PRESCOTT CITY COUNCIL
WORKSHOP MEETING
TUESDAY, JANUARY 5, 2016
PRESCOTT, ARIZONA

MINUTES OF THE WORKSHOP MEETING OF THE PRESCOTT CITY COUNCIL HELD ON JANUARY 5, 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 3:00 p.m.

- **INTRODUCTIONS** Mayor Pro Tem Lamerson acknowledged Chief Monahan.

- **INVOCATION** by Pastor Jessie Liles, Willow Hills Baptist Church

- **PLEDGE OF ALLEGIANCE** by Mayor Oberg

- **ROLL CALL**

Present:	Absent:
Mayor Oberg Mayor Pro Tem Lamerson Councilman Blair Councilman Lazzell Councilwoman Orr Councilman Sischka Councilwoman Wilcox	None

- **ANNOUNCEMENTS**

  No announcements were made

- **PROCLAMATIONS**

A. Proclaiming January 2016, as National Stalking Awareness Month

Councilman Lazzell presented the proclamation to Chief Monahan and Kevin Rother, Crime Prevention Specialist.

B. Proclaiming January 18, 2016, as Martin Luther King, Jr. Day of Service

Councilwoman Wilcox presented the proclamation to a representative from the Quad Cities Interfaith Council.

♦ **PRESENTATIONS**

A. Prescott Chamber of Commerce – Introduction of new business

Neal Sneller, Membership Director for the Prescott Chamber of Commerce, addressed the Council. He noted that the annual meeting would be Thursday, January 28, 2015, at 4:00 p.m. at the Yavapai College Performing Arts Center. The Chamber added the following members: Mortimer Nursery, A&B Marketing Solutions, Preparedness Headquarters, Prescott Foundation, Prescott Realty, Southwestern Eye Care, Spruce Mountain Vacation Rentals, The Art Store and the Prescott Saver Coupon Book.

B. Friends of the Jersey Lilly – Report on Courthouse Lighting Fundraising, presented by Tommy Meredith and Gary Edelbrock

Gary Edelbrock addressed the Council. He talked about the fundraising for the Courthouse lighting and said most of the comments he heard was that this was the most successful year.

Tommy Meredith, addressed the Council. He thanked the Council for their help. The total raised was $32,414.00, with donations no larger than $1,000.00. He pointed out that there were other events that fed off of that event, including Acker Night and the Boot Drop. He thanked the Prescott Courier and KYCA for the ability to market the fundraiser.

Mayor Oberg thanked Mr. Meredith for his efforts.

I. DISCUSSION ITEMS

Mayor Oberg asked that the presenters limit their comments to five minutes, because he expected more people coming to the night meetings beginning in February. He noted that he would give them a 30 second warning, prior to the 5 minute deadline.

A. Changes in financial reporting of pension liabilities

Mark Woodfill, Finance Director, gave a brief presentation. He showed a PowerPoint that included:

- What is GASB?

Mr. Woodfill explained that it was an independent Governmental Accounting Standards Board that established standards of accounting and financial reporting for state and local governments across the country. He noted that it was a private sector entity.

- GASB 67 and 68

GASB 67 was focused on the pension trust and set forth financial reporting criteria, and GASB 68 was for governmental entities and provided financial reporting criteria for pension liabilities.

Mr. Woodfill added that GASB did not create the liabilities; they were only involved in the financial reporting requirements.

- Arizona State Retirement System (ASRS)

This was defined as a cost-sharing, multiple-employer, defined benefit pension plan. All assets and liabilities were pooled and the contribution rates were the same across all entities. GASB 68 required the pooled liability to be allocated to each individual member entity for reporting. Prescott's share was .20504 percent. All City permanent employees who were not in PSPRS were members of ASRS.

- Public Safety Personnel Retirement System (PSPRS)

Mr. Woodfill said the system was defined as an agent multiple-employer, defined benefit pension plan. Assets were pooled for investment purposes, but separated into individual participating agency accounts, each of which had liabilities. The City's sworn police and fire employees were members of PSPRS; there were separate accounts for each.

Mayor Oberg asked about the inactive members. Mr. Woodfill replied that they were employees that were part of the pension and were eligible for retirement benefits, but they were no longer working and were not receiving benefits yet.

- Recognition of Expense

GASB 68 required that most changes in the net pension liability be included in the pension expense.

- ASRS and PSPRS System-wide Funding Ratio

Mr. Woodfill showed that ASRS was about 70 percent funded and PSPRS was 49 percent funded. He said that Prescott's funding levels were 25 and 30 percent, which were not good.

- The City's Net Pension Liability
- The City's Basic Financial Statements

Recording of the net pension liability was in the proprietary funds statements for the City's business type activities, and the entity-wide financial statements. The City's comprehensive Annual Financial Report for the last five years was available on the City's website.

- City of Prescott Statement of Net Position

Mr. Woodfill explained that by recording the liability, it moved the unrestricted net position to a negative position of $17 million.

- Statement of Activities

Mr. Woodfill supplied that the difference between expenses and expenditures was that expenditures included capital and repayments of principle on debt.

