CITY OF PRESCOTT
Everybody's Hometown

AGENDA

PRESCOTT CITY COUNCIL
REGULAR VOTING MEETING
Tuesday, July 28, 2015
3:00 PM

Council Chambers
201 South Cortez Street
Prescott, Arizona 86303
(928) 777-1100

The following Agenda will be considered by the Prescott City Council at its **Regular Voting Meeting** pursuant to the Prescott City Charter, Article II, Section 13. Notice of this meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02. One or more members of the Council may be attending this meeting through the use of a technological device.

- **CALL TO ORDER**
- **INTRODUCTIONS**
- **INVOCATION** — Church of Jesus Christ of Latter-Day Saints
- **PLEDGE OF ALLEGIANCE** — Councilman Arnold
- **ROLL CALL**

  MAYOR AND CITY COUNCIL

  Mayor Kuykendall
  Mayor Pro Tem Kuknyo — Councilman Lamerson
  Councilman Arnold — Councilman Lazzell
  Councilman Blair — Councilwoman Wilcox

- **ANNOUNCEMENTS**

I. CONSENT AGENDA

CONSENT ITEMS I.A. – I.E. LISTED BELOW MAY BE ENACTED BY ONE MOTION. ANY ITEM MAY BE REMOVED AND DISCUSSED IF A COUNCILMEMBER SO REQUESTS.

A. Approval of minutes for City Council meetings held on April 28, 2015; May 5, 2015; May 14, 2015; May 26, 2015; and May 28, 2015

B. Approval of payment of FY 2016 dues to the Arizona League of Cities and Towns in the amount of $23,200.00

C. Approval of increase of $20,000.00 in the FY2015 expenditure limit for City Contract No. 2013-032 with Petroleum Traders for delivered bulk fuel

D. Assignment of cellular site lease from Verizon Wireless to American Tower Corporation at the 812 Douglas Avenue City water tank site (City Contract No. 2005-446)

E. Adoption of Ordinance No. 4941-1479 authorizing granting of a utility easement at Prescott Municipal Airport to Arizona Public Service Company

ORDINANCE NO. 4941-1479 AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE GRANTING OF A UTILITY EASEMENT TO ARIZONA PUBLIC SERVICE COMPANY, AN ARIZONA CORPORATION AND AUTHORIZING THE MAYOR AND STAFF TO EXECUTE ANY AND ALL DOCUMENTS TO EFFECTUATE SAID EASEMENT.

<u>RECOMMENDED ACTION</u>: MOVE to approve Consent Agenda Items I.A.-I.E.

II. LIQUOR LICENSE CONSENT AGENDA

A. Application for a Series 15 Special Event Liquor License

Sharlot Hall Historical Society of Arizona
Sharlot Hall Museum, 415 W. Gurley Street
Applicant: Steven Randolph Gottlieb
City Application No. 15-0025S
Date/Time of Event: Saturday, August 22, 2015, 4:00 pm - 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements

B. Application for a Series 15 Special Event Liquor License

Arizona Wildfire Council, Inc.
Captain Crossfit, 420 N. 6th Street
Applicant: Elizabeth A. Reiman
City Application No. 15-0026S

Date/Time of Event: Saturday, August 29, 2015, 8:00 am - 6:00 pm

The application has been reviewed and determined to be in compliance with City requirements

C. Application for a Series 15 Special Event Liquor License

Prescott Meals on Wheels
Mile High School Football Field, 300 S. Granite Street
Applicant: Steven Randolph Gottlieb
City Application No. 15-0023S
Date/Time of Event: Sat., September 12, 2015, 11:00 am - 10:00 pm

The application has been reviewed and determined to be in compliance with City requirements

D. Application for a Series 15 Special Event Liquor License

Prescott Firefighters Charities
On Goodwin Street between Montezuma and Cortez
Applicant: Shawn Marie Vicente
City Application No. 15-0027S
Date/Time of Event: Friday, September 25, 2015, 5:00 pm - 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements

E. Application for a Series 15 Special Event Liquor License

The Fraternal Order of Eagles #3600
Pioneer Park Sports Complex, 1200 Commerce Drive
Applicant: Thomas Michael Davidson
City Application No. 15-0022S
Date/Time of Event: Saturday, October 10, 2015, 9:00 am - midnight and Sunday, October 11, 2015, 10 am - midnight

The application has been reviewed and determined to be in compliance with City requirements

F. Application for a Series 15 Special Event Liquor License

Prescott Mountain Bike Alliance
Granite Creek Park, 554 6th Street
Applicant: Brooke K. Weitkunat
City Application No. 15-0024S

Date/Time of Event: Saturday, October 17, 2015, 11:00 am - 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements

***RECOMMENDED ACTION*: MOVE to forward special event liquor license applications II.A. – II.F. to the Arizona State Liquor Board with a recommendation of approval/denial.**

III. REGULAR AGENDA

A. Public hearing and consideration of a person transfer liquor license application for a Series 09 and 9S, Liquor Store and Sampling License, from Patrick Joseph Paul, applicant for Haggen, located at 174 East Sheldon Street

***RECOMMENDED ACTION*: (1) MOVE to close the Public Hearing; and (2) MOVE to approve/deny/make no recommendation for Liquor License Application No. 09130002 and 09130002S, for a Series 09 and 9S Liquor Store and Sampling license, for Haggen, located at 174 East Sheldon Street.**

B. Public Hearing and adoption of Ordinance No. 4947-1485 for rezoning, and adoption of Resolution No. 4305-1514 for amendment of the General Plan Land Use designation of property at 926 Whetstine Avenue to permit four additional dwelling units for a total of five on the lot [Property owner: Greseth Family L.P.; APN 115-05-014; lot area 17,875 square feet (0.41 acre)] - public hearing continued from 7-14-15 meeting

ORDINANCE NO. 4947-1485 AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AMENDING THE ZONING OF CERTAIN PROPERTY WITHIN THE CITY OF PRESCOTT LOCATED AT 926 WHETSTINE AVENUE, FROM SINGLE-FAMILY 9 (SF-9), ZONING DISTRICT TO MULTIFAMILY HIGH (MF-H) ZONING DISTRICT.

***RECOMMENDED ACTION*: (separate motions): (1) MOVE to adopt Ordinance No. 4947-1485; and (2) MOVE to adopt Resolution No. 4305-1514.**

C. Approval of payment to Trauma Intervention Programs of Arizona, Inc. (TIP), in the amount of $23,906.00 for Fiscal Year 2016

***RECOMMENDED ACTION*: MOVE to approve payment to Trauma**

Intervention Programs of Arizona, Inc., in the amount of $23,906.00 for Fiscal Year 2016.

D. Award of City Contract No. 2015-198 to Pioneer Distributing for supply of oil and lubricants in an annual amount not to exceed $40,000.00 (various funds)

<u>RECOMMENDED ACTION</u>: MOVE to award City Contract No. 2015-198 to Pioneer Distributing for supply of oil and lubricants in an annual amount not to exceed $40,000.00.

E. Award of City Contract No. 2016-006 for the FY 2016 Pavement Rehabilitation Project to Fann Contracting, Inc., in the amount of $1,740,193.00

<u>RECOMMENDED ACTION</u>: MOVE to award City Contract No. 2016-006 for the FY 2016 Pavement Rehabilitation Project to Fann Contracting, Inc., in the amount of $1,740,193.00.

F. Approval of Amendment No. 2 to City Contract No. 2012-223A2 with Duke's Root Control, a one-year extension for wastewater system treatment in an amount not to exceed $110,000.00

<u>RECOMMENDED ACTION</u>: MOVE to approve Amendment No. 2 to City Contract No. 2012-223A2 with Duke's Root Control for a one-year contract extension in an amount not to exceed $110,000.00.

IV. ADJOURNMENT

EXECUTIVE SESSION

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- **(i) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));**
- **(ii) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));**
- **(iii) Discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03(A)(3));**
- **(iv) Discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid litigation (A.R.S. §38-431.03(A)(4));**

(v) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03(A)(5));

(vi) Discussion, consultation or consideration for negotiations by the city or its designated representatives with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city (A.R.S. §38-431.03(A)(6);

(vii) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03(A)(7)).

Confidentiality

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. §38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed $500, plus court costs and attorneys' fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless City Council takes a legal action at a properly noticed open meeting to approve of such expenditures prior to incurring any such obligation or indebtedness. A.R.S. §38-431.07(A)(B).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _____________ at _____________m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

____
Dana R. DeLong, CMC, City Clerk

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: City Clerk

AGENDA ITEM: Approval of minutes for City Council meetings held on April 28, 2015; May 5, 2015; May 14, 2015; May 26, 2015; and May 28, 2015

Approved By:		**Date:**
City Clerk:	DeLong, Dana	07/22/2015

Item Summary

Attached for approval are the City Council minutes of the Regular Voting Meeting held on April 28, 2015; the Combined Workshop and Special Voting Meeting held on May 5, 2015; the Budget Workshop Meeting held on May 14, 2015; the Regular Voting Meeting held on May 26, 2015; and the Budget Workshop Meeting held on May 28, 2015.

Attachments

1. April 28, 2015, Regular Voting Meeting Minutes
2. May 5, 2015, Combined Workshop and Special Voting Meeting Minutes
3. May 14, 2015, Budget Workshop Meeting Minutes
4. May 26, 2016, Regular Voting Meeting Minutes
5. May 28, 2015, Budget Workshop Meeting Minutes

Recommended Action: MOVE to approve the City Council meeting minutes as presented.

PRESCOTT CITY COUNCIL
REGULAR VOTING MEETING
TUESDAY, APRIL 28, 2015
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR VOTING MEETING OF THE PRESCOTT CITY COUNCIL HELD ON APRIL 28, 2015, in the COUNCIL CHAMBERS located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Kuykendall called the meeting to order at 3:00 P.M.

◆ **INTRODUCTIONS**

No introductions were given.

◆ **INVOCATION** by the Unity Church of Prescott

◆ **PLEDGE OF ALLEGIANCE** by Councilman Arnold

◆ **ROLL CALL:**

Present:	Absent:
Mayor Kuykendall	None
Mayor Pro Tem Kuknyo	
Councilman Arnold	
Councilman Blair	
Councilman Lamerson	
Councilman Lazzell, departed at 5:53 pm	
Councilwoman Wilcox	

◆ **ANNOUNCEMENTS**

No announcements were given

◆ **PRESENTATIONS**

A. Yavapai College Update presented by Steve Walker, Vice President for College Advancement/Foundation

Steve Walker, Vice President of Advancement, Yavapai College addressed the Council and introduced Dr. Patricia McCarver, Chairman of Yavapai College District Governing Board. They discussed the 2014 Annual Report of the District Governing Board of Yavapai College. The Board's role was to act as a link between the taxpayers and the

College management. They work (1) to deliver quality higher education; (2) to support economic development in partnership with the municipalities throughout the county; and (3) to provide vibrant cultural opportunities for the owners of Yavapai College, the citizens of Yavapai County.

Dr. Patricia McCarver addressed the Council to show support for the college and said they appreciated the opportunities they had to work with the City of Prescott.

I. CONSENT AGENDA

A. Approval of minutes for the City Council meeting held on March 24, 2015.

Dana DeLong, City Clerk, announced updates to the Council minutes that were being considered for approval. The updates included:

- the March 24, 2015, Special Workshop minutes, Page 1 under the first bullet point, the first sentence should be changed as follows: The spelling of the word "weather" should be "whether".
- the March 24, 2015, Regular Voting Meeting minutes, Page 14, 3rd paragraph, last sentence should be changed as follows: The word "tourist" should be "tourists"
- the March 24, 2015, Regular Voting Meeting minutes, Page 15, 1st paragraph, last sentence should be changed as follows: He was unsure if the November election"

B. Purchase of six (6) ea. portable data collecting computers and equipment from PCS Mobile using National Intergovernmental Purchasing Alliance pricing (Contract No. NIPA CNR-0450-V37t-120471) in the total amount of $20,510.66

C. Adoption of Resolution No. 4290-1499 approving an Intergovernmental Agreement (IGA) with the City of Glendale to provide law enforcement and security services during National Football League (NFL) games and certain other major events (City Contract No. 2015-047)

Ms. Delong said an updated contract for Item C was distributed to the Council.

Mayor Kuykendall asked if there was a time frame for the agreement or if it was perpetual. Jon Paladini, City Attorney, answered that it was an ongoing. Mayor Kuykendall noted that Glendale may need additional help from time to time in the future.

Mr. Paladini said it would be the assignment of off-duty officers from Prescott. The Glendale PD would make a request and it would have to be approved by Prescott's Chief of Police or management and then an off-duty officer could be sent for a particular event, usually a one-day period. The cancellation provisions allowed for 60-day notice to cancel.

Councilwoman Wilcox commented that the situation was not unlike sending the Hotshots to a wildfire; going to a major event had some risks. The Council needed to understand that there could be costs to the City if a serious injury was experienced by one of the City's officers during one of the Glendale major events. This was something the Council should keep in mind when entering into the agreement.

Mayor Kuykendall asked if there was a procedure in place for notification that an officer would be needed for an event.

Mr. Paladini answered that as far as the liability question was concerned, Glendale indemnified Prescott for any claims arising out of the assignment of an officer to Glendale. The City's worker's compensation for all Prescott employees was the resource for any claim. However, the indemnity provision provided that Glendale would essentially reimburse the City's worker's compensation insurance through subrogation. If a Prescott employee was injured on the job while in Glendale, they would receive a worker's compensation benefit from the City of Prescott, and Prescott's worker's compensation insurer would turn around and recover the amount paid from Glendale. If there was a PSPRS disability or a line-of-duty death, Councilwoman Wilcox was correct that the recovery would be via the PSPRS benefit that the City's employee or the family would be entitled to. It was similar to any mutual aid agreement where, if one of the City's officers responded to a call from another jurisdiction or one of the City's firefighters were injured, from the PSPRS standpoint it would be the City's liability.

Mayor Pro Tem Kuknyo asked if the agreement involved the Citizen on Patrol officers. Mr. Paladini answered that the assignment was limited to post-certified officers. The City was not obligated to release someone if there was a need for the officer to be in Prescott at the time of the request.

Councilman Lamerson asked what Prescott got out of the deal. Mr. Paladini said he thought it was a function of mutual aid and working with other police officers in the State. He noted that it provided some level of experience and training to the City of Prescott officers dealing with large event issues.

Andrew Reinhart, Deputy Chief of Police, noted that the City tried to provide mutual aid assistance when the capability existed. He said if a police officer was at an event as an off-duty officer, and he took police action and something happened to the officer, the City of Prescott would be liable under PSPRS. He noted that the mutual aid was reciprocal and Glendale did come to Prescott on June 30, 2013, during the Yarnell fire tragedy.

Councilman Lazzell clarified that a City of Prescott police officer was also considered an officer in the State. Deputy Chief Reinhardt said that was correct.

Mayor Kuykendall asked if the City of Glendale would be enacting something similar with the City of Prescott. Mr. Paladini said that he did not think the City of Prescott would need a formal agreement. The agreement under consideration was limited to what Glendale called "mega events" like the Super Bowl, national championships, and other national events, which are called Level 1 events. Glendale had similar IGA agreements with other police agencies in the Valley.

D. Acceptance of grant funding in the amount of $3,000.00 from the Governor's Office of Highway Safety for safety belt and child safety seat enforcement

E. Adoption of Ordinance No. 4933-1471 authorizing acceptance of water easement dedication from KW Prescott, LLC

F. Approval of purchase of ammonium lignin sulfonate from CYC-Seeds, LLC, in an amount not to exceed $20,000.00 (Streets and Open Space Fund)

G. Approval of rental of concrete barriers on a weekly basis from Howe Precast Concrete Barriers, Inc., in an amount not to exceed $17,850.00 (Streets and Open Space Fund)

MAYOR PRO TEM KUKNYO MOVED TO APPROVE CONSENT AGENDA ITEMS I.A. THROUGH I.G. WITH THE UPDATES THAT WERE READ INTO THE RECORD; SECONDED BY COUNCILMAN LAZZELL; PASSED UNANIMOUSLY.

II. LIQUOR LICENSE CONSENT AGENDA

A. Application for a Series 15 Special Event Liquor License for Prescott Creeks

B. Application for a Series 15 Special Event Liquor License for Sharlot Hall Historical Society of Arizona

C. Application for a Series 15 Special Event Liquor License for Fraternal Order of Eagles #3600

Dana DeLong, City Clerk, presented. All three of the applications had been reviewed and determined to be in compliance with City requirements. The council packets contained a location map for each of the applications and Items A, B, and C were being recommended for approval.

Councilman Lazzell declared a conflict of interest. Councilman Lamerson stated that he would need to declare a conflict of interest as well, being a member of the Eagles.

Mr. Paladini explained that there would be no conflict of interest unless they received some sort of financial or business benefit. Councilman Lazzell stated that the Eagles received a profit from the events.

MAYOR PRO TEM KUKNYO MOVED TO FORWARD SPECIAL EVENT LIQUOR LICENSE APPLICATIONS II.A, II.B, AND II.C TO THE ARIZONA STATE LIQUOR BOARD WITH A RECOMMENDATION OF APPROVAL; SECONDED BY COUNCILMAN LAMERSON; PASSED 6-0, Councilman Lazzell declared a conflict of interest.

III. REGULAR AGENDA

A. Public hearing and consideration of a new liquor license application for a Series 14 Private Club License, from Andrea Dahlman Lewkowitz, applicant for Capital Canyon Club, located at 2060 Golf Club Lane

Dana DeLong, City Clerk, presented. This was a request for a new license for a Series 14 Private Club Liquor License for Capital Canyon Club. The Police Department reviewed the application and found it to be in compliance with state law. The Community Development department reviewed the application and found it to be in compliance with zoning requirements and building safety issues. The application and license fees had been paid and the application had been posted as a proposed location for the required 20 days. No public comments had been received and the applicant was in attendance.

Andrea Lewkowitz, agent and attorney for applicant, answered questions from the Council.

Mayor Kuykendall asked if the club would be known as Capital Canyon. Ms. Lewkowitz responded that Capital Canyon was the name. Ms. Lewkowitz said they would be opening in the next couple weeks.

MAYOR PRO TEM KUKNYO MOVED TO CLOSE THE PUBLIC HEARING; SECONDED BY COUNCILMAN BLAIR; PASSED UNANIMOUSLY.

MAYOR PRO TEM KUKNYO MOVED TO APPROVE LIQUOR LICENSE APPLICATION NO. 14133012, FOR A SERIES 14 PRIVATE CLUB LICENSE, FOR CAPITAL CANYON CLUB, LOCATED AT 2060 GOLF CLUB LANE; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

B. Public hearing and consideration of a new liquor license application for a Series 12, Restaurant License, from Erica Lynn Parker, applicant for Two Mamas Gourmet Pizza, located at 221 North Cortez Street

Dana DeLong, City Clerk, presented. The request was for a new license for a Series 12, Restaurant License, for Two Mamas Gourmet Pizza. The Police Department and the Community Development Department reviewed the application and both found it was in compliance with City requirements. The application and license fees had been paid and the application had been posted at the proposed location for the required 20 days. No public comments had been received and the applicant is in attendance.

Erica Parker, applicant, addressed the Council. She was one of the owners of Two Mamas Gourmet Pizzeria.

Mayor Pro Tem Kuknyo asked if the liquor license would allow them to deliver liquor. Ms. Parker answered that they would not be delivering any liquor.

MAYOR PRO TEM KUKNYO MOVED TO CLOSE THE PUBLIC HEARING; SECONDED BY COUNCILMAN LAMERSON; PASSED UNANIMOUSLY.

COUNCILMAN LAMERSON MOVED TO APPROVE LIQUOR LICENSE LICENSE APPLICATION NO. FOR A SERIES 12, RESTAURANT LICENSE, FOR TWO MAMA'S GOURMET PIZZA, LOCATED AT 221 NORTH CORTEZ; SECONDED BY COUNCILMAN LAZZELL; PASSED UNANIMOUSLY.

C. Final Plat FP15-003 for "Touchmark at the Ranch PAD" (Owner: Touchmark at the Ranch, LLC, 5150 SW Griffith Drive, Beaverton, Oregon 97005)

Tom Guice, Community Development Director, presented. The final plat would subdivide approximately a 45-acre parcel into 34 lots and 4 tracts for the development of 379 single and multi-family dwelling units and senior housing which consisted of independent, assisted living, and memory care units. The project and final plat was in conformance with the General Plan, met the requirements of the development, and was in substantial conformance with the preliminary plat.

Councilman Lamerson asked what the legal ramifications would be for non-support of what they had done.

Jon Paladini, City Attorney, replied that it was an administrative decision. If it had been determined that the final plat was in substantial conformance with the preliminary plat, there was not much discretion at that point.

Councilwoman Wilcox said when the proposal came before Council last May she voted against it as she was opposed to giving a half million dollars in permit fee waivers to a developer without any rationale. She was still opposed to the agreement the City entered into with the developer, especially when the City was facing a financial crisis with the general fund and having to pay PSPRS an unfunded liability of $70 million over 20 years. She believed the City needed to stop the policy of last-minute giveaways to developers.

Mayor Pro Tem Kuknyo said he had voted against the item when it first came to Council, but his reason was because the neighbors were against it, even though he thought it was a good project. He said Council was talking strictly about the PAD.

COUNCILMAN LAMERSON MOVED TO ADOPT FP15-003, THE FINAL PLAT OF "TOUCHMARK AT THE RANCH", A PLANNED AREA DEVELOPMENT; SECONDED BY COUNCILMAN BLAIR; PASSED 6-1, Councilwoman Wilcox dissenting.

D. Award of City Contract No. 2015-169 for the Prescott Area Shelter Services (PASS) Phase II Family Shelter Renovation Project at 337 North Rush Street to Copper Sun Construction, LLC, in the total amount of $56,830.00, to include Bid Alternate 1

Tom Guice, Community Development Director, presented. The project was funded entirely with Community Development Block Grant funds. The project was bid in 2014, but exceeded the available budget at the time, so staff rebid. The projected consisted of repairs to all three floors to bring the building up to code, including new ingress and egress windows and an ADA bathroom. The recommendation was to award the bid, including Bid Alternate 1 along with the base bid to Copper Sun Construction, LLC, in the amount of $56,830.00 for the base bid and Bid Alternate 1.

Daniel Mattson, citizen, addressed the Council and said he hoped the project was immediately approved.

MAYOR PRO TEM KUKNYO MOVED TO AWARD CITY CONTRACT NO. 2015-169 TO COPPER SUN CONSTRUCTION, LLC, IN THE TOTAL AMOUNT OF $56,830.00, FOR THE BASE BID AND BID ALTERNATE 1; SECONDED BY COUNCILMAN LAZZELL; PASSED UNANIMOUSLY.

E. Adoption of Resolution No. 4284-1493 providing for centralization of wastewater treatment for system capital planning

Joel Berman, Utilities Manager, presented. On March 3, 2015, the Council was presented with alternatives for the future of wastewater treatment in the City of Prescott. That presentation addressed capacity limitations that faced the Sundog Wastewater Treatment Plant as well as options for improvements as illustrated during the presentation. The limitations of Sundog could be effectively managed through centralization of the treatment facilities at one location, the Airport Water Reclamation Facility. Pending adoption of the resolution, the Public Works department would proceed with wastewater system capital planning and align the capital program to support the centralized treatment approach that was discussed on March 3, 2015.

Councilman Arnold said the project would ultimately save, on the construction side, $20 million dollars for the City, not to mention the operation costs.

Mayor Kuykendall asked what the future plans were.

Mr. Berman responded that staff revised the five-year CIP budget to incorporate the projects discussed on March 3, to move forward to a centralized concept. As the projects are programmed into the budget in the upcoming years, they would begin to deliver the projects in the sequence that made sense to ultimately transition towards that centralized concept. He noted that the City had funding for some of the projects that had already been incorporated in the rate and fee study.

Mayor Kuykendall asked if staff expected the line that carried the product to the north to generally follow the same alignment that the effluent line currently followed. Mr. Berman said, yes, generally speaking.

COUNCILMAN ARNOLD MOVED TO ADOPT RESOLUTION NO. 4284-1493; SECONDED BY COUNCILMAN LAMERSON; PASSED UNANIMOUSLY.

F. Award of City Contract No. 2015-158 for the FY 2015 Pavement Rehabilitation Project to Asphalt Paving & Supply, Inc., in the amount of $2,039,609.20

Steve Orosz, Program Development Manger, presented. The item was part of the ongoing maintenance of streets within the City. There were a number of streets throughout the town that would be getting various pavement treatments. As part of the project, in cooperation with the Airport, they would be working on Taxi Way Delta and connectors 5 and 4.

Councilman Lazzell asked about the adjustment of utility covers and said it seemed that when a street was done the covers would be torn up. Mr. Orosz said the process in rehabilitating a street was adjusting manholes to a place where when they milled; the top would not be clipped off.

Councilman Lazzell asked about the list of priorities and how the streets were prioritized.

Mr. Orosz responded that the Public Works department had an ongoing pavement maintenance monitoring program where they continually evaluated the condition of the City streets annually. That evaluation resulted in a pavement quality index, ranging from 0 to 100, 100 being a brand new street. Based on the condition of the street, the evaluation informs them whether the street needed a simple slurry seal, some pavement rehabilitation, such as a mill overlay or a type of micro surface, or a complete reconstruction to give it the necessary life to extend the life of the pavement.

Councilman Blair asked whether the mixes of asphalt would be of the highest grade so they were not falling apart in the first year.

Mr. Orosz said they had standards. The Airport provided a specific asphalt mix design that was specifically for airports and they had their asphalt design which they had been using with great success on the other streets in the City.

Councilman Arnold said the streets on the list were important and the City needed to get them done. He said he was still dissatisfied with the pavement presentation work that was previously done. He expected the contractor to exceed expectations so he can vote yes on future contracts.

MAYOR PRO TEM KUKNYO MOVED TO AWARD CITY CONTRACT NO. 2015-158 FOR THE FY 2015 PAVEMENT REHABILITATION PROJECT TO ASPHALT PAVING & SUPPLY, INC., IN THE AMOUNT OF $2,039,609.20; SECONDED BY COUNCILMAN LAZZELL; PASSED 6-1, Councilman Arnold dissenting.

G. Award of City Contract No. 2015-155 with AZTEC Engineering Group, Inc., for engineering services for the Darby Creek Way Reconstruction Project in an amount not to exceed $25,682.00

Steve Orosz, Program Development Manger, presented. The item was for a professional services design agreement with AZTEC Engineering for the reconstruction of Darby Creek Way, which was in the Blackhawk Subdivision neighborhood. It was for the design and post-design/construction services for that project. The project was part of the next segment of pavement reconstruction program which included many other streets across the City. The reason the project was not part of the Blackhawk Subdivision Drainage Project was that the cul-de-sac did not have any drainage improvements. It was a strict street reconstruction and staff was trying to utilize the County and Streets funding for the drainage project.

Councilman Blair said he was aggravated by the lack of engineering and the approval by the City of these subdivisions.

Jon Paladini, City Attorney, responded that generally speaking, 15 years was well outside any sort of warranty period.

Mayor Kuykendall asked about design services and the cost of the project.

Mr. Orosz responded that the percentage was a little higher because it was a small project and still had to go through the same steps as a much larger project. He believed it was in the 12-13 percent range, which was normal for a smaller project.

Councilman Lamerson thought that the City gave a seal of approval based on conditions at a given time and today those things were different. He noted that the population was not as large when the project was originally done.

Mr. Orosz said that standards had changed. There would be new engineering design standards coming in the next couple months that would be another large step to fixing that sort of issue.

Councilman Lamerson hoped that the new standards reflected the projection of interference with drainage due to rooftops and streets that divert water from going to where it would have gone to begin with, which changed lots of things downstream.

Mr. Orosz said that there was a very significant drainage portion component of the standards.

MAYOR PRO TEM KUKNYO MOVED TO AWARD CITY CONTRACT NO. 2015-155 TO AZTEC ENGINEERING GROUP, INC., FOR ENGINEERING SERVICES FOR THE DARBY CREEK WAY RECONSTRUCTION PROJECT IN AN AMOUNT NOT TO EXCEED $25,682.00; SECONDED BY COUNCILMAN LAMERSON; PASSED 6-1, Councilman Blair dissenting.

H. Adoption of Ordinance No. 4938-1476 calling a special election to be held August 25, 2015, to vote on a transaction privilege tax dedicated to the payment of the City's liability to the Arizona Public Safety Personnel Retirement System

Craig McConnell, City Manager, presented. At the April 14, 2015, meeting there was considerable discussion regarding the Public Safety Personnel Retirement System (PSPRS) and specifically the large liability that the City had for each of its police and fire accounts with the statewide retirement system. He noted that Arizona PSPRS was a defined benefit statewide retirement system for public safety employees. This was not a pooled system. A separate account was maintained for the fire and police employees of each participating political subdivision.

Mr. McConnell continued that the City of Prescott did not create the system, could not change it unilaterally, and was obligated to pay the amounts set by PSPRS which had increased dramatically in recent years, and were expected to increase even more in the future.

The current unfunded liability of the City's police and fire accounts totaled approximately $70 million. PSPRS prescribed a 22-year period over which the unfunded liabilities of each participating subdivision must be paid off. If paid over that 22-year period, Prescott's payments to retire its unfunded liability would total $165 million, based on assumptions. It was possible that the $165 million and the payments could increase, but at the current time the City had meticulously reviewed the assumptions and talked to PSPRS. This was what staff anticipated as a future projection in order to provide analysis for the City and the public to understand methods for dealing with this unfunded liability.

Mr. McConnell said when the subject of unfunded pension programs came up, there was discussion of reform. The system needed to be reformed and there were active efforts at the State level to reform the PSPRS. He said it must be clearly understood that reform would not reduce the City's unfunded $70 million obligation as it stood today. Each participating political subdivision, including Prescott, had to pay off its unfunded liability. The City of Prescott Public Safety Departments (Police and Fire) and the PSRPS payments were supported by the General Fund. He noted that was basically the only tool that the City had in order to pay the unfunded liability, which would not go away, would not be reduced by future reform, and may very well increase.

Mr. McConnell said that in Budget Workshop No. 3 the consequences of ignoring or deferring the PSPRS unfunded liability were summarized. Conversely a downward spiral of service cuts, deterioration of the community, falling tourism, lack of economic development and flight of residences and businesses was described, if the liability was not dealt with. He noted that a listing of alternatives for different sales tax rates that would directly address the unfunded liability issue was in the packet. The funds that would be collected would be in restricted accounts and could only be used for that purpose. He said there were a lot of assumptions with respect to the calculations of the pension systems. It could not be predicted how close the City's tax collections were going to be or what the return on the retirement system investments was going to be.

Mark Woodfill, Finance Director, described a base case of a .55 percent sales tax rate for a period of 20 years. The Council could chose to place a sales tax increment on the ballot at a higher amount or at a higher percentage increment. The effect would be to pay off the unfunded liability more quickly in a lesser number of years. If the payoff of the liability was more rapid than 20 years, the Council serving at the time could place a measure on the ballot for early sun-setting of the tax by the voters.

Mr. Woodfill said that should the tax go on the ballot and pass, all of the monies would be placed in a restricted account for public safety system liability and would not be available for any other purpose. If the Council chose to place an item on the ballot, staff would not recommend that it be any less than .55 percent. If it was less than .55 percent, then the City would be faced with some initial cuts in services and levels of service in the initial years of the payoff. Services would have to be cut in order to have enough money to pay the increasing PSPRS bills. At .55 percent or more, the City would be able to maintain present services which were supported by the General Fund, which consisted of police, fire, library, recreation services and, to a very minor extent, general government.

If Council wanted to place an item on the August 25, 2015, election, which was the date of a regular candidate primary election, the ballot language would be due on May 27, 2015. The last regularly scheduled Council meeting to adopt an ordinance, would be May 26, 2015. Time was of the essence and the item was of the utmost importance to the financial health of the City.

Councilwoman Wilcox said the City had a responsibility to question the unfunded liability numbers given to the City by PSPRS because there were signs of mismanagement by the PSPRS Board at the State level that cannot be ignored. The U.S. Attorney's office found no criminal liability for violations by the Board for the way that they inflated their real estate values in order to insure their staff bonuses, but they took no position on civil liability. There could be some civil liability on the part of the Board.

Councilwoman Wilcox stated the PSPRS Board managed $8 billion in investments and last year they received a rate of return on their investments of 13.28 percent. Compared to the Arizona State Retirement System, which was a different system but also for public employees, managed four times that amount -- $35.6 billion and they received a total rate of return of 18.6 percent in the same period of time. She said PSPRS overspent its budget for legal fees by a million dollars in the fiscal year, and those were just legal fees to pay outside lawyers to review their investment deals. That did not include their in-house counsel, who also reviewed their investment deals.

She said another sign of mismanagement was that James Hacking, the former administrator, was forced to retire last year after it was discovered that he secretly granted pay raises of up to 27 percent to Flagstaff members without the statutorily required approval of the Department of Administration. Something was wrong at the State level and she did not buy the numbers that were being handed down. She noted that assumptions in the actuarial report could be different from reality. Even the consultant had indicated that in the report.

Councilwoman Wilcox noted that the October 2014 report stated, "Future actuarial measurements may differ significantly from those presented in this report due to factors such as actual experience differing from actuarial assumptions". She noted that the City was asking Prescott voters to approve a sales tax based on a number that cannot be trusted. She did not think the City was ready to put the item to the voters and there was more homework to do. She noted that the City should get together with other municipalities that had PSPRS members and straighten the system out this year, before it got worse. The League of Arizona Cities and Towns was working on pension reform. She said the City of Prescott needed to work more closely with them because Prescott was one of the hardest hit in terms of unfunded liability. She did not think there was anyone on the Council who did not want a good solid pension system for firefighters and police officers. She wanted it to be managed well without taxing people more than absolutely necessary. She thought Council should wait until the general election to put the item on the ballot and give it a term of no more than five years.

Councilman Blair asked about the six options for the payment of the unfunded mandate. He asked what the City of Prescott tax would be, if all of the ballot measures passed, compared to the other local communities. It was important for the business community to know. He agreed with Councilwoman Wilcox that they should sue the State of Arizona and the PSPRS Board for charging communities interest on top of a failed debt. He understood failed investments in the marketplace, but there was something criminally wrong with the way the management group had managed the taxpayers' monies.

Jon Paladini, City Attorney, said PSPRS had been in place since 1968, Prescott being one of the first cities to join. The liability was an individualized liability; it was not pooled. The Arizona Supreme Court essentially said that it was a fixed amount that was guaranteed and to try to change that would violate the contracts clause of the both the United States and Arizona Constitutions. The system was currently set up in such a way that the liability was individualized, unlike the Arizona State Retirement System where it was pooled so that all of the costs were pooled among all of the member cities, towns, counties and even the State. The U.S. Attorney's office did investigate and determined that there was no criminal activity, so he thought they were stuck with that conclusion. As far as civil liability, the U.S. Attorney's office indicated that they would not comment on the issue. Even if a pool of cities, counties, and the State itself were to file a lawsuit to unravel what, if anything, was improper, he assured Council it would be several years before there would be any final resolution.

Councilman Blair said the unfunded mandates affected many cities in Arizona and he thought it was bizarre to just walk away from the problem. He noted that there would be a reverse reaction to the General Fund if the increased tax encouraged people to shop outside of Prescott.

Mr. Woodfill said there was a group through the League of Cities and Towns that had been working with PSPRS to make the numbers better. As they looked at the actuarials over the last several years, there were issues with the assumptions. That did not mean there was not a liability or that the liability was significantly less. If anything it probably meant the liability was more than what was stated. It was a defined benefit plan, not an investment account like a 401k. There was an interest being charged on the unfunded liability.

Mr. Woodfill noted that various people had been working with PSPRS to get their numbers more accurate so they had a better idea of what the liabilities were. He noted that each year there was a large increase in the PSPRS rate due to the unfunded liability that was hanging on. The Governmental Accounting Standards Board had implemented new accounting standards, which were going to be in the present year's Confidential Annual Financial Report and would require the booking of the liabilities by all government entities on the face of their statement. They had a specific set of assumptions, speaking to Councilwoman Wilcox's comment, that each government must report the liabilities. There was a nationwide movement to make the funds accountable. There was also a significant move to get pension reform over the next year or two.

Mr. McConnell said the sales tax for the City would be .22 percent above Prescott Valley, but that Prescott Valley would also be affected by road maintenance and PSPRS and their tax would not remain the same forever. He said the City could not stand back and wait for things to happen. The state retirement system had no assets to make the retirement system whole. He said if the City did not deal with this issue in this calendar year, then on January 1, 2016, they were going to have to make cuts unless the City went to court and got an injunction and somehow did not have to pay anymore. There would still be people retiring, and benefit payments would have to be made.

He said if the City did not have a plan on January 1, 2016, cuts would have to be made. Within two years the City would have to cut expenses equal to the operating budget of the library. He was not talking about cutting the library and closing the library, but the City would have to come up with $2 million, which was the operating budget of the library.

Councilman Lazzell said he agreed that there was something wrong with the system. He thought the City should be prepared for the worst, but let the citizens vote on what they thought were priorities.

Councilman Arnold said there was a problem with the PSRPS management and system and showed a PowerPoint presentation. He said the City had $77 million of pension debt. He noted that 74 percent of the General Fund in the current fiscal year was public safety. The City went from 57.91 percent contribution rate in the Fire Funds to 74.49 percent. If the City did not take the special phase-in program it would just delay the inevitable by three years. The City went from an unfunded liability of $25,821,000 to $35,773,000. He said the City had more people retired taking benefits than they did paying into the system. Based on the numbers, if the City did nothing, by fiscal year 33, 93 percent of the General Fund budget was going to be eaten up by public safety.

Councilman Arnold said there were cuts in public safety to pick up the 37 percent of the general fund paying into the pension system. If the phase in system were taken, the City would have to pay $3.8 million in Fiscal Year 16. If the City did not take the phase-in, they would pay $4.8 million. Within ten years, that number would grow to $7.2 million of spending out of the general fund. He said that equated to cuts.

Councilman Arnold stated that he had voted against every unilateral tax increase that had been made. This was the Council's opportunity to share with the voters and give them the option for Prescott's future. He said the City would go from spending $3.8 million next year all the way up to $11 million a year. He said there would be no City of Prescott. There would be no magical solution. Pension reform today would not impact the constitutionally protected rights of the people in the pension system, those that had already been paying into the system and the benefits that they had already been guaranteed. His proposal was that .55 over the span of between 16 and 20 years was the solution to pay off the liability and to give Prescott a future. To guarantee that the Prescott we knew was going to be the Prescott we want for the next 20 years and beyond. He would be voting in support of putting an item on this ballot for the Primary Election in August.

Councilwoman Wilcox said she did not think sales tax was first and foremost in someone's mind when they were choosing where to shop. She said PSPRS must have insurance that covered breach of fiduciary duty and that was a source of money that could be tapped to lower this unfunded liability or to make whole the problems they created. If the City encouraged people to buy local, it would generate more sales tax, which went into the General Fund. She would strongly support the Council getting on board with a "buy local" program as a marketing tool and believed it would make a huge difference. She noted that car dealerships in Prescott would throw in a dinner and lodging if people came from elsewhere to purchase their vehicle.

Councilman Lamerson said he agreed with a lot of what had been said on the subject. He talked about the history of Prescott citizens paying sales tax of 9.35 percent. He did not see a lot of car dealers, retailers, restaurants or hotels go out of business because of the sales tax rate. He agreed that all of the debt could be paid off within seven years. If the citizens paid it off in seven years rather than twenty years, the taxpayers and residents of this community would save over $70.9 million of projected expenditures.

Mayor Pro Tem Kuknyo said when you look at the sales tax it was misleading. For the citizens of Prescott, their 2 percent got them fire protection. For the people in Prescott Valley and Chino Valley they had to pay Central Yavapai Fire District. For a $200,000.00 house, that was $580.00 a year. For the average person another 2 percent tax would be about $400.00 a year.

Councilman Blair said regardless of what increment was chosen, the City did not have a choice. He agreed that the City bite the bullet and get it done and move forward for the sake of saving $70 million.

Mayor Pro Tem Kuknyo said for over three years he had been saying that PSPRS was the biggest financial threat to the budget. It had to be dealt with because the money would run out in January. He asked how to keep the heat on the State. He asked if the City was willing to cut services while they fought the fight with hopes of a win. He said it was coming down to things like the library hours being reduced. Maybe the City would have to close a fire station. He noted that the City just got the policemen back up to where they were supposed to be on patrol size and now they were going to have to cut that down. He said he was up for litigation and for finding out if the numbers were right and for holding the people accountable who had been managing the system. He said that if Council put the tax on the ballot, the voters were going to vote on what kind of Prescott they saw in the future. Without the money, there were going to be cutbacks.

Councilman Arnold said he spent a lot of time in Chino Valley years ago and their residents pay the highest tax rate around. He noted that they drove to Prescott or Prescott Valley to do their shopping. He said the City needed to look at the approach that spread it out over enough time where they saw a $40 million savings in cost. He thought the .55 increase was reasonable. He noted that the City was achieving a $40 million savings and anticipated paying it off in less than 20 years.

Mayor Kuykendall said the debt started coming to light about six weeks ago. Until then the City did not have good numbers, but they knew there was an unfunded liability. PRPRS had not been able to give the City the numbers that they have now. The Council had conversation several times about needing to identify a source of revenue for police and fire. The .55 tax increase over 20 years was comparable to a 20-year bond. During the time when Prescott had a 9.35 percent sales tax, that was a State-wide tax. There was no inequity developed among communities because that one cent was for three years for the entire State. When it was eliminated, it was eliminated by everyone in the State.

Mayor Kuykendall said they asked the Chamber of Commerce for their input about the .55 percent increase and they would support it among the merchant community. That did not mean every member of the Chamber of Commerce would vote for it. The most vocal opinion was coming from the high dollar members of the Chamber, which were generally the automobile dealerships. He noted that they were a major source of sales tax revenue in the community. People would leave the community for a $300 savings on a $30,000.00 car. He noted that the entire 2 percent sales tax would be lost on those sales. Council had to go to the community and it would ultimately be the taxpayers who would make the decision. He thought the .55 percent would keep the City of Prescott competitive. He thought having some type of an audit measure was critical. He hoped the Council would move forward on the .55 percent.

Mayor Pro Tem Kuknyo said the language needed to be air tight that the fund would be dedicated to pay off the unfunded liability only. He said there should be a yearly audit.

Cecilia Jernegan, Chairman for the Good Governance Committee, addressed the Council. She thought the City should continue to fight, but also look at the sales tax. She had worked at Hassayampa and she knew that the sales tax made a difference on a convention coming to the City of Prescott. She said the City needed to be smart with the language and getting the message out so that the public did vote yes. Nothing was going to pass unless they were really smart about how they sent the message out to the baby boomers. She noted that they had to get the younger generations to go out and vote. She said they had to do marketing and public relations. She said the Prescott Good Governance Committee was on board with whatever was decided. She had met with the Prescott Chamber of Commerce Election Committee and they were going to be working in collaboration. She worked with the Republican Women and is working with Democratic Women and the League of Women Voters. The citizens want Prescott to continue to be the gem that she is. She asked staff to make the language on the ballot so that people could understand it. She asked staff to call on the Good Governance Committee to help educate the citizens.

Richard Steelman, citizen, addressed the Council. He gave a history of public safety benefits. He said neither the City of Prescott nor its employees created the pension issue, nor did the taxpayers. The current pension model was not created with proven benchmarks. It was created by politicians, labor lawyers and special interests. The public had no control over the plan, its criteria or its investments, but was entirely accountable for its funding. The main issue with the current pension plan was the years of service and the retirement age.

Mr. Steelman continued stating that Brian Jeffries was the Professional Firefighters president, who made statements about their plan and that the most important facet of their proposal was the elimination of the excess earnings instrument which provided retiree cost-of-living adjustments. That mechanism had prevented the PSPRS fund from growing out of its deficit situation even while the stock market had boomed. Their plan would fund retiree's cost of living allowances out of pockets of currently working public safety workers, not taxpayers. He noted that Mr. Jeffries was a wise man and was also dealing with unions. He noted that the City had people who retired after twenty years and would work somewhere else. He said it was unsustainable.

Ralph Hess, citizen, addressed the Council. Initially, he came to speak in opposition to sales tax. He said it was clear Council was going to approve the sales tax measure. He suggested that instead of putting the proposition on the ballot for twenty years, that it be put on the ballot for five or three years. It might be more appealing to the voters knowing that it would be a short period of time, and then they could try to find out if someone else was responsible for the debt. He said the people with the least financial means were going to be the ones who gott hit by this. Eight percent of their family income goes to sales tax and excise taxes. Most of the voters in Prescott based on mean income information pay about 4.2 percent of their family income for sales tax. The fairest way to tax citizens for the community services was to use a personal income tax.

Mr. Hess noted that if the City stayed in the crisis mode for the next five years, they could actually go to the state legislature and promote changes in the state laws to provide municipalities with more choices as to revenue sources that could be used to pay for the services that were needed.

Thomas Slayback, citizen, addressed the Council. He said if the item was put on the ballot and it passed, the Council should continue to fight on this issue. He would like to see a leadership position from Prescott that all the cities fight the state and the board over the issue.

Lindsay Bell, citizen, addressed the Council. She talked about issues that had come up in the past. She said the PSPRS debt was clearly a critical issue that had to be addressed at this time. She suggested that the Council go for litigation, even though it may take years to have it settled. The act of going for litigation would pressure the legislature to look more favorably on reform of the program. She noted that the City of Prescott needed to be more aggressive to lobby the state. Lobby to restore state revenue sharing and stop the cost shifting down to the local level. This was more of a crisis because they had removed all of local municipalities' discretion on other sources of income. She thought that the City should be more aggressive on reform. There was a suggestion about doing an aggressive “buy local” program. She said that was very much needed. People would respond to that if they understood the connection goods and services that are purchased locally versus purchased elsewhere. With regard to the proposed sales tax increase, she believed that if the City got too far ahead of other communities in Central Arizona, people would buy elsewhere on big ticket items. There had to be a sales tax initiative, but whatever went on the ballot, there would have to be a lot of communication and explanations to the public so they could make an informed decision. She said the language needed to be simple so it was clear what citizens were voting for.

Mayor Pro Tem Kuknyo asked how long it would take to pay off the debt at .55 percent.

Mr. Woodfill responded that it would take about 16 years, based on the actuarial reports. We would have to look at it each year. At .65 percent, it would take about 12 years to pay off. He said actuarial reports changed, but he did not believe that the changes would be downward.

Mr. Hess said the reason he was suggesting a shorter time period was not that it would be paid off in that time period but that during that time, the City would do something to lobby the state legislature and pursue a possible lawsuit. If that did not pan out, in five years, they could propose a sales tax increase again. His concern was that if they got it passed for twenty years, the City would not go looking for the other avenues to reduce the debt.

Councilman Arnold said a big portion of the Council’s plan was to pursue pension reform. To sue someone would just be suing us in a round-about way. If we created $50 million in legal bills for the pension system they would turn back around and bill that back to us. If we chased after their insurance providers, the people who had made the decisions were gone, they would turn around and raise the rates on the fund, which was going to raise the rates back on the municipalities.

Mr. Hess said what he was hearing was that we did not know anything. As a voter, if someone said this was a liability you have to pay, he would like to hear why nothing was being done to look at that.

Jim Lawrence, citizen, addressed the Council. He said it was important that we do something constructive. The first thing was to come up with a reasonable payment rate. He suggested that the .55 for the twenty years was a good plan. He thought it was a mistake to have the PSPRS and streets tax on the same ballot.

Daniel Mattson, citizen, addressed the Council. He noted that the .55 was something he thought could pass and it would not put the rate high enough to cause too much damage. He said the City had been talking about the need for pension reform for several years. He said the City desperately need to put the PSPRS on the ballot and desperately needed to convince the majority of the citizens to vote in favor of it. He noted that he hoped the City would not need a General Election and thought the streets tax should be on the Primary ballot

Justin Harris, member of the Executive Board of the Arizona Police Association, addressed the Council. He was also the president of the Glendale Law Enforcement Association and co-chair of the Glendale Police Officer Coalition. He said he had been active at the State level for the last five years. He said there were a couple of issues that needed to be answered. He noted that Jim Hacking took over the fund a few years ago. It was Mr. Harris' group that brought litigation forward to the Attorney General's office regarding mismanagement of funds. That came back without malfeasance, fraud or any type of criminal activity. There was no further action that could be taken because that director was appointed by the governor of the State of Arizona. If there was any wrongdoing, that person would be removed. That was when Jim Hacking was brought in.

Mr. Harris noted that they submitted their findings to the Solicitor General's office to see if they could get some recovery. The number one priority was ensuring the stability of the fund and ensuring that the City's contribution rates and the employee's contributions rates did not skyrocket out of control. He said the State Law Enforcement Association had looked into the issue to see if any money could be recovered. He said they were working with the State Legislature to try and reduce the debt. He had sat down with Senator Lesko on April 17 with a committee, the League, and several other groups. The presentation was about pension reform and the potential of a firefighter plan that would amend the constitution. The legislature already took action in 2011-12, and there were already two separate tiers of employee contribution amounts. There could be the potential of a tier 3 for things that are legal. This was an immediate crisis for Prescott right now, so this was not an issue of whether you want to do this or not, it was about how many services citizens wanted to cut and how much tax they wanted to pay to get through this.

Councilman Lamerson appreciated the comments and talked about the $70.9 million debt. He noted that it was similar to Social Security in that it was not sustainable. He would rather reduce the liability 7 years rather than extending it out and costing the citizens of Prescott an extra $70 million.

Councilman Lazzell asked if the ordnance should say a certain number of years, or until the unfunded liability was resolved.

Mr. Paladinii said automatic termination language could be added or something to the effect of "when the City's unfunded liability to the PSPRS is deemed to be met . . ." or something similar.

Mr. Woodfill said it was referred to in the actuarial report as the PSPRS unfunded liability. A portion of the rate was designated to amortize that unfunded liability. It is part of the annual audit.

Mr. Paladini said that the City needed to be precise with the ballot language. The proposed language could say something to the effect of "ending on the earlier of December 31, 2035 or at such time when the City's liability to the Public Safety Personnel Retirement System is deemed funded."

Mayor Kuykendall said the language needed to be understood by the attorney 20 years from now.

There was a discussion about possible ballot language.

Councilwoman Wilcox said they had to present something concrete to the voters that they could understand. She did not think citizens would buy "when the Council sees fit."

Mr. Paladini said constitutionally, the tax could only be repealed by the voters. He said it had to go back to the voters to repeal, if it was to be repealed earlier than the original 20-year time period.

Councilwoman Wilcox said that her point was that a shorter term like, Ralph Hess was suggesting, would be easier to accept and would likely get more votes than putting a 20-year term on.

Councilman Arnold said he did not think his generation would buy into that. They were looking for a community that had a future. A plan to accomplish the entire thing was a plan for a future. So language "on [the date] or upon achieving a 100% funded ratio, whichever comes first", would work. He also reminded the community that there were two funds, police and fire and they both needed to be paid off.

Mr. Paladini said on Section 2 of the Ordinance, the amended language would be, starting on the last line, "taking effect on January 1, 2016, and ending on the earlier of December 31, 2035, or December 31 of the year in which Prescott achieves a 100 percent funded ratio in the Public Safety Personnel Retirement Systems." And then the language in the yes vote language would match in the next paragraph in bold.

COUNCILMAN ARNOLD MOVED TO ADOPT ORDINANCE NO. 4938-1476, AS AMENDED, REFERRING TO THE AUGUST 25, 2015, ELECTION BALLOT A MEASURE PROVIDING FOR A SALES TAX INCREMENT OF .55% AND A DURATION OF 20 YEARS OR LESS, TO PAY OFF THE CITY OF PRESCOTT'S PSPRS LIABILITY; SECONDED BY COUNCILMAN LAZZELL; PASSED 5-2, COUNCILWOMAN WILCOX AND MAYOR PRO TEM KUKNYO DISSENTING.

Mayor Pro Tem Kuknyo wanted to explain his vote. He was in favor of putting the tax on the ballot, but felt like it should have been for 16 years instead of 20.

Councilman Lazzell departed at 5:53 p.m.

I. Adoption of Ordinance No. 4937-1475 calling a special election to be held August 25, 2015, to vote on a transaction privilege tax of 0.08% dedicated to open space purposes, taking effect on January 1, 2016, and ending on December 31, 2035

Craig McConnell, City Manager, presented. At the Budget Workshop No. 3 on April 14, 2015, there was discussion of the three potential sales tax increments. The Council had placed the streets question on the ballot. The Council had just taken action to place the PSPRS liabilities item on the ballot. The third item that had been discussed was a potential increment for open space. He noted that Council had two versions of an ordinance which would call a special election to be held on August 25, 2015, to vote on a transaction privilege tax of .08 percent dedicated to open space purposes for a 20-year term for your consideration.

Councilwoman Wilcox said she did not understand where the idea of trying to stretch 0.08 percent to cover open space acquisition, maintenance, and the entire watershed came from. She said she could only support version 2, which was limited open space acquisition and maintenance. She noted that the $1 million that would be generated was not enough to address all of the issues in the water shed. She suggested .25 percent, but did not get a second on the motion. She said that might be enough and she felt confident it would be enough, but certainly not 0.08%. She noted that most of the money would be spent on compliance issues with the lakes and storm drainage system. She thought it was the wrong thing to do if the City was going to put it on the ballot as an open space tax. There would not be any money left to continue Prescott's investment in its open space program. She noted that open space was a revenue generator. It brought people to the area, which spent money in the City of Prescott. The sales tax would actually help relieve some of the pressure on the general fund even though it was 0.08 percent and would increase the sales tax rate up to .63 percent, which was higher than our neighbors, not as high as some in the Valley. She said it was a worthwhile investment in the community.

COUNCILWOMAN WILCOX MOVED TO ADOPT ORDINANCE NO. 4937-1475, VERSION 2; NO SECOND TO THE MOTION WAS MADE

Jon Paladini, City Attorney, said a second to the motion would have to be made before there could be a discussion. Councilman Arnold said that he would like to discuss the item.

COUNCILWOMAN WILCOX WITHDREW THE MOTION.

Councilman Arnold said that when Council last discussed open space, he committed that he would move forward in support of putting the question to the voters. He had issues with Version 2. He believed the existing Parks and Recreation Advisory Committee could serve in the role, with adding two additional members to it. He understood the concern about the inclusion of the broad term lakes and watersheds. If a question were to go forward, 0.08 dedicated to the acquisition, maintenance and improvement of open space would be a reasonable question to ask. He noted that it had been a debate for many years. He had seen that Prescott had a very passionate open space community that believed in acquisition. He also noted major shortfalls in the existing language. He asked what the acquisition costs for the open space plan were.

Joe Baynes, Recreation Services Director, responded. He said they took the 2009 open space master plan and subsequent meeting notes to compile a list of potential open space properties, and based on that list, assuming that there were willing sellers and assuming that the strategy could be a combination of large purchases and connections, it would be about $20 million.

Mr. Baynes said staff assumed some capital. For example, where Hansen Materials was, that could potentially be a Peavine connection to Chino Valley and there would need to be an overpass there that would be a capital project. He noted that the $20 million was a very rough number. He said he had not been able to put a dollar figure on the maintenance.

Councilman Arnold said his assumption was that if the 0.08 were passed and if future Councils moved forward on those acquisitions, it was likely that 50 percent of that was probably accomplishable based upon a willing seller situation. Ultimately about 10-13 million dollars was the real acquisition number and likely the balance was going to be the maintenance and improvements side.

