



City of Prescott

City Council - Voting Meeting

May 23, 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 pm

2. INTRODUCTIONS / ANNOUNCEMENTS

Mayor Pro Tem Montoya stated that he will be engaging in an upcoming series of outreach efforts to engage citizens which will include Open Office Hours at the Prescott Public Library and a Facebook Live on June 20, 2023 at 2 pm. Information is available on the city website. He added that city Recreation Services Park Rangers have created a free Junior Rangers Program to promote the "Appreciate Arizona, Leave no Trace" principles. Information is available at the Chamber of Commerce Visitors Center.

3. INVOCATION - Pastor Dan Hurlburt with Prescott United Methodist

4. PLEDGE OF ALLEGIANCE - Councilwoman Cantelme

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. Recognition of Prescott Fire Department Paramedic of the Year - Jeff Jones
Fire Chief Holger Durre provided a presentation and recognition to the Paramedic of the Year Jeff Jones stating that Jeff's patient advocacy provides the best service to our citizens.

Mr. Jones thanked his friends and family and commented on the incredible leadership in the Fire Department and on Council and how much the care for the community.

Jeff Timm with Congressman Crane's Office provided a Proclamation and Certificate of Achievement recognizing Mr. Timm.

7. PROCLAMATIONS

- A. Emergency Medical Services Week 2023 - May 21-27
Councilwoman Cantelme presented the Proclamation.
- B. National Public Works Week - May 21-27
Councilman Moore presented the Proclamation.

8. OPEN CALL TO THE PUBLIC

The City of Prescott welcomes public engagement and residents may comment & address the Council on matters NOT included on the Agenda during the Call to the Public. Please complete a green speaker card and submit it to the City Clerk prior to the meeting being convened. Speakers are limited to four (4) minutes, and the Call to the Public will be limited to forty (40) minutes in total.

Please Note: Pursuant to A.R.S. §38-431.01(H), members of the Council may NOT discuss items that are not specifically identified on the Agenda and, therefore, interaction will be limited to the following:

- 1) Responding to criticism
- 2) Requests to staff to investigate & report on the matter
- 3) Request that the matter be scheduled on a future agenda

A. Bob Hearing addressed Council regarding surface water management and damage in the Yavapai Hills community. Along Hornet and Cabbot the damage was significant and he had to replace soils. He and his wife don't travel during monsoon season because they are concerned about these types of issues. He is asking that the city look into this issue so these types of matters don't continue to happen.

City Manager Katie Gregory commented that public works will be looking into this and following up.

9. CONSENT AGENDA

MOTION BY COUNCILMAN MOORE TO APPROVE CONSENT AGENDA ITEMS 9.A. THROUGH 9.G., EXCLUDING ITEMS 9.B., 9.E. AND 9.G.; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

- A. Approval of Meeting Minutes from the May 9, 2023 Executive Session, the May 9, 2023 Study Session, the May 9, 2023 Voting Meeting and the May 11, 2023 Budget Workshop.
- B. Approval of City Contract No. 2023-162A1, an Amendment to City Contract No. 2023-162 with Combs Construction Company, Inc. for the Paving of Yavapai Hills Drive in an Amount not to Exceed \$390,081.00. Funding is Available in the Streets Fund.

Councilmember Rusing pulled this Item from the Consent Agenda for further discussion and commented on the importance of stormwater drainage particularly in this area. She asked staff if there had been any engineering for mitigation and storm water damage.

Capital Program Manager Tim Sherwood responded that this area has very distressed asphalt but are not doing any drainage items here because there are

none in that particular area.

MOTION BY COUNCILMAN MOORE TO APPROVE CITY CONTRACT NO. 2023-162A1; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

- C. Approval for the Community Development Department to Apply for Phase III of the Certified Local Government (CLG) Pass Through Grant for Funding in FY2024.
- D. Approval of Three (3) Contracts for Supply and/or Delivery of Asphalt, Concrete, Dirt & Sand as Follows: 1) City Contract No. 2023-202 with Asphalt Paving & Supply, Inc. in an Amount not to Exceed \$400,000.00 Per Fiscal Year; 2) City Contract No. 2023-203 with Material Delivery, Inc., DBA MDI Rock in an Amount not to Exceed \$50,000.00 Per Fiscal Year; and 3) City Contract No. 2023-204 with Vulcan Materials Company in an Amount not to Exceed \$200,000.00 Per Fiscal Year. Funding is Available in the Streets, Water and Wastewater Funds.
- E. Approval of City Contract No. 2024-033 with Bennett Oil Co. for a Three-Year Off-Site Fueling Service Agreement. Funding is Available in the Operating Budgets of the Departments Utilizing Fuel.

