



City of Prescott

City Council - Study Session

April 2, 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 - Excused
Eric Moore - Councilman
Cathey Rusing - Councilmember

3.

DISCUSSION

A. Presentation & Discussion Regarding Public Safety Needs and Funding Options.

Interim City Manager Tyler Goodman introduced the discussion. He stated that during the Council Study Session last week, clear direction was received to proceed with compiling information with Fire Chief Durre and Police Chief Bonney, in collaboration with Finance Director Mark Woodfill. This information pertains to upcoming capital needs, operating costs, and expected outcomes associated with the desired direction of the council. Further discussion will include election dates, implementation timelines, and expectations for next steps, with a hope for productive dialogue from the Council.

Chief Durre started the presentation. He passed along the appreciation from the response partners for the support from Prescott Fire for assistance with the recent fire in Prescott Valley. It is a representation of the great regional cooperation we have.

Facility Needs:

Immediate Needs (1 - 3 years)	Short Term (4–7 years)	Longer Term (8-10 years)
Fire Stations -1 new	Fire Stations -3 safety and health remodels	Fire Stations -Build second new

-1 relocated -1 major remodel Police -Property and evidence facility	-Land and design for second new station Police -Additional facilities and enhancements	station
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Councilman Gambogi asked how long evidence needs to be kept and if property is different than evidence.

Chief Bonney responded that it depends on the type of evidence, for example for homicides, it can be 99 plus years and some items are large such as mattresses or pieces of drywall and have to maintain those items in case those cases come back. Property is different than evidence, it is the personal property of someone who was taken to jail, since they cannot have their personal property with them in jail it has to be maintained until they are able to get it back.

Operational Needs:

Immediate Needs (1 - 3 years)	Short Term (4–7 years)	Longer Term (8-10 years)
Initiatives: Recruitment and retention challenges New Personnel -16 sworn police -15 fire personnel -2 fire safety positions -3 support staff (records, radio, information technology) Low Acuity Response Public access defibrillation program	Initiatives: Recruitment and retention challenges New personnel -Emergency management staffing -Special enforcement team -Additional K-9's	Initiatives: New personnel -Fire Station 77 Staffing

Councilman Moore asked about three new support staff personnel and which department they would work for.

Chief Bonney responded that she would like to see a hybrid type setup with personnel working under IT but specifically assigned to Police and Fire.

Community Impacts:

Immediate Needs (1 - 3 years)	Short Term (4–7 years)	Longer Term (8-10 years)
Impacts: -Fill downtown, midtown, and northside response gaps	Impacts: -Improve health and safety of public safety personnel	Impacts: -Continue to focus on improving public safety

-Improve response times -Fill critical public safety positions -Stabilize recruitment and retention -Enhanced community policing & traffic enforcement	-Prepare for future growth of the community -Improve existing public safety facilities to extend their life	outcomes
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Councilman Moore asked if property and evidence is being stored at the current Police department location.

Chief Bonney confirmed that the majority of property and evidence is stored there.

Councilman Moore asked if an offsite location was established to house property and evidence, how much time would that provide to stay or grow in the current downtown location.

Chief Bonney stated that would take the downtown building well into the future, possibly 30 to 40 years, and open a possibility to move some of patrol to that location also to provide better response times for the community.

Mayor Pro Tem Cantelme asked how many square feet is needed for a property and evidence facility.

Chief Bonney responded that their space needs analysis indicated they need an additional 35,000 to 40,000 square feet and property and evidence is about 10,000 square feet of that figure initially, and then plan for growth with a building that can be expanded as needed in the future.

Funding Needs:

Immediate Needs (1 – 3 years)	Short Term (4–7 years)	Longer Term (8-10 years)
Capital Fire - \$36,496,000 Police - \$11,250,750	Capital Fire - \$11,002,000 Police - \$36,224,490	Capital Fire - \$16,537,600 Police - \$ 0
Operations (per year) In Addition to Current Operating Fire - \$3,125,783 Police - \$3,588,187	Operations (per year) In Addition to Years 1-3 Fire - \$4,065,132 Police - \$6,144,929	Operations (per year) In Addition to Years 4-7 Fire - \$3,194,560 Police - \$4,369,711

Councilman Gambogi asked for clarification regarding the additional staff figures, do they include staff retirements.

Chief Durre confirmed that the figures indicate additional staff numbers, not replacement of staff that will retire.

Councilwoman Fruhwirth asked for clarification on numbers, she would like an element by element break down of the details.

Chief Durre responded they have those details available and happy to share those.

Councilmember Rusing thanked staff for starting the conversation, it is a problem that has needed attention for a while.

Finance Director Mark Woodfill presented projected cost scenarios.

Councilman Moore asked about the operating costs for new personnel and what effect that may have on the general fund with PSPRS funding.

Mr. Woodfill replied those figures are included in the projected cost scenarios to cover the PSPRS funding liabilities.

