



City of Prescott

City Council - Voting Meeting

June 13, 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 3:02 p.m.

2. INTRODUCTIONS / ANNOUNCEMENTS

Mayor Pro Tem Montoya welcomed Prescott Unified School District Superintendent Joe Howard. He added that monsoon season is almost here and provided preventive tips from the Public Works Department. Also, he discussed his ongoing community outreach efforts and open Office Hours at the Prescott Library.

3. INVOCATION - Pastor Rich Stofan with Pinerock

4. PLEDGE OF ALLEGIANCE - Councilman Moore

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. Annual Presentation from APS Regarding Fire Mitigation & Summer Readiness

APS NW Regional Director Frank Sanderson provided a presentation to Council regarding Fire Mitigation and Summer Readiness in Prescott and surrounding communities. In 2022 there were 1238 fires, many caused by lighting, and this year we have had 459 fires in 2023. Mitigation protocols are updated depending on the fire level in the area. Outages can be reported through the APS app and citizens can also see what the estimated repair times are. He reminded everyone to always assume that downed lines are energized for their own safety.

Mayor Goode asked what a normal year in fires is.

Mr. Sanderson said it varies depending on the precipitation during the winter season. Though he stated this time last year the city was in a higher warning mode than currently.

B. Education Forward "Billions to Gain" Campaign

Education Forward Community Impact Manager for Northern Arizona Laura Rosensweet provided a presentation to Council regarding the Billions to Gain campaign, promoting the value of education for all Arizonans. She reviewed the eight indicators for attainment of education benchmarks.

Billions To Gain:

- * New 2023 Report
- * Details benefit of increased enrollment and completion of education and training after high school
- * Looks at the benefits from individual, social and fiscal

Opportunities for Increased Education & Training:

- * Provide state-funded financial aid for Arizona students, including expansion of the Arizona Promise Program
- * Expand and reimagine early college options, specifically dual and concurrent enrollment
- * Provide additional supports to students to identify scholarships and complete their FAFSA
- * Align postsecondary transition plans for students with disabilities to mirror ECAP timelines

Mayor Pro Tem Montoya commented that this is a great program. His daughter is only taking one classes at the high school and the rest are college next year.

Councilman Tenney thanked Ms. Rosensweet for her presentation.

Councilwoman Cantelme said there is such support in this community for furthering education not only for students but for the older in this community as well.

7. OPEN CALL TO THE PUBLIC

A. Ralph Hess addressed Council and submitted a Petition regarding Prescott Frontier Days lease renegotiations with the City of Prescott. He added that he feels the posting of the Agendas on Thursdays for meetings on Tuesdays allows five days to consider whether they will address the Council on items and for actively engaged citizens that practice needs more time. Petition for the City Council to adopt a Resolution regarding any consideration of leases related to the Prescott Rodeo Grounds.

B. Marty Siegel addressed Council and submitted a Petition regarding the Rodeo Grounds for adoption of a Resolution requiring a public comment period related to zoning negotiations and any proposed Master Plan.

C. Larry Nelson addressed Council regarding the Granite Creek Trail and updates in the area including murals, etc. He added that a tree fell onto the trail and it needs to be moved, also the garbage cans are overflowing, which reflects really poorly on the work that is being done. He requested that before the Blue Grass Festival and Rodeo the

debris is hauled off, they need two garbage cans, two benches.

8. CONSENT AGENDA

MOTION BY MAYOR PRO TEM MONTTOYA TO APPROVE CONSENT AGENDA ITEMS 8.A. THROUGH 8.I., EXCLUDING ITEM 8.H.; SECONDED BY COUNCILMAN MOORE: PASSED (7 - 0)

