

PRESCOTT CITY COUNCIL
STUDY SESSION MEETING
TUESDAY, MARCH 1, 2016
PRESCOTT, ARIZONA

MINUTES OF THE STUDY SESSION MEETING OF THE PRESCOTT CITY COUNCIL
HELD ON MARCH 1, 2016, in the COUNCIL CHAMBERS located at CITY HALL, 201
SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Oberg called the meeting to order at 1:00 p.m.

◆ **ROLL CALL:**

Present:

Mayor Oberg
Mayor Pro Tem Lamerson
Councilman Blair
Councilman Lazzell
Councilwoman Orr
Councilman Sischka
Councilwoman Wilcox

Absent:

None

I. DISCUSSION ITEMS

A. Presentation of proposed building, fire, and planning fee adjustments

Randy Pluimer, Chief Building Official, presented. He noted that 40 people attended the last meeting on February 17, 2016, and roughly 70 people attended the meeting prior to that. He added that he had also discussed the issues on a recent radio show. He suggested coming back to the Council in May with the resolutions.

Mr. Pluimer showed a PowerPoint presentation, which included:

- Development Fees – Background

Most of the fees had not been adjusted since 2002.

- New & Revised Fees

Some of the new services the City looked at included Congregate Residence Life Safety Inspection. He said there was also only one permit extension for 180 days. The staff looked at a charge for same-day inspections for people calling after 5:00 p.m. He noted that staff considered raising the City's minimum permit valuation approximately \$300.00.

Mayor Pro Tem Lamerson asked for a clarification of congregate residence. Mr. Pluimer responded that it was inclusive of dormitories, and anything that was more than a single family unit.

- Building Permit Fees

Mr. Pluimer showed the fees and said some had changed and some services were now being charge for.

Councilman Blair asked about churches and Miller Valley School, that should be inspected. Mr. Pluimer said staff did not inspect Miller Valley School because it was owned by the school district. If a church wanted to go into a building that was not formerly a church, all of the inspections would be done.

Councilman Blair asked if thrift stores had to be Americans with Disabilities Act (ADA) accessible and if the City inspected them. Mr. Pluimer said he had not been directed to inspect them. Once a Certificate of Occupancy (C of O) was issued, the occupants were required to continue with their maintenance.

Don Devendorf, Division Chief/Fire Marshall, expanded that once the Building Department issued a C of O, the right of entry by staff was severely limited. The Fire Department did life safety inspections on a two-year rotation.

Councilman Blair asked if the City charged a fee for that inspection. Chief Devendorf responded that they did not.

Councilwoman Wilcox asked if there would be a one-time inspection when there was a change of use. Mr. Pluimer said that his understanding was that every congregate living facility would have to register, pull permits, and the City would do the inspection, with an annual inspection after that.

Mr. Pluimer continued discussing the fees and a discussion ensued regarding re-inspection.

He noted that staff discussed limiting their inspections and plan review. Staff would stop the inspection at 6 items, and 10 items on a plan review.

- Single Family Residence – Example

Mr. Pluimer said the increase in fees would average \$562.58 for a 2,500 square foot house.

Councilman Sischka asked how often staff should look into making fee changes. Mr. Pluimer said staff was looking into changing the rates based on the consumer price index.

Councilman Sischka asked if the fees got the City closer to the fees of neighboring communities. Mr. Pluimer responded that Prescott was between the County and Prescott Valley.

Craig McConnell, City Manager, said the basis of fees was cost recovery. The intent of the adjustments was to more fully recover the costs of providing the service. He noted that the big difference between the City of Prescott and Prescott Valley was impact fees. The City of Prescott was a full service community that charged impact fees.

Mayor Oberg asked if the City was recovering its costs for everything in the Building Department. Mr. Pluimer said no, but it was a moving target. The multiplier used to determine permit fees was based upon how many permits were issued.

Stephanie Cox, County employee, asked about the congregate safety inspectors and if the group homes would fall under the title. She asked if it would also include the employees of the homes. Mr. Pluimer responded that it would not, unless they lived there.

Ms. Cox asked for a more reasonable fee for those homes.