Councilmember Rusing commented on the current breakdown of the sales tax rate, and pointed out that the city only gets 2% and is one of the lowest in the area.

Councilman Gambogi asked if there would be a sunset date to the proposed tax.

Mr. Woodfill responded that it depends how the tax initiative is structured, it would need to be a permanent tax if operations are included, could sunset the capital needs once those are accomplished, but there will probably be more capital needs down the road.

Councilman Moore asked where the taxes go, there is a public perception that that growth pays for growth and it's crucial for both the Council and staff to communicate this message effectively to the public. Impact fees alone won't be able to fund the required infrastructure and ongoing operating costs.

Mr. Woodfill clarified impact fees can be limited on how far they can go, they also cannot pay for deficiencies, and are restricted by legislature.

Mayor Pro Tem Cantelme commented that Proposition 443 brought in over \$75 million during a five year period at a 0.75% tax structure.

Mayor Goode commented that considering the projections, it appears more suitable to separate capital expenses from operational costs. By addressing critical infrastructure needs such as building new fire stations, acquiring land, and upgrading existing facilities, we can make significant progress. Structuring the funding similarly to the Public Safety Personnel Retirement System (PSPRS) might garner more public support. A proposed approach involves implementing a capital tax that can sunset once capital requirements are met, alongside an ongoing operational tax. Allocating around 0.75% for capital and 0.35% for operational expenses could ensure sustained support. Trust in fulfilling commitments, as demonstrated with past initiatives like Proposition 443, could bolster confidence in new tax proposals. Splitting the proposed tax percentages, perhaps as 0.5% and 0.25%, could align with community concerns about rising taxes while still achieving our objectives.

Mr. Woodfill advised that Council can structure the proposed tax any way they would

like, an operating tax should be at least .50%, especially taking into account the upcoming loss of rental tax income for the projections. Need to be in one proposition. There is currently is a public safety impact fee meant for new stations, but may not be sufficient.

Councilwoman Fruhwirth asked where the city is currently at with development fees, were there any choices made in the past that have restricted collecting the maximum impact fees.

Mr. Woodfill responded that ten years ago the legislature significantly restricted options for development fees. Five years ago the max amount was adopted. The city is currently in the middle of an impact fee study and will be looking at that in the next few months.

Councilwoman Fruhwirth expressed the importance of understanding the details, she always thought growth paid for growth. Would also like it broken down in easy terms for the public to understand.

Councilmember Rusing commented that she too thought growth paid for growth but she learned how little the impact fees cover. Developers and builders have a heavy hand in the legislature.

Mayor Goode commented he would have liked cities with less than 100,000 in population to have more flexibility with impact fees from legislature but that did not get passed.

Mayor Pro Tem Cantelme asked if coverage for increasing costs over time could be built into the tax.

Mr. Woodfill responded that is accounted for in a way through sales tax or privilege tax as the cost of groceries and other items increase so does the tax revenue from those items. He also advised the last impact fee study is available on the city website for the public.

Councilmember Rusing asked if state or federal grants are available for regional fire or police stations.

Mr. Woodfill responded grants are applied for as much as possible, but these are very competitive as many cities are looking for the same.

Chief Durre added that the city's public safety departments are proactive in seeking grants, especially for basic infrastructure like stations. However, obtaining grants for such projects is challenging as they're often seen as the local municipality's responsibility. There's a consensus on the need for expanding training facilities, and efforts are being made to secure grant funding for them. While grants are pursued, there's recognition of the importance of not solely relying on external funding, given the potential impact on essential services like fire stations. The city faces challenges in grant applications due to being in the middle ground between small and large municipalities. Efforts to secure external funding while balancing immediate needs are ongoing.

Councilwoman Fruhwirth commented that Prescott residents are paying less in sales tax and property tax for public safety compared to the other quad-city communities.

Mr. Woodfill confirmed that a lot of tax is paid for by non-residents who do also have the benefit of the public safety services while in the community and it is a good way to not put the full burden directly on the citizens.

Councilmember Rusing commented that it is important to develop an economic corridor up north in the future growth area of northern Prescott.

Mayor Goode commented that rental tax revenue for the city will end in January 2025, another city has increased their sales tax based on that upcoming loss of revenue.

Councilmember Rusing commented she would like the state to cut their tax portion to help the cities and towns out.

Mr. Woodfill clarified that it is difficult to tax for operation expenses, better option is to add a tax that goes directly into the general fund.

Mayor Goode added that about 76% from the general fund already goes to public safety.

Mr. Goodman clarified for Council a special fund would not be created.

Councilwoman Fruhwirth asked about sunseting and upcoming financial needs, can come back if additional needs arise down the road.

Mr. Woodfill responded that details in ballot language can be clarified and added that capital makes sense since you build what you need.

Councilmember Rusing commented the ballot language needs to be very specific to reduce confusion so voters do not feel like it is a bait and switch.

Councilman Gambogi advised that recent public input has indicated public safety is important to the public.

Mayor Pro Tem Cantelme asked if a percentage could be set aside for future needs.

