



City Council Regular Meeting Minutes - Final

Tuesday, September 25, 2018

6:00 PM

1. CALL TO ORDER

Mayor Nexsen called the meeting to order at 6:00 p.m.

2. INVOCATION: Pastor Craig Corbin, Mount Olive Lutheran Church

Pastor Craig Corbin with Mount Olive Lutheran Church gave the invocation.

3. PLEDGE OF ALLEGIANCE

The Mayor led in the Pledge of Allegiance.

4. ROLL CALL

Present: 7 - Mayor Mark S. Nexsen, Councilmember Jeni Coke, Councilmember Gordon Groat, Councilmember David Lane, Councilmember Michele Lin, Councilmember Donna McCoy and Vice Mayor Cal Sheehy

5. CALL TO THE PUBLIC

Ms. Briana Morgan, Water Conservation Specialist, addressed the Council to invite the public to tour the Water Well and the Water and Wastewater Treatment Plants on Wednesday, October 10, 2018. She said the public is encouraged to attend and learn about the current water situation and how to best utilize water resources. Ms. Morgan added that the tour begins at 10:00 a.m. at the Lake Havasu City Public Works Facility, located at 900 London Bridge Road.

6. CONSENT AGENDA

- 6.1 [ID 18-1773](#) Approve the September 11, 2018, City Council Special Meeting and Regular Meeting Minutes (Kelly Williams)
- 6.2 [ID 18-1742](#) Adopt Resolution No. 18-3263 Ratifying the Submission of a Grant Application with the Arizona Department of Forestry and Fire Management for the 2018 Wildland Fire Hazardous Fuels Grant Program (Brian Davis)
- 6.3 [ID 18-1775](#) Call for Executive Session Pursuant to A.R.S. § 38-431.03(A) 5:00 p.m. Tuesday, October 9, 2018 (Kelly Williams)

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

Aye: 7 - Mayor Nexsen, Councilmember Coke, Councilmember Groat, Councilmember Lane, Councilmember Lin, Councilmember McCoy and Vice Mayor Sheehy

7. CORRESPONDENCE, COMMUNICATIONS, PETITIONS, ANNOUNCEMENTS, CITY MANAGER REPORT

7.1 [ID 18-1774](#) 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.

7.2 [ID 18-1772](#) City Manager's Report (Jess Knudson)

City Manager Jess Knudson reported on the following:

- On September 13, the Lake Havasu City Police Explorers were presented a donation from the Sunrise Rotary Club.
- Mayor Nexsen delivered two proclamations declaring October as Breast Cancer Awareness Month and Domestic Violence Awareness Month.
- The official name of the BMX group changed from Tri State BMX to Lake Havasu City BMX.
- City Wastewater Employees, Josh Wehner and Boyd Barnabi received ADEQ Certifications.
- Lake Havasu High School Student, Ella Wofford will be a featured speaker at Arizona Grant Makers Forum in Phoenix, Arizona.
- A press conference was held to provide details of a joint effort of Lake Havasu City, Bullhead City, and Homeland Security Investigations of identifying a human trafficking sting that occurred in Lake Havasu City. Upon investigation, Police Detectives received tips which led to search warrants being issued and arrests were made.
- The public is invited to attend Mayor Nexsen's Retirement Celebration on October 7, 2018, from 4:00 p.m. to 5:30 p.m. at SARA Park Rodeo Grounds. Mayor Nexsen officially retires on November 27, 2018.
- Upcoming Special Events:
 - o September 29, 2018 – National Public Lands Day at SARA Park Trailhead at 8:00 a.m. to 10:00 a.m.
 - o September 29, 2018 to October 6, 2018 – IJSBA World Finals
 - o September 30, 2018 – Candlelight Ceremony at Wheeler Park to honor Gold Star Moms at 6:30 p.m.
 - o October 4, 2018 to October 10, 2018 – Annual Pineapple Race at London

- Bridge Beach at 7:30 p.m.
- o October 6, 2018 to October 20, 2018 – Annual Breast Cancer Awareness Walk at 7:30 a.m.
 - o October 6, 2018 – Community Health Fair at 8:00 a.m. to 12:00 p.m. at the Aquatic Center
 - o Concerts in the Park Every Friday in October at London Bridge Beach from 5:00 p.m. to 9:00 p.m.

