



# City of Prescott

## City Council - Workshop Meeting

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May 9, 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 (Excused)  
Cathey Rusing - Councilmember

#### 3. DISCUSSION

##### A. FY25 Budget Workshop Discussions, Part I.

Finance Director Mark Woodfill introduced Deputy Finance Director Lars Johnson and Senior Accountant Catherine Boland who would be providing the first Budget Workshop. Council will participate in budget discussions today and again next week on Thursday, May 16 at the second Budget Workshop.

##### Budget Process to Date & Upcoming:

- \* February 15 and 16 - Strategic Plan Workshops
- \* February 27 - Mid-year Budget Report & Preliminary Look
- \* January thru March - Department planning and submission of budget information and requests
- \* April 1 - April 12 - City Manager review and formation of FY25 proposed budget
- \* May 9 - Budget Workshop I
- \* May 16 - Budget Workshop II
- \* June 11 - Tentative Budget Adoption
- \* June 25 - Final Budget Adoption

Interim City Manager Tyler Goodman reviewed the draft strategic plan facets and how they fit in with the FY25 Budget. He also stated that the Plan will be coming back to the Council for approval at a future Voting Meeting along with an implementation plan:

- \* Public Safety
- \* Dynamic Economic Environment
- \* Infrastructure
- \* Preserving & Protecting the Natural Environment

- \* Good Governance

Mr. Johnson continued with an overview of the Budget Presentation Approach:

- \* Slides, department packets as well as detailed capital plan are available on the city website
- \* Overall budget summary today for general government, community development, recreation, fleet and facilities, library and airport
- \* Workshop II will cover public safety and public works
- \* Staff is available for any questions regarding the detailed proposed budget and capital plan

#### FY25 Budget Summary:

- \* Compensation - market compensation plan included a CPI adjustment of 5.2% and 1% merit for a total of 6.2%
- \* 36 positions have been requested
  - Included: 6 positions converted from temporary
  - Included: 5 new positions
  - Not included: 13 positions on hold for funding (public safety)
  - Not included: 12 positions
- \* Other increases are necessary to maintain current service levels because of inflation and rising energy costs
- \* \$114.2 million capital budget for needed equipment and infrastructure
- \* Public safety tax is included as a contingency

#### FY25 Budget Requests:

- \* Total operating budget - \$9 million
- \* Total included in proposed budget - \$5 million
  - \$1.6 million general fund: \$0.4 million personnel and \$1.2 million non-personnel
  - One-time \$0.7 million and \$0.9 million recurring
  - \$3.4 million Non-General Fund
- \* Contingent on dedicated public safety tax - \$1.8 million
- \* Not included - \$2.2 million
- \* Capital requests have been moved out years to align with projected available funding

Mayor Pro Tem Cantelme asked how staff eliminated the \$2.2 million that isn't included.

Mr. Goodman responded that there are many departments and meetings, this is all funds operating budgets some things are delayed, some demands are more time sensitive or significant than other, etc.

Ms. Boland continued with position requests, beginning with Temp Conversions:

- \* Community Development - Customer Service Representative
- \* Public Works/Solid Waste - Administrative Specialist
- \* Recreation Services - Four Forestry Technicians

#### New Positions:

- \* Fire Department - Fire Marshal

- \* Legal/City Attorney - Paralegal
- \* Public Works/Solid Waste - Two Equipment Operators
- \* Public Works/Engineering - Environmental Project Manager

New Positions on Hold:

- \* Fire - Fire Engineer and Captain
- \* Fire/Police Share: Radio/Telecommunications Technician
- \* Fire - Four Firefighter EMT/CEP
- \* Police - Six Police Officers

Councilman Montoya asked if the city currently has a Fire Marshal position, or if it did previously, and if the positions that are on hold have a plan for future recruitment.

Mr. Goodman responded that there is a Fire Marshal, however it has been a dual role and one that is currently held by the Deputy Chief and it really should be its own position. The positions placed on hold do have a plan in place to recruit if and when the public safety tax passes.

Fire Chief Holger Durre added that they are looking forward for the Fire Marshal position but will not begin a recruitment process until the budget passes and the position is then approved.

Mayor Goode asked when the tax would go into effect if it passes.

Mr. Woodfill responded that it would be April 1, 2025, but could begin immediately recruiting positions and moving capital as necessary understanding that the funding will begin coming in.

Mayor Pro Tem Cantelme asked for additional details regarding the Public Works and Recreation Services positions.