Don Devendorf, Division Chief, said the Fire and Building Departments worked closely in order to come up with the new fees, and showed a PowerPoint presentation that included:

- Fire Fees

The basis of the decision to increase the fees was to cost out an employee at \$75.00 per hour. The fees were for development permits issued for new construction and remodels. Their standard inspection was followed by a re-inspection. The second inspection was at no cost and had been rolled into the fee. They were going to limit their inspections to two inspections and then a fee would be initiated.

Chief Devendorf discussed various fees. The most significant increase was the installation/commercial cooking hood. The hoods required extinguishing systems in commercial occupations.

- Fire Department Permit Fees

Councilwoman Orr asked if the cost included the PSPRS cost. Chief Devendorf responded that the inspectors were not in PSPRS.

Chief Devendorf continued by saying that commercial burn permits had to be increased because the community was not very smoke friendly. He noted that the department received complaints when the permits were issued and they had to go back to the site to assure that the businesses were in compliance.

Councilman Lazzell asked who would ask for a commercial burn permit. Chief Devendorf responded that a large development such as Sierry Peaks would get one for mass grading and added that it was less expensive for them to burn the brush than to drive it to the landfill.

Mayor Pro Tem Lamerson asked if businesses that served food got an annual inspection for compliance of the cooking hoods. Chief Devendorf said they were on a six month inspection protocol for the hood extinguishing system.

There was a discussion about the fees and Chief Devendorf clarified that he was talking about development related fees.

Councilman Blair asked if the County was charged for burning permits. Chief Devendorf responded in the affirmative.

Chief Devendorf continued that the community was also not a blast friendly community, and there was an inspector at every blast site so there was firsthand knowledge that the contractor performed in the manner that was required.

- New Fees

Chief Devendorf said a flat fee had been charged in the past for carnivals and fairs. Recent experience showed that an hourly fee would pay for the cost of multiple inspectors for several hours.

There would also be an adjusted fee for standby fire personnel.

Mayor Pro Tem Lamerson asked is staff inspected the rodeo grounds. Chief Devendorf responded yes, when there was an event. He noted that the Rodeo Association put the extinguishers away when the grounds were not being used for an event.

Mayor Oberg asked about the events at the rodeo, and asked if they did inspections before the participants arrived. Chief Devendorf said they inspected prior to the event.

Chief Devendorf said there would be a Special Event inspection fee to cover overtime for the inspections.

Councilman Sischka asked if there was a schedule to adjust fees. Chief Devendorf said they would adjust fees the same way the Building Department would.

Councilman Lazzell asked when the hourly fees started. Chief Devendorf said they would begin from the time staff pulled the permit.

Based on a question by Councilwoman Orr, the number of inspectors were discussed.

George Worley, Planning Manager, presented a PowerPoint of Planning and Zoning fee adjustments and new fees that included:

- Planning and Zoning Fees
- Planning Fees

Mr. Worley noted that it had been some time since the fees had been updated. He noted that they were being adjusted to improve cost recovery and they were mostly incremental changes.

A new fee for height exceptions was added because there was more staff time involved due to public comment and the large area affected.

Councilman Blair asked about the process associated with the conditional use permit and if a citizen would have to pay the fee if he was denied the permit.

Mr. Worley said it was an upfront fee and was designed to cover staff time. All of the applications involved a review by the Community Development Department and several other departments, which all involved public notice.

There was a discussion regarding employee costs following the approval process.

Mr. Worley continued with information regarding General Plan amendments. He noted that they were processed with the rezoning associated with it. He noted that it was not necessary for the two to move forward together if there was not an immediate development proposal in the works. A new fee would be added for the stand-alone General Plan amendment projects.

Mr. Worley talked about new fees regarding comprehensive sign plans and temporary commercial sign fees. Another new fee would be for an application to go before the Historic Preservation Commission. There were many reviews for building construction, modification or sign changes.

Councilman Lazzell asked about the temporary commercial signs and noted that the City would be restricting one area in hopes to loosen the restrictions in another. He thought staff was going in the wrong direction. Mr. Worley said that the intent was to allow for a temporary sign for six months for \$75.00, rather than the current fee of \$50.00 per banner.