- A. Approval of Meeting Minutes from the May 23, 2023 Executive Session, the May 23, 2023 Study Session, the May 23, 2023 Voting Meeting, the May 25, 2023 Budget Workshop and the May 30, 2023 Special Executive Session.
- B. Approval for the Fire Department to Apply for Various Fiscal Year 2024 Grant Funding Opportunities.
- C. Approval of Night Work on Willow Creek Road North of Pioneer Parkway & South of James Lane.
- D. Approval of City Contract No. 2023-213 for the Purchase of Two (2) Pick-up Trucks from San Tan Ford Using Arizona State Contract No. CTR059323 Pricing in the Amount of \$92,835.38. Funding is Available in the Streets, Water and Wastewater Funds.
- E. Approval of Multiple On-Call Contracts for Operated Hauling Services in an Amount not to Exceed \$50,000.00 Each as Follows: 1) City Contract No. 2023-218 with Asphalt Paving & Supply, Inc.; 2) City Contract No. 2023-219 with BLA Trucking, Inc.; and 3) City Contract No. 2023-220 with Fann Contracting, Inc. Funding is Available in the Streets, Water and Wastewater Funds.
- F. Approval of RVP23-006 a Revision of Plat to Split a Portion of PAD 11 in the Amended Centerpointe East Commercial Center Subdivision into Two Parcels Splitting the Building into Two Separate Condos. Site Zoning: IL (Industrial Light). Location: APN 103-01-579R, 3200 and 2991 Unit A Centerpointe East Drive.
- G. Approval of City Contract No. 2023-223, a Facility Use Agreement Between Yavapai College and the City of Prescott Regarding the Prescott Fire Training Center.
- H. Adoption of Resolution No. 2023-1853 Updating the City's Pension Funding Policy.

This Item was pulled for further discussion. Mayor Goode asked staff to address the unfunded liability and projected actuarials. He stated that he wants to be clear on where the city stands and what obligations it will have moving forward.

Finance Director Mark Woodfill responded that while the Prop 443 tax has been sunset, there are still some returns coming in that will be applied. He added that he wouldn't give an answer for where the city stands today because these are

actuarial estimations and they can fluctuate.

Mayor Goode commented that the full ARC payments need to continue to be made and possibly set aside reserve payments as an alternative option. He would like to be overfunded and not underfunded.

Mr. Woodfill confirmed and added that part of the plan for future strategic plans would also address this issue. Need to get some structure to this and bring it forward as it's own matter.

Councilman Sischa asked what period of time the actuarial returns typically cover.

Mr. Woodfill responded that they are over a long period of time, for example, a 20-30 year period.

Councilwoman Cantelme commented that at the onset of Tier 3 the estimated time was 23 years.

Mr. Woodfill responded that the amortization period for fully funding Tier 1 and 2 was 23 years at that time and is now down to 17 years.

Councilmember Rusing stated that one part was paid off but there will be a continuing contribution with the ARC and asked what the average might be.

Mr. Woodfill responded that the ARC payment to unfunded would be \$0 if it is unfunded, so it does depend but it is much lower than the 100% it was a few years ago. There is still the normal cost for the ARC payments, for all Tiers it is around 12-13% per year.

City Manager Katie Gregory added that unfunded liability in the report has changed since sunseting the sales tax but when there is a slight change the unfunded liability can change as well, which will impact the contributions that need to be made. We are tracking closely and are close to zero on the unfunded liability and is a good time to explore future pension policies to keep as close to zero as possible.

MOTION BY COUNCILMAN TENNEY TO ADOPT RESOLUTION NO. 2023-1853; SECONDED BY MAYOR PRO TEM MONTOYA: PASSED (7 - 0)

- I. Adoption of Resolution No. 2023-1854 Approving the Transfer of Certain Fiscal Year 2023 Budget Appropriations.

9. LIQUOR LICENSE

- A. Public Hearing and Consideration for a New Series 12 Restaurant Liquor License Application from Jason Reid Perkins, Applicant, for Papa's Italian. Location: 129 1/2 N Cortez Street.

Applicant Vanessa Perkins addressed Council regarding taking over ownership of the restaurant. They are honored to be part of the community and will keep the

menu mostly the same.

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

**MOTION BY COUNCILMEMBER RUSHING TO APPROVE ITEM 9.A.;
SECONDED BY MAYOR PRO THE MONTOYA: PASSED (7 - 0)**

10. REGULAR AGENDA

- A. Approval of Five (5) Public Works Job Order Contracting (JOC) Contracts for Horizontal Construction Services as Follows: 1) City Contract No. 2023-208 with Cactus Asphalt, a Division of Cactus Transport; 2) City Contract No. 2023-209 with Combs Construction Company, Inc.; 3) City Contract No. 2023-210 with Fann Contracting, Inc.; 4) City Contract No. 2023-211 with J. Banicki Construction, Inc.; and 5) City Contract No. 2023-212 with Sunland Asphalt & Construction, LLC. Funding is Available in the Water, Wastewater and Streets Funds.

