



City of Prescott

City Council - Workshop Meeting

May 11, 2023 | 1:00 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 1:01 pm

2. ROLL CALL

Phil Goode - Mayor

Brandon Montoya - Mayor Pro Tem (arrived at 1:07 p.m.)

Connie Cantelme - Councilwoman

Eric Moore - Councilman

Cathey Rusing - Councilmember

Steve Sischka - Councilman

Clark Tenney - Councilman

3. DISCUSSION

A. FY24 Budget Workshop Discussions, Part I.

Finance Director Mark Woodfill provided a presentation to Council for the FY24 budget. Today will be a departmental summary of the budget and changes, and the second workshop will be on May 25th at 1 pm.

FY24 Budget Summary:

- * Market Compensation plan is included, because of inflation and its impact on the city's ability to retain employees. Council authorized a 5% CPI Adjustment in November, and an additional 6.5% and a 2% merit is included in the budget
- * There are additional positions included - 3 long-time temporary positions to be made permanent, and 24 new positions (3 grant)
- * FY24 budget includes needed increased spending on public safety
- * Other increases are necessary to maintain current service levels because of inflation and rising energy costs
- * \$111.9 million capital budget is structured to include projects that can be achieved during the fiscal year and addresses needs that have been deferred, including vehicle replacements and facility repairs

Temp Position Conversions:

- * Community Development - Planner and an Administrative Specialist
- * Public Works - Office Assistant

New Personnel:

- * Fire (6) positions
- * Police (7) positions
- * Public Works (8)

* Other (3)

Proposed Total City Budget:

Operating Budget Change - 15.2% Change from \$281,220,203 to \$251,389,059

Mr. Woodfill continued with an overview of the City's taxable activity report, bed tax collection, sales tax rates by community and property tax comparison over the last fiscal year.

FY24 Property Tax Levy:

* FY23 Property Tax Levy - \$1,905,279

* Growth in property tax new construction - \$33,786

* Max Levy without truth in taxation hearing - \$1,939,065

* No increase since 2017

* Maximum Allowable Levy Limit - \$2,227,185

* Additional Property Tax \$288,120

* Additional steps are required to adopt maximum levy - publishing truth in taxation notice in newspaper twice, after a public hearing on the property tax levy (June 27th) the adoption of levy by ordinance would take place on July 11th

* \$3.26 per \$100,000 for a property in the city of Prescott

Councilman Tenney highlighted that sales tax and property tax comparisons are the lowest of our neighboring communities.

Mayor Pro Tem Montoya asked if the property tax levy were done on a regular basis what might that look like.

Mr. Woodfill said it would be 2%. He provided an overview of the history of property tax levy and increases in the City of Prescott.

Councilman Sischka commented that in the early 2000s jurisdictions were limited by the state to the base they could increase.

Mr. Woodfill confirmed and stated that in 2006 there was a ballot issue to limit the levy to the previous year. The city's overall rate is approximately 8% which is significantly less than neighboring communities.

Mayor Pro Tem Montoya added that his commercial property tax is significantly lower than a friend in Prescott Valley who has a similar commercial property.

Mr. Woodfill stated that staff will proceed in leaving that in the budget as we move forward. He continued with an overview of the General Fund and how the revenues are separated into recurring and nonrecurring.

Recurring General Revenues:

* Local Taxes (sales, property, franchise, share of state revenue, income, motor vehicle licenses, and misc.)

* Nonrecurring (local taxes - construction, income tax - deferred filing deadlines for COVID, etc.), there are a high number of nonrecurring which is nice but not guaranteed

General Fund Operating Costs:

- * Total for FY24 - \$42,033,658 reflecting a 5.7% change from FY23
- * 74.3% goes to public safety and then broken out
- * Capital Funding comes from recurring revenues in excess of costs - \$639,862 fund balance estimate

Mr. Woodfill continued with a review of total revenues and expenditures for all funds. Estimated capital projects and an anticipated rate study will address the negatives that are projected in the overall budget.

Departments - Expenditure Summaries & Key Budgetary Items:

- * Finance - funded primarily through enterprise funds (Utility Billing) at 70%, tax base 17% of the overall budget, total expenditures \$2.7 million with four items in the AEL
- * City Court – general fund tax base 84%, \$839,110 expenditures, AEL is their recurring agreement with the County

Mayor Goode stated that he would like to see an ongoing finance report from the Court.

