



City of Prescott

City Council - Voting Meeting

May 9, 2023 | 3:00 PM
201 N Montezuma Street
City Council Chambers, 3rd Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Mayor Goode called the meeting to order at 3:00 p.m.

2. INTRODUCTIONS / ANNOUNCEMENTS

Mayor Pro Tem Montoya stated that Bike to Work Day is Friday, May 19 and beginning at 7:00 a.m. Council members and staff will meet at 1500 W. Gurley Street by Casa Sanchez and ride to City Hall on Montezuma Street. This event is sponsored by Alternative Transportation Committee and the Pedestrian Bicycle & Traffic Advisory Committee. He also added that May 7-13 is National Travel & Tourism Week, local hospitality stakeholders work with Experience Prescott as ambassadors for Prescott and support our beautiful community and bringing visitors to Prescott to develop tax revenue. Bed Tax supports local non-profits by more than \$300,000 annually. Mayor Pro Tem Montoya also thanked city staff and volunteers who helped with the 18th Annual Whiskey Off Road event. Finally, he announced that Selina Bliss has announced that the Del Rio Springs/Glassford Dells State Parks will be included in the State Budget.

Mayor Goode stated next Thursday COVID provisions will expire throughout the United States.

3. INVOCATION - Rabbi Susan Schanerman with Temple B'rith Shalom

4. PLEDGE OF ALLEGIANCE - Mayor Pro Tem Montoya

5. ROLL CALL

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

6. PRESENTATIONS

A. Swearing in of New Prescott City Manager - Kathryn Gregory

Mayor Goode provided the Oath of Office for City Manager Katie Gregory.

B. Presentation from the Quad City Interfaith Choir

7. PROCLAMATIONS

- A. Salvation Army Week - May 15-21, 2023

Mayor Pro Tem Montoya presented the Proclamation.

- B. Centennial Recognition for Lions in Arizona

Mayor Goode presented the Proclamation.

8. OPEN CALL TO THE PUBLIC

- A. Steven Sidlovsky addressed Council regarding the Prescott Walk for Life and personhood status for the city.

- B. Jim Knaup addressed Council regarding National Bike to Work Day on Friday, May 19 and history of cycling in Prescott.

9. CONSENT AGENDA

MOTION BY MAYOR PRO TEM MONTOYA TO APPROVE CONSENT AGENDA ITEMS 8.A. THROUGH 8.C.; SECONDED BY COUNCILMAN MOORE: PASSED (7 - 0)

- A. Approval of Meeting Minutes from the April 25, 2023 Executive Session, the April 25, 2023 Study Session, the April 25, 2023 Voting Meeting, and the May 1, 2023 Special Executive Session.
- B. Adoption of Resolution No. 2023-1851 Revising Terms Lengths for Members of the Workforce Housing Committee.
- C. Adoption of Resolution No. 2023-1850 Revising the City's Policy for Membership on Boards, Commissions & Committees.
- D. Approval of City Contract No. 2021-135A1, an Amendment to City Contract No. 2021-135 to Extend the Lease Agreement with the Prescott Regional Opportunity Fund.

Councilmember Rusing pulled this Item from the Consent Agenda for further discussion. She stated that there is a potential conflict of interest because one of the Board Members for the Center for the Future is running for City Council.

City Attorney Joseph Young responded that a candidate is a member of the LLC and conflicts don't present until they are a member of the Council. He would potentially need to recuse himself in the future if he were elected, but at this time there is no conflict.

Mayor Goode added that the Prescott Regional Opportunity fund is not the Center for the Future.

Dr. John Haass addressed the Council regarding the Prescott Regional Opportunity Fund (PROF) which is not related to the Center for the Future. The LLC formed in 2020 and has been inactive since that time. He added that they are in the process of making changes to address perceived conflicts of interest and eliminate the LLC.

Mr. Young stated that any future changes shouldn't be considered at this time because they are looking at a lease agreement with PROF.

Councilmember Rusing added that they receive below-market rent and she wants to make people aware of that. If the candidate is successful, he will need to resign from the Board.

Dr. Haass responded that the Center for the Future is not a tenant nor a party to the lease. There is no legal relationship and they are not part of the lease agreement. PROF has received a break in the past in order to help incubate and accelerate new companies.