8. PUBLIC HEARINGS

8.1 [ID 18-1763](#) Series #06 Bar Liquor License, Shotgun Jenny's Saloon, 3557 Maricopa Avenue / Guardalabene (Kelly Williams)

Ms. Williams advised that Mr. Anthony Guardalabene has applied for a Series #06 bar liquor license for Shotgun Jenny's Saloon, located at 3557 Maricopa Avenue. Ms. Williams noted that all posting requirements have been met, all fees have been paid, and no objections were received. She said the location is properly zoned for a Series #06 liquor license.

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

Councilmember Coke moved to recommend that the Arizona Department of Liquor Licenses & Control approve a Series #06 bar liquor license for Shotgun Jenny's Saloon, 3557 Maricopa Avenue, seconded by Councilmember Lane, and carried by the following vote:

Aye: 7 - Mayor Nexsen, Councilmember Coke, Councilmember Groat, Councilmember Lane, Councilmember Lin, Councilmember McCoy and Vice Mayor Sheehy

8.2 [ID 18-1758](#) Series #12 Restaurant Liquor License, Casa Serrano Los Arteaga, 150 Swanson Avenue / Arteaga (Kelly Williams)

Ms. Williams advised that Mr. Jesus Arteaga has applied for a Series #12 restaurant liquor license for Casa Serrano Los Arteaga, located at 150 Swanson Avenue. Ms. Williams noted that all posting requirements have been met, all fees have been paid, and no objections were received. She said the location is properly zoned for a Series #12 liquor license.

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

Councilmember McCoy moved to recommend that the Arizona Department of Liquor Licenses & Control approve a Series #12 restaurant liquor license for Casa Serrano Los Arteaga, 150 Swanson Avenue, seconded by Vice Mayor Sheehy, and

carried by the following vote:

Aye: 7 - Mayor Nexsen, Councilmember Coke, Councilmember Groat, Councilmember Lane, Councilmember Lin, Councilmember McCoy and Vice Mayor Sheehy

- 8.3** [ID 18-1734](#) Adopt Ordinance No. 18-1202 Amending Lake Havasu City Code Title 2, Administration and Personnel, Regarding Filling of Vacancies, Vice-Mayor, and Other Minor Revisions (Kelly Garry)

City Attorney Kelly Garry advised that Ordinance No. 18-1202 was introduced at the last City Council meeting. She said there were no suggested changes from the Council and added that the amendment covers the vacancies for the Mayor position and preferred term and direction on the Vice Mayor position.

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

Councilmember Lane moved to adopt Ordinance No. 18-1202 amending Lake Havasu City Code Title 2, Administration and Personnel, regarding filling of vacancies, Vice-Mayor, and other minor revisions, seconded by Councilmember McCoy, and carried by the following vote:

Aye: 7 - Mayor Nexsen, Councilmember Coke, Councilmember Groat, Councilmember Lane, Councilmember Lin, Councilmember McCoy and Vice Mayor Sheehy

- 8.4** [ID 18-1709](#) Approve CenturyLink Managed Services Agreement for the Operation of the 9-1-1 Public Safety Answering Point (Chief Doyle)

Police Chief Dan Doyle advised that the Police Department was notified by the 9-1-1 State office they will be upgrading the Next Gen 9-1-1 System. Chief Doyle said this is the latest system that will allow the City to upgrade and make use of the current technologies, as the old system is outdated and cannot be upgraded. He said only four of the dispatch consoles will be updated for the amount of \$490,727, and added that the Police Department's fifth console will not be updated since only four were originally installed and the State does not have anything in place to upgrade the fifth console. Chief Doyle added that if the City wants to upgrade the fifth console it will cost \$120,000, not including tax or any other fees, over the course of the next five years.

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

Councilmember Coke moved to approve the CenturyLink Managed Services Agreement for the operation of the 9-1-1 Public Safety Answering Point, seconded by Councilmember McCoy, and carried by the following vote:

Aye: 7 - Mayor Nexsen, Councilmember Coke, Councilmember Groat, Councilmember Lane, Councilmember Lin, Councilmember McCoy and Vice Mayor Sheehy

- 8.5** [ID 18-1768](#) Introduce Ordinance No. 18-1204 Amending Lake Havasu City Code Chapter 3.20, Fee and Service Charge Revenue/Cost Comparison and Charging System and to Update Costs Recovered (Jill Olsen)

Administrative Services Director Jill Olsen advised this is an annual item that comes before the Council because the City is required to adopt fees and set the cost for services. She said the introduction of this ordinance is percentage of cost recovery for each item and percentages have been applied. Ms. Olsen said over the last couple of years a Consumer Price Index (CPI) has been applied to the fees and charges to keep them updated with staff recommendations for this year. She stated that there was a change on the Master Fee Schedule S-443, Vehicle Number Identification, of \$30 for walk-in and radio call requests, and added that staff is recommending on the Master Fee Schedule S-003, a thirty-four percentage increase cost recovery rate for the proposed fee of \$600 on January 1, 2019, a difference of \$85.

