



City of Prescott

City Council - Voting Meeting

April 9, 2024 | 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 p.m.

2. INTRODUCTIONS / ANNOUNCEMENTS

City Clerk Sarah Siep reviewed a press release distributed with the agendas last week regarding public participation during City of Prescott meetings.

Mayor Pro Tem Cantelme announced that April is Water Awareness Month, information regarding daily conservation tips and rebates are available on the City of Prescott Water website at www.prescottwater.com

3. INVOCATION - Rabbi Susan Schanerman with Temple B'rith Shalom

4. PLEDGE OF ALLEGIANCE - Mayor Goode

5. ROLL CALL

Phil Goode - Mayor
Connie Cantelme - Mayor Pro Tem
Lois Fruhwirth - Councilwoman
Ted Gambogi - Councilman
Brandon Montoya - Councilman
Eric Moore - Councilman
Cathey Rusing - Councilmember

6. PRESENTATIONS

A. Presentation Regarding the Yavapai County Extension with the University of Arizona.

Director Matt Halldorson with the University of Arizona Cooperative Extension provided a presentation to the Council regarding the Yavapai County Extension program which is located at the Prescott Rodeo Grounds. The cooperative extension has been around since territorial times. They are funded cooperatively through the state, federal and county governments, whose mission is to take information from the university and broadcast to the citizens of Prescott and in 15 other counties in Arizona. It is made up of three primary programs, including 4-H Youth Development, Family/Consumer/Health Sciences and Agriculture/Natural Resources.

7. PROCLAMATIONS

- A. Stand with Me, Be Drug Free
Councilman Gambogi presented the Proclamation.

8. OPEN CALL TO THE PUBLIC

A. Ralph Hess addressed the Council regarding his thought that it is unfortunate that the earlier Study Session was canceled because it would have been an opportunity to discuss the rezoning and proposed Master Plan. He read in the Sunday Daily Courier that the Master Plan will be revisited at a future date. He reviewed the documents on the city website regarding the Master Plan, and he believes that the city has failed to initiate the process in accordance with the Land Development Code, and there is no agency agreement between the City and Lyon Engineering and encouraged the city to adopt an Agency Agreement before the process begins again.

B. Earl Duque addressed the Council on behalf of the Gail Gardner Neighborhood Group. His family has been residents for a long time and have worked on a site plan developed by the neighbors regarding the Fairgrounds and the surrounding neighborhood. The historic rodeo must be preserved and protected but so too must the neighborhood.

C. Sarah Michelle Tayler addressed the Council on behalf of Bonnie McMinn regarding the many firsts that have taken place in the city of Prescott, we respect our history and know what it should look like. There is historic importance in respecting the Wild West that has always existed in Prescott, this is true on Whiskey Row and at the Fairgrounds.

D. Sue Manuel addressed the Council regarding the iconic Rodeo and rezoning that doesn't fit. Are they really dropping the rezoning and what is their motivation for that, she feels SPC Zoning is not a good fit for the area. She added that the Rodeo has violated their existing Lease Agreement and several Ordinances and City Code Sections as well, she feels there should be a Committee to have oversight on the Rodeo.

E. Mari Jennifer Chandler addressed the Council as a longtime resident of Prescott who lives in close proximity to the Fairgrounds. She loves her historic neighborhood and the annual event, she asked the Council to address the traffic and parking issues related to the proposed Master Plan for the Rodeo. She shared a photo from July 2023 to highlight the traffic and parking issues during the event. She urged Council to not consider a main entrance on Gail Gardner, and stated that the neighborhood would like to see a traffic/parking plan for any event at the location.

F. Truly Bracken addressed the Council regarding the information that she has sent over the last few days, she is grateful for the city staff who have assisted her in her research regarding the rodeo grounds. While the Master Plan has been paused there will still be a rodeo and upcoming animal events and she urged them to look at the environmental impacts of the those events.

9. CONSENT AGENDA

MOTION BY COUNCILWOMAN FRUHWIRTH TO APPROVE CONSENT AGENDA ITEMS 9.A. THROUGH 9.C.; SECONDED BY COUNCILMAN MONTOYA: PASSED (7 - 0)

- A. Approval of Meeting Minutes from the March 22, 2024 Special Executive Session, the March 26, 2024 Executive Session, the March 26, 2024 Study Session and the March 26, 2024 Voting Meeting.
- B. Approval of FNP23-011, Final Plat for the Luxelocker Condo Storage Facility at Deep Well Ranch. A 126 Unit Subdivision on an Approximate 6.8 Acre Parcel Located on the Southeast Corner of the Intersection of N State Route 89 & Deep Well Ranch Road. Zoning: SPC (Specially Planned Community). Property Owner: Prescott Storage Partners LLC. Applicant: Lyon Engineering. Location: APN 102-08-057F.
- C. Approval of City Contract 2024-198 with Pure Technologies U.S. Inc., to Perform a Pipeline Scan of the Reclaimed Water Main from the Sundog Wastewater Treatment Plant to the Airport Water Reclamation Facility in an Amount not to Exceed \$150,000.00. Funding is Budgeted & Available in the Wastewater Fund.
- D. Approval of City Contract No. 2024-202 with CDW Government (CDWG) for a Three-Year Enterprise Agreement for Microsoft 365 Software Using OMNIA Partners ESC Region 4 Contract R171001 Pricing in an Amount Not to Exceed \$601,254.43 Over the Agreement Term. Funding is Budgeted & Available from Various City Departments.