Mayor Pro Tem Montoya commented that Council has to consider in approving this lease the highest and best use of this property, given that there is a projected massive construction project adjacent to the property and a tenant who is willing to continue being there, he is in favor of voting for this. One of the changes is the ability to notice the tenant of any potential future changes.

Mayor Goode added that the work on advancing these start-up companies has been very significant and is achieving its goals.

Member of the public Howard Mechanic, addressed the Council regarding this lease agreement and the gift clause in the Arizona Constitution, he noted that when proposals like this come forward it is important for the public to know what the market rate actually is, so the Council and the public understand what is going on.

Member of the public Ralph Hess addressed the Council and added that he did internet research and found that there is a substantial reduction in fair market value on the rent in this agreement. He wonders what the benefits are for the taxpayers, which he doesn't feel has been answered.

Member of the public Tony Hamer addressed the Council regarding an effort to bring entrepreneurial companies to Prescott. He reiterated that the group is working on getting a document to disband the LLC.

Councilmember Rusing stated that she is confused about this situation and if the Center for the Future will be disbanded.

Dr. Haass responded that the Center for the Future has had no activity since it was formed as an LLC in 2020. Because the name Center for the Future was started long before the LLC or the 501(c)(3), the PROF binds them to the community and moving toward being not for profit. He hopes next time he speaks to the Council this will not be an issue.

Member of the public Bonnie McMinn stated that terminating an LLC is very simple to do and shouldn't take many years to do. She feels that this incubator concept is a really good one and should be pursued. A consortium type of situation would be a wonderful fit for this type of program. The city should look to see if there are opportunities for other tenants.

Mr. Young addressed comments regarding the gift clause, where there is below market rent you have to look at a public benefit. ARS 9-500.11 authorizes cities and towns to make expenditures for economic development which this meets the criteria for.

Councilwoman Cantelme thanked Dr. Haass for coming to the meeting today and commented on the success of SkySong at ASU which is what the goal of this program is. There is a desire to keep brain power here in the city of Prescott and it is difficult to make a living here so these are the types of programs that should be embraced.

Dr. Haass added that 1.5 full time equivalent (FTE) positions when launched are now 17.5 FTEs. They have also launched three additional companies in April event and will be doing another launch in June. They are adding jobs to the city of Prescott.

Mayor Pro Tem Montoya asked about disproportionate benefits and if the City Attorney could provide an example.

Mr. Young responded that it is not black or white, but it comes up with for-profit companies that are getting free land or real estate for their business.

Mayor Goode commented that the Council does owe the public the transparency of examining these types of contracts, even in a situation like this where the public benefit is clear. Policy should be applied each time these issues come forward.

MOTION BY COUNCILMAN MOORE TO APPROVE CITY CONTRACT NO. 2021-135A1; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

10. CONSENT ORDINANCE

- A. Adoption of Ordinance No. 2023-1829 Authorizing the Purchase of Parcel 105-03-018 Available by Tax Deed Sale from Yavapai County.
- Deputy Public Works Director Gwen Rowitsch stated that Yavapai County approached staff with a list of potential parcels that the city may be interested in. This is a paved roadway on Tamarack Lane which is very narrow. Acquiring this right-of-way will solve a number of issues, will adopt the Ordinance and make an offer of \$100 for the land transferring the deed to the city.

MOTION BY COUNCILMAN SISCHKA TO ADOPT ORDINANCE NO. 2023-1829; SECONDED BY COUNCILMAN TENNEY: (7 - 0)

11. LIQUOR LICENSE

- A. Public Hearing and Consideration for a New Series 12 Restaurant Liquor License Application from Thersa June Morse, Applicant, for Eurasia by Chef Michael
Location: 114 N. Cortez Street.
Business owner Michael Gabriel Cottabarren addressed the Council regarding the restaurant. They took over Chi's Cuisine in October and reopened in November as Eurasia. He has been a chef all his life and had restaurants previously. He is looking forward to the summer season in the location.

