CITY OF PRESCOTT

CITY COUNCIL VOTING MEETING

VOTING MEETING MINUTES

TUESDAY, DECEMBER 20, 2022, 3:00 PM

201 S. Cortez Street
Prescott, AZ 86303
City Council Chambers

Phil Goode, Mayor

Brandon Montoya, Mayor Pro Tem	Connie Cantelme, Councilwoman
Cathey Rusing, Councilman	Steve Sischka, Councilman
Eric Moore, Councilman	Clark Tenney, Councilman

MINUTES OF THE VOTING MEETING OF THE PRESCOTT CITY COUNCIL VOTING MEETING HELD ON DECEMBER 20, 2022, IN THE 201 S. CORTEZ STREET PRESCOTT, AZ 86303 CITY COUNCIL CHAMBERS.

1. CALL TO ORDER

Mayor Goode called the meeting to order at 3:01 p.m.

2. INTRODUCTIONS / ANNOUNCEMENTS

Mayor Pro Tem Montoya addressed Council holiday closures on Monday, Dec. 26 and Monday, Jan. 2 at City Hall, Transfer Stations, and the Public Library.

He added that, effective January 1, 2023 local sales tax will decrease by 0.75% due to elimination of the tax that went to paying down the unfunded liability of PSPRS.

Mayor Goode commented that after six years City Manager Michael Lamar will be leaving the city in February 2023, he thanked him for his service to the city and wished him the best.

3. INVOCATION - Pastor Paul Clemens with Calvary Chapel of Prescott

4. PLEDGE OF ALLEGIANCE - Councilman Tenney

5. ROLL CALL

Phil Goode	Mayor
Brandon Montoya	Mayor Pro Tem
Connie Cantelme	Councilwoman
Eric Moore	Councilman
Cathey Rusing	Councilmember
Steve Sischka	Councilman
Clark Tenney	Councilman

6. OPEN CALL TO THE PUBLIC

None.

7. REGULAR AGENDA

A. Discussion and Approval of the 2023 Legislative Agenda.

Deputy City Manager Tyler Goodman introduced Lobbyist Barry Aarons regarding the 2023 Legislative Session.

<u>Guiding Principles:</u>
* Oppose Preemption of Local Authority – will likely see housing, food tax and zoning which are built into this principle
* Preserve Local Funding

<u>2023 Objectives:</u>
* Maximize Partnerships to Advance priorities at the Airport
* Continue state budget appropriates for the Hotshots – built into the base budget
* Tourism Marketing Authority – if offered will support
* Expediting Water Adjudication Issues
* Concept of a Regional Park in Prescott

City Attorney Joseph Young added that in the coming months Council will be provided an update regarding the Gila River Adjudication through a Study Session or Memo from outside counsel Clyde Halstead.

Councilman Moore asked about approaching the legislature regarding having a State Park put on a bill to seek funding and if that has been done.

Mr. Aarons responded that he has exchanged emails with Selina Bliss, his numbers will be carefully done and will open a folder in the next few weeks and hopes she will be the sponsor of the bill. If supported, the bill will stop and then the funding will go into the budget. That is his plan and he feels it is reasonable.

Mayor Goode commented that the strategy would be to have one in which representatives carry the bill to garner broader support leading into budget discussions. Legislature convenes on January 9th.

MOTION BY COUNCILMAN MOORE TO APPROVE THE 2023 LEGISLATIVE AGENDA; SECONDED BY COUNCILMEMBER RUSING: PASSED [7 – 0].

B. Presentation & Discussion from Hinton Burdick Regarding the FY2022 Audit Result and Financial Statements.

Finance Director Mark Woodfill provided a presentation and introduction of Steven Palmer with Hinton Burdick regarding the FY2022 Audit.

Mr. Palmer addressed Council regarding the FY2022 Audit. There are several reports that are looked at during the audit.

Reports:
* Independent Auditor Report – financial statements of the City present fairly the city's financial position
* Internal Controls & Compliance – no material weaknesses noted, no significant deficiencies noted and no compliance issues noted
* State Legal Compliance – no issues noted
* Federal Single Audit – reviewed major programs including Airport Improvement Program, COVID State and Local Fiscal Recovery Funds, CDBG Grants no findings or questions
* Annual Expenditure Limitation Report – in opinion the AELR is presented in accordance with the uniform expenditure reporting system

Mr. Palmer said that the audit went well and he is pleased with the way the city is handling their finances, finance staff does an excellent job of managing everything and handling the audit.