Councilmember Rusing pulled this Item from the Consent Agenda for further discussion and stated that the fuel used by the city annually adds up to approximately \$1 million. She commented on the fact that the city does not have hybrids or EVs in its fleet and feels this is something that should be looked into and asked the new City Manager her thoughts on this.

City Manager Katie Gregory responded that the city can look from a policy standpoint and see about what the cost savings would be. However, she pointed out that not all work would be appropriate for an EV or electric vehicle so it is important to determine where those might be most appropriate. All departments work on making sure that we get the best bulk prices within the bounds of what is available.

Councilman Tenney asked staff to address a typo regarding pricing.

Recreation Services Director Joe Baynes responded that it is the lower decimal price.

Member of the public Patrick Grady addressed Council regarding the Quad Cities Climate profile and moving into action on those matters like electric vehicles. He stated that the group will be presenting to Prescott Valley Town Council regarding these matters as well. They have a close relationship with a fleet company that specializes in electronic vehicles and there is an electrification coalition in the area, and it would be worth the time to meet and discuss these issues.

MOTION BY COUNCILMAN SISCHKA TO APPROVE CITY CONTRACT NO. 2024-033; SECONDED BY COUNCILMAN TENNEY: PASSED (7 - 0)

- F. Approval of City Contract No. 2023-201 with Autumn Blaze Construction LLC for

the Community Nature Center ADA Paver Path Construction. Funding to Be Split Between Grant Funding and the General Fund.

- G. Approval of City Contract No. 2023-200 with Heart and Soul Media for an Economic Development Marketing Campaign Agreement for a Total Contract Cost of \$92,500.00 Over Two Fiscal Years. Funding is Available in the General Fund.

Mayor Goode pulled this Item from the Consent Agenda for further discussion.

Community Outreach Manager John Heiney addressed the Council regarding the ongoing contract with Heart & Soul Media and the "Business Unusual" campaign. He reviewed the impacts that this campaign has had on tourism and the community.

Mayor Goode commented that the identification of this campaign was very timely and is being demonstrated by the amount of interest the community receives.

MOTION BY COUNCILMEMBER RUSING TO APPROVE CITY CONTRACT NO. 2023-200; SECONDED BY COUNCILMAN MOORE: PASSED (7 - 0)

10. LIQUOR LICENSE

- A. Public Hearing and Consideration for a New Series 11 Hotel Liquor License Application from Jeffrey Craig Miller, Applicant, for Hotel St. Michael. Location: 205 W. Gurley Street.
Hotel St. Michael General Manager addressed Council regarding plans to open a bar downstairs which will come before Council later this summer. The Hotel has been acquired by a new management group so there will likely be additional updates.

Mayor Goode commented on how exciting this project is.

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

MOTION BY COUNCILMEMBER RUSING TO APPROVE ITEM 10.A.; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

11. REGULAR AGENDA

- A. Approval of City Contract No. 2023-207 for the Annual Subscription Renewal for Microsoft 365. Funding is Available Through Cost Recovery in Various City Department Funds.
IT Director Nate Keegan provided a presentation to Council regarding the addition of cyber security elements to the subscription which necessitated the updated cost.

MOTION BY COUNCILMEMBER RUSING TO APPROVE CITY CONTRACT NO. 2023-207; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

B. Public Hearing and Adoption of Ordinance No. 2023-1830 Implementing the Increased Bulk Water Dispensing Station Rates & Making Related Amendments to Prescott City Code 2-1-18(B)(3).

Deputy Finance Lars Johnson provided a presentation to Council regarding the noticed hearing for the bulk water rates for the station located at 535 EZ Street.

Mayor Goode asked Mr. Johnson to address the deficiencies in the previous system.

