



CITY COUNCIL STUDY SESSION MEETING

STUDY SESSION MINUTES

TUESDAY, FEBRUARY 22, 2022, 1:00 PM

201 S. Cortez Street
Prescott, AZ 86303
Council Chambers

Phil Goode, Mayor

Cathey Rusing, Mayor Pro Tem

Brandon Montoya, Councilman

Eric Moore, Councilman

Jessica Hall, Councilwoman

Steve Sischka, Councilman

Clark Tenney, Councilman

MINUTES OF THE STUDY SESSION OF THE PRESCOTT CITY COUNCIL STUDY SESSION HELD ON FEBRUARY 22, 2022, IN THE 201 S. CORTEZ STREET PRESCOTT, AZ 86303 COUNCIL CHAMBERS.

1. CALL TO ORDER

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

2. ROLL CALL

Phil Goode	Mayor
Cathey Rusing	Mayor Pro Tem
Jessica Hall	Councilwoman – arrived at 1:01 p.m.
Brandon Montoya	Councilman
Eric Moore	Councilman
Steve Sischka	Councilman
Clark Tenney	Councilman

3. DISCUSSION

A. Presentation and Discussion Regarding Mullen Way Infrastructure.

Public Works Director Craig Dotseth provided a presentation to Council regarding the issues on Mullen Way and the potential for a reimbursement district in the area. Annexation of the area took place in 2003, additional area brought in shortly thereafter. Services were discussed as part of the annexation but never agreed upon. In 2005 an assessment/improvement district was considered which would have included a new water tank, pump stations, etc. Cost associated with the formation of this was significant at over \$2.7 million in improvements. In 2012 significant improvements were made in the Copper Basin corridor which were also beneficial for Mullen Way and included a \$1million tank, and fire hydrant at Mullen Way and Copper Basin Road. However, there is no water or sewer system that go south on Mullen Way and there is a need in the area. In

the FY22 budget a project proposal for a Mullen Way Reimbursement District was included, which would include the design for water and sewer infrastructure on Mullen Way to be reimbursed by those within the district. This project is currently at 30% design but was stalled so staff could present the option to Council. As design goes forward properties that would benefit from the project would be included in the reimbursement district.

Councilman Montoya asked how many homes on Mullen Way would be in the reimbursement district and asked for clarification on improvement district versus reimbursement district.

Mr. Dotseth commented that he does not have the exact number at this time because that wouldn't be determined until after design, however it will likely be between 12-15 homes.

Finance Director Mark Woodfill commented that in a Reimbursement District the city builds and covers all of the upfront costs then members of the district reimburse the city's costs when they connect, whereas in an Improvement District improvements and infrastructure are done through funds from bonds and members reimburse the bonds. Legislature has made changes and ability to accumulate bonds has changed significantly making Improvement Districts nearly impossible.

Mayor Pro Tem Rusing commented that she built her home in 1988 and with the 20th anniversary of the Indian Fire being this year it reminds her that if there were a fire in the area of Mullen Way it is a very vulnerable and she feels Council needs to ensure it is protecting the town from fire and that begins on Mullen Way. She thanked staff and the residents for bringing these issues to Council's attention.

Councilman Tenney asked for clarification that none of these homes are on city water or sewer, and the costs will likely be substantial.

Mr. Dotseth confirmed and added that for the water/sewer it will be expensive, however additional improvements done since the 2012 proposals would make it less so then at that time. He added that it is very unlikely that the city does the improvements and not have people connect. They don't expect it to be instantaneous but there are benefits that would make it possible.

Councilman Sischka asked staff to address whether this reimbursement would be a lump sum payment and asked Mr. Dotseth to address if the process was ever suspended.

Mr. Woodfill confirmed it would be a lump sum payment.

Mr. Dotseth responded that it was stalled until the discussion could be had with Council regarding this issue for approximately one month.

Mayor Goode commented that when the Council decides to annex properties there is an obligation that goes with that allowing those areas to have the necessary services. This would be beneficial

for the homeowners in the Reimbursement District and in surrounding areas as well. Project should move forward.

Member of the public Mike MacLean addressed Council regarding his home on Mullen Way with the need for the improvements in the area. He has been working with the city on getting connected once it is an option.

Member of the public Yvonne Dorman addressed Council and thanked them for considering the district for her neighborhood and community as a whole.