Mr. Woodfill added that all of the detailed audit reports are available on the city website if anyone would like to review them.

Councilman Tenney thanked Mr. Woodfill for running such a tight ship, this is a significant report. Council is lucky to have the finance staff.

Mayor Goode commented on the significant federal funding that the city has received over the last year or two related to CARES and COVID, etc and having that area audited and not having any issues is a real relief. Thanked Mr. Woodfill for his management of that.

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

C. Adoption of Ordinance No. 2022-1805, Authorizing the Purchase & Acceptance of a Water Line Easement, a Public Water and Sewer Easement, and Approving City Contract No. 2023-003 for a Pipeline Installation Agreement for Section 33.

Deputy Public Works Director Gwen Rowitsch provided a presentation to Council regarding the easements and contract. The city is obligated under the Arizona Eco Development Agreement (AED) to provide an Easement to Section 33. Staff looked at many routes to provide sewer and water and this will accomplish that. The Keystone area will have pipeline installed for their development, and the city will reimburse which Council will approve at a future meeting. They are also granting an easement in the amount of $22,000. There is an already existing easement that will be utilized for the connection to Granite Dells Estates easement which the city will purchase for $144,000. The State land portion has a pending application. Total cost is $166,975 paid from the Water Fund and the installation costs will be determined and brought back to Council at a future date.

Mayor Pro Tem Montoya asked if there is any idea on the decision from State Land.

City Manager Michael Lamar commented that either we will hear from State Land or AED will eventually own the land and make it a moot point.

Councilman Moore asked if this would accomplish sewer as well.

Ms. Rowitsch responded that water and sewer can go in this alignment, but they could do it differently if they wanted to do so but it would require infrastructure on their end.

Mayor Goode asked if Keystone has been allocated water for their development.

Ms. Rowitsch confirmed, everything has been approved and is pending these approvals to begin moving forward.

MOTION BY COUNCILMAN SISCHKA TO ADOPT ORDINANCE NO 2022-1805; SECONDED BY COUNCILMAN TENNEY: PASSED [7 – 0].

D. SITE22-012 & WSA22-020: Approval of Site Plan Application & Water Service Application for VA Apartments on Approximately 1.69 Acres of the 91.56-Acre Complex. Zoning: SPC (Specially Planned Community). Property Owner: US Veterans Administration. Applicant: Stroh Architecture Inc. Location: APN 114-01-001L, 500 N State Route 89.

Community Planner Tammy Dewitt provided a presentation to Council regarding the Site Plan and WSA for the conversion of six single family residents into 23 apartment units. The Planning & Zoning Commission and the Subcommittee on Water Issues have reviewed the application and both voted unanimously to forward for approval. There will be no changes to the footprints, no additional parking will be needed, and the project has met all development criteria. The net increase in water demand is calculated to be 1.74 AFY.

Mayor Goode commented that this is a simple project which will convert to multifamily which is a much-needed infill project, particularly for veterans.

Councilmember Rusing commented that these units are for homeless veterans who need access to VA services, this is an example of how this community supports our veteran population.

MOTION BY COUNCILMEMBER RUSING TO APPROVE SITE22-012; SECONDED BY COUNCILMAN SISCHKA: PASSED [7 – 0].

MOTION BY COUNCILMEMBER RUSING TO APPROVE WSA22-020; SECONDED BY COUNCILMAN SISCHKA: PASSED [7 – 0].

E. RVP22-008 & WSA22-031: Approval of a Revision of Plat & Water Service Application for the Preserve at Prescott Phase 5 Adding an Additional Seven (7) Lots to the Overall Approved PAD Development. Property Owner: Westridge Preserve LLC. Applicant: Kelly Wise Engineering Inc.

Community Planner Tammy Dewitt provided a presentation to Council regarding this final phase of the Preserve which was originally the Downer Subdivision. The lots are being updated to reduce impact to terrain, excavation work and the cost of lot preparation. The 2011 Master Plan allows for maximum of 144 lots within all phases. This will reduce the overall original plan for this Phase from 14 to 11 but is seven lots over the overall total for the subdivision and will include road realignment work as well. The Planning & Zoning Commission and the Subcommittee on Water Issues have previously reviewed as required and both recommended unanimously to forward to Council for approval.

Councilman Moore asked about the committed open space and if it will be used for the centennial trail and public access.

