

Lake Havasu City Council Regular Meeting
Police Facility, 2360 McCulloch Boulevard North
Tuesday, October 25, 2016, 6:00 PM

CALL TO ORDER

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

INVOCATION

Pastor Lan Blair with Abundant Grace gave the invocation.

PLEDGE OF ALLEGIANCE

The Mayor led in the Pledge of Allegiance.

ROLL CALL

PRESENT: Councilmembers Mark Nexsen, Dean Barlow, Donna McCoy, Don Callahan, Jeni Coke, Cal Sheehy, and Michele Lin.

CALL TO THE PUBLIC

There were no requests to address the Council.

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.

6.1 Approve the October 11, 2016, City Council Work Session and Regular Meeting Minutes

6.2 Adopt Resolution No. 16-3098 Approving Addendum No. 1 to the Intergovernmental Agreement with Mohave County for the Installation and Maintenance of Wayfinding Signs Along Certain County Roads

6.3 Adopt Resolution No. 16-3099 Abandoning the Entire 20-foot by 109-foot Public Utility and Drainage Easement Between Lots 12 & 13 of Tract 2302, Block 8 / Hayes

6.4 Adopt Resolution No. 16-3100 Ratifying Application for Right of Way and Payment of Fees and Approving Right of Way Agreement No. 18-101258 with the Arizona State Land Department

6.5 Call for Executive Session Pursuant to A.R.S. 38-431.03(A) 5:00 p.m. Tuesday, November 8, 2016

Councilmember Coke moved to approve the Consent Agenda as presented, seconded by Councilmember McCoy, and unanimously carried.

CORRESPONDENCE, COMMUNICATIONS, PETITIONS, ANNOUNCEMENTS, CITY MANAGER REPORT

7.1 Youth Court Presentation

City Magistrate Mitchell Kalauli gave a presentation on the Youth Court Program.

7.2 Announce Vacancies on Lake Havasu Boards, Committees, and Commissions

City Clerk Kelly Williams announced the current vacancies on various Lake Havasu City Boards, Committees, and Commissions.

7.3 City Manager's Report

City Manager Charlie Cassens reported on the following:

- Havasu 280 "Riviera Project" Road Construction Groundbreaking Ceremony will take place on November 10, 2016, at 10:00 a.m.

- The Mohave County Treasurer has set up a temporary presence in City Hall to collect property tax payments and answer questions. They will be located at the middle window in the Utility Billing Customer Service area from 8:00 a.m. to 4:00 p.m., through Tuesday, November 1, 2016.
- Code Enforcement Updates. There are currently 24 open cases.
- Building Permit Updates.
- Coffee with the Mayor and City Manager is going dark in November. The next scheduled meeting will take place at The Bagel Bin on Friday, December 2, 2016, at 7:30 a.m.
- Special Events:
 - Youth Talent Show – Thursday, October 27th on the stage located under the London Bridge from 6:00 p.m. to 9:00 p.m.
 - Annual London Bridge Days Parade – Saturday, October 29th on McCulloch Boulevard from 10:00 a.m. to 12:00 p.m.
 - Vision 20/20 Presents Frontier America's Best Communities Finalist Celebration – Saturday, October 29th at Springberg McAndrew Park from 11:00 a.m. to 2:00 p.m.
 - Tinnell Memorial Sports Park Anniversary – Saturday, October 29th at the Tinnell Memorial Sports Park from 5:00 p.m. to 7:00 p.m.
 - Gold Wing Road Riders Association (GWRRA) Arizona District Convention/Motorcycle Safety – Saturday, October 29th in the parking lot on London Bridge Road from 7:00 a.m. to 1:00 p.m.
 - Trunk 'n Treat – Monday, October 31st at DES Building parking lot on London Bridge Road from 6:00 p.m. to 7:30 p.m.
 - Fright Night on McCulloch Boulevard – Monday, October 31st on McCulloch Boulevard from 5:00 p.m. to 9:00 p.m.
 - Ballet Under the Bridge – Thursday, November 3 on the stage under the London Bridge from 2:00 p.m. to 7:00 p.m.
 - Moving For Memory Walk – Saturday, November 5th at Rotary Park, Ramada C, from 9:00 a.m. to 1:00 p.m.
 - Annual Chillin 'n Swillin – Saturday, November 5th on the Rotary Park Ballfields from 2:00 p.m. to 6:00 p.m.
 - Stan Wilkinson Celebration of Life/Military Honors – Saturday, November 5th at London Bridge Beach Stage from 12:00 p.m. to 1:00 p.m.
 - AZPA Desert Fireworks Shoot-Out – Saturday, November 5th at the Havasu 95 Speedway at SARA Park from 9:00 a.m. to 10:30 p.m.