Mr. Johnson responded that this will streamline the system and allow them to connect remotely. The current rate is \$5.27/1000 gallons and the proposed new rate is \$14.00/1000 gallons. The rate recommendation is based on a cost of service study that was conducted regarding a 4-year average of gallons sold at the station.

Mayor Pro Tem Montoya asked about the current rate and what that is relative to a citizen who is paying for regular water service and how that compares. He reiterated that this will bring our rate structure into a more balanced form.

Deputy Public Works Director Gwen Rowitsch stated that the base rate is \$20 for the first 3,000 gallons of water. So those utilizing the bulk water weren't being charged a higher rate than regular serviced citizens.

Councilman Tenney echoed Mayor Pro Tem Montoya's comments and stated that the city is bringing this back in line with utility rates. He can understand how bumping it up all at once could be burdensome, but it is in line with the city's costs and other areas.

Mayor Goode commented that it is important to look at the long term benefits of a service, and this can be a matter of perspective. The city is bringing this up to a reasonable market rate in order to apply the water policy in an equitable way.

Councilwoman Cantelme commented that she received several calls about this and stated that due to the costs of gas/diesel the water haulers are having to raise their costs as well which is impacting this.

Councilman Tenney clarified that water haulers' increased costs are not a result of action by Council.

Member of the public Tammy Lambert addressed Council and asked why there are such discrepancies between the other jurisdictions. She asked how much of the money received from these fees goes to recouping the new modified system.

Mayor Goode responded that it is up to the jurisdictions what they charge.

Ms. Rowitsch stated that the water hauling facility is on the Town of Chino Valley water system which provides water to their haulers, properties along the highway corridors that may connect for commercial water service, but that is a separate process. Each water provider has to recover the cost for running their system,

and this fee is the fee the city needs to charge to recover the costs for the service.

Councilman Tenney stated that the city charges the current rate because there had not been an analysis on this in quite some time which could very well be the case with other jurisdictions, however, none of the members of this Council know for sure.

Mr. Johnson responded that a percentage of the cost over a five year period is 24% of the costs, the majority comes from the volume charges/cost to get the water to the station.

Mayor Goode commented that this is well overdue and the Council needs to adopt this as soon as possible.

Councilman Sischka commented that he feels these rates are appropriate.

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

MOTION BY COUNCILMAN SISCHKA TO ADOPT ORDINANCE NO. 2023-1830; SECONDED BY MAYOR PRO TEM MONTOYA: PASSED (7 - 0)

- C. Approval of the City's CDBG Annual Action Plan for Program Year 2023.

Grants Administrator Michael McInnes provided a presentation to Council regarding the CDBG Annual Action Plan for Program Year 2023. The program year begins July 1, 2023-June 30, 2023. This is required annually and had a 30-day public comment period during which no comments were received. It is the action plan that must be submitted to HUD to continue funding for local organizations. Fund allocation is estimated at \$255,754 for the plan year. This could change and exact amounts will be provided in October.

Mayor Goode asked how HUD calculates the funding on an annual basis.

Mr. McInnes responded that they have a formula which he doesn't know the specifics of but one of the main reasons for the decreases is that there have been more municipalities participating than there used to be.

New Applicants:

- * New Horizons Disability Empowerment Center - 348 roundtrips, 62 Prescott citizens served
- * People Who Care - 5423 roundtrip, 326 Prescott citizens served
- * Community Counts Diaper Bank

Allocation of Funds:

20% Administration

15% Public Service - transportation programs for low and moderate income seniors and disabled individuals

65% Construction Projects - New Hope Wellness Center, USVets Officers Quarters project, Prescott Minor Home Repair program

Funding Breakdown for PY2023:

- * People Who Care - \$13,449.05
- * Community Counts - \$5,465
- * Big Brothers Big Sisters - \$5,000
- * New Horizons - \$13,449.05
- * Launch Pad - \$1,000

Mayor Goode thanked Mr. McInnes for his efforts to expand the applicant pool to new organizations to apply for these funds.

Councilwoman Cantelme asked about neighborhood revitalizations that have come with this program and if we have a specific figure on how that has gone. She also asked about simplifying the application process and getting the word out to potential applicants.