Councilwoman Wilcox said the annexation up to 250 acre fee of \$2,500.00, was high, compared to the cost of considering an annexation that was much larger. She asked how the fee was justified. Mr. Worley said the process involved for annexations was the same for any size lot. He said there was a scaled difference for the amount of public contact and notice involved with the larger properties.

Stephanie Cox, County employee, was asked to return to the podium for a question from Councilman Sischka. He asked if she wanted the homes to be charged by the hour and not per event. Ms. Cox said it would be discriminatory to have different fees for different homes and added that houses for developmentally disabled people were generally much smaller and heavily regulated by the state.

Councilman Lazzell asked how many of the examples of developmentally disabled homes could she think of in the City of Prescott. Ms. Cox said there were at least six small homes, but there were other people who had case loads in homes she was unaware of.

Councilwoman Wilcox asked if there was a provision for waiving permit fees for circumstances that may warrant lower fees. Mr. Pluimer said no. He noted that fees could not be changed after they had been adopted by Council.

Sandy Griffis, Yavapai County Contractors Association, talked about the building fees and said the contractors association had been very involved in vetting the fees and the staff had done a fabulous job with transparency. She said the City of Prescott had one of the finest building departments in Yavapai County.

Ms. Griffis said the contractors association supported the building fees and she felt the fees would make better contractors. She noted that the Council should not look at what other jurisdictions were charging, the City of Prescott was a standalone unit. She talked about cost-recovery and said as long as it was balanced and justifiable, the Council should move forward.

She talked about the fire fees and said the contractors loved what the City of Prescott was doing with the Wildland Urban Interface program. The fire fees were in-line and she hoped the Council supported them.

Ms. Griffis talked about the Planning and Zoning fees, and how some of them were not justifiable and higher than what was reasonable. She asked that staff take a closer look at those fees.

Councilman Sischka said the key to what he was asking was to get it right the first time. He wanted to make sure Council did not go another 14 years before staff raised fees again.

Ms. Griffis felt that it would not be right the first time. She noted that it was trial and error and would be a fluid process. She said the building industry was keeping the City of Prescott afloat.

Councilman Lazzell asked Ms. Griffis to pick one of the planning fees that she had a problem with. Ms. Griffis said the major General Plan Amendment went from \$702.00 to \$3,000.00, which was a 327 percent cost increase.

Councilman Blair thanked Ms. Griffis and the Association for their work.

Councilwoman Wilcox thought the Council needed to look at how the Planning Department calculated their fee increases. She asked to be provided with the figures used.

Ron Owsley, citizen, addressed the Council, saying that he was a home builder exclusively in Prescott. He said he was supportive of the fee increases to help with the PSPRS situation. He talked about the increases his company was experiencing, and asked that it be done incrementally. He said the Fire and Building Departments were doing more with less than they ever had, and that they were improving the processes. He also pointed out the hundreds of phone calls the employees took from the contractors each day.

B. Conceptual designs for the Marina Street, Carleton Street, Alarcon Street, and Bashford Courts Parking Lot improvements

Henry Hash, Public Works Director, presented. He noted that the projects to be discussed were due for reconstruction. If there was an opportunity to do some improvements with minor cost increases, they should be done. He noted that Michael Byrd, Executive Director of Prescott Creeks, and Steve Morgan, a local landscape architect, were also in attendance.

Charles Andrews, City Engineer, said he would discuss design elements, such as raised median islands, bulb-outs at the intersections, curb islands and bio-swells. He showed a PowerPoint presentation that included:

- Capital Improvement Program – Street Enhancements
- Streetscape Enhancement Benefits
- Coordination with City Departments

Steve Orosz, Program Development Manager, presented an overview of how the design element would be applied.

- Marina Street Conceptual Design
- Marina Street Details

Councilman Lazzell asked about Union Street and if it would help in identifying the parking lot. Mr. Orosz said yes, the area would be better defined.