8.1 Adopt Ordinance No. 16-1164 Amending City Code Section 11.08.220, Financial Responsibility, of the Airport Operating Regulations Chapter

City Attorney Kelly Garry said this item was introduced at the last meeting and is before the Council tonight for final adoption. She said the proposed amendment addresses concerns expressed by airport users and members of the Airport Advisory Board (AAB), and alleviates any confusion with respect to minimum insurance requirements in airport agreements. She added that the proposed amendment removes reference to specific insurance coverage amounts. Ms. Garry said City staff and the AAB recommend adoption of the ordinance.

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

Councilmember Sheehy moved to adopt Ordinance No. 16-1164 amending Lake Havasu City Code Section 11.08.220, Financing Responsibility, seconded by Vice Mayor Callahan, and unanimously carried.

8.2 Introduce Ordinance No. 16-1166 Amending City Code Section 2.56.111, Municipal Court Administrative Fee Schedule and Jail Cost Recovery

Ms. Garry advised that this item is to introduce amendments to City Code Section 2.56.111 relating to the Court warrant fee. She explained that during the recent review of the City's fee schedule it was discovered that the warrant fee contained in the City Code is not consistent with the fee schedule. She further explained that the fee schedule is developed through the process outlined in City Code Chapter 3.20 and during last year's process, the Court requested an increase to the warrant fee to make it consistent with the fee charged by the County, which is beneficial administratively for Consolidated Court purposes. Ms. Garry said the City Council approved the increase for percentage of recovery; however, the City Code Section 2.56.111 was not revised to reflect the change. She said this amendment will change the warrant fee in Section 2.56.111 from \$50 to \$125.

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

Vice Mayor Callahan moved to introduce Ordinance No. 16-1166 amending Lake Havasu City Code Section 2.56.111, Municipal Court Administrative Fee Schedule and Jail Cost Recovery, seconded by Councilmember Barlow, and unanimously carried.

8.3 Introduce Ordinance No. 16-1167 Amending Lake Havasu City Code Section 3.20.040, Schedule of Fees and Service Charges, to Update Fees and Charges

Administrative Services Director Tabatha Miller advised that this item is an introduction of an ordinance that required a 60 day notice period before it will be brought back to Council for final adoption and an additional 30 days before the ordinance is effective. She said any changes in the schedule of fees and service charges would not be effective until February 1, 2017. Ms. Miller advised that the information would be posted on the City's website for public to review for the 60 days.

Ms. Miller outlined the following during her presentation:

City Code §3.20.010

- It is the intent of the City Council to recover reasonable costs in the form of fees, charges, and regulatory license fees for providing services, products, or regulations outlined in this chapter.

Reasonable Costs §3.20.020

- Include the following elements:
 - Direct Costs
 - Indirect Costs
 - Fixed Asset Recovery Expenses
 - General Overhead
 - Department Overhead
 - Debt Service Costs

Schedule of Fees and Service Charges §3.20.040

- As part of the budget process, all fees and charges are to be reviewed each year
- City Council establishes the reasonable percentage of costs to be recovered
- Outside of utilities taxes subsidize programs not recovered at 100 percent (100%)

2017 Fee Update

- Extensive cost recovery review was completed in 2015 and many fees updated effective January 1, 2016
- Concern that fees and charges keep up with inflation and City avoids large increases

- Most fee increases tied to the Consumer Price Index (CPI) for the 12-month period ending in June, 2016 = one percent (1%)
- Small dollar fees rounded to nearest dollar but tracked and compounded
- Fee changes effective February 1, 2017 – must provide a 60 day notice plus 30 days ordinance period

