

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



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

City Council

Budget/CIP Overview Work Session Agenda

Thursday, April 16, 2026

9:00 AM

One or more councilmembers may be participating via remote conferencing.

In accordance with A.R.S. § 38-431.02, the public will have physical access to the meeting place fifteen (15) minutes prior to the start time as noticed on the meeting agenda.

Lake Havasu City endeavors to ensure the accessibility of all of its programs, facilities, and services to all persons with disabilities in accordance with the Americans with Disabilities Act. If you need an accommodation for a meeting, please contact the City Clerk at 453-4142 at least 24 hours prior to the meeting so that an accommodation can be arranged.

The City Council may vote to hold an executive session for the purpose of obtaining legal advice from the City's attorney on any matter listed on the agenda under A.R.S. § 38-431.03(A)(3).

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

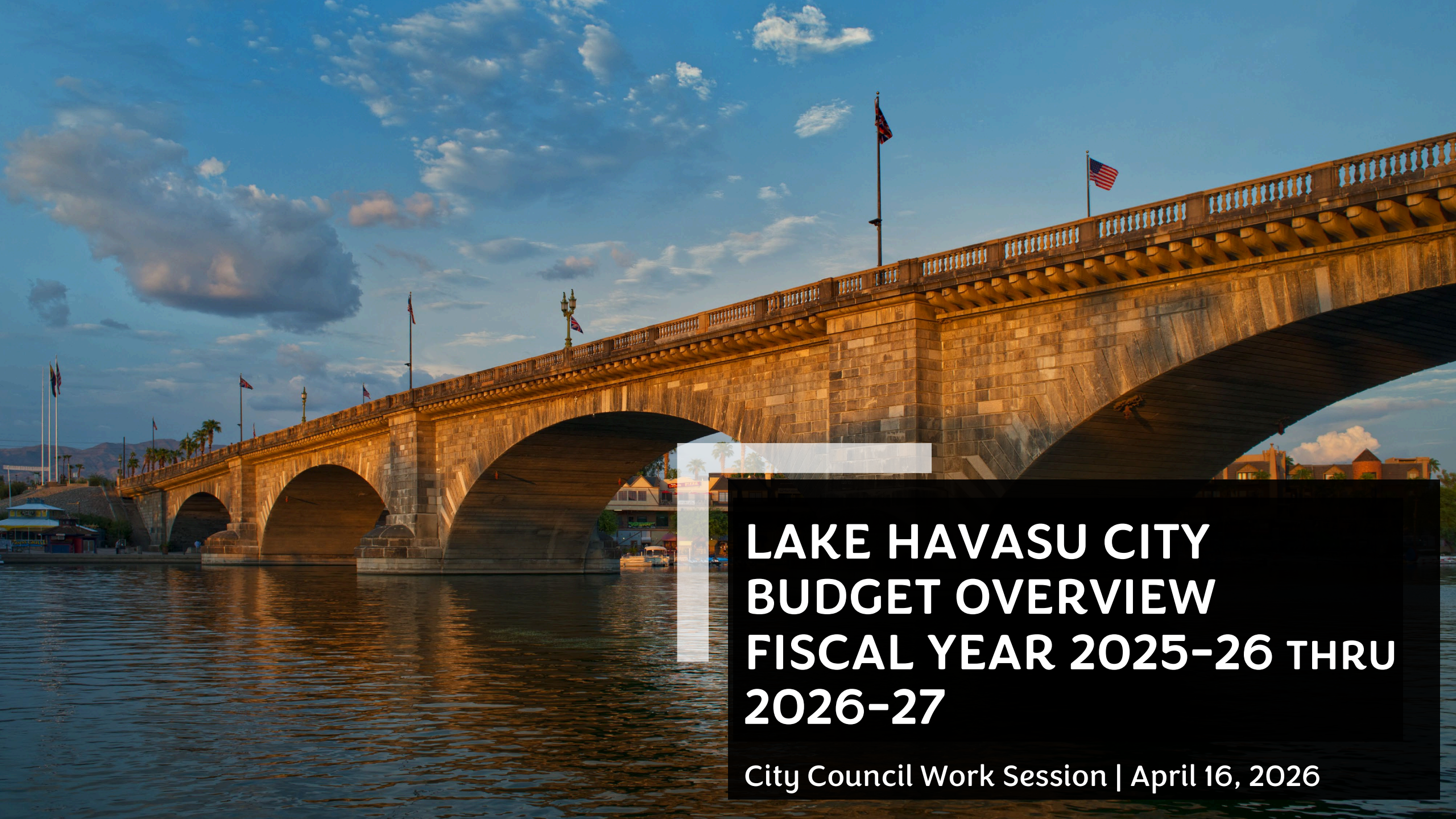
4. BUDGET OVERVIEW

- 4.1 Presentation, Discussion, and Potential Direction to Staff on the Budget for Fiscal Year 2025/26 (Year-End Estimates) and Fiscal Year 2026/27 Annual Budget