Councilwoman Wilcox asked about the Marina Street details and if the trees would require supplemental water. Mr. Orosz said that the landscaping was coordinated with the Water Resources staff and they were looking at limited amounts of water for plant establishment and then would utilize street drainage to supplement the water.

Councilwoman Wilcox asked if staff could look at rainwater harvesting from nearby rooftops, in cooperation with private property owners. Mr. Orosz said they could, but it would get into an interesting partnership where the City was using private water to water other areas. He said it might be complicated. Councilwoman Wilcox thought it would be beneficial to have a conversation with the property owners, because there was a benefit to the property owners to have an improved streetscape.

Councilman Blair said he would like to know the difference in costs between the additional design concepts and the barebones stripping and redoing the asphalt. Mr. Orosz said they currently did not have the exact costs, but it may be roughly a 10 – 20 percent increase. He added that the design concepts were added to improve safety.

Councilman Blair asked about costs of maintenance for the projects. Mr. Orosz answered that when they worked with the Recreation Services Department, they talked about incorporating low or no maintenance to any of the plants. He said they may not have many trees due to leaf clean-up and line of site issues.

Mr. Orosz said he was showing preliminary concepts and staff was getting feedback prior to final decisions being made.

Councilman Sischka said he was pleased with the contribution to the downtown area. He thought the easier it was for people to get around; the greater increase there would be to tourism.

Councilwoman Wilcox thought the City should consider volunteer efforts to help with maintenance. Mr. Orosz said Prescott Creeks came up with the idea of “Adopt a Planter” concept.

Councilwoman Orr said Union Street had a great view of downtown and the project described would make a major difference.

Mr. Orosz continued with the presentation.

- Alarcon Street Conceptual Design

Councilman Lazzell asked about the area between the church and Washington School and if parades could still be staged in that area. Mr. Orozo said yes, there was a wide pavement width in that area.

Councilman Lazzell asked if the Lyons Club could still hold their events there. Mr. Orosz said yes.

- Carlton-Alarcon Street Concept

The design was being produced in-house and staff was looking at providing storm water quality opportunities and improving pedestrian connectivity.

- Bashford Courts Parking Lot Conceptual Design

The current parking situation was below City standards. The roof drains would go underground and the circulation of traffic in the parking lot would improve.

Councilman Blair asked if staff could look at Gurley Street to Goodwin Street on the west side of the Sharlot Hall Museum, because the concrete roadway was antiquated and there was a lot of pedestrian traffic in the area. Mr. Orozo said they had met with Sharlot Hall museum.

Mr. Hash said they appreciated the support and comments from the Council and citizens.

Michael Byrd, Prescott Creeks Association, addressed the Council. He said their primary interest was water quality. The current projects addressed the state's Total Maximum Daily Load (TMDL) issues, which were non-point source. He said his organization implemented two projects on City property the past couple of years; at the Adult Center and the property across from Yavapai Regional Medical Center, with bio-detention basins and a rain garden in front of the Adult Center.

Mr. Byrd said they also did water monitoring to see how much the water pollution was being reduced. After a snow event in the current year, there were some promising results with about a 50 percent reduction in pollutants.

Steve Morgan addressed the Council. He talked about the process and the projects. He had been waiting for this type of forward thinking for many years. He added that he was bothered that things had been repaired and left as-is, without thinking about the opportunity to make improvements. If the opportunity were not taken now, the City of Prescott could lose a 20 year window of making people feel more at home and creating a more pedestrian friendly area. He was happy to hear that the topic of maintenance came up and hoped to get a strong maintenance plan in place.

Mr. Morgan said they had a conceptual plan plant palette that he hoped the City of Prescott would promote to lessen water use.

Councilwoman Wilcox expressed her support for those types of projects. She said the Council did not have to look far to see other communities who had done similar projects with green infrastructure and bicycle/pedestrian safety projects, done at the same time.

C. Presentation on the implementation of a City business license

Mark Woodfill, Finance Director, presented. He noted that it was the second meeting on the topic, in which he would bring in more details as to what the business license would look like. The intent was to take the discussion items and create an ordinance for further discussion on April 5, 2016. He showed a PowerPoint presentation that included:

- Background

The annual license fee would be revenue neutral.