City Manager Katie Gregory introduced the item regarding the JOCs which are a tried and true approach for projects that need to be addressed quickly. These are specific to horizontal projects and all contractors are pre-qualified.

Capital Program Manager Tim Sherwood provided a presentation to Council regarding ARS sections which address contracting. He discussed the twelve submittals received for the Request for Qualifications and how the submissions are evaluated and how the process works for entering into a contract with someone who holds a JOC.

Mayor Goode asked for clarification that these requirements are per project.

Mr. Sherwood confirmed. He added there is no guarantee of work associated with these contracts and staff will always return for Council approval if the contract amount exceeds the administrative allowance.

Mayor Pro Tem commented that this is something the city can do to make infrastructure issues more efficient. There has been a lot of due diligence by staff on these, which he appreciates.

Councilwoman Cantelme expressed her concerns with bypassing the competitive bid process by doing these types of contracts.

Mr. Sherwood responded that the purpose of JOC is to focus on quality and value, this ensures the person we are attempting to enter into a contract with is qualified, etc. Staff keeps a very good record of current bid prices and wouldn't move forward with these contracts if they were not comfortable. It also avoids the nearly 8 week out process of having to go out to bid on something that we need to move forward on more quickly.

Ms. Gregory added that not every project is a fit for a JOC, so it will only apply to

some projects, particularly projects that need immediate attention would be appropriate for this. She is very comfortable with these and the benefits of them.

Councilmember Rusing stated this makes Public Works more nimble and responsive which is beneficial.

MOTION BY COUNCILMEMBER RUSING TO APPROVE CITY CONTRACT NO. 2023-208; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

MOTION BY COUNCILMEMBER RUSING TO APPROVE CITY CONTRACT NO. 2023-209; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

MOTION BY COUNCILMEMBER RUSING TO APPROVE CITY CONTRACT NO. 2023-210; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

MOTION BY COUNCILMEMBER RUSING TO APPROVE CITY CONTRACT NO. 2023-211; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

MOTION BY COUNCILMEMBER RUSING TO APPROVE CITY CONTRACT NO. 2023-212; SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)

- B. Approval of City Contract No. 2023-224 an IGA with Prescott Unified School District (PUSD) for the Placement of Six (6) Workforce Housing Units at the Taylor Hicks School Campus.

City Manager Katie Gregory introduced the Item regarding an IGA with PUSD for the six workforce housing units at Taylor Hicks. Over the past year PUSD and the city have been involved in conversations regarding housing shortage for teachers and public safety employees and how to address those issues.

Interim Community Development Director Chelsea Walton provided a presentation to Council regarding the terms of the IGA related to this nuanced and complicated issue facing not only Prescott but the US in general. Last year PUSD approached the city regarding a grant for teacher housing, this agreement will memorialize how the city intends to be a partner in this landmark project for six units. This will improve recruitment capabilities for top candidates that may be coming from out of state.

PUSD Obligations:

- * Provide and pay for the necessary equipment, labor and resources to build the units
- * Install the utility yard lines from the meter boxes to each unit
- * Complete Landlord Agreements for Utility Billing for each unit tenant
- * Responsible for all ongoing and future maintenance costs
- * Manage the units for the duration of the IGA; IGA does not preclude PUSD from hiring a third party to manage the property
- * Retain ownership of the units as well as the underlying real property upon which the units sit

City Obligations:

- * Provide preliminary design and plan drafting for provision of wet utilities
- * Waive fees for plan review, permitting and inspections

* Provide for water main infrastructure installation, including box/yoke for each unit's connection to new water main

Mayor Pro Tem Montoya asked if there is a financial number associated with the city's obligations.

Ms. Walton responded that the total estimated project cost for the City is \$503,582 which is roughly 1/3 of the total \$1.6 million total project costs overall. Additionally, the city will receive two (2) of the units for potentially 50 years (30 years with an option for a 20 year auto renewal)

Councilman Moore commented on the grant funding that PUSD has received and asked if the city has the potential for reimbursement and asked who will receive rent for the units.