Councilmember Rusing pulled this Item for further discussion. She stated that she is concerned regarding the price and asked if there are any alternatives to Microsoft and what would happen if the Council didn't approve.

IT Director Nate Keegan responded that the biggest alternative is Google. However, their business model is about selling data, which is a big problem for government. Practically speaking, pulling everything back "on premise" creates a variety of problems. If Microsoft Office is installed on all city computers, it would be approximately \$350,000 for the software, and \$100,000 for the cloud storage.

MOTION BY COUNCILWOMAN FRUHWIRTH TO APPROVE CITY CONTRACT NO. 2024-202; SECONDED BY COUNCILMAN MOORE: PASSED (7 - 0)

- E. Approval of Consent to Hire Brown and Brown Law Offices, P.C. to Represent the City in the Ongoing Gila River Adjudication. Funding is Available in the Water Fund.

Councilmember Rusing pulled this item for further discussion. She stated that this is about the city's water rights and this adjudication has been going on for over 40 years and is one of the most complicated litigations in US history, she is concerned that the city is writing a blank check and wants to make sure the Council will receive a report on how much is being charged.

City Attorney Joseph Young responded that this litigation adjudicates the rights of the city and can impact the city in a variety of ways. There are two immediate issues that could impact us, particularly a trial in August and another issue of a Settlement Agreement proposed by the Yavapai-Apache Tribes. These are both very important issues for the city and we need their expertise. Agreement can be terminated with 30 days' notice.

Mayor Goode added that under previous representation he was able to review monthly invoices to verify billable hours and finding experienced litigators in this state that can handle these matters is difficult. Water rights must be protected through competent representation.

**MOTION BY MAYOR PRO TEM CANTELME TO APPROVE CONSENT
AGENDA ITEM 9.E.; SECONDED BY COUNCILMEMBER RUSING: PASSED
(7 - 0)**

10. LIQUOR LICENSE

- A. Public Hearing and Consideration for a New Series 10 Beer & Wine Store Liquor License Application from Akansha Ashwin Chowdry, Applicant, for ARCO AM/PM Prescott. Location: 286 Walker Road.

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

**MOTION BY COUNCILMEMBER RUSING TO APPROVE ITEM 10.A.;
SECONDED BY MAYOR PRO TEM CANTELME: PASSED (7 - 0)**

11. REGULAR AGENDA

- A. Adoption of Resolution No. 2024-1880 Calling for a Special Election to be Held on November 5, 2024 Regarding a Transaction Privilege Tax for Public Safety Improvements.
- Interim City Manager Tyler Goodman introduced the item and Finance Director Mark Woodfill to review some financials related to these proposals. He requested that the Council allow staff to review the slides and discuss options.

Mayor Goode commented that this is procedural, ballot language and percentages would be determined in the next month to be voted on by the Council.

Mr. Woodfill provided a presentation to the Council regarding projected capital needs in the amount of \$110,565,090 for public safety in Police and Fire, as well as well as projected operating needs. He continued to review a tax that would include capital and operations at 0.75% as well as a 0.80% tax. Mr. Woodfill also reviewed an option where the tax was split between capital and operations, 0.19% Capital Only and 0.56% Operations. This is problematic but possible. He added that the 0.75% tax would bring Prescott to a 9.10% sales tax. He reiterated that all of these figures are just assumptions and a variety of other things can impact them.

Mayor Goode commented that seeing the effective dates based on when the tax rates would be effective would be nearly a one-year difference in the tax becoming effective.

Councilman Montoya asked about the debt issuance that staff reviewed and for clarification on if two separate revenue streams are done would that make the debt issue go out further.

Mr. Woodfill confirmed, the longer the debt issue exists the greater the interest, and he reviewed the specific dollar amounts and maturity dates. He added that the tax effective date is based on the Dept of Revenue requirements, but as soon as the tax is adopted the process can begin on moving the various projects forward.

Councilman Gambogi asked staff to go through the projected debt issues and maturity date.

Mr. Woodfill reviewed, it is approximately a \$20 million difference.

Councilmember Rusing stated that 5.6% of the sales tax goes to the State, 0.75% goes to the county, 1% to roads so the city is only keeping 1% to go toward city operations in the general fund.

Mayor Pro Tem Cantelme asked about 1% tax. She also asked whether the Council has to determine if they want a portion to sunset, do they have to determine that right now.

Mr. Woodfill reviewed the slide with a breakdown of the differences in each tax.

City Attorney Joseph Young stated that there would have to be a triggering event or date on a sunset of the tax. He added that this expands the ballot language and complicates matters but can be done.

Mr. Goodman stated that Chiefs have stated a relocation of one fire station, two new stations, property & evidence building and other necessary facility improvements would be included. With a higher tax at 0.94% a sunset could come in 10-years but the tax is higher. He stated that staff needs direction and hopefully consensus from Council to determine if they want a portion to be sunset to help determine scenarios.