- Business Activities to be Licensed

Mr. Woodfill said it would involve most businesses and other persons who conducted business in the City with certain specific exemptions. Each location of the same business would need a license.

- Exemptions from the Business License Requirement

Schools, churches, governments, political organizations, homeowner's organizations, casual activities such as yard sales, farmers markets and transient merchants would be exempt. Non-profit thrift stores would need a license.

Councilman Blair asked if the merchants on the plaza would require a business license. Mr. Woodfill said they would not because they were considered transient merchants.

Councilman Blair said the Farmers Market had authority over the people who sold there. He suggested charging the umbrella company. He said churches were also businesses and thought they should get a business license.

Councilwoman Wilcox asked if the exemptions would include a service business like an appliance repair that had a physical location in another town, but did work in Prescott. Mr. Woodfill said staff suggested that they would need a license.

Councilwoman Orr asked if a home business would require a license. Mr. Woodfill said that would be the anticipated plan. He said it would include residential rentals.

Jon Paladini, City Attorney, commented that part of the exemption is that a casual activity would include something sold on Craigslist. He noted that if the business from the home generated traffic or called attention to the neighbors, it may not be exempt.

Councilman Lazzell said if someone was not going to conform to the business license, there was little chance that they would be caught. He said it was not cost neutral and he did not know how it would be enforced. He could not support it.

Mr. Woodfill continued the presentation.

- Enforcement

Mr. Woodfill said the enforcement penalties would be located under City Code Section 1-3-1.

- Information Required on Application

Councilman Blair asked what the reason behind the business tax was. Mr. Woodfill said the license would be to confirm the location, to help with fire and zoning codes. It would also be to have the information to make sure the business was paying its taxes and to know the demographics for economic development and public safety.

Councilwoman Orr said that if the business license had been instituted years ago, some of the current problems in the City would not be in existence. She said the City should know who was doing business in the City.

Councilman Sischka thought it was important to put the topic in perspective. He asked if the license had to be revenue neutral. Mr. Woodfill said the City Charter allowed for the implementation of a business license program and for a fee to be charged for that program. He said the process was to talk about the business license in two steps. First to talk about a business license and then to talk about a revenue generation tool of business taxes.

Councilman Sischka asked if the City already had the assets to manage the program in place. Mr. Woodfill said there was a computer system with an application that could be redone to handle a new business license. There was also staff that processed tax returns.

Mr. Paladini talked about the business license in Prescott Valley and regulating the quality of business in the town. He did not think they acted as the Better Business Bureau. It was more to check if the licensed business had the correct zoning and followed the laws of the state.

Councilwoman Wilcox said she fully supported the business license program and business license tax. She said the City needed to know what types of businesses were in the City to recruit other businesses into the City.

Mayor Pro Tem Lamerson said the City was looking at a punitive measure, and if it was not punitive, the license would not mean anything.

Mayor Oberg asked if a business registration would help the City determine who should be paying Transaction Privilege Tax (TPT), and have that list used as a cross reference with what was returned from the State Department of Revenue. He added that people could slip under the radar when taxes were centralized in Phoenix. Mr. Woodfill said this would be a tool to cross reference the State's information.

Mayor Oberg said Mayor Skoog of Prescott Valley, said they did not have any recovery homes there.

Councilman Sischka said that as a long time businessman in the Prescott area, it was his privilege to do business in Prescott and he would gladly pay a fee every year.

Mayor Pro Tem Lamerson thought it was his right to do business in the City of Prescott, not a privilege. He noted that there were codes of behavior and everyone doing business in the City should pay the same fee.

Mr. Woodfill continued with the presentation.

- License Fees

Mr. Woodfill said staff was currently looking at \$35.00 as an annual license fee, with a grace period, and a penalty for noncompliance.

Chief Devendorf said once the City lost the TPT process, it would lose track of all new businesses. He said there was a \$40.00 fire inspection fee for those new businesses.

Councilman Sischka asked if the \$40.00 fee would continue along with the \$35.00 license fee. Chief Devendorf said he would like to see it continue. Mr. Woodfill said the details would be up to the Council.