Ms. Walton responded that the city does not have the potential for reimbursement; units will be provided at a below market rate and will contribute to the management of the units themselves.

Timeline:

- * Unit construction complete - currently being stored
- * Foundations completed - late June
- * Units delivered to site - late June
- * Proposed utility construction - commence late June and complete by early July
- * Site and interior work - July/ August
- * Tentative project completion - early September

Lease Conditions & Other IGA Terms:

- * Lease terms for tenants are to be identical, except that the city can determine lease durations
- * PUSD shall receive all rental proceeds, non-refundable deposits and any other monetary proceeds from the units
- * By May of each year each tenant is to notify PUSD, or the property manager, whether or not they will be renewing their lease for the upcoming year
- * Since the purpose is to provide workforce housing at rates potentially lower than market rate, PUSD will determine an amount that is generally within a range equal to 1/3 of the average tenants monthly net income
- * Potential restrictions on the use of alcohol, tobacco and possession of firearms to be included in lease conditions; PUSD will comply with ARS regarding possession of firearms on school property
- * Term length is 30 years with automatic renewal for additional 20 years
- * Vacant Units - if the city does not intend to or is unable to provide a tenant for either of the two units for more than three months in any one year period they will notify PUSD and PUSD may allow a PUSD essential worker to occupy the unit for a one-year period
- * The city will determine which of its employees qualify as essential workers and who will be housed in its allotted units

Mayor Pro Tem Montoya asked about the units being designed to be short term in nature and will that be addressed in the lease and what is the leniency in that.

City Attorney Joseph Young responded that the city has discretion on the city units and can stipulate those things through the lease terms.

Councilwoman Cantelme commented that she is the liaison for the Workforce Housing Committee and asked if there will be any stipulations for the tenants related to saving to move into mid-range housing, etc.

Ms. Walton responded that there is not anything specifically addressing that, but there are other terms that would address the qualifications.

Mr. Young added that there could be something addressed in the lease agreement with the city that speaks specifically to the savings etc.

Mayor Goode commented on the long term benefit when amortizing the \$500,000 that the city is contributing currently.

Ms. Walton added that this is a flagship project and other more specific issues that Council may have can be addressed in future projects and with additional contributions from the Workforce Housing Committee as well.

Ms. Gregory added the original intent was a 20 year term with a 20 year optional renewal but, determined it would be ideal to have a longer term and the School District has been a great partner and amenable to working with the city on these terms as well.

Councilman Moore asked if the city is potentially setting themselves up for a circumstance where a developer would come forward for something similar in the future.

Mr. Young responded that he doesn't feel it establishes a precedent. This is an agreement with another governmental agency and doesn't bind us in any way to anything in the future with the private sector.

MOTION BY COUNCILMAN SISCHKA TO APPROVE CITY CONTRACT NO. 2023-224; SECONDED BY MAYOR PRO TEM MONTOYA: PASSED (6 - 0) COUNCILMAN TENNEY ABSTAINING

- C. Approval of Multiple Contracts for the Prescott Unified School District Affordable Housing Project as Follows: 1) City Contract No. 2023-210A1 with Fann Contracting Inc., an amendment to City Contract No. 2023-210 for Construction in the Amount of \$448,836.00; and 2) City Contract No. 2023-161A1, an Amendment to City Contract 2023-161 with Kimley-Horn for Post Design Services in the Amount of \$17,520.00. Funding is Available in the FY23 Water and Wastewater Funds.

City Manager Katie Gregory introduced the item regarding the JOC contract for completion of the city's portion of this project.

Capital Program Manager Tim Sherwood provided a presentation regarding installation of the water main and city services to the six units. The project was

designed by Kimley-Horn and design was completed about three months ago. Use of the JOC will allow the work to be completed before the end of summer. Also includes post design services for as-builts and survey work for the project.

Councilmember Rusing asked how many linear feet on the water main.

Mr. Sherwood responded that it is approximately 570 feet.

MOTION BY COUNCILMAN MOORE TO APPROVE CITY CONTRACT NO. 2023-210A1; SECONDED BY COUNCILMAN SISCHKA: PASSED (6 - 0) COUNCILMAN TENNEY ABSTAINING.