<u>Fees Changes Beyond 1%</u>	<u>Current</u>	<u>Proposed</u>	<u>Comment</u>
Conditional Use Review – Minor	No Charge	\$252.50	½ the fee of a major review
Variance Review – Zoning Minor	No Charge	\$126.50	½ the fee of a major review
Conceptual Plan – PUD Review	\$430.00	Remove	
Conceptual Plan Review – Specific Plan	\$415.00	Remove	
Irrigation of Additional Meter Installation	\$900.00	\$1,566.00	Fee should have been adjusted in January 2016
Water Meter Testing – Respond to customer demand for meter re-read	No Charge	\$25.00	1 st request at no charge
Youth Camps – Full Program 1 st child	\$250.00	\$290.00	Phased in – 1 st increase in January 2016
Youth Camps – each additional child	\$195.00	\$230.00	Phased in – 1 st increase in January 2016
Pool Rental – Swim Team Effective 7/1/2017	\$935.00	\$982.00	Council Recommendation 5% Increase
Suspension Fee	\$45.00	\$50.00	To comply w/ City Code

Proposed Utility Bill Policy Change

- No increase to water or sewer charges
- Currently part-time residents and full-time residents with extended absences are allowed to turn off service, cease all billing and reactivate at a later date for a \$35 account set up fee
- Proposing minimum fees to be charged to all utility accounts year round

Water/Wastewater Systems

- Built, operated and maintained to accommodate the maximum daily demand or flows
- True fixed costs make up 75% of sewer costs
- Most variable costs are only flexible over the long term or many years

Residential Utility Accounts

	<u>FY 13/14</u>		<u>FY 14/15</u>		<u>FY 15/16</u>	
Month	Active	Inactive	Active	Inactive	Active	Inactive
July	25,472	460	25,790	484	26,046	457
August	25,499	433	25,674	600	26,008	495
September	25,489	443	25,796	478	26,066	437
October	25,521	411	25,795	479	26,120	383
November	25,556	376	25,831	443	26,179	324
December	25,718	214	26,003	271	26,372	131
January	25,825	107	26,097	177	26,438	65
February	25,826	106	26,176	98	26,453	50
March	25,912	20	26,248	26	26,503	-
April	25,932	-	26,274	-	26,498	5
May	25,820	112	26,055	219	26,383	120
June	25,763	169	26,048	226	26,328	175

Alternative Policy Options

- Increase Turn-Off and Turn-On Fees
- Charge the minimum water and wastewater fee: \$41 (wastewater) + \$5.16 (water) = \$46.16
- Charge less than the minimum wastewater fee. (i.e.: 75% (fixed cost) of minimum charge or \$30.75 as a readiness or system availability fee)
- Review fixed cost vs. short term variable to determine availability charge or rate
- Recoup number of months base rate upon reactivation
- Keep current policy – allow residents to pay for service only when needed

Other Communities

- Sedona – Does not turn off sewer service or billing
- Arizona Water Company – Lessor of monthly base charge since disconnection or 8 months monthly base charge (\$20 x 6 months = \$120 is less than \$20 x 8 months = \$160)
- Carefree – If absence is 9 months or less charged the number of absent months base fee (\$42.19) to reactivate service
- Grand Forks, ND – Must pay \$44.99 utility minimum
- Bismarck, ND – Shutting off water suspends all billing
- Santa Cruz, CA - \$8.78 “Ready to Serve” base fee
- Rancho California Water District - \$20.00 “Fixed Capacity Fee”

Councilmember Barlow noted that residents who will be most affected by this change are not in town but will have an opportunity later in the process to provide comments and feedback to the City. Ms. Miller added that staff timed this now to get direction from the Council so that residents coming back into town to reactivate their accounts will be notified of future changes.

Councilmember Barlow asked how residents will be notified, to which Ms. Miller said it is difficult to identify all users who may be affected by the change; however, the City will monitor individual accounts and will also include a statement on the bills. Mayor Nexsen said it would be a good idea to also notify the users who are calling to reconnect their service.

Mayor Nexsen noted that some of the fees using CPI may only increase 30 cents and asked if the City would use January 1, 2016, as the base year therefore after three years the fee would increase \$1. Ms. Miller said that was correct, and explained that a \$30 fee using CPI would currently increase by 30 cents; however, the City would not increase it by 30 cents but would track the fee and add inflation the next year so that once the fee increase rolls above 50 cents it would be rounded to the next dollar.