Mayor Kuykendall thought a million dollars a year was a reasonable number. That would be up to the public to decide. The 0.08 would give the City that number. At the end of 20 years, it would be more than a million dollars a year. He had hoped that they could devise some type of language that would allow some of the reservoir, not the maintenance portion that would be dictated to the City of Prescott by the federal or state agencies, but to keep the areas around the boat dock, the recreational part of the reservoirs in better condition. He agreed that Council could add a few people to the Parks and Recreation Committee to manage the fund. He asked if the boat docks were operated under the Parks and Recreation department.

Mr. Baynes said they had a separate division within the department that was the lakes staff of three full-time staff and some seasonal employees. The budget for that portion of the department is about $265,000 a year

Councilman Blair said he was concerned about the maintenance portion of the item. He asked who determined how much out of every year's budget went to maintenance. He said Council was leaving it wide open for a group of people to say they wanted to spend $1 million on open space, without any maintenance. He suggested putting in a not to exceed amount for maintenance.

Mr. McConnell said that was the function of the annual budget process. If it was the explicit purpose of the Ordinance to include maintenance, then that would play out in the annual budget process.

Mayor Kuykendall asked because of the late hour and the late date, if they would still be within the timeframe to discuss the item at the next meeting.

Councilwoman Wilcox said they definitely needed to work on the language. Most the Council wanted to incorporate improvements associated with open space.

Councilman Arnold concurred. He said he still had questions and the language needed to be clear.

Councilman Lamerson said he was concerned with open space acquisition and the liability it brought with it. He wanted to ask the voters if they were willing to pay money to maintain the liability they already owed rather than buy more liabilities.

COUNCILWOMAN WILCOX MOVED TO TABLE THE ITEM UNTIL THE FIRST MEETING IN MAY; SECONDED BY COUNCILMAN ARNOLD; PASSED 5-1, Councilman Lamerson dissenting.

J. FY16 and Subsequent Budgets – Council discussion, direction, and possible action

Councilman Arnold said he would like to wrap up with his remaining items at the May 12, 2015 meeting.

IV. ADJOURNMENT

There being no further business to be discussed, the Regular Voting Meeting of April 28, 2015, adjourned at 6:12 P.M.

____
MARLIN D. KUYKENDALL, Mayor

ATTEST:

____

DANA R. DeLONG, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Voting Meeting of the City Council of the City of Prescott, Arizona held on the 28th day of April, 2015. I further certify the meeting was duly called and held and that a quorum was present.

Dated this ____ day of ___________________, 2015.

AFFIX
CITY SEAL

____
DANA R. DeLONG, City Clerk

PRESCOTT CITY COUNCIL
COMBINED WORKSHOP & SPECIAL VOTING MEETING
TUESDAY, MAY 5, 2015
PRESCOTT, ARIZONA

MINUTES OF THE COMBINED WORKSHOP AND SPECIAL VOTING MEETING OF THE PRESCOTT CITY COUNCIL HELD ON MAY 5, 2015, in the COUNCIL CHAMBERS located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

- **CALL TO ORDER**

  Mayor Kuykendall called the meeting to order at 3:00 P.M.

- **INTRODUCTIONS**

  No introductions were made.

- **INVOCATION** by the Pastor Ron Merrell of the Heights Church

- **PLEDGE OF ALLEGIANCE** by Councilman Lazzell

- **ROLL CALL**

Present:	Absent:
Mayor Kuykendall	none
Mayor Pro Tem Kuknyo	
Councilman Arnold, arrived at 3:28 pm	
Councilman Blair	
Councilman Lamerson	
Councilman Lazzell	
Councilwoman Wilcox	

- **ANNOUNCEMENTS**

  No announcements were given.

- **PROCLAMATIONS**

  A. Proclaiming May 4-10, 2015, as Prescott Highland Games Week

Mayor Pro Tem Kuknyo read the proclamation and presented it to Jill Nelson.

B. Proclaiming May 3-9, 2015 as Public Service Recognition Week

Mayor Pro Tem Kuknyo read the proclamation and presented it to Lee Nackman.

C. Proclaiming May 10-16, 2015, as Hospital Week in Prescott, Arizona

Councilwoman Wilcox read the proclamation and presented it to John Amos.

D. Proclaiming May 10-16, 2015, as National Police Week

Councilman Lamerson read the proclamation and presented it to Chief Monahan.

E. Proclaiming May 2015, as Motorcycle Safety and Awareness Month

Councilman Lazzell read the proclamation and presented it to Leslie Butitta.

F. Proclaiming May 17-23, 2015, as National Public Works Week

Councilman Blair read the proclamation and presented it to Henry Hash. Mr. Hash showed a video highlighting public works activities.

- **PRESENTATIONS**

A. Chamber of Commerce – Introduction of new business

Neal Sneller acknowledged the following new members: Buckaroos Potties and Septics, Eve Connelly with Windemere Real Estate, Footworks Auto License and Title, Kuhl's Salvage Metal Recycling, Carol Moore with HomeSmart, Northern Arizona Foundation for Catholic Education, Panera Bread, Prescott Downtown Antiques, The Hungry Monk, The Old Sage Bookstore and Carol McKellep with West USA Realty.

B. Presentation of the 1st Annual Honor and Remember Memorial event recognizing Arizona's Fallen Heroes, presented by Laura Sutton

Laura Sutton addressed the Council. Ms. Sutton talked about the event in Prescott Valley with 304 American flags as well flags for the fallen in the area on May 18-26, 2015. She noted that they were looking for volunteers to place the flags. She also discussed the annual 5K run/walk.

I. DISCUSSION / POSSIBLE ACTION ITEMS

A. Adoption of amended Ordinance No. 4938-1476, to incorporate the final ballot measure wording, calling a special election to be held August 25, 2015, to vote on a transaction privilege tax dedicated to the payment of the City's unfunded obligations to the Arizona Public Safety Personnel Retirement Systems

Dana DeLong, City Clerk, noted that there were two words transposed on the ordinance on page two, section two, the last line. It should read "a NO vote shall have the effect of not adopting."

Craig McConnell, City Manager, presented. He noted that legislative reform of the public safety retirement systems might enable issuance of pension obligation bonds, which were currently not authorized.

Mayor Kuykendall asked if that would give the City the opportunity to save on interest payments. Mr. McConnell said yes.

Mayor Pro Tem Kuknyo said he liked that there was language stating that the tax would go away once the unfunded liability was paid off.

Councilman Arnold said even with pension reform, it would not fix the current problem.

COUNCILMAN LAZZELL MOVED TO ADOPT THE FINAL VERSION OF ORDINANCE NO. 4938-1476, AS AMENDED; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

B. Adoption of Ordinance No. 4937-1475 calling a special election to be held August 25, 2015, to vote on a transaction privilege tax of 0.08% dedicated to open space purposes, taking effect on January 1, 2016, and ending on December 31, 2035.

Craig McConnell, City Manager, presented. He noted that the item was tabled at the April 28, 2015 Council meeting. Since that time, two more versions of the ordinance, now totaling four, had been developed.

Mayor Kuykendall asked about the versions and the tabled items. Jon Paladini, City Attorney, said public discussion had been closed and it was now up to the Council to discuss or reopen the discussion to the public.

Councilwoman Wilcox said there was thorough discussion last week on versions 1 and 2. She said it would save time to just look at versions 3 and 4 and discuss those. Staff proposed version 3 and she had proposed version 4. She noted that in version 4, the use of the .08 sales tax would be for acquisition of open space lands and conservation easements and so forth, as well as maintenance and improvement of that open space. As a compromise, instead of requiring an open space commission be established, Council would take the existing Parks and Recreation Board and revise the resolution that created the board to rename it Parks, Recreation and Open Space Board and redefine its scope to include evaluation of open space and giving advice to Council, and the budget for maintenance and open space.

Mayor Pro Tem Kuknyo asked if the makeup of the board would be the same. Councilwoman Wilcox said there would be a provision in the ordinance to add two more members. She noted that at least three members would have to have a demonstrated interest in open space. He said the current board worked well together and did not want that to change because of people whose focus was strictly on open space. He suggested a separate board to handle the fund.

Mayor Kuykendall showed a map of the open space that had been acquired since 2001 in the Granite Dells area, which totaled nearly $11.5 million. He said he would like land to be in the City limits if purchased by the City. He also wanted to make sure the City had the means to do something with the land, once purchased.

Councilman Blair asked if the City had a definition of what open space meant. Mr. Baynes said it was identified in 2009 in the master plan. He said it was a broad definition that meant natural parklands that would facilitate passive recreation. He noted that passive recreation was not clearly identified, but generally accepted to be bird watching, hiking, biking, etc. He said it would not include athletic events.

Councilman Blair said when the properties were purchased by the City; the City was then responsible to keep them fire wise. Mr. Baynes noted that grants had funded that effort. Councilman Blair said half of the Trails Coordinator salary should come out of the open space fund. Mr. Baynes estimated that the salary for the coordinator and the seasonal help and operational costs was about $120,000.00, not including the lake staff. He noted that they also received $10,000.00 from the bed tax, annually, that went toward open space.

Councilman Blair said there should not be a percentage cap on the money used from the open space fund for maintenance. He noted that a lot of open space needed to be cleaned up.

Councilman Lazzell said only 13-17 percent of Arizona land was privately held, the rest were public lands. He did not support the purchase of open space with public monies, but was willing to put it on the ballot. He supported version 1.

Councilman Arnold introduced version 5 of the ordinance. He said he supported having the Parks and Recreation Board amended to add two additional members with an open space background. However, a voter initiative directing a council to amend a resolution was problematic.

Mr. Paladini said version 4 and version 5 language that purports to attempt to amend a prior resolution which created the Parks and Recreation board, created a structural flaw. He did not think it was an appropriate place to amend an existing resolution with the new ordinance, especially if the caption of the ordinance did not make any reference to it. If the Council chose to amend the resolution that created the board, the Council could do it because the resolutions were not binding on subsequent councils. He did not think it was appropriate to have that type of a revision of an existing resolution in an ordinance that was intended to send an item to the ballot.

Councilman Arnold said it was prudent to find a mechanism to clearly show the intent to add two people with open space backgrounds to the board, in the event the ballot measure successfully passed from the voters.

Councilman Arnold noted Section 2, with the ballot language. He said there was concern from the public about whether the City would fulfill its obligation under a ballot measure to expend dollars for acquisition. He suggested setting an amount that Council would be obligated to acquire, which was 50 percent of the revenue from the sales tax. Not more than 50 percent of the revenue shall be used annually for the maintenance and improvements. He said it gave flexibility to future councils to purchase property and pursue maintenance and improvements on acquired open space. He said version 5 was a mix between version 1 and version 4.

Councilman Blair was comfortable with the wording, as was Mayor Pro Tem Kuknyo. However, he disagreed with adding to the Board. He thought a separate board, or a subcommittee of the board would be good for open space.

Councilman Arnold said the open space tax would bring in approximately a million dollars per year.

Mayor Pro Tem Kuknyo said he thought too many ballot issues would be a problem, and the PSPRS was very important. He noted that as soon as the City showed interest in land, it increased the value of the land. He would like the state to buy the available land in Granite Dells and have the City give the state the land they currently owned in the area to turn it into a state park. He might be able to support version 4 if it did not include the Parks and Recreation Board increasing its membership with open space people. He said version 5 would also be alright.

Councilwoman Wilcox said the property that had been taken off of the tax rolls when the City purchased it did not contribute much to taxes. She said much of the land could not be built on.

There was a discussion about valuation of land and the different types of maintenance that could be done to the open space.

Councilman Blair said the City had a responsibility to take care of what they had. He supported version 5.

Councilman Lamerson said he did not support any of the versions, but preferred number 1.

Mayor Kuykendall noted that there were many county lots near the Granite Dells and the City could not own all of Granite Dells.

Barbara Jacobson, citizen, addressed the Council. She said she was frustrated with this process. She said open space was about economic development and money would be made in other ways. She asked Council to let the voters have a vote.

Mayor Pro Tem Kuknyo said they had to remember that it was an economic driver and the dollar amount would be raised by the tax. He said it would take money to see the vision that the Parks and Recreation Department had for the area.

Daniel Mattson, citizen, addressed the Council. He thought version 1 was the way to go, because of the lakes and water sheds, and it did not tie Council's hands to alter the board. He said version 1 was the least restrictive, which would give them the most options.

Councilman Lamerson said it was very close to the intent to what the original open space streets tax was in the beginning that gave Council the liberty to prioritize.

Mr. Mattson said it was a mistake not to be clear about how much money went to open space.

Councilman Arnold asked what would happen to the balance of the funds in a year if there was remaining money. Mr. Paladini said version 5 said not more than 50 percent of the revenue from the tax to be used annually for maintenance. He said there was a cap on annual use of the money at 50 percent. Maintenance expenditures for that year were limited to 50 percent. He noted that there was no obligation to use it for acquisition and the remaining money would be banked. He said he would strike the section 2 language.

Councilman Arnold asked about acquisition. Mr. Paladini said the term of acquisition was very broad. It could mean the acquisition of an easement, license, fee title or some combination thereof.

Mayor Pro Tem Kuknyo said it was important that the funds rolled over into an account and did not vanish if they were not spent.

Dick Hollister, citizen, addressed the Council. He suggested that volunteers get donations if open space was so important. He asked why it always had to be tax money.

He noted Arizona would soon be the highest taxed state in the union. He noted that increased taxes made a big difference when a car was purchased. He thought they paid enough taxes already.

Councilman Arnold said the .08 was a significant reduction of what was proposed and a vote to put it on the ballot was not an endorsement of the tax.

Edna Moglewer, citizen, addressed the Council. She said open space provided views, and green areas would be preserved. She noted that better air came from open space and thought Parks and Recreation could run the open space program. She said it was important to define open space and educated the voters.

Sandra Smith, citizen addressed the Council. She agreed with version 1.

JD Greenberg, citizen, addressed the Council. She said there was a blunder with the initiative that was passed in 2000. The maintenance had been intended to be an integral part of that initiative. The fact that it was left off the ballot caused a major problem in the community for 15 years. Limiting open space to the current city limits was a mistake. She said the Mayor had noted that the city limits would go to Prescott Valley and Chino Valley eventually. There was undeveloped open space in areas where individual wells could be drilled, which was one of the biggest dangers to the City's water situation. She noted that acquiring the land provided the potential to have water recharge in certain lands that may be identified as being good for that purpose. She thought it was important that Council included representatives familiar with the open space issue on the board. She said there were many experts in the field.

She urged the Council to consider version 4. She thought 50 percent was too much. She was willing to compromise, with 30-35 percent for maintenance and improvement. She said the community acted in good faith 15 years ago and passed a measure because they believed in open space. She noted that perhaps it could be called "natural space" or "natural parklands". If the City did not keep its view sheds it would lose the momentum they had been gaining to get the tourist dollars here.

Jim Lawrence, citizen, addressed the Council. He read from a press release, dated January 30, 2015, that indicated what was done in 2000. It discussed a $4 million gift given to the Ecosa Institute for a 65 acre land purchase in the Granite Dells area. It also provided seed money for the design and construction of a state of the art education center that reflected the ecological mission of the institute. He said the 65 acres was on the west side of Granite Dells. He talked about the lake to lake trail. He said he was a member of the original open space committee, which came up with a very extensive plan to purchase open space that was approved by Council. With the work that was being done, there was no need for a committee. At this stage a large portion of the work had been done. It could be evaluated, but it would not need a full committee. He suggested that some of the other versions, besides version 1, were better, as they did not include the watershed.

Billie Orr, citizen, addressed the Council. She thought version 1 would be the best option. She thought it was the most flexible.

Rod Moyer, citizen, addressed the Council. He said he was involved with the initiative petition and the citizens were in favor of the tax. They signed the petition because they wanted open space. Open space to the public meant acquisitions. He supported versions 4 or 5, but not version 1.

Howard Mechanic, citizen, addressed the Council. He said version 1 was not a good version. He thought version 4 and 5 would be a good compromise and that the maintenance number should be increased. He said the sales tax from tourists who came to town for open space may be more than the taxes obtained from developed properties.

Mayor Kuykendall said there was nothing more difficult than trying to develop a budget without any guidelines. He noted that the City had a long-term street improvement plan. The available money was used to go forward with the plan. He noted that because of the downturn the money was not used for open space. He thought version 5 gave the City some direction and would eliminate arguments.

COUNCILMAN ARNOLD MOVED TO ADOPT ORDINANCE 4937-1475, VERSION 5; SECONDED BY COUNCILWOMAN WILCOX

Mayor Pro Tem Kuknyo asked that version 5 be shown on the screen. Mayor Kuykendall said the language where it said “no more than 50 percent of the funds can be used for improvements”, left a lot of discretion to committees and councils.

Mr. Woodfill said the wording in the resolution was up to 50 percent annually, for maintenance and improvements. He said that whatever was not spent, would accumulate and be used for acquisition. It would prevent accumulation of funds over that 50 percent level to be used to improve the trailhead, because it was an annual limit. Once it hit the fund balance, it would only be used for acquisition.

Mr. Paladini said he did not know if that was the intent. He noted that Mr. Woodfill said that under the proposed language of version 5, up to 50 percent of the money could be used annually. If it was not, the balance could not be used for maintenance or improvements. He said that year’s money generated could be used for maintenance or improvements. If it was not up to 50 percent, the balance would roll into an acquisition fund.

Councilman Arnold said the purpose behind the 50 percent was to set a limitation on an annual basis of how much could be spent towards maintenance and improvement. The question regarding a large scale improvement project over multiple years created the intention that the money should be able to be accrued. The 50 percent was a limitation to ensure that the commitment of acquisition was being met.

Councilman Blair said version 1 covered it all. He said the flexibility opened the door for the Council to have a piece of property that may come up for purchase, in the future, where more than 50 percent could be spent. He said there may be fire wise maintenance programs in the future, where more than 50 percent may be spent. He said he would support version 1.

Mr. Paladini said if the intent was not what Mr. Woodfill was talking about; the language in version 5 should read “with not more than 50 percent of the accumulated revenue from said tax to be used for maintenance”. He said they would insert the word “accumulated” between the revenue and the word annually to allow up to 50 percent of any accumulated money to be used for maintenance and improvements. He did not believe the intent was to be forced to spend the money in a given year.

Mayor Kuykendall asked if it would guarantee that 50 percent would be used for acquisition. Councilman Arnold said, at least that amount. He said there was potentially $20 million being raised. He said the City would pursue spending a floor minimum of $10 million. Anything above and beyond that would be at Council’s discretion, related to acquisition. He said he did not support version 1 and thought it was a mistake.

Mr. Paladini said it sounded like Councilman Arnold wanted to amend his motion to affect the change. Councilman Arnold asked that the proposed language change be repeated.

Mr. Paladini said that in the two paragraphs, it would say “with not more than 50 percent of the accumulated revenue from said tax to be used (strike the word annually), for maintenance.

COUNCILMAN ARNOLD MOVED TO AMEND HIS MOTION TO REFLECT THOSE AMENDMENTS; SECONDED BY COUNCILWOMAN WILCOX

Mayor Kuykendall reiterated that this would guarantee that 50 percent of whatever was collected during the 20 years would be used for the acquisition of open space.

Councilwoman Wilcox said when she wrote the original language, her intention was that if 50 percent, in any given year, was not spent for maintenance and improvement; it would roll over into the open space fund. They would then look at the maintenance and improvement needs the next year.

Mr. Paladini said if no money was spent the first year, it was all in a segregated fund. At any given time, no more than 50 percent of whatever had accumulated in that fund, could be spent for maintenance and improvements. However, if there were two years of accumulation and it was $2 million and $1.9 was going to be used for a purchase, as determined by Council that would be allowable. Not more than $1 million of the $2 million could be spent on maintenance and improvements.

Mayor Kuykendall said the rollover on the side that bought property would have the same effect; the money would not disappear at the end of each year. Mr. Paladini said the money would stay in the segregated account and at any given time, whatever was in the account, no more than the 50 percent of the accumulated revenue could be spent on maintenance and improvements. He said at any given time, up to 100 percent of the accumulated money could be spent on acquisition.

Councilman Blair said it was appropriate for the Advisory Board to give direction to the Council regarding where the money should be spent.

THE MOTION TO ADOPT ORDINANCE NO. 4937-1475, VERSION 5, AMENDING THE LANGUAGE TO SAY "WITH NOT MORE THAN 50 PERCENT OF THE ACCUMULATED REVENUE FROM SAID TAX TO BE USED (STRIKE THE WORD ANNUALLY) FOR MAINTENANCE; PASSED 4-3, Councilmen Blair, Lamerson, and Lazzell dissenting

C. FY 16 and Subsequent Budgets – Council discussion, direction, and possible action

Craig McConnell, City Manager, said staff did not have anything to present and the item would appear on the meeting of May 12, 2015.

Councilman Lazzell asked if the budget would be presented with the expectation that there would be no sales tax relief.

Mr. McConnell responded that staff believed they would arrive at a balanced budget. There were certain actions that would need to be taken to balance the budget that would be outlined to Council. The City would get through until January 2016. If there were cuts to be made at that time, there would be discussions with Council between August 2015 and December 31, 2015 to outline what the cuts would be. If the PSPRS measure failed, that would dramatically impact the General Fund; cuts would begin in January 2016, followed by more dramatic cuts for the following fiscal year.

Mr. McConnell said staff was not going to bring a budget to Council that assumed that any of the measures would pass.

II. DISCUSSION ITEMS

A. Water management items for discussion

Leslie Graser, Water Resources Manager, presented. The item pertaining to water service outside City limits, request for a second meter, had been schedule before the Council Water Issues committee on two occasions. She noted that it required applying the Code Section 2-1-8 and the intergovernmental agreements or valid contractual agreements. Given the physical availability of alternative water to serve new development, including increasing lot splits and rezoning requests, it was anticipated that the Council Water Issues Committee would further address the topic of providing water outside the City limits.

Ms. Graser summarized some of the details, which were included in the packet.

Councilwoman Wilcox asked when the policy started to allow the City extension of water and sewer service without requiring annexation. Ms. Graser responded that she did not know the answer. She noted that the City was serving outside the City limits dating back to the 1950's.

Councilwoman Wilcox thought it was a poor policy that got the City into problems with county islands. She noted that sewer, water and annexations should all go together.

Mayor Kuykendall said in the 1970's the Council passed a policy that would not allow services outside the City. He thought there had been many changes since that time.

Councilman Lazzell clarified that the item dealt with property that was in the county and did not have City sewer.

Mayor Kuykendall said in reading the notes from the Water Issues Committee, there had been 75 exceptions when the last policy was created. Ms. Graser said it was Agreement 75 and within that agreement, it allowed for 75 connections, which had been made. She noted that since all connections had been met, the City could not provide another service.

Councilman Arnold said much of the information was derived from two years of staff research, the Water Issues Committee meetings and many discussions with the property owner. He noted that the City made a bad choice to extend water lines outside the City. If the City fully enforced the code, there would be a situation where an exempt well would be drilled on one of the two properties. He did not think sweeping code changes had to be made to fix the unique situation. He said the historical record was unclear.

Councilman Arnold noted that if Council were to consider an amendment to the code, he would seek to have the occupied residential structure date be pushed back to the 1970's to limit the ability for others to come forward and claim a hardship. He said he would have liked to see this completed administratively instead of spending two years on the issue. He noted that the property was at the top of Thumb Butte.

Councilman Lamerson said the issue was a self-imposed hardship. He noted that there was a water service agreement with one property. Someone took advantage of the agreement and built another residence on the property and hooked into the same meter.

Councilman Arnold said it was the City's job to find a resolution to the problem.

Mayor Kuykendall asked the Water Issues Committee to have one more meeting and bring it back to Council.

Councilman Arnold departed at 5:34 p.m.

B. Third public hearing for CDBG 2015-2019 Consolidated Plan

George Worley, Planning Manager, presented. He noted that it was the third public hearing for the Community Development Block Program (CDBG) Consolidated Plan. He said it was a five year plan that generally guided the activities of the CDBG programs annual plans.

Mayor Kuykendall opened the public hearing at 5:36 p.m.

Martina Kuehl, CDBG consultant, addressed the Council. She showed a PowerPoint presentation and briefed the Council on the Consolidated Plan, which equated to roughly $1 million depending upon Congressional appropriation. She noted that the City would be investing the CDBG resources similar to what they had done in the past, with a few changes. The City of Prescott had been designated as an Exception Community. That allowed them to invest CDBG resources in neighborhoods where 46.42 percent of the population was low and moderate income. The City used to be tied to the national standard of 51 percent. She noted that resources were also invested in direct benefit programs like Meals on Wheels or organizations helping seniors or people experiencing homelessness.

Ms. Kuehl said they ended up with four priority needs: the vitalization of neighborhoods, public service and other opportunities, addressing homelessness and providing decent affordable housing. She noted that the information came out of the surveys that were done and public meetings. She said that there were high and low priority categories. The ability to create or retain jobs was a comment received from the public and added to the final plan.

Councilman Blair asked if the City went out to bid for repairs on the homes that needed to be rehabilitated.

Mr. Worley said they would unlikely do 50 homes at one time. He said it was depended upon the City's procurement code as to what level of quotes were required. In most of the cases they were hoping to see sub-recipients.

Ms. Kuehl said the public comment period closed May 10, 2015. She noted the public could send an email to George Worley regarding comments to the proposed plan.

Ruth Santo, Community Legal Services, addressed the Council. She noted that 70 percent of the funds must be used for activities that benefited low and moderate income persons. She said the City must proactively work to overcome historic patterns of segregation and foster inclusive communities for all. She did not think that paving a parking lot was a good use of the funds.

Mr. Worley said that particular issue was an annual action plan issue that would come to Council the following week for discussion and action.

Daniel Mattson, citizen, addressed the Council and discussed administration of funds.

Councilman Blair asked about groups like the United Way and if they could request money and match the funds. Mr. Worley responded, yes.

Mr. Mattson talked about errors in the plan. Page 40 discussed population and said Prescott was the most populated jurisdiction in the Quad City area. He said that Prescott Valley was the most populated. Page 36 discussed emergency shelters for adult individuals. He noted that Open Door Winter Shelter was no longer functioning. He said it had changed to Operation Deep Freeze with a capacity of 40. He noted that the plan did not mention Yavapai Rescue Mission under emergency shelters for mixed population.

Mayor Kuykendall asked how they planned on using the information that was received.
Ms. Kuehl asked Mr. Mattson to forward his comments to Mr. Worley and she would incorporate them in the plan.

Mayor Pro Tem Kuknyo talked about Operation Deep Freeze and said the Salvation Army stepped up with a temporary solution. He asked if there was anything that would address the problem with Operation Deep Freeze.

Mr. Worley responded that there was nothing specific in the annual action plan to address Operation Deep Freeze or their facilities. The City had contact with the Coalition of Compassion and Justice (CCJ) and would help them get a facility that operated safely under the City codes.

Paul Mitchell, CCJ Director, said they were open 27 nights in 2015 at Operation Deep Freeze and were funded by community donations. He said they did not know where their facility would be next year. The Salvation Army deserved great credit for stepping up last year.

Mayor Kuykendall asked if they had occupants. Mr. Mitchell said they had 69 different individuals, averaging 15 people per night.

Mayor Kuykendall closed the public hearing at 5:55 p.m.

III. ADJOURNMENT

There being no further business to be discussed, the Combined Workshop and Special Voting Meeting of May 5, 2015, adjourned at 5:55 P.M.

____
MARLIN D. KUYKENDALL, Mayor

ATTEST:

____
DANA R. DeLONG, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Combined Workshop and Special Voting Meeting of the City Council of the City of Prescott, Arizona held on the 5th day of May, 2015 I further certify the meeting was duly called and held and that a quorum was present.

Dated this ____ day of ____________________, 2015.

AFFIX
CITY SEAL

____
Dana R. DeLong, City Clerk

PRESCOTT CITY COUNCIL
BUDGET WORKSHOP MEETING
THURSDAY, MAY 14, 2015
PRESCOTT, ARIZONA

MINUTES OF THE BUDGET WORKSHOP MEETING OF THE PRESCOTT CITY COUNCIL HELD ON MAY 14, 2015, in the PRESCOTT PUBLIC LIBRARY, FOUNDERS ROOM located at 215 E. GOODWIN STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Kuykendall called the meeting to order at 9:00 A.M.

◆ **PLEDGE OF ALLEGIANCE** by Mayor Pro Tem Kuknyo

◆ **ROLL CALL**

Present:	Absent:
Mayor Kuykendall	Councilman Arnold/excused
Mayor Pro Tem Kuknyo	
Councilman Blair	
Councilman Lamerson	
Councilman Lazzell	
Councilwoman Wilcox	

I. DISCUSSION ITEMS

A. FY 16 Budget Workshop, Part I

Craig McConnell, City Manager, presented. He talked about the presentation and the process for the workshop.

Mr. McConnell showed a PowerPoint that included:

- Prescott – A Full Service City

He said the 500 employees provided services to the residents and visitors of Prescott.

- Approach to Building the FY15 Budget

He noted that the budget process was different for FY16 due to a discussion with Council who wanted to have workshops to set the stage for the coming budget.

- Types of City Funds

Various City funds were discussed, governmental and proprietary funds.

- Introduction and Approach to the FY 16 Budget

The City was experiencing extreme, unprecedented pressure from the City's unfunded obligations to the Public Safety Personnel Retirement Systems which totaled $70 million and were growing. He noted that the FY16 budget had been structured without assuming that any of the three sales tax increments referred to the voters for the August 25th election, would be approved. If any of the sales tax increments were approved, staff would work with the Council to adjust the budget to reflect the approvals.

Mr. McConnell said that each of the City enterprises that did not rely on the General Fund support were in healthy financial condition.

- Strategic Goals Forming the Framework for Conducting the Business of the City and Planning the Community's Future

The achievement of most of the goals in the future, directly tied to the condition of the General Fund, was at risk due to a lack of assured funding to support them.

Mayor Kuykendall asked about the ability to increase the budget once it was approved. Mr. McConnell said they had the ability to re-appropriate the money to address City needs and services even though there was a cap. Due to lagging projects at the end of the year, the City would be able to make adjustments to bring in revenue from any sales tax initiatives that were passed.

Mayor Kuykendall asked if the ballot initiatives passed, when would the money be received.

Mark Woodfill, Finance Director, responded that it was complex due to the takeover of the collection of tax in January 2016.

There was a discussion on state shared revenue.

- FY 16 Budget Context, Key Issues, and Considerations

Councilwoman Wilcox said outdoor recreation and the events that occurred in the City were important to the tourism economy. She asked to add them to the list of identified items under tourism.

Mr. McConnell noted that the City was resolved to accomplish fuel reductions at an equal or better level than had been done in the past to reduce wildfire susceptibility. He said fuels reduction was among the highest priorities for funding as an essential City program.

Councilman Lamerson said it was appropriate to remember that the City had staff that was trained to do fuels reduction.

- FY 16 Challenges and Issues More Specifically – seen at a prior meeting
- The Dilemma of the Public Safety Personnel Retirement System (PSPRS for Prescott
- Efficiency and Cost Reductions

Mr. McConnell noted that the City had moved into asset and maintenance management of the infrastructure, eliminated unnecessary programs, reduced personnel substantially and a detailed list of specific actions was presented in the first Budget Workshop on February 12, 2015.

- FY 16 City Organization

He noted that the Information Technology (IT) department had been moved from the Finance Office to the City Manager's Office. He said the budget had not been increased with the change.

- FY 16 Pension Costs and Increases

The City of Prescott did not create the system, but the City had to keep paying the bills that continued to increase. He noted that $51,363.00 was being paid into the pension system for one fireman. An average of $43,451.00 was being paid for each policeman.

Councilman Lazzell verified that even if the system were repaired, the unfunded money would still be owed. Mr. McConnell said that was correct.

- Pay and Benefits for FY 16

He said Council received a presentation of the Classification and Compensation Study. Revisions had to be made due to comments made at the Council presentation. To remain competitive as an employer among its municipal peers, the City must resolve its unfunded obligations to the Public Safety Personnel Retirement System (PSPRS).

Mr. McConnell said that in the past, if the General Fund lacked resources to maintain employee pay at market levels, all departments and functions supported by other funds were treated the same. However, in the future, the one size fits all approach may need to be discontinued, leading to internal disparities in the compensation policy. He said that no market adjustments identified by the classification and compensation study were budgeted. The budget included funding of a $125,307.00 health insurance increase to the General Fund and $20,000 for tuition assistance.

- Position Changes – FY 16 Budget

There was a net decrease of five positions from FY15.

- Total Full Time Equivalent Positions

Full-time positions went from 573 in FY08 to 501 positions in FY16.

- General Fund – Key Issues

Mr. McConnell said the legislature had taken away tools and cut out classes of activities that the City could use to be able to collect taxes on. The cuts impacted the City by $116,818.00. He noted that the growing cost of public safety was continuing to pressure other City programs.

- General Fund – PSPRS Ballot Measure

The benefits to the City, if the initiative passed, would be:

- ♦ Enable continuation of services and amenities supported by the General Fund (police, fire, library and recreation)
- ♦ Enable timely replacement of public safety vehicles and equipment
- ♦ Enable adequate life-cycle maintenance of public building and facilities
- ♦ Enable funding for development of Airport public facilities
- ♦ Assure that Prescott continued to grow reasonably and responsibly, and property values were preserved

Councilwoman Wilcox said she learned in the meeting with Brian Jeffers, one of the ways to help PSPRS become sustainable was to keep hiring people who would pay into the system. She noted the City would accelerate the debt into the system with the continuation of layoffs from the police and fire departments.

- General Fund – Overview of Additional FY 16 Reductions Effective 1/1/16 if the Dedicated PSPRS Sales Tax Increment is Not Approved (with even deeper cuts in FY 17)

Mr. McConnell gave a general description of cuts that may be made if the PSPRS initiative did not pass.

Mayor Pro Tem Kuknyo said sometimes there was a presumption that City government was running fat in the police and fire departments. He said the City of Prescott was running lean. The general public would notice the reduction of services with longer response times.

Mr. McConnell said that City staff was not allowed to advocate an outcome on ballot measures. He said it would be up to the community to provide information to the voters.

Mr. Woodfill continued the presentation with the following slides:

- General Fund Revenue and Sources
- General Fund Revenues FY07-16

He noted that 52 percent of the revenue came from local taxes and 40 percent came from intergovernmental revenues.

Mayor Pro Tem Kuknyo said he would like to see the split between property tax and sales tax on the graph. Mr. Woodfill said they might not even be able to see the line for the property tax, as it was less than 4 percent.

- General Fund Revenues

Projected revenue for FY 16 may increase by 1.4 percent.

Councilman Blair asked who said the City could not put a public service fee on the water bill. Alison Zelms, Deputy City Manager, said that was specifically limited by State law.

- Property Tax

Mr. Woodfill noted that the City could assess a primary and secondary property tax. The primary tax was used for the general government operations, including public safety. The Secondary tax paid debt service on voter-approved debt.

- Property Tax Rates – Prescott Compared to CYFD

He noted that the bonds would be paid off in 2017 for the debt on the lakes and that the tax rates for the Central Yavapai Fire District continued to rise.

- Property Tax Rate Comparison – Residential

On a $200,000.00 residence, the tax was $461.12 less than that of the County. He noted that the City could not raise its tax to help pay for the Fire Department.

- Property Tax Rate Comparison – Commercial

A commercial property worth $200,000.00 in the City of Prescott paid $853.07 less per year than a business in the county.

- Property Tax Rate

Mr. Woodfill noted that the property tax rate would be reduced by .0102.

Mr. McConnell re-emphasized that staff was not recommending to Council an increase to the primary property tax. He noted that it would cost almost as much to go through the procedure of notifying the community, as the increment of additional property tax that would be gained from the increase. He said $30,000.00 was the maximum amount of revenue that could be gained, compared to a general fund budget of $33 million.

Mr. McConnell said that staff was not pro property tax. He said the City of Prescott was the closest to our residents and our part of the tax bill was $60.00. He noted that there was an imbalance in the allocation.

Councilwoman Wilcox said the public would ask why the City was lowering the tax rate when they were in a financial crisis. Mr. Woodfill said the State laws limits what the City could request in the property tax rate. The levy was set by the Council, but they did not set the rate.

- Current Local Sales Tax Rates

The City of Prescott was currently lower than Chino Valley and Prescott Valley, both whom did not fund fire or emergency medical services.

- Breakdown of Total Transaction Privilege Tax (Sales Tax) Currently Levied in the Prescott Area
- Sales Tax Rates by Community 1/1/2016

If all three tax measures passed, the total tax for the City of Prescott would be 8.98 percent, compared to 8.68 percent for Prescott Valley and 10.35 percent for Chino Valley. The Reservation remained the lowest at 7.85 percent.

- General Fund Budgets
- FY 15 General Fund Operating Expenditures – Net of Program Revenues and Cost Recovery
- FY 16 General Fund Operating Expenditures
- General Fund – Operating Expenditures by Department Less Internal Cost Recoveries

Mr. Woodfill noted that the Council policy in 2002 was that the administrative functions of the General Fund, that did work in the fund areas, should have a portion of their costs made by the revenues in those areas.

Mayor Pro Tem Kuknyo asked if there was flexibility in the budget to hire another employee in the Developmental Services area. Mr. Woodfill said staff could move appropriations within the budget, but the budget could not be increased. He noted that money would come from additional fees and charges for services.

- City Council – Operating Expenditures

Mayor Pro Tem Kuknyo said the Sister City operating expenditures should not be included on the City Council budget. He asked if it could be moved to the Bed Tax budget, because it was a tourism function. Mr. Woodfill said staff could move it if it was Council's direction.

Councilman Lazzell asked about going to tablets for Council packets and saving money on the copies. Mr. McConnell said when a majority of the Council wanted to go paperless, the change could be made.

- Library – Yavapai County Free Library District – Funding Issues and Considerations

The district disbursed $565,065.00 in direct contribution to Prescott for library operations and provided direct services for a variety of operations through the Yavapai Library Network with an estimated value of $155,000.00.

Recess taken from 10:25 A.M. – 10:43 A.M.

- General Fund FY 16 Capital Outlay/Projects

Councilman Lazzell asked if the Regional Communications software upgrade would be compatible with body cameras. Mr. Woodfill said he did not know if the package would incorporate that capability.

Councilman Lazzell asked about a copier company that would take care of all the copiers, instead of each department taking care of their own. Mr. Woodfill said the City received state pricing on the copiers.

Mr. Woodfill talked about the breathing apparatus that needed to be replaced for the fire department.

- FY 16 Vehicle Replacement Fund

There was a discussion of the auction process. Stephanie Miller, Field and Facilities Director said the revenue went back to the fund that purchased the vehicle.

- General Fund Unfunded Projects

The Economic Development Incentive Fund and Rodeo Grounds rehabilitation remained unfunded.

- General Fund CIP FY 17-21
- General Fund Summary

The ending balance was projected to increase by $2,347.070.00.

- General Fund – Fund Balance and Reserves

He noted that there was a 20 percent reserve, which was part of the reserve policy. $11 million was available for one time capital and projects.

Councilwoman Wilcox asked if there was a requirement that the City have a certain percent in reserve in order to retain their bond rating. Mr. Woodfill said the reserve requirements were based on Council policy and felt the 20 percent reserve was a good level.

Ms. Zelms, Deputy City Manager, said there were other factors that contributed to the bond ratings. If the City did not have ongoing revenue to support the operations, there would be a downgrade of the City's rating.

- Transient Occupancy (Bed) Tax and Tourism

Lars Johnson, Budget and Privilege Tax Manager, presented. He noted that the special revenue funds were restricted by purpose.

- Tourism – The Enhanced Approach
- Transient Lodging (Bed) Tax

The use of the 3 percent tax for bed tax was limited by ballot language for tourism promotion and recreational development. He noted that the liquor license fee had been moved from the General Fund to the Bed Tax Fund, because that revenue could be used in the same manner as the Bed Tax revenue. The cost for the Tourism Director moved from the General Fund to the Bed Tax Fund for FY16.

Councilman Blair asked about cost recovery, and would like to see line items for each event. Zelms said the primary cost recovered event was the Pioneer Park event for the 4th of July. She noted that the City did not provide any free services for special events.

Councilwoman Wilcox asked why the contingency increased $50,000.00 from FY15. Mr. Johnson said the entire available funds were budgeted so there would be money for Council's discretion. He noted that the bed tax was projected to increase by $50,000.00 and the liquor license fees were added to the fund.

Mayor Pro Tem Kuknyo said he would like to see the Sister Cities have a line item in that area. Mr. Johnson said that the contingency could be used for that.

Councilman Blair asked if the money used to entice people to the City's national softball tournaments came from the Parks and Recreation Budget. He suggested that it might come from the Bed Tax. Ms. Zelms noted that the Bed Tax had a $30,000.00 line item for tournaments.

- Grant Applications and Funds
- FY 16 Grant Applications – All Departments

Councilman Blair asked these were awarded or if they were pending grants. Mr. Johnson said they were intended to be pursued.

Councilwoman Wilcox asked if the County Title III (firewise) Grant was federal money. Ms. Zelms said she believed it was federal money.

Councilman Blair was interested in the Police canine grant and asked if it was just for one canine. Chief Monahan said there were two active canines capable of narcotics sniffing. He said the last canine the department received was a gift through a private donor. The cost of each canine was $5,000.00, plus associated costs for vehicle adaptation.

- Impact Fees

Mr. Johnson said the fees had been paid when building permits were issued for new construction. Current law significantly reduced the amount of funding which could be made available for new capacity needed to serve growth. The only remaining impact fees the City collects were in the Water and Wastewater Funds. He said the fund could not be used for existing deficiencies.

Councilman Lazzell asked about Police and Fire Impact Fees. Ms. Zelms added that part of the discussion for collecting Police and Fire Impact Fees was that the amount that would be able to be collected was almost negligible.

Councilman Blair asked why the state took away the impact fees. Ms. Zelms said there had been a constant lobby over the last 20 years by the developers to do away with impact fees.

- FY 16 Governmental Impact Fees
- FY 16 Other Special Revenue Funds

Mr. Johnson noted the revenue in the Acker Trust Fund was to be used for cultural and recreational purposes only. The trust goal was to maintain a balance and spend only the interest earned, with $10,000.00 allowed for a scholarship.

Councilwoman Wilcox asked if some of the Acker Trust Funds could be used to improve Acker Park.

Joe Baynes, Recreation Services Director, said there was only one Acker Trust Fund that was willed to the City of Prescott. He said those monies could be used for musical programs for children or parks improvements.

Councilwoman Wilcox wanted to see a line item for the Acker Park improvements, understanding that it was subject to the trust board's recommendation and review. Councilman Blair said he was under the impression that the Friends of Acker Park took care of the maintenance of the Park.

Councilwoman Wilcox thought The Friends of Acker Park were not going to exist any longer as a 501C3. She said there was more work that needed to be done that could be funded out of the trust.

Mr. Baynes said there was an earlier slide that showed improvements to the park through a development agreement with an adjoining development. He said some of those monies could be used to address some improvements at the park.

- Debt Service Fund
- City of Prescott Secondary Tax Rates – Used for Servicing General Obligation Bonds

Mr. Woodfill presented the Golf Course Enterprise Fund.

- Golf Course Fund

Mr. Woodfill noted that the debt service for the golf carts would be paid off in 2016 and the net income was projected to be in the black.

- Golf Course CIP FY17-21

Mr. McConnell concluded the presentation.

- Key Fiscal Year 2016 Work Program Items

Mr. McConnell discussed, the implications of body cams regarding added expenditures and public records requests. He made the Council aware of the sincere possibility of project creep regarding the issue and asked them to work into it carefully.

He noted that the City of Prescott was going to contact Great Lakes Airline to ask them about making good on the representation for the 30 seat aircraft. He said it was not the best and highest use of money to continue to fly 18 seat aircraft, when only 9 seats could be occupied.

The City would have to comply with the total maximum daily load issue soon.

The last item was vacation rentals that Council and staff would have to talk about.

- Upcoming Steps in the FY16 Budget Process

Mr. McConnell listed the dates for the coming workshops, tentative budget adoption, adoption of final budget and adoption of property tax levies.

Mayor Pro Tem Kuknyo talked about the presentation that he and Councilwoman Wilcox attended given by the Firefighters Association. He said PSPRS was created in 1968 under investment rules put into place the same year. He noted that they could not invest in overseas funds or real estate funds. Anytime the fund made more than nine percent, half of the money had to go to the retirees. He noted that they did not want to make more than nine percent. He said that many cities were trying to initiate a public safety tax. The

City of Prescott was just trying to retire the debt, so when the debt went away, the tax would also.

Councilwoman Wilcox said the Firefighters Association was working on a State constitutional amendment for the 2016 November election.

Mr. McConnell said there would be a presentation made by the League of Cities and Towns on the May 26, 2015, Council agenda regarding their proposal to fix the public safety retirement system.

Councilman Blair asked about the governmental impact fees and what the fees might be used for. Mr. McConnell responded that Recreation Services proposed the acquisition of additional property at Goldwater Lake.

Councilman Blair asked if they could use money from the Park Impact Fees to dredge Watson Lake. Ms. Zelms said that would be pushing the issue against some legal challenges.

Matthew Podracky, Assistant City Attorney, said the concept of impact fees was growth paying for growth. He said the money could be used to develop new parks.

Councilman Lamerson said that he had a problem spending money outside the City limits to expand liability.

II. ADJOURNMENT

There being no further business to be discussed, the May 14, 2015, Prescott City Council Budget Workshop Meeting adjourned at 11:52 A.M.

____
MARLIN D. KUYKENDALL, Mayor

ATTEST:

____
DANA R. DeLONG, City Clerk

PRESCOTT CITY COUNCIL
REGULAR VOTING MEETING
TUESDAY, MAY 26, 2015
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR VOTING MEETING OF THE PRESCOTT CITY COUNCIL HELD ON MAY 26, 2015, in the COUNCIL CHAMBERS located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Kuykendall called the meeting to order at 3:02 P.M.

◆ **INTRODUCTIONS**

No introductions were given.

◆ **INVOCATION** by Pastor Jim, Church on the Street

◆ **PLEDGE OF ALLEGIANCE** by Mayor Kuykendall

◆ **ROLL CALL:**

Present:	Absent:
Mayor Kuykendall	
Mayor Pro Tem Kuknyo	
Councilman Arnold	
Councilman Blair	
Councilman Lamerson	
Councilman Lazzell	
Councilwoman Wilcox	

◆ **ANNOUNCEMENTS**

Craig McConnell, City Manager, noted that Part 2 of the Budget Workshop would begin Thursday morning at 9:00 a.m. in the Library and staff would be talking about Streets, Solid Waste and the Utilities Funds.

◆ **PRESENTATIONS**

A. Presentation of the 2015 Arizona Wildfire Academy and Incident Management Academy, by Tony Sciacca

Tony Sciacca, Executive Director of the Arizona Wildfire Academy, noted that it was the 13th Academy. He presented the Executive Summary to the Council. There were 679 students from 23 states who attended that academy. Of those, 115 students received scholarship money. The 100 instructors donated over 5500 hours of instruction. He noted that the Southwest firefighter of the year was Greg Smith from Northwest Fire, who was nominated by his peer group. The Herb McElwee Loyalty Award was given to the Yavapai County Board of Supervisors for their generous contribution to the Yavapai County Fireman. They issued a scholarship for $19,000 that paid for most of the training. The City of Prescott had been the backbone of the Arizona Wildfire Academy. The Academy brought in an excess of 3,000 room nights plus all the business downtown.

CONSENT AGENDA

A. Approval of minutes for City Council meetings held on April 7, 2015 and May 12, 2015

B. Approval to purchase a document retention and disposition module for the City's On-Base electronic document management system from Databank IMX, in the amount of $19,914.88

C. Renewal of Off-track Pari-mutuel Wagering permit for Matt's Saloon, located at 112 S. Montezuma Street, submitted by Turf Paradise

D. Ratification of emergency procurement for Antelope Hills pump station repairs, and authorization of payment to Foster Electric Motor Service, Inc., in the amount of $31,957.71 (Golf Course Fund)

E. Award of City Contract No. 2015-197 to Fireworks Productions of Arizona in the amount of $20,300.00 for the 2015 Annual Fourth of July Celebration

F. Award of City contract No. 2015-195 for Zone 16 Waterworks Materials to FWC Supply, LLC, in the amount of $15,659.51 (Water Fund)

Councilman Blair asked what portion of the money spent on the fireworks production was recovered by fees. Craig McConnell, City Manager, responded that it varied from year to year but they have pretty much broken even in recent years.

COUNCILMAN BLAIR MOVED TO APPROVE CONSENT AGENDA ITEMS I.A. – I.F.; SECONDED BY COUNCILWOMAN WILCOX; PASSED UNANIMOUSLY.

II. LIQUOR LICENSE REGULAR AGENDA

A. Public hearing and consideration of a new liquor license application for a Series 12, Restaurant License, from James Stephen Lolli, applicant for The Hungry Monk, located at 220 West Goodwin Street, Suites 101, 201 and 202

Dana DeLong, City Clerk, presented. The application had been reviewed and determined to be in compliance with City requirements. The application and license fees had been paid and the application had been posted at the proposed location for the required twenty days. No public comments had been received. The applicant was in attendance.

Mr. Lolli said they had another restaurant in Chandler and also have a home in Prescott. He noted that they were an eatery and craft beer pub upstairs and a coffee and wine bar downstairs.

COUNCILMAN LAZZELL MOVED TO CLOSE THE PUBLIC HEARING; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

COUNCILMAN LAZZELL MOVED TO APPROVE LIQUOR LICENSE APPLICATION NO. 12133620, FOR A SERIES 12 LICENSE, FOR THE HUNGRY MONK, LOCATED AT 220 WEST GOODWIN STREET, SUITES 101, 201 AND 202; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

III. REGULAR AGENDA

A. Presentation from the Arizona League of Cities and Towns Public Safety Personnel Retirement System Pension Task Force

Mark Woodfill, Finance Director, presented. He said Council put an item on the ballot for a PSPRS tax to eliminate the liability. He noted that the league had a pension task force to look into fixing the pension system in the future. He noted that the Chairman of the task force, Scott McCarty, and the Vice Chairman, Mike Townsend, were present.

Mr. McCarty shared what the task force had been doing since last summer, their preliminary reform recommendations, and about the calendar leading up to the legislative session.

Councilman Lamerson asked who was on the task force. Mr. McCarty responded that the task force was put together by the League of Cities and Towns in association with the City Manager's Association of Arizona, as well as Government Finance Officers Association. The representatives on the 15-member task force minus one were all government employees.

Mr. McCarty continued stating that the task force was formed in June 2014. The purpose of the task force was to review all aspects PSPRS, identify areas of improvement and make necessary reform recommendations. He noted that there were 256 individual plans. Prescott had two plans: police and fire. That represented about 32,000 active and retirees across the entire state of Arizona. The benefits for all of the retirees were the same regardless of the difference of plans, but the financial conditions vary significantly by plan. In the aggregate, all the plans in total were about $6.6 billion under funded as of June 30, 2014. That was about $1,000 for every man, woman and child in the state of Arizona in terms of unfunded liability. The employer rates varied according to the plan. Effective July 1, 2015, the employee contributions will be capped or fixed at the 11.65 percent.

Mr. McCarty said the approach of the task force was broken down into three phases. The first phase was about information and education. People from across the country involved in pension reform came and talked to them about what they have learned, which brought a much broader perspective to the issue. They also had the PSPRS administration personnel speak to them about how the system worked. Phase 2 focused on the employers and making sure tangible recommendations could be made. The focus was on two things: (1) make sure that the entities understand that the pension system was their pension system – it's not like the ASRS where you are part of a much bigger pool; and (2) the unfunded liability, the liability that was in excess of assets, was debt and should be treated as debt. Phase 3 was what they were transitioning into now. The component of a well designed plan moving forward.

He said the task force started by asking two key questions: (1) What should the employee, the retiree, the employer and the taxpayer get out of this pension system? and (2) How to accomplish that? He said the guiding principles were that it was adequate and affordable. Adequate referred to the retiree and if they would have a valuable retirement income stream and worthy of their public service. Affordable referred to the taxpayer. He said the whole system needed to be financially solvent.

He talked about the five components of the plan. The first is the type of plan. They recommended that it stay the same type of plan that currently existed, which was a defined benefit plan. That meant the retiree's retirement was predetermined by a formula based on their compensation, their age and tenure of service. The other model would be a defined contribution plan (a 401A plan) as seen in the private sector. A defined benefit plan was the most effective plan for public safety employees given the nature of their work. They tend to have shorter careers and longer retirements.

From the perspective of the second element, they spent a lot of time talking about the status of the current system and how it has been legally challenged since its most recent enactments back in 2003. The recommendation was that whatever the new system was, it should be free from legal challenge, which meant that changes could not be made to either current employees or current retirees. Anytime there had been changes to current employees or retirees, they had been litigated and upheld that the employer did not have legal provisions to make changes to either existing or current retirees. They wanted to avoid having their recommendations tied up in court so that it would have a more immediate impact on the retirees, the members and the employers.

The third element addressed some of the major changes of the proposal, which was to create a new statewide system. The current system could not be changed for current retirees or employees, so a new system would have to be created for new employees, which would be those hired after July 1, 2016. The current system would remain in place until the last beneficiary passed away. The new system would apply to those hired after July 1, 2016 and they would all be in one system, e.g., Prescott fire and police would be in the same pool with Phoenix, Mesa, etc., which was just like the ASRS.

He said that would pool the assets and liabilities across all the public safety service providers in the state of Arizona and would eliminate some of the extreme financial exposure that may exist under the current system.

Mr. McCarty said the other part of this recommendation talked about how public safety in the state of Arizona was performed. It was performed without relationship to the jurisdictional boundaries operationally. All public safety functionality was done at the statewide level and the resources should go where they are needed.

The next element had to do with fully funding and trying to very clearly define what that was. Assets needed to equal liabilities 100 percent over an economic cycle. The value might go up and down over a recessionary period, but the objective should be to have the system fully funded. If you are at, for example, 75 percent funded, the 25 percent needed will have to come from future members and future taxpayers.

Mayor Pro Tem Kuknuo asked how to stay at 100 percent funded when you have a catastrophic event like what happened in 1999 when they lost a third of their total assets. Mr. McCarty said part of the answer would be limiting their risk and the setting of clear, measureable objectives and directives.

Councilman Arnold asked if there was an estimated rate of return that would have to be achieved. Mr. McCarty said that had not yet been set but they believed the current 7.85 percent was high.

Councilman Arnold said he did not want to see a fund that was not 100 percent funded which would then make it the responsibility of the tax payers.

Councilwoman Wilcox asked about the actuarial assumptions and whether they would be reviewed every year as circumstances change. Mr. McCarty responded that they were making some significant recommendations about the structure, who those decisions were made by, and how they were made.

Mr. McCarty said they always needed to be managing a plan that was at least 100 percent funded. The other thing that was somewhat controversial was cost sharing. Under the new system, they were recommending that the cost sharing should be 50/50 between the employee and the employer. That was what it was now in the ASRS. When the costs were shared 50/50 then everybody was in a neutral position when changes were proposed. So in the proposed system, any time you increase the benefit, you have to increase contribute rates.

Councilman Arnold asked how Prescott could stay competitive with other communities who were able to pay better wages, in regards to the 50/50 cost share issue.

Mr. McCarty responded that with the current system a significant part of the contribution rate was the result of the unfunded liability. So if a City's contribution rate was 50 percent, about 30 percent of that rate roughly was the unfunded liability and the normal cost was about 20 percent. The benefit of creating a new system was that there was no unfunded liability, just the normal cost. So with the new system, there was a lot of equity because everybody was going to be paying the same contribution rate – employee and employer. He noted that the high employer contribution rate with some cities affected their ability to fill positions. Under the new system, the contribution rate would be the same for all employers across the entire state. That allowed for creating an environment for people to wanted to come to the state of Arizona but they did not want them leaving one entity for another for financial reasons.