Mr. Dotseth added that April will be the free brush month this year.

City Manager Michael Lamar said that staff has clear direction to move forward with design.

This item was for presentation only, no formal action was taken.

B. Discussion Regarding Requests for Naming of Prescott Centennial Center.

City Clerk Sarah Siep provided a presentation to Council with an overview of the Facility Naming Policy adopted by Council in October 2021. The City Clerk's Office received a total of twenty-eight (28) applications to have the Centennial Center named for Major Frank Schiel Jr. These were forwarded to the Mayor and staff was directed to place the Item on the Feb. 22, 2022 Study Session Agenda for discussion. For the next 30 days Council can receive public comment on the applications and this item will be before Council for action at the March 22, 2022 Voting Meeting. Since publication of the agenda nine applications have been received for naming the Centennial Center after Mr. Marlin Dale Kuykendall, these have been forwarded to the Mayor in the same manner as the previous applications.

Mayor Goode commented that this would be the first series of applications considered since the policy was established and adopted. There is no obligation that previously adopted policies continue. There has been a substantial effort to name the facility after Major Schiel.

Ms. Siep confirmed.

Mayor Pro Tem Rusing added that having an official policy was long overdue and was generated by requests the public.

Member of the public and applicant Elizabeth Bourgault addressed Council regarding her ongoing efforts to have Major Schiel recognized in this community. He is Prescott's Legendary Aviator and is recognized worldwide. She discussed his history and how his heroic actions have been forgotten over history.

Councilman Montoya thanked Ms. Bourgault for her efforts and dedication to Major Schiel.

Mayor Goode commented that Major Schiel does qualify for the naming of the facility.

Member of the public Kathleen Houchin addressed Council and expressed her support for naming the Centennial Center after Major Schiel. She is a member of the Prescott Chapter of Daughters of the American Revolution and a local resident but until she met Betty, she hadn't heard Major Schiel's name. He was highly decorated and gave his life for our country, what better way to recognize his legacy. She acknowledged other members of the Daughters of the American Revolution who support this naming.

Mayor Goode expressed his concern that the Centennial Center was part of the Antelope Golf Course "snack shack" historically, but it is now a highly valuable meeting facility. It would be nice if there was something more directly associated with the airport but this is close. Will move forward with putting it in the 30-day timeframe.

Councilman Moore asked how the Centennial Center get its name and stated that he wants to be cautious of renaming something. He also commented that applications for naming after a different individual were not included in the agenda packet and asked if Council will have an opportunity to hear from the other contingency as well.

Ms. Siep clarified that the additional applications were not received until after publication of the Agenda and that is why they were not included. They have been forwarded to the Mayor for consideration, and Council has the discretion to determine if they would like to move forward with the naming of the building, revise the policy, hear from the additional applicants or do nothing at the March 22 meeting.

Mayor Goode commented that allowing Major Schiel's great sacrifice to go unrecognized or lost is a tragedy, but we want to make sure that an additional controversy is not added.

Mayor Pro Tem Rusing added that if there are other applicants so there should be an additional Study Session.

Councilman Sischka commented that Major Schiel should be recognized somewhere in this community because he deserves that, however, one of his concerns with this whole situation was taking someone's reputation and running it through the mill. This is a slippery slope and Council needs to be careful in their deliberations.

Mayor Pro Tem Rusing added that there are other ways to recognize people such as endowments/scholarships and plaques.

This item was for discussion only, no formal action was taken.

C. Midyear Budget Report for FY2022.

Finance Director Mark Woodfill provided a presentation to Council regarding the FY22 mid-year budget update. Local taxable activity has been very positive, 6.31% increase in the first six months of the fiscal year. Construction is significantly down likely due to supply chain issues and increasing mortgage rates but this is a normal cycle. Utilities are mostly level, all other areas are up, online retail is a new category is up significantly, hotel is up as well, bed tax is at \$817,235 collected to date in FY22 and do expect this to continue.

The city's General Fund makes up 46% of what the city does and is the fund where Council has most discretion. It is comprised of the following: public safety, library, parks, government functions. In addition the city has Restricted Funds which make up 17% of the budget and include streets, bed tax and grants; and Enterprise Funds accounting for 37% of the budget and including water, wastewater, solid waste, the airport and golf.