Developer Tom Devereaux confirmed that it will be part of the trail with public access, and there would also be a donated parking lot.

Councilman Tenney thanked Mr. Devereaux for being a great community partner, that is a wonderful area.

MOTION BY COUNCILMAN SISCHKA TO APPROVE RVP22-008; SECONDED BY COUNCILMAN TENNEY: PASSED [7 – 0].

MOTION BY COUNCILMAN SISCHKA TO APPROVE WSA22-031; SECONDED BY COUNCILMAN TENNEY: PASSED [7 – 0].

F. SITE22-019 & WSA22-038: Approval of Site Plan Application & Water Service Application for Circle K Expansion. Zoning: BG (Business General). Property Owner: Weed Investments Inc. Applicant: Land Development Consultants LLC. Location: APN 106-21-008L & M, 3101 Willow Creek Road.

Community Planner Tammy Dewitt provided a presentation to Council regarding the project which will add additional pumps and create a larger store, requiring additional water allocation for the property. The applicant had to go through conditional use permit due to gas and had concerns from surrounding neighbors related to noise, so the applicant has agreed to keep as many of the old growth trees as possible to help cut down on noise during construction. The site plan also includes space for future electric car charging stations. The Planning & Zoning Commission and the Subcommittee on Water Issues have reviewed and both unanimously recommended forwarding to Council for approval. There is a net increase in water demand of 1.46 AFY.

Councilman Moore expressed his concern regarding the Circle K at the corner formerly occupied by Hastings. It has many dead trees, and the lot is poorly maintained. Because this project backs to residential area he encouraged the developer to be a good neighbor.

Councilmember Rusing asked about ingress and egress for this project and how large the driveway entrances are.

Ms. Dewitt responded that this would provide better circulation and more room than the current site and will be further away from the light at the corner. The project has been reviewed by the City Traffic Engineer and there are no issues.

Councilman Tenney commented that the materials presented to Council did have a scale which lays everything out, he is pleased to see the Willow Creek exit being further from the light than the current exit.

Mayor Goode stated that turn currently can be very difficult to time and he feels this new alignment will be much safer. He added that the primary noise concern was during construction.

MOTION BY COUNCILMEMBER RUSING TO APPROVE SITE22-019; SECONDED BY COUNCILMAN MOORE: PASSED [7 – 0].

MOTION BY COUNCILMEMBER RUSING TO APPROVE WSA22-038; SECONDED BY COUNCILMAN MOORE: PASSED [7 – 0].

G. SITE22-018 & WSA22-042: Approval of Site Plan Application & Water Service Application for Espire Sports on Approximately 9.97 Acres. Zoning: BR (Business Regional). Property Owner: Espire AZ LLC. Applicant: Stroh Architecture Inc. Location: APN 103-20-598J, 3400 Gateway Blvd.

Community Planner Tammy Dewitt provided a presentation to Council regarding Espire Sports, located at the former Sears Department Store at Gateway Mall. Espire Sports is currently open, and this application for water would cover bathrooms, a future restaurant and bar. Espire Sports owns the parking area around the store, and they have a joint parking agreement with the rest of the mall. The Planning & Zoning Commission and the Subcommittee on Water Issues have reviewed the application, determined that it has met all criteria, and have unanimously recommended forwarding to Council for approval. The net increase in water demand is estimated to be 2.18 AFY.

Applicant Jim Thomas addressed Council and stated they will be using low water use fixtures and there is virtually no landscaping. He believes they'll use less water than is estimated.

Councilmember Rusing thanked Mr. Thomas for his investment in the mall facility and expressed her support for any investment that will revitalize that area.

Councilwoman Cantelme asked if the calculation of 365 days/year means they'll be open everyday.

Mr. Thomas responded they are open likely 362 days per year.

Councilman Moore commented that he attended the Ribbon Cutting and is very impressed by the facility.

Mayor Goode echoed Councilman Moore's comments; this will continue to be a destination facility.

MOTION BY COUNCILMEMBER RUSING TO APPROVE SITE22-018; SECONDED BY COUNCILMAN SISCHKA: PASSED [7 – 0].

MOTION BY COUNCILMEMBER RUSING TO APPROVE WSA22-042; SECONDED BY COUNCILMAN SISCHKA: PASSED [7 – 0].