Mr. Woodfill said a recap of court costs/revenue can be added to the bi-bimonthly report that Council receives.

Councilwoman Cantelme asked if a grant is received from WIFA how is it applied to what is already owed on a loan.

Mr. Woodfill responded that WIFA loans are partially funded through the EPA which provides a lower interest rate and forgiven principle which comes off at the end of the loan period.

Department by Department Review:

- * City Clerk - cost recovered department, as are all administrative departments, 53% in enterprise funds and 24% from General Fund tax base, \$622,000, AEL is the budget for the elections
- * Legal - cost recovered department with \$2,607,935 with nothing on the AEL
- * City Council - 54% enterprise fund, budget \$293,258 and AEL is the Lobbying Contract with Barry Arons
- * City Manager - made up of multiple sub-departments (IT, Tourism, Economic Development, etc.) so some are cost recovered and some are not, overall budget \$7,069,970 and a number of items on the AEL

IT Director Nate Keegan reviewed the requested AEL Items for IT including replacement of communications network equipment, tower replacements.

Community Outreach Manager John Heiney addressed Council regarding the items his department is proposing for the AEL including the AZ Communications Network, Prescott Downtown Partnership Summer Concert Series and Christmas City support contracts which will likely renew at the same rates and if not they will be brought back to Council for review and approval.

Mayor Pro Tem Montoya asked the staff to address the AEL.

Mr. Woodfill responded that this came up in an effort to streamline the budget process as well as needs throughout the year. These will be key items for various departments that are often recurring expenses. If staff determined it is no longer effective or shouldn't be there it would not be in the AEL any longer or if the price varies more than 20%. It will still be included in the study packet so Council will be aware of it.

City Manager Katie Gregory added that administrative matters would fall under this. If there was anything she felt needed to come back to the Council, it would.

* Recreation Services - 73% through recurring tax base, many properties to maintain for total expenditures at \$11.8 approximately

Recreation Services Director Joe Baynes addressed the items for the Recreation Services budget including the Glassford Dells Regional Park, Granite Dells Gateway Park, West Granite Creek Park Improvements, Parks Maintenance Shop, FY24 vehicle replacements, outdoor basketball courts, recreation services pavement preservation, a new grounds master mower 4500 (replacement), equipment replacements and parks maintenance compact tractor.

Councilman Moore asked if striping is included in the pavement preservation budget for Recreation Services particularly at the Peavine Trail trailhead.

Mr. Baynes responded that it does where those would be designated areas.

Councilwoman Cantelme asked about budgeting for cameras in these trailhead parking areas to deter vehicle theft or other issues.

Mr. Baynes responded that there are some already existing, but that can be difficult to do particularly because of posting requirements. Overall, that is rare here too, which is good to keep in mind. He continued with an overview of the Golf Course budget. Revenues from this fluctuate from year-to-year which is not uncommon. Will continue to be conservative in setting the budget and anticipating and estimating revenues. There are plans to have irrigation improvements, purchases for additional golf course equipment, bunker improvements, centennial center equipment, golf course tee renovations, golf course cart path paving, Manzanita Grill equipment.

Councilman Moore asked if there has been any consideration to adding any amenities to appeal to the birding community here in Prescott.

Mr. Baynes responded that a similar project was proposed approximately 10 years ago, with a very high cost and accepted that there may be times when it wouldn't be usable certain times of year depending on weather, water levels etc. but he is always open to ideas and suggestions if that is something that the community would want.

Councilwoman Cantelme asked what part of the total budget is Recreation Services specifically.

Mr. Baynes said their expenditures may be one-time expenses but they continue to bring in many things over the years beyond when they are paid for. Look at all of these things strategically with regard to open space and purchases taking place over many years, it is economic development and quality of life.

Deputy Recreation Services Director Tim Legler addressed Council regarding the ongoing operating budget for the Fleet and Facilities, including maintenance and equipment, new City Hall, card lock system, new City Hall generator, HVAC replacements, new City Hall signage, solid waste building improvements, vehicle replacements.

Mr. Woodfill reviewed the total estimated cost for new City Hall which is \$13,308,787.

Library Director Roger Saft addressed Council regarding the updates to the ADA parking improvements at the library and that expenditure.