5. CAPITAL IMPROVEMENT PLAN OVERVIEW

- 5.1 Presentation, Discussion, and Potential Direction to Staff on the Five-Year Capital Improvement Plan

6. ADJOURN



**LAKE HAVASU CITY
BUDGET OVERVIEW
FISCAL YEAR 2025-26 THRU
2026-27**

City Council Work Session | April 16, 2026



AGENDA

- Budget Process and Materials
- Budget to Estimated Actuals FY 2025-26
- Estimated FY 2025-26 Available Resources
- Proposed FY 2026-27 Budget Overview
- Council Discussion/Questions



Budget Process and Materials

- **Budget Development**
 - 10-month Timeline Governed by Policy
 - CIP starts in September
 - Operating budgets process begins in December
 - Council Planning Session in January
 - Review of Departments' Budgets
 - Required to Adopt Annual Budget per Statute and Code
- **Budget Materials**
 - CIP Budget Book
 - Projects and Funding Source Summary
 - Detailed Project Sheets
 - Operating Budget Book (Will be distributed prior to May 14 Work Session)
 - 5-Year Financial Projections
 - Revenue Highlights
 - Expenditure Highlights
 - Department Budgets



Fiscal Year 2025-26

How are we doing?

FY 2025-26 Budget to Actual

(in millions)

Fund	Budgeted Revenues	Estimated Actual Revenues	Budgeted Expenses	Estimated Actual Expenses
Governmental Funds				
General Fund	\$100.5	\$94.3	\$111.6	\$92.5
Special Revenue Funds				
Highway User Revenue (HURF) & Street Funds	7.3	7.5	35.6	17.3
Flood Control	3.6	3.6	4.1	3.1
Enterprise Funds				
Airport	2.9	2.8	3.9	3.6
Refuse	9.8	9.9	8.9	8.7
Wastewater	31.9	30.7	38.9	31.2
Water	21.2	22.4	32.2	27.7

FY 2025-26 Available Resources

(in millions)

Fund	Available Resources 7/1/25	Estimated Revenue	Estimated Expenditures	Transfers In/Out	Estimated Available Resources 6/30/26
Governmental Funds					
General Fund	\$55.5	\$94.3	\$92.5	(\$15.9)	\$41.4
Special Revenue Funds					
Highway User Revenue (HURF) & Street Funds	17.8	7.5	17.3	8.4	16.4
Flood Control	6.9	3.6	3.1	(0.5)	6.9
Enterprise Funds					
Airport	0.03	2.8	3.6	0.8	0.03
Refuse	8.0	9.9	8.7	0	9.2
Wastewater	14.3	30.7	31.2	(0.03)	13.6
Water	33.4	22.4	27.7	(0.02)	27.9

