid in the amount of \$117,199.41 including taxes and freight, seconded by Councilmember Coke, and carried by the following vote:

AYE: 6 - Campbell, Coke, Diaz, Lin, Moses, and Sheehy.

NAY: 0 – None.

7.7 Discussion and Action: Job Order Contract (JOC) Task Order Proposal No. 2 for the Fiscal Year 2024-25 Chip Seal Program with Cactus Asphalt and Raise the Per Project Limit for JOC Task Order No. 2 to \$1,300,000 (Bill Young)

Mr. Young advised that this item is requesting approval of a Job Order Contract (JOC) Task Order No. 2 with Cactus Asphalt for the Chip Seal Program (Fiscal Year 2024-25) in the amount of \$1,275,877.14, and raise the project limit for JOC Task Order No. 2 to \$1,300,000.

Mayor Sheehy opened the public hearing. There being no comments, he closed the public hearing.

Councilmember Campbell moved to approve raising the per project limit for JOC Task Order No. 2 to \$1,300,000; award and authorize the City Manager to execute Job Task Order Proposal No. 2 to Cactus Asphalt for the Fiscal Year 2024-25 Chip-Seal Program in the amount of \$1,275,877.14, seconded by Councilmember Diaz, and carried by the following vote:

AYE: 6 - Campbell, Coke, Diaz, Lin, Moses, and Sheehy.

NAY: 0 – None.

CALL TO THE PUBLIC

Ms. Toy addressed the council and asked if the ADA Accessibility Project and splash pad would be located at the Aquatic Center or Rotary Park, and suggested the city create an ADA advocacy group.

Mr. Willett addressed the council regarding the panhandling issues around Lake Havasu City. He suggested the City Council consider creating an ordinance with some restrictions on panhandling locations.

CURRENT EVENTS

Councilmember Campbell gave an update from the Chamber of Commerce.

Councilmember Diaz gave an update from Go Lake Havasu.

FUTURE MEETINGS

Tuesday, March 11, 2025 @ 5:30 p.m. – Regular Meeting

Tuesday, March 25, 2025 @ 5:30 p.m. – Regular Meeting

FUTURE DISCUSSION ITEMS

There were no requests from Council for future discussion items.

ADJOURN

The meeting adjourned at 7:23 p.m.

CERTIFICATION

I hereby certify that the foregoing is a full and true copy of the Regular Meeting Minutes of the Lake Havasu City Council held on the 25th day of February, 2025. I further certify that the meeting was duly called and posted, and that a quorum was present.

Kelly Williams, City Clerk/MMC