Councilmember Sheehy asked if residents would still be required to pay the \$35 reconnect fee in addition to monthly fees, to which Ms. Miller replied no because the City is essentially not deactivating their account.

Councilmember Sheehy asked how the City is made aware of residents that leave town and want to discontinue service, to which Ms. Miller said residents will call or come in to notify the City that they are leaving and want to turn off their service for the season. She said there have been instances where someone comes in to discontinue service and they return a month later or never come back, so the City does not have a list or way to know if they are turning off for a month or more, but said typically the account history will show a pattern of turn-offs.

Councilmember Sheehy asked about residents that are requesting a turn-on under a different name, to which Ms. Miller said the City has experienced that with rentals as it is typically due to involuntary terminations in service,

and added that the City would continue to monitor those. She further added that typically someone who requests service in a different name has a lease or a reason to turn on service. Ms. Miller said the difference now is that residents would not be able to request a turn-off.

Councilmember Sheehy asked what happens if a resident requests a turn-off because they are not going to be around to monitor their property, to which Ms. Miller said residents are able to turn off their water at their water meter using the shut-off valve. She said the City encourages residents, as good practice, to turn-off service at their water meter if they are leaving town, and added that residents returning to town then have the ability to turn their water back on using the valve without having to call the City to request a turn-on.

Mayor Nexsen said while it is not always good to raise a fee, it is also not fair to all the other residents in the community. He said the City built and paid for the infrastructure, and it is only fair to put everyone on an equal footing, since the system is available for everyone at all times. He said he is in the favor of the 75 percent rule because it covers the infrastructure costs.

Councilmember Sheehy said he did not recall previous discussions regarding phasing in fee increases for the Youth Camp Programs. He thought increasing the first child from \$250 to \$290, and additional children from \$195 to \$230, was a large increase and requested that it be based on CPI or some other reduced fee. Ms. Miller said there was some discussion and it was staff's recommendation to phase the Youth Camp fees. She noted that while it is a significant increase it is tied to the cost of the program, which is a seven week program, and a reasonably priced service that is also highly subsidized. Councilmember Sheehy said he understood, but thought the City needed to invest in the youth and provide affordable programs. He recommended that the City look at the Youth Camp fees in a different way. Councilmember Sheehy said he also thought the fee schedule should roll with the biennial budget so that the service fees and forecasted revenues can be considered during the budget discussion. Mayor Nexsen noted that the fees would then be effective July 1st. He asked for everyone to keep in mind that the City switched to CPI because the Council felt the increases were too high after the fees had not been increased in many years. Mayor Nexsen agreed with Councilmember Sheehy on changing the effective date to July 1st each year to coincide with the budget. Ms. Miller noted that the fees were probably aligned with the budget years ago but just got out of sync. She said there is no reason that the City could not tie it to the beginning of the budget year. She said the City Code requires that the City review the fees on an annual basis, but that could also be easily modified as it is not tied to State law.

Mayor Nexsen opened the public hearing.

Mr. Chuck Vaughn addressed the Council and asked if the current and proposed fees would be available on the City's website, to which Ms. Miller replied yes, and added that by law the fees must be posted for 60 days. Mr. Vaughn asked how many people discontinue their sewer and trash service but keep their water on, to which Ms. Miller said if water service continues you must also keep your sewer service because there is no way to monitor whether or not the water is going into the sewer. Mr. Vaughn agreed with the Mayor in that the infrastructure is in and paid for and even if you are not there to use it, it does not mean you do not have access to it. He said the concept is similar to a home mortgage in that just because you are not living in the home for a couple of months does not mean you do not have to pay the mortgage. Mr. Vaughn asked if the meter is still read when the water has been shut off, to which Ms. Miller replied yes because they check for any loss and also potential theft.

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

Mayor Nexsen asked what the fee for the Youth Camp was before the Council increased it with additional phase-in increases, to which Ms. McCormack answered that the fee was originally \$210 and increased to \$250. She added that it was decided to split the \$80 increase into two years.

Councilmember Sheehy said he thought it was a cash flow issue for parents, and agreed that while the CPI was too low, only increasing from \$250 to \$253, he proposed something more manageable for families like \$260 or \$265 for the first child, and \$205 or \$215 for additional children.