MOTION BY COUNCILMAN MOORE TO APPROVE CITY CONTRACT NO. 2023-161A1; SECONDED BY COUNCILMAN SISCHKA: PASSED (6 - 0) COUNCILMAN TENNEY ABSTAINING.

- D. Adoption of Resolution No. 2023-1855 Adopting the Tentative Budget for Fiscal Year 2024, and Setting the Public Hearing for the Final Budget, Expenditure Limitation and Tax Levy for the City of Prescott.

City Manager Katie Gregory introduced the Item and Finance Director Mark Woodfill for a presentation regarding the Tentative FY24 Budget.

Mr. Woodfill addressed Council and stated that the legislature has determined that municipalities cannot regulate residential rentals with an effective date of January 1, 2025 which will cut revenue by nearly \$1 million in the General Fund and Streets Fund.

Councilman Tenney asked if the Governor had signed this yet.

Mr. Woodfill responded that it has not yet been signed by the Governor, but assuming a veto isn't really a plan. He continued with a review of the Budget process to date. Today is the tentative budget adoption which will set the maximum and set the public hearing dates. The proposed budget is \$258,135,559.

Upcoming Budget Schedule:

- * June 27 - Public Hearings for FY24 Budget, Alternative Expenditure limitation and property tax levy
- * Roll call vote for primary property tax increase
- * Adoption of Final Budget by Council at a separate special meeting
- * July 11 - adoption of property tax levies

Councilman Tenney asked if there is any difference in the votes on the June 27 and July 11 votes on the property tax levy.

Mr. Woodfill responded that there is a state requirement for a two week period between the roll vote and the setting of the levies so that is why it is being voted on July 11 as well.

MOTION BY COUNCILMEMBER RUSING TO ADOPT RESOLUTION NO.

2023-1855; SECONDED BY COUNCILMAN TENNEY: PASSED (7 - 0)

- E. Acceptance of Three (3) Arizona Department of Transportation Grants as Follows: 1) Grant E3S3C01D for Design and Construction Associated with the Strategic Academic Flight Education (SAFE) Complex in the Amount of \$600,000 Funded 90% by ADOT and 10% by the City of Prescott with Funding Available in the Airport Fund; 2) Grant E3S3F01D for the Design of a Combination Aircraft Rescue & Fire Fighting/Snow Removal Equipment Building in the Amount of \$800,000 Fully Funded by ADOT; and 3) Grant E3S3D01C for the North Ramp Reconstruction and Relocation Design in the Amount of \$375,000 Fully Funded by ADOT.

City Manager Katie Gregory provided an introduction to the Item regarding acceptance of grant funding for Airport Projects.

Airport Director Robin Sobotta provided a presentation to the Council regarding the three grants totaling more than \$1 million with a minimal city match for all three projects. These projects will include the SAFE Complex, design of an Aircraft Rescue and Equipment Building as well as the North Ramp reconstruction and relocation.

Mayor Goode congratulated Dr. Sobotta on the return on investment related to these projects.

Councilman Tenney said Dr. Sobotta is great at obtaining grant funding for these types of projects and asked if she has any concerns with the city's ability to meet the obligations on these grants.

Dr. Sobotta responded that she does not.

**MOTION BY COUNCILMEMBER RUSING TO ACCEPT GRANT E3S3C01D;
SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)**

**MOTION BY COUNCILMEMBER RUSING TO ACCEPT GRANT E3S3F01D;
SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)**

**MOTION BY COUNCILMEMBER RUSING TO ACCEPT GRANT E3S3D01C;
SECONDED BY COUNCILMAN SISCHKA: PASSED (7 - 0)**

11. ADJOURNMENT

Quote - "The issue today is the same it has been throughout history, whether man shall be allowed to govern himself or be ruled by the small elite." - Thomas Jefferson

There being no further business to discuss, Mayor Goode adjourned the meeting at 5:09 p.m.



PHILIP R. GOODE, Mayor

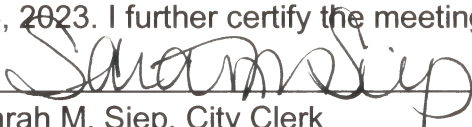
ATTEST:



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 June 13, 2023. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Siep, City Clerk