Vice Mayor Sheehy expressed his appreciation in regards to the changes staff made to S-003 Airport fees and the Recreation program fees remaining the same.

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

Councilmember McCoy moved to Introduce Ordinance No. 18-1204 amending Lake Havasu City Code Chapter 3.20 and update costs recovered, seconded by Councilmember Lane, and carried by the following vote:

Aye: 7 - Mayor Nexsen, Councilmember Coke, Councilmember Groat, Councilmember Lane, Councilmember Lin, Councilmember McCoy and Vice Mayor Sheehy

- 8.6** [ID 18-1759](#) Approve Software License Agreement, Support and Maintenance Agreement and Software Implementation Services Agreement with N. Harris Computer Corporation for the Northstar Customer Information System (CIS) Software for Utility Billing (Jill Olsen)

Ms. Olsen said the agreements are related to the Northstar implementation on upgrades to the entire system which will affect the Finance and Human Resources Department. She said the City is projecting to go live in July or August of 2019.

Mayor Nexsen asked if the citizens will expect anything different using the new system such as electronic payments, to which Ms. Olsen replied that the system will look the

same except the appearance of the bill. She added that this transition will make it more consistent for online payments and requests, and also allow staff to better assist customers. Mayor Nexsen asked if customers will need to re-enter their information when using the online account, to which Ms. Olsen stated the goal is to have it transferrable with some exceptions, such as entering bank account information.

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

Councilmember Lane moved to approve the Software License Agreement, Support and Maintenance Agreement, Software Implementation Services Agreement and the Statement of Work between Lake Havasu City and N. Harris Computer Corporation in an amount not-to-exceed \$600,000 and authorize the City Manager to execute the agreements on behalf of the City, seconded by Councilmember Coke, and carried by the following vote:

Aye: 7 - Mayor Nexsen, Councilmember Coke, Councilmember Groat, Councilmember Lane, Councilmember Lin, Councilmember McCoy and Vice Mayor Sheehy

8.7 [ID 18-1769](#) Presentation for Status of Wastewater Fund, Rates and General Information (Jill Olsen)

Ms. Olsen said she was before the Council to give an update on the status of the Wastewater Fund, rates and general information.

She outlined the following in her presentation:

- Wastewater Service
 - o System collects, transmits, treats, and disposes of sanitary sewage
 - o Currently service 27,000 plus accounts
 - o Periodic evaluation for operations and capital needs
 - o Rates set by City Council
 - o Majority of revenues from customer billings

- Wastewater Collection & Treatment
 - o 350 miles of gravity sewer
 - o 25 miles of force main
 - o 49 City-owned pump stations
 - o 10 pump stations privately owned
 - o 3 wastewater treatment plants
 - Currently at 50% capacity

- Wastewater System Expansion
 - o 2001 election allowed for bond funding
 - o Expansion defined as \$463 million program
 - Install wastewater collection system and associated treatment capacity
 - o Replaced existing septic systems
 - o Allowed for property developments over next 11 years
 - o Project Completed in Fiscal Year 2011-12
 - Cost of \$348 million over 21,000 properties
 - o Bonds issued over the years as expansion continued
 - o In 2015, prior bonds refinanced for interest savings and debt maturity to 2045
 - o Total debt outstanding for System was \$220 million at June 30, 2018
 - Interest rates of bond issues are from 2.368% to 5%

- Wastewater System Rates
 - o Rates fluctuated since first established
 - In the past 10 years, overall rate grew a total of 24%
 - Since 2010, there have been no rate increases
 - o Winter Averaging used to more fairly charge customers for water use not entering wastewater system
 - Such as irrigation use
 - Reduction in revenue, but appropriate
 - o Rates Comparison (Water and Sewer Average Monthly Bill) for Bullhead City, Chino Valley, Flagstaff, Kingman, Prescott, Prescott Valley, and Yuma.