Mayor Nexsen asked if participation in the Youth Camps decreased after the \$40 increase last year, to which Ms. McCormack said the revenues increased but the number of children decreased slightly, and added that the reason for the decrease is unknown. Ms. Miller noted that the camps also experienced staffing issues in the beginning that could have had a factor in the decrease in the number registered.

Ms. Miller added that there is a 28.5 percent discount for low income families. Councilmember Sheehy asked how families qualify for the discount, to which Ms. McCormack said families who qualify through the schools for the subsidized lunch also qualify for the program discount.

Mr. Cassens said there is also a scholarship program available for families that may not be able to afford certain programs. He said the scholarship program fund is contributed by various service organizations and contributions that are made to the youth programs.

Councilmember Sheehy said if the numbers were to stay as proposed for the Youth Camps, but it is determined that the number of families who received scholarships increased and the number of students decreased, could the Council change the fees or would it need to be posted for another 60 days, to which Ms. Garry said it depends on when the Council is thinking about changing it. She said she would not advise Council to wait until the end of the 60 days to change it to something completely different; therefore, it would be best to give direction now so it falls within the notice. Ms. Miller added that the law does allow the Council to decrease the fees at the last minutes, just not increase them; therefore, the Council can leave it as proposed tonight and then make a decision in December.

Staff requested direction from Council on the proposed utility billing options.

Mayor Nexsen said he is in favor of the 75 percent alternative policy change. Councilmember Sheehy agreed and said he thought the 75 percent option was the most equitable. Ms. Miller added that she ran the numbers and 75 percent would equate to \$30.75 versus \$41, which is the current minimum sewer charge. Mayor Nexsen asked if residents could still discontinue their trash service, to which Ms. Miller said yes.

Councilmember Sheehy asked if residents would then continue to pay their fees monthly, to which Ms. Miller said they would have the option to continue billing to their current address or a forwarding address or they could pay the fees upfront, but she noted that that the fees could not be paid in arrears. She reiterated that residents would no longer be required to pay the \$35 reactivation fee.

Mayor Nexsen asked how the billing would work for residents on winter quarter averaging, to which Ms. Miller said most residents who are leaving probably do not have irrigation and most likely not using winter quarter averaging; however, she said she would have to do more research and come back with those answers.

It was the consensus of the Council to proceed with the 75 percent sewer fee, plus water fee.

Councilmember McCoy moved to introduce Ordinance No. 16-1167 amending Lake Havasu City Code Section 3.20.040, to update the Schedule of Fees and Service Charges, seconded by Councilmember Barlow, and unanimously carried.

8.4 Award Bid for the Dick Samp Memorial Park, Pickleball Courts Project to Elite Sports Builders, LLC

Assistant City Engineer Jeremy Abbott advised that bids were opened late September for four pickleball courts at the Dick Samp Memorial Park. He said the project has a short construction period of 45 calendar days with a projected completion date in January 2017. He said the low bidder, Elite Sports Builders, LLC, is a track, court and field certified contractor. Mr. Abbott showed a drawing of the Dick Samp Memorial Park master plan. He noted that the master plan provides the layout for future buildout of a 16 court complex with ballfields, parking, and various other amenities. He said this contract is specific to four pickleball courts with sidewalks to provide access, but no other additional amenities.

Councilmember Sheehy asked why the bid results came in higher than the engineer's estimate. Mr. Abbott said the engineer's estimate was approximately \$135,000, and explained that after discussions with the engineer they feel the reason is attributed to no local bidders. He said the project also includes post tension concrete that requires extra equipment and safety concerns in constructing this type of slab.

Mayor Nexsen asked how these prices compare to the courts in Phoenix, to which Mr. Abbott said staff researched other areas but again Lake Havasu City was not able to get any local contractors to build it so a lot of the extra costs are attributed to mobilization and bringing in crews from out of town.

Mr. Abbott added that staff spoke with another contractor who said he chose not to bid the project because his overhead was too high and that he would not make any money on a project this small.

Mayor Nexsen opened the public hearing.

Mr. Chuck Vaughn addressed the Council and asked what the total cost would be, to which Mayor Nexsen said \$171,000. Mr. Vaughn said he was familiar with post tension concrete.