Mr. Woodfill reiterated that Council can bring forward any ballot language they would like to present to the voters.

Mr. Goodman stated the capital needs are due to a low incoming tax revenue, there will be a need to upkeep these buildings in the future which brings up the sunseting term.

Mayor Pro Tem Cantelme suggested establishing a savings account to alleviate future financial strains caused by inevitable cost increases, the goal is to minimize

the impact of future expenses and ensure financial stability in the long term.

Chief Durre emphasized that responsible fiscal management is deeply rooted in the culture of the city. He observed that staff might be hesitant to request ongoing maintenance funds, driven by a sense of responsibility and fiscal conservatism. He encouraged ongoing dialogue and instructions from leadership to ensure prudent fiscal practices and added that any directives would garner full staff support, with recommendations aimed at benefiting residents rather than excessive spending.

Chief Bonney highlighted Prescott's historical fiscal conservatism, noting its past efficacy and stressed the need to anticipate future needs when constructing buildings and proposed redirecting attention to future investments once current capital needs are met. She emphasized the importance of responsibly planning for future uncertainties in public safety and community needs.

Councilman Gambogi said he understands the sunsetting, and asked Mr. Woodfill if there is money set aside for the airport runway expansion or for the widening of Hwy89 because there are a lot of expenses coming up. He added that a sales tax increase could also help with the other upcoming expenses. He also asked what would be involved in calling an election.

City Attorney Joe Young advised it would take the Council voting on a resolution at the next Council date to approve calling of a special election, it can include ballot language at that point but does not have to.

Mayor Goode commented that there is a tight timeline but the Council could call the election but not necessarily follow through if they didn't get the ballot language to their satisfaction a month later. He added that the Council still has a lot of questions to work out for the tax language and that will take a little time.

Councilwoman Fruhwirth expressed a preference for scheduling a ballot measure either in November or August 2025, aligning with high voter turnout periods. She dismissed May 2025 as an option due to low voter engagement and emphasized the importance of transparency to avoid giving the impression of sneaking the measure past voters. Additionally, she noted the necessity of forming a Political Action Committee (PAC) to campaign for the measure, as public funds cannot be used for this purpose. She personally favored November but acknowledged the viewpoints of others.

Mayor Pro Tem Cantelme commented that it also takes time to purchase land, design stations, may need to get on the ballot as soon as possible. Whether the ballot passes or not, need to make it happen somehow.

Mr. Woodfill added there is some money in the 2024 budget to start the process of design and purchasing property but that is the extent of it, without the tax there is no way to complete it.

Councilman Moore said he feels they need more time to make a strategic approach to be successful.

Councilmember Rusing commented that all Councilmembers need to be on the same page with the information they are sharing with the public with data statistics and facts, she wanted everyone to be aware there will be naysayers.

Councilman Gambogi added that he looks at the situation as not black and white, he is in favor of a sooner election to see if they can meet the deadlines and go from there.

Mayor Goode agrees with the challenges of organizing a special election in May next year. He acknowledges the potential criticism of spending extra money on a special election. Mayor Goode suggested considering the August 5, 2025 Primary as an alternative, which would result in a relatively short wait until the measure's effective date in January 2026. However, he notes the possibility of proceeding with an earlier election if a well-crafted ballot language is prepared by May 9, 2025 depending on the effectiveness of supportive allies in conveying the urgency of the measure to the community.

Mr. Goodman summarized Council's comments adding that staff is happy to prepare the resolution for the next Council meeting on April 9th.

Councilwoman Fruhwirth asked what amount would they like to propose to the voters for the tax.

Mr. Woodfill responded the minimum tax to achieve what the Fire and Police Chiefs have brought forward would be 0.75%, and 0.25% of that would be for capital with the balance for operations.

Mayor Pro Tem Cantelme thanked Sherrie Hanna and Linda Nichols, she has heard a lot of feedback from their efforts already.

Councilwoman Rusing commented that she is proud to be a member of a Council that has not defunded and supports police and fire.

Member of the public, Linda Nichols addressed the Council and stated that they have spoken with other citizens and this effort is about safety, the community needs to support the police and fire. Would like an election called sooner but don't like spending an extra \$100,000 either. Council needs to go out and spread the word and get the public to understand the need.

Mayor Goode stressed the need for careful consideration of taxation policies. He advocated for taxes to solve specific problems with broad benefits and proposed sunset clauses for accountability, and likened this approach to zero-based budgeting and suggested focusing tax components on capital projects. He emphasized revisiting taxation for ongoing challenges rather than relying on past failures to justify unlimited taxation. He differentiated between operational and capital taxes, suggesting long-term justification for the former and problem-solving for the latter. He believed that taxation decisions should be made by those paying and voting for it and suggested crafting ballot language to incorporate these principles into a single vote.

4. ADJOURNMENT

There being no further business to discuss, Mayor Good adjourned the meeting at 3:00 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 April 2, 2024. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Siep, City Clerk