- Financial Statement Note Changes
- What do the Changes in Pension Reporting Mean?

Mr. Woodfill said the City's bond rating should not be negatively affected by the pension liability. The City's unrestricted equity would be reduced from $68 million to a negative $17.5 million. The City's total Net Position in FY 15 is $439 million.

B. Sign Code amendments

Jon Paladini, City Attorney, presented. He noted that staff drafted an ordinance that deleted the exceptions to the code. The current City Code banned any temporary signs in City right-of-way, with exceptions. If the new ordinance was adopted it would place a prohibition on temporary signs in the right-of-way.

Mr. Paladini added that there were three options for the Council to discuss and give direction on in the ordinance. The first would be regarding the A-frame signs. The current draft allowed for those in the downtown area.

The second option was a provision that discussed the bus stop advertising. The current City Code allowed for bus bench advertising, but only by the operator of the public transit. He noted that there were one or more operators of public transit. The draft proposed to limit the advertising to one Request for Proposal (RFP).

The third option was a proposed amendment to the Land Development Code (LDC). The Planning Commission recommended to remove that from the new ordinance and allow for a wholesale revision to the LDC, sign code.

Councilwoman Wilcox asked about the sandwich signs. She asked why they would be allowed in the downtown area and not anywhere else. Mr. Paladini responded that it was a planning concept and that those businesses were geared to pedestrian walk-by messages. He noted that the Council could allow them citywide or not allow them at all.

Councilwoman Wilcox asked if the standards as to where they were placed would remain in the City Code. Mr. Paladini said they were limited to one sign of a particular size in front of the facility, with all of the ADA requirements. Mr. Paladini advised the Council not to extend the location of the sign to an off-premise location.

Councilwoman Wilcox said the City should eliminate signs on bus benches because there was not really a public transportation system. She said it would give an unfair advantage to a private business to use the public right-of-way.

Councilman Lazzell agreed with Councilwoman Wilcox on the bus bench issue. He had a problem making an exception for businesses downtown. He thought the A-frame signs should be allowed throughout the town.

Based on a question by Councilman Sischka there was a discussion about the time when signs were not permitted in the public right-of-way.

Mr. Paladini said the current problem was that if an exception was created for one business, it would be created for all, based on the Reed v. Gilbert case. He said it was basically an all or none situation. Councilman Sischka said he did not want the situation to degrade again, to what the present situation was.

Councilman Blair said it was ridiculous to think that the City of Prescott could control any of the A-frame signs, by law, especially since there was only one Code Enforcement employee. He said nobody should be allowed to have signs in the right-of-way.

Councilwoman Orr thought the downtown was unique and it was a pedestrian area and the signs served a purpose.

Councilman Lazzell asked about A-frame signs on private property. Mr. Paladini said the LDC dealt with signage on private property. The Planning staff was working on drafting revisions to the current sign code to relax it and allow for more signage on private property, mostly non-residential. The Planning Commissions concern was that amending a piece of the LDC was too piece meal.

Councilman Sischka said he did not mind the A-frames downtown, but did not want to go through the exercise again.

Mayor Pro Tem Lamerson said there was a reason why people in a free market system chose where they wanted to have a business. He said his business was located downtown and he chose to pay a higher rent for a reason. It was not the government’s responsibility to equal the playing field for everyone to market their business. He said he would vote to ban them all or let the City look like a trash heap, but they could not pick winners and losers.

Councilwoman Wilcox said there were many businesses within businesses in the downtown area and they did not have street frontages. She said that would justify treating downtown a little differently. Banning A-frame signs in the downtown area may result in more sign clutter on the building itself.

Mayor Oberg asked for comments from the public.

Tommy Meredith, citizen, addressed the Council. He said if the Council voted for signs in the downtown area only, there would be some challenges. He also thought the signs looked junky when he first arrived to Prescott, but Councilwoman Orr's point was well taken.

Daniel Mattson, citizen, addressed the Council. He said if all the sandwich signs were banned, there may be more sign spinners on the sidewalk.

Mayor Oberg asked what the rule was for people holding signs on the sidewalk.

Mr. Paladini said it was more like someone handing out handbills than a temporary sign. The state legislature also adopted a prohibition on cities for banning the sign walkers on sidewalks. Scottsdale, Arizona, a Charter City, took the state to court and lost at the Court of Appeals.

Mayor Oberg asked about panhandlers. Mr. Paladini said the City was only allowed to ban or restrict solicitations on the streets if it was aggressive.

Richard Steelman, citizen, addressed the Council. He said the first day he came into Prescott he saw western style lettering on the windows of most of the businesses downtown that met with the theme of the City and he thought it looked great.

Kendall Jaspers, Prescott Downtown Partnership, addressed the Council. He noted that most of the businesses beyond the downtown were destination driven and the downtown businesses were dependent on foot traffic. He noted that it may not be able to easily identify a building as a business in the downtown area because the sign may be above their awning. He though enforcement of the signs would be difficult.