Councilmember Barlow noted that the motion states the total for the Base Bid and Alternate No. 1 is \$179,042.69, not \$171,000, to which Mr. Abbott explained that \$171,000 is for the four pickleball courts and sidewalks, and said the motion includes Alternate No. 1 which is the relocation of the park host site that is currently located where the courts are being built.

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

Councilmember Barlow moved to award the Base Bid and Alternate 1 for the Pickleball Court Project to Elite Sports, Builders, LLC, in the amount of \$179,042.69, seconded by Vice Mayor Callahan, and unanimously carried.

8.5 Approve the Havasu Riviera Development Agreement with Havasu Riviera, LLC

Mr. Abbott advised that this item is to approve the Havasu Riviera Development Agreement with Havasu Riviera, LLC. He showed a video of the Havasu Riviera location.

Mr. Abbott said there are numerous partners involved in the Havasu Riviera Project. He said the City originally referred to a portion of the land that we control in an R&PP with BLM as Havasu 280. He explained that the reference to "280" is simply the number of acres that fall within that lease, and added that the City wants to get away from the numerical designation and refer to it as the Havasu Riviera.

Mr. Abbott outlined the following in his presentation:

Havasu Riviera

- Development Agreement
 - Developer Obligations
 - Engineering Design
 - Permitting
 - Temporary Construction Easements
 - \$1,525,000 Payback (30% of costs)
 - City Obligations
 - Procure & Construct Infrastructure
 - Roadway
 - Utilities
 - SR 95 Improvements
- Planned Uses
 - Lake Havasu City
 - Eco/Environmental Science Center
 - Public Space
 - Botanical Gardens
 - Shared Parking & Future Development Areas
 - Municipal Golf Course
 - Private Development
 - 250 Acre mixed use master planned community
 - Arizona State Parks
 - Contact Point State Park (Boat Launch, Restaurant, Dry Storage)
 - Future State Park Developments (Marina, RV Park, Water Safety Center tie)
- Base Bid & Alternates
 - Under budget
 - 120 calendar days
 - Completion (April 2017)
 - All grading and drainage
 - Balanced Site

Mayor Nexsen said Item 2.1 in the agreement states there will be a payback of a minimum of \$75,000 per year, and asked if there was an acceleration clause within the agreement because what happens if the developer sells all the lots, to which Ms. Garry said currently there is no acceleration clause in the agreement but there is also no maximum payment that they can pay in a year. She said they can pay more than the \$75,000, or can pay it off at any time before the 20 years expires. Mayor Nexsen asked what would happen assuming they sell all their lots and for some reason the original developer no longer exists, to which Ms. Garry said the City has run into that issue before.

Mr. Mychal Gorden, architect for the Havasu Riviera, addressed the Council and said one clause that was added to the agreement is that the developer agrees to grant to the City a lien on a portion of developer's real property to be held as security for repayment of the upgrade costs. Mayor Nexsen asked if the property is located on the 250 acres, to which Mr. Gorden explained that it is 35 acres to the northwest. Mayor Nexsen asked what is planned to be built on the 35 acres, to which Mr. Gorden said a resort hotel. Mayor Nexsen asked if the City 35 acres appraised, to which Mr. Abbott said yes, and added that the property has an appraised value of \$4.3 million.

Mayor Nexsen said for the record (due to audio recording issues) what the Council was just told is that the agreement includes a reimbursement of \$1.5 million secured by 35 acres of property, which has an appraised value of \$4.3 million.

Councilmember Callahan asked if the City is responsible for the construction at SR 95, to which Mr. Abbott explained that it is within ADOT right-of-way but the City will be responsible for the improvements. He added that as identified in the agreement, the developer will provide the designs for the infrastructure and the City will procure and construct the roadway.

Mayor Nexsen asked that Mr. Abbott detail some of the elements that are included in the \$1.5 million, to which Mr. Abbott explained that the project includes half of the signalized costs at SR 95. Mr. Abbott explained that originally the City was only going to construct half of the roadway however; there are benefits of constructing the entire roadway all at once, including economy of scale, therefore; based on the estimated values the developer is going to pay for half the roadway. Mr. Abbott said as far as the utility infrastructure (water and sewer), the developer is responsible for any costs above and beyond what would be needed to supply service to the City's 280 acres. Mr. Abbott said there is also a clause in the agreement that the developer will pay actual costs.