Councilman Blair said he had a business license in the community and he moved his location several times. If it was not for him updating his information with the City, they would have no idea where his business was. Mr. Woodfill said the yearly fee would keep track of the location information.

There was a discussion about the cost of doing business in the City of Prescott.

Mayor Pro Tem Lamerson asked if certain classification of businesses, including congregate living, received a regular fire inspection, according to the City Code.

Chief Devendorf said that was partially correct. He said the Fire Department did not have enforcement capabilities on residential properties that did not meet certain criteria.

There was a discussion about public health and safety services.

Mr. Woodfill continued the presentation.

- Milestones

Mr. Woodfill noted the Council requested that churches and babysitters not be exempt. He asked for further direction from the Council for the ordinance to be written.

Councilwoman Wilcox disagreed with Councilman Blair in not exempting churches. She thought churches and schools were not in the business of doing commercial transactions and should remain exempt.

Mr. Paladini said that the non-profit retail stores were generally required to get a business license. He noted that a church was usually not required to get a business license. He said staff would like to do a draft ordinance for the next meeting that closely mirrored what most other areas were doing.

Mayor Oberg said that staff should try to do what was commonly done with other jurisdictions.

D. Legislative Update

Alison Zelms, Deputy City Manager, presented.

She said it was the 51st day of the 2nd Regular Session of the 52nd Legislature with 1,218 bills introduced. She added that the last day for a House origin bill to be heard in committee, in the House, was last Friday.

She talked about some of the newer bills that included:

- HB 2107 – Substance Abuse Recovery Homes

The bill was heard on the floor and passed out of the House and would move to the Senate. She thanked Mayor Oberg and Representative Noel Campbell for their support. Mayor Oberg said he spoke with Senator Pearce who thought the item had a good chance in the Senate.

SM 1524 – Regulatory Actions: Limitations

The League was working with the Governor's Office to try to get amendments on the purpose of the bill, so it would not limit local authority beyond the sharing economy moving forward.

SB 1523 – Truth in Taxations; Levy Increases

It would limit any City Councils' ability to defer multiple years of property tax increases and then vote on it in one year, which happened in Prescott in 2014. This would require a unanimous vote of the Council to pass it if it was more than 15 percent higher than the prior year. The bill allowed the state to limit the likelihood that taxes may increase, when it might have been necessary at the local level.

Mayor Oberg said if the state started to require a 7-0 on one decision, they may do it for other decisions.

SB 1516 – Campaign Finance Amendments

Ms. Zelms said it was a large bill and the League and Clerks of the state want to make sure that none of the changes would create a conflict of interest for the appointed officials who conduct elections or are related to election rules.

HB 2024 – S/E Immigration Laws; Attorney Fees

The concern was that even if the city prevailed in a case, they would not be able to recover any of the city's attorneys' fees.

HB 2157 – ASRS Political Subdivision Entities

The bill would remove perspective employees of political subdivision entities from ASRS, like the Northern Arizona Council of Governments and The League of Arizona Cities and Towns. This may likely increase the cost of insurance to other members of ASRS. The bill was currently stalled.

HB 2402 – Bonds Disclosure Notice

The bill would require that a city or town place language on the ballot that showed the worst case scenario for a potential bond sale, which would be a 12 percent interest rate and unlikely to occur on a property tax bond.

SB 1350 – Online Home Sharing Administration

This is the Air B&B bill that Barry Aarons has been tracking closely. The stakeholders got together to make sure the language was correct to tax online sharing of someone's home appropriately and getting the revenue back to the city. The hotel community was concerned that the Air B&Bs may be taxed but not required to meet many other regulations that a hotel was required to meet.

Mayor Oberg thanked Barry Aarons for the work he was doing.

- E. Requests for information re the March 1, 2016, Voting Meeting agenda items

There were no questions.

II. ADJOURNMENT

There being no further business to be discussed, the Study Session Meeting of March 1, 2016, adjourned at 4:02 p.m.

HARRY B. OBERG, Mayor

ATTEST:

DANA R. DeLONG