Mr. McInnes responded that he has not been involved in any projects involving neighborhood revitalization but is aware that it has been done in the past, particularly in the Dexter neighborhood. Staff can look into this and see what types of projects could be brought into this program. With regard to getting the word out on this program, the word is getting out much more than it used to. Not everyone can qualify yet. Only Prescott has CDBG and we can only work with our citizens and businesses in our community.

Mayor Goode commented that the city applied for funding to address curb and gutter issues in the Dexter neighborhood which they received and then there was a community event neighborhood cleanup which lead to private investment in the community.

Councilmember Rusing stated that this is a wonderful program and reiterated that the funding is federal tax dollars.

MOTION BY COUNCILMAN TENNEY TO APPROVE CDBG ANNUAL ACTION PLAN 2023; SECONDED BY COUNCILMEMBER RUSING: PASSED (7 - 0)

- D. Approval of Substantial Amendment to the City's CDBG 5-Year Consolidated Plan (2020 -2024).

Grants Administrator Michael McInnes provided a presentation to Council regarding the Substantial Amendment to the CDBG 5-year Consolidated Plan for in regard to COVID (COVID-CV) specific funding received in 2021 in the amount of \$427,198 to prevent/prepare for/respond to COVID-19 pandemic and future pandemics. The Prescott Cares Program was created to manage these funds, which is administered by the Chamber of Commerce Foundation in partnership with the city.

Program Outcomes:

- * \$85,952 supported small and micro businesses in the city of Prescott
- * \$82,280 aided low and moderate income individuals with rent/mortgage/utility expenses
- * Remaining Balance - \$258,94.44

Mayor Pro Tem Montoya asked if the possibility of any recalled unused COVID funding would affect the remaining balance of this.

Mr. McInnes responded that it is unlikely the amendment will allow funding for facilities and infrastructure improvements, basic needs, emergency and transitional shelters and administration. Adding in the Facilities/ Infrastructure improvements and emergency/transitional shelters. This gives the city flexibility to do more.

Mayor Goode commented that if the funds could be utilized to restore some of the healthcare programs that have degraded here in the community, that would be critical. Wants to make sure the money is spent on valuable projects.

Mr. McInnes continued that the amendment was available for a 30-day review and no public comment was received.

Councilmember Rusing commented on barriers to affordable housing in the Annual Action Plan.

City Clerk Sarah Siep advised that was a different item.

Mr. McInnes stated that he can get additional detail and get back to Council regarding her inquiries. He reminded Council that CDBG allows the local jurisdictions to have control over the disbursement of the funds.

Councilman Tenney commented that it has been a privilege to be the Council for this group.

MOTION BY COUNCILMAN SISCHKA TO APPROVE CDBG SUBSTANTIAL AMENDMENT; SECONDED BY COUNCILMAN TENNEY: PASSED (7 - 0)

E. Legislative Update.

Deputy City Manager Tyler Goodman provided a presentation to Council regarding the ongoing legislative session.

State Budget Summary:

- * \$18 million overall
- * \$3.5 million for Glassford Dells Regional Park
- * \$1 million in Hotshot funding
- * \$15.3 million for Prescott Frontier Days capital improvements to Rodeo Grounds
- * \$7 million for Verde River Headwaters State Park
- * \$9.9 million for Glassford Hill Road Improvements
- * \$20 million for ADOT Airport Improvement Projects

HB2536 Administrative Review/Approvals/Developments - will not likely not be approved, has been retained on the calendar

SB1131 Residential Leases/Municipal Tax Exemption - vetoed a few months ago but has been amended and brought back to life to begin in Jan. 2025 which

would be a \$2 million hit to the city of Prescott. Negotiations will hopefully hold cities harmless
SB1011 Municipalities/Partisan Elections - vetoed by Governor
SB1025 Political Signs/Tourism Zones - we have two sign free zones, this was also vetoed by the Governor

The legislature is temporarily adjourned through June 12 and then will return to address outstanding bills including HB2536 on housing and SB1131 on residential rental tax.

Mayor Pro Tem Montoya asked about the funding that was given to the Prescott Frontier Days Rodeo and whether city staff was aware during the process. He stated that this is shocking to him.