Councilmember Sheehy noted that by opening up a lot of these home sites in the Havasu Riviera, the City will be adding a lot of homes to the sewer system to help share the expense.

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

Councilmember Sheehy moved to approve the Havasu Riviera Development Agreement with Havasu Riviera, LLC, seconded by Councilmember Coke, and unanimously carried.

8.6 Award Bid for the Havasu 280 Infrastructure Construction Project to CLM Earthmovers, LLC

Mr. Abbott stated the first step in initiating the project is to start a mass grading effort to construct the roadway. He noted that bids were opened in July and CLM Earthmovers, LLC, was the apparent low bidder for the project, with both the base bid and alternates coming in under budget. He added the completion time frame for this project is April of 2017. Mr. Abbott stated that this effort really focuses on moving dirt and installing necessary drainage components, culverts, wells, and drainage ditches to prepare the City to come in with the infrastructure at a later phase prior to paving. He reviewed the planned roadway for Council and stated that the roadway will have two lanes in both directions, multi-use paths for pedestrians, and will be landscaped. Mr. Abbott also reviewed the entire 280 acre project and Alternates 1, 2, and 3 for the Council. He stated that the Pillar Four Group, based on a field trip, is looking to relocate the Eco/Environmental pad to a site that has more potential for growth and better facilitated for the potential needs of that center. Mr. Abbott stated that once that decision has been made, staff would be working with the contractor to make those changes.

Mr. Abbott stated that staff is not recommending Alternate 4 which is located south of the intersection. He said that item was more expensive than all of the other alternates combined and added that there is no real clear need for that alternate so staff did not want to spend any money or put any effort into that without knowing for sure if that would be part of the future municipal golf course.

Vice Mayor Callahan stated that looking at the difference between the high and low bidders under Item #6, grading and excavation, there seems to be a huge difference in cost. Mr. Abbott explained that staff has been experiencing an odd bidding environment lately and added that it is hard to say why the large change and the assumptions those contractors are making. Mr. Abbott stated that staff feels comfortable with CLM Earthmovers ability to do this project.

Mayor Nexsen stated that he assumed the City does have all of the necessary federal permits to begin moving dirt, to which Mr. Abbott replied yes. Mayor Nexsen asked why staff would not use the Highway User Revenue Fund (HURF) funds for this project. Mr. Abbott explained that the Refuse Fund has the available funds for this project and because it is public space, staff felt that those funds were a good use for this project. He added that a lot of the HURF funds are allocated to the pavement preservation projects.

Councilmember Sheehy asked for clarification of Alternates 1, 2, and 3. Mr. Abbott explained that those are currently identified as future development sites and shared parking. He added that the goal was to balance the site and with the creation of these pads, although the specific use may not be identified, the City has the ability to do most of that grading effort and keep that dirt on the site instead of hauling some of that off so when the site is developed, the City will not have to pay for that dirt to be brought back in.

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

Vice Mayor Callahan moved to award the Base Bid and Alternates 1,2,3, & 5 for the Havasu 280 Infrastructure Construction Project to CLM Earthmovers, LLC, in the amount of \$983,045.50, seconded by Councilmember McCoy.

Mayor Nexsen wondered because this bid was opened in July, if the prices were still good. Mr. Abbott stated in anticipation staff did receive an extension from the contractor.

Mayor Nexsen called for a vote on the motion, motion carried unanimously.

CURRENT EVENTS

There were no council committee reports.

CALL TO THE PUBLIC

Mr. Doug Carr addressed the Council and thanked the Mayor and City Council for approving the Pickleball courts.

Mr. Mychal Gorden thanked the Council for approving the Havasu Riviera Development Agreement. He said they are extremely excited to be partners in a public-private partnership with the City and Arizona State Parks.

FUTURE MEETINGS

Tuesday, November 8, 2016 @ 6:00 p.m. – Regular Meeting

Tuesday, November 22, 2016 @ 6:00 p.m. – Regular Meeting

FUTURE AGENDA ITEMS

There were no requests for future agenda items.

ADJOURN

Upon motion by Councilmember Barlow and seconded, the meeting adjourned at 7:50 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 October, 2016. I further certify that the meeting was duly called and posted, and that a quorum was present.

Kelly Williams, City Clerk/CMC