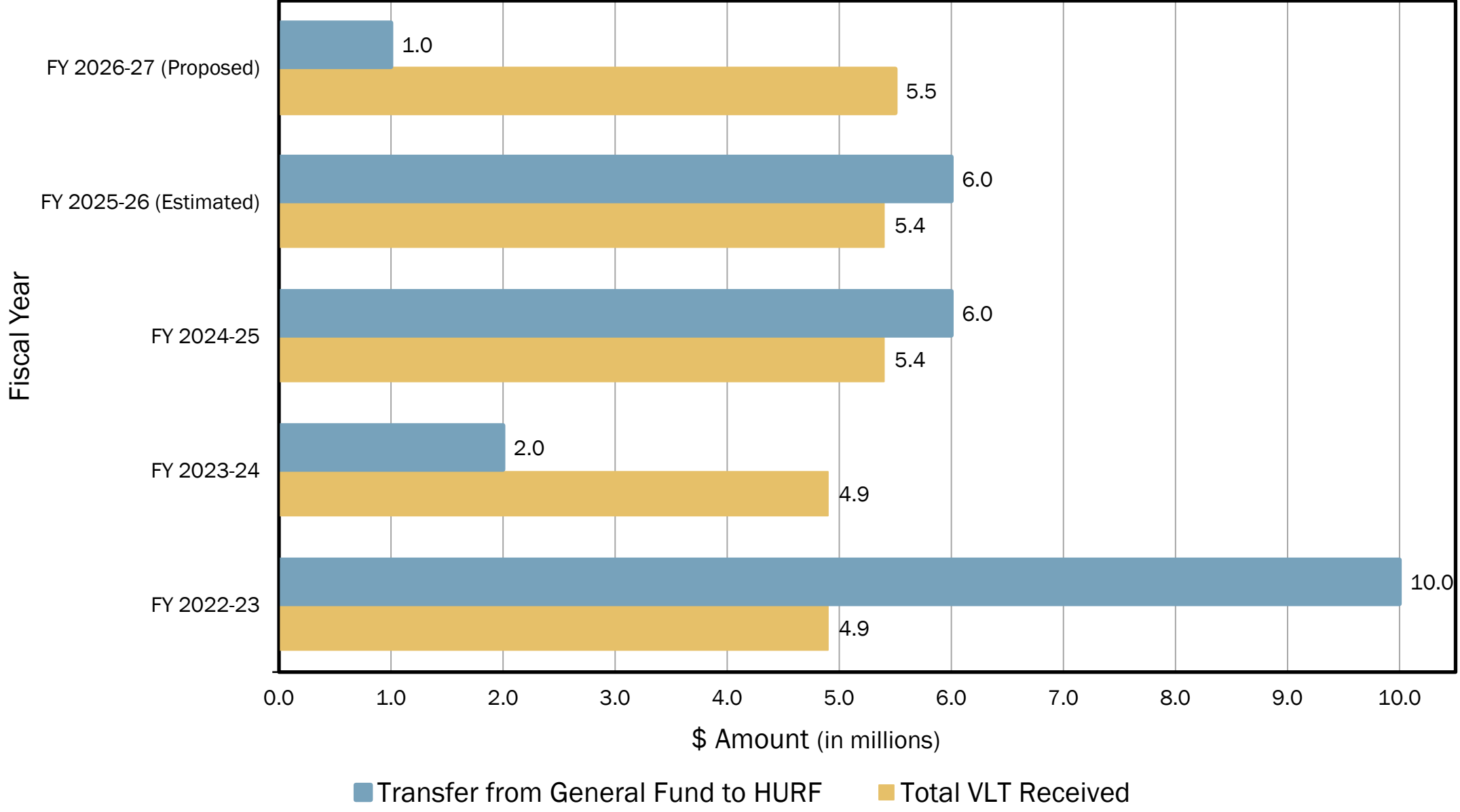
The Budget Stabilization Reserve is excluded from Available Resources

Vehicle License Tax (VLT)

	FY 2022-23	FY 2023-24	FY 2024-25	Estimated FY 2025-26	Proposed FY 2026-27
Total Vehicle License Tax (VLT)	\$4.9 Million	\$4.9 Million	\$5.4 Million	\$5.4 Million	\$5.5 Million
Annual VLT Transfer for HURF/Street Fund	\$1 Million	\$1 Million	\$1 Million	\$1 Million	\$1 Million
Add'l General Fund Transfer for HURF/Streets	\$9 Million	\$1 Million	\$5 Million	\$5 Million	-

Note: These revenue figures do not reflect projects being funded by these amounts.

Vehicle License Tax (VLT)