Mr. Goodman stated that it is unusual, and outside of the Master Plan work they have been doing city staff was not aware of any applications for specific funding.

Councilman Tenney said that the Council and staff were aware of the Master Plan and very much in favor of it, but not the funding. His impression is that legislators may have been influenced by the Master Plan.

Mayor Goode stated that the Master Plan was presented in a very conceptual manner to the city yet the state claims this is a shovel ready project but to their knowledge it is not. There are a lot of details that would have to be analyzed and included in the lease to include a broad multifaceted facility as they have proposed. He had no knowledge this was going to happen. Nobody picked up the phone and asked if the city was ok with them asking for this item.

Councilmember Rusing asked if there are details regarding the matching funds.

Mr. Goodman stated that what he has heard from Representative Bliss is the intent was for a match, but there was nothing in the documents that specifies that.

Councilman Sischka commented that there is a perception that toes have been stepped on in this situation, but if someone is willing to invest \$40 million into something they don't even own that is incredible. The Rodeo was almost as surprised as we are up here that this happened and it wasn't some nefarious back room situation, it was the state investing in Prescott and in Frontier Days.

Councilwoman Cantelme asked if the city could have asked for \$15 million for a police and fire station and how the funding is administered.

Mr. Goodman said anyone can ask for anything, he added that he isn't sure how that would be administered on disbursement.

City Attorney Joseph Young said staff can look into this and see if there is a fiscal agent of some sort, but at this point nobody knows what the strings or requirements may be.

Mayor Pro Tem Montoya said this is a significant slight, that they sought to improve something they don't own.

Councilman Tenney stated that he doesn't disagree philosophically, but the fact is this land has been leased to them for some time for this exact purpose. The fact they are looking to make the improvements didn't blindside anyone because they discussed it here in a study session.

Mayor Goode said Council will have to vote on their Master Plan and their lease.

Member of the public Ralph Hess addressed the Council regarding budgeting for Prescott Frontier Days and stated that the AZ Republic published a story today regarding concerns related to the gift clause, including a comment from former City Attorney Jon Paladini and this should be a concern.

Member of the public Deb Thalassitis addressed the Council regarding her objections as a neighbor to the Rodeo Master Plan, she did attend the one public meeting that was held on May 13 where the organization stated that no city funds would be used for the Rodeo Grounds Master Plan. She referenced the AZ Republic article and the fact that they kept the funding under wraps. This is a private group that took money away from the city.

Member of the public Bonnie McMinn addressed the Council regarding the May 13 public meeting which was not advertised by Prescott Frontier Days Rodeo which she feels is a big problem. The next meeting is June 6, but the process lacks in transparency. She spoke with Representative Nguyen who told her "I listen to my constituents" and that the funding is a gift. She added that the stakeholders listed are ones who will benefit from the Rodeo yet people in the neighborhood surrounding the Rodeo grounds were not spoken to when they should have been.

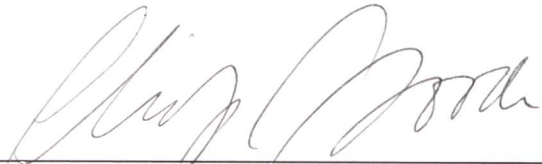
Member of the public Howard Mechanic addressed the Council stating that he is not opposed to the Rodeo the way it exists, it's a historic part of our community but just because they want something doesn't mean the community does. They need to do noise and traffic studies. If this money is not constitutional, there may not be other opportunities for the community to get funding for the things we actually need. The attorney general needs to act for the constitution of this state and avoid litigation on this matter. These people have been meeting since March 3 unbeknownst to the public and the Council.

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

12. ADJOURNMENT

Quote: "We don't have inflation because the people are living too well, we have inflation because the government is living too well." - Ronald Reagan

There being no further business to discuss, Mayor Goode adjourned the meeting at 5:15 p.m.



PHILIP R. GOODE, Mayor

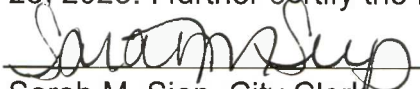
ATTEST:



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 23, 2023. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Siep, City Clerk