He noted that the next element was talking about funding either new benefits or benefit increases. Those needed to be fully embedded in the actuarial assumptions of the new system, which were different than how the current plan had operated. From the day that a new employee started they were going to plan on that person when they retire getting some sort of annual increase as a retiree. It would not be funded toward the end of their career. It would be funded as part of the contribution that they made as well as the employer made the day that they start working.

Councilman Arnold said that one of the issues that affected PSPRS was pension increases that had continued for retirees when current employees were not able to see raises.

Mr. McCarty said the current system was more of a dividend model – the better the system did, the greater the benefit the retiree received. Whatever the anticipated increases were, they would be part of the base contribution rate.

The last element of significance regarded Social Security. About a third of the members in the current system were not members of Social Security. The City of Phoenix had the option to opt out of Social Security for their fire department and they did that. He said there were members of the current system who had two legs of the retirement stool or three legs. Employees needed a bridge from the beginning of retirement until some of their Medicare and other healthcare provisions kicked in. This was the answer to their issue about maintaining the drop system. The drop system was not recommended under the current system but a lot about the drop system was bridging that gap between retirement and when they were eligible for healthcare and Medicare benefits.

Councilwoman Wilcox asked what the third leg would be if it was not Social Security. Mr. McCarty answered that it would be more like a defined contribution plan. The employee would put in 3 percent of the gross pay and the employer would put in 3 percent and then that would grow over time. It would be aggregately managed through the system. They would have some flexibility, at their discretion, to make withdrawals and pay for whatever expenses they had through their retirement.

Councilwoman Wilcox asked if that would be up to the individual employer. Mr. McCarty answered no, it would be required. A contribution rate would be set in lieu of Social Security. This was only for employers who were not currently in the Social Security System.

Councilman Arnold asked if Prescott was in the Social Security system. Mark Woodfill answered that the police department was and the fire department was not. Mr. McCarty said that was pretty typical of employers that the police was in and fire was out.

Councilman Arnold asked what the age of the retirement and length of service requirement would be.

Mr. Townsend answered that it was set by the IRS, so you had to meet whatever requirements they would have for defined contribution to be tax-free.

Mr. McCarty spoke about governance. They were making some recommendations about structure. Because it would be one system, there was just one set of everything and easier to manage. He spoke about investments and said that when a system was fully funded, the investment objectives may be a little different in terms of yield.

He said the board recommended that the board of trustees had the look and feel of a corporate America board of trustees. They needed to be independent qualified experts with fiduciary responsibility of keeping an eye on that 100 percent funded status.

Councilman Arnold asked who would have oversight over the board.

Mr. McCarty answered that they were accountable to the plan members, as well as the employers and taxpayers.

Councilman Lamerson asked if there is a model in existence today that was exactly the same as what Mr. McCarty had laid out.

Mr. McCarty answered that thought there were models of boards of directors that were outside of a pension system that were similar.

He said the last recommendation had to do with administration. The state could have one pension system with two divisions: one would be public safety and one would be the current non-public safety personnel, ASRS. There would be a lot of value in consolidating the administrative functions. For example, with investing, the basic goals for ASRS and PSPRS were the same and pay out the pensions was required by law. One of the ancillary issues was that there would be one disability board.

The task force released their recommendations to the League's executive committee on May 15. They directed the task force to go out and get feedback and compile the recommendations and include those in the final recommendations to the League executive committee which would be delivered to them at the League conference on October 22 in Tucson.

He noted that one of the things the League executive committee asked them to do was take the yardstick and compare it to the labor proposal. He went over a handout that compares the proposed system with the labor proposal.

Councilwoman Wilcox asked if Mr. McCarty was referring to the proposal being advocated by Brian Jeffrey when he referred to the labor proposal. Mr. McCarty said that was correct.

Councilwoman Wilcox commented that the firefighters were pretty much on board with that but not necessarily the police departments. Mr. McCarty said he thought that was an accurate statement.

Councilman Lazzell commented that it sounded like the task force wanted to go to the legislative body and that they depended on them to fix the problem. Mr. McCarty responded that the plan was that the yardstick would be the tool by which any legislative proposal was evaluated.

Councilman Lazzell asked why they did not take it to the people for a vote. Mr. McCarty replied that that was an option. The task force was put together by the League's executive committee and their direction was to look at the yardstick. He said they were trying to determine what the best way to get there was.

Mayor Pro Tem Kuknyo asked how soon they expected to see other cities coming forward with taxing issues to try to fix the problem.

Mr. McCarty responded that what he was referring to was that there are going to be other cities that try to deal with their unfunded liability. They may or may not solve it on the revenue side as Prescott had. He said Queen Creek was going to make a payment to PSPRS for their unfunded liability in their fire system by taking the money out of the reserves. What some of the other cities were starting to do was, instead of paying cash for a new park or a street or other capital improvement, they were looking at issuing debt for that and then taking the cash and putting it directly to their unfunded liability. Some of the cities were looking at 5-year plans or 7-year plans to pay it down out of reserves and excess revenues over expenses.

Mayor Pro Tem Kuknyo asked if there was any talk about changing some of the rules at the state level to get rid of the unfunded liability. He asked if it could be bonded at a very low interest rate.

Mr. McCarty responded that they had two conversations going on about possible remedies to the debt. They had several conversations with the Treasurer's office about creating a program where they could loan money to some of the really hard hit cities, such as Prescott, and have a much lower interest rate. Under the confines of a closed system, they would look at a tool that was available across the country, except for Arizona, which was called issuing pension obligation bonds. He said that once they got into the context of closing a system and stopping the current system and knowing it was not getting any worse, a lot of the other financing options seemed to take more seriousness in their conversation.

Councilman Blair said the City had funds that were solvent funds – water, sewer and trash. It asked if a Public Safety fee could be placed on the water bill. He said that as a Chartered City, the state should let the City of Prescott run their system the best financial way they knew how. He asked who said that the police and fire employees had to be kept in the system forever. When they retire, the fund is being managed with matches up to the time when they retire. He did not think it was realistic or attainable that the state and City be responsible for their retirement years. He asked how long a public service employee would have to work before they could retire and would they be paid 50 percent based on the last three years of service.

Mr. McCarty explained how the new system was less expensive for the employer. He compared the current cost to the city with the unfunded payback and the new system that did not include the payback.

Mr. Townsend said the structure of the system needed to be designed for success. He said they had to determine what the cost would be to the employers and taxpayers. He said they could not determine how much the employee it would receive in retirement or what that amount would be based on.

Councilman Blair suggested the new system should include an option for the employee to take a lump sum of money at the time of retirement instead of continually carrying these employees and their spouses.

Councilman Lamerson said everybody who came up with a proposal from the League worked for government. Everybody that worked for the union's plan worked for the government. That did not mean that he did not like people who worked for the government, it just meant that the taxpayers did not trust the government. He said there must be other areas within the financial capability of the City of Prescott that can be looked at differently besides just saying that sales tax had to be raised.

Mayor Pro Tem asked what the investment people at PSPRS liked for a plan. Mr. McCarty said that the PSPRS administration did not have any intention of developing a plan, to his knowledge. As administrators they saw their role as administering whatever plan was decided.

Councilwoman Wilcox said they understand the value of a defined benefit plan. That was what the people of Arizona decided years ago in enacting the constitution – that the public employees deserved a defined pension plan. She said that what they set out was a great idea and a big step forward for the future. She thought that public employees who devote their careers to serving the public deserved to have a defined pension plan. She said it was better to have a pension system that provided a secure retirement and income for public employees.

Councilman Arnold said he shared the same sentiments. His personal belief was that with 32,000 people on the existing retirement plan and even if we create a new one next year, we have 60 plus years of problems. The unfunded liability would be moved from one sheet on the budget to another one. For those 32,000 employees in the next 60 years, the City would still be paying the unfunded liabilities and what was actually a reasonable contribution rate today. But it would not fix the City's $70 million problem. Looking at the 32,000 employees and the 60 plus years that the fund would still have to be around, he asked if it would move into management under the new fund or if it would continue to be its own entity.

Mr. McCarty said that the existing system would stay as it was. All of the local boards would need to exist until that plan actually became extinct.

Councilman Arnold said to garner support it would require that the existing system be addressed. Understanding that the benefit structure could not be changed, he thought modifications to the way the board of trustees was set up and adjusting the design of the funding policies could be looked at. He said that going to a new program may be great but he thought there was a lot of work to be done before that decision could be made.

Mr. McCarty said there were many tools available to address the issues of the current system once they agreed to close the current system. In developing the new system and closing the old system, he said they are trying to steer clear of legal issues.

Councilman Arnold said that most the legal cases go in favor of the employee over the employer.

Mr. McCarty said he would be talking to the PSPRS board tomorrow about governance.

Councilman Lamerson said those that work for the government had a different relationship with their paycheck than those who produce widgets. Because they served a whole lot of different people than just government, it would be his suggestion that they included the private sector in planning the transition for the state of Arizona.

Councilman Blair said he believed in a defined benefit plan. He said he had not heard what new employees could expect with their new defined pension plan. Mr. McCarty said Council would see contribution and pension amount would come out as the plan evolved. He said they wanted to get the support for the system and fill in the details later.

Councilman Blair said he understood defined benefit, but when the employees retired, could the employee get a lump sum payout.

Mayor Kuykendall said that every employee of the City through the last day of June of next year would be on the old plan and everybody that went to work for the City July 1, 2016 and after would be on the new plan.

Mr. McCarty said that would be true as long as they were not in the system before.

NO FORMAL ACTION TAKEN.

B. Approval of the Public Safety Personnel Retirement System (PSPRS) employer rate for Fiscal Year 2016

Finance Director, Mark Woodfill, presented. He discussed the phase-in rate compared to the non-phase-in rate for PSPRS employer rate for next year. The PSPRS Board decided to offer the three-year phase-in rate to phase in the higher rate. Staff built the budget around the lower rate as they looked to the election in August on the PSPRS tax. If the election was successful and the tax went into effect, it would easily make up any additional cost associated with paying the lower rate in the first year. The proposal was that if the election did not pass and the citizens clearly stated that they would prefer to see a cut in services as opposed to the additional tax, through the 2016 fiscal year, staff would be looking at the different cuts that would need to be implemented in the spring of that year to get ready for the 2017 fiscal year. Staff would also recommend to go to the full rate to achieve the payoff within the 22 or 21 years at that point cycle for the PSPRS unfunded liability.

Councilman Arnold asked if there would be immediate service cuts if the phase-in was not done. Mr. Woodfill answered, yes; about $911,000.00 worth of cuts in the general fund would have to be achieved in the current year.

Councilman Arnold said that when all this came up before he was adamantly opposed to doing the phase-in because it only added to the long-term liability. But understanding that situation, he was going to vote in favor of this because he thought it was reasonable for the next fiscal year budget.

Councilman Lamerson asked if the issue could be revisited in six months with a different approach to the fiscal budget for the following six months that might include looking at our reserve package and cuts. Mr. Woodfill answered, yes, and said they would be looking at fund balances and reserves the following Thursday.

COUNCILMAN ARNOLD MOVED TO APPROVE THE 3-YEAR EMPLOYER PHASE-IN RATE FOR THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (PSPRS) FOR FISCAL YEAR 2016; SECONDED BY COUNCILWOMAN WILCOX; PASSED UNANIMOUSLY.

C. Adoption of Ordinance No. 4940-1478 approving and authorizing Lease Agreement No. 57-8371-15-002, between the City of Prescott and the United States Government on behalf of the United States Forest Service for City property located at 2400 Melville Road (City Contract No. 2015-190)

Don Hersh, Real Property Specialist, presented. Currently there was a lease in place with U.S. Forest Service and they were looking for a new lease with some new terms and conditions. Mr. Hersh gave some background about the leased property and the proposed changes to the lease. The Forest Service was working with Dibble Engineering and airport staff on expansion and a reconstruction project at the current facilities, valued at $1.2 million.

Mr. Hersh noted that additional lease area facility improvements planned and funded by the Forest Service during the 20 year term of a new lease were expected to be approximately $2 million. The boundaries of the leased ground would allow for the expansion of the premises. The rental rate for the new lease was based on an appraisal completed in January 2015. The current rate was $1,773.33 per year. The Forest Service made a lump sum payment of $53,200.00 to pay for the entire 30 year original lease. The new lease rate was $40,454.80 per year. The rental payments would total $809,096.03. In addition to the lease rate, the Forest Service would also pay the City for landing and overnight storage fees of aircraft. Those fees totaled $66,983.00 from $2009 through present.

Mayor Pro Tem Kuknyo asked if the City would scare the Forest Service out of this place, with the new lease rate being $40,000 a year and the last one was under $2,000.

Mr. Hersh answered, no. They negotiated with staff and the U.S. government negotiators for their lease for that amount and they are agreeable to that.

MAYOR PRO TEM KUKNYO MOVED TO ADOPT ORDINANCE NO. 4940-1478; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

D. Award of City Contract No. 2015-185 to Lyon Engineering for engineering services for the Bashford Court Alley Reconstruction Project in an amount not to exceed $87,423.00

Steve Orosz, Program Development Manager, presented. The Public Works Department functioned under the goals and objectives set by the City Council as they developed their five-year capital improvement program. As part of that program, staff looked at delivering projects over the next five years that met those goals and objectives. The next several projects fell under that program, mainly in the area of pavement maintenance and preservation. The following projects staff discussed individually were for design services for major reconstruction projects programmed over the next two years. The construction of those projects still needed to come back before the Council and were dependent on funding and direction in the future.

Mr. Orosz said the first item was with Lyon Engineering for the Bashford Court Alley Reconstruction. The project included improvements to the alley, both sewer and drainage improvements. The design fee for this project is about 11.9 percent.

Councilman Blair asked if engineering would evaluate the difference between concrete and asphalt because he would prefer concrete over asphalt knowing what the salt and the additives would do. He said that are received little sun and it was a sheet of ice in the winter. Mr. Orosz answered that surface selection would be part of that.

Councilman Arnold commented that APS had a significant infrastructure in that alley. He asked if there had been any conversation with them to identify upgrading their infrastructure and relocating it underground.

Mr. Orosz answered that, as with all of the capital improvement projects, utility coordination with APS, Unisource, Cable One and Century Link were part of the projects and it would be up to the utility to do the relocations or program the improvements. He said the City had a no cut pavement moratorium for five years, so if there are any improvements that are planned, they can be incorporated into the project design.

Councilman Arnold wanted to make sure that construction would not be scheduled for summertime.

Mr. Orosz answered that they had a window of time that they did not want to be downtown because of the significant tourism that occurred during that time.

Mayor Kuykendall noted that the water always came down off the back of the buildings and run across the alley. He hoped they would provide some way to distribute the water off the buildings. Mr. Orosz responded that it was the second major part of the project.

COUNCILMAN BLAIR MOVED TO APPROVE AWARD OF CITY CONTRACT NO. 2015-185 WITH LYON ENGINEERING FOR ENGINEERING SERVICES FOR THE BASHFORD COURT ALLEY RECONSTRUCTION PROJECT IN AN AMOUNT NOT TO EXCEED $87,423.00; SECONDED BY COUNCILMAN LAZZELL; PASSED UNANIMOUSLY.

E. Award of City Contract No. 2015-186 to CivilTec Engineering, Inc., for engineering services for the N. Washington Avenue/Churchill Street Reconstruction Project in an amount not to exceed $75,350.00

Steve Orosz, Program Development Manager, presented. The design included curb gutter sidewalk improvements and drainage improvements. CivilTec Engineering was the most qualified for this project and their design fee is about 6.5 percent of the estimated construction cost.

COUNCILMAN LAMERSON MOVED TO AWARD CITY CONTRACT NO. 2015-186 TO CIVILTEC ENGINEERING, INC., FOR ENGINEERING SERVICES FOR THE N. WASHINGTON AVENUE/CHURCHILL STREET RECONSTRUCTION PROJECT IN AN AMOUNT NOT TO EXCEED $75,350.00; SECONDED BY COUNCILMAN LAZZELL; PASSED UNANIMOUSLY.

F. Award of City Contract No. 2015-187 to Lyon Engineering for engineering services for the Schemmer Drive Pavement Reconstruction Project in an amount not to exceed $130,631.00

Steve Orosz, Program Development Manager, presented. The project was for portions of Schemmer Drive. The pavement needed rehabilitation and the project included some water line improvements. The engineer’s design cost was 9.3 percent of the estimated construction cost. The project funding was from the Streets and Open Space Fund and also the Water Fund.

COUNCILMAN LAMERSON MOVED TO AWARD CITY CONTRACT NO. 2015-187 TO LYON ENGINEERING , FOR ENGINEERING SERVICES FOR THE SCHEMMER DRIVE PAVEMENT RECONSTRUCTION PROJECT IN AN AMOUNT NOT TO EXCEED $130,631.00; SECONDED BY COUNCILMAN LAZZELL; PASSED UNANIMOUSLY.

G. Award of City Contract No. 2015-188 to Kelly/Wise Engineering, Inc., to provide engineering services for the Summit Avenue, McCormick Street, and Beach Avenue Pavement and Utility Improvements Project in an amount not to exceed $178,028.00

Steve Orosz, Program Development Manager, presented. He noted that the project focused on the downtown area and said there some concrete streets that needed to be upgraded. Staff was looking at improving the sidewalks and any drainage improvements that were needed. Water and sewer line improvements would also be upsized to current standards. The engineering design fee is about 10.2 percent of the estimated construction cost and the funding is scheduled to come from the Streets and Open Space Fund and the Water and Wastewater Funds.

Councilman Arnold asked if there would be extra costs related to the rehabilitation since Summit was a concrete street. He also asked if blue granite had been identified in the subsoil evaluation.

Mr. Orosz answered that staff would be looking at those elements as part of the design. There was a significant element for potholing and geotechnical evaluations to see what was underneath the current road. Councilman Arnold asked the studies would include traffic control in those areas. Mr. Orosz answered yes.

Councilman Arnold said that he would like them to take a look at the non-lit pedestrian crossing at the intersection of Summit and Gurley. He said it was becoming more heavily used.

Mayor Pro Tem Kuknyo noted that there was signage at the intersection. He noted that it would be best if there were a button to push to cross the road. Mr. Orosz said the traffic engineer and the consultant would evaluate that as part of the project.

COUNCILMAN ARNOLD MOVED TO AWARD CITY CONTRACT NO. 2015-188 TO KELLY/WISE ENGINEERING, INC., TO PROVIDE ENGINEERING SERVICES FOR THE SUMMIT AVENUE, MCCORMICK STREET, AND BEACH AVENUE PAVEMENT AND UTILITY IMPROVEMENTS PROJECT IN AN AMOUNT NOT TO EXCEED $178,028.00; SECONDED BY COUNCILWOMAN WILCOX; PASSED UNANIMOUSLY.

H. Award of City Contract No. 2015-189 to Shephard-Wesnitzer, Inc., to provide engineering services for the S. Washington Avenue/E. Goodwin Street Improvements Project in an amount not to exceed $257,554.00

Steve Orosz, Program Development Manager, presented. The services included curb and gutter improvements where there were none currently, to better accommodate bikes and pedestrians because there was a school and a lot of school-age pedestrians in the area. Staff would be looking at some drainage improvements because of the topography in the area. There were some improvements scheduled with the project based on the City's water model. The total design fee is about 8.2 percent of the estimated construction cost and the funding will be coming from the Streets and Open Space Fund and the Water and Wastewater Funds.

Councilwoman Wilcox commented that she would like to see the project expanded to include two additional blocks from Washington east to Penn Street so that all of the historic area could be upgraded at the same time. Secondly, because she walked this route so frequently, she had noticed many times that there are groups of elementary school children walking along Goodwin Street form Sky View School down Goodwin to the library and back. It could be made a lot safer if a sidewalk was built on one side of the street. She would like to see that included in the scope of the project as well.

Mr. Orosz said there was a sidewalk incorporated into the design for that very purpose. As far as possibly expanding the project to include the other two blocks, he said that staff had a cohesive program to evaluate the pavement across the City. Those two blocks, while they may not be in perfect condition; there are other areas that were in worse shape. If staff moved money to that area, they would be taking way from funding of streets that were in worse shape. He said the decision would be at the will of the Council.

Councilwoman Wilcox thought it made sense to include it in this project since the focus was on that area and he also did not address the lack of a sidewalk for those two blocks which was also where the kids walked.

Councilman Arnold asked if an amendment could be done to the contract if it was decided within 30 days that this area should be added to the scope. Mr. Orosz said yes.

Councilman Arnold agreed with Councilwoman Wilcox that because of the connectivity to the library it might be worth reaching out to the Safe Routes to School folks and see if maybe there was some construction funding that would be available that could offset that cost.

Councilwoman Wilcox asked why the City needed an endangered species letter on the project. She said that was not included in the other projects.

Mr. Orosz answered that when staff worked with various funding sources, there was a mandatory need to do an environmental assessment of those areas. On this project, since part of the project was in the slightly improved area of Aker Park at the south end of Washington, they chose to err on the side of conservancy and have that included in the project in the undisturbed areas.

Craig McConnell, City Manager, asked if staff saw any significant problem bringing the item back if the Council wanted to expand the project for the additional two blocks. He would prefer to see an entire contract rather than awarding it now and then an amendment, if there is no particular time urgency.

Mr. Orosz answered that this was the pavement program for the next two years. It would be cleaner for the consultant to have one scope of work and one fee for the Council to review. It is just a matter of the overall funding for the project.

Mr. McConnell asked if staff could bring it back in 30-60 days. Mr. Orosz said yes.

Councilman Arnold said he would like to have a funding source found to offset a portion of the added expense.

Councilman Lamerson said the idea of potentially expanding the scope of the project had not been contemplated beyond what was in the budgeted amount in the capital improvement or in the Street Fund for the fiscal year 2016. He noted there was no guarantee that the Streets Tax would pass at the election.

Mr. McConnell said if there are two blocks added, it would displace other work. If Council was talking about trying to offset some of the money with Safe Routes to School, a federal program through Central Yavapai Metropolitan Planning Organization (CYMPO), then they would be talking about a substantial delay because that was not in the transportation improvement program of CYMPO which they were taking action on now.

Councilman Arnold said that would get them through design and some time to consider it before the City had to award a construction contract.

Mr. McConnell said staff could talk to CYMPO about potential funding and bring back more information to Council at a future meeting.

NO ACTION TAKEN.

I. Award of City Contract No. 2015-194 to Earth Resources Corporation for construction of the Lakeview Storm Drain Project, in the amount of $215,323.00

Steve Orosz presented. The project was a project that would be constructed in the next four to six weeks. It was for 420 lineal feet of storm drain from the end of the system that was constructed with the Lakeview Plaza development and connecting to the creek. The design for this project was done in-house by City staff. The Lakeview Plaza project designed and constructed a drainage system that met the City of Prescott's 25-year design requirements. That project also included storm water sediment control and water quality controls. This project added some additional capacity to the storm drain system beyond what would be required due to the recent multiple year events. The funding is from the Streets and Open Space Fund.

Mayor Pro Tem Kuknyo said the runoff of the new plaza through the 48-inch pipe goes directly into Willow Lake. He asked if there was anything to catch the oils, trash and debris that came off the asphalt to keep from further polluting the lakes.

Mr. Orosz answered that the Lakeview Plaza development that consists of the CVS and McDonalds projects were required to install devices called storm scepters, which was basically a grease and sediment filter. Those elements were installed in the system at the source where the waters would come into the storm drain system. Anything that was manmade was already getting filtered through the Lakeview Plaza system. Also, the purpose of this system was to reduce the inundation of water at the intersection of Willow Creek Road with Willow Lake. The other elements of the storm drain system that have been installed had some other sediment filters in the unimproved areas of Lakeview Plaza.

Councilwoman Wilcox said she was puzzled and asked why that was not anticipated during the design review of the Lakeview Plaza development.

Mr. Orosz answered that the City had a design criteria for drainage events to be designed to what was called a 25-year storm event, which was what Lakeview Plaza was required to do. Based on staff's experience in the last 5-10 years, they had seen an unusual amount of additional water that had been received in that area and the additional pipe, with the partnership of the Plaza, was being installed by the City. This was going over and beyond what the City's requirements were for a private development.

Councilwoman Wilcox said that she thought there would be a lot of sediments and pollutants that would make their way into Willow Lake and this was a great area to do one of those projects like Prescott Creeks had done across from the hospital, where there was a natural retention basin built with vegetation that absorbed and further filters the water. If we could incorporate the work of Prescott Creeks and the volunteers, it would be a really good project.

COUNCILMAN ARNOLD MOVED TO AWARD CITY CONTRACT NO. 2015-194 TO EARTH RESOURCES CORPORATION FOR CONSTRUCTION OF THE LAKEVIEW STORM DRAIN PROJECT IN THE AMOUNT OF $215,323.00; SECONDED BY COUNCILMAN BLAIR; PASSED 5-1, Councilwoman Wilcox dissenting, Mayor Pro Tem Kuknyo absent/excused.

J. Award of City Contract No. 2015-184 to AMEC Foster-Wheeler for the Upper Granite Creek Watershed and Watson Lake TMDLs and Stormwater Quality Monitoring Plan in an amount not to exceed $117,500.00

Charles Andrews, City Engineer presented. The professional services contract provided the following water quality services: technical support related to the Appeal of the Watson Lake TMDL and subsequent next steps, review of the final Upper Granite Creek Watershed E. coli TMDL report, and the development of a Storm Water Quality Monitoring Plan.

Tasks 4 and 5 were future tasks that would be quantified once AMEC provided the City with an action plan for the Watson Lake and Upper Granite Creek watershed. All the tasks and deliverables would be completed within 12 months. There was funding available through Streets and Open Space.

Amanda Richardson, the City's environmental specialist; Dr. Lattimer with AMEC; and Ben Burns with the Capital Improvement Program were there to answer questions.

Councilman Lazzell asked if the .70 cents added to the sewer bill could fund the project. Mr. McConnell answered, yes, some of it.

Councilman Lazzell asked if alternative type ideas would be brought to the Council that was tried and true. He was not just looking for a chlorinated sewage plant.

Amanda Richardson, Environmental Coordinator, responded that it was too early to tell what kinds of options they may be evaluating but she hoped that they would be able to take advantage of current and new technologies. They had to look at large and small solutions at all different locations in the watershed in addition to lake-specific issues. She noted that what staff was trying to accomplish with the contract would be the building block for to make those evaluations and compare performance and cost so that could have a reasonable plan moving forward.

Councilwoman Wilcox said her objection to this item was that it was using the wrong source of funding. The project was about cleaning up the water. It was not about open space or streets. She said the City should be using the Water Fund or the Aquifer Protection Fund, whatever the City ended up calling it. She did not understand why the City was not coordinating with the Watershed Improvement Commission on this which was currently working on a monitoring plan. She asked why the City had to bear the burden of hiring a consultant to do its part and a part that was shared with other entities that control land over which water flows and pollutants pick up and polluted the watershed as well.

Ms. Richardson said the City's storm water program had traditionally been funded out of the Streets and Open Space Fund. She noted that the City streets were primary drainage facilities in the community. The reason why the City was specifically required to develop a monitoring plan and begin monitoring was because the City's storm sewer system was permitted under the Arizona Pollutant Discharge Elimination General Permit. The City of Prescott was considered a point source. The Arizona Department of Transportation (ADOT) was also a permit holder as was Yavapai County. But other stakeholders in the watershed, e.g., the Forest Service, the Tribe, were not permitted entities. So those things were treated differently in the regulations. Under the permit the City was required to do this. They needed to understand what the City's contribution to the water quality issues were, specifically, so that they could try to understand what was coming from upstream of the City's boundaries. She noted that staff could then try to mitigate what was happening within the City's jurisdiction. She had been participating with the Watershed Improvement Council and saw many opportunities to continue partnering with them as they looked to continue in-stream monitoring, but the storm water monitoring was a very specific. It was not just collecting a sample from the stream. It was collecting a sample from a pipe that was going into the stream.

Councilwoman Wilcox stated that given the huge storm water problems the City had and the fact that their storm water system was our streets, they would have to find an additional source of funding to address the storm water issues. The Streets and Open Space Fund would not be able to be stretched that far and Aquifer Protection fee was estimated to raise about $250,000.00 a year.

Mr. McConnell responded that the point was made in some of the previous presentations to the Council. He said there was a hole in the City of Prescott's funding resources to address water quality. Unfortunately, to date the stance of the Yavapai County Flood Control District had been that they worked on a project-specific basis, a grant basis. Staff brought up the subject of storm water quality as well as storm water quantity, i.e., flood control, and there was some additional work that needed to be done with the Flood Control District in having a dialog because the regulatory agencies were talking about water quality, not water quantity.

He said the City did not have that funding source and did not have money in the General Fund. If the City had surplus in the General Fund, it could be used for water quality. He suggested and recommends to the Council that they awarded the contract understanding that most of the work was going to be in fiscal year 2016. During the remainder of the budget process he would like to bring back an analysis of the funding of the contract which addressed some of the comments that had been made and perhaps adjust it for next fiscal year.

Mayor Kuykendall commented that the City was extending the contract with the anticipation that the ADEQ release would not be favorable to the City of Prescott. He asked why the City was extending the contract before they knew what it said and what they might have to do.

Mr. McConnell answered if they looked at the scope of work as was explained in three tasks; one was that the basic contract had been regarding the Watson Lake TMDL. The City was in the appeal phase and needed additional support of this particular technical contractor. Secondly, in the review of the Upper Granite Creek watershed, the City had a good idea of what would happen. Thirdly, with respect to a storm water quality monitoring plan, that was an existing permit requirement, which was going to get more stringent. He though the work should be done.

Councilman Arnold asked when the existing contract would expire. Mr. Andrews answered that the contract was supposed to have been completed about a year and a half ago. He noted that it had been delayed because ADEQ delayed issuing the final draft TMDL for about a year. He noted that staff thought it would occur much sooner, but even though we have to respond within 35 days, they did not have a response period. The contract that the City currently had contained a little bit less than $10,000.00 which would be used up very quickly. In order to continue the appeal process, it needed to be extended.

Councilman Arnold said his no vote had to do with some history and some disappointment in the fact that the City was where they were currently.

COUNCILMAN LAZZELL MOVED TO AWARD CITY CONTRACT NO. 2015-184 TO AMEC FOSTER-WHEELER FOR THE UPPER GRANITE CREEK WATERSHED AND WATSON LAKE TMDL AND STORMWATER QUALITY MONITORING PLAN IN AN AMOUNT NOT TO EXCEED $117,500.00; SECONDED BY COUNCILMAN LAMERSON; FAILED 3-4; Mayor Kuykendall, Councilman Blair, Councilwoman Wilcox, and Councilman Arnold dissenting.

K. Award of City Contract No. 2015-183 to SAK Construction, LLC, for cured-in-place sewer pipe rehabilitation during a two-year period on an as-needed basis, utilizing pricing through The Cooperative Purchasing Network (TCPN) Contract No. R5143, in an amount not to exceed $1,500,000.00 (tabled item from the May 15, 2015, meeting)

Joel Berman, Utilities Manager, presented. The contract allowed the City to rehabilitate immediate needs that had been identified throughout the sewer system. In addition to those immediate needs, the contract allowed the City to address future unknowns as they were identified, and allowed staff to address water quality issues when there were sewer mains that were in need of repair and could potentially contaminate the environment. The item was tabled from the May 12 meeting to answer so specific questions regarding SAK Construction. A representative from SAK Construction was there to help answer questions. He noted that SAK has been in business since 2006 with key personnel for the last 15 years. The project would be served from their Phoenix office. SAK currently had multiyear contract with the City of Phoenix and Pima County. He noted that the City's contract would not be with TCPN, which was the cooperative purchasing network.

Mr. Berman noted that there were other options to the rehabilitation contract He discussed those options and said they were more expensive and were not as efficient.

Councilman Arnold said the TCPN Notice to Respondent was in the packet which is a 50-page blank document, no information was filled in, with two pages of information. He said the TCPN warranty information was in contradiction to the staff report. He said they were missing the actual contract with SAK. He discussed the cost to clean and TV the sewer lines and noted that the City had the equipment to do that. In the upcoming budget the City would discuss adding another camera truck and two employees. He did not want to give a $1.5 million approval over two years as staff determined to use it. He would be more inclined to limit the not-to-exceed amount so that the item could come back again in a future year's contract and he would like to discuss limiting the contractor used for services that the City already provided.

Mr. Berman answered that this was a flexible contract. The prices listed were like a menu. If the City wanted to perform the cleaning and TV component, they would do it themselves. If resources were limited, staff had the option to job it out. He noted that it would be a collaborative effort with SAK. He said SAK had no problem giving the City a two-year warranty.

Councilman Arnold asked what the scope of services would be.

Mr. Berman said it would be run like a job order contract, which was an approved procurement method in Arizona Revised Statutes. The City would sit down with the contractor and look at a video to jointly develop a scope of work. The City would decide what it could do and what it would have the contractor do. The dollar value of their work could be negotiated. He said they wanted to earn the City's next job order.

Councilwoman Wilcox said she would like to see the contract. She asked how it would affect the warranty if the City chose to do some of this work itself. She noted that it should be addressed in the contract.

The representative answered that they were the last ones to leave the work site; the warranty is for the final product that was in place. So whatever staff did prior or afterward would have no impact on the warranty. SAK did their own clean and video as part of their price prior to installing the liner and then another video after the liner had been installed and cured.

Mayor Kuykendall commented that he did not remember ever signing a contract that did not have any information on it. It appeared that the only thing that indicated there was going to be a contract was a vendor agreement between the Cooperative Purchasing Network and blank. He assumed that was the agreement between the Cooperative Purchasing Network and SAK. He did not know what party the City was to that agreement. He wanted a contract that spelled out all of the details and the relationship that the City had with SAK.

The representative answered that he thought there was some confusion about TCPN. TCPN was a lawful way to use SAK to do the work directly. The standard contract would be entered into between the City and SAK. TCPN did not have any contractual obligations or input from that point. TCPN followed procurement laws for the vendors. The City would not have to go through the rigorous bidding process, procurement process or design process.

Mayor Kuykendall said they were asked to issue a purchase order for up to $1.5 million. He asked what kept the Council in the loop of how much money had been spent at any given time. He said it was unusual and the said the City did not do business that way.

Mr. McConnell said the point was well taken. They had not done, or rarely done, job order contracting. His suggestion would be to continue the progression and prepare the contract and put the actual contract document on the agenda so Council would know what it looked like and how it worked. He said staff could issue an initial contract that was not to exceed $500,000, and then come back to Council and have another discussion about the progress and how it worked out. Staff could do some thinking about how they wanted to keep the Council informed of the progress, such as doing a quarterly report. He believed the approach was solid and was efficient and effective. It was a job order based contract with unit prices. If staff did things in-house, then the City would not pay the contractor to do them.

Mayor Kuykendall said he thought that would be a good solution.

Councilman Arnold said once Council saw a contract and how it worked, they could move forward.

NO ACTION TAKEN

K. Determination of the order of listing the City measures on the August 25, 2015, Primary Election ballot

Craig McConnell, City Manager, presented. A question was raised regarding the order in which the four City measures for the August 25, 2015, Primary Election would be listed on the ballot. The City Clerk made inquiries with the Yavapai County elections. One question was raised asking if there was a possibility that the order of the candidates could be rotated on the batches of ballots that are printed.

Dana DeLong, City Clerk, said she spoke with the Elections Director of Yavapai County elections and found out that they can rotate candidate names, but cannot rotate ballot measures because of the way the program was set up. Mr. McConnell said staff provided a recommendation for the order of questions, but it was the Councils prerogative.

Mayor Kuykendall said he would vote for drawing straws because Council did not want to get in a position of anybody saying they had a motive.

Daniel Matson, a City resident, suggested that Council put the General Plan first because that was a very easy one for people to answer because it would not cost anything. Then put the rest of them in progression from largest increase on down.

Councilwoman Wilcox commented that in a statewide issue the propositions are put on in the order in which they are numbered, which is determined by the order in which they become certified by the Secretary of State for the ballot. That seemed to be the only fair way to do this. Take the first issue that was referred by the Council and put that on the ballot first. She thought the General Plan was first. The second was the streets. The third was PSPRS. The last one was the open space.

COUNCILWOMAN WILCOX MOVED TO APPROVE THE LISTING OF THE 2015 PRIMARY ELECTION BALLOT MEASURES IN THE FOLLOWING ORDER, WHICH IS THE SAME ORDER THAT THE COUNCIL TOOK ACTION TO REFER THESE ITEMS TO THE VOTERS: QUESTION 1 WOULD BE THE GENERAL PLAN RATIFICATION, QUESTION 2 WOULD BE THE STREETS SALES TAX, QUESTION

3 WOULD BE THE PSPRS SALES TAX, AND QUESTION 4 WOULD BE THE OPEN SPACE SALES TAX; SECONDED BY MAYOR PRO TEM KUKNYO; PASSED UNANIMOUSLY.

IV. ADJOURNMENT

There being no further business to be discussed, the Regular Voting Meeting of May 26, 2015, adjourned at 6:08 P.M.

____
MARLIN D. KUYKENDALL, Mayor

ATTEST:

____
DANA R. DeLONG, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Voting Meeting of the City Council of the City of Prescott, Arizona held on the 26th day of May, 2015. I further certify the meeting was duly called and held and that a quorum was present.

Dated this ____ day of ___________________, 2015.

AFFIX
CITY SEAL

____
DANA R. DeLONG, City Clerk

PRESCOTT CITY COUNCIL
BUDGET WORKSHOP MEETING
THURSDAY, MAY 28, 2015
PRESCOTT, ARIZONA

MINUTES OF THE BUDGET WORKSHOP MEETING OF THE PRESCOTT CITY COUNCIL HELD ON MAY 28, 2015, in the PRESCOTT PUBLIC LIBRARY, FOUNDERS ROOM located at 215 E. GOODWIN STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Kuykendall called the meeting to order at 9:00 A.M.

◆ **ROLL CALL**

Present:	Absent:
Mayor Kuykendall	Council Arnold/excused
Mayor Pro Tem Kuknyo	
Councilman Blair	
Councilman Lamerson	
Councilman Lazzell	
Councilwoman Wilcox (attended telephonically)	

I. DISCUSSION ITEMS

A. FY16 Budget Workshop, Part II

Craig McConnell, City Manager, presented. He showed a PowerPoint presentation that included:

- FY16 Budget Process to Date
- FY16 Overall City Budget Context, Key Issues, and Considerations
- FY16 City of Prescott Organization
- 1% Streets and Open Space Special Revenue Fund

Mr. McConnell said the revenue to the fund was primarily the current One Percent Streets and Open Space sales and privilege tax. The other revenue to the fund was money that came back from the fuel taxes or Highway User Revenue Fees (HURF).

- Two Measures on the August 25, 2015, Ballot will Determine Future Funding of the Streets and Open Space Program
- Street and Open Space Fund (will become the Streets Fund in FY17)

Mr. McConnell said off-street drainage maintenance had no dedicated funding source and there was a significant funding issue at the state level that extended into the counties and cities. Sufficient revenue was not generated to operate and maintain the highway system. The City of Prescott would have been in dire straits if they had not had the One Percent Sales Tax in recent years.

- Highway User Revenue Fund (HURF) History

Mr. McConnell noted that there was a situation where the Arizona Department of Environmental Quality (ADEQ) was mandating federal law about water quality and the City had no direct funding source for that. The City was in the infancy of identifying what the long-term costs would be to meet the criteria.

Mayor Kuykendall asked what roads in the state highway system the City of Prescott had to maintain. Mr. McConnell said for many years the Arizona Department of Transportation had been in a mode to transfer the state roads to cities and counties. The City now maintained SR 89 from the Yavapai-Prescott Indian Tribe boundary to SR 89A. In order to get SR89 widened from the airport area to the roundabout, the City had to agree to maintain the road. He noted that SR69 from Prescott Lake Parkway to the reservation would be widened to six lanes and the state was looking for the City to maintain that as well.

Mayor Pro Tem Kuknyo said by the City taking over the maintenance, they also had control of the access.

- FY16 Streets Capital Program Highlights

  - Willow Creek Realignment Project (Pioneer Parkway to Deep Well Ranch Rd/SR 89 Roundabout)

Mr. McConnell noted that $3 million of the $7.3 million construction cost for the project was coming from Yavapai County, through an intergovernmental agreement.

  - Smoketree Lane Reconstruction
  - Phippen Roundabout on SR89

There would be a parking area for the Constellation trailhead on the west side and the Side Road connector stub on the east side. There was a discussion of the funding structure for the project.

  - Rosser Street Reconstruction Phase IV (Campbell to Eagle View)
  - Pavement Preservation and Maintenance
  - Sidewalk Replacement Program

Mr. McConnell noted that the General Fund was not a funding source for the projects.

Mr. McConnell said General Fund monies could be used for any lawful municipal purpose. If the General Fund was in better health, that money could be used for streets and utilities, but the reverse was not true.

Mark Woodfill, Finance Director, continued with the presentation.

- HURF, Streets & Open Space

Mr. Woodfill noted that the budget workshop process could be followed on the City's website.

He noted that the sales tax was projected to be down 12.5 percent in FY16, if the ballot issues did not pass.

There was a discussion about open space capital outlay.

- HURF, Streets & Open Space FY16 Projects

Councilman Lamerson talked about the land outside of the City limits that the City could not maintain. Councilwoman Wilcox said the land that the City currently had was maintained by volunteers.

Councilman Blair said he would like to see if there was a match or shared revenue for each project in a column next to the budget column. Mr. Woodfill said that the City's share was shown on the budget line. Mr. McConnell said the page number to the left of the project description referenced the page number of the supporting document book where additional information could be found for each project.

There was a discussion about open space appropriations. Mr. McConnell said the changes would come before Council on June 9, 2015

Mayor Kuykendall suggested having a Special Meeting if Council was going to move the numbers around for Open Space. He said he did not want a No vote on the entire budget due to one or two items.

Councilman Lamerson said it was not the time to spend money on more liability.

Councilman Blair said rather than voting No on the entire budget, Council could vote individually on items as they came back to Council throughout the year.

Mayor Pro Tem Kuknyo said he agreed with not buying large tracts of land and reminded Council that Goldwater Lake was a revenue generator and the purchase of that land would keep the public trust.

Mayor Kuykendall asked about the Willis-Cortez Intersection Improvement Project. Mr. McConnell said it included $50,000.00 for a water line and $25,000.00 for the sewer line. He noted that the whole project may be able to go under the Water Fund.

Councilman Blair asked what the City was trying to achieve by spending $250,000.00 for the Acker Park Regional Detention project.

Marc DuBroy, Civil Drainage Engineer, said the benefit would not be to the park, but downstream. He said the Virginia Street corridor had a lot of flooding issues.

- HURF, Streets & Open Space CIP FY17-21
- City Open Space Acquisitions In and Around the Granite Dells
- Map of Willow, Watson, and Granite Dells Area

Mayor Pro Tem Kuknyo said he would be willing to give the state parcel E, C, A and B to turn the area into a state park.

Mayor Kuykendall thought that could be added to the agenda on open space.

- Enterprise Funds
- Water

Mr. McConnell continued the presentation. He noted that some of the information was for reference.

- Water Fund

Water was physically and legally available for 9,671 housing units. Imported water was legally available for 12,471 housing units from the Big Chino project, but was subject to a three-party agreement for enhanced monitoring, modeling, and assessment of impacts on the Upper Verde River.

Mr. McConnell continued by saying that the ever-increasing federal and state regulatory requirements, and balancing water supply and recreational uses of the storage reservoirs would continue to affect water availability and cost. He noted that water conservation reduced sales and concentration and treatment cost of wastewater had increased.

The primary source of water was from the Little Chino well field located at the Water Production Facility in Chino Valley and the water quality was good. The anticipated expenditures to upgrade and manage water system assets on a life-cycle basis totaled hundreds of millions of dollars in the coming decades. There was an aggressive capital improvements program in the Water and Wastewater Funds because the system was deteriorating.

Mr. Woodfill continued the presentation.

- Water Consumption/Sales

Mayor Pro Tem Kuknyo said that everyone in the Active Management Area should be on board with the conservation effort.

- Water Fund

Mr. Woodfill said the rates were increasing to meet the needs of the capital program and the legislative pressure. The intergovernmental contributions were from Salt River Project (SRP) and Prescott Valley regarding the Big Chino Project.

- Water Fund Capital FY 16

Councilman Blair asked why staff needed $1 million for dam repair. Joel Berman, responded saying that the structural repairs were required by the Arizona Department of Water Resources. He noted that staff had been addressing the issues for the past five years. The FY16 budget would include the replacement of the valves at Watson Lake, which dated back to the early 1900s.

Councilman Blair asked if the fees from the Aquifer Protection Program would offset the money needed for the Watson and Willow Lakes Enhancement Program. Mr. McConnell said the city was in the initial stage of dealing with the Total Maximum Daily Load (TMDL) and the purpose of the Aquifer Protection fee was for water quality. He said all of the money would be used, but longer term measures would be much more expensive.

Councilman Blair asked if the City's legal department had the ability to put people on notice that had dumped pollutants into the stream, such as the Tribe and the county, to help offset the costs. Mr. McConnell said it did not make sense for the City of Prescott to send $500,000.00 per year to clean up Watson Lake and then have the federal government say that the City was still not meeting the water quality requirements.

Councilman Lamerson said the City had no mechanism to reclaim the costs that were being put on the backs of the citizens of Prescott.

Councilman Blair asked about the City Shop UST release clean-up and how long the City would be responsible for the clean-up. Mr. McConnell said those monitoring wells were sampled according to a frequency that the Arizona Department of Environmental Quality (ADEQ) required. When the samples showed that the offending contaminates were below the requirements the City would not have to pay,

- Water Fund CIP FY 17—21

Councilman Blair asked when the City would take a break from repairing the dams. Mr. McConnell said the dams were very old and in poor condition. He noted that they were owned by the Chino Valley Irrigation District (CVID), which used them for irrigation purposes. The City was going to rely on the dams indefinitely for water supply and there were state and federal regulations concerning dam safety. He said the repairs that had been made were major repairs.

Councilman Blair asked about production well rehabilitation and what that meant. Mr. Berman responded said it was maintenance to the production wells. He noted that it could be pumps and electrical cabinets.

Recess was taken from 10:29 A.M. – 10:40 A.M.

Mr. McConnell continued the presentation.

- Wasterwater Fund

Mr. McConnell said staff was negotiating the details with ADEQ which was anticipated to require more frequent in-line camera inspections of sewer mains.

Councilman Lamerson asked about the negotiation process. Mr. McConnell explained that it began with a violation. He said the system was in very bad shape and the rates were not in place to support it until about eight years ago. Many of the facilities were located in drainage ways. It was not unusual to have three million gallons per day of wastewater treatment. The quantity may increase to 12 million gallons on a major storm day. He said there had been spills and overflows which staff had to report.

Mr. McConnell said that would result in a notice of violation. Staff would then sit down with the ADEQ to discuss what measures needed to be taken by the City. He said it usually involved large capital projects. The negotiation discussed the time it would take and the procedure for implementation.

Mr. McConnell noted the pending outcome of a federal Ninth Circuit Court appeal involving fluoride reduction requirements for the Airport Water Reclamation Facility. He said it could be a $1 million capital expense and $300,000.00 - $400,000.00 per year forever, if the particular judgment was sustained by the court.

Mr. McConnell discussed the alignment with centralization of wastewater treatment at the Airport Water Reclamation Facility that would begin in FY16 and extend to FY21, subject to funding availability.

- Wastewater Fund

Mr. Woodfill continued the presentation noting that the fund ending balance was predicted to be up to $185,344.00 from $(2,362,708) in FY15.

- Wastewater Fund Capital FY16

Councilman Blair asked about shifting the TMDL monies to one fund. Mr. Woodfill said there was some level of cause by the Wastewater Fund. He said there was $516,000.00 for TMDL in FY16 from various funds.

Councilman Blair said it did not make sense to take money from the stressed Wastewater Fund for that project.

Alison Zelms, Deputy City Manager, said the budgeting process was to look at what the contributing factors were to the project and to accurately allocate the cost. If the City was not operating its own water system, they would be allocating the amount to the wastewater system as a contributing factor for having to improve the TMDL situation at the lakes. Staff did not look at where the money was, but where the cost should be allocated.

Mayor Pro Tem Kuknyo asked if the rate increases were permanent to upgrade the infrastructure. Mr. Woodfill said that was correct and the Council adopted the next three year rate increases. He noted that another study would occur in three years to make sure the City was not over collecting for the repairs that needed to be done in the future.

Councilman Blair said his concern was about being able to bill contributors to the TMDL problem and if it was justified to have the cleanup come from the Water or Wastewater Funds.

- Wastewater Fund CIP FY17-21

Mr. McConnell said the projected expenditures showed what condition the sewer system was in and what needed to be done.

Councilman Blair asked about the Hassayampa Sewer Trunk Main Upsizing project and if they were part of the cost. Mr. McConnell said the Hassayampa was just the name of the trunk. He noted that the Hassayampa development had its own wastewater treatment plant.

Mr. Woodfill said the load from the Hassayampa plant had some impact on the Sundog trunk main and the Community Facilities District (CFD) allowed for $750,000.00 to be contributed to the project.

Mayor Pro Tem Kuknyo said that could also be called environmental protection.

- Solid Waste Fund

Mr. McConnell said municipalities were prohibited from restraining private enterprises from delivery, recycling or providing solid waste management services to multi-family residential properties, effective July 1, 2016. The Division would not be purchasing a new front load vehicle, anticipating an estimated $200,000 annual loss of revenue beginning in FY17.

The City had an exclusive right to single-family residential only. He said that if a municipality had a transfer station, the business would change. He noted that if the legislature voted to not allow any municipality a sole right to control anything, there would be a discussion as to whether the City of Prescott would be in the solid waste collection business.

Mayor Pro Tem Kuknyo asked if he should declare a conflict of interest or refrain from comment. Matt Podracky, Assistant City Attorney, said it was up to him and explained the possible reasons for doing so.

Mayor Pro Tem Kuknyo declared a conflict of interest and departed at 11:01 am.

Ms. Zelms explained how staff determined how much business could potentially be lost to private solid waste management companies.

Councilman Blair asked when the City's legal counsel would address the State Attorney General about the state intervening with laws that affected the way the City functioned, based upon being a Charter City. He said the State of Arizona was effectively bankrupting the community.

Mr. McConnell said that the line was drawn now. If the City lost the single-family residential, then they would have the Prescott Valley situation, which was a number of different collecting companies with pickup dates every day on the same street. He noted it could be five times the wear and tear on local streets.

Mr. Podracky said, from a legal perspective, the State legislature was making everything a matter of State wide concern. Councilman Blair said the Attorney General should be informing the legislature that they were violating Charter City laws.

Mr. McConnell continued by saying the Solid Waste Division would be conducting an educational campaign in FY16 to help reduce the amount of waste brought to Household Hazardous Waste events.

- Solid Waste Fund Capital FY16

Mr. McConnell said the truck chassis lasted longer than the bodies that went on them. The City added new bodies to existing chassis to save money.

Mayor Kuknyo noted that it required hazardous pay to clear bush and asked if it was OK to work with the brush grinder at regular pay. Mr. McConnell said the City would get clearance from the Legal Department.

- Solid Waste CIP FY17-21

Mayor Pro Tem Kuknyo returned at 11:12 am

- Airport Fund

Mr. McConnell said the FY16 budget included a $971,000.00 transfer from the General Fund for operations, capital items, and federal/state grant matches. If the .55 percent Public Safety Personnel Retirement System (PSPRS) ballot measure did not pass, funding availability for that level of transfer would be in jeopardy.

Councilman Lamerson said at this point staff was not able to give the Council any idea of what could be spent. Mr. McConnell said it would be a matter of discussion for the Council. He said the budget did not rely on any of the sale tax increments passing.

Mr. McConnell said the essential air service involved City costs. It was subsidized by the federal governments, but the City had safety and security costs. The City endorsed continuation by Great Lakes Airlines subject to the carrier using a 30-passenger aircraft. They had not offered that service since the May 1, 2015 contract. The City's support would be questioned if their commitment was not met.

Councilman Lamerson asked if the 9 seat and 30 sear planes triggered variations in security issues. Mr. McConnell said that they did. Council Lamerson asked if it would affect the ability of the City to use slurry bombers if it did not have essential air service. Mr. McConnell said it would.

- Future Capital Projects and Costs for a Commercial Local Airport
- Commercial Local Airport Project Locations
- Airport Fund

Mr. Woodfill noted that total revenue was projected to be .9 percent lower in FY16. The operating loss would increase from $(253,505.00) to $(269,483.00), up 6 percent from FY15. The total airport shortfall would be $(970,786.00).

Councilman Lazzell asked about the increase in the (Airport Rescue and Firefighting)ARRF budget. Mr. Woodfill said that was to keep an engineer there to run the ARRF truck. Councilman Lazzell asked what the City got in return for having the ARRF operation.

Mr. McConnell said the airport was viewed as an economic engine. The question would be what would happen if the operation were taken away. He said staff recommended that Council continued to invest in the airport to see how far the City got with respect to economic development.

Mayor Pro Tem Kuknyo said Embry Riddle would probably not be located where they were without the airport. He said it also helped with the Forest Service.

- Airport Capital Outlay/Projects FY16

Mr. Woodfill noted that the federal and state grants were laid out along with the City's share.

- Airport CIP FY17-21
- Transfers Out form General Fund to Airport

Mr. Woodfill said there would be $10,807,399.00 unassigned funds that were available for transfer to the Airport.

- Internal Service Funds

Mr. Woodfill noted that they were funds that provided service to other areas of the City. The operating expenditures for engineering services increased by 34.5 percent due to moving all of the labor into one fund. He noted that they would charge out their time like an engineering firm would do.

Mayor Pro Tem Kuknyo asked if there was enough money in Facilities Maintenance to keep the facilities in good shape. Mr. McConnell said it was not sufficient. The first thing that needed to be done was to do a facilities inventory. He noted that the City hired a company that did inventories and inspections and created a data base that they were still populating. He said the facilities were funded at a fraction of what they should be funded at in terms of life-cycle costs.

- Internal Service Funds Capital Outlay/Projects FY16
- Vehicle Replacements
- Total City Operating Budget

The total budget would increase 2 percent in FY16.

- Total City Budget – Operating and Capital

There would be a 12.8 percent reduction in the capital program.

- Breakdown of Total City Budget

Mr. Woodfill noted that the end of the year projected balance for FY 16 would be $74,615,187.00 which was up $20 million from the previous year.

- Items Pending for Tentative Budget

There was a discussion about a possible special meeting regarding Open Space.

Other items to be discussed were the Phippen roundabout and water quality and funding.

Councilman Blair asked when Council would see an assessment of the properties that the City of Prescott owned and which ones might be able to be sold to help pay off the PSPRS debt. Mr. McConnell said the proposal was to do a workshop and present Council with background information on the properties.

Councilman Lamerson said that they should include other City assets that could be liquidated that may not be property.

II. ADJOURNMENT

There being no further business to be discussed, the May 14, 2015, Prescott City Council Budget Workshop Meeting adjourned at 11:37 A.M.

