



City of Prescott

City Council - Study Session

October 24, 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 1:00 p.m.

2. 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

3. DISCUSSION

- A. Update & Discussion Regarding Potential Land Acquisitions Surrounding the Prescott Regional Airport - Ernest A. Love Field.

City Manager Katie Gregory introduced the Item and provided a presentation to the Council regarding potential airport area acquisitions. She stated that the city is in current discussions and negotiations with the land owners and has been providing updates to the Council during Executive Sessions, but much of the details of the information has been shared with the public over the past few years. There will be no action today, this discussion is just for update purposes.

Planning Efforts:

- * Prescott General Plan (most recently adopted in 2015)
- * Airport Specific Area Plan (Original in 2001, most recent in 2013)
- * City Council Strategic Plan (2023)

Airport Protections:

- * Airport Impact Zones - a total of six that were created to restrict land uses that may be hazardous to operational safety of airport and protect safety and property of people on the ground in the area near the airport
- * Noise Compatibility - aircraft generated noise is one of the most basic airport land use compatibility concerns and can be perceived to be the most significant of the adverse impacts associated with an airport; the Federal Aviation Administration (FAA) provides general guidance regarding compatible uses within the noise contours/more recent social surveys show that public perceptions regarding airport noise have generally shown higher annoyance than in the past and day-night average sound level (DNL) contours may be adjusted due to anticipated increases in aviation areas

- * Airline One Engine Inoperative (OEI) Splay - a composite splay of departure flight routes encompassing multiple appropriate aircraft and obstacles within the splay are limited in height to prevent hazards to air navigation
- * Airport Vicinity Overlay (AVO) - has been proposed but is not an approved plan which includes airport impact zones, 60 DNL contour (2026), OEI departure splay, airport influence area, aviation easement and disclosures, height requirements (7,460 process), properties located within the Deep Well Master Plan were exempted from the proposed AVO

Airport Area Protection Priorities:

- * Ensure community and aviation user safety
- * Enable/enhance local access to national air transportation system
- * Mitigate future encroachments related concerns (noise/overflight)
- * Preserve a community asset and vital economic engine
- * Comply with grant assurances

Proposed Acquisitions:

- * Airport Protection - southwest approach, north and east approach
- * Airport Expansion - north site (Chino Valley Irrigation District)
- * Southwest Approach - primary takeoff, primarily commercial takeoff; parcel purchases would provide safety, remove residential uses in that area and allow for expansion
- * North Approach - otherwise known as the crosswind runway, 75-acre parcel just south of future hospital and east of Hwy 89. There was a discrepancy in the early 2000s of the cross-wind impact zones which was relied upon when the Deep Well Ranch (DWR) Master Plan was developed (located within Zone 2 and 3 and within 60 DNL)
- * East Approach - most entry/landing approach, includes 130 acres of Arizona Eco Development (AED) land that the city will acquire to create a necessary buffer in Zones 2 and 3
- * North Site Chino Valley Irrigation District (CVID) - strategic purchase near a general aviation runway for a training complex for Embry Riddle, and fill from this site for extension of runway

Ms. Gregory stated that each of these areas comes with benefits as well as costs. There are pros and cons to be weighed as Council considers how it wants to move forward. She invited Finance Director Mark Woodfill to continue the discussion regarding a financial overview for the city and how services and funding may be impacted in these considerations. Ms. Gregory added that the City of Prescott has a long history of prudent policies and ensuring a balanced budget and healthy general fund are maintained. There are important but competing priorities to be considered.

Mr. Woodfill continued with a discussion on estimates of acquisition costs. This is a lot of land with multiple property owners so there are many factors to consider, and these figures are for discussion and planning purchases only. The estimated land cost is approximately \$22,916,700 in total. However, he added, there would likely be some offsets, including potential reimbursements from the FAA and Arizona Department of Transportation (ADOT) as well as grant funding. Though, he reminded Council, these are not guaranteed as all funding is subject to

agency and legislative approvals, but if all highly likely came in and estimates are accurate, the city portion of costs would be approximately \$9,186,547 in land acquisition costs.

General Fund Projections:

Estimates used on the following general fund projects based on known impacts

* These include - state legislature elimination of residential rental tax, state legislature reduction in state income tax, estimated growth in revenues and expenditures, conservative ongoing capital estimates

* DO NOT include - any additional personnel requests that may be brought forward by departments, costs of adding additional fire stations, police patrol routes or facilities, additional parks, additional libraries, purchase of land around the airport, anything else that the legislature will do to the funding sources of cities, state sweeping of any other revenues

Mayor Pro Tem Montoya asked if these projections include a possible recession and/or cuts to the city's budget, and what will happen to grant funding during those times.

Mr. Woodfill responded it doesn't include a 2008 level recession issue, but does take into account the cycles of the economy. He added that federal grants are more stable than state grants but things like Highway User Revenue Fund (HURF) grants have been swept in past recession periods. Mr. Woodfill continued with upcoming general fund projections for operating capital, expenditures and revenue over the next several years, stating that a deficiency would be estimated in 2028 which is not an uncommon scenario.

