



City of Prescott

City Council - Study Session

January 23, 2024 | 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

Connie Cantelme - Mayor Pro Tem

Lois Fruhwirth - Councilwoman

Ted Gambogi - Councilman

Brandon Montoya - Councilman (Arrived at 1:18 p.m.)

Eric Moore - Councilman

Cathey Rusing - Councilmember

3. DISCUSSION

A. Presentation & Discussion Regarding the National Community Survey Results.

Polco Survey Associate Steven Vickers provided a presentation to the Council regarding the results of the Prescott 2023 Community Survey. The company is an online polling and survey company used for Strategic Planning and Budgeting. Their Benchmarking surveys are the most used in the US.

Role of Resident Surveys in Local Governance:

- * Monitor trends in resident opinion
- * Measure government performance
- * Inform budget, land use and strategic planning decisions
- * Benchmarking to other communities

National Community Survey (NCS):

- * Standardized questionnaire to assess the livability of Prescott through 10 facets of livability
- * Facets - economy, mobility, community design, utilities, safety, natural environment, parks & recreation, health & wellness, education arts & culture and inclusivity & engagement
- * First time conducting the NCS in Prescott
- * Survey conducted from October 10, 2023 to November 21, 2023
- * Mailing approach employed - probability based sample of 3,000 randomly selected households, 770 total responses received, 27% overall response rate
- * Results statistically weighted to reflect Prescott overall
- * 95% confidence interval with a +/- 3% margin of error
- * Non-probability, open participation survey (270 responses)

* Benchmarking more than 500 comparison communities across the nation, representing the opinions of more than 50 million residents

Overview of Results:

* Questions are asked in a way to balance the quality and importance of the facets

Councilman Gambogi asked about the +/- 3% error percentage and if any of the non-response bias is covered.

Mr. Vickers responded that the non-response bias is real, while it is not directly addressed in this presentation, it is included in the full report. The demographic reports are included in the full report as well.

Councilwoman Fruhwirth asked if it would be possible to get more breakouts of specific education or culture questions and how the data is covered.

Mr. Vickers stated that the full data set is available and can be broken down in any manner that works for what Council wants to obtain additional details on.

Comparisons to National Benchmarks:

- * 18 received higher ratings - vibrancy of downtown commercial area, recreation
- * 16 received lower ratings - affordable housing and public transportation
- * 89 received similar ratings

Key Findings:

- * City's natural environment is valued by residents
- * Residents feel safe and indicate support for additional investment to improve public safety
- * Aspects of mobility could present opportunities for growth in the city

Councilman Moore stated that the topography in the area makes travel by bicycle in Prescott more difficult.

Mr. Vickers stated that is certainly a consideration, and added that there are a variety of factors that would need to be considered.

Mayor Pro Tem Cantelme asked if this survey was sent out only to single family residences or if multi-families were included as well.

Mr. Vickers said multi-family is over surveyed at a rate of 3-1 because they tend to under respond, but both were represented in the survey distribution and responses.

Councilmember Rusing commented that communities are moving toward micro-transportation and there are organizations in the community that offer transportation opportunities. She feels that it can be confusing if the word "buses" is used.

Additional Special Topics:

- * Balancing public safety response times with associated costs - Please indicate to what degree you would support or oppose maintaining public safety response times, striving to shorten public safety response times (even if that requires a tax or fees) or accepting longer public safety response times at a lower cost
- * Potential uses for additional revenue - How much would you support or oppose an increase in sales tax as a funding source for public safety facilities & services, open space acquisition, public library facilities and services, parks & recreation, or the Prescott Regional Airport/commercial air service
- * Balancing costs and revenue - If the gap between costs and revenues widens how much would you support or oppose the city borrowing by issuing a general obligation bond, increasing sales tax, raising fees for services or cutting or decreasing services

Summary of Conclusions:

- * City's natural environment is valued by residents
- * Prescott residents feel safe and indicate support for additional investment in public safety
- * Some aspects of mobility could present opportunities for growth in the city

Questions for Council to Consider:

- * What findings did you expect
- * What findings surprised you
- * Are there areas where the council needs to dig deeper
- * In what areas should you focus

Councilman Montoya commented that assertions that the Airport is fully funded by the FAA and ADOT funding is incorrect and asked Finance staff to address this.