____
MARLIN D. KUYKENDALL, Mayor

ATTEST:

____
DANA R. DeLONG, City Clerk

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING MEETING 7-28-15

DEPARTMENT: City Manager's Office

AGENDA ITEM: Approval of payment of FY 2016 dues to the Arizona League of Cities and Towns in the amount of $23,200.00

Approved By:	**Date:**
Deputy City Manager: Zelms, Alison	07/14/2015
City Manager: McConnell, Craig	07/15/2015

Item Summary

Approval of this item will authorize payment of League Dues and continue the City's membership benefits in this organization for FY 2016. The membership will be particularly important to the City in the upcoming legislative session when public safety pension reform and sober living facilities are expected to be addressed.

Background

The Arizona League of Cities and Towns (League) is a non-profit organization formed in 1937 to advocate on behalf of Arizona's incorporated cities and towns. The League represents the collective interests of 91 cities and towns at the State Legislature and provides timely information on important municipal issues through inquiry responsiveness; legal counsel; reports, newsletters and publications; training and workshops; annual state conferences and events; and networking opportunities to member cities. The League was created by Mayors in 1937, and the City of Prescott is one of the League's earliest members.

During the legislative session and throughout the year, the League staff meets with legislators and other groups to represent the interests of Arizona cities and towns. The League staff monitors and tracks bills of municipal concern that are introduced during the session and provides information, insight, and counsel to city leadership on this legislative activity.

Technical assistance is provided to cities and towns through a variety of methods including responding to phone inquiries, legal counsel, writing and editing technical publications and manuals, online services, archive collections and historical information.

Agenda Item: Approval of payment of FY 2016 dues to the Arizona League of Cities and Towns in the amount of $23,200.00

Financial Impact

The amount of dues, which are assessed annually to all members, is based on the population of each city or town. The City of Prescott paid $22,476.00 to the League in FY 14 for its annual dues and $22,476.00 in FY 15. The FY 2016 annual dues, calculated basis of population, have been budget in the General Fund. The League Invoice is attached.

Attachments

1. Invoice for 2016 League Dues

Recommended Action: Move to approve payment of FY 2016 dues to the Arizona League of Cities and Towns in the amount of $23,200.00.

League of Arizona Cities and Towns
1820 W. Washington • Phoenix, AZ 85007 • Phone (602) 258-5786 • Fax (602) 253- 3874
Email: league@mg.state.az.us • Web site: www.azleague.org

ANNUAL DUES STATEMENT
for
FY 2015-2016

THE LEAGUE OF ARIZONA CITIES AND TOWNS

1820 West Washington Street
Phoenix, Arizona 85007
Phone: (602) 258-5786

City of Prescott

Membership dues for the League of Arizona Cities and Towns for the fiscal year, July 1, 2015 to June 30, 2016, based on the 2014 population estimates.

Population @ 48¢ per capita	40,520	x	0.480	=	$19,450
Plus $3,750 base					3750
				Dues Amount	**$23,200**
				TOTAL AMOUNT DUE	**$23,200**

Please make checks payable to the League of Arizona Cities & Towns.

Deadline for payment of membership dues is July 30, 2015.

Thank you!

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: Field and Facilities Services

AGENDA ITEM: Approval of increase of $20,000.00 in the FY 2015 expenditure limit for City Contract No. 2013-032 with Petroleum Traders for delivered bulk fuel

Approved By:	**Date:**
Deputy City Manager: Zelms, Alison	07/22/2015
City Manager: McConnell, Craig	07/22/2015

Item Summary

This item requests approval to increase the expenditure limit for the contract with Petroleum Traders (City Contract No. 2013-032), for delivered bulk fuel in the amount of $20,000.00. The cost of fuel used in FY 2015 exceeded the annual not to exceed amount specified by the original (2013) contract of $83,500.00. The above ground bulk fuel tanks are located at the Sundog Wastewater Treatment Plant, Sundog Transfer Station, Prescott Municipal Airport, and Antelope Hills Golf Course; the primary users of this contract are the departments conducting operations at these locations.

Background

The Fleet Services Division utilized a Mohave Educational Services Cooperative Contract, which was competitively bid according to State of Arizona requirements. The Council subsequently awarded a contract to Petroleum Traders (City Contract No. 2013-032) at OPIS pricing plus a per gallon markup of $0.03 for Unleaded, $0.04 for Diesel, and $.015 for Red Dye Diesel, and calculated a cumulative annual not-to-exceed amount based on estimated total annual fuel consumption, primarily used in off-road equipment, backhoes, and mowers.

The increase in expenditure authority will enable payment to Petroleum Traders of the invoiced amounts for May and June 2015. Total expenditures for FY 2015 are anticipated at $102,260.25, the cost in FY 2014 was $90,907.53. The final FY 2015 invoices were reviewed for accuracy to ensure that the increase over the 2013 estimate was not the result of improper billing. The billings were found to be accurate, with the primary reason for the increase being a combination of price fluctuation and increased gallonage.

The contract with Petroleum Traders was terminated effective July 1, 2015, by Mohave

Educational Services Cooperative, and the City is currently soliciting bids for new pricing to execute a replacement contract for fuel deliveries. The bid deadline is August 6, 2015; in the interim, Bennett Fuel is being utilized for delivered bulk fuel.

Financial Impact

Funding is available within the operating budgets of the various departments that utilize this contract for fuel. The City fuel budget is subject to significant variation due to petroleum market fluctuations.

Recommended Action: MOVE to approve an increase of $20,000.00 in the FY 2015 expenditure limit for City Contract No. 2013-032 with Petroleum Traders for delivered bulk fuel.

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: Community Development

AGENDA ITEM: Assignment of cellular site lease from Verizon Wireless to American Tower Corporation at the 812 Douglas Avenue City water tank site (City Contract No. 2005-446)

Approved By:		**Date:**
Director:	Guice, Tom	07/21/2015
City Manager:	McConnell, Craig	07/21/2015

Item Summary

This is a request to assign a site lease from Verizon Wireless to American Tower Corporation for the operation and maintenance of a cellular antenna structure and associated ground-mounted equipment. The assignment of the lease to American Tower will not change the existing operation at the site.

Background

The antenna and ground equipment are in place and have been operated by Verizon under a lease agreement since June 1, 2006. This assignment transfers the operation of the site to American Tower Corporation; however, all conditions of the existing lease remain in full effect. No physical or operational aspects of the site will change with this assignment.

Financial Impact

None. All previous lease rate and renewal conditions under City Contract No. 2005-446 (attached) remain in effect.

Attachments

1. Original cellular site lease agreement (City Contract No. 2005-446)
2. Letter requesting re-assignment of lease to American Tower Corporation

Recommended Action: MOVE to approve assignment of the lease for the cellular installation at 812 Douglas Avenue from Verizon Wireless to American Tower Corporation (City Contract No. 2005-446).

#05-446

LEASE AGREEMENT

AZ2 Northside

1. **Definitions of Terms Used in this Document:**

1.1	**Lessor:**	City of Prescott
1.2	**Lessor's Contact Person:**	City Manager City of Prescott 201 S. Cortez Street Prescott, AZ 86303
	WITH A COPY TO:	City Clerk City of Prescott 201 S. Cortez Street Prescott, AZ 86303
1.3	**Address for Payment of Rent:**	201 S. Cortez Street Prescott, AZ 86303
1.4	**Taxpayer Identification Number:**	86-6000257

1.5 **Property**. Space on Lessor's tower located at the top of Reservoir Hill, Prescott AZ (hereinafter referred to as "Structure") to mount 12 antennas and/or sufficient space to run cables to the antennas along with 800 (20' x 40') square feet of ground space for placement of an equipment base station located on certain real property ("Property") with a common address, and the Easements granted in Paragraph 11 of this Lease, all as legally described on Exhibit A and marked on the sketches on Exhibit B attached hereto and made a part hereof. Lessor hereby leases to Lessee and Lessee leases from Lessor the foregoing Property, under the terms and conditions as set forth herein.

1.6 **Property Identification Number**. AZ2 Northside

1.7 **Initial Term**. Five (5) years

1.8 **Term**. The Initial Term, and any extension term or year to year term described in Sections 2 and 3 of this lease.

1.9 **Commencement Date**. The commencement date for this lease will be June 1, 2006.

1.10 **Rent**. Fifteen Thousand Dollars ($15,000.00) per annum, to be paid annually in advance on the Commencement Date and on each anniversary thereof including any extension terms, the annual rent payable for each subsequent lease year shall be in an amount equal to the Cost of Living index or 5%, whichever is greater, of the then prevailing annual rent.

1.11 **Lessee**. Verizon Wireless (VAW) LLC, dba Verizon Wireless

1.12 **Lease**. This Lease Agreement including all exhibits and attachments.

1.13 **Lessee's Address**:

180 Washington Valley Road
Bedminster, New Jersey 07921
Attention: Network Real Estate

2. Term and Options to Extend.

2.1 **Initially**. Lessor leases the Property to Lessee for the Initial Term and in the terms and conditions of the Lease beginning on the Commencement Date at the Initial Rent.

2.2 **Site Preparation and Construction Fee**. At the Commencement date of the Lease Agreement, Lessee shall pay to Lessor, a one-time site preparation and construction fee of $10,000.00. Such fee shall be to offset the Lessor's costs of site preparation and remediation at the Property. Lessee shall also be required, at its cost, to accomplish the following specific work at the Property: construction and installation of any enclosures for equipment required by the Lessee, installation and mounting of Lessee's equipment, and any engineering reports as may be reasonably required by

Lessor regarding frequency interference and structural and load capacities of said tower, and the extension and/or construction of any required electric or other utilities to the Property and adjacent facilities.. The foregoing shall be accomplished and completed by the Lessee, to the satisfaction of the Lessor, no later than 90 days after Prescott City Council approval. Any equipment enclosures, structures and/or towers constructed for the placement of an antenna, and antenna design and placement, shall be subject to the approval of the City, and shall be constructed in such a manner as to allow placement of additional antennae in an amount as determined to be required by Lessor. Lessor may require co-location of antenna on the Structure and for ground equipment on site, with no reduction of rent to Lessee, nor any remuneration being due Lessee as a result of said co-location. It is expressly understood by and between the parties that any reimbursement due Lessee pursuant to this subsection is not applicable to an antenna which may be placed on the structure by Lessor, for Lessor's use, for municipal purposes.

2.3 **<u>Option to Extend</u>**. The term of this Lease shall be automatically renewable for four (4) additional terms of five (5) years each following the original term or any renewable term at the annual rental as stated in Section 1.10 and otherwise upon the same terms and conditions stated in this Lease, except for adjustments in rent as provided for in Section 1.10. If Lessee desires to not extend any subsequent term of the Lease it shall give Lessor written notice of its intention to not extend the term not less than ninety (90) days prior to the expiration of the then current term whereupon the Lease shall be deemed canceled upon the expiration of the then current term.

2.4 Construction of Lessee's Facilities.

2.4.1 Cable Connections to Tank; Tank Maintenance. All cable connections and antenna of Lessee that are placed or lead to the water tank shall be placed and secured in a manner safe to all. Lessee shall be solely responsible for securing and maintaining said antennae, cable and other equipment in a safe and secure manner. Lessor shall assume no responsibility for the safety or security of the Property of the Lessee upon this location. Lessee shall, upon reasonable notice, make all portions of the tank and building facilities of Lessor available for maintenance or repair, including but not limited to reasonable repainting and related work, upon the request, and at the direction of, the Lessor. This subparagraph shall only be applicable in the event that the Property described in Paragraph 1.5 is Lessor's water tank.

2.4.2 Cable Connections to Tower; Tower Maintenance. All cable connections and antenna of Lessee that are placed or lead to the tower shall be placed and secured in a manner safe to all. Lessee shall be solely responsible for securing and maintaining said antennae, cable and other equipment in a safe and secure manner. Lessor shall assume no responsibility for the safety or security of the Property of the Lessee upon this location. Lessee shall, upon reasonable notice, make all portions of the tower and building facilities of Lessor available for maintenance or repair, including but not limited to reasonable repainting and related work, upon the request, and at the direction of, the Lessor. This subparagraph shall only be applicable in the event that the Property described in Paragraph 1.5 is Lessor's tower.

2.4.3 **Compliance with Plans.** All construction on the Property shall be subject to the approval by the Lessor of the plans and specifications, including but not limited to placement of antenna, structures, enclosures, landscaping {if required} and design of same.

3. **Additional Yearly Terms**. If at the end of the fourth (4) five (5) year extension term, this Lease has not been terminated by Lessor giving written notice to Lessee of Lessor's intention to terminate this Lease at least six (6) months prior to the end of that term, the Term of this Lease shall automatically continue in force upon the same terms and conditions for a further term of one (1) year and for subsequent annual terms and on the same terms and conditions until terminated either by Lessor giving written notice to Lessee of its intention to terminate this Lease at least six (6) months prior to the end of an annual term or by Lessee giving written notice of termination before the end of the applicable term. Rent for these annual periods shall be equal to the product of the rent paid for the preceding Lease year multiplied by 1.10 (110%). If Lessee opted to exercise entering into a new lease, such action would trigger the City collecting the one time start-up fee preciously referred to on P. 3, in that, regardless of the condition of the site being ready or not, in all instances, the City collects such fee at time of initiation of a new lease.

4. **Methods of Payment.**

4.1 Yearly Rental Payment. Initial rental payment will be due on or before the Commencement Date. Lessee shall pay Lessor one years rent in advance and in each subsequent year the full yearly rental shall be paid not later than thirty (30) days in advance of the Anniversary Date of this Lease.

4.2 Location for Payment. All rent shall be paid to Lessor at the Address for Payment of Rent or to another person, firm or place which the Lessor may from time to time designate in writing at least thirty (30) days in advance of Commencement date.

5. **Consultant's Commission.** Any commission or consulting fee payable to Lessee's Consultant shall be paid by Lessee.

6. **Use of Property.** Lessee may use the Property for lawful telecommunications purposes and related site preparations, improvements and maintenance purposes in accordance with local rules and governmental regulations. Lessor agrees to cooperate with Lessee, at Lessee's expense, in making application for and obtaining all licenses, permits and any and all other necessary approvals that may be required for Lessee's intended use of the Property. Lessee shall reimburse Lessor for any direct costs incurred by Lessor associated with obtaining any necessary approvals.

7. **Title and Survey**

7.1 **Existing Policies and Surveys**. Simultaneous with the execution of this Lease, Lessor has furnished to Lessee copies of all existing surveys of the Property.

7.2 **Leasehold Costs**. Any and all expenses arising out of the Lessee's leasehold in this Property shall be the responsibility of the Lessee.

7.3 **Survey**. Lessee shall obtain, at Lessee's expense, any new surveys Lessee requires. If no adequate legal description is available as of the date of this Lease or if the legal description of the Property as shown in any subsequent survey obtained by Lessee differs from the legal description attached to this lease, the legal description in the new survey (subject to approval by the City of Prescott) shall be controlling and attached as an addendum to this agreement.

8. Lessee's Installation.

8.1 **Improvements**. With Lessor's approval, which shall not be unreasonably withheld, delayed or conditioned, Lessee may install an antenna structure, antennas, equipment enclosures, equipment, other personal property, fixtures, cables, transmission lines, and utilities and make any other improvements to or upon the Property ("Lessee Facilities") as necessary for use of the Property by Lessee provided the same shall not interfere with the Lessor's use of the structure, facilities and premises, nor interfere with any pre-existing structures/towers/antennas. Lessee shall submit to Lessor for review a copy of Lessee's plans. Lessor shall give such approval or provide Lessee with request for changes within fifteen (15) business days of Lessor's receipt of Lessee's plans. If Lessor does not provide such approval or request for changes within such fifteen (15) day period, Lessor shall be deemed to have approved such plans. Lessee may, with specific approval from Lessor, change or replace any of these items with new or different items with the same or different specifications.

8.2 **Workmanlike Construction**. Lessee agrees that the installation will be completed in a neat, workmanlike manner consistent with good engineering practices. All costs of the installation will be paid by the Lessee.

8.3 **Title to Various Items**. Lessor shall, at all times, be the sole exclusive owner of the Property, including but not limited to the Structure and equipment enclosures, if applicable, (which shall be conveyed to the City by the Lessee after their construction). The Lessee shall, at all times, be the sole and exclusive owner of any antennas, equipment, other personal property, fixtures, cables and transmission lines and other improvements installed by Lessee on the Property. Modular shelter located on the property shall remain personal property of Lessee. Lessor has committed to the principal of co-location of facilities, where possible. Lessor may require Lessee to allow the use of the Property and share facilities and infrastructure in order to minimize the environmental and aesthetic impacts.

9. Taxes.

9.1 **Taxes**. Taxes. Lessee shall be responsible to timely pay any taxes levied and assessed against it, its personal property and real estate or its Leasehold interest. At the request of the City, the Lessee shall provide evidence of payment of said taxes.

10. **Lessor's Representations.** In order to induce Lessee to enter into this Lease, Lessor covenants, represents and warrants, as of the date of this Lease and throughout its Term, as follows:

10.1 **Title** Lessor owns good and marketable title to the Property subject to no mortgages, lien, encumbrances, or judgments which might take precedence over Lessee's interest in the Property or impair Lessor's ability to lease the Property to Lessee except for items disclosed in writing to and approved by Lessee.

10.2 **Authority** Lessor warrants that: (i) it has rights of access thereto: and (ii) Lessor has full right to make and perform this Lease. Lessor is a municipal corporation of the State of Arizona. Lessor makes no representation of authority to herein act of purposes of Lessee's reliance.

10.3 **Zoning** The Property is in the compliance with applicable zoning laws. Lessee's use shall be and is, subject to compliance with applicable zoning and building codes.

11. Easement.

11.1 <u>Granted</u> For the Term of this Lease, Lessor grants Lessee the Access Easements, Utility Easements and Transmission Line Easements, if any, nonexclusively and as described in Exhibits in this Lease. Lessor shall maintain the easements so that each is reasonably available for Lessee's use. If Lessor is unable to grant or obtain the requested easements, then, at Lessee's option, this Lease may be terminated. A termination pursuant to this Section shall not create an obligation on the part of Lessee to pay Rent under the Termination provisions of this Lease. Lessee and its authorized representatives shall have the right of ingress and egress to and from the Property twenty-four (24) hours a day, seven (7) days a week.

11.2 <u>Modification</u> If as of the date of this Lease, a Transmission Line Easement, an Access Easement or any necessary separate Utility Easement has not been located, Lessor agrees that upon the location of the easements, as approved by the Prescott City Manager, any Exhibits in this Lease shall be amended to include these easements. In addition, if subsequent to the date of this Lease it is determined by Lessee that any Access, Transmission Line or Utility Easement obtained does not or no longer adequately serves the Property and Lessee's use thereof, Lessor then at Lessee's option this Lease may be terminated.

A termination pursuant to this Part shall not create any obligation on the part of Lessee to pay rent pursuant to the Termination provisions of this Lease.

12. Assignments. Lessee may not assign, or otherwise transfer all or any part of its interest in this Lease or in the Property, without the prior written consent of Lessor; which consent may be withheld at the sole discretion of the Lessor, provided, however, that Lessee may assign its interest to its parent company, any subsidiary or affiliate of it or its parent company or to any successor-in-interest or entity acquiring fifty-one percent (51%) or more of its stock or assets, subject to any financing entity's interest, if any, in this Lease as set forth in Paragraph 17 below. Lessor may assign this Lease upon written notice to Lessee, subject to the assignee assuming all of and Lessor's obligations herein, including but not limited to, those set forth in Paragraph 17 below. Notwithstanding anything to the contrary contained in this Lease. Lessee may assign, mortgage, pledge, hypothecate or otherwise transfer without consent its interest in this Lease to any financing entity, or agent on behalf of any financing entity to whom Lessee (i) has obligations for borrowed money or in respect of guaranties thereof, (ii) has obligations evidenced by bonds, debentures, notes or similar instruments, or (iii) has obligations under or with respect to letters of credit, bankers acceptances and similar facilities or in respect of guaranties thereof.

13. Defaults.

13.1 <u>**By Lessee**</u> In the event of default under this Lease by Lessee, Lessor shall be entitled to remedies as shall be then be provided by law; and provided that except for the nonpayment of rent prior to, and as a condition precedent to, the exercise of any remedy, Lessor shall give to Lessee written notice of default to Lessee and the nature of the default and Lessee shall have thirty (30) days (or, if the default cannot be cured within thirty (30) days, a longer period may be mutually agreed upon to cure the default), after receipt of the notice within which to cure the default, during which period no remedy shall be pursued. If Lessee fails to cure a default and Lessor elects to terminate this Lease, Lessor may do so effective six (6) months following Lessee's receipt of written notice to terminate provided, however, that Lessee shall not receive any reimbursement for the rent paid and will be required to pay past the year's end 110% of the then current pro-rated rental. The parties acknowledge that the purpose of the extension period is to provide the Lessee sufficient lead-time to obtain an alternate acceptable site.

13.2 **By Lessor** In addition to rights at law or in equity, but specifically excluding any rights to recover or offset any consequential damages caused by Lessor's default, if Lessor defaults in any of its obligations under this Lease, Lessee may perform Lessor's obligation and may offset from the Rent or any other amounts next payable Lessee's costs and expenses of doing so. Notwithstanding anything else in this Lease, provided Lessee has been denied access or unable to exercise its use of the leasehold interest Property, and provided Lessee has provided not less than thirty (30) days written notice to Lessor thereof, Lessee may defer payment of Rent including the first rent payment, during any period in which Lessor is in default in any of its obligations under this Lease when said Rent payment comes due during any period in which

Lessor is in default after the above notice. Upon cure of the default, the Rent shall become due immediately, and shall be prorated based on the number of days Lessor was in default. If Lessor fails to cure a default and Lessee elects to terminate this Lease, Lessee may do so effective thirty (30) days following Lessor's receipt of written notice of termination.

14. Casualty. In the event the Property is destroyed or damaged in whole or in part by casualty during the term of this Lease resulting in the Property being unusable for its intended purposes, then, the rent shall be abated until the Property is repaired. In the event that the Property is not restored within ninety (90) days from the date of the casualty, then Lessee may elect to terminate this Lease and no further rent shall be due. Nothing herein shall require Lessor to repair or restore and no liability shall attach to Lessor should it choose not to repair or restore. However, if Lessor decides not to repair or restore, Lessee shall be entitled to a refund of any pre-paid rent pro-rated based on the length of the casualty which prevented Lessee from exercising its rights.

15. Quiet Enjoyment. Subject to Lessor's right to take action unilaterally in furtherance of the public health and safety relative to the water and other utilities systems with facilities on the site or otherwise in relation to Lessor's communication systems, Lessor covenants and agrees that upon payment by the Lessee of the Rent under this Lease and upon the observance and performance of all of the covenants, terms and conditions on Lessee's part to be observed and performed, Lessee shall peaceably and quietly hold and enjoy the Property, the rights, and privileges granted for the term demised without hindrance or interference by Lessor and Lessor shall perform all of its obligations under this Lease. Notwithstanding the foregoing the Lessee acknowledges that Lessor may lease other parts of the structure and/or the antenna to others.

16. Subsequent Financing. Lessee may enter into recordable subordination, non-disturbance and attornment agreements with the holders of any mortgage, trust deed, installment sale contract of other financing instrument dated after the date of this Lease, if the agreements are in form satisfactory to Lessee.

17. Termination.

17.1 **<u>Requirements</u>** This Lease may be terminated without further liability (and with payment of six (6) months rental in connection with termination pursuant to subparagraph (iv) herein) on thirty (30) days prior written notice as follows: (i) by the Lessor upon a monetary default of any covenant or term hereof by the Lessee, which default is not cured within thirty (30) days of receipt of written notice of default; provided that the grace period for any monetary default is ten (10) days from receipt of notice, or (ii) by either party in the event of a breach of this lease by the other party, provided the aggrieved party delivers written notice of early termination to the breaching party no earlier than thirty (30) days after the cure period and failure to cure by the breaching party, or (iii) by Lessee if it does not obtain or maintain any license, permit or other approval necessary for the construction and operation of Lessee Facilities or (iv) by Lessee if Lessee is unable to occupy and utilize the Property due to an action of the FCC, including without limitation, a take back of channels or change in frequencies; or (v) by Lessee if Lessee determines that the Property is not appropriate for its operations for economic or technological reasons, including, without limitations, signal interference.

17.2 Removal of Equipment Upon the expiration of this Lease, or its earlier termination or cancellation for any reason, Lessee shall at its sole expense remove from the Property all of its antennas, transmitting and receiving equipment, transmitting lines, other personal property, fixtures, and any other improvements (except for Structures and equipment enclosures, public infrastructure, underground wiring, roadways, sidewalks and foundations, which shall remain the property of the Lessor). Lessee shall leave all fencing as may have been installed by Lessee, unless prior to the effective date of the expiration, termination or cancellation, Lessor requests removal. Lessee shall have up to ninety (90) days after the effective date of the expiration, termination, cancellation to complete removal of all items. Any damage by removal to Lessor's equipment or property will be repaired by Lessee. If, Lessee requires any of the ninety (90) day period after the effective date for the removal, Lessee shall pay Lessor one-twelfth of the then current annual rental in advance for each thirty (30) day period or portion thereof Lessee requires to complete the removal. If Lessee does not remove its Lessee's Facilities within ninety (90) days of termination, Lessee's Facilities shall be deemed abandoned and will become Lessor's property, subject to any current and valid security interests in and to Lessee's facilities.

17.3 **<u>By Lessor</u>** After the second term of this Agreement Lease (ten [10] years), Lessor reserves the right to terminate this agreement in the event that the Property is required by the Lessor for municipal purposes, but must notify Lessee at least twelve (12) months prior to termination to give the Lessee adequate time for an alternate site. The rent will be prorated for the remaining period.

18. Lease Construction. This Lease shall be construed in accordance with the laws of the State of Arizona. In the event that any provisions of this Lease are legally unenforceable, the other provisions shall remain in effect. All litigation involving directly or indirectly any of the provisions of this Lease shall be filed in the Superior Court of Yavapai County, Arizona.

19. Entire Binding Understanding; No Oral Modifications. All prior understandings and agreements between the parties are merged into this Lease, and this Lease may not be modified orally or in any manner other than by an agreement in writing signed by both parties. Presentation of this Lease by Lessee to Lessor shall not constitute an offer unless the Lease has been signed by Lessee, and this Lease shall not be binding until executed by both Lessor and Lessee.

20. Successors; Separability. Subject to the provisions regarding assignment, this Lease shall be binding upon, and inure to the benefit of, the successors-in-interest and permitted assigns or sublessees of the parties and any grantee of Lessor.

21. Indemnification/Insurance. Lessor and Lessee do hereby agree to indemnify, defend and hold each harmless from and against any claim of liability or loss from personal injury or property damage in connection with the Property or resulting from or arising out of the use and occupancy of the Property by the indemnifying party or its agents, excepting, however such claims as may be due to or caused by the acts of the indemnifying party or its agents. Neither party shall have any obligations under this Paragraph unless notified in writing of any such claim or loss within thirty (30) business days of receipt by the other party of notice of such claim or loss. During the term of this Lease, Lessee shall carry and maintain commercial general liability insurance, and property damage for any structures or enclosures built by the Lessee and conveyed to the Lessor, listing the Lessor as an additional insured, insuring against liability for injury to persons or property occurring in or about the Property or arising out of the ownership, maintenance, use or occupancy thereof. Coverage under such policy shall not be less than $1,000,000.00 per occurrence for personal injuries and not less than $50,000.00 per occurrence for property damage. In addition, Lessee shall carry and maintain worker's compensation insurance in the statutory amount throughout the term of this Lease. Lessee shall provide Lessor with a certificate of insurance evidencing such coverage.

22. Notices. All notices, requests and other writings required under this Lease (including any notices of renewal or termination rights) must be in writing and shall be deemed valid given upon the earliest of (i) actual receipt or (ii) the second business day after the date posted if sent by certified mail, return receipt requested, addressed to the other party with the copies as set out in the Lessor's Address and the Lessee's Address (or any other address within the United States that the party to be notified may have designated to the sender by like notice),

23. Performance. Time is of the essence in this Agreement. The failure of either party to require the strict performance by the other of any provision of this agreement shall not be deemed waiver of the right of said party thereafter to require strict performance of that or any other provision of this agreement in accordance with the terms hereof, and without notice.

24. Broadcast Interference.

24.1 <u>Definition</u> As used in this Lease, "Interference" with a broadcasting activity means:

(A) Interference within the meaning of the provisions of the recommended practices of the Electronics Industries Association ("EIA") and the rules and regulations of the Federal Communications Commission ("FCC") then in effect; or

(B) A material impairment of the quality of either the operation of electronic equipment near the site, or quality of sound or picture signals on a broadcasting activity as may be defined by the FCC at any hour during the period of operation of activity, as compared with that which would be obtained if no other broadcaster were broadcasting from the Property or had any equipment on the Property.

24.2 Removal of Interference

(A) Lessee shall take reasonable actions to prevent and properly remove any Interference with broadcast activities of Lessor or other Lessees of Lessor whose equipment was installed prior to the execution of this Lease ("Existing Lessees").

(B) Lessor warrants to Lessee the use and quiet enjoyment of the Property, provided, however that the parties hereto acknowledge that the lease of communication equipment on the Structure and Property is made on a non-exclusive basis, and that additional space on the Structure may be leased to other entities by Lessor. Lessor agrees that it shall not permit subsequent Lessees to use any portion of the Property in any way which would interfere with the Lessee's telecommunications operations, provided that the continued use by Lessor and Existing Lessees in substantially the same manner as existed as of the Commencement Date shall not constitute interference with Lessee's telecommunications operations.

(C) In the event that Lessor elects to permit a subsequent lessee to use any of the Lessor's Property for the purpose of installing communications facilities, Lessor shall, at least thirty (30) days prior to the issuance of such authority, deliver to Lessee engineering studies or other appropriate evidence that such use will not interfere with Lessee's operations at the Property. Should Lessee determine, based upon such materials or its own studies, that the subsequent Lessee will interfere with Lessee's operations, and so notify Lessor in writing, then Lessor shall not permit the subsequent Lessee to use the Lessor's Property without making any necessary revisions to insure non-interference with Lessee's facilities.

25. Environmental Matters.

25.1 **<u>Definition</u>** For purposes of this Lease, "Hazardous Material" includes any hazardous, toxic or dangerous waste, substance or material defined as in (or for purposes of) the Comprehensive Environmental Response, Compensation, and Liability Act, any so called "Superfund" or "Superlien" law, or any other Federal, state or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect.

25.2 **No Hazardous Material** Neither the Lessor nor, to the best knowledge of Lessor, any other person, has ever caused or permitted any Hazardous Material, as defined by the Arizona Department of Environmental Quality, to be placed, held, located or disposed of on, under or at the Property or any part thereof. Lessee agrees that it will not use, generate, store or dispose of any Hazardous Material on, under, about or within the Property or Land in violation of any law or regulation. Lessor agrees that it will not, and will not permit any third party to use, generate, store or dispose of any Hazardous Material on, under, about or within the Land in violation of any law or regulation. Lessor and Lessee each agree to defend, indemnify and hold harmless the other and the other's partners, affiliates, agents and employees against any and all losses, liabilities, claims and/or costs (including reasonable attorney's fees and costs) arising from any breach of any representation or agreement contained in this paragraph.

25.3 **Radio Frequency Hazard** Lessee warrants that it will operate its equipment in a manner safe to the public in conformity with applicable government guidelines and regulations.

25.4 **Survival** The provisions set out in Sections 21 and 25 shall survive termination of this Lease.

26. Relocation

26.1 Lessor shall have a one time right, during every Lease period (every five (5) years), to require Lessee to relocate its equipment to an alternative location on the Premises in the event Lessor requires Lessee's location for municipal purposes. Though Lessee shall have the right to operate temporary equipment during any mandated move required by Lessor, it may not interfere with the Lessor's purpose that required the move. The new location must be technologically suitable for Lessee's Facilities. Lessor agrees to give Lessee not less than twelve (12) months prior written notice of such relocation. Lessee shall have ninety (90) days from the date of notice to evaluate the technologically suitability of the proposed new location and either approve or disapprove said location in writing. If Lessee disapproves proposed new location, Lessor may thereafter propose another location site in the manner set forth above. If the parties are unable to agree upon a new location after one hundred eighty (180) days of said notice, this Lease shall terminate upon the first anniversary of the original notice. Upon termination, Lessor shall refund to Lessee all prepaid rents and Lessee shall be released from any further rent obligations.

27. Warranty At the commencement of the term, Lessee shall accept the Property and fixtures in its existing condition. No representatives, statements or warranties, express or implied, have been made by or on behalf of the Lessor as to the condition thereof. In no event shall the Lessor be liable for any defect in such property or for any limitation on its use.

28. Right to Re-enter If any rent shall be due and unpaid or if default shall be made in any of the covenants contained herein, and such default is not cured within the applicable cure period, it shall be lawful for Lessor and/or its designee to re-enter the premises and remove therefrom all persons and personal property of the Lessee then occupying same, subject to the terms and conditions of this Lease.

29. Surrender of Premises Subject to the terms and conditions herein provided, it is agreed that at the expiration of the term of this Lease, or any sooner termination of the Lease, Lessee will quit and surrender the Property, in as good order and condition as reasonable use and wear thereof will permit, damage by the elements excepted. If the Lessee should hold over the said term with the consent, express or implied, of Lessor, such holding over shall be construed as a tenancy only from month to month, and the Lessee shall continue to pay the prevailing rent for such term as Lessee holds same.

29.1 Lessee shall, at Lessee's expense, comply with all applicable statues, ordinances, rules, regulations, orders, and requirements in effect during the term or any part of the term hereof regulating the use by Lessee if the premises.

29.2 Lessee hereby accepts the property in the condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county, and state laws, ordinances, and regulations governing and regulating the use of the property, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that neither Lessor nor Lessor's agent(s) have made any representation or warranty as to the suitability of the property for the conduct of Lessee's business.

30. **Utilities and Gas** The Lessee further agrees to pay all water, fuel, light, power, gas, telephone and all other utilities in or about the leased premises, and the Lessor shall in no way be responsible therefor.

31. **Signs** Lessee shall place no signs, flags, or posters or other advertising or promotional materials on the premises, on the exterior of the premises, or in the windows of the demised premises without having obtained Lessor's prior written consent, which consent may be withheld at the sole discretion of the Lessor. Notwithstanding the foregoing, Lessee shall be entitled to place a sign on any shelter or equipment cabinet constructed by Lessee to identify the Lessee and/or to provide emergency contact telephone numbers, provided that said sign is affixed to said shelter or cabinet, is not illuminated, and does not exceed 12"x12"

32. On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the property to Lessor in substantially similar condition as received, broom-clean, ordinary wear and tear excepted. Lessee shall repair any damage to the property occasioned by the removal of its trade fixtures, furnishings, and equipment, which shall include the patching and filling of holes and repair of any structural damage.

33. Keeping Property Clean Lessee agrees to keep the leased property inside and outside clean and neat at all times, including sidewalks, parking area and front and rear yards.

34. Alterations and Additions Alterations and additions may not be made to the leased property without the prior written consent of the Lessor. Any alterations or addition of the premises, excepting movable furniture and machinery and trade fixtures, shall become part of the realty and shall belong to the Lessor upon termination of this Lease.

35. Liens Created By Lessee Lessee shall have no power to do any act or to make any contract that may create or be the foundation for any lien upon the property or other estate or reversion of the Lessor in the demised property or upon any building or improvement thereon, and should any such lien be filed, the Lessee at his own cost and expense shall bond or otherwise discharge the same within ten (10) days of the filing thereof.

36. Prohibition Against Lessee Lessee shall not, at any time, without first obtaining the Lessor's express written consent, which consent shall not be unreasonably withheld or delayed:

36.1 Change, whether by alteration, replacement, rebuilding, or otherwise, the exterior color or architectural treatment of the leased property, or the building in which the same is located, or any part thereof, whether the interior or exterior of said building, including the grounds therein;

36.2 Perform any act or carry on any practice which may damage, mar or deface the leased property or the building in which said property is located.

36.3 Install, operate or maintain in the leased property any electrical equipment which will overload the electrical system therein or any part thereof, beyond its reasonable capacity for proper and safe operation as determined by Lessor.

37. Interest On Past Due Obligations Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at eighteen (18) percent per annum from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this lease.

38. Waiver By Lessor The waiver by the Lessor of any breach or breaches by the Lessee of any one or more of the covenants, agreements, conditions, or obligations herein contained or the acceptance of any delinquent payments shall not bar the Lessor's right to declare a forfeiture or to employ any other rights or remedies of the said Lessor in the event of any subsequent breach of any such or other covenants, agreements, conditions, or obligations. Any entry and/or re-entry by the Lessor, whether had or taken under what is generally known as summary proceedings, or otherwise, as provided by the terms of this lease, shall not be deemed to absolve or discharge the Lessee from liability hereunder.

39. Reservation By Lessor Lessor reserves the right to make improvements and additions upon the real property. Any such additions or improvements if not an integral part of the Lessee's property, shall be property of Lessor and shall not be deemed part of the property leased to Lessee.

40. Preparation Of Agreement This Agreement was prepared by the Prescott City Attorney, Attorney for Lessor. Lessee acknowledges that the aforesaid City Attorney has in no way represented or advised Lessee, and that Lessee has the option and right at all times hereof to obtain independent counsel of his own choosing in entering into this Agreement.

40.1 The parties hereto expressly covenant and agree that in the event of a dispute arising from this Agreement, each of the parties hereto waives any right to a trial by jury. In the event of litigation, the parties hereby agree to submit to a trial before the Court.

40.2 The parties hereto expressly covenant and agree that in the event of litigation arising from this Lease, neither party shall be entitled to an award of attorneys fees, either pursuant to the Contract, pursuant to ARS Section 12-341.01 (A) and (B), or pursuant to any other state or federal statute.

40.3 Pursuant to A.R.S. Section 38-511, the City of Prescott may cancel this Lease, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Lease on behalf of the City is, at any time while the Lease or any extension of the Lease is in effect, an employee or agent of any other party to the Lease in any capacity or a consultant to any other party of the agreement with respect to the subject matter of the Lease. In the foregoing event, the City of Prescott further elects to recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating this Lease on behalf of the City of Prescott from any other party to the agreement arising as a result of this Lease.

41 All insurance must be written by an insurance company authorized to do business in the State of Arizona, to be evidenced by a Certificate of Authority as defined in ARS Section 20-217, a certificate is to be attached to the applicable insurance policy or binder.

42. **Conditions Precedent.** This Lease is subject to the following conditions precedent:

42.1 Lessee shall have the right at any time following full execution of this Lease to enter upon the Property and underlying real property for the purpose of making necessary engineering tests, inspections, environmental and title studies.

42.2 A title search, survey, geotechnical and/or environmental study and RF engineering analysis shall be allowed by Lessor to be performed by Lessee, which search, survey, study or analysis shall not reveal defects or abnormalities which Lessee, in its sole discretion, determines would interfere with or prevent Lessee's intended use of the property.

42.3 If Paragraph 42.2 is not satisfied or waived within six (6) months from the date of the approval of this Lease by the parties, the Lessee may terminate this Lease on thirty (30) days written notice without liability.

43. **Title/Lien Waiver.** Title to Lessee's communication equipment, antenna, cabling lines and all other property of Lessee ("Lessee's Facilities") shall be held by Lessee. Lessee's Facilities shall remain Lessee's personal property and are not fixtures. Lessee has the right to removal all Lessee's Facilities at its sole expense before or within ninety (90) days subsequent to the expiration or earlier termination of the Lease; provided, however, that Lessee is not in default of the Lease and Lessee repairs any damage to the Leased Property caused by such removal.

44. In the event that the Lessee requires a co-Lessee on the Property to temporarily cease operations due to the installation, removal, repair or replacement of the Lessee's facilities, said request shall be made for the least amount of time required, and the Lessee shall reimburse said existing facility for any actual damages and/or loss of revenue resulting from said temporary cessation of service.

45. In the event that a co-Lessee on the Property requests the Lessee to temporarily cease operations due to the installation, removal, repair or replacement of the co-Lessee's facilities, then and in that event the Lessee shall cooperate with said request, subject to being reimbursed pursuant to Paragraph 44 above.

46. The parties hereto expressly covenant and agree that they will attempt in good faith to resolve any controversy or claim arising out of or relating to the operation of Paragraphs 44 and 45 of this Agreement through negotiation. If, however, a matter has not been resolved within a reasonable period of time, upon the written demand of either party, the matter shall be resolved by binding arbitration. The Prescott City Manager or his designee shall be the arbitrator of a dispute regarding said paragraphs. A party desiring arbitration shall serve upon the other, a writing (the "Notice") describing, in general terms, the controversy. A copy of said Notice shall also be given to the Prescott City Manager. Within five (5) days after said Notice the other party shall serve upon the party demanding arbitration a writing (the "Response"), describing, in general terms, any additional issues to be arbitrated. A copy of said Response shall be given to the Prescott City Manager. Immediately upon receipt of the foregoing response the City Manager shall appoint a time and place for a hearing, which shall be held in accordance with the provisions of A.R.S. §12-1505. The decision of the Prescott City Manager shall be in writing, and shall be final and binding upon all of the parties.

DATED this 6th day of June, 2006.

LESSEE:

Verizon Wireless (VAW) LLC,
a Delaware limited liability company,
dba Verizon Wireless

By: Keith A. Surratt
Name: Keith A. Surratt
Title: West Area Vice President - Network

PASSED, APPROVED AND ADOPTED by the Mayor and Council of the City of Prescott this 23rd day of May, 2006.

ROWLE SIMMONS

ATTEST:

ELIZABETH A. BURKE
City Clerk

APPROVED AS TO FORM:

GARY D. KIDD
City Attorney

Exhibit A

All that portion of the following described parcel lying within the Northwest quarter of the Southwest quarter of Section 21, Township 14 North, Range 2 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

COMMENCING at the Southwest corner of said Section 21;

Thence North 00 Degrees, 15 Minutes, 00 Seconds East, along the West line of said Section 21, 705.00 feet to the POINT OF BEGINNING;

Thence from said Point of Beginning, North 00 Degrees, 15 Minutes, 00 Seconds East, along said Section line, 1065.00 feet;

Thence East, 911.50 feet;

Thence South 00 Degrees, 15 Minutes, 00 Seconds West, 450.00 feet;

Thence West, 251.50 feet;

Thence South, 615.00 feet;

Thence West, 660.00 feet to the POINT OF BEGINNING.

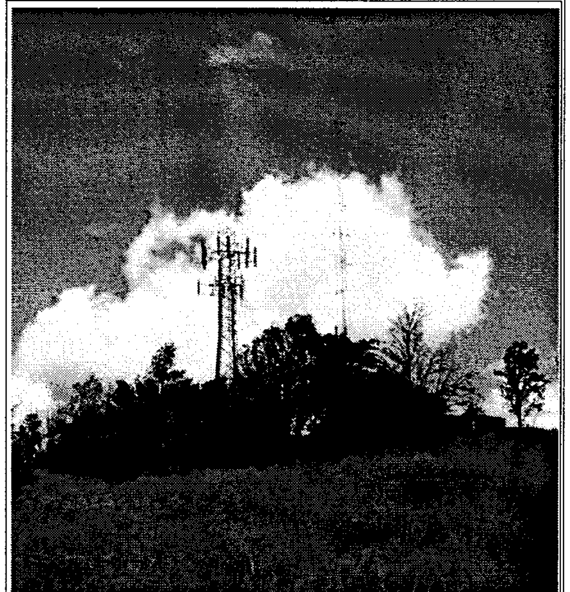
EXCEPTING therefrom any portion lying within Willow Creek Road as it now exists.

verizonwireless

SITE NAME:

AZ2 NORTHSIDE

SITE PHOTO



INDEX OF DRAWINGS

LEGAL DESCRIPTION

REFER TO SURVEY

DRAWING SYMBOLS

ELEVATION NUMBER
SHEET NUMBER FOR ELEVATION

DETAIL NUMBER
SHEET NUMBER FOR DETAIL

SECTION NUMBER
SHEET NUMBER FOR SECTION

KEYED NOTES

DRAINAGE PATH

PROPERTY LINE

CHAINLINK FENCING

WOOD FENCING

ELECTRICAL SERVICE

TELCO SERVICE

REVISION

PROJECT TEAM

CLIENT

VERIZON WIRELESS
CONSTRUCTION DEPARTMENT
126 W. GEMINI DR.
TEMPE, AZ 85283
CONTACT: ERIC BERRY
PHONE: (602) 463-7063

OWNER

CITY OF PRESCOTT
201 S CORTEZ
PRESCOTT, AZ 86303
CONTACT: STEVE GABER
PHONE: (928) 777-1143

ARCHITECT / ENGINEER

KDC ARCHITECTS - ENGINEERS, PC
3224 S FAIR LANE
TEMPE, AZ 85282
CONTACT: WARREN BLOSS
PHONE: (602) 438-7429

AGENT

IRONWOOD REAL ESTATE
5239 N. 69TH PLACE
PARADISE VALLEY, AZ. 85253
CONTACT: KEVIN HOWELL
PHONE: (480) 425-9353
FAX: (480) 425-9326

SURVEYOR

WGS
6052 E BASELINE RD
MESA, AZ 85206
CONTACT: JEFF COOK
PHONE: (480) 924-0660

POWER COMPANY

APS
PHONE: 602-371-7171

TELEPHONE

QWEST
PHONE: (602) 603-6000

PROJECT SUMMARY

CONTRACTOR SHALL PROVIDE ALL MATERIALS, LABOR, TOOLS, TRANSPORTATION, SUPERVISION, ETC TO FULLY EXECUTE WORK ON PROPOSED SHELTER AND EXISTING TOWER WORK REQUIREMENTS ARE DETAILED ON THE DRAWINGS AND SPECIFICATIONS AND SHALL INCLUDE, BUT NOT BE LIMITED TO, THE FOLLOWING ITEMS:

SITE WORK

PLACEMENT OF VERIZON WIRELESS EQUIPMENT ON ALLOCATED SITE

LOCATION PERMANENT ELECTRICAL AND TELEPHONE SERVICES

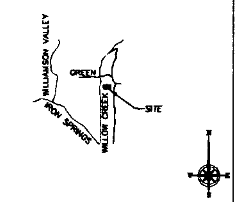
ACCESS ERECT ANTENNAS ON MAST AND ALL ASSOCIATED PARTS

NO PARKING IS AFFECTED BY THIS INSTALLATION

BUILDING DATA

LEASEE:	VERIZON WIRELESS
CONTACT:	MICHELLE BRACA (480) 777-4336
SITE LOCATION:	TOP OF NORTH RESERVOIR HILL PRESCOTT, AZ 86301
JURISDICTION:	CITY OF PRESCOTT
BUILDING CODE:	2003 IBC 2002 NEC
LEASE AREA:	1796 SF
OCCUPANCY:	B (PROPOSED SHELTER)
ZONING:	A-1

VICINITY MAP



DRIVING DIRECTIONS

DRIVING DIRECTIONS

I-17 NORTH TO CORDES JUNCTION. TAKE SR-69 WEST TO PRESCOTT. IN PRESCOTT TURN RIGHT ON GURLEY STREE. TURN RIGHT AND GO TO GROVE. GROVE AVENUE WILL BECOME MILLER VALLEY ROAD. MILLER VALLEY ROAD WILL BECOME WILLOW CREEK ROAD. TAKE WILLOW CREEK ROAD NORTH TO DOUGLAS AVENUE. TURN RIGHT ON DOUGLAS AND THE SITE IS ON THE NORTH SIDE OF THE ROAD BY THE WATERTANKS.

verizonwireless
Construction Department
126 W. Gemini Dr.
Tempe, AZ 85283

KDC Architects - Engineers, P.C.
3224 S. Fair Ln.
Tempe, Arizona 85282
602.438.7429 FAX 602.438-7403
Website: www.kdcarchitects.com

161139.002

SCP	W.B.

1	11.21.05	CLIENT REVIEW
2	12.02.05	CLIENT COMMENTS
3	01.10.06	CLIENT COMMENTS

RF SIGNATURE	DATE
CONSTRUCTION SIGNATURE	DATE
REAL ESTATE SIGNATURE	DATE

Signature above indicates approval of all documents attached. Any changes after approval may result in additional design and/or construction costs.

SITE NAME:
AZ2 NORTHSIDE

SITE ADDRESS:
TOP OF
NORTH RESERVOIR HILL
PRESCOTT, AZ 86301

TITLE SHEET

T-1

LINE TABLE		
LINE	BEARING	LENGTH
L1	S23°29'58"W	20.00
L2	N66°30'02"W	40.00
L3	N23°29'58"E	20.00
L4	S66°30'02"E	40.00
L5	S31°15'39"W	30.48
L6	N90°00'00"W	12.48
L7	N04°56'31"W	54.64
L8	N03°20'17"E	108.39
L9	N00°00'00"E	196.54
L10	N19°02'38"W	231.85
L11	N52°42'39"W	26.63
L12	N82°33'37"W	33.75
L13	N73°14'45"W	29.15
L14	S31°37'27"W	7.22
L15	S66°30'02"E	17.82
L16	N23°29'56"E	37.86
L17	N23°29'56"E	4.04
L18	N21°30'04"W	8.19
L19	N82°40'12"E	39.40

BASIS OF BEARING

BEARINGS SHOWED HERON ARE BASED UPON U.S. STATE PLANE NAD83 COORDINATE SYSTEM **ARIZONA CENTRAL ZONE**, DETERMINED BY GPS OBSERVATIONS.

BENCHMARK

FOUND NGS BRASS CAP "RV 198" ELEVATION= 5559.8' (NAVD88 DATUM)

SURVEY DATE

10/27/05

UTILITY NOTES

SURVEYOR DOES NOT GUARANTEE THAT ALL UTILITIES ARE SHOWN OR THEIR LOCATIONS. IT IS THE RESPONSIBILITY OF THE CONTRACTOR AND DEVELOPER TO CONTACT BLUE STAKE AND ANY OTHER INVOLVED AGENCIES TO LOCATE ALL UTILITIES PRIOR TO CONSTRUCTION. REMOVAL, RELOCATION AND/ OR REPLACEMENT IS THE RESPONSIBILITY OF THE CONTRACTOR.

SURVEYOR'S NOTES

REFERENCE IS MADE TO THE TITLE REPORT ORDER #99050557, ISSUED BY CAPITOL TITLE AGENCY, DATED SEPTEMBER 1, 2005.
ALL EASEMENTS CONTAINED WITHIN SAID TITLE REPORT AFFECTING THE IMMEDIATE AREA SURROUNDING THE LEASE HAVE BEEN PLOTTED. SURVEYOR HAS NOT PERFORMED A SEARCH OF PUBLIC RECORDS TO DETERMINE ANY DEFECT IN TITLE ISSUED.
THE BOUNDARY SHOWN HEREON IS PLOTTED FROM RECORD INFORMATION AND DOES NOT CONSTITUTE A BOUNDARY SURVEY OF THE PROPERTY.

LEASE AREA LEGAL DESCRIPTION

ALL THAT PORTION OF THE FOLLOWING DESCRIBED PARCEL LYING WITHIN THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 14 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 21;

THENCE NORTH 00 DEGREES 15 MINUTES 00 SECONDS EAST ALONG THE WEST LINE OF SAID SECTION 21, 705.00 FEET TO THE POINT OF BEGINNING;

THENCE FROM SAID POINT OF BEGINNING NORTH 00 DEGREES 15 MINUTES 00 SECONDS EAST ALONG SAID SECTION LINE 1065.00 FEET;
THENCE EAST, 911.50 FEET;
THENCE SOUTH 00 DEGREES 15 MINUTES 00 SECONDS WEST, 450.00 FEET;
THENCE WEST, 251.50 FEET;
THENCE SOUTH 615.00 FEET;
THENCE SOUTH 615.00 FEET;
THENCE WEST 660.00 FEET TO THE POINT OF BEGINNING.

AND BEING MORE PARTICULAR DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF THE ABOVE DESCRIBED PARCEL;

THENCE SOUTH 00 DEGREES 02 MINUTES 38 SECONDS EAST ALONG THE EAST LINE THEREOF, 450.00 FEET TO THE SOUTHEASTERLY MOST CORNER THEREOF; THENCE SOUTH 89 DEGREES 47 MINUTES 38 SECONDS WEST ALONG SAID PARCEL LINE, 252.50 FEET TO AN ANGLE POINT IN SAID PARCEL; THENCE DEPARTING SAID PARCEL LINE SOUTH 76 DEGREES 52 MINUTES 16 SECONDS WEST, 189.95 FEET TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 23 DEGREES 29 MINUTES 58 SECONDS WEST, 20.00 FEET;
THENCE NORTH 66 DEGREES 30 MINUTES 02 SECONDS WEST, 40.00 FEET;
THENCE NORTH 23 DEGREES 29 MINUTES 58 SECONDS EAST, 20.00 FEET;
THENCE SOUTH 66 DEGREES 30 MINUTES 02 SECONDS EAST, 40.00 FEET TO THE TRUE POINT OF BEGINNING.

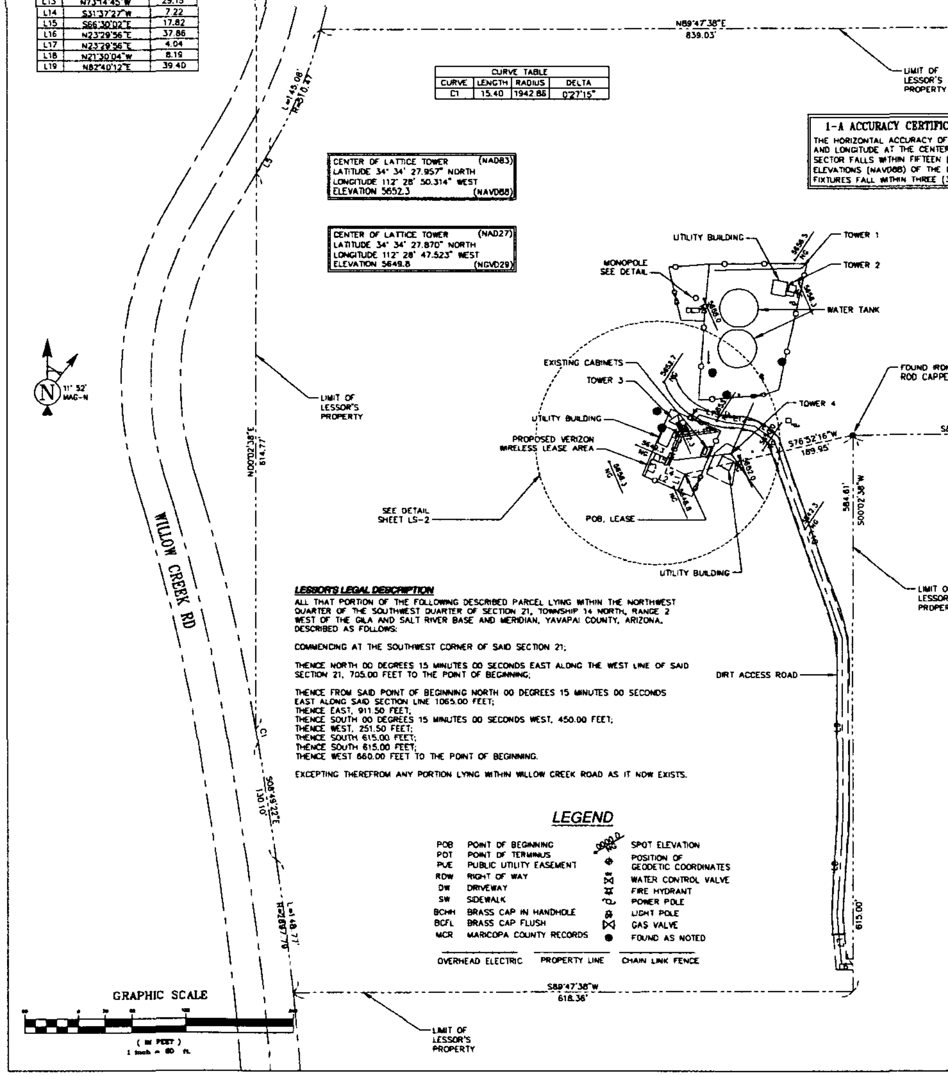
CURVE TABLE			
CURVE	LENGTH	RADIUS	DELTA
C1	15.40	1942.86	0°27'15"

1-A ACCURACY CERTIFICATION

THE HORIZONTAL ACCURACY OF THE LATITUDE AND LONGITUDE AT THE CENTER OF EACH SECTOR FALLS WITHIN FIFTEEN (15) FEET. THE ELEVATIONS (NAVD88) OF THE GROUND AND FIXTURES FALL WITHIN THREE (3) FEET.