Recreation Services Director Joe Baynes responded that the Forestry Department was brought in under Recreation Services mid-last year and the positions have existed as temporary positions and would like to convert them.

Public Works Director Gwen Rowitsch addressed the Council regarding the Environmental Project Manager, they would be in charge of seeking out grant opportunities particularly in water and lake quality.

Proposed Total City Budget:

- \* FY24 Operating & Capital Budget - \$243,250,559
- \* FY25 Operating & Capital Budget - \$248,271,619
- \* FY24 Contingency - \$14,885,000
- \* FY25 Contingency - \$30,341,724
- \* FY24 Total - \$258,135,559
- \* FY25 Total - \$278,613,343

Councilman Montoya asked staff to address the contingencies for land purchases around the airport.

Mr. Goodman responded that this is an estimate of what the Council has discussed and would be a bond amount.

Councilman Gambogi asked about FAA contributions for airport items.

Mr. Woodfill responded that staff will get to that near the end of this meeting, but there is only a certain dollar amount of grant funding available.

Mr. Johnson reviewed the city's total revenues from all funds including sales (privilege) tax, bed tax, property tax, franchise tax, etc. which are increasing approximately 3.4% this year. He also reviewed total expenditures for FY24 compared to FY25 which is increasing 9.9% approximately.

FY25 General Fund Recurring Revenues:

- \* Local Privilege Tax - 47.5%
- \* Share of State Revenue - 41.5%
- \* Property Tax - 5.1%
- \* Franchise Tax - 4.1%
- \* Other - 1.8%
- \* Total - \$44,223,477

FY25 General Fund Operating Expenditures:

- \* Police - 38.6%
- \* Fire - \$30.9%
- \* Recreation Services & Facilities - \$11.7%
- \* General Government - \$6.8%
- \* Library - 6.1%
- \* Debt Service Contingency - 2.3%
- \* Community Development - 1.8%
- \* Operating Transfer - 1.8%

General Fund Summary:

- \* FY24 Subtotal Operations - (\$934,023)
- \* FY25 Subtotal Operations - \$143,287
- \* FY24 Net Change in Fund Balance - (\$7,307,161)
- \* FY25 Net Change in Fund Balance - (\$14,019,390)

***Councilman Montoya left the meeting at 2:00 p.m.***

Council and staff discussion regarding reimbursements of purchased land and contingencies.

Mayor Goode asked about funding related to the opioid lawsuits in the coming year.

City Attorney Joseph Young and Finance staff responded that funding will be forthcoming and is included in the grant fund projections.

## **Department Overviews**

### **I. Finance**

- \* 65% Enterprise Funds
- \* 2% Internal Service Funds
- \* 19% General Fund Tax Base
- \* 1% General Fund Program Revenues
- \* 13% Special Revenue Funds
- \* Expenditure Summary - FY25 \$3,062,890

### **II. City Clerk**

- \* 50% Enterprise Funds
- \* 4% Internal Service Funds
- \* 27% General Fund Tax Base
- \* 2% General Fund Program Revenues
- \* 17% Special Revenue Funds
- \* Expenditure Summary - FY25 \$625,539

### **III. City Council**

- \* 51% Enterprise Funds
- \* 4% Internal Service Funds
- \* 27% General Fund Tax Base
- \* 18% Special Revenue Funds
- \* Expenditure Summary - FY25 \$355,276

### **IV. City Court**

- \* 84% General Fund Tax Base
- \* 10% General Fund Program Revenues
- \* 6% Special Revenue Funds
- \* Expenditure Summary - FY25 \$860,757

### **V. Legal Department**

- \* 50% Enterprise Funds
- \* 4% Internal Service Funds
- \* 28% General Fund Tax Base
- \* 1% General Fund Program Revenues
- \* 17% Special Revenue Funds
- \* Expenditure Summary - FY25 \$2,859,015

### **VI. City Manager**

- \* 38% Special Revenue Funds
- \* 41% Enterprise Funds
- \* 4% Internal Service Funds
- \* 17% General Fund Tax Base
- \* Expenditure Summary - FY25 \$7,787,868

### **VII. Bed Tax Fund Budget**

- \* FY24 - \$1,500,000 vs. FY25 - \$1,643,280
- \* FY25 Expenditures - \$1,814,556
- \* FY25 Ending Fund Balance - \$618,388

Councilwoman Fruhwirth asked about downtown cleanup.

Tourism Manager Cristina Binkley stated that the downtown beautification project will be used through bed tax dollars in collaboration with the public works department in order to enhance the area.