- Wastewater System Benefits
 - o System that is safe and reliable
 - o Production of effluent through the wastewater system
 - Water cost savings for areas such as parks and golf courses

Vice Mayor Sheehy spoke in regards to the rate comparisons and asked how much is debt service on the sewer side, to which Ms. Olsen replied that she did not have that information but staff could review it further to determine those numbers. Mayor Nexsen said in terms of the City, approximately two-thirds of the bill represents the debt. Mayor Nexsen said one of the reasons that the City refinanced was because many of the bonds were front-loaded, and the City was looking at either refinancing the bonds to have more generational equity, or rate increases of 50 to 100 percent to pay back the bonds. He said the City decided to go out to the open market while interest rates were low and did it over a flat 30 years, so instead of owing \$22 to \$23 million a year, the City ended up paying approximately \$13.8 million a year for the first 20 years. He added that the refinancing worked very well, and said the most important part is that the citizens today, tomorrow, and in the future are paying off the debt at the same rate. He further added that there is

one bond issuance through the Water Infrastructure Finance Authority (WIFA) that is 20 years, and the rest is all open market.

Vice Mayor Sheehy asked if the other cities have debt, to which Ms. Olsen said that staff did not look at all of the debt, but said that many of them do have debt. Mayor Nexsen said Bullhead City has created districts, so when their homeowners are connected to sewer they are saddled with the debt versus paying for the debt in the rates. Mayor Nexsen said in 2013-2014, the City was the third highest rate in Arizona, and now we are closer to the middle because as others are making improvements and paying for that debt their rates are going up. He said we are also only using about 50 percent of the capacity which is the same percentage of capacity at the time the sewer was being put in, so residents have been conserving which is good for our system and our water usage.

Councilmember Coke thanked staff for the update on the sewer rates.

Councilmember Lane discussed flushable wipes that are being flushed into the sewer system and creating an ongoing maintenance issue and increasing costs to maintain the system.

Councilmember McCoy said the City was forced to put in the sewer system and by getting the loans the City was able to pay it off earlier and save money, she thanked those that were involved in the refinancing.

Mayor Nexsen said back then Lake Havasu City was reported as the largest city in the United States that was still on septic. He added that during the ten to eleven-year period of the sewer project, the City decommissioned approximately 21,000 septic systems, and tore up and replaced the streets and landscaping the city. He said it was a very successful project and commended City staff for their hard work and completing the project approximately \$100 million under budget.

Councilmember Lane said residents who would like to learn more about water conservation can contact Water Conservation Specialist Briana Morgan.

Mayor Nexsen opened the public hearing.

Pastor Corbin addressed the Council and asked about the life expectancy of the wastewater system, to which Mayor Nexsen said the overall life is approximately 50 years; however, there are tens of thousands of different components of the sewer system and the City has an annual maintenance program and asset management program in place for the sewer system. Operations Manager Mark Clark explained the various life expectancies of the system and said the City operates the system both fiscally and operationally to keep

the system forever. In response to Mayor Nexsen's question, Mr. Clark explained that once the system reaches approximately 70 percent capacity, the City has to begin planning for additional wastewater treatment facilities and have a plan in place once that capacity reaches 80 percent. He said staff has already been looking at innovative ways to increase capacity, one example of that is by utilizing newer technology, without having to do major overhauls.

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

8.8 [ID 18-1776](#) Water Resources and Conservation Update to the City Council and the Public for Lake Havasu City and the Colorado River (Doyle Wilson)

Mayor Nexsen noted that Item 8.8 was tabled and rescheduled for a future work session.

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

9. CURRENT EVENTS

There were no council committee reports.

10. CALL TO THE PUBLIC

There were no requests to address the Council.

11. FUTURE MEETINGS

Tuesday, October 9, 2018 @ 6:00 p.m. – Regular Meeting

Tuesday, October 23, 2018 @ 6:00 p.m. – Regular Meeting

12. FUTURE AGENDA ITEMS

There were requests for future agenda items.

13. ADJOURN

Upon motion by Councilmember Coke and seconded, the meeting adjourned at 6:52 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 September, 2018. I further certify that the meeting was duly called and posted, and that a quorum was present.

Kelly Williams, City Clerk/CMC