Mayor Goode stated that if there is not a sunset portion related to the capital he will not support the measure. With a date specific on the sunset, the work has to be done within a certain period of time that ensures that everything is done within the time it is expected. Ongoing operations will remain ongoing but the capital should sunset.

Councilman Gambogi asked about how much of the sales tax is paid by non-Prescott citizens, he also asked what an appropriate sunset would be for the capital.

Mr. Woodfill responded it is typically 60-65% of non-Prescott residents, not just tourists but people who don't live in the jurisdictional limits of the city. A sunset depends on the amount, he doesn't feel a 0.75% would make a sunset possible, the tax would need to be higher.

Councilmember Rusing is going to be critical and must be precise, should determine that the funding will go to public safety. She doesn't want any loophole language like "may".

Mayor Goode commented that while some people think a tax never ever goes away, with Prop 443 the council delivered on the promise. If something similar is proposed the community will realize that something can be crafted in a way that would meet these same criteria.

Councilman Montoya stated that he would like to see a sunset option, however, his concern is that as a fiscal conservative he likes to keep sales tax as low as possible and worries that a perception of raising it higher to front load capital costs when the Council could do a lower rate that could be used to address future capital needs as well. Would like ballot language to be provided with options of a sunset versus not a sunset.

Councilwoman Fruhwirth commented that she would also like to see options on sunset versus not and would like to see that in two weeks so the public can participate in the discussion. The 1% tax seems very high to her to be honest.

Councilman Gambogi asked staff how many hires would be included and what those salaries are calculated at. He feels costs for ongoing needs are being underestimated, and while a sunset worked on Prop 443 he doesn't know that it would in this situation.

Fire Chief Holger Durre responded that it would be 15 firefighters and 16 officers in total over the 10 year period. He reviewed personnel costs.

Mayor Pro Tem Cantelme asked about the projected debt issuance on 0.75% versus 0.80% which is a \$15 million difference, so based on that is it possible to start higher for three years, step back and sunset at a date certain.

Mr. Woodfill responded that you still need 0.75% for ongoing costs, that is the bare minimum to maintain these projection amounts, if the Council wants to sunset they need to set the tax higher to begin with.

Mayor Goode opened the floor to public comment.

Member of the public Sherri Hanna addressed the Council and stated that she went into the community to speak with people who supported Prop 443, they are supportive of our Police and Fire and would overwhelmingly support a tax to help them. She reiterated that the wording will be critical. Many people brought up a separate fund for Police and Fire, a capital portion of the tax to sunset, this is our one shot for this to go to the public because they don't want to see this tax again.

Member of the public Ralph Hess addressed the Council regarding whether a Special Election would be limited to just this proposition or if another proposition would be possible.

Mr. Young responded that it would be limited to this item.

Member of the public Tony Hamer addressed the Council regarding conversations he has had in the past regarding increased taxes. What else is being funded to go above this which is the most important item that the Council is funding. Project analysis of this is extremely illuminating. This tax will not be popular even though it may well be effective. Need an interactive model and much more involvement from the public and need to think about other sources of revenue particularly in Economic Development.

Councilman Moore commented that a recent community wide survey showed overwhelmingly that the community is in favor of supporting public safety, and this is funded from the General Fund 75% of which goes to public safety.

MOTION BY COUNCILMAN GAMBOGI TO ADOPT RESOLUTION NO. 2024-1880; SECONDED BY COUNCILMAN MONTOYA: PASSED (7 - 0)

12. COUNCIL LIAISON BCC UPDATES

Mayor Pro Tem Cantelme provided updates for the Workforce Housing Committee, where the group has applied for and received a \$200,000 grant for Workforce Housing projects. Looking at hiring someone to review these issues and address some long term solutions. She added that the Prescott Preservation Commission turned down the Whiskey Row Hotel due to massing and size, which Council upheld at the March 26 Voting Meeting.

Councilman Gambogi provided updates on the General Plan Committee regarding planning in the City that was discussed with other area agencies including CYMPO, Workforce Housing to discuss opportunities. For the Water Issues Subcommittee they discussed the fact that the clock is ticking on grandfathered water rights. He is impressed in the competency of city staff, Council is at the bottom of a very steep learning curve and they work well with us. PBTAC is addressing speeding on Hassayampa and increasing the speed limit from 25 mph to 30 mph. Board of Adjustment is one of the great stories because a group from Prescott Canyon came to the meeting to protest a proposed gas station, they were well organized and very professional in their presentation.

13. ADJOURNMENT

Quote: "The care of human life and happiness, and not their destruction, is the first and only object of good government." - Thomas Jefferson

There being no further business to discuss, Mayor Goode adjourned the meeting at 5:17 p.m.

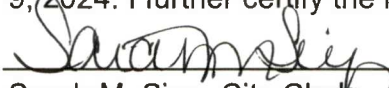

PHILIP R. GOODE, Mayor

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 9, 2024. I further certify the meeting was duly called and held and that a quorum was present.


Sarah M. Siep, City Clerk