Proposed Budget Fiscal Year 2026-27



Revenues

Budget Overview

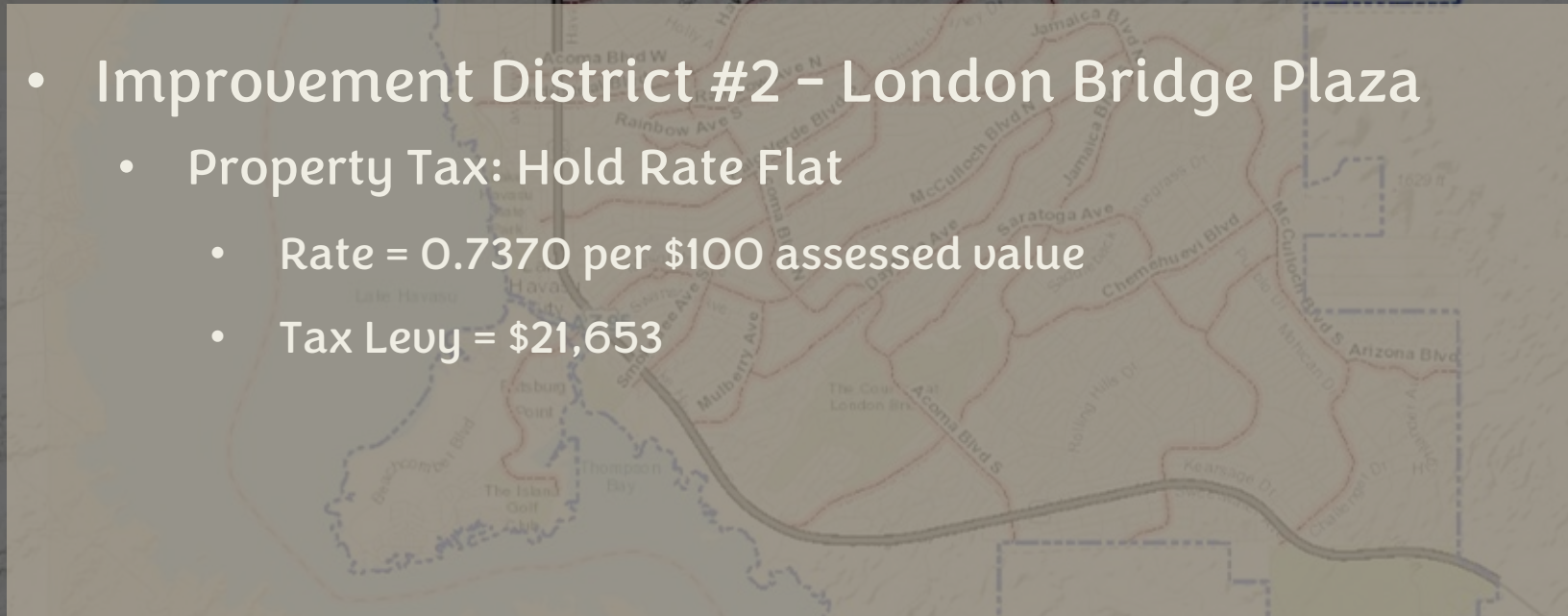
Projected Revenues

- General Fund
 - Property Tax: Hold Rate Flat
 - Rate = 0.6718 per \$100 assessed value (AV)
 - Tax Levy = \$7,633,824
 - \$442,342 in Additional Revenue
 - New Construction = \$124,330
 - Flat Rate Applied to New AV = \$318,012
- Water/Wastewater Funds
 - Revenues monitored closely
 - Rate review in FY28
 - Insufficient funds in years 3, 4 and 5 without rate increase

Budget Overview

Improvement District

- Improvement District #2 – London Bridge Plaza
 - Property Tax: Hold Rate Flat
 - Rate = 0.7370 per \$100 assessed value
 - Tax Levy = \$21,653





Expenditures

Budget Overview

Projected Expenditures

- Personnel Cost Adjustments
 - Step/Wage Adjustments
 - Changes to Retirement Rates (PSPRS & ASRS)
 - Health Insurance Rate Increase
- Operating Cost Increases
 - Higher costs for materials, chemicals, equipment and utilities
- Salary Savings
 - Ongoing vacancy savings help offset a portion of expenditure increases
- Supplemental Requests
 - Targeted funding requests to address specific operational needs
- General Fund Contingency
 - Maintained at \$1 Million to ensure financial flexibility



Key Takeaways

- **Balanced Budget**
- **Property Tax Rate Remains Flat**
- **Strategic Use of Available Resources**
- **Investments in Services & Infrastructure**

Discussion / Questions





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Capital Improvement Plan

The Capital Improvement Plan outlines the projects the City needs to build, repair, expand, or maintain in order to serve the community. It is developed as a five-year plan, updated annually, and includes anticipated funding sources.

These projects support City Council priorities and address critical capital infrastructure needs across a range of areas, with funding provided through various sources.

Projects completed in FY 2025-26 and those planned for FY 2026-27 are highlighted in the upcoming slides.



With many projects underway, here are a few that have been completed or are on track for completion by the end of this fiscal year.

FY 2025-26 Completed / Near Completion Projects

- | | |
|---|--|
|  Runway Distance Remaining Signs |  Site Six Fishing Dock |
|  Runway Lights |  PD Parking Lot Rehab & Expansion |
|  Runway End Lights |  Jamaica Blvd S |
|  Kiowa Drain 3 |  South Intake Influent Screen |
|  Main Street Commons |  MTP Roof Replacement |
|  City Fuel Facility |  Water Main Replacement |
|  Courthouse Covered Parking |  New Laboratory Building |