CENTER OF LATTICE TOWER (NAD83)
LATITUDE 34° 34' 27.957" NORTH
LONGITUDE 112° 28' 50.314" WEST
ELEVATION 5652.3 (NAVD88)

CENTER OF LATTICE TOWER (NAD27)
LATITUDE 34° 34' 27.870" NORTH
LONGITUDE 112° 28' 47.523" WEST
ELEVATION 5649.8 (NGVD29)



LESSOR'S LEGAL DESCRIPTION

ALL THAT PORTION OF THE FOLLOWING DESCRIBED PARCEL LYING WITHIN THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 14 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 21;

THENCE NORTH 00 DEGREES 15 MINUTES 00 SECONDS EAST ALONG THE WEST LINE OF SAID SECTION 21, 705.00 FEET TO THE POINT OF BEGINNING;

THENCE FROM SAID POINT OF BEGINNING NORTH 00 DEGREES 15 MINUTES 00 SECONDS EAST ALONG SAID SECTION LINE 1065.00 FEET;
THENCE EAST, 911.50 FEET;
THENCE SOUTH 00 DEGREES 15 MINUTES 00 SECONDS WEST, 450.00 FEET;
THENCE WEST, 251.50 FEET;
THENCE SOUTH 615.00 FEET;
THENCE SOUTH 615.00 FEET;
THENCE WEST 660.00 FEET TO THE POINT OF BEGINNING.

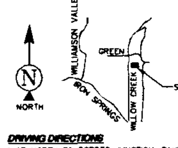
EXCEPTING THEREFROM ANY PORTION LYING WITHIN WILLOW CREEK ROAD AS IT NOW EXISTS.

LEGEND

POB POINT OF BEGINNING
POT POINT OF TERMINUS
PUE PUBLIC UTILITY EASEMENT
ROW RIGHT OF WAY
DW DRIVEWAY
SW SIDEWALK
BCHH BRASS CAP IN HANDHOLE
BCFL BRASS CAP FLUSH
MCR MARICOPA COUNTY RECORDS

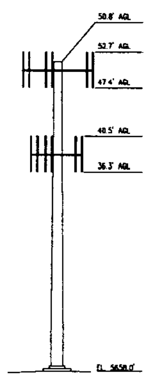
SPOT ELEVATION
POSITION OF GEODETIC COORDINATES
WATER CONTROL VALVE
FIRE HYDRANT
POWER POLE
LIGHT POLE
GAS VALVE
FOUND AS NOTED

OVERHEAD ELECTRIC
PROPERTY LINE
CHAIN LINK FENCE

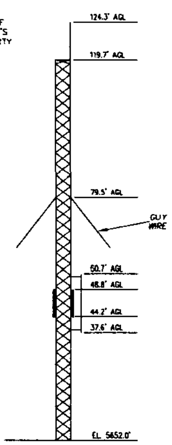


DRIVING DIRECTIONS

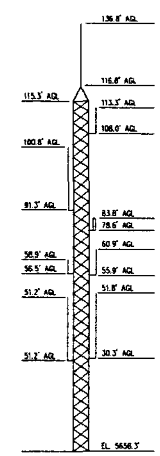
I-17 NORTH TO CORDES JUNCTION. TAKE SR-69 WEST TO PRESCOTT. IN PRESCOTT TURN RIGHT ON GURLEY STREET. TURN RIGHT AND GO TO GROVE. GROVE AVENUE WILL BECOME MILLER VALLEY ROAD. MILLER VALLEY ROAD WILL BECOME WILLOW CREEK ROAD. TAKE WILLOW CREEK ROAD NORTH TO DOUGLAS AVENUE. TURN RIGHT ON DOUGLAS AND THE SITE IS ON THE NORTH SIDE OF THE ROAD BY THE WATERTANKS.



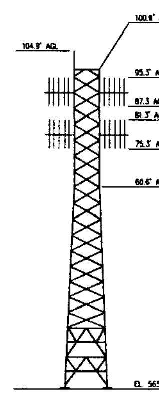
MONOPOLE DETAIL
NTS



TOWER 4 DETAIL
NTS



TOWER 2 DETAIL
NTS



TOWER 3 DETAIL
NTS

Construction Department
126 W. Gemini Dr.
Tempe, Az. 85283

KDC Architects - Engineers, P.C.
3224 S. Fair Ln.
Tempe, Arizona 85282
602.438.7429 FAX 602.438-7403
Website: www.kdcarchitects.com

DRAWN BY	CHECKED BY
DH	JC

REV	DATE	ISSUE
1	11/7/05	SUBMITTAL
2	12/4/05	ADDED EASEMENTS

RF SIGNATURE — DATE

CONSTRUCTION SIGNATURE — DATE

REAL ESTATE SIGNATURE — DATE

Signature above indicates approval of all documents attached. Any changes after approval may result in additional design and/or construction costs.

Western Geomatics Services
6052 E. BASELINE
SUITE 118
MESA, ARIZONA 85206
OFFICE- (480) 924-0660
FAX- (480) 641-2583

SITE NAME:
AZ2 NORTHSIDE

SITE ADDRESS:
TOP OF RESERVOIR HILL
PRESCOTT, AZ 86301

SITE SURVEY

LS-1

11° 52'
MAG-N

SURVEYOR'S NOTES

REFERENCE IS MADE TO THE TITLE REPORT ORDER #99050557, ISSUED BY CAPITOL TITLE AGENCY, DATED SEPTEMBER 1, 2005.

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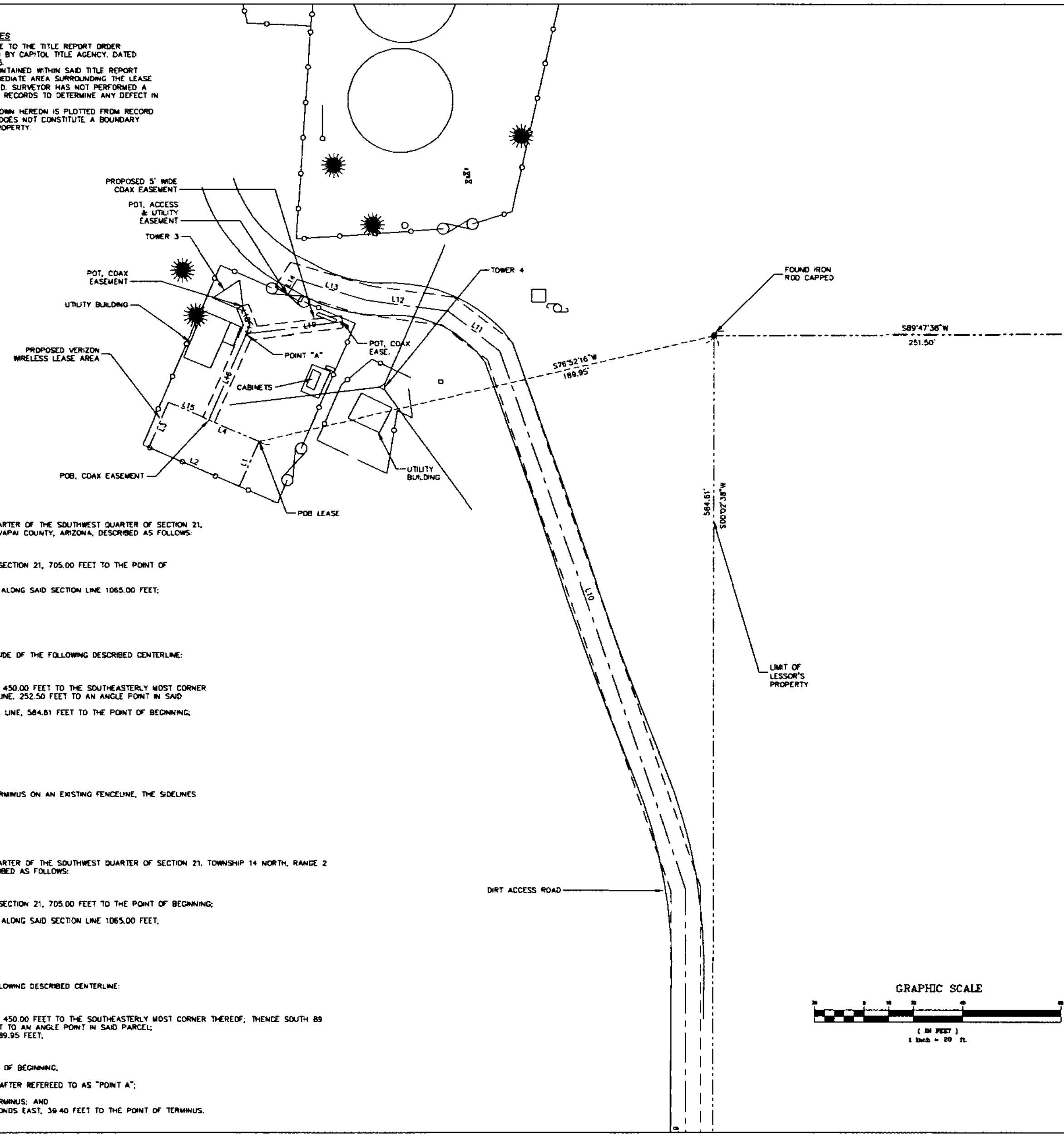
THE BOUNDARY SHOWN HEREON IS PLOTTED FROM RECORD INFORMATION AND DOES NOT CONSTITUTE A BOUNDARY SURVEY OF THE PROPERTY.

LINE TABLE		
LINE	BEARING	LENGTH
L1	S23°29'58"W	20.00
L2	N66°30'02"W	40.00
L3	N23°29'58"E	20.00
L4	S66°30'02"E	40.00
L5	S31°15'39"W	30.48
L6	N90°00'00"W	12.48
L7	N04°56'31"W	54.64
L8	N03°20'17"E	108.39
L9	N00°00'00"E	196.54
L10	N19°02'38"W	231.85
L11	N52°42'39"W	26.63
L12	N82°33'37"W	33.75
L13	N73°14'45"W	29.15
L14	S31°37'27"W	7.22
L15	S66°30'02"E	17.82
L16	N23°29'56"E	37.86
L17	N23°29'56"E	4.04
L18	N21°30'04"W	8.19
L19	N82°40'12"E	39.40



ACCESS/UTILITY EASEMENT LEGAL DESCRIPTION

ALL THAT PORTION OF THE FOLLOWING DESCRIBED PARCEL LYING WITHIN THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 14 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 21;

THENCE NORTH 00 DEGREES 15 MINUTES 00 SECONDS EAST ALONG THE WEST LINE OF SAID SECTION 21, 705.00 FEET TO THE POINT OF BEGINNING;

THENCE FROM SAID POINT OF BEGINNING NORTH 00 DEGREES 15 MINUTES 00 SECONDS EAST ALONG SAID SECTION LINE 1065.00 FEET;
THENCE EAST, 911.50 FEET;
THENCE SOUTH 00 DEGREES 15 MINUTES 00 SECONDS WEST, 450.00 FEET;
THENCE WEST, 251.50 FEET;
THENCE SOUTH 615.00 FEET;
THENCE SOUTH 615.00 FEET;
THENCE WEST 660.00 FEET TO THE POINT OF BEGINNING.

AND BEING A 12.00 FOOT WIDE ACCESS AND UTILITY EASEMENT, LYING 6.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE NORTHEAST CORNER OF THE ABOVE DESCRIBED PARCEL:

THENCE SOUTH 00 DEGREES 02 MINUTES 38 SECONDS EAST ALONG THE EAST LINE THEREOF, 450.00 FEET TO THE SOUTHEASTERLY MOST CORNER THEREOF; THENCE SOUTH 89 DEGREES 47 MINUTES 38 SECONDS WEST ALONG SAID PARCEL LINE, 252.50 FEET TO AN ANGLE POINT IN SAID PARCEL;
THENCE SOUTH 00 DEGREES 02 MINUTES 38 SECONDS WEST CONTINUING ALONG SAID PARCEL LINE, 584.81 FEET TO THE POINT OF BEGINNING;

THENCE WEST, 12.48 FEET;
THENCE NORTH 04 DEGREES 56 MINUTES 31 SECONDS WEST, 54.64 FEET;
THENCE NORTH 03 DEGREES 20 MINUTES 17 SECONDS EAST, 108.39 FEET;
THENCE NORTH, 196.54 FEET;
THENCE NORTH 19 DEGREES 02 MINUTES 38 SECONDS WEST, 231.85 FEET;
THENCE NORTH 52 DEGREES 42 MINUTES 39 SECONDS WEST, 26.63 FEET;
THECNE NORTH 82 DEGREES 33 MINUTES 37 SECONDS WEST, 33.75 FEET;
THENCE NORTH 73 DEGREES 14 MINUTES 45 SECONDS WEST, 29.15 FEET;
THENCE SOUTH 31 DEGREES 37 MINUTES 27 SECONDS WEST, 7.22 FEET TO THE POINT OF TERMINUS ON AN EXISTING FENCELINE, THE SIDELINES OF SAID EASEMENT TO EXTEND OR SHORTEN TO TERMIINATE AT SAID FENCELINE.

COAX EASEMENT LEGAL DESCRIPTION

ALL THAT PORTION OF THE FOLLOWING DESCRIBED PARCEL LYING WITHIN THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 21, TOWNSHIP 14 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPAI COUNTY, ARIZONA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 21;

THENCE NORTH 00 DEGREES 15 MINUTES 00 SECONDS EAST ALONG THE WEST LINE OF SAID SECTION 21, 705.00 FEET TO THE POINT OF BEGINNING;

THENCE FROM SAID POINT OF BEGINNING NORTH 00 DEGREES 15 MINUTES 00 SECONDS EAST ALONG SAID SECTION LINE 1065.00 FEET;
THENCE EAST, 911.50 FEET;
THENCE SOUTH 00 DEGREES 15 MINUTES 00 SECONDS WEST, 450.00 FEET;
THENCE WEST, 251.50 FEET;
THENCE SOUTH 615.00 FEET;
THENCE SOUTH 615.00 FEET;
THENCE WEST 660.00 FEET TO THE POINT OF BEGINNING.

AND BEING A 5.00 FOOT WIDE COAX EASEMENT, LYING 2.50 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

COMMENCING AT THE NORTHEAST CORNER OF THE ABOVE DESCRIBED PARCEL.

THENCE SOUTH 00 DEGREES 02 MINUTES 38 SECONDS EAST ALONG THE EAST LINE THEREOF, 450.00 FEET TO THE SOUTHEASTERLY MOST CORNER THEREOF; THENCE SOUTH 89 DEGREES 47 DEGREES 47 MINUTES 38 SECONDS WEST ALONG SAID PARCEL LINE, 252.50 FEET TO AN ANGLE POINT IN SAID PARCEL;
THENCE DEPARTING SAID PARCEL LINE SOUTH 76 DEGREES 52 MINUTES 16 SECONDS WEST, 189.95 FEET;
THENCE SOUTH 23 DEGREES 29 MINUTES 58 SECONDS WEST, 20.00 FEET;
THENCE NORTH 66 DEGREES 30 MINUTES 02 SECONDS WEST, 40.00 FEET;
THENCE NORTH 23 DEGREES 29 MINUTES 58 SECONDS EAST, 20.00 FEET;
THENCE SOUTH 66 DEGREES 30 MINUTES 02 SECONDS EAST, 17.82 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 23 DEGREES 29 MINUTES 56 SECONDS EAST, 37.86 FEET TO A POINT HEREINAFTER REFEREED TO AS "POINT A";
THENCE CONTINUING NORTH 23 DEGREES 29 MINUTES 56 SECONDS EAST, 4.04 FEET;
THENCE NORTH 21 DEGREES 30 MINUTES 04 SECONDS WEST, 8.19 FEET TO THE POINT OF TERMINUS; AND
BEGINNING AT AFOREMENTIONED "POINT A"; THENCE NORTH 82 DEGREES 40 MINUTES 12 SECONDS EAST, 39.40 FEET TO THE POINT OF TERMINUS.

Construction Department
126 W. Gemini Dr.
Tempe, Az. 85283

KDC Architects - Engineers, P.C.
3224 S. Fair Ln.
Tempe, Arizona 85282
602.438.7429 FAX 602.438-7403
Website: www.kdcarchitects.com

-

DH	JC

1	11/7/05	SUBMITTAL
2	12/4/05	ADDED EASEMENTS

RF SIGNATURE	DATE
CONSTRUCTION SIGNATURE	DATE
REAL ESTATE SIGNATURE	DATE

Signature above indicates approval of all documents attached. Any changes after approval may result in additional design and/or construction costs.

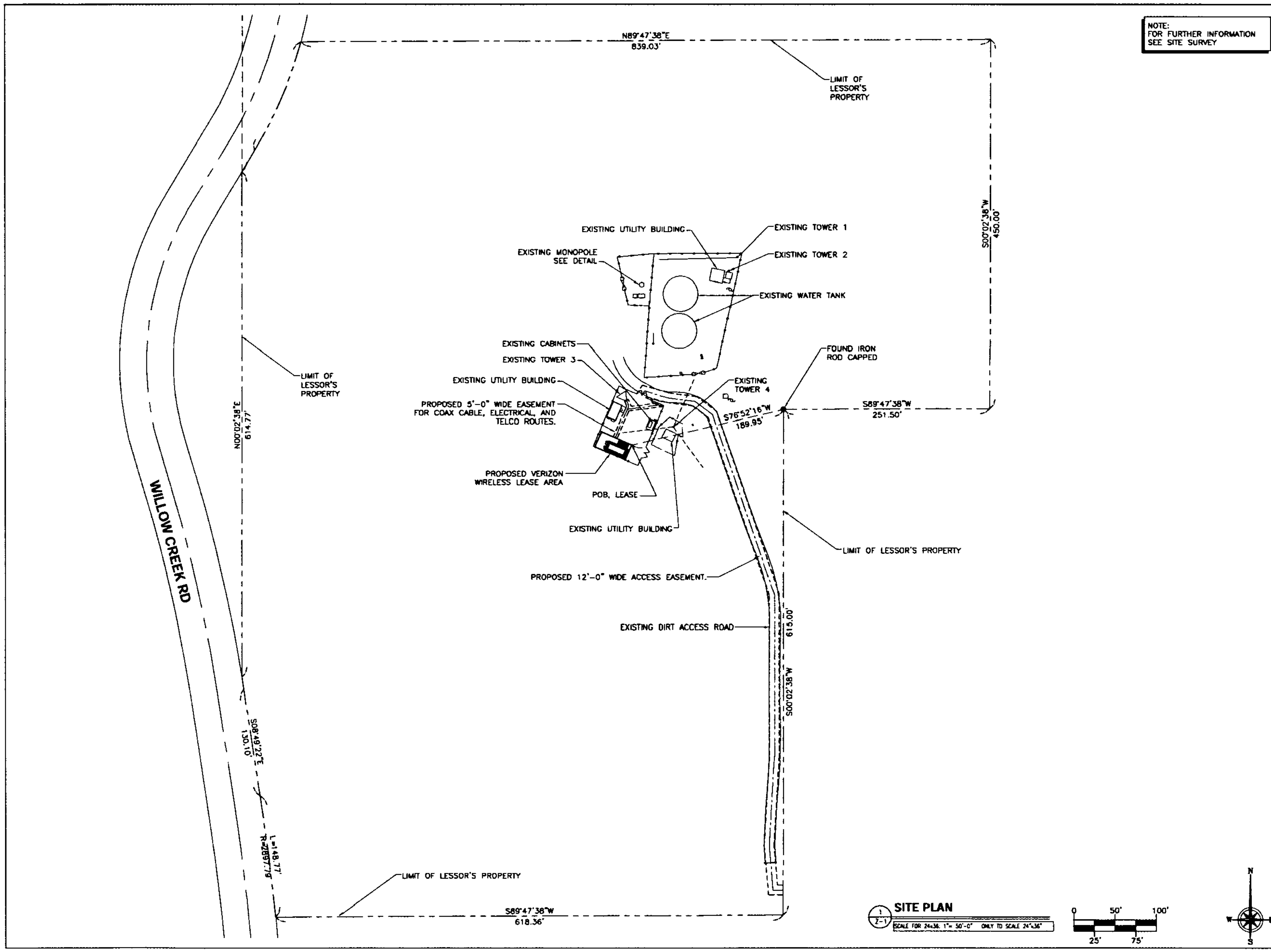
Western Geomatics Services
6052 E. BASELINE
SUITE 118
MESA, ARIZONA 85206
OFFICE- (480) 924-0660
FAX- (480) 641-2565

SITE NAME:
AZ2 NORTHSIDE

SITE ADDRESS:
TOP OF RESERVOIR HILL
PRESCOTT, AZ 86301

SITE SURVEY

LS-2



1/Z-1 **SITE PLAN**
SCALE FOR 24x36: 1"= 50'-0" ONLY TO SCALE 24"x36"

verizonwireless
Construction Department
126 W. Gemini Dr.
Tempe, AZ 85283

KDC

KDC Architects – Engineers, P.C.
3224 S. Fair Ln.
Tempe, Arizona 85282
602.438.7429 FAX 602 438-7403
Website: www.kdcarchitects.com

PROJECT NUMBER
161139.002

DRAWN BY	CHECKED BY
SCP	M.B.

NO.	DATE	ISSUE
1	11.21.05	CLIENT REVIEW
2	12.02.05	CLIENT COMMENTS
3	01.10.06	CLIENT COMMENTS

RF SIGNATURE	DATE
CONSTRUCTION SIGNATURE	DATE
REAL ESTATE SIGNATURE	DATE

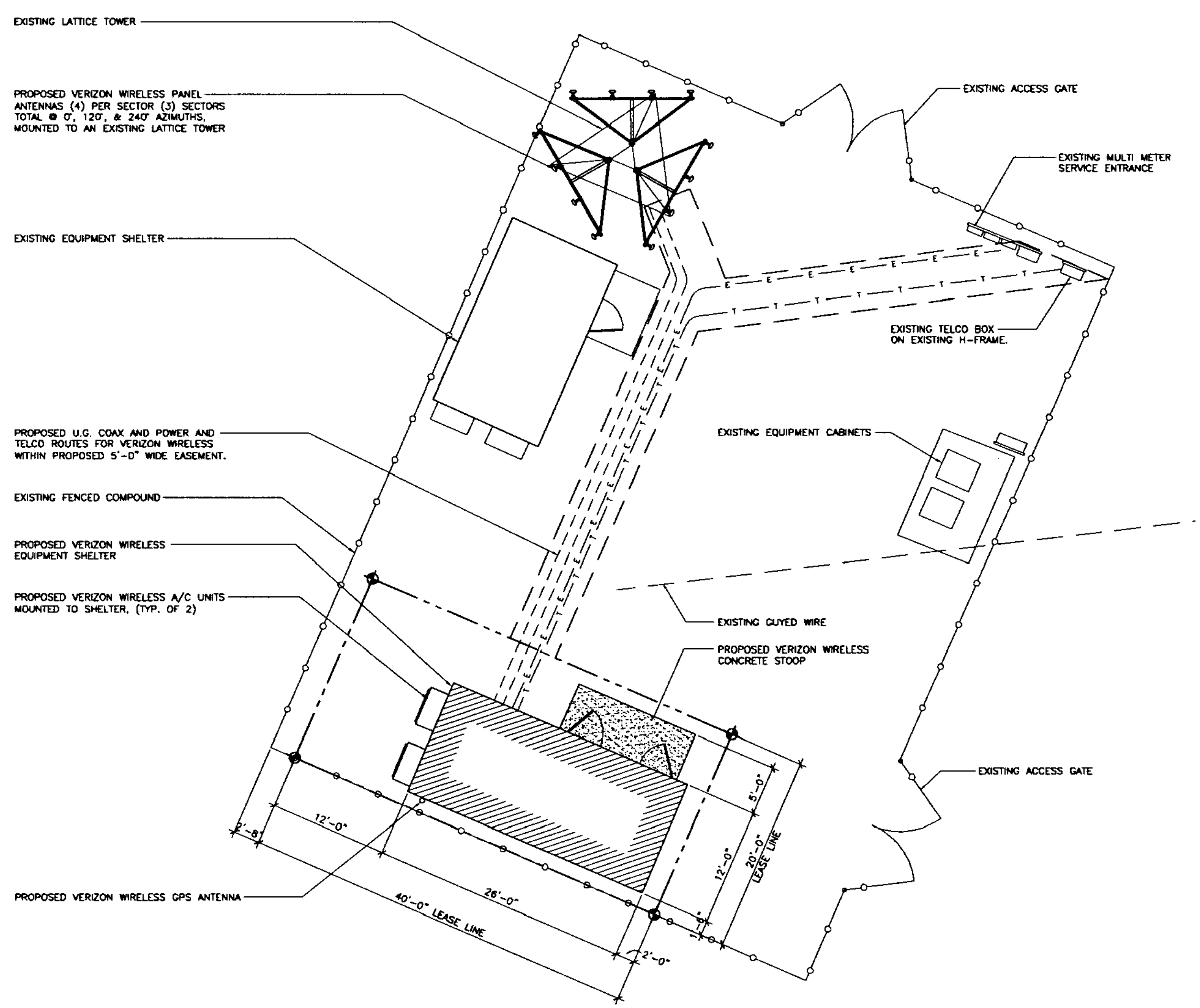
Signature above indicates approval of all documents attached. Any changes after approval may result in additional design and/or construction costs.

All drawings and written material contained herein may not be duplicated, used or disclosed without the written consent of the architect.

SITE INFORMATION
SITE NAME:
AZ2
NORTHSIDE
SITE ADDRESS:
TOP OF
NORTH RESERVOIR HILL
PRESCOTT, AZ 86301

SHEET TITLE
SITE PLAN

SHEET NUMBER
Z-1



ENLARGED SITE PLAN (1 / Z-2)

SCALE FOR 24x36: 3/16" = 1'-0" ONLY TO SCALE 24"x36"

verizon wireless
Construction Department
126 W. Gemini Dr.
Tempe, AZ 85283

KDC Architects – Engineers, P.C.
3224 S. Fair Ln.
Tempe, Arizona 85282
602.438.7429 FAX 602.438-7403
Website: www.kdcarchitects.com

161138.002

SCP	W.B.

1	11.21.05	CLIENT REVIEW
2	12.02.05	CLIENT COMMENTS
3	01.10.06	CLIENT COMMENTS

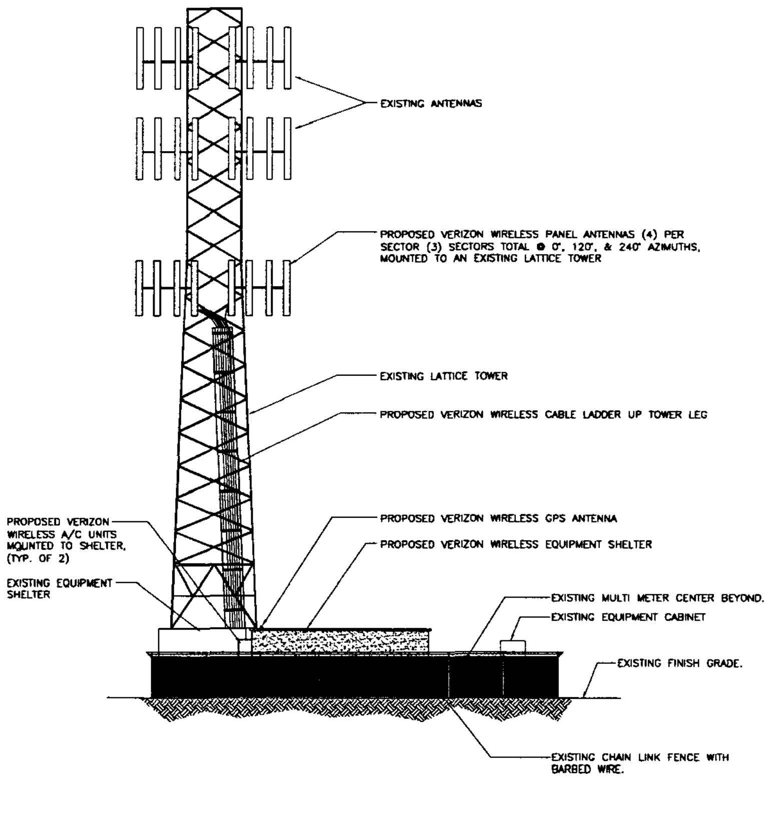
RF SIGNATURE	DATE
CONSTRUCTION SIGNATURE	DATE
REAL ESTATE SIGNATURE	DATE

Signature above indicates approval of all documents attached. Any changes after approval may result in additional design and/or construction costs.

SITE NAME:
AZ2
NORTHSIDE
SITE ADDRESS:
TOP OF
NORTH RESERVOIR HILL
PRESCOTT, AZ 86301

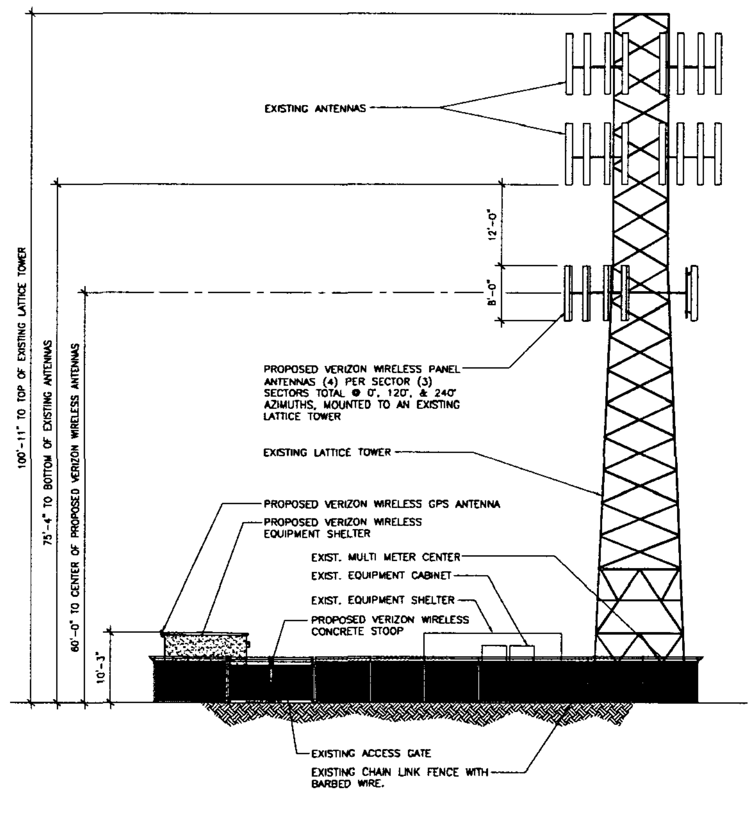
ENLARGED SITE PLAN

Z-2



2 Z-3 **SOUTH ELEVATION**

SCALE FOR 24x36: 1/8"= 1'-0" ONLY TO SCALE 24"x36"



1 Z-3 **EAST ELEVATION**

SCALE FOR 24x36: 1/8"= 1'-0" ONLY TO SCALE 24"x36"

verizon wireless
Construction Department
126 W. Gemini Dr.
Tempe, AZ 85283

KDC

KDC Architects – Engineers, P.C.
3224 S. Fair Ln.
Tempe, Arizona 85282
602.438.7429 FAX 602 438-7403
Website: www.kdcarchitects.com

161138.002

SCP	W.B.

1	11.21.05	CLIENT REVIEW
2	12.02.05	CLIENT COMMENTS
3	01.10.06	CLIENT COMMENTS

RF SIGNATURE	DATE
CONSTRUCTION SIGNATURE	DATE
REAL ESTATE SIGNATURE	DATE

Signature above indicates approval of all documents attached. Any changes after approval may result in additional design and/or construction costs.

SITE NAME:
AZ2
NORTHSIDE
SITE ADDRESS:
TOP OF
NORTH RESERVOIR HILL
PRESCOTT, AZ 86301

SITE ELEVATIONS

Z-3

Sent W-9 6-22-15

This is related to account # 18674 - Contract# 2004034 & 18467 C# 2005-446

AMERICAN TOWER
CORPORATION

RECEIVED JUN 18 2015 BY:

6/11/2015

PRESCOTT AZ
201 S CORTEZ ST
PRESCOTT, AZ 86303

Re: Ground Lease ATC VZL89875, VZ 89875; ATC Site 418763, VZ Site 213143 located in Prescott, AZ

Dear Valued Landlord:

We are pleased to inform you that American Tower Corporation, through one or more affiliates, recently entered into a transaction with Verizon Wireless to operate a portfolio of telecommunication sites. American Tower is a leading provider of wireless infrastructure solutions with one of the largest site portfolios in the industry today.

As background, American Tower has extensive experience in the operation and management of wireless towers. As a leading telecommunications infrastructure company, American Tower provides space at its tower sites to wireless companies seeking to improve their communications networks. American Tower is a public company that is traded on the New York Stock Exchange under the symbol "AMT". Additional information about the company and acquisition can be found on our website: www.americantower.com

Please be assured that this transaction does not affect the terms of your existing lease agreement, nor does it impact any other contractual obligations you may have with Verizon Wireless. As a part of American Tower's agreement with Verizon Wireless, American Tower will be responsible for the tower site maintenance and rental payment obligations on behalf of Verizon Wireless. American Tower will make the July rent payment and all future payments thereafter. Please note if you previously received payments by way of direct deposit, your payments will continue to be made in that manner.

In order to ensure that you receive your rental payments without interruption, American Tower requests that you to complete and submit the enclosed W-9 form for each individual payee. In addition, you will find a Direct Deposit enrollment form. American Tower's preferred method of payment is to make deposits directly into your bank account. Please return a completed W-9 Form and Direct Deposit enrollment form to American Tower in the enclosed envelope at your earliest convenience.

ATC Site Number: 418763
ATC Lease Number: VZL89875
VZ Site Number: 213143
VZ Lease Number: 89875

8471

Additionally, please update the relevant Notice Address under your Lease Agreements to:

ATC Sequoia LLC
c/o American Tower
10 Presidential Way
Woburn, MA 01801

With a copy to:
ATC Sequoia LLC
c/o American Tower
Attn: Legal Department
116 Huntington Ave. 11th Floor
Boston, MA 02116

Our Landlord Relations Department is dedicated to providing you with best-in-class services and is available to address any questions you may have. Landlord Relations Specialists are available Monday through Friday during normal business hours. You can reach a Landlord Relations Specialist via the contacts below.

E-mail:Landlord.Relations@americantower.com
Toll-free: 1-866-586-9377
Fax: 1-781-926-4555
American Tower
c/o Land Management
10 Presidential Way
Woburn, MA 01801

Sincerely,

Amanda Bogen, Senior Manager, Portfolio Management
Land Management
American Tower Corporation

Enc.

ATC Site Number: 418763
ATC Lease Number: VZL89875
VZ Site Number: 213143
VZ Lease Number: 89875

AMERICAN TOWER
CORPORATION

LANDLORD CONTACT INFORMATION

Date: ______________

Name: ____

Site Number: ____

Address: ____

City: ____________________ State: __________ Zip Code: __________

Primary Phone #: ____

Alternate Phone #: ____

Fax #: ____

Email: ____

We would like to take the opportunity to ensure we have your updated contact information on file. Please return this form, a completed W-9 form and Direct Deposit enrollment form to American Tower in the enclosed envelope at your earliest convenience.

Return Address:

American Tower Corporation
Attn: Amanda Bogen- Land Management
P.O. Box 2827
Woburn, MA 01888

ATC Site Number: 418763
VZ Site Number: 213143

Vendor ACH Payment Enrollment Form

AMERICAN TOWER®

Signing up for Vendor Automated Clearing House (ACH) payments provide many benefits for our vendors:

Faster Payments

- ACH payments can be credited to your account in less than three business days. Payments made through the U.S. Postal Service can take seven to ten days.
- Banks do not hold ACH payments like they do checks. Your funds are available as soon as the ACH payment is credited to your account.

Fewer Hassles

- ACH payments eliminate the need for paper checks and envelopes as well as the fuel and energy used to prepare and deliver checks.
- Your ACH payment cannot be lost in the mail or sent to an outdated address.
- You can receive immediate notification of each ACH payment (with remittance detail) sent to the email address you provide.
- You will save time by not traveling to the bank or waiting in lines to deposit your check.

If you have any questions about Vendor ACH payments, please feel free to contact our Accounts Payable team at 877-778-2938.

ATC Site Number: 418763
VZ Site Number: 213143

Vendor ACH Payment Enrollment Form

AMERICAN TOWER®

This form is used for Automated Clearing House (ACH) payments to provide payment related information to your financial institution. You must check with your financial institution to confirm that funds have been deposited.

Note: Checks are negotiable for only 90 days (reduced from 180 days).

Please check one of the following: _____ New _____ Change

PAYEE / COMPANY INFORMATION

Name:	American Tower Vendor number (upper right corner of check stub):
Current Mailing Address:	
Social Security or Taxpayer ID (required):	Contact Person Name:
Home Telephone:	Mobile Telephone:
Work Telephone:	Email Address:

FINANCIAL INSTITUTION INFORMATION

Name:		
Address:		
Nine-digit Routing Transit Number (usually first set of nine-digit numbers at bottom of check):		
Account Number:		
Type of Account:	_____ Checking	_____ Savings

Name of Payee or Authorized Official (please print):	
Signature and Title of Payee or Authorized Official (required):	Date:

A **voided check** must accompany this form in order to receive payments electronically. A **Social Security Number or Taxpayer ID** is required for vendor verification. An **email address** is recommended to participate in this program.

Send this form and voided check to:

American Tower Corporation
Attn: Accounts Payable – Electronic Payment Enrollment
10 Presidential Way
Woburn, MA 01801

OR

Form and voided check image may be emailed to:

ap-vendor.setup@americantower.com

ATC Site Number: 418763
VZ Site Number: 213143

Form **W-9**
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS.

Print or type See Specific Instructions on page 2.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification; check only **one** of the following seven boxes:

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶

Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any)

Exemption from FATCA reporting code (if any)

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number

☐☐☐ – ☐☐ – ☐☐☐☐

or

Employer identification number

☐☐ – ☐☐☐☐☐☐☐

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here **Signature of U.S. person ▶** **Date ▶**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at *www.irs.gov/fw9*.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding?* on page 2.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

ATC Site Number: 418763
VZ Site Number: 213143

8471

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: Airport

AGENDA ITEM: Adoption of Ordinance No. 4941-1479 authorizing granting of a utility easement at Prescott Municipal Airport to Arizona Public Service Company

Approved By:	**Date:**
Airport Manager: Cox, John	07/21/2015
City Manager: McConnell, Craig	07/23/2015

Item Summary

This item is to grant a utility easement to Arizona Public Service Company for electrical infrastructure installed at the Prescott Municipal Airport.

Background

APS installed a new electric line to replace a faulted one on City property (APN: 102-03-009P). This instrument will create an easement for the new trench alignment, and abandon the original alignment.

APS has requested a new utility easement corresponding to the location of the new underground electrical line.

Financial Impact

No fiscal impact to the City.

Attachments

1. Ordinance No. 4941-1479
2. Utility Easement
3. Request letter from APS
4. APS Utility Easement Aerial Map
5. New and old easement areas

Recommended Action: MOVE to adopt Ordinance No. 4941-1479.

ORDINANCE NO. 4941-1479

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE GRANTING OF A UTILITY EASEMENT TO ARIZONA PUBLIC SERVICE COMPANY, AN ARIZONA CORPORATION AND AUTHORIZING THE MAYOR AND STAFF TO EXECUTE ANY AND ALL DOCUMENTS TO EFFECTUATE SAID EASEMENT.

RECITALS:

WHEREAS, the City Council has determined that the granting of a certain utility easement to Arizona Public Service Company is in the best interests of the health, safety, and welfare of the City of Prescott.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

SECTION 1. THAT the City Council hereby grants a utility easement to Arizona Public Service Company, an Arizona corporation, pursuant to the terms and conditions as set forth in the Utility Easement attached.

SECTION 2. THAT, the Mayor and staff are directed to execute any and all documents in order to effectuate the foregoing utility easement, and recordation of the easement documents.

PASSED and ADOPTED by the Mayor and Council of the City of Prescott, Arizona, on this _______ day of ______________________, 2015.

____
MARLIN D. KUYKENDALL, Mayor

ATTEST:

____
DANA R. DeLONG, City Clerk

APPROVED AS TO FORM:

____
JON PALADINI, City Attorney

NW, SW-25-5N-2W
34.651029, -112.428276
APN: 102-03-009P
NWP-13-89
WA168815
JBC/PJF

UTILITY EASEMENT

CITY OF PRESCOTT, an Arizona Municipal Corporation, (hereinafter called "Grantor"), is the owner of the following described real property located in Yavapai County, Arizona (hereinafter called "Grantor's Property"):

That portion of the Prescott Municipal Airport - Ernest A. Love field lying within the West half of Section 25, Township 15 North, Range 2 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona as shown on that certain Results of Survey of said Prescott Municipal Airport – Ernest A. Love Field, as recorded in Book 10 of Land Surveys, pages 46 through 50 inclusive, on file in the Office of the County Recorder, Yavapai County, Arizona.

Grantor, for and in consideration of One Dollar ($1.00) and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant and convey to **ARIZONA PUBLIC SERVICE COMPANY**, an Arizona corporation, (hereinafter called "Grantee"), and to its successors and assigns, a non-exclusive right, privilege, and easement at locations and elevations, in, upon, over, under, through and across, a portion of Grantor's Property described as follows (herein called the "Easement Premises"):

SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF

Grantee is hereby granted the right within the Easement Premises to: construct, reconstruct, replace, repair, operate and maintain electrical lines, together with appurtenant facilities and fixtures for use in connection therewith, for the transmission and distribution of electricity to, through, across, and beyond Grantor's Property; install, operate and maintain telecommunication wires, cables, conduits, fixtures and facilities incidental to supplying electricity or for Grantee's own use (said electrical and telecommunication lines, facilities and fixtures collectively herein called "Grantee Facilities"); utilize the Easement Premises for all other purposes connected therewith; and permit the installation of the wires, fixtures, conduits, or cables of any other company.

Grantee is hereby granted the right, but not the obligation, to trim, prune, cut, and clear away trees, brush, shrubs, or other vegetation on, or adjacent to, the Easement Premises whenever in Grantee's judgment the same shall be necessary for the convenient and safe exercise of the rights herein granted.

Grantee shall at all times have the right of full and free ingress and egress to and along the Easement Premises for the purposes herein specified.

Grantor shall maintain clear areas that extend: 1) 3 feet from and around all edges of all switching cabinet pads and 2 feet from and around all edges of all transformer pads and other equipment pads, and 2) a clear operational area that extends 10 feet immediately in front of all transformer, switching cabinet and other equipment openings, and 3) a 6 feet by 6 feet hot-stick operating area off the front left corner of all transformers. No obstructions, trees, shrubs, large landscape rocks, fences, fixtures, or permanent structures shall be placed by Grantor within said clear areas; nor shall Grantor install landscape irrigation or sprinkler systems within said clear areas. Landscape irrigation or sprinkler systems installed adjacent to the clear areas shall be installed and maintained so that the transformers, switching cabinets or any other equipment do not get wet by spray or irrigation.

Grantor shall not locate, erect or construct, or permit to be located, erected or constructed, any building or other structure or drill any well within the limits of the Easement Premises; nor shall Grantor plant or permit to be planted any trees within the limits of the Easement Premises without the prior written consent of Grantee. However, Grantor reserves the right to use the Easement Premises for purposes that are not inconsistent with Grantee's easement rights herein conveyed and which do not interfere with or endanger any of the Grantee Facilities, including, without limitation, granting others the right to use all or portions of the Easement Premises for utility or roadway purposes and constructing improvements within the Easement Premises such as paving, sidewalks, landscaping, and curbing. Notwithstanding the foregoing, Grantor shall not have the right to lower by more than one foot or raise by more than two feet the surface grade of the Easement Premises, and in no event shall a change in the grade compromise Grantee's minimum cover requirements or interfere with Grantee's operation, maintenance or repair.

Grantee agrees that following any installation, excavation, maintenance, repair, or other work performed by Grantee within the Easement Premises, the affected area will be restored by Grantee to as close to original condition as is reasonably possible, at the expense of Grantee; and that Grantee shall indemnify Grantor, to the extent required by law, for any loss, cost or damage incurred by Grantor as a result of any negligent installation, excavation, maintenance, repair or other work performed by Grantee within the Easement Premises.

The easement granted herein shall not be deemed abandoned except upon Grantee's execution and recording of a formal instrument abandoning the easement.

The covenants and agreements herein set forth shall extend and inure in favor and to the benefit of, and shall be binding on the heirs, administrators, executors, successors in ownership and estate, assigns and lessees of Grantor and Grantee.

IN WITNESS WHEREOF, CITY OF PRESCOTT, an Arizona Municipal Corporation, has caused this Utility Easement to be executed by its duly authorized representative, this _____ day of _______________, 201__.

CITY OF PRESCOTT, an Arizona Municipal Corporation.

Attest:

____
Dana R. DeLong, City Clerk

Approved as to Form:

____
Jon M. Paladini, City Attorney

By: Marlin D. Kuykendall
Printed Name

Its: Mayor
Title

____
Signature

STATE OF _______________ }
} ss.
County of _______________ }

This instrument was acknowledged before me this ____ day of _______________, 201__

by ____ (Grantor).

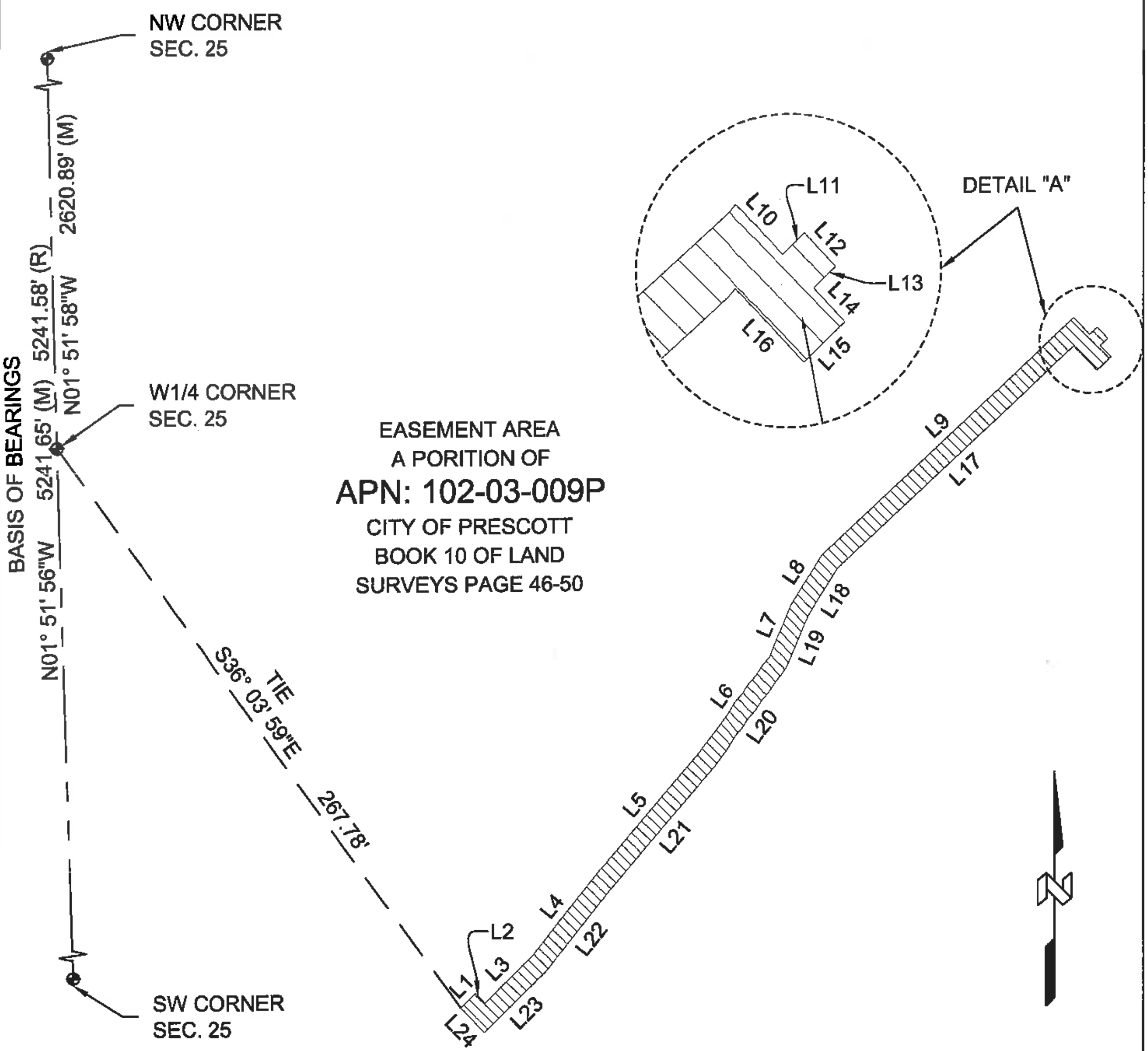
IN WITNESS WHEREOF I hereunto set my hand and official seal.

Notary Seal:

____
Notary Public Signature

EXHIBIT "B"

SKETCH SHOWING LOCATION AND LIMITS OF
UTILITY EASEMENT



LEGEND

EASEMENT AREA

SECTION LINE

W#: WA168815
DATE: 1-20-15
SW 1/4 SEC 25 T 15N R 2W
SCALE: 1:40
R/W: JC
SURVEY: JC, PF
DRAWN BY: JC

EXHIBIT "B"

LINE DATA TABLES

Line Table		
LINE	BEARING	LENGTH
L1	N46° 07' 42"E	8.00
L2	S43° 52' 18"E	5.40
L3	N45° 33' 15"E	26.02
L4	N38° 40' 45"E	39.34
L5	N40° 26' 10"E	61.63
L6	N37° 23' 48"E	46.63
L7	N23° 32' 12"E	21.81
L8	N32° 58' 19"E	22.63
L9	N47° 41' 35"E	133.95
L10	S43° 47' 27"E	8.99
L11	N46° 12' 33"E	4.00
L12	S43° 47' 27"E	6.00

Line Table		
LINE	BEARING	LENGTH
L13	S46° 12' 33"W	4.00
L14	S43° 47' 27"E	6.00
L15	S46° 12' 33"W	7.50
L16	N43° 47' 27"W	13.18
L17	S47° 41' 35"W	125.62
L18	S32° 58' 19"W	20.94
L19	S23° 32' 12"W	22.12
L20	S37° 23' 48"W	47.82
L21	S40° 26' 10"W	61.72
L22	S38° 43' 14"W	39.94
L23	S45° 33' 15"W	34.34
L24	N43° 52' 18"W	13.48

W#: WA168815
DATE: 1-20-15
SW 1/4 SEC 25 T 15N R 2W
SCALE: 1:40
R/W: JC
SURVEY: JC, PF
DRAWN BY: JC

aps

A subsidiary of Pinnacle West Capital Corporation

Joe Combs
Survey/Right of Way
APS/ Prescott Office

Tel. 928-776-3629
Fax 928-776-3671
e-mail: Joe.Combs@aps.com

Arizona Public Service Co.
120 N Marina ST
Prescott, AZ 86301

April 20, 2015

Received
APR 24 2015
Prescott
Municipal Airport

Prescott Municipal Airport
c/o John Cox
3546 Crystal Lane
Prescott, AZ 86301

SUBJECT: Easement APS Job#WA168815

Dear Mr. Cox,

APS installed a new electric line to replace a faulted one on City of Prescott Airport Parcel APN: 102-03-009P. This is follow-up paper work to get a new easement on the new trench alignment and abandoned the easement on the original alignment. This was originally discussed with Mr. Tripp at the time of the fault. This job was in July of 2013, and work was done on an emergency basis.

Please review the enclosed easement. If everything is in order, please have the easement signed in the presence of a Notary Public and return the **original** copy to me in the return envelope provided.

Should you have any questions, please do not hesitate to call me at (928) 776-3629.

Sincerely,

Joe Combs

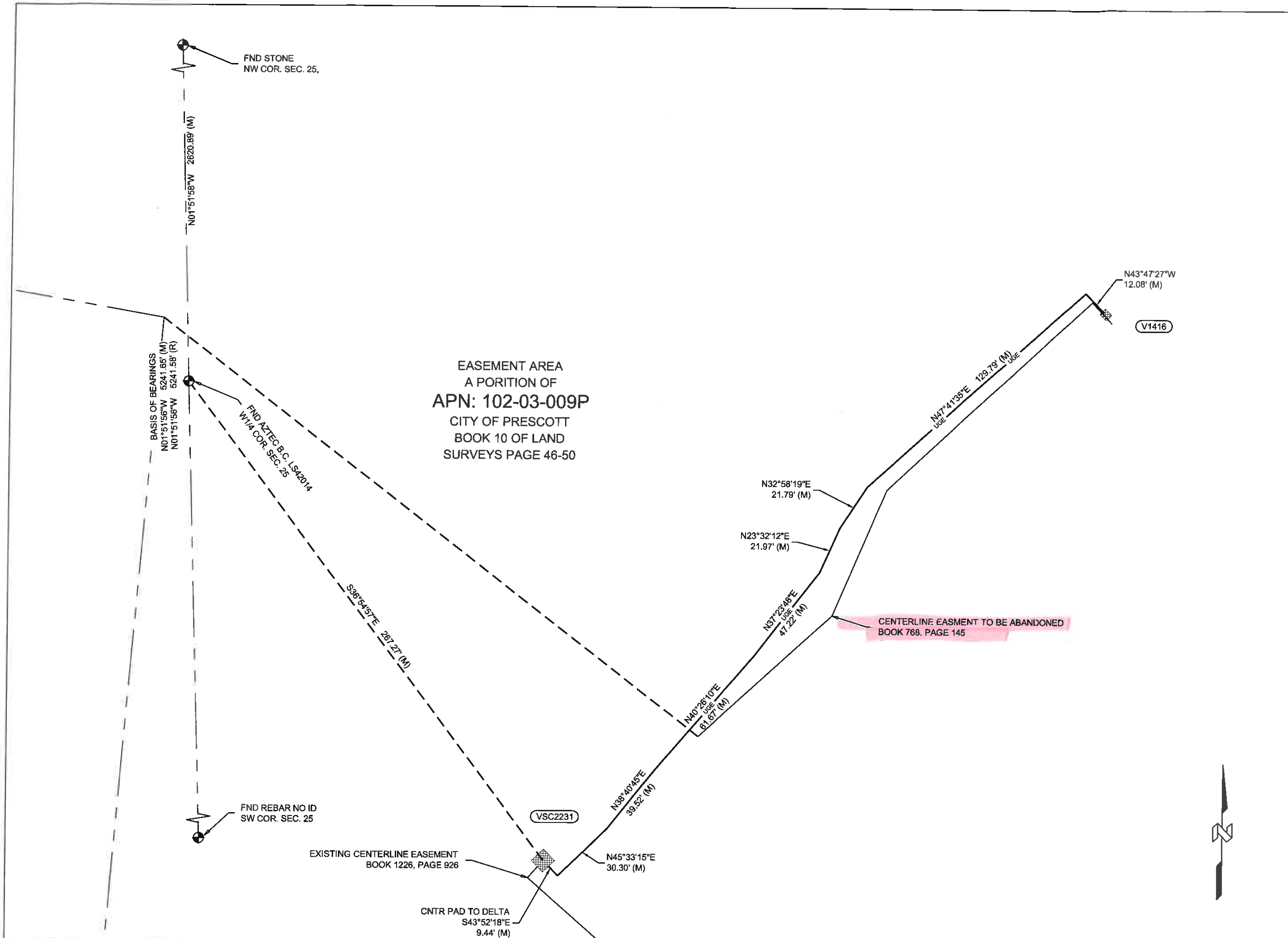
Joe Combs
Survey / Right of Way Representative
Prescott District

APS Utility Easement

APS Utility Easement

0 25 50 Feet

N S W E



NW 1/4 SEC 25 T 15N R 2W

CUSTOMER: CITY OF PRESCOTT
W#: WA168815
CITY: PRESCOTT
DATE: 1-20-15
CREW: FRAHER, COMBS
NWP 13-89
SW 1/4 SEC 25 T 15N R 2W

aps

C.R. REPLACEMENT

SHEET 1 OF 1

SCALE: 1:40

BY: JC

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: City Clerk

AGENDA ITEM: Special Event Liquor License Applications

Approved By:		**Date:**
City Clerk:	DeLong, Dana	07/17/2015
City Manager:	McConnell, Craig	07/20/2015

Liquor License Applications

The following special event liquor license applications are presented for Council consideration.