Finance Director Mark Woodfill responded that the Airport hasn't requested a sales tax increase, however, the portion of funding for projects does come from the General Fund which is funded through sales tax revenues.

Councilman Gambogi stated that he would like to see a better representation of all people in Prescott.

Councilmember Rusing commented that she was pleased and pleasantly surprised at the responses supporting the city's endeavors and staff. She added that there are issues with attracting doctors in the area and that could be improved.

Councilwoman Fruhwirth stated that she reviewed the 270 survey responses that were sent to homes and those seemed more critical of certain areas, and she would like to focus on the difference between the 770 and the 270, particularly in considering priorities in the upcoming Strategic Planning sessions.

Councilman Moore echoed that he was pleased with the survey results. He added that the high regard for open space and public safety really stood out to him, particularly that citizens are generally willing to have a sales tax related to

these issues, and reiterated his previous comments that he is very much in favor of having a small sales tax in place in perpetuity for those two items.

Mayor Goode stated that he has difficulty expanding support for these survey results based on the minimal participation. Making major policy decisions on these is difficult.

Councilwoman Fruhwirth commented that many of the results support initiatives that are already currently underway, and she liked that it reinforced ideas that have been discussed leading up to Strategic Planning sessions.

Councilman Moore echoed comments about planning ahead and delivering goods and services to the community at a higher level. As the Council embarks on Strategic Planning he found it interesting that the Airport came in last in comparison to other services and priorities for the citizens. That is likely where the Council should be spending more of their time on those priorities.

Mayor Pro Tem Cantelme pointed out that there was a strong desire for more discussion regarding the city's economic health. Feels transportation should be handled by the private sector and services should be the priority.

Mayor Goode discussed the importance of affordable and reliable service at the Airport, and stated that he is pleasantly surprised that the public is willing to consider supporting additional tax revenue for public safety.

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

B. Presentation & Discussion Regarding Ongoing City Obligations Under a Development Agreement Between the City and Arizona Eco Development LLC (AED) Dated July 13, 2021.

City Attorney Joseph Young provided a presentation to Council regarding the obligations and Development Agreement, and added that this discussion will focus on the promises made and not on the ongoing litigation.

DA Obligation & Status:

* Section 1.1

- Obligation: city shall initiate proceedings to annex certain property into the city's municipal limits, AED shall deliver to city appropriate petitions for annexation executed by necessary property owners and city shall then annex the property or rescind the agreement

- Status: city has completed this obligation

* Section 1.10

- Obligation: AED to construct a grade separated crossing of the Peavine Trail to the South Parcel Resort, city to reimburse AED for the difference in costs between an at-grade crossing and the grade separated crossing and construction to be complete on or before July 1, 2023

- Status: grade separated crossing has not begun

* Section 2.19(d)

- Obligation: city to enter into an IGA with Prescott Valley authorizing the city to deliver water to Section 33 even if annexed into Prescott Valley

- Status: IGA has been approved and executed

* Section 2.19(e)

- Obligation: city shall obtain the necessary rights for AED to install water and sewer systems from city to Section 33, city must obtain such rights-of-way by July 2022, city must construct water and sewer infrastructure to Section 33 and if the city does not construct such infrastructure by July 2023 AED may construct the infrastructure and city will reimburse

- Status: city has obtained necessary rights-of-way to construct the water and sewer systems but did so after the July 2022 deadline, city will obtain permits from other governmental entities when construction begins and city has begun soliciting requests for design of the infrastructure (process could take up to a year) and will then construct (roughly a two-year process)

- This section is the subject of the notice of claim

Councilman Montoya asked if staff could provide an estimate on the cost of construction of the obligation.

Public Works Director Gwen Rowitsch responded that staff does have some estimates for the amount of \$5-6 million for water and sewer running from Granite Dells Road to the east. The city does have all necessary easements and as the city proceeds there will be a clearer definition on costs.

Councilmember Rusing commented that a large portion of this easement runs over undeveloped property and asked if there is any intention to establish a reimbursement district. She added that she was under the impression the developer was going to purchase Section 32 from State Lands but decided not to do that, so the concept of accomplishing these obligations didn't seem unrealistic at the time.

Ms. Rowitsch responded that there will be Development Impact Fees and IIPs which would collect fees to cover costs for these expenses on these projects.

Mr. Young added that the original plan was to have an easement through Section 32, but that didn't happen. However, the city's obligation doesn't go away because of that.