Available Funding



\$197.3 Million Investment

5-Year Capital Improvement Plan



Balanced & Fully Funded



No Debt Issuance



Construction Sales Tax

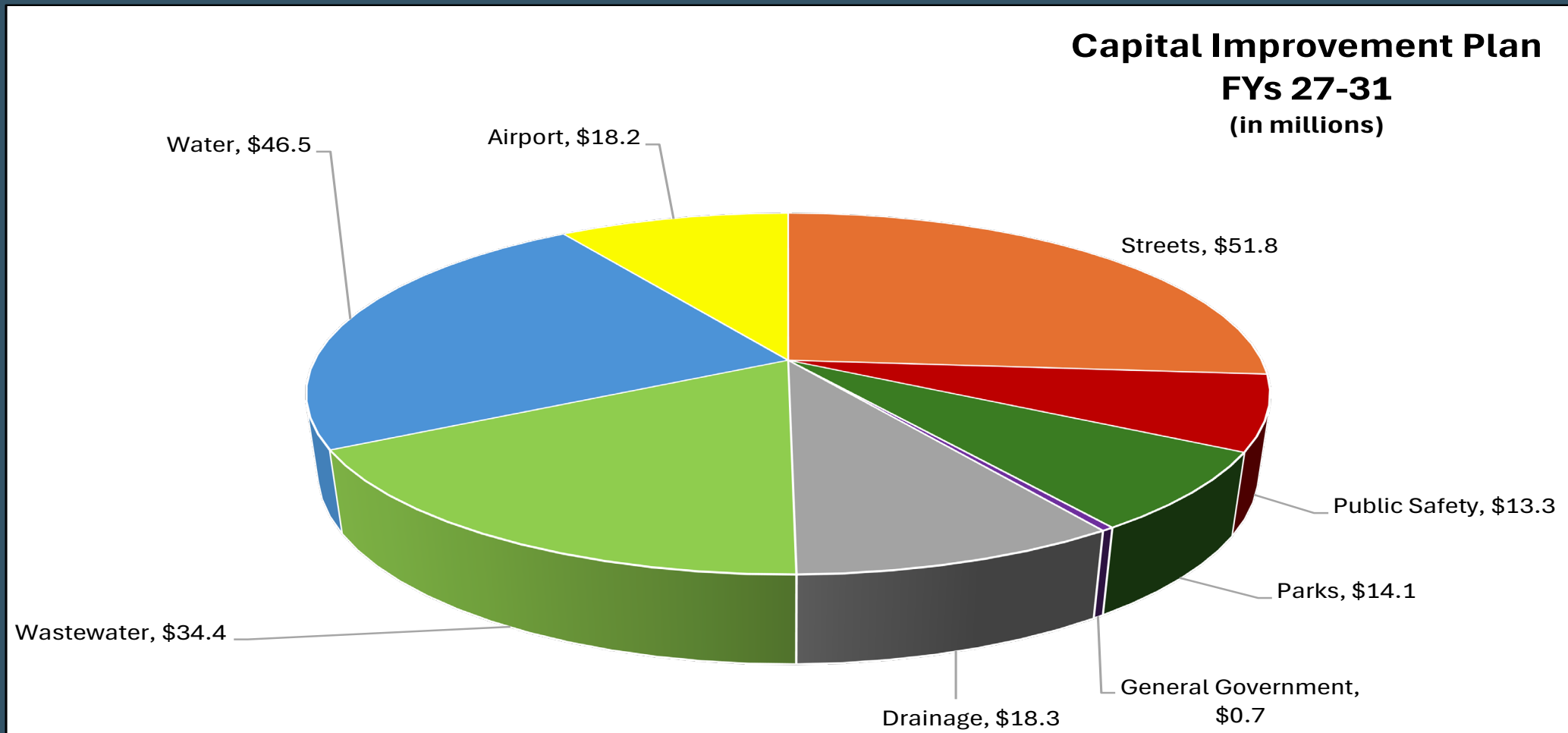
Supports General Government Projects



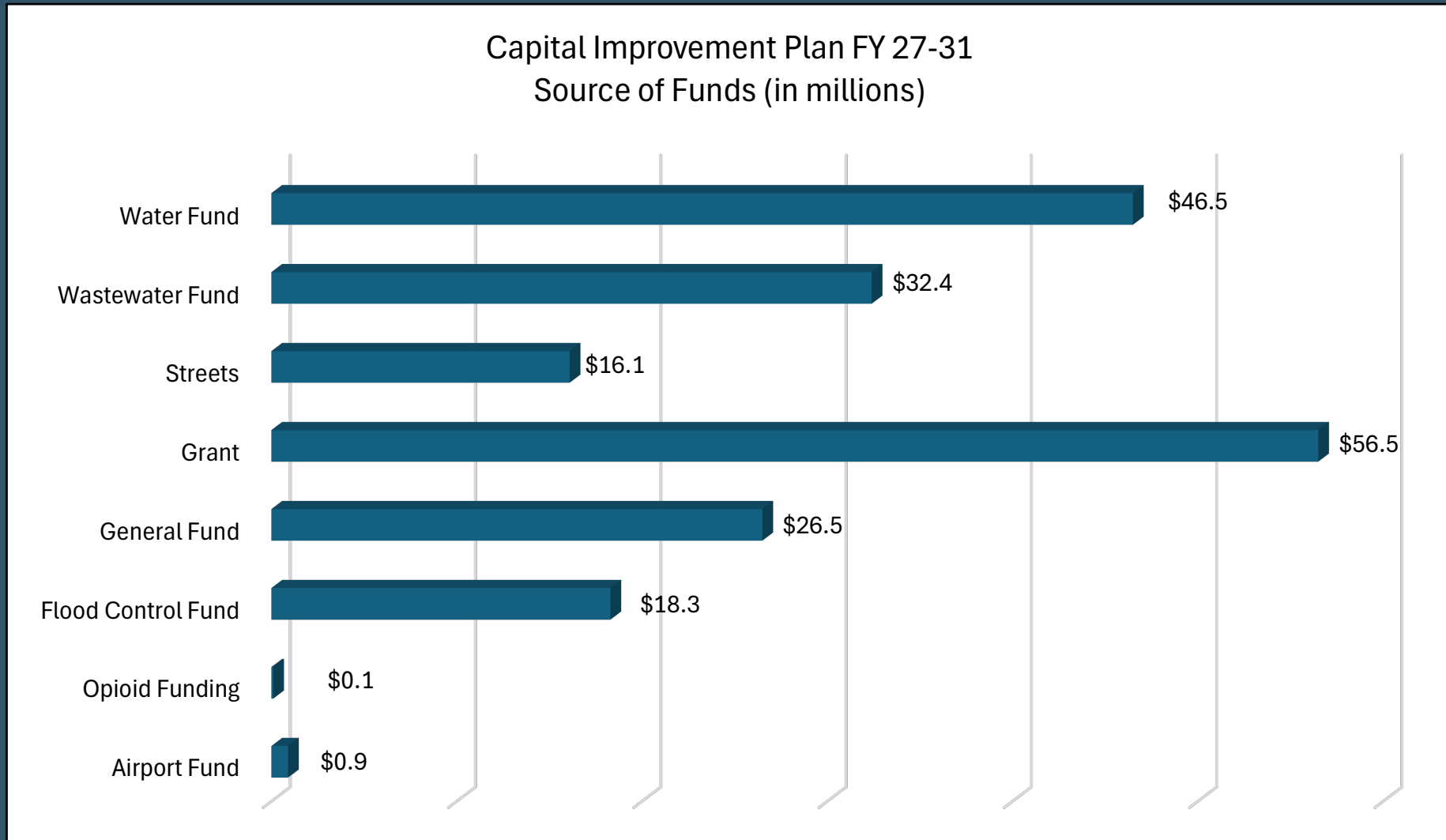
Vehicle License Tax (20%)

Supports Street Projects

5- Year Capital Improvement Plan



5- Year Capital Improvement Plan



FY 2026-27 CIP Projects

Project	26-27 Budget	Funding
Runway Rehabilitation – Safety Area	\$1,800,095	Airport Fund/Grant
Taxiway C Reconstruction	125,000	Airport Fund/Grant
Aircraft Parking Apron Reconstruction	250,000	Airport Fund/Grant
North Area Hangar Development	399,775	General Fund
Terminal Apron Pavement Reconstruction	150,000	Airport Fund/Grant
Pima Wash Improvements	1,062,170	Flood Control Fund
Smoketree Wash 3	1,500,000	Flood Control Fund
Kiowa Drain 6	1,441,310	Flood Control Fund
DMA-8 Storm Improvement Project	750,000	Flood Control Fund
Channel Restrooms	355,000	General Fund
Rotary Park Splash Pad	1,500,000	Potential Grant
Rotary Park ADA Accessibility	1,000,000	General Fund/Grant
PD Facility & Jail Rehab	3,485,660	General Fund
Fire Station 7	8,300,000	General Fund

FY 2026-27 CIP Projects

Project	26-27 Budget	Funding
PD Property Evidence Room Expansion	\$186,080	Opioid Fund
Public Safety Equipment Storage	1,300,000	General Fund
Second Bridge	35,703,810	Legislative Funding
Acoma Blvd	3,900,000	Street Fund
Lake Havasu Ave (Willow Ave to Mesquite Ave)	450,000	Street Fund
Influent Pump Station Surge Improvements	75,000	Wastewater Fund
North End Wastewater System Expansion	2,397,680	Wastewater Fund
Water Conservation & Reuse Improvements at Cypress Park	2,610,000	Wastewater Fund
ITP Upgrade Filters	1,362,765	Wastewater Fund
New Laboratory Building	100,000	Wastewater Fund
WWTP UV Disinfection Replacement	1,000,000	Wastewater Fund
Second Bridge Wastewater Utility Infrastructure	2,550,000	Wastewater Fund
North Regional WWTP Grit Removal System	100,000	Wastewater Fund
ITP Effluent Upgrades	450,000	Wastewater Fund