A. Sharlot Hall Historical Society of Arizona
Sharlot Hall Museum, 415 W. Gurley Street
Applicant: Steven Randolph Gottlieb
City Application Number: 15-0025S
Date/Time of Event: Saturday, August 22, 2015, 4:00 pm – 9:00pm

The application has been reviewed and determined to be in compliance with City requirements.

B. Arizona Wildfire Council, Inc.
Captain Crossfit, 420 N. 6th Street
Applicant: Elizabeth A. Reiman
City Application Number: 15-0026S
Date/Time of Event: Saturday, August 29, 2015, 8:00 am – 6:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

C. Prescott Meals on Wheels

Mile High School Football Field, 300 S. Granite Street
Applicant: Steven Randolph Gottlieb
City Application No. 15-0023S
Date/Time of Event: Saturday, September 12, 2015, 11:00 am – 10:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

D. Prescott Firefighters Charities
On Goodwin Street between Montezuma and Cortez
Applicant: Shawn Marie Vicente
City Application No. 15-0027S
Date/Time of Event: Friday, September 25, 2015, 5:00 pm – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

E. The Fraternal Order of Eagles #3600
Pioneer Park Sports Complex, 1200 Commerce Drive
Applicant: Thomas Michael Davidson
City Application No. 15-0022S
Date/Time of Event: Saturday, October 10, 2015, 9:00 am – midnight, and
Sunday, October 11, 2015, 10:00 am – midnight

The application has been reviewed and determined to be in compliance with City requirements.

F. Prescott Mountain Bike Alliance
Granite Creek Park, 554 6th Street
Applicant: Brooke K. Weitkunat
City Application No. 15-0024S
Date/Time of Event: Saturday, October 17, 2015, 11:00 am – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

Background

Special Event Liquor Licenses are processed in a similar manner as other liquor license applications, except that there are no posting or protest period requirements, and no school location restrictions. These licenses permit the sale of all spirituous liquor for consumption on the licensed premises. They can be issued only to: (1) a political party or campaign committee; (2) an organization formed for a specific charitable or civic purpose; (3) a fraternal organization in existence for over five years with a regular membership; or (4) a religious organization. Qualifying organizations will be granted a special event license for no more than ten (10) days per calendar year. The State places primary emphasis on the

City's recommendation in deciding whether or not to issue these licenses.

Financial Impact

The application and license fees have been paid. According to State law, proceeds from liquor license fees are required to be used for hospitality promotion (tourism development) purposes.

Attachments

1. Sharlot Hall Historical Society of Arizona, Application Information and Location Map
2. Arizona Wildfire Council, Inc., Application Information and Location Map
3. Prescott Meals On Wheels, Application Information and Location Map
4. Prescott Firefighters Charities, Application Information and Location Map
5. The Fraternal Order of Eagles #3600, Application Information and Location Map
6. Prescott Mountain Bike Alliance, Application Information and Location Map
7. Liquor License Series Number Definitions
8. ARS §4-203.02: Special event licenses: rules

Recommended Action: MOVE to forward special event liquor license applications II.A. – II.F. to the Arizona State Liquor Board with a recommendation of approval/denial.

ITEM II.A. – Sharlot Hall Historical Society of Arizona

II.A.	**Applicant Name** Steven Randolph Gottlieb	**Event Location** Sharlot Hall Museum 415 W. Gurley Street
	Sharlot Hall Historical Society Application No. 15-0025S	**Event Days/Date Time** Saturday, August 22, 2015, 4:00 pm – 9:00 pm

Organizations & Individuals Receiving Proceeds

Sharlot Hall Historical Society	35%
Eagle Management and Events LLC	65%

Staff Recommendation

Community Development	In Compliance
Public Comment Received	None

NOTE: Location Map Attached

The **School House** is a 1961 replica of the first public schoolhouse in the Arizona Territory, which was built in Prescott in 1867.

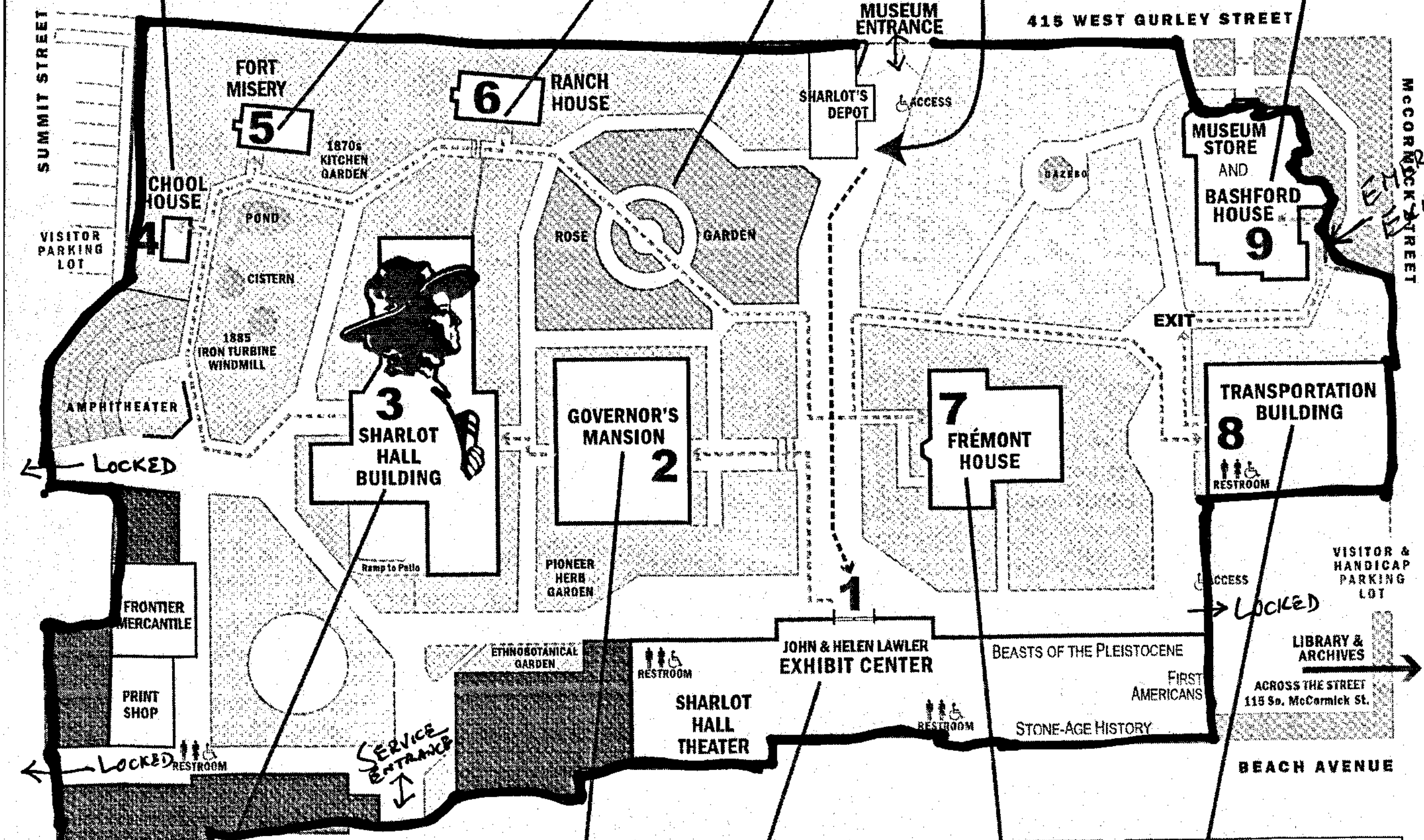
Fort Misery is the oldest log building associated with the territory of Arizona. It was built on the banks of Granite Creek (two blocks south of the Museum) in 1863-64.

The **Ranch House** was built in the 1930s to represent early ranch homes of the area.

More than 260 rose bushes honor Arizona's pioneer women in the **Territorial Women's Memorial Rose Garden.**

YOU ARE AT THE ADMISSIONS BUILDING

The **Bashford House** is an excellent example of Victorian housing fashion for the 25 years before statehood. Built in 1877 and bought by merchant William Coles Bashford, it was moved to the Museum in 1974.



The **Sharlot Hall Building**, constructed in 1934-1936, is the Museum's primary

The **Governor's Mansion** was built on this site in 1864 and housed the first territorial governor, John Goodwin. In 1927, Sharlot M. Hall moved into the mansion,

Completed in 1979, the **Lawler Exhibit Center** is the hub around which Museum activities revolve. In the lobby you'll find an exhibit about the founder of the museum, Sharlot M. Hall.

The **Frémont House**, built in 1875, was the home of John Charles Frémont, the fifth territorial governor of Arizona (1878-1881).

The **Transportation Building** was built in 1937 as an automotive repair shop. It now exhibits the Museum's vehicle collection, including Sharlot M. Hall's personal 1927 Durant Star Four touring car.

LIQUOR LICENSE SERIES NUMBER DEFINITIONS

1 **In-State Producer**, all spirituous liquor, produced on-premises, may sell to Arizona-licensed wholesalers only.

2 **Out-of-state Producer,** all spirituous liquor, produced on-premises, may sell to Arizona-licensed wholesalers only.

3 **Microbrewery,** less than 1,240,000 gallons of beer produced annually on premises, unlimited on- and off-sale, less than 93,000 gallons may be distributed to retail licensees annually.

4 **Wholesaler,** all spirituous liquor, purchased from in- and out-of-state Arizona licensed producers, may sell to Arizona-licensed retailers.

5 **Government,** all spirituous liquor, may sell to patrons to consume on premises.

6 **Bar,** all spirituous liquor, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

7 **Beer and Wine Bar,** beer and wine only, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

9 **Liquor Store,** all spirituous liquor, may sell "carry-out" to patrons to consume off-premises, on-site temporary sampling events hosted by producer or wholesaler.

9S **Liquor Store with Sampling Privileges,** all spirituous liquor, may sell "carry-out" to patrons to consume off-premises, provide limited residential delivery, on-site permanent sampling events using store inventory.

10 **Beer and Wine Store,** beer and wine only, may sell "carry-out" to patrons to consume off-premises, on-site temporary sampling events hosted by producer or wholesaler.

10S **Beer and Wine Store with Sampling Privileges,** beer and wine only, may sell "carry-out" to patrons to consume off-premises, on-site permanent sampling events using store inventory.

11 **Hotel/Motel w/Restaurant,** all spirituous liquor, may sell to patrons to consume on premises.

12 **Restaurant,** all spirituous liquor, may sell to patrons to consume on premises.

13 **Farm Winery,** produces at least 200 gallons, but not more than 40,000 gallons of wine annually, produced on premises and by other domestic farm wineries.

14 **Private Club,** all spirituous liquor, may sell to bona fide members & their guests for on-premises consumption.

15 **Special Event**, all spirituous liquor, temporary license, off-sale allowed by auction in closed, original container for off-sale consumption, may sell to patrons to consume on premises.

18 **In-State Craft Distillery**, less than 20,000 gallons of distilled spirits annually on-premises, may sell and ship to Arizona licensed wholesalers. May sell and ship to Arizona-licensed retailers when annual production is less than 1,189 gallons. On-and off-sale retail privileges on licensed premises.

19 **Remote Tasting Room,** owned and operated by a licensee that concurrently owns one of the following Arizona liquor licenses: (1) Series 2W, Out-of-state Farm Winery; (2) Series 2D, Out-of-state Craft Distillery; (3) Series 13, In-state Farm Winery; or (4) Series 18, In-state Craft Distiller.

4-203.02. Special event license; rules

A. The director may issue on a temporary basis:
1. A daily on-sale special event license authorizing the sale of spirituous liquor for consumption on the premises where sold. The fee for the license is twenty-five dollars per day. The director shall transfer the monies collected to the department of health services for the purpose prescribed in title 36, chapter 18, article 2.
2. A daily off-sale special event license authorizing a charitable auction for the sale of spirituous liquor for consumption off premises.
B. Before the director may issue a temporary special event license, a special event that is to occur at an otherwise unlicensed location or by a licensee at a location that is not fully within the licensee's existing licensed premises must be approved by the board of supervisors of a county if the event is to be held in an unincorporated area or by the governing body of the city or town if the event is to be held in a city or town.
C. The approval process prescribed in this section does not apply to physical locations that are fully within premises licensed pursuant to this title.
D. A physical location, other than a physical location that is owned, operated, leased, managed or controlled by the United States, this state or a city, town or county of this state, that is not licensed pursuant to this title may not be issued more than twelve special event licenses during the same calendar year. All applications for a special event license issued pursuant to this subsection must be submitted to the department at least ten days before the scheduled event.
E. The director may only issue the special event license to a political party or campaign committee supporting a candidate for public office or a ballot measure, an organization formed for a specific charitable or civic purpose, a fraternal organization in existence for over five years with a regular membership or a religious organization.
F. The director may issue a special event license concurrently with a wine festival license and a craft distillery festival license and may approve the location of the wine festival license within an excluded area of a special event license specifically described in each license. Notwithstanding section 4-244, paragraphs 13 and 19, both licenses shall permit the presence of purchased spirituous liquor in the possession of the purchaser.
G. An organization selling spirituous liquor under a special event license shall purchase the spirituous liquor from the holder of a license authorized to sell off-sale or a licensed wholesaler. In the case of a nonprofit organization that has obtained a special event license for the purpose of charitable fund-raising activities, the nonprofit organization may receive the spirituous liquor from a wholesaler, farm winery, microbrewery or producer as a donation, except that a licensee licensed pursuant to subsection A, paragraph 2 of this section may receive spirituous liquor from a donor when the donor receives no remuneration or payment of any kind, directly or indirectly, other than any tax benefits that might result.
H. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall receive at least seventy-five per cent of the gross receipts of the auction. Up to twenty-five per cent of the gross receipts of a special event auction conducted pursuant to subsection A, paragraph 2 of this section may be used to pay reasonable and necessary expenses incurred in connection with the auction. All expenses shall be supported by written contracts, invoices or receipts, which shall be made available to the director on request.
I. The director may adopt those rules the director determines are necessary to implement and administer this section including a limitation on the number of times during a calendar year a qualified organization may apply for and be issued a license under this section. The qualified organization issued a license pursuant to subsection A, paragraph 1 of this section must receive at least twenty-five per cent of the gross revenues of all spirituous liquor sold at the special events, which shall be supported by a contract between the parties to be supplied at the time of application.

J. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall not sell more than twenty cases of spirituous liquor annually under a special event license.
K. Section 4-201 does not apply to the licenses provided for under this section.
L. A licensed wholesaler may donate spirituous liquor directly to an organization that is issued a license pursuant to subsection A of this section. The licensed wholesaler shall in such instances issue a net zero cost billing invoice in the name of the special event licensee. All licensees making or receiving spirituous liquor donations remain subject to the applicable limitations and requirements set forth in this title and in the rules adopted by the department.
M. A licensed wholesaler may temporarily leave a delivery vehicle and other items of equipment necessary for the sale or service of spirituous liquor on the premises of a licensed special event for the duration of the event and up to one business day before and after the event.
N. A licensed wholesaler may leave spirituous liquor products at a special event if the products are properly described on a preliminary billing invoice from the wholesaler that is issued in the name of the special event licensee. The licensed wholesaler has up to five business days after the special event ends to make any necessary billing adjustments and issue a final billing invoice to the special event licensee.

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: City Clerk

AGENDA ITEM: Special Event Liquor License Applications

Approved By:		**Date:**
City Clerk:	DeLong, Dana	07/17/2015
City Manager:	McConnell, Craig	07/20/2015

Liquor License Applications

The following special event liquor license applications are presented for Council consideration.

A. Sharlot Hall Historical Society of Arizona
Sharlot Hall Museum, 415 W. Gurley Street
Applicant: Steven Randolph Gottlieb
City Application Number: 15-0025S
Date/Time of Event: Saturday, August 22, 2015, 4:00 pm – 9:00pm

The application has been reviewed and determined to be in compliance with City requirements.

B. Arizona Wildfire Council, Inc.
Captain Crossfit, 420 N. 6th Street
Applicant: Elizabeth A. Reiman
City Application Number: 15-0026S
Date/Time of Event: Saturday, August 29, 2015, 8:00 am – 6:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

C. Prescott Meals on Wheels

Mile High School Football Field, 300 S. Granite Street
Applicant: Steven Randolph Gottlieb
City Application No. 15-0023S
Date/Time of Event: Saturday, September 12, 2015, 11:00 am – 10:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

D. Prescott Firefighters Charities
On Goodwin Street between Montezuma and Cortez
Applicant: Shawn Marie Vicente
City Application No. 15-0027S
Date/Time of Event: Friday, September 25, 2015, 5:00 pm – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

E. The Fraternal Order of Eagles #3600
Pioneer Park Sports Complex, 1200 Commerce Drive
Applicant: Thomas Michael Davidson
City Application No. 15-0022S
Date/Time of Event: Saturday, October 10, 2015, 9:00 am – midnight, and
Sunday, October 11, 2015, 10:00 am – midnight

The application has been reviewed and determined to be in compliance with City requirements.

F. Prescott Mountain Bike Alliance
Granite Creek Park, 554 6th Street
Applicant: Brooke K. Weitkunat
City Application No. 15-0024S
Date/Time of Event: Saturday, October 17, 2015, 11:00 am – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

Background

Special Event Liquor Licenses are processed in a similar manner as other liquor license applications, except that there are no posting or protest period requirements, and no school location restrictions. These licenses permit the sale of all spirituous liquor for consumption on the licensed premises. They can be issued only to: (1) a political party or campaign committee; (2) an organization formed for a specific charitable or civic purpose; (3) a fraternal organization in existence for over five years with a regular membership; or (4) a religious organization. Qualifying organizations will be granted a special event license for no more than ten (10) days per calendar year. The State places primary emphasis on the

City's recommendation in deciding whether or not to issue these licenses.

Financial Impact

The application and license fees have been paid. According to State law, proceeds from liquor license fees are required to be used for hospitality promotion (tourism development) purposes.

Attachments

1. Sharlot Hall Historical Society of Arizona, Application Information and Location Map
2. Arizona Wildfire Council, Inc., Application Information and Location Map
3. Prescott Meals On Wheels, Application Information and Location Map
4. Prescott Firefighters Charities, Application Information and Location Map
5. The Fraternal Order of Eagles #3600, Application Information and Location Map
6. Prescott Mountain Bike Alliance, Application Information and Location Map
7. Liquor License Series Number Definitions
8. ARS §4-203.02: Special event licenses: rules

Recommended Action: MOVE to forward special event liquor license applications II.A. – II.F. to the Arizona State Liquor Board with a recommendation of approval/denial.

ITEM II.B. – Arizona Wildfire Council, Inc.

II.B.	**Applicant Name** Elizabeth A. Reiman	**Event Location** Captain Crossfit 420 N. 6th Street
	Arizona Wildfire Council, Inc. Application No. 15-0026S	**Event Days/Date Time** Saturday, August 29, 2015, 8:00 am – 6:00 pm

Organizations & Individuals Receiving Proceeds

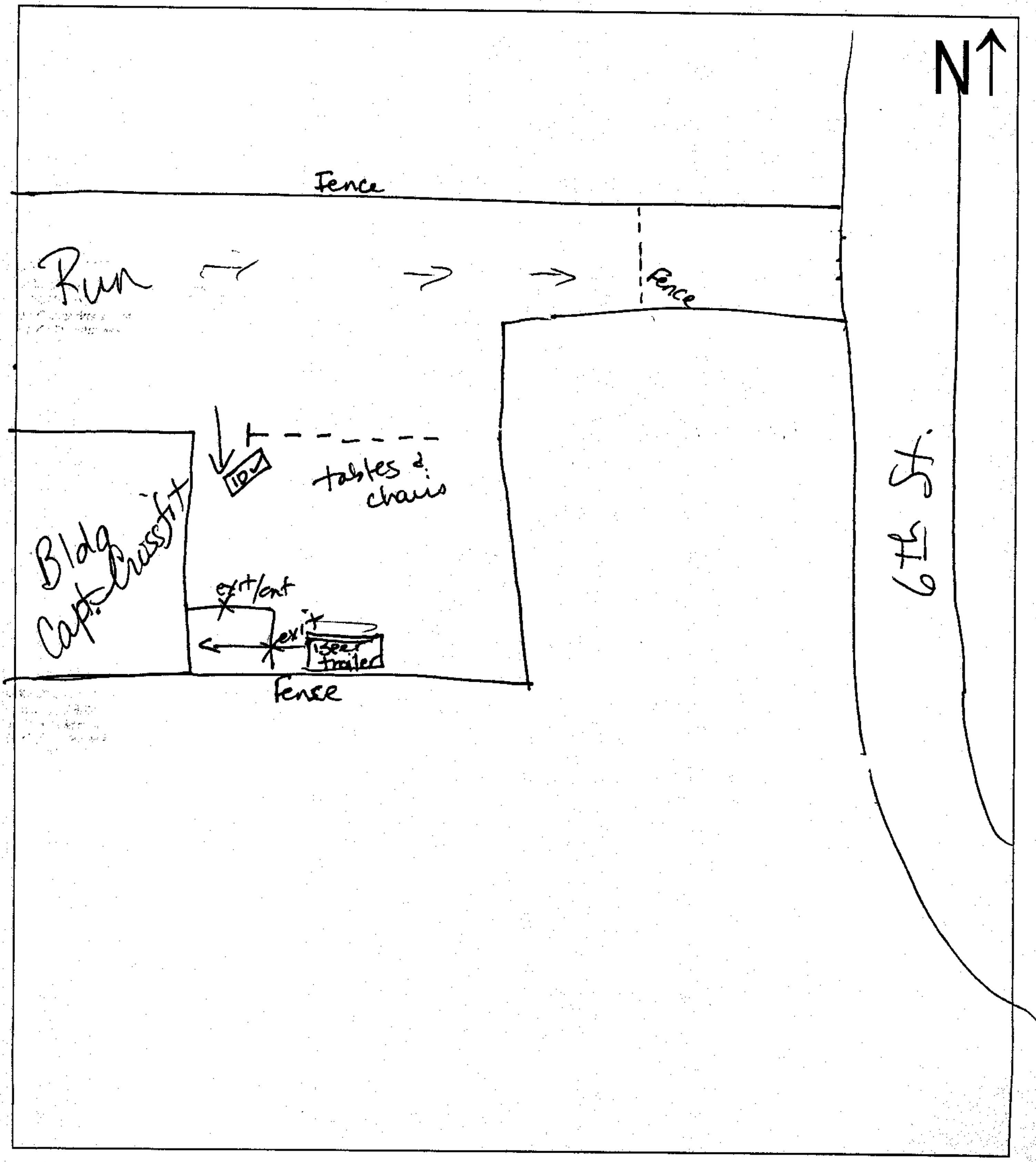
Arizona Wildlife Council, Inc. 100%

Staff Recommendation

Community Development	In Compliance
Public Comment Received	None

NOTE: Location Map Attached

SECTION 12 License premises diagram. The licensed premises for your special event is the area in which you are authorized to sell, dispense or serve alcoholic beverages under the provisions of your license. The following space is to be used to prepare a diagram of your special event licensed premises. Please show dimensions, serving areas, fencing, barricades, or other control measures and security position.



Individuals requiring ADA accommodations call (602)542-9027.

LIQUOR LICENSE SERIES NUMBER DEFINITIONS

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4 **Wholesaler,** all spirituous liquor, purchased from in- and out-of-state Arizona licensed producers, may sell to Arizona-licensed retailers.

5 **Government,** all spirituous liquor, may sell to patrons to consume on premises.

6 **Bar,** all spirituous liquor, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

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4-203.02. Special event license; rules

A. The director may issue on a temporary basis:
1. A daily on-sale special event license authorizing the sale of spirituous liquor for consumption on the premises where sold. The fee for the license is twenty-five dollars per day. The director shall transfer the monies collected to the department of health services for the purpose prescribed in title 36, chapter 18, article 2.
2. A daily off-sale special event license authorizing a charitable auction for the sale of spirituous liquor for consumption off premises.
B. Before the director may issue a temporary special event license, a special event that is to occur at an otherwise unlicensed location or by a licensee at a location that is not fully within the licensee's existing licensed premises must be approved by the board of supervisors of a county if the event is to be held in an unincorporated area or by the governing body of the city or town if the event is to be held in a city or town.
C. The approval process prescribed in this section does not apply to physical locations that are fully within premises licensed pursuant to this title.
D. A physical location, other than a physical location that is owned, operated, leased, managed or controlled by the United States, this state or a city, town or county of this state, that is not licensed pursuant to this title may not be issued more than twelve special event licenses during the same calendar year. All applications for a special event license issued pursuant to this subsection must be submitted to the department at least ten days before the scheduled event.
E. The director may only issue the special event license to a political party or campaign committee supporting a candidate for public office or a ballot measure, an organization formed for a specific charitable or civic purpose, a fraternal organization in existence for over five years with a regular membership or a religious organization.
F. The director may issue a special event license concurrently with a wine festival license and a craft distillery festival license and may approve the location of the wine festival license within an excluded area of a special event license specifically described in each license. Notwithstanding section 4-244, paragraphs 13 and 19, both licenses shall permit the presence of purchased spirituous liquor in the possession of the purchaser.
G. An organization selling spirituous liquor under a special event license shall purchase the spirituous liquor from the holder of a license authorized to sell off-sale or a licensed wholesaler. In the case of a nonprofit organization that has obtained a special event license for the purpose of charitable fund-raising activities, the nonprofit organization may receive the spirituous liquor from a wholesaler, farm winery, microbrewery or producer as a donation, except that a licensee licensed pursuant to subsection A, paragraph 2 of this section may receive spirituous liquor from a donor when the donor receives no remuneration or payment of any kind, directly or indirectly, other than any tax benefits that might result.
H. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall receive at least seventy-five per cent of the gross receipts of the auction. Up to twenty-five per cent of the gross receipts of a special event auction conducted pursuant to subsection A, paragraph 2 of this section may be used to pay reasonable and necessary expenses incurred in connection with the auction. All expenses shall be supported by written contracts, invoices or receipts, which shall be made available to the director on request.
I. The director may adopt those rules the director determines are necessary to implement and administer this section including a limitation on the number of times during a calendar year a qualified organization may apply for and be issued a license under this section. The qualified organization issued a license pursuant to subsection A, paragraph 1 of this section must receive at least twenty-five per cent of the gross revenues of all spirituous liquor sold at the special events, which shall be supported by a contract between the parties to be supplied at the time of application.

J. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall not sell more than twenty cases of spirituous liquor annually under a special event license.
K. Section 4-201 does not apply to the licenses provided for under this section.
L. A licensed wholesaler may donate spirituous liquor directly to an organization that is issued a license pursuant to subsection A of this section. The licensed wholesaler shall in such instances issue a net zero cost billing invoice in the name of the special event licensee. All licensees making or receiving spirituous liquor donations remain subject to the applicable limitations and requirements set forth in this title and in the rules adopted by the department.
M. A licensed wholesaler may temporarily leave a delivery vehicle and other items of equipment necessary for the sale or service of spirituous liquor on the premises of a licensed special event for the duration of the event and up to one business day before and after the event.
N. A licensed wholesaler may leave spirituous liquor products at a special event if the products are properly described on a preliminary billing invoice from the wholesaler that is issued in the name of the special event licensee. The licensed wholesaler has up to five business days after the special event ends to make any necessary billing adjustments and issue a final billing invoice to the special event licensee.

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: City Clerk

AGENDA ITEM: Special Event Liquor License Applications

Approved By:		**Date:**
City Clerk:	DeLong, Dana	07/17/2015
City Manager:	McConnell, Craig	07/20/2015

Liquor License Applications

The following special event liquor license applications are presented for Council consideration.

A. Sharlot Hall Historical Society of Arizona
Sharlot Hall Museum, 415 W. Gurley Street
Applicant: Steven Randolph Gottlieb
City Application Number: 15-0025S
Date/Time of Event: Saturday, August 22, 2015, 4:00 pm – 9:00pm

The application has been reviewed and determined to be in compliance with City requirements.

B. Arizona Wildfire Council, Inc.
Captain Crossfit, 420 N. 6th Street
Applicant: Elizabeth A. Reiman
City Application Number: 15-0026S
Date/Time of Event: Saturday, August 29, 2015, 8:00 am – 6:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

C. Prescott Meals on Wheels

Mile High School Football Field, 300 S. Granite Street
Applicant: Steven Randolph Gottlieb
City Application No. 15-0023S
Date/Time of Event: Saturday, September 12, 2015, 11:00 am – 10:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

D. Prescott Firefighters Charities
On Goodwin Street between Montezuma and Cortez
Applicant: Shawn Marie Vicente
City Application No. 15-0027S
Date/Time of Event: Friday, September 25, 2015, 5:00 pm – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

E. The Fraternal Order of Eagles #3600
Pioneer Park Sports Complex, 1200 Commerce Drive
Applicant: Thomas Michael Davidson
City Application No. 15-0022S
Date/Time of Event: Saturday, October 10, 2015, 9:00 am – midnight, and
Sunday, October 11, 2015, 10:00 am – midnight

The application has been reviewed and determined to be in compliance with City requirements.

F. Prescott Mountain Bike Alliance
Granite Creek Park, 554 6th Street
Applicant: Brooke K. Weitkunat
City Application No. 15-0024S
Date/Time of Event: Saturday, October 17, 2015, 11:00 am – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

Background

Special Event Liquor Licenses are processed in a similar manner as other liquor license applications, except that there are no posting or protest period requirements, and no school location restrictions. These licenses permit the sale of all spirituous liquor for consumption on the licensed premises. They can be issued only to: (1) a political party or campaign committee; (2) an organization formed for a specific charitable or civic purpose; (3) a fraternal organization in existence for over five years with a regular membership; or (4) a religious organization. Qualifying organizations will be granted a special event license for no more than ten (10) days per calendar year. The State places primary emphasis on the

City's recommendation in deciding whether or not to issue these licenses.

Financial Impact

The application and license fees have been paid. According to State law, proceeds from liquor license fees are required to be used for hospitality promotion (tourism development) purposes.

Attachments

1. Sharlot Hall Historical Society of Arizona, Application Information and Location Map
2. Arizona Wildfire Council, Inc., Application Information and Location Map
3. Prescott Meals On Wheels, Application Information and Location Map
4. Prescott Firefighters Charities, Application Information and Location Map
5. The Fraternal Order of Eagles #3600, Application Information and Location Map
6. Prescott Mountain Bike Alliance, Application Information and Location Map
7. Liquor License Series Number Definitions
8. ARS §4-203.02: Special event licenses: rules

Recommended Action: MOVE to forward special event liquor license applications II.A. – II.F. to the Arizona State Liquor Board with a recommendation of approval/denial.

ITEM II.C. – Prescott Meals on Wheels

II.C.	**Applicant Name** Steven Randolph Gottlieb	**Event Location** Mile High School Football Field 300 S. Granite Street
	Prescott Meals on Wheels Application No. 15-0023S	**Event Days/Date Time** Saturday, September 12, 2015, 11:00 am – 10:00 pm

Organizations & Individuals Receiving Proceeds

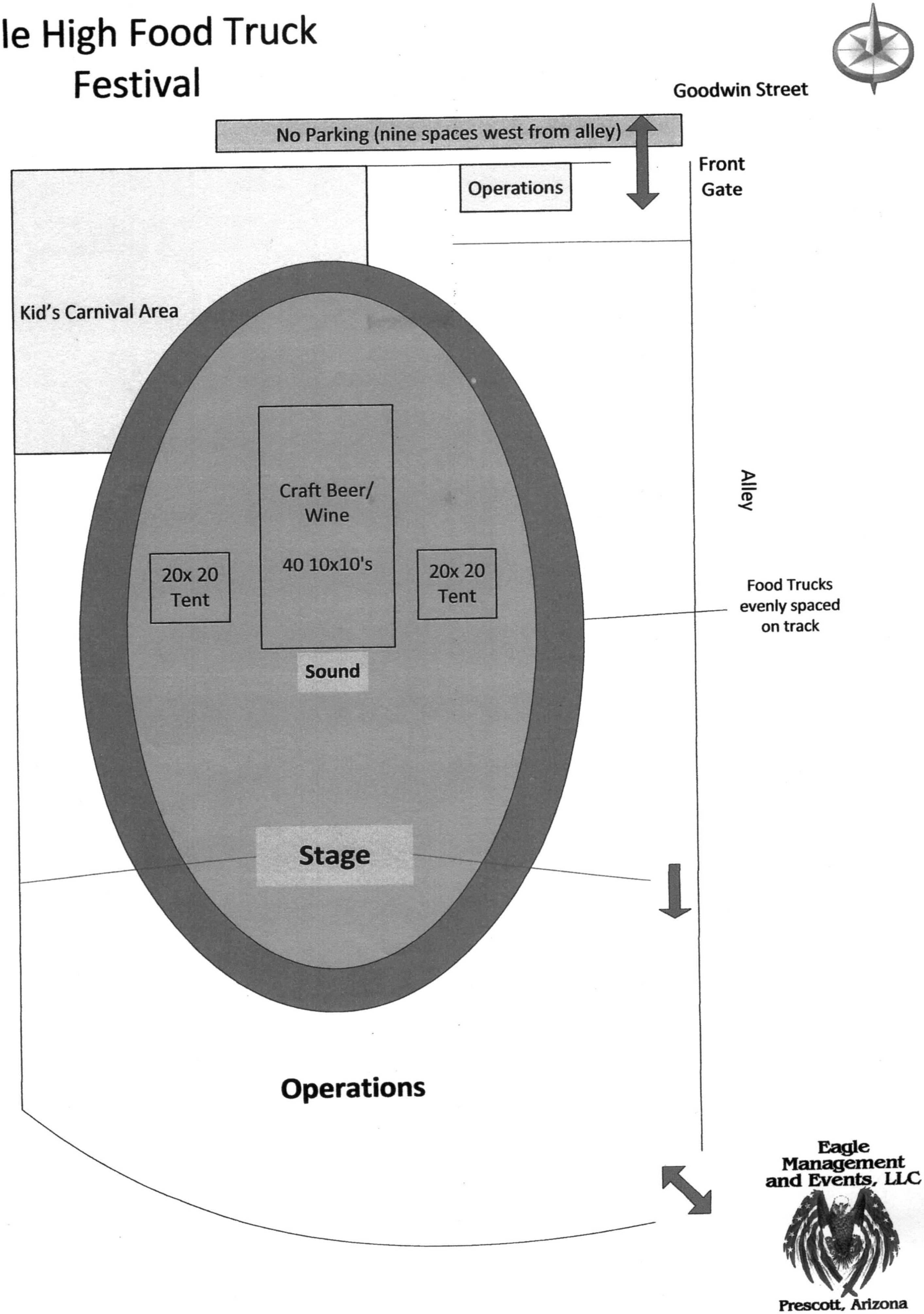
Prescott Meals on Wheels	25%
Eagle Management and Events	75%

Staff Recommendation

Community Development	In Compliance
Public Comment Received	None

NOTE: Location Map Attached

Mile High Food Truck Festival



LIQUOR LICENSE SERIES NUMBER DEFINITIONS

1 **In-State Producer**, all spirituous liquor, produced on-premises, may sell to Arizona-licensed wholesalers only.

2 **Out-of-state Producer,** all spirituous liquor, produced on-premises, may sell to Arizona-licensed wholesalers only.

3 **Microbrewery,** less than 1,240,000 gallons of beer produced annually on premises, unlimited on- and off-sale, less than 93,000 gallons may be distributed to retail licensees annually.

4 **Wholesaler,** all spirituous liquor, purchased from in- and out-of-state Arizona licensed producers, may sell to Arizona-licensed retailers.

5 **Government,** all spirituous liquor, may sell to patrons to consume on premises.

6 **Bar,** all spirituous liquor, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

7 **Beer and Wine Bar,** beer and wine only, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

9 **Liquor Store,** all spirituous liquor, may sell "carry-out" to patrons to consume off-premises, on-site temporary sampling events hosted by producer or wholesaler.

9S **Liquor Store with Sampling Privileges,** all spirituous liquor, may sell "carry-out" to patrons to consume off-premises, provide limited residential delivery, on-site permanent sampling events using store inventory.

10 **Beer and Wine Store,** beer and wine only, may sell "carry-out" to patrons to consume off-premises, on-site temporary sampling events hosted by producer or wholesaler.

10S **Beer and Wine Store with Sampling Privileges,** beer and wine only, may sell "carry-out" to patrons to consume off-premises, on-site permanent sampling events using store inventory.

11 **Hotel/Motel w/Restaurant,** all spirituous liquor, may sell to patrons to consume on premises.

12 **Restaurant,** all spirituous liquor, may sell to patrons to consume on premises.

13 **Farm Winery,** produces at least 200 gallons, but not more than 40,000 gallons of wine annually, produced on premises and by other domestic farm wineries.

14 **Private Club,** all spirituous liquor, may sell to bona fide members & their guests for on-premises consumption.

15 **Special Event**, all spirituous liquor, temporary license, off-sale allowed by auction in closed, original container for off-sale consumption, may sell to patrons to consume on premises.

18 **In-State Craft Distillery**, less than 20,000 gallons of distilled spirits annually on-premises, may sell and ship to Arizona licensed wholesalers. May sell and ship to Arizona-licensed retailers when annual production is less than 1,189 gallons. On-and off-sale retail privileges on licensed premises.

19 **Remote Tasting Room,** owned and operated by a licensee that concurrently owns one of the following Arizona liquor licenses: (1) Series 2W, Out-of-state Farm Winery; (2) Series 2D, Out-of-state Craft Distillery; (3) Series 13, In-state Farm Winery; or (4) Series 18, In-state Craft Distiller.

4-203.02. Special event license; rules

A. The director may issue on a temporary basis:

1. A daily on-sale special event license authorizing the sale of spirituous liquor for consumption on the premises where sold. The fee for the license is twenty-five dollars per day. The director shall transfer the monies collected to the department of health services for the purpose prescribed in title 36, chapter 18, article 2.

2. A daily off-sale special event license authorizing a charitable auction for the sale of spirituous liquor for consumption off premises.

B. Before the director may issue a temporary special event license, a special event that is to occur at an otherwise unlicensed location or by a licensee at a location that is not fully within the licensee's existing licensed premises must be approved by the board of supervisors of a county if the event is to be held in an unincorporated area or by the governing body of the city or town if the event is to be held in a city or town.

C. The approval process prescribed in this section does not apply to physical locations that are fully within premises licensed pursuant to this title.

D. A physical location, other than a physical location that is owned, operated, leased, managed or controlled by the United States, this state or a city, town or county of this state, that is not licensed pursuant to this title may not be issued more than twelve special event licenses during the same calendar year. All applications for a special event license issued pursuant to this subsection must be submitted to the department at least ten days before the scheduled event.

E. The director may only issue the special event license to a political party or campaign committee supporting a candidate for public office or a ballot measure, an organization formed for a specific charitable or civic purpose, a fraternal organization in existence for over five years with a regular membership or a religious organization.

F. The director may issue a special event license concurrently with a wine festival license and a craft distillery festival license and may approve the location of the wine festival license within an excluded area of a special event license specifically described in each license. Notwithstanding section 4-244, paragraphs 13 and 19, both licenses shall permit the presence of purchased spirituous liquor in the possession of the purchaser.

G. An organization selling spirituous liquor under a special event license shall purchase the spirituous liquor from the holder of a license authorized to sell off-sale or a licensed wholesaler. In the case of a nonprofit organization that has obtained a special event license for the purpose of charitable fund-raising activities, the nonprofit organization may receive the spirituous liquor from a wholesaler, farm winery, microbrewery or producer as a donation, except that a licensee licensed pursuant to subsection A, paragraph 2 of this section may receive spirituous liquor from a donor when the donor receives no remuneration or payment of any kind, directly or indirectly, other than any tax benefits that might result.

H. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall receive at least seventy-five per cent of the gross receipts of the auction. Up to twenty-five per cent of the gross receipts of a special event auction conducted pursuant to subsection A, paragraph 2 of this section may be used to pay reasonable and necessary expenses incurred in connection with the auction. All expenses shall be supported by written contracts, invoices or receipts, which shall be made available to the director on request.

I. The director may adopt those rules the director determines are necessary to implement and administer this section including a limitation on the number of times during a calendar year a qualified organization may apply for and be issued a license under this section. The qualified organization issued a license pursuant to subsection A, paragraph 1 of this section must receive at least twenty-five per cent of the gross revenues of all spirituous liquor sold at the special events, which shall be supported by a contract between the parties to be supplied at the time of application.

J. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall not sell more than twenty cases of spirituous liquor annually under a special event license.
K. Section 4-201 does not apply to the licenses provided for under this section.
L. A licensed wholesaler may donate spirituous liquor directly to an organization that is issued a license pursuant to subsection A of this section. The licensed wholesaler shall in such instances issue a net zero cost billing invoice in the name of the special event licensee. All licensees making or receiving spirituous liquor donations remain subject to the applicable limitations and requirements set forth in this title and in the rules adopted by the department.
M. A licensed wholesaler may temporarily leave a delivery vehicle and other items of equipment necessary for the sale or service of spirituous liquor on the premises of a licensed special event for the duration of the event and up to one business day before and after the event.
N. A licensed wholesaler may leave spirituous liquor products at a special event if the products are properly described on a preliminary billing invoice from the wholesaler that is issued in the name of the special event licensee. The licensed wholesaler has up to five business days after the special event ends to make any necessary billing adjustments and issue a final billing invoice to the special event licensee.

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: City Clerk

AGENDA ITEM: Special Event Liquor License Applications

Approved By:		**Date:**
City Clerk:	DeLong, Dana	07/17/2015
City Manager:	McConnell, Craig	07/20/2015

Liquor License Applications

The following special event liquor license applications are presented for Council consideration.

A. Sharlot Hall Historical Society of Arizona
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Captain Crossfit, 420 N. 6th Street
Applicant: Elizabeth A. Reiman
City Application Number: 15-0026S
Date/Time of Event: Saturday, August 29, 2015, 8:00 am – 6:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

C. Prescott Meals on Wheels

Mile High School Football Field, 300 S. Granite Street
Applicant: Steven Randolph Gottlieb
City Application No. 15-0023S
Date/Time of Event: Saturday, September 12, 2015, 11:00 am – 10:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

D. Prescott Firefighters Charities
On Goodwin Street between Montezuma and Cortez
Applicant: Shawn Marie Vicente
City Application No. 15-0027S
Date/Time of Event: Friday, September 25, 2015, 5:00 pm – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

E. The Fraternal Order of Eagles #3600
Pioneer Park Sports Complex, 1200 Commerce Drive
Applicant: Thomas Michael Davidson
City Application No. 15-0022S
Date/Time of Event: Saturday, October 10, 2015, 9:00 am – midnight, and
Sunday, October 11, 2015, 10:00 am – midnight

The application has been reviewed and determined to be in compliance with City requirements.

F. Prescott Mountain Bike Alliance
Granite Creek Park, 554 6th Street
Applicant: Brooke K. Weitkunat
City Application No. 15-0024S
Date/Time of Event: Saturday, October 17, 2015, 11:00 am – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

Background

Special Event Liquor Licenses are processed in a similar manner as other liquor license applications, except that there are no posting or protest period requirements, and no school location restrictions. These licenses permit the sale of all spirituous liquor for consumption on the licensed premises. They can be issued only to: (1) a political party or campaign committee; (2) an organization formed for a specific charitable or civic purpose; (3) a fraternal organization in existence for over five years with a regular membership; or (4) a religious organization. Qualifying organizations will be granted a special event license for no more than ten (10) days per calendar year. The State places primary emphasis on the

City's recommendation in deciding whether or not to issue these licenses.

Financial Impact

The application and license fees have been paid. According to State law, proceeds from liquor license fees are required to be used for hospitality promotion (tourism development) purposes.

Attachments

1. Sharlot Hall Historical Society of Arizona, Application Information and Location Map
2. Arizona Wildfire Council, Inc., Application Information and Location Map
3. Prescott Meals On Wheels, Application Information and Location Map
4. Prescott Firefighters Charities, Application Information and Location Map
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6. Prescott Mountain Bike Alliance, Application Information and Location Map
7. Liquor License Series Number Definitions
8. ARS §4-203.02: Special event licenses: rules

Recommended Action: MOVE to forward special event liquor license applications II.A. – II.F. to the Arizona State Liquor Board with a recommendation of approval/denial.

ITEM II.D. – Prescott Firefighters Charities

II.D.	**Applicant Name** Shawn Marie Vicente	**Event Location** On Goodwin Street between Montezuma and Cortez
	Prescott Firefighters Charities Application No. 15-0027S	**Event Days/Date Time** Friday, September 25, 2015, 5:00 pm – 9:00 pm

Organizations & Individuals Receiving Proceeds

Prescott Firefighters Charities	100%

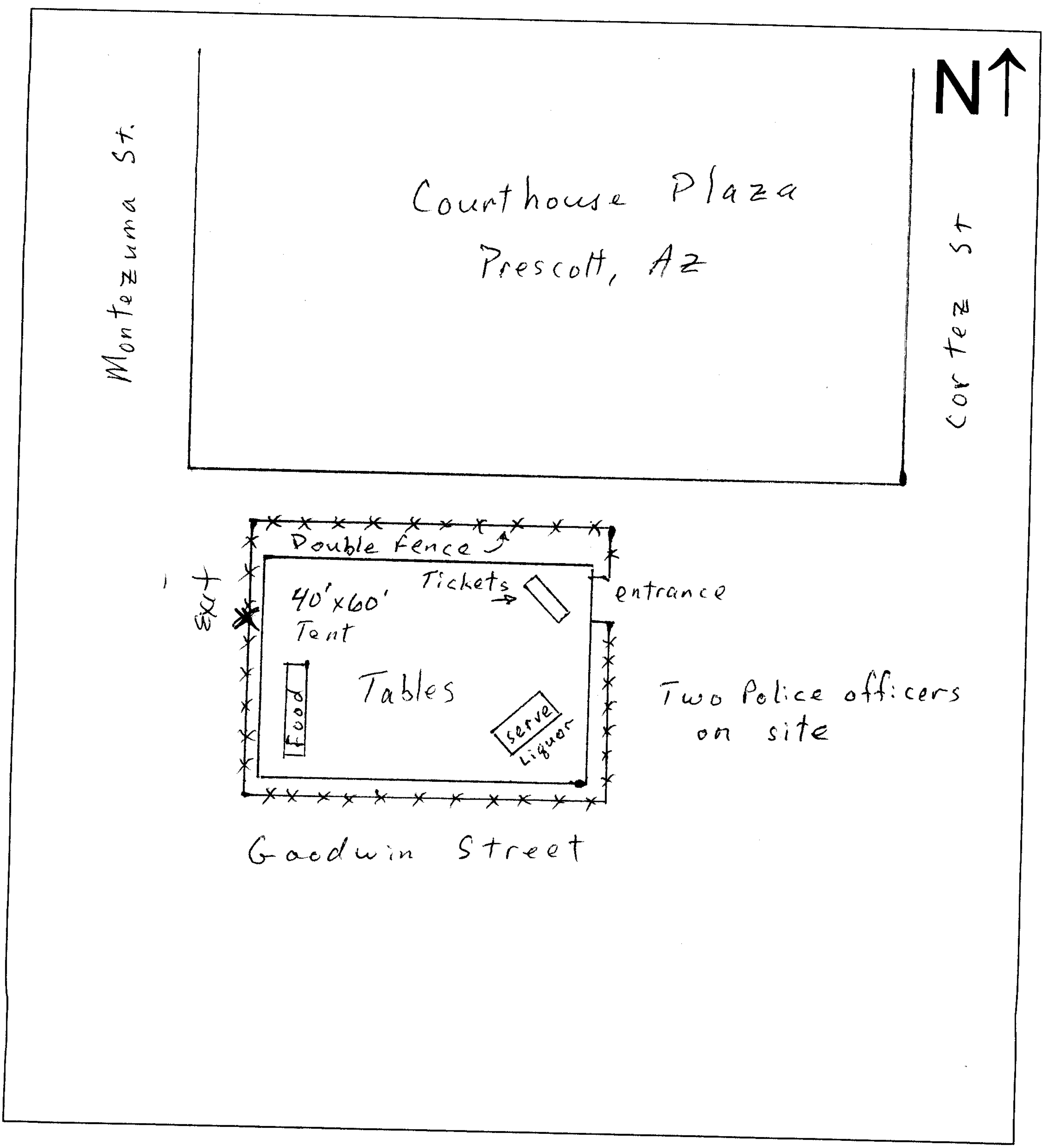
Staff Recommendation

Community Development	In Compliance
Public Comment Received	None

NOTE: Location Map Attached

SPECIAL EVENT LICENSED PREMISES DIAGRAM
(This diagram must be completed with this application)

Special Event Diagram: (Show dimensions, serving areas, and label type of enclosure and security positions)
NOTE: Show nearest cross streets, highway, or road if location doesn't have an address.



LIQUOR LICENSE SERIES NUMBER DEFINITIONS

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3 **Microbrewery,** less than 1,240,000 gallons of beer produced annually on premises, unlimited on- and off-sale, less than 93,000 gallons may be distributed to retail licensees annually.

4 **Wholesaler,** all spirituous liquor, purchased from in- and out-of-state Arizona licensed producers, may sell to Arizona-licensed retailers.

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6 **Bar,** all spirituous liquor, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

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9 **Liquor Store,** all spirituous liquor, may sell "carry-out" to patrons to consume off-premises, on-site temporary sampling events hosted by producer or wholesaler.

9S **Liquor Store with Sampling Privileges,** all spirituous liquor, may sell "carry-out" to patrons to consume off-premises, provide limited residential delivery, on-site permanent sampling events using store inventory.

10 **Beer and Wine Store,** beer and wine only, may sell "carry-out" to patrons to consume off-premises, on-site temporary sampling events hosted by producer or wholesaler.

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18 **In-State Craft Distillery**, less than 20,000 gallons of distilled spirits annually on-premises, may sell and ship to Arizona licensed wholesalers. May sell and ship to Arizona-licensed retailers when annual production is less than 1,189 gallons. On-and off-sale retail privileges on licensed premises.

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4-203.02. Special event license; rules

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B. Before the director may issue a temporary special event license, a special event that is to occur at an otherwise unlicensed location or by a licensee at a location that is not fully within the licensee's existing licensed premises must be approved by the board of supervisors of a county if the event is to be held in an unincorporated area or by the governing body of the city or town if the event is to be held in a city or town.

C. The approval process prescribed in this section does not apply to physical locations that are fully within premises licensed pursuant to this title.

D. A physical location, other than a physical location that is owned, operated, leased, managed or controlled by the United States, this state or a city, town or county of this state, that is not licensed pursuant to this title may not be issued more than twelve special event licenses during the same calendar year. All applications for a special event license issued pursuant to this subsection must be submitted to the department at least ten days before the scheduled event.

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M. A licensed wholesaler may temporarily leave a delivery vehicle and other items of equipment necessary for the sale or service of spirituous liquor on the premises of a licensed special event for the duration of the event and up to one business day before and after the event.

N. A licensed wholesaler may leave spirituous liquor products at a special event if the products are properly described on a preliminary billing invoice from the wholesaler that is issued in the name of the special event licensee. The licensed wholesaler has up to five business days after the special event ends to make any necessary billing adjustments and issue a final billing invoice to the special event licensee.

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: City Clerk

AGENDA ITEM: Special Event Liquor License Applications

Approved By: **Date:**

City Clerk:	DeLong, Dana	07/17/2015
City Manager:	McConnell, Craig	07/20/2015

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Pioneer Park Sports Complex, 1200 Commerce Drive
Applicant: Thomas Michael Davidson
City Application No. 15-0022S
Date/Time of Event: Saturday, October 10, 2015, 9:00 am – midnight, and
Sunday, October 11, 2015, 10:00 am – midnight

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F. Prescott Mountain Bike Alliance
Granite Creek Park, 554 6th Street
Applicant: Brooke K. Weitkunat
City Application No. 15-0024S
Date/Time of Event: Saturday, October 17, 2015, 11:00 am – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

Background

Special Event Liquor Licenses are processed in a similar manner as other liquor license applications, except that there are no posting or protest period requirements, and no school location restrictions. These licenses permit the sale of all spirituous liquor for consumption on the licensed premises. They can be issued only to: (1) a political party or campaign committee; (2) an organization formed for a specific charitable or civic purpose; (3) a fraternal organization in existence for over five years with a regular membership; or (4) a religious organization. Qualifying organizations will be granted a special event license for no more than ten (10) days per calendar year. The State places primary emphasis on the

City's recommendation in deciding whether or not to issue these licenses.

Financial Impact

The application and license fees have been paid. According to State law, proceeds from liquor license fees are required to be used for hospitality promotion (tourism development) purposes.

Attachments

1. Sharlot Hall Historical Society of Arizona, Application Information and Location Map
2. Arizona Wildfire Council, Inc., Application Information and Location Map
3. Prescott Meals On Wheels, Application Information and Location Map
4. Prescott Firefighters Charities, Application Information and Location Map
5. The Fraternal Order of Eagles #3600, Application Information and Location Map
6. Prescott Mountain Bike Alliance, Application Information and Location Map
7. Liquor License Series Number Definitions
8. ARS §4-203.02: Special event licenses: rules

Recommended Action: MOVE to forward special event liquor license applications II.A. – II.F. to the Arizona State Liquor Board with a recommendation of approval/denial.