Ms. Gregory added that there are a couple of different operating and ongoing capital expenses that are important to the function of the city, some are onetime but most are not because they support the ongoing expenses. It is important to consider what the priorities and core services really are for the city when we are taking these things into consideration.

Mr. Woodfill concurred and continued.

Councilmember Rusing said she is concerned that the background discussion hasn't come up and she feels it is important for the public to know that this has been going on for several years.

Ms. Gregory stated that the details of the background is not pertinent to this discussion and asked Mr. Woodfill to continue the discussion.

Mr. Woodfill continued with a review of the General Fund Operating Expenditures.

Mayor Pro Tem Montoya commented that he is deeply skeptical of Scenario 3 as presented by Mr. Woodfill which would be the absolute best case and least direct cost to the city. He asked about Scenario 2 and if it would include the debt service and the purchase of Glassford Hill or any new fire stations.

Mr. Woodfill responded that it does include the purchase of Glassford Hill which Council will be approving at the Voting Meeting today, but nothing beyond that expense. He added that a fire station would be a \$1 million annual cost plus the initial purchase and capital expenses.

Mayor Pro Tem Montoya commented that the city is in desperate need of at least one new fire station and these land acquisition proposals would push this out for quite a long time.

Mr. Woodfill confirmed.

Mayor Goode added that there would have to be some additional revenue to the tax base to assist with that too.

Mr. Woodfill confirmed.

Ms. Gregory added that there has been discussion regarding looking into land sales to help offset these potential expenses, which is always a possibility because there are a number of those, but they are not all guaranteed.

Councilman Tenney commented that map discrepancies were discovered recently and that has caused some of these issues, but added that some acquisitions will have to happen regardless.

Ms. Gregory stated that is a fair description and added that these protections are ones that the community has historically indicated are important, but there are other important priorities as well.

Councilwoman Cantelme asked staff to review the DWR southwest approach map and review the appraised amounts and stated that she isn't getting the dollar amount presented by staff as is shown on the maps.

Ms. Gregory stated that the appraised values are on the maps and these figures are a starting point for negotiations. She added that in condemnation, the appraised value is the bottom value, which would be a bad scenario. These are shown for context. When land acquisition and developer/owner rights are discussed there has to be negotiation and compromises that are taken into account. It is her job to try and put the city into a position where they aren't paying the highest price, so there is buffering built in.

City Attorney Joseph Young stated that appraisals are based on how the land sits today and includes some severance damages, etc. As an example, the CVID parcel did not have severance damage figures included because it wasn't necessary. But when a portion but not all is being considered for purchase, then there would be a severance amount calculated and that can vary. It's important to recognize that these numbers are estimates.

Councilmember Rusing commented that public safety through land acquisitions needs to be emphasized in these discussions.

Mayor Pro Tem Montoya stated that engaging in land acquisition in place of a new fire station is reckless for this community.

Mayor Goode commented that managing the budget, projecting revenue and determining priorities is something that the Council will have to decide. The Council has an obligation to the citizens of North Prescott to make sure they have equivalent response times to the other areas of this community, and there is an obligation to honor existing contracts and make decisions that are for the benefit of the whole community as well.

Councilman Sischka commented that it is easy to blame previous Councils for the issues that the current Council is having to address, but they are dealing with this issue now and it has to be done and decisions have to be made. Placing blame doesn't take care of the issue.

Councilmember Rusing asked to have a rundown of potential reimbursements from the FAA regarding land acquisitions from the Airport Director.

Ms. Gregory stated that former Airport Director Robin Sobotta was no longer employed with the city.

Councilwoman Cantelme commented on the importance of having someone that the FAA looks upon favorably to apply for grants.

Councilman Tenney stated that one of the parameters of receiving grants is neutrality and not who is applying for it.

Mayor Goode stated the Council was out of order and opened the floor to public comment.

Member of the public Robin Sobotta stated that there are entitlements for commercial service airports which the city is entitled to, as well as legislation related to discretionary funding which she is confident the city would be eligible for. Also, funding from ADOT comes out of a user fund and would be a strong possibility as well.

Mayor Pro Tem Montoya asked about ADOT grant writing and debt service. He added that there is a cost to borrowing, increased taxes for example. There is nothing wrong with supporting the airport, but the safety and welfare of our community is the primary responsibility of this Council. The citizens care about the services we offer them.

Mr. Woodfill responded that there will be debt service for these potential acquisitions regardless of any future reimbursements.

Councilman Eric Moore commented that he is very conflicted as a Councilmember on this topic. He understands the important of airport protection but there are basic services that are important to members of this community.

Member of the public Lisa Montgomery addressed Council as a resident of Deep

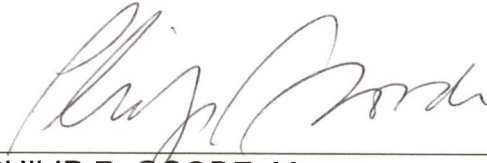
Well Ranch and expressed her concerns regarding low flights over her home, stating that they don't feel safe.

Member of the public Daryl Austermiller addressed Council stated that there has been a lot of work related to these projects and timing is everything.

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 2:25 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 October 24, 2023. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Siep, City Clerk