Councilman Moore asked how funds collected from the golf course are used.

Mr. Woodfill commented that this is an Enterprise Fund and any proceeds received from it go directly to maintaining the course, and added that it is supplemented from the General Fund as well.

Councilman Montoya asked how much the General Fund subsidizes the golf course annually.

Mr. Woodfill responded that it is a few hundred thousand dollars and covers things like irrigation improvements.

Councilman Sischka commented that the golf course and airport bring in a lot to the community, so even though they have to be subsidized by the General Fund it is worth it.

General Fund FY22 Operating Budget:

- * 74.3% Public Safety (37.4% Police, 27.4% Fire, _9.5% PSPRS Unfunded Liability)
- * 9.4% Recreation Services
- * 6.4% Library
- * 5.5% General Government
- * 4.5% Community Development

FY22 General Fund Revenues:

- * 49% Local Taxes
- * 34% Intergovernmental Revenues
- * 10% Charges for Services
- * 2% Licenses & Permits
- * 1% Fines & Forfeitures
- * 4% Property Tax

FY22 General Fund Summary:

- * Operating Revenues - \$48,859,309
- * Operating Expenditures - \$45,062,223
- * Budgeted Capital and Transfers - \$12,026,501
- * Unbudgeted Contingency - \$9,911,100
- * Net Fund Balance Use FY22 – (\$18,140,515)

YTD Expenditures:

All Departments are doing well and are currently at approximately 48% which is where we would like to be.

PSPRS Unfunded Liability Tiers 1 & 2 started at 30.1% funded ratio and now at 84.4%. Mr. Woodfill commented that he expects that at some point in the fall of this year will pull the plug on the Prop443 additional tax to go toward that. December 31st will hopefully be the last day that there is an additional tax and then Jan. 1st the city will go back to the general 2% tax.

Looking Ahead into 2023:

- * Continue funding employee market compensation plan
- * Funding for airport capital and protection projects
- * General Fund available fund balanced was used in FY22
- * Addressing deferred vehicle replacements
- * Legislative attacks on cities revenues
- * Allocation of remaining SLFRF (ARPA Funds) Capacity
- * Public safety expansion needs
- * New City Hall improvements
- * Open Space Funding

SLFRF Allocation Capacity:

- * Funding - \$5,920,074
 - Fire 110 Aerial Ladder Truck - \$1,700,000
 - Mobile Command Center - \$400,000
 - Ken Lindley Concrete Repairs - \$80,000
- * Remaining Funds - \$3,740,074

Upcoming Budget Process:

- * Department Operating Budget - due Feb. 25
- * New personnel and reclassification requests - due Feb. 25
- * Capital and grant requests - due March 11
- * Council Workshop Meetings - May 18 and May 24 (if necessary)
- * Adoption of tentative budget - June
- * Publish budget and notice of hearing - June
- * Final hearing and adoption of final budget - June

* Set property tax rates - July

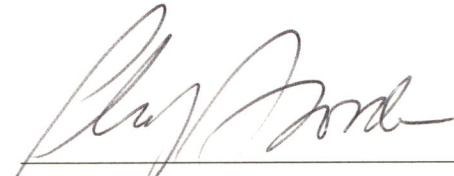
Mayor Goode commented that it looks like our city continues to be economically strong.

Member of the public Gregory Adamson addressed Council regarding property taxes being unlawful. Interim City Attorney commented that Mr. Adamson was off topic and directed him to return for an open call to the public during the Voting Meeting at 3 pm.

This item was for presentation only, no formal action was taken.

4. ADJOURNMENT

There being no further business to discuss, Mayor Goode adjourned the meeting at 2:30 p.m.



PHILIP R. GOODE, Mayor

ATTEST:

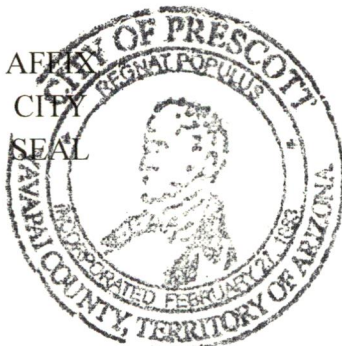
 for:

SARAH M. SIEP, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council Study Session of the City of Prescott, Arizona held on February 22, 2022. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 11th day of March, 2022.



 for:

Sarah M. Siep, City Clerk