ITEM II.E. – The Fraternal Order of Eagles #3600

II.E.	**Applicant Name** Thomas Michael Davidson	**Event Location** Pioneer Park Sports Complex 1200 Commerce Drive
	The Fraternal Order of Eagles #3600 Application No. 15-0022S	**Event Days/Date Time** Saturday, October 10, 2015, 9:00 am – midnight Sunday, October 11, 2015, 10:00 am - midnight

Organizations & Individuals Receiving Proceeds

The Fraternal Order of Eagles #3600 100%

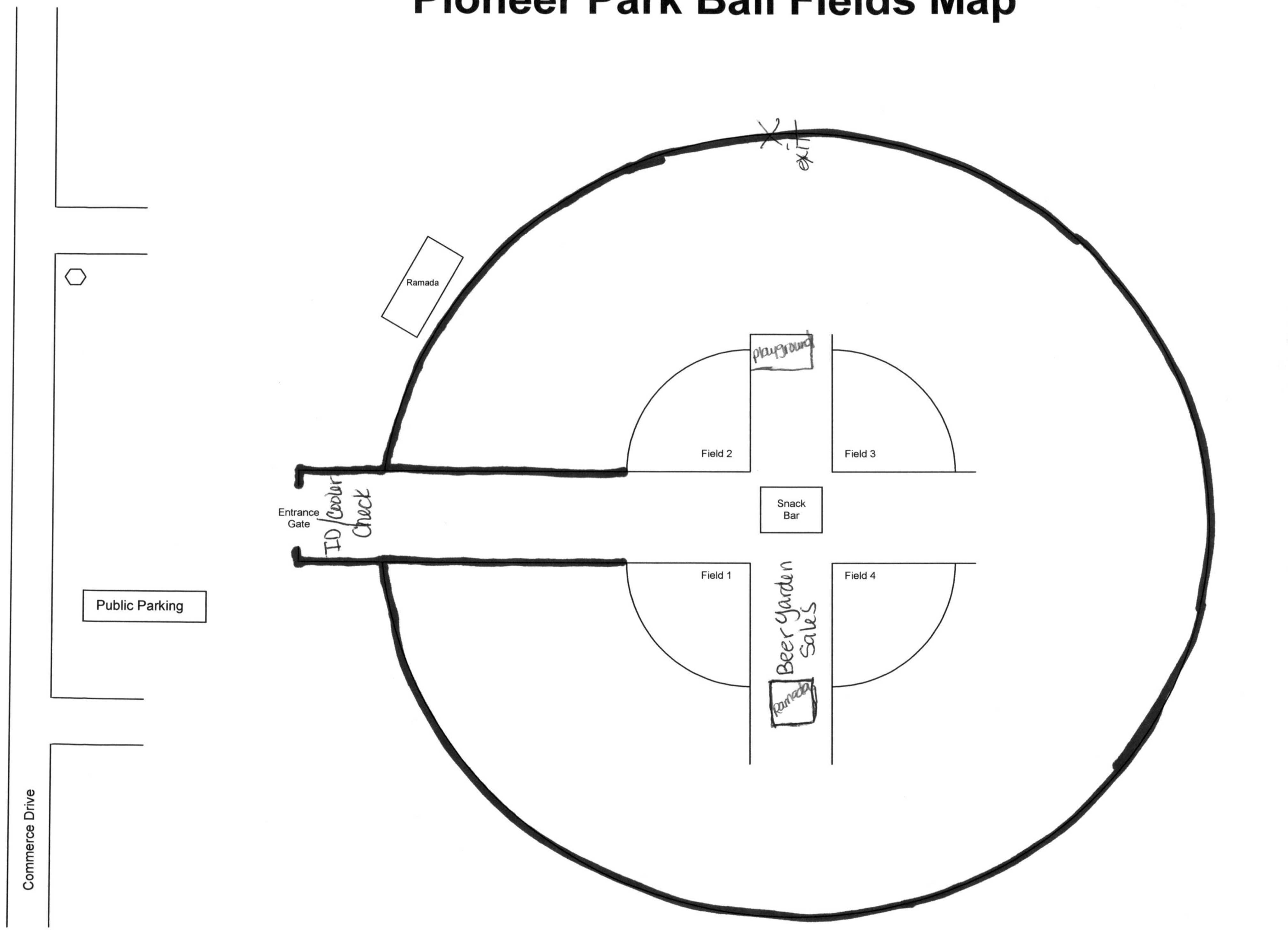
Staff Recommendation

Community Development In Compliance

Public Comment Received None

NOTE: Location Map Attached

Pioneer Park Ball Fields Map



LIQUOR LICENSE SERIES NUMBER DEFINITIONS

1 **In-State Producer**, all spirituous liquor, produced on-premises, may sell to Arizona-licensed wholesalers only.

2 **Out-of-state Producer,** all spirituous liquor, produced on-premises, may sell to Arizona-licensed wholesalers only.

3 **Microbrewery,** less than 1,240,000 gallons of beer produced annually on premises, unlimited on- and off-sale, less than 93,000 gallons may be distributed to retail licensees annually.

4 **Wholesaler,** all spirituous liquor, purchased from in- and out-of-state Arizona licensed producers, may sell to Arizona-licensed retailers.

5 **Government,** all spirituous liquor, may sell to patrons to consume on premises.

6 **Bar,** all spirituous liquor, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

7 **Beer and Wine Bar,** beer and wine only, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

9 **Liquor Store,** all spirituous liquor, may sell “carry-out” to patrons to consume off-premises, on-site temporary sampling events hosted by producer or wholesaler.

9S **Liquor Store with Sampling Privileges,** all spirituous liquor, may sell “carry-out” to patrons to consume off-premises, provide limited residential delivery, on-site permanent sampling events using store inventory.

10 **Beer and Wine Store,** beer and wine only, may sell “carry-out” to patrons to consume off-premises, on-site temporary sampling events hosted by producer or wholesaler.

10S **Beer and Wine Store with Sampling Privileges,** beer and wine only, may sell ”carry-out” to patrons to consume off-premises, on-site permanent sampling events using store inventory.

11 **Hotel/Motel w/Restaurant,** all spirituous liquor, may sell to patrons to consume on premises.

12 **Restaurant,** all spirituous liquor, may sell to patrons to consume on premises.

13 **Farm Winery,** produces at least 200 gallons, but not more than 40,000 gallons of wine annually, produced on premises and by other domestic farm wineries.

14 **Private Club,** all spirituous liquor, may sell to bona fide members & their guests for on-premises consumption.

15 **Special Event**, all spirituous liquor, temporary license, off-sale allowed by auction in closed, original container for off-sale consumption, may sell to patrons to consume on premises.

18 **In-State Craft Distillery**, less than 20,000 gallons of distilled spirits annually on-premises, may sell and ship to Arizona licensed wholesalers. May sell and ship to Arizona-licensed retailers when annual production is less than 1,189 gallons. On-and off-sale retail privileges on licensed premises.

19 **Remote Tasting Room,** owned and operated by a licensee that concurrently owns one of the following Arizona liquor licenses: (1) Series 2W, Out-of-state Farm Winery; (2) Series 2D, Out-of-state Craft Distillery; (3) Series 13, In-state Farm Winery; or (4) Series 18, In-state Craft Distiller.

4-203.02. Special event license; rules

A. The director may issue on a temporary basis:

1. A daily on-sale special event license authorizing the sale of spirituous liquor for consumption on the premises where sold. The fee for the license is twenty-five dollars per day. The director shall transfer the monies collected to the department of health services for the purpose prescribed in title 36, chapter 18, article 2.

2. A daily off-sale special event license authorizing a charitable auction for the sale of spirituous liquor for consumption off premises.

B. Before the director may issue a temporary special event license, a special event that is to occur at an otherwise unlicensed location or by a licensee at a location that is not fully within the licensee's existing licensed premises must be approved by the board of supervisors of a county if the event is to be held in an unincorporated area or by the governing body of the city or town if the event is to be held in a city or town.

C. The approval process prescribed in this section does not apply to physical locations that are fully within premises licensed pursuant to this title.

D. A physical location, other than a physical location that is owned, operated, leased, managed or controlled by the United States, this state or a city, town or county of this state, that is not licensed pursuant to this title may not be issued more than twelve special event licenses during the same calendar year. All applications for a special event license issued pursuant to this subsection must be submitted to the department at least ten days before the scheduled event.

E. The director may only issue the special event license to a political party or campaign committee supporting a candidate for public office or a ballot measure, an organization formed for a specific charitable or civic purpose, a fraternal organization in existence for over five years with a regular membership or a religious organization.

F. The director may issue a special event license concurrently with a wine festival license and a craft distillery festival license and may approve the location of the wine festival license within an excluded area of a special event license specifically described in each license. Notwithstanding section 4-244, paragraphs 13 and 19, both licenses shall permit the presence of purchased spirituous liquor in the possession of the purchaser.

G. An organization selling spirituous liquor under a special event license shall purchase the spirituous liquor from the holder of a license authorized to sell off-sale or a licensed wholesaler. In the case of a nonprofit organization that has obtained a special event license for the purpose of charitable fund-raising activities, the nonprofit organization may receive the spirituous liquor from a wholesaler, farm winery, microbrewery or producer as a donation, except that a licensee licensed pursuant to subsection A, paragraph 2 of this section may receive spirituous liquor from a donor when the donor receives no remuneration or payment of any kind, directly or indirectly, other than any tax benefits that might result.

H. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall receive at least seventy-five per cent of the gross receipts of the auction. Up to twenty-five per cent of the gross receipts of a special event auction conducted pursuant to subsection A, paragraph 2 of this section may be used to pay reasonable and necessary expenses incurred in connection with the auction. All expenses shall be supported by written contracts, invoices or receipts, which shall be made available to the director on request.

I. The director may adopt those rules the director determines are necessary to implement and administer this section including a limitation on the number of times during a calendar year a qualified organization may apply for and be issued a license under this section. The qualified organization issued a license pursuant to subsection A, paragraph 1 of this section must receive at least twenty-five per cent of the gross revenues of all spirituous liquor sold at the special events, which shall be supported by a contract between the parties to be supplied at the time of application.

J. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall not sell more than twenty cases of spirituous liquor annually under a special event license.

K. Section 4-201 does not apply to the licenses provided for under this section.

L. A licensed wholesaler may donate spirituous liquor directly to an organization that is issued a license pursuant to subsection A of this section. The licensed wholesaler shall in such instances issue a net zero cost billing invoice in the name of the special event licensee. All licensees making or receiving spirituous liquor donations remain subject to the applicable limitations and requirements set forth in this title and in the rules adopted by the department.

M. A licensed wholesaler may temporarily leave a delivery vehicle and other items of equipment necessary for the sale or service of spirituous liquor on the premises of a licensed special event for the duration of the event and up to one business day before and after the event.

N. A licensed wholesaler may leave spirituous liquor products at a special event if the products are properly described on a preliminary billing invoice from the wholesaler that is issued in the name of the special event licensee. The licensed wholesaler has up to five business days after the special event ends to make any necessary billing adjustments and issue a final billing invoice to the special event licensee.

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: **VOTING SESSION** **7-28-15**

DEPARTMENT: **City Clerk**

AGENDA ITEM: Special Event Liquor License Applications

Approved By:		Date:
City Clerk:	DeLong, Dana	07/17/2015
City Manager:	McConnell, Craig	07/20/2015

Liquor License Applications

The following special event liquor license applications are presented for Council consideration.

A. Sharlot Hall Historical Society of Arizona
Sharlot Hall Museum, 415 W. Gurley Street
Applicant: Steven Randolph Gottlieb
City Application Number: 15-0025S
Date/Time of Event: Saturday, August 22, 2015, 4:00 pm – 9:00pm

The application has been reviewed and determined to be in compliance with City requirements.

B. Arizona Wildfire Council, Inc.
Captain Crossfit, 420 N. 6th Street
Applicant: Elizabeth A. Reiman
City Application Number: 15-0026S
Date/Time of Event: Saturday, August 29, 2015, 8:00 am – 6:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

C. Prescott Meals on Wheels

Mile High School Football Field, 300 S. Granite Street
Applicant: Steven Randolph Gottlieb
City Application No. 15-0023S
Date/Time of Event: Saturday, September 12, 2015, 11:00 am – 10:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

D. Prescott Firefighters Charities
On Goodwin Street between Montezuma and Cortez
Applicant: Shawn Marie Vicente
City Application No. 15-0027S
Date/Time of Event: Friday, September 25, 2015, 5:00 pm – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

E. The Fraternal Order of Eagles #3600
Pioneer Park Sports Complex, 1200 Commerce Drive
Applicant: Thomas Michael Davidson
City Application No. 15-0022S
Date/Time of Event: Saturday, October 10, 2015, 9:00 am – midnight, and
Sunday, October 11, 2015, 10:00 am – midnight

The application has been reviewed and determined to be in compliance with City requirements.

F. Prescott Mountain Bike Alliance
Granite Creek Park, 554 6th Street
Applicant: Brooke K. Weitkunat
City Application No. 15-0024S
Date/Time of Event: Saturday, October 17, 2015, 11:00 am – 9:00 pm

The application has been reviewed and determined to be in compliance with City requirements.

Background

Special Event Liquor Licenses are processed in a similar manner as other liquor license applications, except that there are no posting or protest period requirements, and no school location restrictions. These licenses permit the sale of all spirituous liquor for consumption on the licensed premises. They can be issued only to: (1) a political party or campaign committee; (2) an organization formed for a specific charitable or civic purpose; (3) a fraternal organization in existence for over five years with a regular membership; or (4) a religious organization. Qualifying organizations will be granted a special event license for no more than ten (10) days per calendar year. The State places primary emphasis on the

City's recommendation in deciding whether or not to issue these licenses.

Financial Impact

The application and license fees have been paid. According to State law, proceeds from liquor license fees are required to be used for hospitality promotion (tourism development) purposes.

Attachments

1. Sharlot Hall Historical Society of Arizona, Application Information and Location Map
2. Arizona Wildfire Council, Inc., Application Information and Location Map
3. Prescott Meals On Wheels, Application Information and Location Map
4. Prescott Firefighters Charities, Application Information and Location Map
5. The Fraternal Order of Eagles #3600, Application Information and Location Map
6. Prescott Mountain Bike Alliance, Application Information and Location Map
7. Liquor License Series Number Definitions
8. ARS §4-203.02: Special event licenses: rules

Recommended Action: MOVE to forward special event liquor license applications II.A. – II.F. to the Arizona State Liquor Board with a recommendation of approval/denial.

ITEM II.F. – Prescott Mountain Bike Alliance

II.F.	**Applicant Name**	**Event Location**
	Brooke K. Weitkunat	Granite Creek Park 554 6th Street
	Prescott Mountain Bike Alliance	**Event Days/Date Time**
	Application No. 15-0024S	Saturday, October 17, 2015, 11:00 am – 9:00 pm

Organizations & Individuals Receiving Proceeds

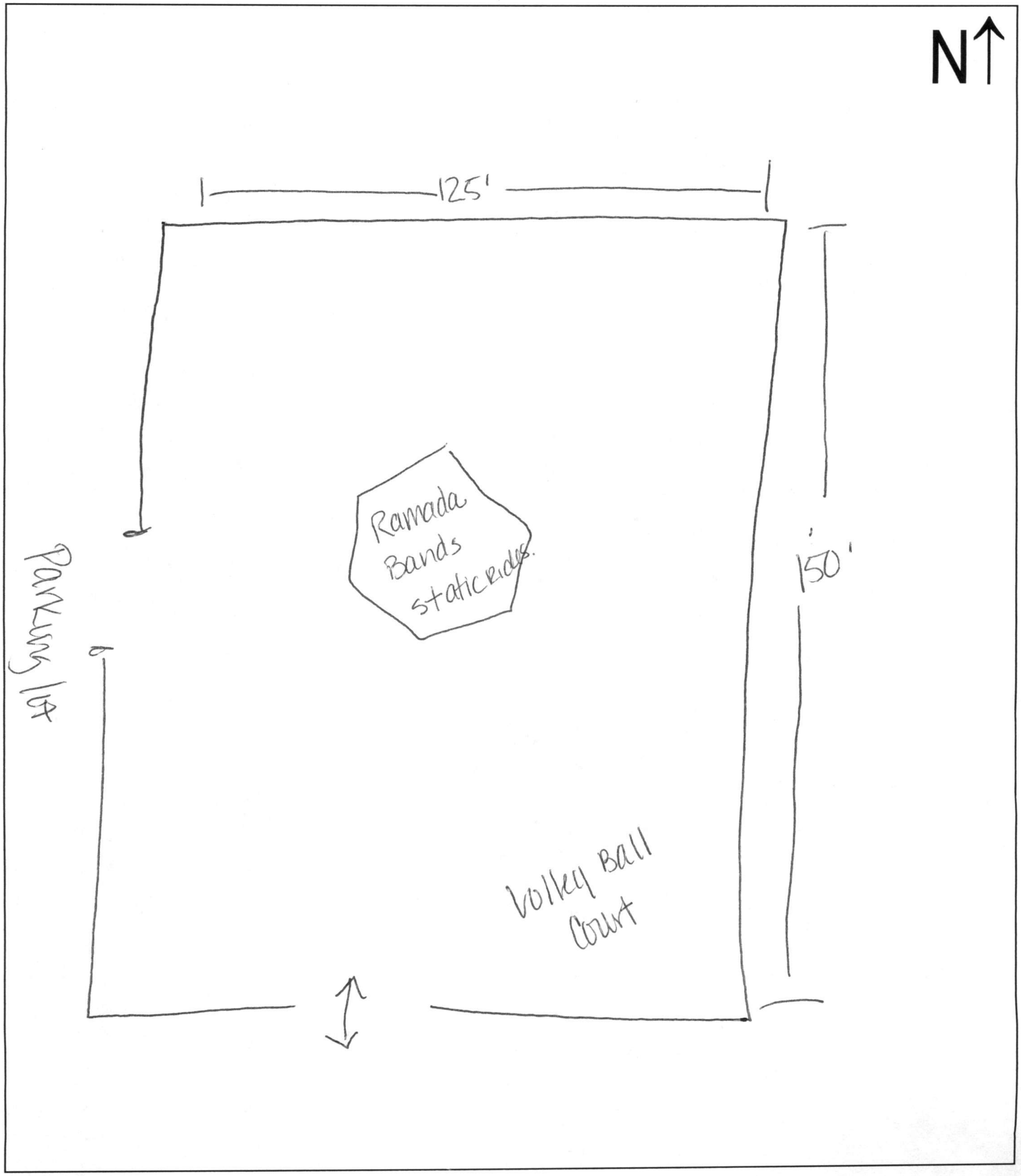
Prescott Mountain Bike Alliance	75%
Eagles Management and Events	25%

Staff Recommendation

Community Development	In Compliance
Public Comment Received	None

NOTE: Location Map Attached

SECTION 12 License premises diagram. The licensed premises for your special event is the area in which you are authorized to sell, dispense or serve alcoholic beverages under the provisions of your license. The following space is to be used to prepare a diagram of your special event licensed premises. Please show dimensions, serving areas, fencing, barricades, or other control measures and security position.



LIQUOR LICENSE SERIES NUMBER DEFINITIONS

1 **In-State Producer**, all spirituous liquor, produced on-premises, may sell to Arizona-licensed wholesalers only.

2 **Out-of-state Producer,** all spirituous liquor, produced on-premises, may sell to Arizona-licensed wholesalers only.

3 **Microbrewery,** less than 1,240,000 gallons of beer produced annually on premises, unlimited on- and off-sale, less than 93,000 gallons may be distributed to retail licensees annually.

4 **Wholesaler,** all spirituous liquor, purchased from in- and out-of-state Arizona licensed producers, may sell to Arizona-licensed retailers.

5 **Government,** all spirituous liquor, may sell to patrons to consume on premises.

6 **Bar,** all spirituous liquor, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

7 **Beer and Wine Bar,** beer and wine only, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

9 **Liquor Store,** all spirituous liquor, may sell "carry-out" to patrons to consume off-premises, on-site temporary sampling events hosted by producer or wholesaler.

9S **Liquor Store with Sampling Privileges,** all spirituous liquor, may sell "carry-out" to patrons to consume off-premises, provide limited residential delivery, on-site permanent sampling events using store inventory.

10 **Beer and Wine Store,** beer and wine only, may sell "carry-out" to patrons to consume off-premises, on-site temporary sampling events hosted by producer or wholesaler.

10S **Beer and Wine Store with Sampling Privileges,** beer and wine only, may sell "carry-out" to patrons to consume off-premises, on-site permanent sampling events using store inventory.

11 **Hotel/Motel w/Restaurant,** all spirituous liquor, may sell to patrons to consume on premises.

12 **Restaurant,** all spirituous liquor, may sell to patrons to consume on premises.

13 **Farm Winery,** produces at least 200 gallons, but not more than 40,000 gallons of wine annually, produced on premises and by other domestic farm wineries.

14 **Private Club,** all spirituous liquor, may sell to bona fide members & their guests for on-premises consumption.

15 **Special Event**, all spirituous liquor, temporary license, off-sale allowed by auction in closed, original container for off-sale consumption, may sell to patrons to consume on premises.

18 **In-State Craft Distillery**, less than 20,000 gallons of distilled spirits annually on-premises, may sell and ship to Arizona licensed wholesalers. May sell and ship to Arizona-licensed retailers when annual production is less than 1,189 gallons. On-and off-sale retail privileges on licensed premises.

19 **Remote Tasting Room,** owned and operated by a licensee that concurrently owns one of the following Arizona liquor licenses: (1) Series 2W, Out-of-state Farm Winery; (2) Series 2D, Out-of-state Craft Distillery; (3) Series 13, In-state Farm Winery; or (4) Series 18, In-state Craft Distiller.

4-203.02. Special event license; rules

A. The director may issue on a temporary basis:

1. A daily on-sale special event license authorizing the sale of spirituous liquor for consumption on the premises where sold. The fee for the license is twenty-five dollars per day. The director shall transfer the monies collected to the department of health services for the purpose prescribed in title 36, chapter 18, article 2.

2. A daily off-sale special event license authorizing a charitable auction for the sale of spirituous liquor for consumption off premises.

B. Before the director may issue a temporary special event license, a special event that is to occur at an otherwise unlicensed location or by a licensee at a location that is not fully within the licensee's existing licensed premises must be approved by the board of supervisors of a county if the event is to be held in an unincorporated area or by the governing body of the city or town if the event is to be held in a city or town.

C. The approval process prescribed in this section does not apply to physical locations that are fully within premises licensed pursuant to this title.

D. A physical location, other than a physical location that is owned, operated, leased, managed or controlled by the United States, this state or a city, town or county of this state, that is not licensed pursuant to this title may not be issued more than twelve special event licenses during the same calendar year. All applications for a special event license issued pursuant to this subsection must be submitted to the department at least ten days before the scheduled event.

E. The director may only issue the special event license to a political party or campaign committee supporting a candidate for public office or a ballot measure, an organization formed for a specific charitable or civic purpose, a fraternal organization in existence for over five years with a regular membership or a religious organization.

F. The director may issue a special event license concurrently with a wine festival license and a craft distillery festival license and may approve the location of the wine festival license within an excluded area of a special event license specifically described in each license. Notwithstanding section 4-244, paragraphs 13 and 19, both licenses shall permit the presence of purchased spirituous liquor in the possession of the purchaser.

G. An organization selling spirituous liquor under a special event license shall purchase the spirituous liquor from the holder of a license authorized to sell off-sale or a licensed wholesaler. In the case of a nonprofit organization that has obtained a special event license for the purpose of charitable fund-raising activities, the nonprofit organization may receive the spirituous liquor from a wholesaler, farm winery, microbrewery or producer as a donation, except that a licensee licensed pursuant to subsection A, paragraph 2 of this section may receive spirituous liquor from a donor when the donor receives no remuneration or payment of any kind, directly or indirectly, other than any tax benefits that might result.

H. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall receive at least seventy-five per cent of the gross receipts of the auction. Up to twenty-five per cent of the gross receipts of a special event auction conducted pursuant to subsection A, paragraph 2 of this section may be used to pay reasonable and necessary expenses incurred in connection with the auction. All expenses shall be supported by written contracts, invoices or receipts, which shall be made available to the director on request.

I. The director may adopt those rules the director determines are necessary to implement and administer this section including a limitation on the number of times during a calendar year a qualified organization may apply for and be issued a license under this section. The qualified organization issued a license pursuant to subsection A, paragraph 1 of this section must receive at least twenty-five per cent of the gross revenues of all spirituous liquor sold at the special events, which shall be supported by a contract between the parties to be supplied at the time of application.

J. An organization that is issued a license pursuant to subsection A, paragraph 2 of this section shall not sell more than twenty cases of spirituous liquor annually under a special event license.

K. Section 4-201 does not apply to the licenses provided for under this section.

L. A licensed wholesaler may donate spirituous liquor directly to an organization that is issued a license pursuant to subsection A of this section. The licensed wholesaler shall in such instances issue a net zero cost billing invoice in the name of the special event licensee. All licensees making or receiving spirituous liquor donations remain subject to the applicable limitations and requirements set forth in this title and in the rules adopted by the department.

M. A licensed wholesaler may temporarily leave a delivery vehicle and other items of equipment necessary for the sale or service of spirituous liquor on the premises of a licensed special event for the duration of the event and up to one business day before and after the event.

N. A licensed wholesaler may leave spirituous liquor products at a special event if the products are properly described on a preliminary billing invoice from the wholesaler that is issued in the name of the special event licensee. The licensed wholesaler has up to five business days after the special event ends to make any necessary billing adjustments and issue a final billing invoice to the special event licensee.

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: City Clerk

AGENDA ITEM: Public hearing and consideration of a person transfer liquor license application for a Series 09 and 9S, Liquor Store and Sampling License, from Patrick Joseph Paul, applicant for Haggen, located at 174 East Sheldon Street

Approved By: **Date:**

City Clerk:	DeLong, Dana	07/17/2015
City Manager:	McConnell, Craig	07/19/2015

Item Summary

Patrick Joseph Paul has applied for a Person Transfer Series 09 and 9S liquor license for Haggen.

Person Transfer	Haggen, 174 East Sheldon
Applicant	Patrick Joseph Paul
Requested License Type	Series 09 Liquor Store, and 9S Sampling
City Application No.	15-262
State Application No.	09130002 and 09130002S
Sixty-day Processing Deadline	July 28, 2015

Staff Recommendation

Police Department	In Compliance
Community Development	In Compliance
Public Comments Received	None

NOTE: State law provides that for a person and location transfer, Council may consider both the applicant's capability, qualifications, reliability and location issues. (A.R.S. §4-203; R19-I-102)

Agenda Item: Public hearing and consideration of a person transfer liquor license application for a Series 09 and 9S, Liquor Store and Sampling License, from Patrick Joseph Paul, applicant for Haggen, located at 174 East Sheldon Street

Background

The application presented for consideration has complied with each of the following requirements.

1. The application has been filed with the State Liquor Department and released to the City for additional processing.

2. The City application fee, set by Section 4-7-3 of the Prescott City Code, has been paid.

3. The application has been posted at the proposed location for the required twenty days and any statements of opposition or statements of support received by the City Clerk are attached.

4. The Police Department has reviewed the application according to State law, which precludes issuance of a license to any person who: (1) Within one year has violated any provision of a liquor license or had a liquor license revoked; or (b) Within five years of the date of application has been convicted of a felony involving moral turpitude.

5. The Community Development Department has reviewed the application to determine whether zoning is proper.

Public Hearing and Action Procedure

The City Council's recommendation of approval, disapproval or no recommendation will be forwarded to the Department of Liquor Licenses and Control ("Department") for their consideration.

<u>Recommendation of Approval</u>
If the City Council recommendation is for approval, no hearing is required unless the Director of the Department, the State Liquor Board ("Board"), or any aggrieved party, requests a hearing on the grounds that the public convenience and the best interest of the community will not be substantially served if a license is issued. If no hearing is requested, the Director may approve the license.

<u>Recommendation of Disapproval</u>
If the City Council recommendation is for disapproval of an application, a statement of the specific reasons along with a summary of the testimony or other evidence supporting the recommendation for disapproval is required to be attached to the order of disapproval and submitted to the Director, after which a public hearing will be held.

Agenda Item: Public hearing and consideration of a person transfer liquor license application for a Series 09 and 9S, Liquor Store and Sampling License, from Patrick Joseph Paul, applicant for Haggen, located at 174 East Sheldon Street

No Recommendation

If the City Council makes no recommendation, the Director may cancel the hearing and issue the license unless the Board or any aggrieved party protests and requests a hearing. If the reason for the protest is clearly removed or deemed satisfied by the Director, the Board shall cancel the hearing and the Department may issue the license.

Financial Impact

The application and license fees have been paid. According to State law, proceeds from liquor license fees are required to be used for hospitality promotion (tourism development) purposes.

Attachments

1. Liquor License Series Number Definitions
2. R19-1-702, Arizona Laws and Regulations Relating to Granting a Liquor License

Recommended Action: (1) MOVE to close the Public Hearing; and **(2) MOVE** to approve/deny/make no recommendation for Liquor License Application No. 09130002 and 09130002S, for a Series 09 and 9S Liquor Store and Sampling license, for Haggen, located at 174 East Sheldon Street.

LIQUOR LICENSE SERIES NUMBER DEFINITIONS

1 **In-State Producer**, all spirituous liquor, produced on-premises, may sell to Arizona-licensed wholesalers only.

2 **Out-of-state Producer,** all spirituous liquor, produced on-premises, may sell to Arizona-licensed wholesalers only.

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6 **Bar,** all spirituous liquor, off-sale sales in original, unopened container may not exceed 30% of on-sale receipts, may sell to patrons to consume on premises.

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19 **Remote Tasting Room,** owned and operated by a licensee that concurrently owns one of the following Arizona liquor licenses: (1) Series 2W, Out-of-state Farm Winery; (2) Series 2D, Out-of-state Craft Distillery; (3) Series 13, In-state Farm Winery; or (4) Series 18, In-state Craft Distiller.

Arizona Laws and Regulations Relating to
Granting a Liquor License for a Certain Location
(pursuant to Arizona Revised Statute §4-201(I))

R19-1-702. Determining Whether to Grant a License for a Certain Location

A. To determine whether public convenience requires and the best interest of the community will be substantially served by issuing or transferring a license at a particular unlicensed location, local governing authorities and the Board may consider the following criteria:

1. Petitions and testimony from individuals who favor or oppose issuance of a license and who reside in, own, or lease property within one mile of the proposed premises;
2. Number and types of licenses within one mile of the proposed premises;
3. Evidence that all necessary licenses and permits for which the applicant is eligible at the time of application have been obtained from the state and all other governing bodies;
4. Residential and commercial population of the community and its likelihood of increasing, decreasing, or remaining static;
5. Residential and commercial population density within one mile of the proposed premises;
6. Evidence concerning the nature of the proposed business, its potential market, and its likely customers;
7. Effect on vehicular traffic within one mile of the proposed premises;
8. Compatibility of the proposed business with other activity within one mile of the proposed premises;
9. Effect or impact on the activities of businesses or the residential neighborhood that might be affected by granting a license at the proposed premises;
10. History for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant received a detailed report of the violations and criminal activity at least 20 days before the hearing by the Board;
11. Comparison of the hours of operation at the proposed premises to the hours of operation of existing businesses within one mile of the proposed premises; and
12. Proximity of the proposed premises to licensed childcare facilities as defined by A.R.S. § 36-881.

B. This Section is authorized by A.R.S. § 4-201(I).

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-14-15
VOTING SESSION 7-28-15

DEPARTMENT: Community Development

AGENDA ITEM: Public Hearing and adoption of Ordinance No. 4947-1485 for rezoning, and adoption of Resolution No. 4305-1514 for amendment of the General Plan Land Use designation of property at 926 Whetstine Avenue to permit four additional dwelling units for a total of five on the lot [Property owner: Greseth Family L.P; APN 115-05-014; lot area 17,875 square feet (0.41 acre)] - public hearing continued from 7-14-15 meeting

Approved By: **Date:**

Director:	Guice, Tom	07/21/2015
City Manager:	McConnell, Craig	07/22/2015

Item Summary

This is a request to rezone a developed single-family parcel from Single-Family (SF-9) to Multi-Family (MF-H) to permit additional development of four new residential dwelling units. Rezoning to Multi-Family High Density would allow five units on the parcel. The General Plan designation is requested to be amended from Low/Medium Density Residential to Medium/High Density Residential to match the proposed zoning change.

At their meeting of July 14, 2015, following presentation of the item by Community Development and brief discussion, the Council continued the public hearing to the meeting of July 28, 2015, in order to have the entire Council present for public comment and consideration of action on the request.

Background

Whetstine Avenue contains a mix of single-family, multifamily and commercial zoning. The two lots to the east of the subject parcel are zoned MF-H. The property immediately to the west is zoned SF-9; however, one lot further west is zoned MF-H. The properties on the south side of Whetstine are mostly zoned SF-9, with commercial zoning on each end of the street. The subject parcel lies within the boundaries of the Willow Creek Road Corridor Study, but was not recommended for a change of zoning classification at that time (1997). It was, however, noted that Whetstine Avenue was an island of residential uses in an area becoming increasingly commercial.

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The subject parcel currently contains a single-family house and a free-standing garage. The applicant desires to retain the existing single-family house, remove the garage and add two duplex buildings. The proposed design would place a duplex building on the east and west sides of the site. The existing house does not meet the rear (north) setback, but is a legal nonconforming structure and may remain if undisturbed. Parking for the complex is accessed from Whetstine Avenue. Two parking spaces are required per dwelling unit and the applicant proposes 10 spaces, meeting the requirement. The buildings are proposed to be one-story in height and will be well under the maximum height of 40 feet permitted by the MF-H district being sought. Development of the subject property with one or more multi-family buildings will require an additional residential protection buffer along the west property line because it will adjoin a single-family zoned property. Residential protection buffers are required between multi-family residential uses and adjoining single-family uses. A typical buffer is a densely planted (80% opaque) landscaped strip ½ the height of the multifamily building, or a combination of landscaping and an opaque wall.

Planning and Zoning Commission Action

The Planning and Zoning Commission first reviewed the request on April 30, 2015. Many of the neighboring property owners wrote to the Planning and Zoning Commission and attended the meeting to voice opposition to the rezoning. During the subsequent discussion, the Planning and Zoning Commissioners expressed the desire for more information about the redevelopment plan and an opportunity to revisit the site. The Commission deferred action until their regularly scheduled meeting of May 28, 2015. At the May 28th meeting, few of the neighbors attended; however, some opposition to the rezoning was expressed. Letters of opposition received during the Planning and Zoning Commission review are attached to this report.

Following the conclusion of the public hearing at their May 28th meeting, the Planning and Zoning Commission concluded that the rezoning request was appropriate, and voted unanimously to recommend approval to the City Council.

Because of the opposition of record, Arizona Revised Statutes and the City's Land Development Code Section 9.15.4 contain provisions requiring a three-fourths majority (6 of 7 Council members) to approve the rezoning. The General Plan amendment requires a simple majority to approve.

Water Allocation

A water service agreement for 1.0 acre-feet (0.25 acre-feet x 4 units) from the City's alternative water supplies will be required to develop the additional four (4) multi-family dwelling units. Per Council policy, the rezoning of property does not create an entitlement to additional water. Water service is contingent upon alternative water resources being available in the portfolio and approval by Council when an application for development of the property is received.

Attachments

1. Vicinity and Zoning Map
2. General Plan Land Use Map
3. Aerial vicinity map
4. Site plan
5. Letters of opposition
6. Ordinance No. 4947-1485
7. Resolution No. 4305-1514

Recommended Action (separate motions): (1) MOVE to adopt Ordinance No. 4947-1485; and **(2) MOVE** to adopt Resolution No. 4305-1514.

Parcel Report for APN: **115-05-014**

Site Address: **926 WHETSTINE AVE**

Owner:
GRESETH FAMILY LP
2620 W GREEN BRIER DR
PRESCOTT AZ 863058715

Subdivision Name: **BONITA ACRES**

Max. Lot Coverage: **40%**
Max. Bldg Height: **35 ft**
Setbacks
- Front: **25 ft**
- Side: **7 ft**
- Rear: **25 ft**
- Corner: **15 ft**

Acres:
Square Ft: **sq.ft.**
TRS:

DOR Usage Code: **Residential**
Description: **0130-SFR-AVERAGE/AVERAGE PLUS**

Zoning Information

Zoning: **SF-9**

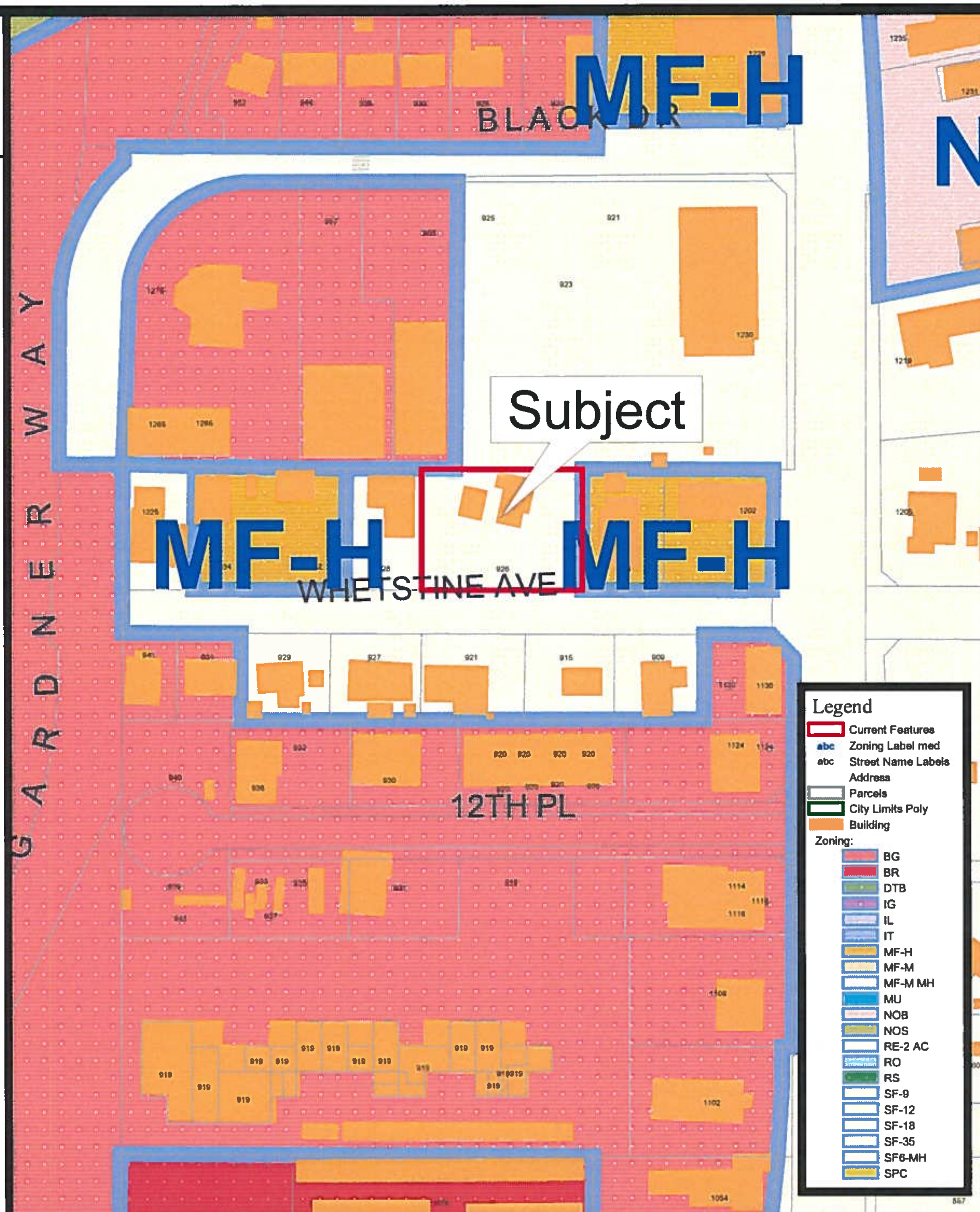
Flood Zone: **X;**
FIRM Panel: **04025C2055G**

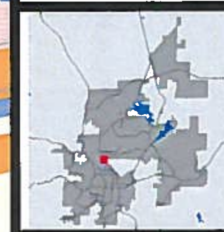
Overlay District Information

HPD District:	**Outside**
NR District:	**Outside**
Willow Creek District:	**Outside**
Wipple-Zuma District:	**Outside**
Hwy 69 District:	**Outside**
Prescott East Area Plan:	**Outside**
Prescott Enterprise:	**Outside**
Airport Noise District:	**Outside**
Wildlife Urban Interface:	**Inside**

Planner's Actions:

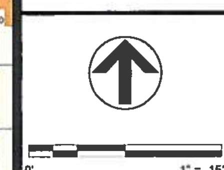
-





926 WHETSTINE AVE

This map is a product of The City of Prescott



george worley, 2015-04-20 11:17:35

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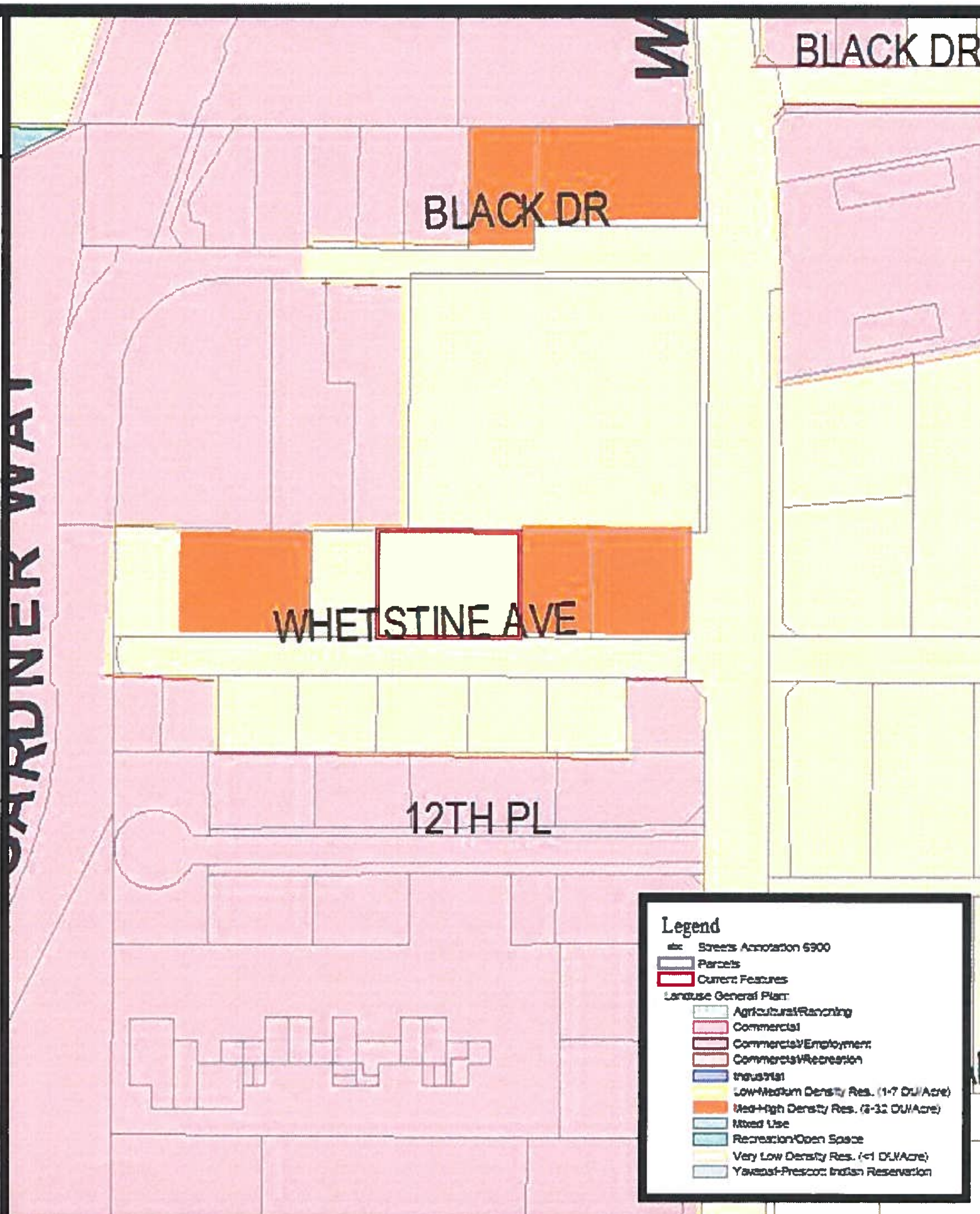
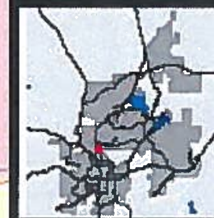
Wipple-Zuma District:	Outside
Hwy 69 District:	Outside
Prescott East Area Plan:	Outside
Prescott Enterprise:	Outside
Airport Noise District:	Outside
Wildlife Urban Interface:	Inside

Planner's Actions:

-





926 WHETSTINE AVE

This map is a product of The City of Prescott

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Prescott Enterprise:	**Outside**
Airport Noise District:	**Outside**
Wildlife Urban Interface:	**Inside**

Planner's Actions:

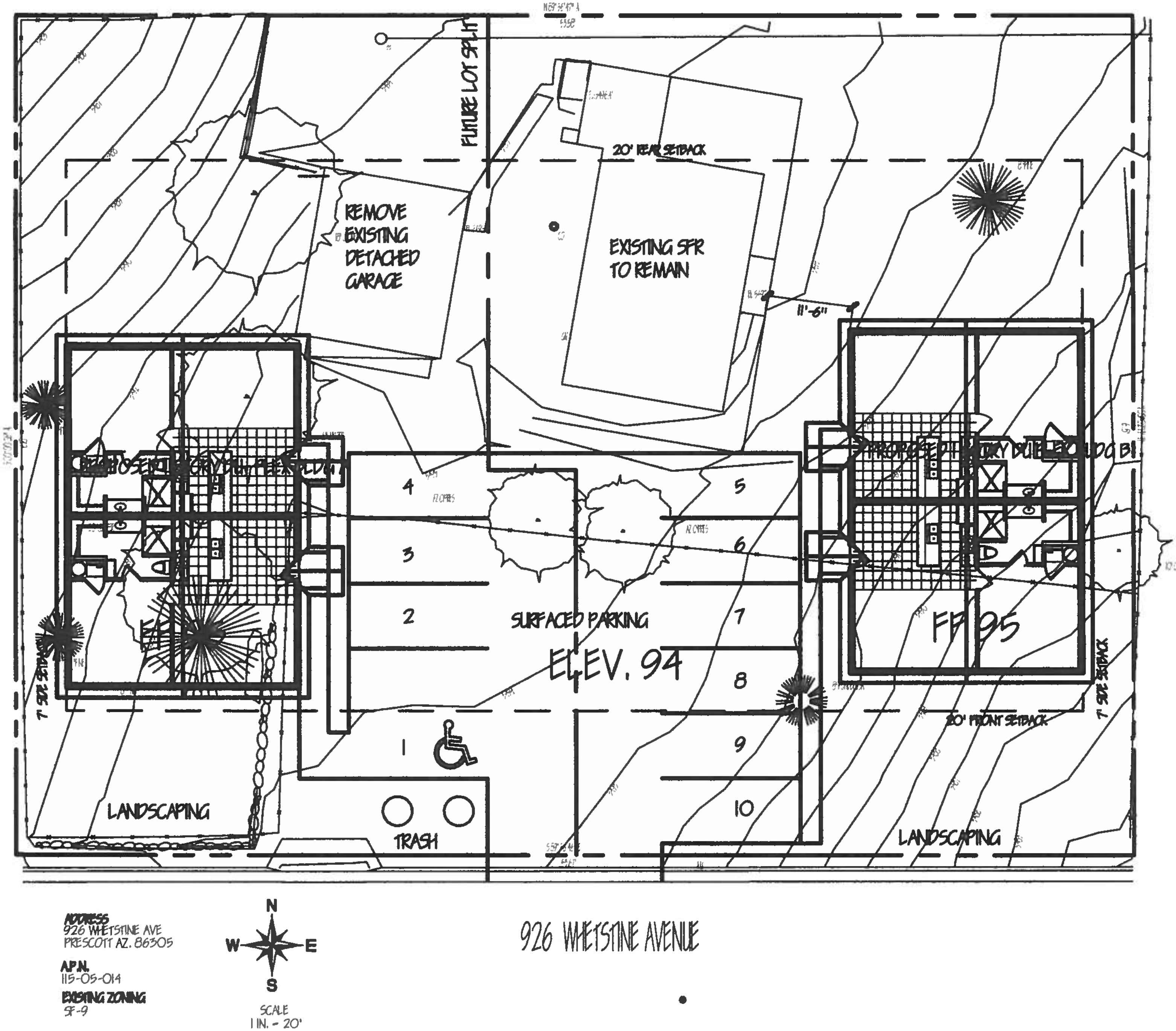
-

926 WHETSTINE AVE

This map is a product of The City of Prescott

0' 1" = 93'

george.worley, 2015-04-20 11:19:18



ADDRESS
926 WHETSTINE AVE
PRESCOTT AZ. 86305

A.P.N.
115-05-014

EXISTING ZONING
SF-9

841 Whetstine Ave
Prescott, AZ
April 18, 2015

City of Prescott
Community Development Department
201 South Cortez Street
Prescott, AZ 86303

Re: Planning and Zoning Request RZ15-002: Request for Rezoning at 926 Whetstine Ave from a Single-Family 9,000 sq ft (SF-9) to a Multi-Family High Density (MF-H) Zoning District. Owner / Applicant is Greseth Family L.P. Community Planner is George Worley.

I have been a resident of this Northside neighborhood for the past 42 years and have watched the growth and changes in the housing, business, retail, and traffic that has continually changed as Prescott has grown. Based on what I have seen historically and based on what I see happening on a daily basis on this area of Whetstine Ave, I object to the approval of this zoning request.

I object to changing the above-mentioned property to a Multi-Level HIGH DENSITY property due to the traffic congestion that will result. Whetstine Avenue is a major traffic connector for the Prescott High School traffic between Willow Creek Road and Ruth Street. This school traffic includes school buses, cars and pedestrians. The addition of additional traffic at the intersection of Willow Creek Road and Whetstine Avenue will not be safe. As a resident on the 800 block of Whetstine Avenue, immediately across Willow Creek Road from where this zoning change is requested, I already experience long waits to turn north and south onto Willow Creek Road from Whetstine Avenue because of the traffic. The additional traffic from another multi-family HIGH DENSITY property will only impact this traffic flow even more.

In addition, because of the Prescott High School traffic and its traffic patterns, I have at least three times per week day when I can barely get out of my own driveway due to the school traffic and its traffic patterns. Adding additional traffic and traffic delays at the Willow Creek/ Whetstine Ave intersection will only make this a bigger problem for me and other residents on the 800-block of Whetstine Ave.

Based on these reasons, I plead that you do not approve this zoning request related to the property at 926 Whetstine Avenue.

Sincerely,

Lois Prow

Lois Prow

841 Whetstine Ave
Prescott, AZ 86301
928-445-9777

COMMUNITY DEVELOPMENT
City of Prescott, Arizona
Date Received: 4-23-15
Time Received: ______ am pm
Received by: mailroom

841 Whetstine Ave
Prescott, AZ
April 18, 2015

City of Prescott
Community Development Department
201 South Cortez Street
Prescott, AZ 86303

Re: Planning and Zoning Request RZ15-002: Request for Rezoning at 926 Whetstine Ave from a Single-Family 9,000 sq ft (SF-9) to a Multi-Family High Density (MF-H) Zoning District. Owner / Applicant is Greseth Family L.P. Community Planner is George Worley.

My wife and I have been a residents of the Northside neighborhood for nearly 42 years and have watched the growth and changes in the housing, business, retail, and traffic that has continually changed as Prescott has grown. Based on what I have seen historically and based on what I see happening on a daily basis on this area of Whetstine Ave, I object to the approval of this zoning request.

I object to changing the above-mentioned property to a Multi-Level high-density property due to resultant traffic congestion at the intersection of Willow Creek Rd and Whetstine Avenue. Whetstine Avenue is a major traffic connector for the Prescott High School traffic between Willow Creek Road and Ruth Street. This school traffic includes school buses, cars and pedestrians. The addition of additional traffic at the intersection of Willow Creek Road and Whetstine Avenue will not be safe. As a resident on the 800 block of Whetstine Avenue, immediately across Willow Creek Road from where this zoning change is requested, I already experience long waits to turn north and south onto Willow Creek Road from Whetstine Avenue because of the traffic. The additional traffic from another multi-family high density property will impact this traffic flow even more.

An additional concern related to increasing the traffic in this area is the speed of traffic on the 800 block of Whetstine Avenue. This is zoned as a school zone at 25-miles/hour. Yet once traffic actually gets moving, most times vehicles are moving at a speed much faster than this and even up to 45+ miles per hour. I would hate to see this higher-speed traffic increase in volume due to increased housing from a zoning change across Willow Creek Road.

Based on these reasons, I ask that you do not approve this zoning request related to the property at 926 Whetstine Avenue.

Sincerely,

Richard B. Prow
841 Whetstine Ave
Prescott, AZ 86301

COMMUNITY DEVELOPMENT
City of Prescott, Arizona
Date Received: 4.23.15
Time Received: — am pm
Received by: w/ mailroom

COMMUNITY DEVELOPMENT
City of Prescott, Arizona
Date Received: 4.22.15
Time Received: 2 : 10 am pm
Received by: SMD

April 20, 2015

Adam Thomas
928 Whetstine Avenue
Prescott, Az, 86305

City of Prescott Planning and Zoning City Council Chamber
To whom it may concern:

I live on 928 Whetstine Avenue, with my wife and two daughters. The reason we purchased our first home at this address is because the zoning guaranteed a private community lifestyle; which is as you know, currently is Zoned for Single Family Dwellings.

Had we known with that with the stroke of a pen, a contractor, architect and bulldozer can not only change the laws, but effect our quality of life and that of our neighbors forever. All the homes on Whetstine, our home and all our neighbors home values will decline forever. Ironically the only property value than will increase is 926 Whetstine Ave at the cost of our neighborhood home's property value.

You know density is zoned for single family homes. Are we going continuously sacrifice our Prescott Community, our neighborhoods for "progress" Would the owner of the land or any City Counsel Member in this room would allow atrocity this in their backyard in the name? If the City goes ahead with this attack on our community then it must take responsibility,; enact eminent domain, compensate each and every home owner. In the future all of Prescott needs to take a stand and require buffer zones between commercial properties and communities. The existing law/zoning was enacted for the for this very reason.

I challenge the City to do what is right. Is our City going to sacrifice our pride of
this small town community for greed and profiteers. This is a dangerous precedent contrary to what makes our town so special.

Home Owner's
Adam and Eliane Thomas
Emily Thomas
Cyprus Thomas

Elm Tho
Emily thomas
Cyprus Thomas

To City Council 4/16/2015

I am a 13 year homeowner at 927 Whetstine I bought my house 2002 and did not protest against the new Walmart development project that was built between Gail Gardner and Iron Springs Road. But the rezoning of this single family dwelling at 926 Whetstine to a high density multi-family duplexes I am totally against. This is a nice, quiet neighborhood and would like to see it stay that way. Whetstine is a very small and dangerous road that is in very bad condition, always needing constant repairs. To add a 10 car parking for multiple families or drug rehab it would be a dirt road in less than a year. There are too many accidents on this street as it is, lets not allow it to get worse to where someone has to die. We all spend a lot of time and money to nurture and keep our homes beautiful. My family and I ask respectfully to deny this rezoning at 926 Whetstine and allow us to maintain the equity in our homes during this hard hit housing recovery. Thank you for your consideration in this very important matter.