H. Presentation & Discussion Regarding the Setting of the January to June 2023 Residential & Non-Residential Water Budgets, in Accordance with the 2022 Water Management Policy, Policy No. 11, and Requesting an Interpretation of Policy 14: When an Appeal is Granted, to Establish Whether By So Doing, the Amount of Water Granted in the Appeal Would Reduce the Remaining Budget by a Commensurate Amount.

Director of Public Works Ashley Couch provided a presentation to Council regarding setting of the water budget for the next six months and obtain an interpretation of Policy 14. Policy 11 states that the Council must establish the water budget at the last Council meetings in June and December, and Policy 12/13 establish the residential and non-residential budgets. For residential and non-residential throughout 2022 the entire budget was never exceeded in either six-month period.

<u>January – June 2022:</u>
* Residential – 13.66
* Non-Residential – 16.66

<u>July – December 2022:</u>
* Residential – 12.26
* Non-Residential – 16.80

Mr. Couch continued stating that when establishing a budget for the next six-month period it is important to look back but also to be aware of what might be coming forward. The interpretation of Policy 14 is coming forward because of an upcoming application which will have 29 acre feet per year (AFY) with 209 dwelling units and another option in the que for 32 dwelling units for 4.49 AFY; upcoming non-residential applications will likely be 7.18 AFY and two unknown amounts as well.

The recommendation is to set the budget at 25 AFY for both residential and non-residential but Policy 14 needs to be addressed so staff knows how to administer the policy and whether an appeal would or would not come out of the budget for that six-month period. For example, if the 29 AFY application was appealed and approved, it would NOT come out of the water budget and there would still be a remaining available water budget, or it would reduce the available water budget making the next available time for WSAs the next six-month period.

Mayor Pro Tem Montoya thanked staff for the detailed presentation. When the water policy was adopted, he appreciated that they would have the aid of the Mayor's Commission on Water Policy Review & Monitoring in looking at these types of issues.

Mayor Goode asked to be able to address the issue, the purpose of the Mayor's Commission on Water Policy Review & Monitoring was to look at these types of issues, but this group has not advanced at the pace that he hoped they would and have not looked at this. The goal of the Policy was to support measured growth and is primarily concerned with developments in North Prescott and the lack of emergency demand in that area, but in this particular case the development is in town and close to existing stations and meets the appeal criteria that Council would look at based on the policy. It also provides workforce housing and more available units and revitalizes the mall. He commented that Council should be looking at whether excess from a previous six-month period should be rolled over for the next period and if non-residential could be transferred to residential, etc.

Mayor Pro Tem Montoya continued and stated that by the time staff returns in June he hopes that the Commission has accelerated their schedule and can make recommendations to Council on interpretations of policies. He feels that this appeal process was left vague in all the hard work of drafting this policy, but he thought that this exact type of situation would need to be addressed. He is likely a big fan of this development, but Council needs to have a robust conversation about the value this will bring. It would be detrimental to go with the option where they shut down water altogether as that would create a lot of unforeseen issues. Also, he thinks a deeper conversation about rolling over unused water might be necessary.

Councilmember Rusing commented that the Palmer application was approved at the Planning & Zoning meeting, and nothing was stated about workforce housing.

City Attorney Joseph Young stated that Palmer is relevant to help illustrate the issue and shouldn't be used as the example as the policy is set. Encouraged Council to limit the conversation regarding the specific applicant.

Councilmember Rusing stated in Paragraph 2 of Policy 14 language regarding Workforce Housing should be included in the options for this Policy. She supports Option 1 with minor clarifications for good quality projects and to be forceful in leveraging water.

Mayor Goode commented that "other benefits" would cover that.

Councilman Tenney stated that given the data 25 AFY seems reasonable, the Palmer example is salient regarding Option 1 and 2 of Policy 14, only asked to add the red portion to address whether an appeal would or would not reduce the amount of remaining budget and feels it was left intentionally silent to conserve water and therefore he would support Option 2.

Mr. Couch responded that the current policy does not have a roll-over and it is not fungible. Should the Ad Hoc come forward with recommendations to update or change that, Council could determine to do so at that time.

Councilwoman Cantelme commented that she is leaning toward Option 2, feels the appeals process is very important. We want to attract these projects to our area but will create a backlog if we put a six-month stop on developments.

Mr. Couch clarified that Option 1 would state granting an appeal DOES NOT reduce the available budget, but Option 2 DOES, thereby putting a sort of moratorium on development during that six-month period.

Mr. Young said a case-by-case basis would be a third option. This Policy is specific to appeals only.