Mr. Young added that Council has already reviewed this information and it is part of a settlement agreement to bring the area up to code.

Councilman Moore asked if this budget includes any vehicles for a future fire station.

Fire Chief Holger Durre stated that there is an expenditure for that, mostly to be proactive because of delays in ordering equipment.

* Library - total Fiscal Year budget \$3,061,559.

Mr. Saft addressed the Council regarding recurring expenses of library books and materials, replacement of library book transit van, and Wi-Fi hot spots. The number of items being checked out continues to grow rapidly with approximately 900-1000 people per day using the library. He also reviewed the library meeting room use for a variety of community groups and purposes.

Mayor Goode asked staff to address funding for the library from the County.

Mr. Saft discussed the share of library funding that comes from the County to public libraries. It is estimated that this will be a \$162,000.00 reduction for the City of Prescott initially and has been reduced to \$79,000.

Mr. Woodfill added that the formula shows how the money is shared based on collection size, gate counts etc. There is not a specific amount designated for each and it is based on what the library district director wants to do for each municipality library.

Councilmember Rusing asked about the Community Resource position that was eliminated.

Mr. Saft responded that it was a grant funded position, which was in the proposed budget to be a full-time funded position. It was decided to forego making it a full-time position for cost purposes so it will be a part-time position in the coming fiscal year.

Mayor Goode recessed the meeting at 3:23 p.m.; the meeting was reconvened at 3:33 p.m.

* Community Development - much of the department budget is covered by their fees and only 24% comes from tax base; Mr. Woodfill continued with a review of the proposed AEL with recurring expenses and one-time expenses.

Grants Administrator Michael McInnes addressed Council regarding the CDBG Entitlement in the amount of \$255,000.00 with a carryover balance from previous years. Most are construction projects for local organizations and additional details will be before Council at the next Voting Meeting.

* Police - heavily funded by tax base, with property tax increase will help fund this department. Overall budget is \$20,096,084.

Police Chief Amy Bonney addressed Council regarding proposals for FY24 including AXON taser and fleet camera equipment, vehicle replacements, facility expansion, new vehicles, continued facility enhancements and renovations, and fleet cameras.

Councilman Moore asked about the five proposed officer positions and if those would be new.

Chief Bonney responded that she is very optimistic about these hires and is confident that the next academy will be nearly full so the positions will be filled and they will likely be fully staffed within a year.

Councilmember Rusing asked if there is any plan for a regional public safety substation in North Prescott.

Chief Bonney stated that she and Chief Durre are in contact regarding those possibilities; they have a wonderful and collaborative working relationship and these opportunities are always considered when looking at new stations and additions.

Councilwoman Cantelme asked if it is possible to build out new facilities for future needs.

Mr. Woodfill stated that they certainly could do that.

Mayor Pro Tem Montoya asked how these five additional positions will help the department.

Chief Bonney stated that this would help back-fill when someone is injured or

needs training, etc. The department currently doesn't have that option so that is being handled with overtime and staff is burning out.

* Prescott Regional Communication Center - split between partners (eight police and fire partners that we dispatch for and work with and one private entity), but there is a budget increase anticipated. Only a few items on the AEL including central square dispatch upgrades, and zetron radio software installation.

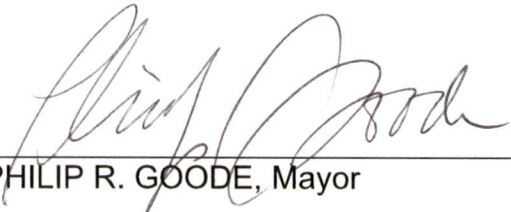
Upcoming Steps in Budget Process:

- * 5/25 Budget Workshop II
- * 6/13 Tentative Budget Adoption and publishing of tentative budget
- * 6/27 - public hearings for FY24 budget, alternative expenditure limitation, property tax levy with roll call vote for primary property tax increase, and adoption of the final budget by Council in a separate meeting
- * 7/11 - adopt property tax levy (\$13 for a \$400,000 home per year approximately)

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

4. ADJOURNMENT

There being no further business to discuss, Mayor Goode adjourned the meeting at 3:59 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 City Council Workshop Meeting of the City of Prescott, Arizona held on May 11, 2023. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Siep, City Clerk