FY 2026-27 CIP Projects

Project	26-27 Budget	Funding
MTP Effluent & Recharge Pond Upgrades	100,000	Wastewater Fund
Island Treatment Plant Headworks Improvement	500,000	Wastewater Fund
North End Wastewater System Expansion, Canterbury Lift Station	1,950,000	Wastewater Fund
North End Wastewater System Expansion, Refuge Lift Station	50,000	Wastewater Fund
Tank N-4A-11 Improvements	1,366,685	Water Fund
Water Treatment Plant Improvements	3,125,350	Water Fund
Tank S-1C-24 Replacement	2,645,500	Water Fund
Horizontal Collector Well Redevelopment	705,505	Water Fund
North Havasu Additional Tank & Distribution Line	1,227,775	Water Fund
Water Main Replacement Program	4,500,000	Water Fund
Advanced Metering Infrastructure	1,000,000	Water Fund
Water Tank C-4-21 Rehabilitation	52,660	Water Fund
Second Bridge Water Utility Infrastructure	3,000,000	Water Fund
Booster Station 2A Improvements	1,397,500	Water Fund
Total 26-27 Budget	\$95,925,320	

Airport Projects

Project	Prior	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Runway Vertical/Visual Guidance System	-	-	400,000	-	-	-	\$400,000
Runway Rehabilitation – Safety Area	999,905	1,800,095	-	-	-	-	2,800,000
Taxiway C Reconstruction	-	125,000	-	-	-	-	125,000
Aircraft Parking Apron Reconstruction	-	250,000	3,500,000	3,800,000	-	-	7,550,000
North Area Hangar Development	600,000	399,775	1,312,500	-	-	-	2,312,275
Terminal Apron Pavement Reconstruction	-	150,000	-	2,300,000	-	-	2,450,000
Central Hangar Area Pavement Reconstruction	-	-	140,000	-	1,840,000	-	1,980,000
North Apron Pavement Reconstruction	-	-	-	-	140,000	2,000,000	2,140,000
Total							\$19,757,275

Drainage Projects

Project	Prior	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Havasupai Wash 5	-	-	3,565,000	-	-	-	\$3,565,000
Havasupai 2 Levee Improvements	-	-	-	-	380,000	-	380,000
El Dorado 2 Levee Improvements	-	-	-	-	490,000	-	490,000
Pima Wash Improvements	1,000,000	1,062,170	-	-	-	-	2,062,170
Smoketree Wash 3 Improvements	-	1,500,000	-	-	-	-	1,500,000
Kiowa Drain 6	-	1,441,310	-	-	-	-	1,441,310
Chemehuevi Wash 13	-	-	440,640	-	-	-	440,640
El Dorado Wash 6	-	-	-	4,276,600	-	-	4,276,600
Indian Peak Wash 16	-	-	-	-	2,122,920	-	2,122,920
Smoketree Wash 4	-	-	-	-	-	1,240,580	1,240,580
Pima Wash 6	-	-	-	-	-	1,074,170	1,074,170
DMA-8 Storm Improvement Project	-	750,000	-	-	-	-	750,000
Total							\$19,343,390

General Government, Parks & Public Safety Projects

Project	Prior	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Downtown Arch	-	-	-	750,000	-	-	\$750,000
Channel Restrooms	-	355,000	-	-	-	-	355,000
Rotary Splash Pad	-	1,500,000	-	-	-	-	1,500,000
Rotary Park ADA Accessibility	-	1,000,000	-	-	-	-	1,000,000
Outdoor Pool	-	-	-	-	3,500,000	-	3,500,000
Multi-Use Fields	-	-	3,500,000	3,500,000	-	-	7,000,000
Aquatic/Community Center Renovation	-	-	800,000	-	-	-	800,000
PD Facility & Jail Rehab	3,909,967	3,485,660	-	-	-	-	7,395,627
Fire Station 7	700,000	8,300,000	-	-	-	-	9,000,000
PD Property Evidence Room Expansion	13,920	186,080	-	-	-	-	200,000
Public Safety Equipment Storage	-	1,300,000	-	-	-	-	1,300,000
Total							32,800,627

Streets Projects

Project	Prior	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Second Bridge	3,610,692	35,703,810	-	-	-	-	\$39,314,502
Acoma Blvd.	3,000,000	3,900,000	-	-	-	-	6,900,000
Kiowa Blvd.	-	-	2,800,000	2,800,000	-	-	5,600,000
Lake Havasu Ave. (Willow Ave. to Mesquite Ave.)	-	450,000	-	-	-	-	450,000
McCulloch Blvd.	-	-	-	-	715,000	-	715,000
Swanson Ave.	-	-	-	-	-	1,100,000	1,100,000
Smoketree Ave.	-	-	-	-	-	400,000	400,000
Lake Havasu Ave. (Willow Ave. to Sabino Dr.)	-	-	-	-	-	1,122,000	1,122,000
Beachcomber Blvd. (McCulloch Blvd to Site Six Entrance)	-	-	-	-	1,501,000	-	1,501,000
McCulloch Blvd. (Beachcomber Blvd to Marina Entrance)	-	-	-	-	1,304,000	-	1,304,000
Total							\$58,406,502