#### VIII. Community Development

- \* 49% General Fund Program Revenues
- \* 25% Special Revenue Funds
- \* 26% General Fund Tax Base
- \* Expenditure Summary - FY25 \$3,375,262

#### IX. Recreation Services

- \* 46% General Fund Tax Base
- \* 40% Enterprise Fund/Golf Course
- \* 7% Special Revenue Funds
- \* 7% General Fund Program Revenues
- \* Expenditure Summary - FY25 \$14,564,134

Recreation Services Director Joe Baynes provided additional details and an overview of ongoing revenues and expenditures for the Antelope Hills Golf Course.

Mayor Goode asked what the goal is for the course.

Mr. Baynes responded that the ideal scenario would be to get to a "break even" point for the course. We are positioned perfectly geographically and rounds continue to go up.

#### X. Fleet & Facilities

- \* 52% General Fund
- \* 34% Enterprise Funds
- \* 8% Special Revenue Funds
- \* 6% Internal Service Funds
- \* Expenditure Summary - FY25 \$10,541,891

#### XI. Library

- \* 84% General Fund Tax Base
- \* 1% General Fund Program Revenues
- \* 15% YC Free Library District - these amounts have been decreasing over the last several years
- \* Expenditure Summary - FY25 \$3,250,359

Councilwoman Fruhwirth asked Library Director Roger Saft to provide a one page write up regarding all of the issues that the Library is experiencing with the County. She also asked about branch libraries that are listed in the five-year capital plans for the library.

Mr. Saft said that can be provided. He added that a building can be built, but ongoing funding for staffing is a whole other issue. Funding has been received

through a will that states the library be placed in Prescott, and that can be done now or at a future date, to the Friends of the Library.

Mr. Woodfill added that this is something that will likely continue to be on the plan because it is a desire to have in the future and there is funding from the Friends of the Library so it can continue to be placed and put off, however, if the consensus of Council is to remove it that can be done.

***Councilman Montoya returned to the meeting at 3:10 p.m.***

Councilmember Rusing stated that we should consult with the Friends of the Library to see what they think.

Mayor Goode concurred with Councilwoman Fruhwirth and stated that it should be removed from the five-year plan.

Councilman Gambogi concurred.

Councilman Montoya added that this is something that should probably be paused, but thinks it is important to remember how important this library is for our community and surrounding communities as well.

Councilmember Rusing reiterated that it should be discussed with the Friends before a decision is made, as a common courtesy.

Mayor Pro Tem Cantelme agreed.

Mr. Goodman stated that capital planning is largely unfunded into future years and is used as a planning mechanism.

Mr. Woodfill stated that it can be moved out to future years, and removed from the 5-year plan.

**XII. Airport Enterprise Fund Operations:**

- \* Total revenues - FY25 \$3,393,658
- \* Total Operating Expenditures - FY25 \$3,541,577
- \* Operating Loss - \$147,919
- \* Capital Outlay Projects - (\$7,808,336)
- \* Total General Fund Transfer In - \$(7,956,255)

Mayor Pro Tem Cantelme asked if a rate study has been done on the hangars.

Airport Services Manager Christina Papa responded that when she started she did an audit of all the leases and found that there had not been a CPI adjustment in 10-years, couldn't go back and collect that but are addressing them moving forward.

Mr. Young stated that the issue is not that the ground leases are too low, they are that way for a reason, largely the issue is that they were extended beyond what they reasonably should have been. That is a long game because we have to

honor the leases that are in effect.

Capital Project Manager John Kuebrich reviewed the Airport Capital Plan FY25 Maintenance Costs - \$1,198,873.

Mr. Woodfill added that generally ongoing capital expenses are about this amount on an annual basis and these are covered through the General Fund.

Mr. Kuebrich continued with a review of the Airport Capital Plan Expenditures \$15,962,729 and authorized expenditure list.

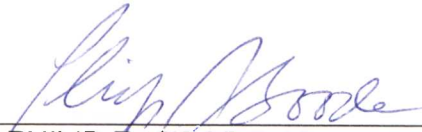
Upcoming Steps in the FY25 Budget Process:

- \* May 16 Budget Workshop II
- \* June 11 Tentative Budget Adoption & publishing of tentative budget
- \* June 15 Public Hearing - FY25 budget, alternative expenditure limit, property tax levy and adoption of final budget by Council (separate meeting)
- \* July 9 Adopt property tax levies

***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 3:49 p.m.

  
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PHILIP R. GOODE, Mayor

ATTEST:

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

  
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Sarah M. Siep, City Clerk

