



City of Prescott

City Council - Study Session

April 30, 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
Eric Moore - Councilman (Arrived at 2:03 p.m.)
Cathey Rusing - Councilmember

3. DISCUSSION

- A. Presentation & Discussion Regarding Prop 478, A Proposed Transaction Privilege Tax for Purposes of Public Safety Within the City Related to Options for Ballot Language and Percentages.

Finance Director Mark Woodfill provided a presentation to the Council with a recap of previous discussion and direction provided for the transaction privilege tax measure. He stated that staff will need direction and a determination related to the ballot language to adopt language at the May 14 Voting Meeting. He reviewed the breakdown of how each percentage presented would fund both capital and operations for public safety departments.

Councilwoman Fruhwirth asked about the impact fees and how these can vary over time.

Mr. Woodfill reviewed the fact that impact fees are reviewed and updated every five years.

Councilman Gambogi asked staff to address the significant difference in the cost of a proposed police station compared to a fire station.

Police Chief Amy Bonney stated that the difference in cost is mostly based on size and scope. The police station would need to be larger and there are also accommodations that would need to be made to properly store evidence and property.

Mr. Woodfill added that all of these figures are simply projections and figures may

change. Staff looked into the three different taxing scenarios that have been discussed by the Council. Operating costs will increase over time for new stations and personnel, and a 0.75% exclusively would not work to fund capital and ongoing operations over time. He added that the presented charts show cumulative projections related to impact fees, debt service and capital costs. These, again, are projections but based on estimates would be the costs. Presented square footage over a seven year plan is needed for future growth, and unless the state changes the laws there will likely not be another doubling of the public safety impact fees.

Interim City Manager Tyler Goodman added that Station 77 is included in the additional development, however, the review of development impact fees and land use, etc. are done every five years so those numbers could change. There are complicating factors related to impact fees, they can be used for debt service but have to be spent within 10-years.

Mayor Pro Tem Cantelme commented that her understanding is that \$3 million listed is impact fees that have been collected, but going forward the city cannot put a retroactive impact fee.

Mr. Woodfill confirmed, he added that impact fees are assessed at the time of permit.

City Attorney Joseph Young added that there is a 10-year stipulation on impact fees.

Councilmember Rusing stated that the public needs to be able to trust the Council and city when they are being asked to approve something at the ballot box, she was under the impression that the tax amount would go into a dedicated fund.

Mr. Woodfill responded that this is dedicated to public safety, this tax will pay for less than half of the public safety costs. This will be accounted for and presented in the annual budget to cover public safety tax, it is not the PSPRS tax and can't be accounted for in the same way.

Mayor Goode asked about the \$29 million police facility being 3x the cost of a fire station, and stated that he wants to ensure that the costs are justified so the public can understand.

Chief Bonney again stated that property/evidence facility would be consolidated because the current facility has been exceeded and there will be additional space for operations. This facility is significantly larger than a stand-alone fire station, and it has to be secured and temperature controlled.

Mr. Goodman added that the police department has gone through a space needs analysis and has been figured into these figures.

Mr. Woodfill continued with a review of a tax in which there would be a portion that would sunset and some continuing with a 10-year amortization with the

portion sunseting doing so on Dec. 31, 2035.

Mayor Goode stated that he would like a per capita analysis of the CAFMA tax in Prescott Valley through their property tax. He also asked staff to address where Station 77 would be located.

Mr. Woodfill responded that we have this information already and it will be presented in the upcoming Budget Workshop.

Fire Chief Holger Durre stated that there would be no immediate need for additional personnel in the first few years of this, Station 77 is far out so that assessments can be done on where the best location for maximum effect of that station would be. Station 77 would be to respond to growth in the northern portion of the city, but specific location would be determined in future years. Station 76 would be a new station near Rosser. Investing into Station 72 would help to address the low acuity goals.

Councilman Montoya asked about the sunset versus ongoing ballot language and how that ties into debt service associated with this tax. He also asked Chief Durre to address low acuity situations.

Mr. Woodfill stated that the desire to have a portion sunset from the Council and a 10-year minimum on those types of debt issues. Financing at less than 10-years is much more expensive in terms of government financing.

Chief Durre responded that they have two months of data in the move-up model and have had 2,000 calls eliminated from the system during that time which makes a big impact on responses to the community. The department protects people as they move as well as fixed assets.

Councilmember Rusing commented on the projected new police officers which are specifically listed but asked staff to address fire.

Chief Durre responded that it would be 12.5 Firefighters to staff an engine company, with an overall addition of 22 uniformed staff over the course of the tax.