Mike Wagner

COMMUNITY DEVELOPMENT
City of Prescott, Arizona
Date Received: 4-20-15
Time Received: 11:18 am pm
Received by: SMD

COMMUNITY DEVELOPMENT
City of Prescott, Arizona
Date Received: 4/20/15
Time Received: 2:35 am (pm)
Received by: SMD

Dear City Council, 4/15/15
RE: RZ15-002

As 14 year homeowner on this short one hill street, I am not in favor of rezoning 926 Whetstine Avenue from a single family (SF-9) to a (MF-H) Multi-Family high density duplex unit. (Which include 2 duplexes)

Reasons to include but not limited to:

1. We have enough traffic from Prescott High School to include school busses driving through towards Walmart with no sidewalks. There is on average (40-50) or more pedestrians walking daily to and from the shops in and around Walmart that throw shopping bags, drinking cups, soda cans, cigarette butts, and the occasional used needle and condom on the street consistently that are found. Who knows how many pedestrians are passing through after dark.

2. This road is poorly maintained already, and can't possibly take on additional 10 parking spaces from this proposal, which does not include additional parking on the streets. And we all know there will be more parking on the streets. As this street only has full east to west access from Willow Creek through to Gail Gardner. It is closed to traffic from Gail Gardner on the south side of the street making it only drivable to residents one way heading east. See photos provided.

3. There have been a total of (67) accidents on the West and East ends of Whetstine Avenue. I have included a printout from the Prescott Police Department courtesy of Joyce Marshall, the records supervisor. It contains (54) accidents noted on Gail Gardner, (32) of those are at the intersection on Whetstine and Gail Gardner. Of those (32), (10) with injuries, (9) non injuries and the remaining (13) accidents do not provide intel if they had injuries or not. However, that is still too many accidents at the end of such a small street. With the remaining (22) accidents happening one street over to the north on Black Drive and Gail Gardner. (4) with injuries, (9) non injuries, and (8) accidents with no intel. There are also (13) accidents noted on the intersection of Whetstine Avenue and Willow Creek Road. (9) injuries and (6) non injuries. It is clear that additional multi-family rental housing will contribute to even more traffic, congestion, and safety especially on and around Whetstine Avenue.

4. There is a serious blind spot on the top of the hill of Whetstine Avenue going east. I have observed many times people driving west from Willow Creek up the hill only to slam on their brakes as they start descending down the hill towards Walmart, in an effort to avoid hitting the pedestrians walking east up the hill towards willow creek on the north side of the street. Adding two Multiple-Family high density duplex units will only make traffic worse.

5. It has been made clear by research that multi family duplex units depreciate the overall property value of the neighborhood. Why is it that an individual can buy a property, change the zoning then devalue the homeowners equity just because they want to make money? When one duplex moves in on your street, you've lost some equity. When two or more are allowed to be rezoned and built, you've lost considerably more equity. This effects every homeowner negatively, especially the ones on

Whetstine Avenue where this rezoning is proposed. Since these home values are already at a lower marker price point we have everything to lose, especially if its your only or biggest investment. The Greseth Family LLC however has everything to gain. This one man can take away all we have worked for.

6. We currently have multiple sober living homes in our neighborhood which adds considerable depreciation to our home value. Our crime rate is going up thanks to our new unregulated drug addicted multi-family rental neighbors in residential areas being allowed to move in everywhere un noticed. By rezoning this property you the City Council are allowing the possibility of more sober living multi family locations to creep into our neighborhood, and city. As this rezoning will make it the perfect property for this type of housing. Our local newspapers continue to report what unfortunate circumstances the City of Prescott is in with this particular problem. As a home owner, this is a cry for help. Where and when is the line drawn on these devastating negative changes to our city and town? There is no reason more rezoning and high density multi-family duplexes in residential areas are needed aside from one individual's need for greed as many other struggling working homeowners try to keep the value of their investment in this hard hit slow returning economy. I ask you, the City Council members, to make a responsible decision based on the current domino effect that is in motion. By continuing to grant these zoning changes in all of Prescott's residential neighborhoods its clear the direction and reputation of this once respected town will continue to diminish. Please banish the rezoning proposal for 926 Whetstine Avenue before we are inundated with more unregulated sober living drug addiction recovery homes as our neighbors.

Thank you

Marc Parent
929 Whetstine Avenue
Prescott, Az. 86305

RECEIVED
APR 14 2015
CITY OF PRESCOTT
COMMUNITY DEVELOPMENT

April 14, 2015

City of Prescott Community Development Department
201 S. Cortez Street
Prescott, Arizona, 86303

Re: RZ15-002, 926 Whetstine Avenue

Gentlemen:

We are the owners of the property at 921 Whetstine Avenue, directly across the street from the subject property. While we have no problem with the owners building a couple of duplexes on their property as competition to ours, we have several concerns. At about the same time we received notice of their intent to change use of their property, there was a large roll off dumpster dropped off at the adjacent property at 924 Whetstine. Apparently, someone was in the process of extensive interior demolition. It is important to note that 924 Whetstine had been for sale for quite some time, and we had previously observed that both 924 and 926 Whetstine had been utilized by the same organization. 924 Whetstine is zoned commercial. Having toured the inside of that property while it was for sale, it was obviously set up for a "rehab" style use which included a theater room complete with theater style seating. It had several kitchens, living and dining quarters, bathroom and gathering areas in a very "communal" style.

Years ago, we observed another "rehab" organization's setting up of a similar situation on First near Hillside with combination meeting and adjacent living quarters. We have great concern that this is what is happening here.

We have been to the City three times in person, as well as a follow up phone call, since we received your notice in the mail about three weeks ago. We met with Randall Pluimer, Chief Building Officer and George Worley, Planning Manager who have not been able to provide information to us to allay our concerns. Each time we came we were assured that they would call us, and we have yet to receive any response as of this date.

Our concern is that the owner of 926 Whetstine is simply building institutional housing for the contiguous property in order to house "rehab" patients for their time before, during and/or after "rehab". While very profitable for the owner of the property, it will be detrimental to the neighboring properties. It is also very close to an existing "rehab" property at 12th and Willow Creek.

Unless these concerns can be addressed, we strongly oppose the rezoning of this property to Multi-Family High Density use.

Sincerely,

Ron Starick

Jeanne Starick

Jeanne Starick

April 13, 2015

Prescott Community Development Department
201E. Cortez
Prescott, Az. 86303

Dear Department,

As a Home Owner in the Tri City Area, I understand too well what re zoning does to the neighborhood. I am so disappointed that not just the city of Prescott, but Prescott Valley as well allows the chopping up of a community. It is clear there are no restrictions in place to protect the homeowners in this entire community. Very poor planning for this area. I sympathies with the rezoning request for Prescott's Whestine Avenue homeowners. No wonder why there is so much talk about long time residents wanting to move out of the area due to the chopped up residential areas, and the problems that exist because of it. It clearly leads a pathway to the unregulated unwanted half way houses bombarding our Tri City area. This re zoning request only grants more access to more sober living housing. As a community, our Tri City area does not have the capacity to offer jobs to these many individuals wondering around in the day time in large groups looking for work. I only see problems and failure for this type of unorganized program to continue splitting our Tri Ctiy area at the seams. I do not support re zoning of any residential neighborhood as it depreciates my home value. The saying "This is everybody's hometown", makes me wonder what kind of town its becoming. Looks to me like its becoming a drug rehab community, and the rest of our homeowners are paying the price.
Why does re zoning a perfectly nice residential neighborhood make sense. Why cant they build or buy in the proper zoning areas, so they don't impose this crisis upon us.

Please don't approve this re zoning to 926 Whetstine Avenue.

Thank you,

Dolores J. Gockel

Dolores Gockel
3565 Christine Drive
Prescott Valley, Arizona 86314

COMMUNITY DEVELOPMENT
City of Prescott, Arizona
Date Received: 4-20-15
Time Received: 8:00 am pm
Received by: SMD

To whom it may concern.

I am writing in regards to the re-zoning of 926 Whetstine Ave. I wish to express my reservations of this action. The street is a relativity quiet neighborhood, and I feel that by rezoning to a higher multifamily density will transform the neighborhood into a more commercial atmosphere, with increased traffic and unsafe travel conditions. There are no sidewalks, so foot travel will all be in the street. With increase traffic, this increases the likelihood of accidents with pedestrians.

Our property is next to 926 Whetstine, and the location of the buildings that will placed will encroach upon our privacy and block our views of the surrounding landmarks.

Thanks for reading my letter in regards to these actions you are about to take.

Thanks,

Jason Jacobs

COMMUNITY DEVELOPMENT
City of Prescott, Arizona
Date Received: 4-22-15
Time Received: 11 : 08 am pm
Received by: SMD

April 20, 2015

To Whom It May Concern:

This letter is regarding the request for the rezoning of 926 Whetstine Ave from a Single-Family to a Multi-Family High Density property. My husband and I just recently purchased the property directly adjacent to this property, 924 Whetstine Ave. We are excited about our property due to the fact that it is located on a quiet, safe, low traffic street. We also have a very nice view of Thumb Butte from our house and deck.

The current plans presented by the Greseth Family will not only increase traffic and noise, but also obstruct our view. I am very upset about this request, especially because the plans are showing a unit to be placed so close to my property line. In addition, the property is located at the highest point on Whetstine. Placing apartment buildings on this property will definitely invade my privacy and the privacy of everyone on the street. I do not feel that the plans of this family are being made with consideration of the neighborhood. I feel that 926 Whetstine is not the appropriate location for what the Greseth Family is presenting. All the houses on Whetstine Ave. are residential, not commercial and there is not enough space to turn the property into something other than what it is without changing the entire dynamic of the neighborhood.

Thank you for taking the time to read this letter. Please consider my concerns as you make your decision for the request to rezone 926 Whetstine Ave.

Sincerely,

Marcie Jacobs

COMMUNITY DEVELOPMENT
City of Prescott, Arizona
Date Received: 4-22-15
Time Received: 11:08 am pm
Received by: SMP

COMMUNITY DEVELOPMENT
City of Prescott, Arizona
Date Received: 4/21/15
Time Received: 2 : 33 am pm
Received by: SMD

April 20, 2015

Dear Mr Worley

This letter is in regards to the rezoning request of 926 Whetstine from single family to multi-family high density.

I purchased a house in a single family area for a reason. I did not want to live next to apartment complexes because of the noise and congestion. I did not want crowds of people making noise all night long. Despite the proximity to Walmart, Whetstine is a quiet street at night.

Rezoning 926 Whetstine would singlehandedly ***more than double*** the population on a street which is already poorly maintained and congested. In the 9 years I have lived here the street has not been paved once. The potholes are patched every year or so and these patches last for a few months at best. Traffic from people coming from Willow Creek to Walmart across Gail Gardner has increased dramatically in that time as have the accidents. I have lost count of the number of accidents which have occurred on the corner of Whetstine and Gail Gardner as this has become almost a monthly occurrence. This street was not designed for high traffic, however the addition of Walmart has pushed traffic to its limits. Additionally the steep hill and infrequent snow plowing coupled with adding more vehicles is recipe for disaster.

The city seems to have no effective regulations in regards to how many people can live in a dwelling. I have no idea how many people will be living in this structure 5 years from now. As it stands now there could be any number from 10 to 30. Maybe more. If they all have vehicles 10 spaces will not be adequate. Will they also park on the side of the street obstructing vision making a dangerous situation even worse? I have been almost hit by cars more times than I can count on this street. There are no sidewalks, with people parked along the side of the street exactly where are pedestrians expected to walk?

This project does absolutely nothing to benefit the existing residents, many of whom have lived here for decades. It does however impose hardships on them. It does however disrupt their lives. It creates dangerous situations with traffic and makes an already bad traffic situation worse.

The owners of 926 Whetstine were aware of what their zoning was when they purchased the property as was I when I purchased mine. Now however that isn't good enough for them and they would like to launch a speculative venture that may or may not work. If it works, they are the ones that will benefit from it. Regardless of whether it works or not however the rest of the residents of Whetstine will be the ones who pay the price without receiving any benefit. I can not think of one possible way that I would benefit from this project but I can think of countless where I would have my quality of life harmed. Zoning laws are there to protect the population as a whole from those who would degrade everyones quality of life so they alone could profit. Zoning laws prevent me from turning my property into an aluminum smelting plant not to punish me, but to protect the rights and property of my neighbors. Does this project benefit the neighborhood in general? The consensus seems to be no, it does not. I have no problem with the lot being split and single family houses being built but this project is totally out of character for the neighborhood and harms everyone here in one way or another.

As a side note, I frequently walk my dog down the street. Yesterday I walked the dog down the street past the lot in question and there was no signage in regards to the zoning meeting. When I walked down the street today, there was. It appears to me, and to several neighbors I talked to that this is the first time the signs have been in place. It is my understanding that the signs must be up long before the hearing in question, not 12 days before.

Jamie Stewart
931 Whetstine
Prescott, Az 86302

April 14, 2015

City of Prescott Community Development Department
201 S. Cortez Street
Prescott, Arizona, 86303

Re: RZ15-002, 926 Whetstine Avenue

Gentlemen:

We are the owners of the property at 921 Whetstine Avenue, directly across the street from the subject property. While we have no problem with the owners building a couple of duplexes on their property as competition to ours, we have several concerns. At about the same time we received notice of their intent to change use of their property, there was a large roll off dumpster dropped off at the adjacent property at 924 Whetstine. Apparently, someone was in the process of extensive interior demolition. It is important to note that 924 Whetstine had been for sale for quite some time, and we had previously observed that both 924 and 926 Whetstine had been utilized by the same organization. 924 Whetstine is zoned commercial. Having toured the inside of that property while it was for sale, it was obviously set up for a "rehab" style use which included a theater room complete with theater style seating. It had several kitchens, living and dining quarters, bathroom and gathering areas in a very "communal" style.

Years ago, we observed another "rehab" organization's setting up of a similar situation on First near Hillside with combination meeting and adjacent living quarters. We have great concern that this is what is happening here.

We have been to the City three times in person, as well as a follow up phone call, since we received your notice in the mail about three weeks ago. We met with Randall Pluimer, Chief Building Officer and George Worley, Planning Manager who have not been able to provide information to us to allay our concerns. Each time we came we were assured that they would call us, and we have yet to receive any response as of this date.

Our concern is that the owner of 926 Whetstine is simply building institutional housing for the contiguous property in order to house "rehab" patients for their time before, during and/or after "rehab". While very profitable for the owner of the property, it will be detrimental to the neighboring properties. It is also very close to an existing "rehab" property at 12th and Willow Creek.

Unless these concerns can be addressed, we strongly oppose the rezoning of this property to Multi-Family High Density use.

Sincerely,

Ron Starick

Jeanne Starick

Jeanne Starick

5881 Nightshade Lane
Prescott, AZ 86305
April 19, 2015

Prescott Planning and Zoning
City of Prescott
201 S. Cortez
Prescott, AZ 86303

Commissioners,

I am a homeowner and 14 year resident of Prescott. I write to express my concern when single family residential properties are rezoned as multi-family properties for the sole purpose creating "sober housing" or other types of drug and chemical rehab centers. We all see the need for humane treatment of those struggling with addictions. That canard will likely be used at future hearings. The issue is where these homes should be allowed. Many of us that moved to Prescott used our life savings to buy our retirement house. Any Prescott realtor will tell the Commission that having a sober house next door, or even down the street, will devastate the value of single family homes.

I'm particularly concerned about the proposed rezoning of a property at 926 Whetstine Ave. This proposal will be heard by you on April 30th. Although I don't live on Whetstine, friends that do have already witnessed the effects of a nearby rehab facility. Residents near the facility are subjected to late night traffic and loud back yard conversations at all hours. They've lost the private enjoyment of the homes as addicts peer into their homes and yards.

I urge the Commission to reject the rezoning application and keep the entire street zoned for single family housing.

Paul R. Feirick

5881 Nightshade Lane
Prescott, AZ 86305
April 19, 2015

Prescott Planning and Zoning
City of Prescott
201 S. Cortez
Prescott, AZ 86303

Commissioners,

I am a homeowner and 14 year resident of Prescott. I write to express my concern when single family residential properties are rezoned as multi-family properties for the sole purpose creating "sober housing" or other types of drug and chemical rehab centers. We all see the need for humane treatment of those struggling with addictions. The issue is where these homes should be allowed. Many of us that moved to Prescott used our life savings to buy our retirement house. Any Prescott realtor will tell the Commission that having a sober house next door, or even down the street, will devastate the value of single family homes.

I'm particularly concerned about the proposed rezoning of a property at 926 Whetstine Ave. This proposal will be heard by you on April 30th. Although I don't live on Whetstine, friends that do have already witnessed the effects of a nearby rehab facility. Residents near the facility are subjected to late night traffic and loud back yard conversations at all hours. They've lost the private enjoyment of the homes as addicts peer into their homes and yards.

I urge the Commission to reject the rezoning application and keep the entire street zoned for single family housing.

Deanne L. Feirick

Deanne L. Feirick

COMMUNITY DEVELOPMENT
City of Prescott, Arizona
Date Received: 4-23-15
Time Received: ___ am pm
Received by: Mailroom

ORDINANCE NO. 4947-1485

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AMENDING THE ZONING OF CERTAIN PROPERTY WITHIN THE CITY OF PRESCOTT LOCATED AT 926 WHETSTINE AVENUE, FROM SINGLE-FAMILY 9 (SF-9), ZONING DISTRICT TO MULTIFAMILY HIGH (MF-H) ZONING DISTRICT.

RECITALS:

WHEREAS, the owners of certain properties within the corporate limits of the City of Prescott have requested a rezoning of their property; and

WHEREAS, the Planning and Zoning Commission of the City of Prescott has held public hearings regarding said rezoning; and

WHEREAS, the City Council of the City of Prescott has determined that it would be in the best interest of public necessity, interest, convenience or general welfare to rezone certain property; and consistent with the General Plan; and

WHEREAS, the requirements of Section 9.15 of the City of Prescott *Land Development Code* have been met.

ENACTMENTS:

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

SECTION 1. THAT, the following described parcel of land, further described in Exhibit A attached hereto and made a part hereof, is hereby reclassified as follows: Single-family 9 (SF-9) zoning district to Multifamily High (MF-H) zoning district.

SECTION 2. THAT the Mayor and Staff are hereby authorized to take all necessary steps to effectuate such rezoning.

PASSED AND ADOPTED by the Mayor and Council of the City of Prescott on this ___ day of ______________, 2015.

____

MARLIN D. KUYKENDALL, Mayor

ATTEST:

APPROVED AS TO FORM:

DANA R. DeLONG, City Clerk

JON M. PALADINI, City Attorney

RESOLUTION NO. 4305-1514

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AMENDING THE 2003 GENERAL PLAN LAND USE MAP DESIGNATION AT 926 WHETSTINE AVENUE FROM "LOW-MEDIUM DENSITY RESIDENTIAL" TO "MEDIUM-HIGH DENSITY RESIDENTIAL".

RECITALS:

WHEREAS, the City of Prescott has received a request to amend the 2003 General Plan Land Use Map pertaining to a property at 926 Whetstine Avenue; and,

WHEREAS, the Planning and Zoning Commission of the City of Prescott has held public hearings regarding said amendments and voted to recommend approval of the request; and

WHEREAS, THE City Council of the City of Prescott has determined that it would be in the best interest of the public to amend the 2003 General Plan Land Use Map pertaining to said property; and,

WHEREAS, the requirements of the 2003 Prescott General Plan ratified on May 18, 2004, ARS Section 9-461.11, and Resolution No. 3678 have been met.

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

SECTION 1. That the General Plan Map be amended to reflect a new designation of "Medium-High Density Residential" for 926 Whetstine Avenue.

SECTION 2. That the Mayor and staff are hereby authorized to take all such steps as may be necessary to effectuate said "General Plan Land Use Map" amendment.

PASSED AND ADOPTED by the Mayor and Council of the City of Prescott on this _____ day of _______________, 2015.

____

MARLIN D. KUYKENDALL, Mayor

ATTEST:

____

DANA R. DeLONG, City Clerk

APPROVED AS TO FORM:

____

JON M. PALADINI, City Attorney

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: Fire

AGENDA ITEM: Approval of payment to Trauma Intervention Programs of Arizona, Inc. (TIP), in the amount of $23,906.00 for Fiscal Year 2016

Approved By:		**Date:**
Fire Chief:	Light, Dennis	07/17/2015
City Manager:	McConnell, Craig	07/21/2015

Item Summary

This item requests approval of payment to Trauma Intervention Programs of Arizona, Inc. (TIP), in the amount of $23,906.00 for Fiscal Year 2016.

The Agreement for Trauma Intervention Services was approved by Mayor and Council on November 12, 2013 (City Contract No. 2014-058). The contract automatically renews annually unless otherwise terminated, and the contract amount is calculated at the rate of $0.60 per City resident.

Background

TIP is a national, non-profit organization founded in 1985. TIP's primary purpose is to ensure that those who are emotionally traumatized receive the support they need immediately following a crisis event.

TIP consists of a group of specially trained volunteers who provide emotional aid and practical support to victims of traumatic events and their families in the initial hours following a tragedy to which the Police and Fire Departments respond (see attached summary). TIP volunteers are available 24 hours a day, 365 days a year. They are called by police officers, firefighters, and paramedic personnel to assist family members and friends following a natural or unexpected death; victims of violent crimes including rape, assault, robbery, or burglary, victims of fire, disoriented or lonely elderly persons, people involved in motor vehicle accidents, people who are distraught and seeking immediate support, and survivors of suicide.

During Fiscal Year 2015, TIP volunteers worked with the Prescott Police Department and

Prescott Fire Department on 171 calls.

Financial Impact

The service is budgeted in the General Fund, $11,953.00 to each of the Police and Fire Departments, for a total cost of $23,906.00.

Attachments

1. Summary of services (07-10-15)

Recommended Action: MOVE to approve payment to Trauma Intervention Programs of Arizona, Inc., in the amount of $23,906.00 for Fiscal Year 2016.

Trauma Intervention Programs of Arizona, Inc.

"Citizens Helping Citizens in Crisis"

Our Mission: To provide immediate emotional and practical support to individuals and families who are experiencing a crisis in their lives. We believe that no one should be alone during a time of need.

July 10, 2015

Chief Dennis Light
Prescott Fire Department
1700 Iron Springs Road
Prescott, AZ 86305

Dear Chief Light;

Trauma Intervention Programs of Arizona Inc. (TIP) is a nonprofit 501(c)3 organization affiliated with Trauma Intervention Programs, Inc., a national nonprofit organization. TIP's primary purpose is to ensure that those who are emotionally traumatized receive the support they need immediately following a crisis event and is designed to prevent the secondary victimization that all too often occurs with the loss of life incidents.

The Trauma Intervention Programs of Arizona, Inc was founded in 2000 as the Yavapai Chapter of Trauma Intervention Programs, Inc. and became an affiliate of the national organization in 2006.

TIP is a group of specially trained volunteers who provide emotional aid and practical support to victims of traumatic events and their families in the first few hours following a tragedy.

TIP Volunteers are available 24 hours a day, 365 days a year. They are called by police officers, firefighters, paramedics, and hospital personnel to assist family members and friends following a natural or unexpected death; victims of violent crime including rape, assault, robbery, or burglary; victims of fire; disoriented or lonely elderly persons; people involved in motor vehicle accidents; people who are distraught and seeking immediate support; and survivors of suicide.

The City of Prescott currently pays TIP $23,906.00 annually and we have no plans to increase the amount for the 2015-2016 fiscal year.

During the last fiscal year TIP responded to 171 requests by Prescott Fire and Prescott Police with an average response time of 27 minutes, average time on a call of 2 hours 14 minutes and assisting 524 citizens.

Sincerely,

Susan Rutherford, R.N.
Executive Director

P.O. Box 25195 * Prescott Valley, AZ 86312 * (928)445-4655 * Fax (866)717-8189
www.TIPofAZ.org

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING SESSION 7-28-15

DEPARTMENT: Field and Facilities Services

AGENDA ITEM: Award of City Contract No. 2015-198 to Pioneer Distributing for supply of oil and lubricants in an annual amount not to exceed $40,000.00 (various funds)

Approved By:	Date:
Deputy City Manager: Zelms, Alison	07/15/2015
City Manager: McConnell, Craig	07/20/2015

Item Summary

Approval of this item will award a three-year contract to Pioneer Distributing, Phoenix, AZ, for supply of oil and lubricants. Annual expenditures under the contract are estimated at $40,000.00.

Background

In May 2015, the Field and Facilities Services Department conducted a formal bid process for oil and lubricants required by Fleet Maintenance to provide preventative maintenance for City vehicles and heavy equipment.

Products are provided by the supplier in bulk following orders by Fleet Maintenance, which monitors needs and inventories. The products include oil, hydraulic fluids, grease, antifreeze and solvents.

The term of the contract is for three years, and may be administratively extended for up to two additional one-year periods by mutual agreement of the parties. Price changes for succeeding years are adjusted in accordance with the Consumer Price Index (CPI), not to exceed three (3) percent increase or decrease in any adjustment period.

Bid Results

Six proposals were received and evaluated by multiplying the typical annual use of each type of oil or lubricant by the associated bid unit price. The results are indicated in the table below.

Agenda Item: Award of City Contract No. 2015-198 to Pioneer Distributing for supply of oil and lubricants in an annual amount not to exceed $40,000.00 (various funds)

Bidder	Location	Estimated Annual Expenditure (not including tax)
Pioneer Distributing	Phoenix, AZ	$37,609.11
Canyon State Oil	Phoenix, AZ	$39,472.32
Synergy Petroleum	Phoenix, AZ	$39,665.28
Bradco Fuels and Lubes	Holbrook, AZ	$43,449.15
Bennett Oil	Prescott, AZ	$43,921.31
Rush Trucks	Tolleson, AZ	$57,137.02

Award of the bid to Pioneer Distributing as the lowest, responsive, responsible bidder is recommended. Subsequent checks of references and performance were made with a positive result.

Financial Impact

Annual expenditures under this contract are estimated to fall within the proposed authorization of $40,000.00 based upon the quantities of prior years. It is estimated that the City will realize an overall cost savings of 17% from the FY 15 total via this contract, primarily due to the lower cost of oil. Funding is available within the FY 16 operating budgets of the various departments from which Fleet Maintenance charges are paid.

Attachment

1. Pioneer Distributing proposal dated June 23, 2015

Recommended Action: **MOVE** to award City Contract No. 2015-198 to Pioneer Distributing for supply of oil and lubricants in an annual amount not to exceed $40,000.00.

Form A – Solicitation Response Cover Sheet

CITY OF PRESCOTT
Everybody's Hometown

City of Prescott
Solicitation Response

Description.................Oil and Lubricants

Please note all that apply:

☒ Addenda Number(s) Received (if any)

☒ Original Forms A through G plus two (2) photocopies

Business Name: Pioneer Distributing

Business Address: 1300 N. 24th Ave.
Phoenix, AZ 85009

E-Mail: bids@pioneerdistributing.com

Business Phone: (602) 278-2693

Business Fax: (602) 278-0285

Business Contact: Susie Ingram

Supplier Comments:

Dated this 23rd **day of** June **2015.**

Signature

Sales Manager
Title

PIONEER
DISTRIBUTING CO.

Petroleum Products • Lubrication Equipment & Repair • Fuel

T. SUSIE INGRAM
GENERAL MANAGER
MOBILE (480) 204-6792
susie@pioneerdistributing.com

Main Office (602) 278-2693 Fax (602) 278-0285
1300 N. 24th Ave., Phoenix, Arizona 85009
www.pioneerdistributing.com

PIONEER
DISTRIBUTING CO.

1300 NORTH 24th AVENUE
PHOENIX, ARIZONA 85009
(602) 278-2693

4334 EAST ILLINOIS STREET
TUCSON, AZ 85714
(800) 936-4548

www.pioneerdistributing.com

June 23, 2015

House Account
Sales Representative
Mobile:
Office: (602) 278-2693
1300 North 24th Avenue
Phoenix, Arizona 85009

CITY OF PRESCOTT
201 S CORTEZ ST
PRESCOTT, AZ 86303

PAM RISALITI,

We truly value our customers and want to earn your business with the following quote:

Item Number	Product Description	Price / Gallon	U of M	Total Price
WD195B	MAG 1 SN/GF-5 5W-20 SYN BLEND	6.74	GAL	6.74
WD292B	MAG 1 CJ-4 S/N 15W-40 BULK	8.78	GAL	8.78
WD292G	MAG 1 FLEET15W-40 CJ-4 3/1 GAL	10.53	3GA	31.59
WD200C	MAG 1 5W-30 DEXOS FULL SYN 1/55	10.47	55G	575.85
MAG264C	MAGNUM SN/GF-5 10-30 1/55	6.52	55G	358.60
WD184B	MAG 1 DEX VI MERC LV MV SYN ATF	11.14	GAL	11.14
WD231C	MAG 1 UNI TRACTOR HYD FLUID 55G	6.31	55G	347.05
WD087B	MAG 1 AW HYDRAULIC OIL 68 BULK	6.24	GAL	6.24
MAG081C	MAGNUM HYDRAULIC AW 32 1/55	6.53	55G	359.15
WD072C	MAG 1 80W-90 GEAR OIL 1/55	10.49	55G	576.95
MAG137C	MAGNUM RED HI-TEMP EP #2 1/400	2.08	400	832.00
MAG137E	MAGNUM RED HI-TEMP EP #2 1/120	2.35	120	282.00
CATO5438M	MYSTIK JT-6 HI-TEMP #2 TUBE	3.35	14Z	2.93
SOL140C	PETROLEUM DISTILLATE,	6.71	55G	369.05
ANTI08B	MAG 50/50 UNIVERSAL ANTIFREEZE	6.50	GAL	6.50

Form C – Bid Certification

Bidder Name: Pioneer Distributing

The undersigned Bidder hereby certifies as follows:

C.1 That he/she has read The City of Prescott's solicitation documents, its appendices and attachments, and the following Addenda, and to the best of his/her knowledge, has complied with the mandatory requirements stated therein.

Addendum	Issue Date
#1	June 11, 2015
#2	June 19, 2015
#3	June 19, 2015

C.2 That he/she has had opportunity to ask questions regarding the solicitation, and that such questions having been asked, have been answered by the City.

C.3 That the Bidder's bid consists of the following:

1. Form A – Solicitation response cover sheet
2. Form B – Price Sheet
3. Form C – Bid Certification
4. Form D – Non-Collusion Certificate
5. Form E – Certificate of Ownership
6. Form F – Bidder Qualifications, Representations and Warranties; Bidder to provide attachment: Attachment – Subcontractor's List
7. Form G – Optional Bidder Information

C.4 That the Bidder's bid is valid for 120 days.

Dated this 23rd **day of** June **2015.**

[signature]
Signature

Sales Manager
Title

Form D – Non-Collusion Certificate

Bidder Name: Pioneer Distributing

The undersigned Bidder hereby certifies as follows:

To the best of his/her knowledge, the person, firm, association, partnership or corporation herein, has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive pricing in the preparation and submission of a bid to the City of Prescott for consideration in the award of this solicitation.

Dated this 23rd **day of** June **2015.**

Signature — Title: Sales Manager

Form E – Certificate of Ownership

Bidder Name: Pioneer Distributing

The undersigned Bidder hereby certifies as follows:

To the best of his/her knowledge, the person, firm, association, partnership or corporation herein, are the only person, firms, corporations, partnerships, or other associations having any direct or indirect financial interest in the Bidder's business as legal or equitable owner, creditor (except current bills for operating expenses), or holder of any security or other evidence of indebtedness.

Dated this 23rd **day of** June **2015.**

Signature

Sales Manager
Title

Form F – Bidder Qualifications, Representations and Warranties

Bidder Name: Pioneer Distributing

The undersigned Bidder hereby certifies as follows:

F1 Meets Minimum Specifications

	YES	NO
Furnish and install all labor, materials, equipment and services to complete specified remediation per the Specifications and Scope of Work.	X	

F2 **Taxes and Liens** - Bidder has no unsatisfied tax, judgment lien or disbarment on record.

F3 **Subcontractors** – Bidder submits as Attachment 1 to this Bid Form F a list of all subcontractors it will use in performing the requirements of the agreement resulting from this solicitation. A subcontractor is any separate legal entity used to perform requirements of the proposed agreement. The list shall include the firm's name, contact person and title, mailing address, telephone number, fax number and a description of the service(s) to be subcontracted. Bidder shall also attach a copy of the letter from the subcontractor stating its commitment to perform the services(s) subcontracted.

F4 **References** – The City will enter into an agreement only with a Bidder(s) having a reputation of satisfactory performance. The Bidder's ability to provide timely service; knowledgeable, conscientious, and courteous staff; reasonable care and skill; invoicing consistent with contract pricing, etc., are important to the City. Bidder provides information for two clients, other than the City of Prescott, that presently contract with Bidder for similar goods or services:

Reference #1
Firm Name: City of Peoria
Address: 8401 W. Monroe St., Peoria AZ 85345
Contact Person: Charlie Johnson
Phone Number: 623-773-7498
E-Mail Charlie.Johnson@peoriaaz.gov

Reference #2
Firm Name: City of Phoenix
Address: 2441 S. 22nd Ave. Phoenix, AZ 85009
Contact Person: Rudy Romero
Phone Number: 602-312-9855
E-Mail rudy.romero@phoenix.gov

Reference #3
Firm Name:
Address:
Contact Person:
Phone Number:
E-Mail

Note: The bid evaluators may contact the customer references, as well as any other customers or customer employees including the City of Prescott. A Bidder with unsatisfactory references may have its bid rejected.

F5 **Bidder's Examination** - Bidder has made its own examination, investigation and research regarding the requirements of the solicitation including but not limited to the work to be done, services to be performed, any conditions affecting the work and services, the type and quantity of labor, equipment and facilities necessary to perform. Bidder fully understands the character of the work and services, the manner in which payment is to be made, the terms and conditions of the draft agreement, and the solicitation. Bidder acknowledges and agrees that it has satisfied itself by its own examination, investigation and research, and that is will make no claim against the City because of erroneous estimates, statements, or interpretations made by City. Bidder hereby proposes to furnish all materials, equipment, and facilities and to perform all labor which may be required to do the work within the time required and upon the terms and conditions provided in the draft agreement and the solicitation, and at the prices as bid.

Dated this 23rd **day of** June **2015.**

Signature | Sales Manager
Title

Form G – Bidder Optional Information

Bidder Name: Pioneer Distributing

Bid Form G is for informational purposes only, is not required to be answered or submitted, and responses will not be taken into consideration in bid evaluation, or in agreement award or administration. Bidder may complete, sign, and submit Bid Form G.

Affirmative Efforts to Utilize WMBEs – The City encourages the utilization of woman-owned and minority-owned businesses and the participation of such businesses in City bidding opportunities. The City requests Bidder to designate whether it is a State certified woman or minority owned business (WMBE), or whether the Bidder desires to self-identify as owned by women or minorities.

WMBE Status:

Certification:
_____ Women's Business Enterprise
_____ Minority Business Enterprise
_____ Minority and Women's Business Enterprise
_____ Disadvantaged Business Enterprise

WMBE Certification No.____________

DBE Certification No.____________

Ethnicity:
_____ Asian American
_____ African American
_____ Hispanic
_____ Native American
_____ White

Gender: _____ Male _____ Female

Self-Identification: If Bidder is not WMBE or DBE Certified, please select one category of ownership that best describes the ownership of Bidder:

Is Bidder at least 51% owned by one or more women? __X__ Yes _____ No

Is Bidder at least 51% minority owned? _____ Yes _____ No

Ethnicity:
_____ Asian American
_____ African American
_____ Hispanic
_____ Native American
__X__ White

Gender: _____ Male __X__ Female

We are proud to offer you next day delivery, emergency deliveries, 24 hour customer service hotline and the foremost industry leading products to meet every application.

Thank you for the opportunity to provide you with this quote. I look forward to hearing from you soon, so that we can be the home for your total service experience.

House Account
Sales Representative

Terms: Net 30 on approved credit.
Payment Options: Cash, Check, EFT and Credit Card.
Equipment: Available for loan based on volume.

*Quality Products * Excellence in Service*
Since 1947

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING MEETING 7-28-15

DEPARTMENT: Public Works

AGENDA ITEM: Award of City Contract No. 2016-006 for the FY 2016 Pavement Rehabilitation Project to Fann Contracting, Inc., in the amount of $1,740,193.00

Approved By:		**Date:**
Director:	Hash, Henry	07/21/2015
City Manager:	McConnell, Craig	07/22/2015

Item Summary

This item is to award a contract to perform pavement rehabilitation, and pavement resurfacing on the following City streets to extend pavement life and improve the riding surface:

- Gateway Boulevard
- Gail Gardner Way
- Golden Hawk Drive
- Hassayampa Village Lane
- Horizon Hills
- College Heights

The project also includes the placement of a conventional asphalt chip seal coat on several previously unpaved streets and alleys, adjustment of utility covers to finish grade, replacement of traffic detection loops, and restoration of traffic striping.

Background

This project is part of the 2016 Pavement Preservation Program. The rehabilitation portion generally consists of removing, by milling, the upper two to three inches of existing asphalt pavement and repaving with new hot mix asphalt. The designated streets require the application of a crack reducing pavement fabric, as well as crack sealing of the milled asphalt surface. Utility covers will be adjusted to finish grade, traffic detection loops will be replaced, and traffic striping restored. Streets designated for pavement rehabilitation are Gateway Boulevard, Gail Gardner Way from Iron Springs Road to Willow Creek Road, and Golden Hawk Drive from Smoke Tree Lane to Peace Pipe.

The project also includes the application of multi-layer pavement preservation (chip seal and slurry seal) on streets in the Horizon Hills and College Heights neighborhoods. Hassayampa Village Lane is scheduled to receive microsurfacing to extend the pavement service life.

Bid Results

The project was publicly noticed two consecutive weeks in June 2015. In response to the City's request, three bids were received on July 2, 2015, as follows:

Bidder	Location	Total Bid
Fann Contracting, Inc.	Prescott, AZ	$1,740,193.00
Cactus Asphalt	Tolleson, AZ	$1,799,163.50
Asphalt Paving & Supply, Inc.	Prescott Valley, AZ	$1,868,800.00

Engineer's Estimate $1,726,640.00

Written confirmation of their bid has been received from the apparent low bidder, Fann Contracting, Inc. Verification of the company's license, bonding, references, and past performance of similar projects has been completed. The bid has been deemed responsive and balanced and is within the budget allocated for the project.

Project Schedule

The contract allows fifty (50) calendar days for completion of the work, with project milestones listed below:

Award of Contract	July 28, 2015
Pre-Construction Meeting	Week of August 10, 2015
Notice to Proceed (NTP)	Week of August 17, 2015
Substantial Project Completion	Week of October 5, 2015

Construction Warranties

The contract provides for a contractor warranty for two-years after the City's acceptance of the work being completed. The design of the pavement rehabilitation program is to provide a suitable driving surface for 7-10 years before additional pavement preservation is necessary.

Financial Impact

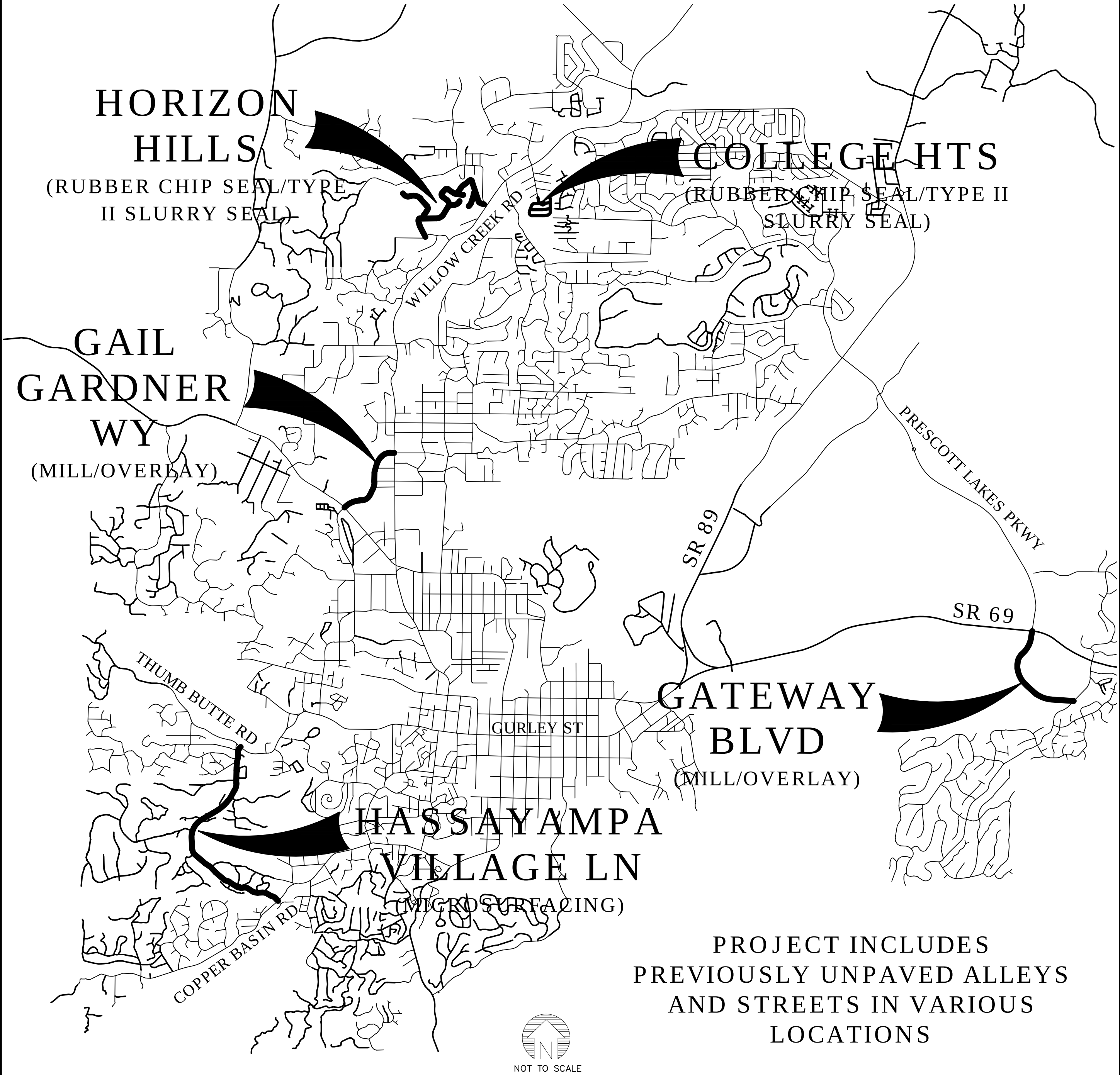
FY 2016 funding for this project is available in the Streets and Open Space Fund.

Attachments

Agenda Item: Award of City Contract No. 2016-006 for the FY 2016 Pavement Rehabilitation Project to Fann Contracting, Inc., in the amount of $1,740,193.00

1. Vicinity Map – Project City Streets
2. Vicinity Map – Project Alleys

Recommended Action: MOVE to award City Contract No. 2016-006 for the FY 2016 Pavement Rehabilitation Project to Fann Contracting, Inc., in the amount of $1,740,193.00.



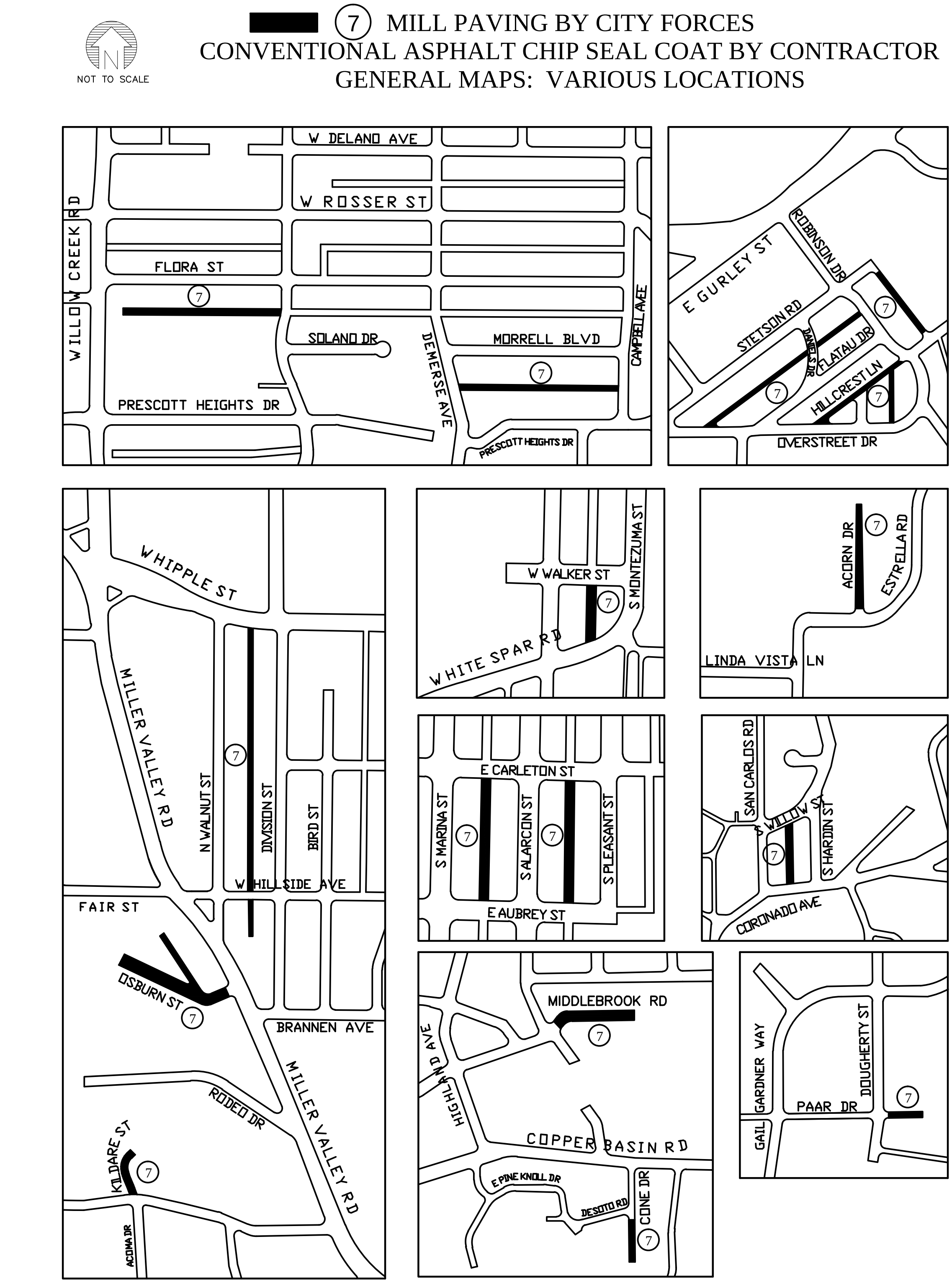
PROJECT VICINITY MAP

SHEET 1

FY 2016 PAVEMENT REHABILITATION PROJECT

CITY OF PRESCOTT
PUBLIC WORKS DEPARTMENT

MILL PAVING BY CITY FORCES
CONVENTIONAL ASPHALT CHIP SEAL COAT BY CONTRACTOR
GENERAL MAPS: VARIOUS LOCATIONS



PROJECT VICINITY MAP

SHEET 2

FY 2016 PAVEMENT REHABILITATION PROJECT

CITY OF PRESCOTT
PUBLIC WORKS DEPARTMENT

CITY OF PRESCOTT
Everybody's Hometown

COUNCIL AGENDA MEMO

MEETING DATE/TYPES: VOTING MEETING 7-28-15

DEPARTMENT: Public Works

AGENDA ITEM: Approval of Amendment No. 2 to City Contract No. 2012-223A2 with Duke's Root Control, a one-year extension for wastewater system treatment in an amount not to exceed $110,000.00

Approved By:		Date:
Director:	Hash, Henry	07/22/2015
City Manager:	McConnell, Craig	07/22/2015

Item Summary

This item is to approve Contract Amendment No. 2 to City Contract No. 2012-223A2 with Duke's Root Control, for the application of a specialized herbicide to inhibit root growth in the sanitary sewer system.

Background

Root growth in sanitary sewer systems is a common occurrence. Roots cause blockages, pipe fractures and pipe failures that result in sanitary sewer overflows, property damage and increased maintenance expenses. The purpose of this contract is to apply a specialized herbicide to predetermined areas within the City's sanitary sewer system where root intrusion has been identified through closed circuit television inspection and documented in the City's maintenance management system. The herbicide inhibits root growth up to 18-inches outside of the sewer line for up to two years without harming the vegetation producing the roots. A product brochure is attached explaining the process and the specialized herbicide.

Duke's Root Control carries a two-year guarantee against any sewer stoppages caused by live tree roots and provides an additional three-year guarantee if the line is retreated within 30 months of the initial treatment. If a treated sewer line backs up and floods due to live tree roots during the guarantee period, Duke's will re-treat that line at their own expense or provide a full refund of the payment received to treat that section of sewer.

Agenda Item: Approval of Amendment No. 2 to City Contract No. 2012-223A2 with Duke's Root Control, a one-year extension for wastewater system treatment in an amount not to exceed $110,000.00

Schedule

Duke's Root Control was awarded a two-year $224,880.00 contract with an initial term of June 2012 through June 2014. The contract allows for three additional one-year extensions under the same terms and conditions. Amendment No. 1 in the amount of $109,273.00 covered June 2014 through June 2015. Amendment No. 2 will extend the contract for the second of the three one-year periods.

The work that is scheduled for this extension is located in the Hidden Valley Ranch/Haisley Homestead area, and will retreat approximately 80,000 feet of sewer mainline ranging in size from 6 to 8 inches in diameter. This project is planned for the Fall 2015, and will take 2-3 weeks to complete. The amount treated in the Prescott Heights/Willow Lake Estates area in FY15 totaled 79,585 feet.

Financial Impact

FY 2016 funding for this extension has been budgeted and is available in the Wastewater Fund. The pricing of the original contract will remain in force for this Amendment No. 2.

Attachments

1. Duke's Root Control Letter of Agreement
2. Root Control Brochure

Recommended Action: MOVE to approve Amendment No. 2 to City Contract No. 2012-223A2 with Duke's Root Control for a one-year contract extension in an amount not to exceed $110,000.00.

DUKE'S
ROOT CONTROL, INC.
The Full-Service Root Control Experts

1020 Hiawatha Blvd., West
Syracuse, NY 13204-1131
1-800-44-ROOTS
(315) 472-4781
Fax (315) 475-4203

March 26, 2015

Scott J. Gregorio
Wastewater Superintendent
City of Prescott
1505 Sundog Ranch Road
Prescott, AZ 86301

RE: Sewer Line Chemical Root Control Project

Dear Mr. Gregorio:

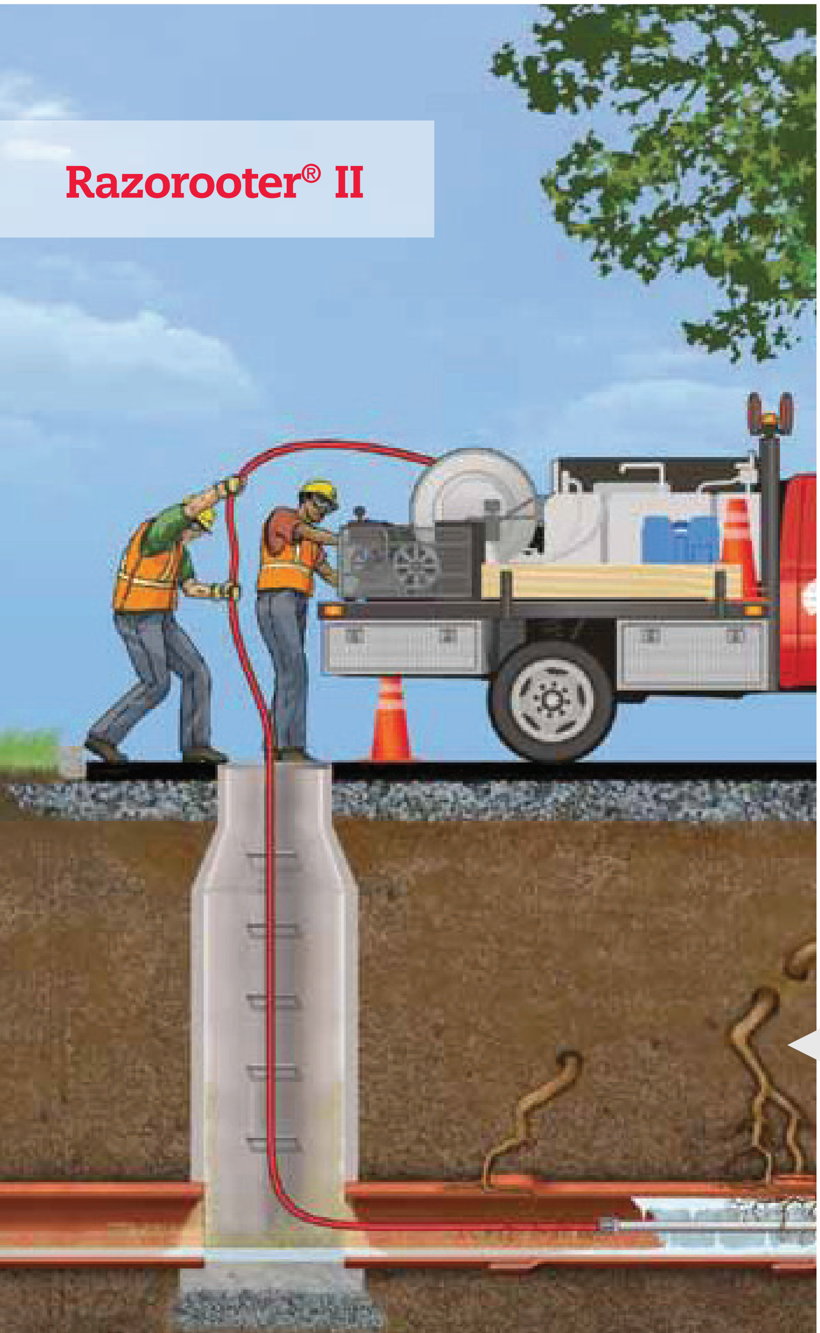
This letter is to formally state that Duke's Root Control, Inc. agrees to extend the above referenced contract under the same terms, conditions and pricing of the original contract thru December 31, 2015.

Please let me know if you require any further information. We look forward to being of service.

Sincerely,

William J. Anderson
Vice President

Razorooter® II



Roots are killed on contact inside and outside pipe walls, and the thick herbicidal foam penetrates through wye connections to kill roots in lateral lines. Trees and other above ground vegetation are not harmed, and disruption to residents and businesses is minimal.

HOW IT WORKS:

Making safety a top priority, the professional crew sets up and quickly gets to work. They insert a hose from manhole to manhole, preparing to fill the affected sewer pipe with Razorooter® II. The foam is then released, compressing against pipe surfaces, penetrating cracks, joints and connecting sewers. Roots are killed on contact, decay naturally and slough away. Foam with a thick, shaving cream consistency like Duke's is essential to adhere to roots and travel up the laterals. Duke's exclusive dense foam also packs more active chemicals in the spaces between the bubbles and has a longer retention time. Duke's applications prevent root-related stoppages for 2-3 years. We guarantee it.

Duke's Root Control continually researches the most effective products available. Razorooter® II is the only diquat-based herbicide registered by the U.S. Environmental Protection Agency (EPA) for controlling nuisance tree roots in sanitary sewer line collection systems and received a classification of "evidence of non-carcinogenicity for humans."[1] In 2014 the EPA further approved an amendment of Duke's diquat dibromide labels to lower the signal word from "warning" to "caution."

[1] *USEPA Diquat R.E.D. Facts, July 1995*