**MOTION BY COUNCILMEMBER RUSING TO CLOSE THE PUBLIC HEARING;
SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)**

**MOTION BY COUNCILMEMBER RUSING TO APPROVE ITEM 11.A.;
SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)**

- B. Public Hearing and Consideration for a New Series 12 Restaurant Liquor License Application from Amy S. Nations, Applicant, for Limoncello Pizzeria Napoletana.
Location: 220 W. Goodwin Street, Suites 101, 201 & 202.
Business owner Mark Daniel Eastham addressed Council regarding his restaurant. He is excited to be part of the community.

**MOTION BY COUNCILMAN TENNEY TO CLOSE THE PUBLIC HEARING;
SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)**

**MOTION BY COUNCILMAN SISCHKA TO APPROVE ITEM 11.B.; SECONDED
BY MAYOR PRO TEM MONTOYA: PASSED (7 - 0)**

12. REGULAR AGENDA

- A. Presentation from Prescott Frontier Days World's Oldest Rodeo and Approval of City Contract No. 2023-198 for the Annual Transient Occupancy (Bed Tax) Contribution to the Same.

Tourism & Economic Initiatives Manager Ann Steward introduced the discussion and thanked the Council for recognition of Tourism Week. This is a perfect example of the economic impact of events in our community and is a significant part of Prescott's history and heritage. The bed tax contribution is an annual contribution and is a budgeted expense. This contract will memorialize the contribution that has taken place for many years. The rodeo grant is just one part of the contributions made through Bed Tax.

Rodeo President Jim Dewey Brown provided a presentation to Council regarding the 2022 annual update of Rodeo events. Sponsor support last year was unprecedented and they were able to add new events including Mutton Bustin' for ages 4-7 and will now be done before each performance. The Bed Tax Contribution offsets marketing costs, promotes the city and its local businesses. This event attracts people from all over the world for the full week of events. In 2022 there were 62 events marking a 114% increase from the previous years and \$37 million in economic impact for the community.

Councilman Tenney commented that this is a huge return on investment and he is very much in favor of it. This is exactly what Bed Tax is for.

MOTION BY COUNCILMAN MOORE TO APPROVE CITY CONTRACT NO. 2023-198; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

- B. Approval of Request to Apply for a Water Infrastructure Finance Authority (WIFA) Water Conservation Program Grant for up to \$3 Million.

Deputy Public Works Director Gwen Rowitsch provided a presentation to the Council regarding an application for grant funding. Grants are complicated and have a number of requirements so the city doesn't always qualify or apply. This water conservation grant has the goal of long term reduction in water use and improving water reliability and offers up to \$250,000 per project or \$3 million for an overall program with a city match. The grant cycle ends on May 19 and if funding is received, money can be spent through 2026. Staff will be applying for a grant in the amount of \$3 million for the water meter replacement program. Moving to a smart meter program which will filter into a new app that allows residents to track water consumption. The total cost of the program is just over \$12 million, which is budgeted over the next five years.

Mayor Pro Tem Montoya thanked the staff for moving forward in applying for these grants.

Mayor Goode stated that he has looked into these smart meters and understands that many require a line of sight capability to read the meter, and asked how that will be overcome.

Ms. Rowitsch responded there is a pilot program they are working on to test that issue. Where there are line of site issues there may need to be additional infrastructure to combat that but there are many options that can be used to address that. The intent is to cover the entire city and will begin in the areas where additional infrastructure is not needed. There will be a five to six year implementation.

Councilwoman Cantelme commented that as the city develops more planned area developments with consistency, issues like topography become much easier, it is the older areas that are very difficult.

MOTION BY COUNCILMAN TENNEY TO APPROVE GRANT APPLICATION; SECONDED BY COUNCILMEMBER RUSING: PASSED (7 - 0)

13. ADJOURNMENT

Quote: "Opportunity is missed by most people because it's dressed in overalls and looks like work." - Thomas Edison

There being no further business to discuss, Mayor Goode adjourned the meeting at 4:37 p.m.



PHILIP R. GOODE, Mayor

ATTEST:


SARAH M. SIEP, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Voting Meeting of the City Council Voting Meeting of the City of Prescott, Arizona held on May 9, 2023. I further certify the meeting was duly called and held and that a quorum was present.


Sarah M. Siep, City Clerk