Mayor Pro Tem Cantelme stated that it is important for tax payers to understand that over 60% of our sales tax is paid by non-residents of the city.

Mr. Woodfill confirmed that is the estimate which varies depending upon time of the year.

Councilman Montoya commented that while 0.95% to start feels like a lot, sunseting the capital costs and paying off debt issue sooner and reducing to 0.75% is more palatable.

Councilmember Rusing asked about the ARC payment and if that would be impacted by additional staff.

Mr. Woodfill responded that the ARC is just the annual pension cost, and that is

included in the projections staff has presented.

Councilwoman Fruhwirth stated that she would like to move onto the language and discuss things she has heard in the public. There is concern that we would be using this funding for other things from the General Fund and would like there to be detail in the ballot language that highlights that and the fact that current funding will not be chipped away at.

City Clerk Sarah Siep addressed the language of the ballot measure versus the enacting Ordinance, those specific terms could be included in the Ordinance but not likely in the ballot language itself.

Mr. Young confirmed.

Councilman Gambogi thanked staff for educating the Council and the public on these matters, he came in believing that one tax would make the most sense, however seeing things presented in this way makes what will work much clearer. He is in favor of getting the debt paid off sooner and is in favor of the 0.95% and dropping to 0.75%.

Councilman Montoya asked about the fee for argument filing.

Ms. Siep stated that there is an established fee for pro/con arguments and this information will be included in the press releases and details inviting arguments which will be distributed after the Council adopts the ballot language.

Mayor Goode asked about the Council's ability to advocate for this proposal.

Mr. Young responded that city funds cannot be used to advocate for a ballot initiative, the Council can advocate for a ballot measure but they cannot use city resources for that. Staff time can be used to compile information that is informative in nature, but there is a line there.

Mayor Pro Tem Cantelme asked if there is anybody on the dais who is opposed to sunsetting. She feels the sunset is necessary and is comfortable with the 0.95% start down to 0.75%.

Council consensus to move forward with a 0.95% tax sunsetting to 0.75% on December 31, 2035.

Mr. Goodman said that staff would also like direction on any additional specific language the Council would like to see related to funding going specifically to public safety. From his perspective the language that it is for the "sole purpose" is very clear, and specific dollar or percentage amounts can be very difficult.

Mr. Woodfill agreed, as service charges and taxes that are determined at a state level change having that specific type of language can become very complicated.

Mr. Young concurred, there is a reason you set a budget every year and binding future Council's isn't good policy.

Councilman Montoya stated that while he can understand where Councilwoman Fruhwirth is coming from the language stating "sole purpose" is clear for him.

Councilmember Rusing asked if this tax would free up General Fund monies for other purposes.

Mr. Woodfill confirmed that was never the intent and the language shows that intent.

Councilwoman Fruhwirth would like public comments on this question, basic services are always the top priority so needs to say that it will not degrade funding to basic services in how this city operates.

Mayor Pro Tem Cantelme concurred that sole purpose is very clear, however, perhaps "dedicated" before transaction could be added.

Councilman Moore commented that this tax will not create more funding for other departments, it is important that the public recognizes that this is a protection for other services that the city provides because if it doesn't pass there would have to be cuts in other areas in order to address the issues public safety is facing.

Councilmember Rusing suggested after "sales tax" in parenthesis.

Mr. Woodfill stated that this is not a sales tax it is a transaction privilege tax.

Ms. Siep also discussed the concerns that might come from too much additional and specific language within the measure when it is on a lengthy ballot. The term "dedicated" can be easily included, but she cautioned the Council on continuing to add language that while intended to be clarifying can have the opposite effect.

Councilman Gambogi discussed the importance of the Council getting out and communicating how this tax will work.

Councilwoman Fruhwirth asked if it would be possible to simplify a "yes" versus a "no" vote language that will appear below the ballot language.

Ms. Siep stated that we can simplify rather than repeat the specific ballot language.

Member of the public Kenneth Fidyk addressed the Council regarding language in the ballot measure making it clear that this tax will go toward public safety needs, people in this community will look at what the dollar impacts are of this. He isn't clear on whether the numbers for the capital expenses are accurate and tied in appropriately, and also whether this will tie into a city strategic plan.

Member of the public Elizabeth Howe addressed the Council and expressed how impressed she was with the discussion today. The Council has developed trust in the community regarding the sunset through Prop 443.

Member of the public Sherrie Hanna addressed the Council and thanked staff for their efforts in looking into this and bringing forward options. The wording is critical and everyone wants to support police/fire, she knows that people want to see that the funds are dedicated to public safety as well as that their regular budget is not impacted.

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 2:40 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 30, 2024. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Siep, City Clerk