Councilman Sischka commented that Council is tripping over themselves, all this does is create a backlog for applicants. Workforce Housing hasn't even been defined yet, so he finds it hard to have that as part of the conversation. He asked if Council needs to define this today, and why the water budget for the period in question cannot be increased.

Mr. Couch said he feels they do because the application is going to be coming forward in January.

Councilman Moore commented that Council is being asked to consider Option 1 or Option 2 and whether an appeal should be part of the budget or not and he feels that it should not, so he is in favor of Option 1.

Councilmember Rusing proposed "if city council grants an appeal the amount of water granted in the appeal would be excluded from the remaining budget".

Mr. Young responded the language is fine but the vote from Council just needs to provide clarity on the interpretation of the Policy.

Mayor Pro Tem Montoya commented that he didn't like the idea of modifying the policy when there is a known application pending, but this feels clear to him. He asked if, under the current appeal process, it would even be possible for someone to appeal for 29 AFY.

Mr. Couch confirmed that they would and then Council could determine if they would approve or not.

Councilmember Rusing commented that Council could also only allow a certain number of units and require the applicant to amend their project.

City Manager Michael Lamar responded that financing a project can be impacted by these things, for example if Council determines to only allocate water for a portion of the project it would impact funding for the total project.

Mr. Couch confirmed that staff has heard that as well.

Mayor Goode added that it is difficult to spend time at this meeting to redesign the entire water policy, however Council is left with having to establish this next six-month period. He is of the opinion that Council needs to make a decision that will be a short term decision to amend the policy and thinks it is important to encourage projects the Council would like to support. He feels that Option 1 allows an exception and appeal based on the merit of the project itself but doesn't cut off our nose to spite our face for other projects that are valuable as well.

Councilmember Rusing echoed her comments that language should be "would not be excluded from" and the project must have merit.

Council consensus that the Policy already states that.

Councilman Sischka asked if a 25-acre foot budget is set could it be increased during that six months. He is in favor Option 1.

Mr. Young responded that the appeal process allows Council to do that, but otherwise Council is precluded from doing so.

Councilwoman Cantelme stated that Option 1 is the only one that would give Council the flexibility they need.

Mr. Couch clarified that the appeals go to the Subcommittee on Water Issues then to Council per the adopted policy.

MOTION BY COUNCILMEMBER RUSING TO SET THE RESIDENTIAL WATER BUDGET FOR JANUARY 1 THROUGH JUNE 30, 2023 AT 25 ACRE-FEET PER YEAR AND THE NON-RESIDENTIAL WATER BUDGET FOR THE SAM PERIOD AT 25 ACRE-FEET PER YEAR; SECONDED BY COUNCILMAN MOORE: PASSED [6 – 1] MAYOR GOODE DISSENTING.

MOTION BY MAYOR PRO TEM MONTOYA TO AMEND THE ADOPTED WATER MANAGEMENT POLICY TO INSERT THE FOLLOWING LANGUAGE AT THE END OF POLICY 14 AS FOLLOWS IF CITY COUNCIL GRANTS AN APPEAL, THE AMOUNT OF WATER GRANTED IN THE APPEAL WOULD NOT REDUCE THE REMAINING BUDGET FOR THAT 6-MONTH PERIOD BY A COMMENSURATE AMOUNT; SECONDED BY COUNCILMAN SISCHKA: PASSED [7 – 0].

8. ADJOURNMENT

Quote: "What is Christmas? It is the tenderness of the past, courage for the present, hope for the future, and it is the wish that every cup may overflow with blessings rich and eternal, and every path may lead to peace and goodwill." - Agnes M. Pahro

There being no further business to discuss, Mayor Goode adjourned the meeting at 5:02 p.m.

PHILIP R. GOODE, Mayor

ATTEST:

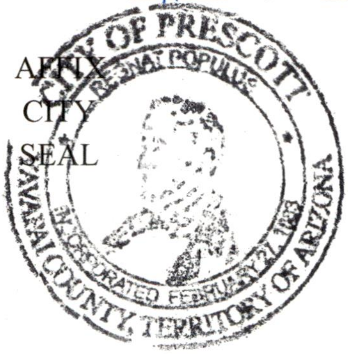
SARAH M. SIEP, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Voting Meeting of the City Council Voting Meeting of the City of Prescott, Arizona held on December 20, 2022. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 11 day of January, 2023.

AFFIX
CITY
SEAL



Sarah M. Siep, City Clerk