Mayor Oberg suggested that Council and staff move forward and possibly look at a total ban. Mr. Paladini asked if it should be scheduled for a particular voting session or more discussion. Mayor Oberg said they should move it to a vote.

Mr. Paladini said staff would propose a delayed effective date.

Mayor Pro Tem Lamerson asked if it was solely the Supreme Court's decision that leads the Council to the current discussion. Mr. Paladini said it was the primary accelerator of the issue. Mayor Pro Tem Lamerson asked what, in the current City Code, was in conflict with the Gilbert case. Mr. Paladini said the right-of-way code that dealt with temporary signs was almost exclusively content based. All of the exceptions to the ban of temporary signs in the right-of-way were all based on content. Deleting the exceptions would be the only way to come into compliance.

C. Review of City-owned real property holdings for potential disposal

Don Hersh, Real Property Specialist, presented. He showed a PowerPoint presentation, which included:

- Background

Mr. Hersh said the City Council went through a similar process in 1992. The properties identified were sold and placed into the City's Capital Improvement Special Revenues Fund (CISRF). From the inception of the fund, $612,579.00 was received.

Mr. Hersh listed some of the projects done with the funds, which included the downtown parking garage, library expansion, new adult center, development projects like Lowe's and Shops at Prescott Gateway and a fire station refurbishment, to name a few.

He added that GASB 54 moved reporting of the CISRF from a special revenue fund to a committed General Fund balance. In June 2015, the balance was $2,251,625.00.

- Map

Mr. Hersh pointed out the Big Chino Water Ranch and Weber Well, as well as City Production Wells.

- City of Prescott Properties in the Chino Valley Area

Councilman Blair asked why the City needed the Dugan Well. Mr. Hersh said the Dugan Well had to do with modeling rights and was for future water production. He noted that the City would have to maintain the well head protection on the one piece of property if it was sold.

Councilman Blair said there were 120 acres in Chino Valley that the City was responsible to maintain, when it could be relinquished to go back into the water fund. He said there was no reason to have land that was not doing anything when it could be sold and the money put aside to help with the Big Chino Ranch project. Mr. Hersh noted that there were about 400 acres owned by the City in that general vicinity.

The property between the Verde River and Del Rio Springs had surface water rights related to them.

Councilman Blair asked what the surface water rights were. Mr. Hersh said he would have to ask the Water Portfolio manager. Mr. Blair asked if the City had to continue to hold on to the property with the surface water right.

Craig McConnell, City Manager, said the current presentation was to provide a listing of the properties that could then be narrowed in the future, based on Council discussion.

Mayor Pro Tem Lamerson asked if the City was using the land to the best advantage to the City. He said there may be ways to generate revenue from the land, through private partnerships. He added that once the land was sold, it would be gone forever.

- City of Prescott Properties in the Prescott Area

Mr. Hersh discussed the Old South Reservoir near Senator Highway. He noted that there was no longer a need at the site for water storage. The City currently maintained the property and it was zoned SF-9. Tank Road Tank was removed as part of the Zone 19 project. He said it was no longer needed by the City and the property owner to the north expressed interest in purchasing it.

Mr. Hersh described the various properties owned by the City and any restrictions that may be on the land. The Council asked if the Archery Range across from Embry Riddle could be leased or if an RV Park could be built on it. Mr. Hersh said he would look into it to see what the patent would allow.

Councilman Sischka asked if the proceeds from the sale of the land would have to go back to the fund that purchased the land. Mr. Hersh responded, yes.

Councilwoman Wilcox asked about the lease income on the properties. Mr. Hersh said the current rental rate on the APS lease at the airport was a little over $44,000.00 per year, with 8 percent escalators per year. The Friendly Pines Camp near Goldwater Lake leased for a little over $10,000.00 per year.

Councilman Lazzell asked if income from leased property had to go back to the fund the land was purchased with.

Mark Woodfill, Finance Director, responded that generally they would have to when revenues from the Enterprise Fund had a rate setting processes, but he could check into it.

Councilman Blair asked if the Council should put a list together for staff of properties the Council was interested in repurposing. Mr. McConnell said any specific questions or proposals would be helpful.

Mayor Pro Tem Lamerson asked Mr. Hersh for better ways to use the property the City currently owned, rather than selling the property.

Daniel Mattson, citizen, addressed the Council. He said The Boys and Girls Club and Launch Pad did not have enough property to fill their parking needs. He noted that the paved parking lot next to the Old Adult Center was being used for a good purpose and it was support for the youth in the community. He added that the McCormick property was donated to the City for administrative buildings for the Fire Department and he thought those wishes should be honored so others who thought about donating things to the City would know that the City would honor their wishes.

Ralph Hess, citizen, addressed the Council. He thought the discussion of other uses prior to selling the property was encouraging. He said he would also consider the use of some of the property, which may not have a business value, as a small park.

II. ADJOURNMENT

There being no further business to be discussed, the Workshop Meeting of January 5, 2016, adjourned at 4:46 p.m.

HARRY B. OBERG, Mayor

ATTEST:

DANA R. DeLONG, City Clerk