Wastewater Projects

Project	Prior	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Influent Pump Station Surge Improvements	-	75,000	650,000	-	-	-	\$725,000
ITP Effluent Pond Liner	-	-	-	546,000	-	-	546,000
Vadose Well Design and Expansion	3,060,980	-	-	-	2,225,000	-	5,285,980
North End Wastewater System Expansion, FM	326,090	2,397,680	-	-	-	-	2,723,770
Water Conservation & Reuse Improvements at Cypress Park	90,000	2,610,000	-	-	-	-	2,700,000
ITP Upgrade Filters	287,235	1,362,765	-	-	-	-	1,650,000
New Laboratory Building	1,500,000	100,000	-	-	-	-	1,600,000
WWTP UV Disinfection Replacement	850,000	1,000,000	1,450,000	-	-	-	3,300,000
Second Bridge Wastewater Utility Infrastructure	-	2,550,000	-	-	-	-	2,550,000
North Regional WWTP Grit Removal System	-	100,000	800,000	-	-	-	900,000
North Regional WWTP FEB Cleanout Replacement	-	-	575,000	-	-	-	575,000

Wastewater Projects (Continued)

Project	Prior	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
North Regional WWTP Reclaimed Water Tank Rehab	-	-	-	150,000	1,120,000	-	\$1,270,000
ITP Effluent Upgrades	-	450,000	-	-	-	-	450,000
MTP Effluent & Recharge Pond Upgrades	-	100,000	300,000	-	-	-	400,000
Island Treatment Plant Headworks Improvement	-	500,000	2,500,000	2,000,000	-	-	5,000,000
North End Wastewater System Expansion, Canterbury Lift Station	-	1,950,000	-	-	-	-	1,950,000
North End Wastewater System Expansion, Infrastructure Expansion	-	-	-	-	-	4,000,000	4,000,000
North End Wastewater System Expansion, Refuge Lift Station	-	50,000	2,100,000	-	-	-	2,150,000
ITP/MTP Clarifier Upgrade Project	-	-	-	-	100,000	2,000,000	2,100,000
North Regional WWTP Storage Building	-	-	-	-	600,000	-	600,000
Total				*	*	*	\$40,475,750

* Assumes 5% increase in revenue from future rate increase

Water Projects

Project	Prior	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Tank N-4A-11 Improvements	45,015	1,366,685	-	-	-	-	\$1,411,700
Water Treatment Plant Improvement	579,650	3,125,350	-	-	-	-	3,705,000
Tank C-2-18 Replacement & Upsize	-	-	104,000	1,716,000	-	-	1,820,000
Tank C-3-19 Replacement & Upsize	-	-	104,000	1,040,000	-	-	1,144,000
Tank S-1C-24 Replacement	-	2,645,500	-	-	-	-	2,645,500
Horizontal Collector Well Redevelopment	1,066,575	705,505	-	-	-	-	1,772,080
North Havasu Additional Tank & Distribution Line	222,225	1,227,775	-	-	-	-	1,450,000
Water Main Replacement Program	3,589,000	4,500,000	3,000,000	3,000,000	3,000,000	3,000,000	20,089,000
Advanced Metering Infrastructure	3,000,000	1,000,000	1,000,000	1,000,000	1,000,000	500,000	7,500,000
Water Tank C-4-21 Rehabilitation	37,340	52,660	1,450,000	-	-	-	1,540,000
Second Bridge Water Utility Infrastructure	-	3,000,000	-	-	-	-	3,000,000
Booster Station 2A Improvements	180,000	1,217,500	-	-	-	-	1,397,500

Water Projects (Continued)

Project	Prior	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	Total
Water Tank N-5A-13 Rehabilitation	-	-	-	50,000	1,450,000	-	\$1,500,000
Water Tank S-3C-29 Rehabilitation	-	-	-	90,000	1,450,000	-	1,540,000
Pipeline – State Hwy 95 Crossing to S.A.R.A. Park	-	-	900,000	-	-	-	900,000
Water Treatment Plant Rehabilitation	-	-	-	-	250,000	2,200,000	2,450,000
Water Treatment Plant Storage Building	-	-	-	-	100,000	1,050,000	1,150,000
Total				*	*	*	\$55,014,780

* Assumes 8.5% increase in revenue from future rate increase



Discussion/ Questions