Mayor Pro Tem Cantelme commented that in the past there have been promises made relating to things that cannot be controlled, and this Council is attempting to avoid making those types of mistakes in the future. She added that in Section 2.19(e) there is a provision for AED to construct the infrastructure and the city will reimburse, but they have chosen not to do that.

Mayor Goode said this is an example of when a contract is approved even though there is work that still needs to be done. The city has taken many steps in good faith to try and complete this in a reasonable and timely manner.

Councilmember Rusing asked if Section 33 would be subject to city water requirements.

Ms. Rowitsch confirmed.

Mr. Young added that the IGA with Prescott Valley addressed these issues.

DA Obligations Cont.:

* Section 2.19(g) and 4.4

- Obligation: AED to deposit in escrow a Special Warranty Deed for approximately 474 acres for permanent open space, water service to vest immediately upon deposit of the deed

- Status: both of these obligations have been met

* Section 2.26

- Obligation: AED to construct a crossing extending Phippen Trail over Granite Creek to connect Granite Dells Parkway, city shall obtain rights-of-way, review plans for crossing and review and approve estimated costs thereof, city to reimburse AED in cash at completion of construction and developer anticipates completion of construction not later than July 1, 2023

- Status: developer has not begun construction, not all rights-of-way have been obtained, the crossing is in the city streets infrastructure improvement plan and development impact fee is assessed for every building permit and the project is not on the five-year capital improvement program for reimbursement

* Section 2.27

- Obligation: city will use reasonable efforts to acquire the old Granite Creek Bridge, and once acquired, the city shall refurbish for public pedestrian, equestrian and bicycle use

- Status: bridge and right-of-way dedicated to the city from Yavapai County on September 1, 2021 via Resolution #2070 and a structural evaluation is underway as part of the regional park development planning

* Section 4.1

- Obligation: AED to convey 270 acres of land for open space at the end of the northeast side of the Airport commercial services runway and land to be conveyed simultaneously with purchase set forth in Section 4.2

- Status: Section 4.2 purchase has not yet been completed

* Section 4.2

- Obligation: city to purchase 131 acre parcel off commercial service runway by August 2023, and appraisal to be done by a neutral party

- Status: currently awaiting appraisal

Councilman Montoya commented that frustration in the appraisals not coming back exists for both parties. He asked for clarification from staff regarding the discrepancy in the values of each independent appraiser that the third appraiser was looking at.

Mr. Young responded that is correct, there were multiple appraisals that the parties did not agree on, and now the third appraiser is what they are waiting on. However, he isn't aware of the difference between the two appraisals. Recourse regarding delays is not contemplated in the contract, but that could be addressed with an amendment to the contract.

Councilmember Rusing commented that the city received 270 acres of open space at the end of the runway for the extension and will also have to purchase 131 acres on top of that.

Mr. Young stated that the donation of 270 acres is tied to the purchase of the 131 acres.

DA Obligations Cont.:

* Section 4.3

- Obligation: city to purchase 116-acre parcel near the airport ("W" parcel) for \$9,877,000.00 and appraisal to be done by neutral third party appraiser
- Status: city has paid and AED delivered deed

* Section 4.4

- Obligation: in addition to 474-acre land conveyance AED to provide easement along Granite Creek for pedestrian use and city to install fencing and signage along the trail easement
- Status: AED has provided easement and city has not begun construction to include fencing and appropriate signage

* Section 4.5

- Obligation: city and AED may negotiate to purchase up to three acres of land located at the northeast end of Old Granite Creek for a public library and if no agreement is reached within one year the provision lapses
- Status: this provision has lapsed

* Section 6.1 thru 6.5

- Obligation: AED to provide thirty-foot easement for the North Peavine Trail and city will construct North Peavine Trail and related fencing and signage
- Status: city has constructed and fenced the trail up to the Arizona State Land Department parcel and is working with them on a special land use permit, all of the information has been supplied and is in review

Mayor Goode commented that the city has acted in good faith and things that have not been completed are largely due to failure to perform by third party groups. It is imperative that contracts not be written that put an agency in a position of breach. The next step is to work out a reasonable agreement with AED, where this \$150 million came from he isn't sure.

Councilmember Rusing asked if the attorney that negotiated the DA is the one filing the suit.

Mr. Young responded that he still represents AED.

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. SLEP, 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 January 23, 2024. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Siep, City Clerk

