



City of Prescott

City Council - Voting Meeting

December 10, 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

Mayor Pro Tem Cantelme announced that for the 23rd year in a row, The City of Prescott, received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for its budget. The award represents a significant achievement by the city, and reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the entity had to satisfy nationally recognized guidelines for effective budget presentation. She congratulated the city's Finance Department.

She also announced changed to the city's operating hours during the Christmas and New Years holidays, and stated that this would be the last Council meeting of 2024.. Mayor Pro Tem Cantelme wished everyone a Merry Christmas, Happy Hannukah and Happy New Year.

3. INVOCATION - Matt Kottman with Solid Rock Christian Fellowship

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 FY2024 Audit Result & Financial Statements.

Finance Director Mark Woodfill introduced the Brian Hemmerle, Bakertilly Principle, to provide the Council with an update on the annual audit.

Executive Summary:

* Received a clean opinion for year-end June 30, 2024 with no issues of non-

compliance for both the financial statement audit report and the government auditing standards compliance report

* Federal Grant Single Audit Reports also had no findings during the year

Responsibilities:

* Planning and performing the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement, and reasonable assurance is a high level of assurance

* Assessing the risks of material misstatement of the basic financial statements whether due to fraud or error

* Performing appropriate procedures based upon our risk assessment

* Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management

* Forming and expressing an opinion based on audit about whether the basic financial statements prepared by management, with the oversight of those charged with governance - are free from material misstatement, present fairly in all material respects and in accordance with accounting principles generally accepted in the US, and performing tests related to compliance with certain provisions of laws, regulations, contracts and grants as required by Government Auditing Standards

* Audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities

* Communicate significant matters related to audit that are relevant to the responsibility of those charged with governance including - internal control matters, qualitative aspects of the city's accounting, significant unusual transactions, significant difficulties encountered, disagreements with management, circumstances that affect the form and content of auditors' report, audit consultants outside the management team, corrected and uncorrected misstatements and other audit findings or issues

Communications:

* Management consultations with other accountants

* Compliance with laws and regulations - did not identify any non-compliance with laws and regulations

* Fraud - did not identify any instances of known or suspected fraud

* Going concern - no such matters or conditions have come to the attention of the auditors

* Related parties - did not have any significant findings

Mr. Woodfill stated that all of these reports are on the city website.

Mayor Goode asked how the miscalculation impacts the new impact fees.

Mr. Woodfill responded that it was a minimal error that was corrected, and a refund has been issued to the citizen. It doesn't impact the study at all.

Councilmember Rusing discussed the concerns regarding proceeds from Prop478 and asked if next year's audits will review that.

Mr. Hemmerle confirmed they will review that.

B. Presentation from NorthPoint Academy Students

Social Studies Teacher Tricia Halter introduced her seventh grade class who has worked on an expedition which is a theme or focus. This year was the pros and cons of progress and a final product. She introduced her students to do the presentation. The students reviewed their citizen survey.

Project:

* Six question citizen survey on the topic of "how to improve the city of Prescott"

* Found that

- most people want more water parks in Prescott
 - most people want more trash clean up days at local lakes
 - the community wants more music festivals and fairs/carnivals for youth and adolescents, as well as sporting events
 - most people are willing to participate in a community trash pick-up event
- * Determined that fixing Pioneer Park Skate Rink and Kaylas Hands Park would be the appropriate final project

Councilwoman Fruhwirth thanked the students for their presentation and encouraged the students to contact the Council when they know the date they plan to go out and do cleanup so they can get them some help.

Mayor Pro Tem Cantelme congratulated the class and Ms. Halter on their work.

7. **PROCLAMATIONS**

A. Major Frank Schiel, Jr. Remembrance Day - November 19

Mayor Goode presented the Proclamation.

8. **OPEN CALL TO THE PUBLIC**

None.

9. **CONSENT AGENDA**

MOTION BY COUNCILWOMAN FRUHWIRTH TO APPROVE CONSENT AGENDA ITEMS 9.A. THROUGH 9.F., EXCLUDING ITEM 9.B.; SECONDED BY COUNCILMEMBER RUSING: PASSED (7 - 0)

- A. Approval of Meeting Minutes from the November 19, 2024 Executive Session, the November 19, 2024 Study Session and the November 19, 2024 Voting Meeting.
- B. Approval of the Official Canvass of the City of Prescott Special Election Held on November 5, 2024.

Councilwoman Fruhwirth pulled this Item from the Consent Agenda for further discussion. She stated that it was important to move this item forward this year rather than waiting until the regular city election cycle. This had the most voter participation of any election in the history of Prescott.

**MOTION BY COUNCILWOMAN FRUHWIRTH TO APPROVE ITEM 9.B.;
SECONDED BY COUNCILMAN MOORE: PASSED (7 - 0)**

- C. Approval of City Contract No. 2025-112 with the Yavapai-Prescott Indian Tribe for Distribution of Annual Gaming Funds to Local Non-Profits.
- D. Approval of City Contract No. 2025-093A1, an Amendment to City Contract No. 2025-093 with Swept Away AZ for Downtown Beautification Services in an Amount not to Exceed \$123,435.00. Funding is Available Through Transient Occupancy (Bed) Tax Funds.
- E. Approval of Multiple Contracts for Airport Ground Leases as Follows: 1) City Contract 2025-101 For Airport Ground Lease with Leighnor Aircraft, LLC at Prescott Regional Airport - Ernest A. Love Field; and 2) City Contract No. 2025-102 for Airport Ground Lease with Leighnor Aircraft, LLC at Prescott Regional Airport - Ernest A. Love Field.
- F. Approval of City Contract No. 2025-107 Extending the Contract with City Judge Mitch Padilla through December of 2026.

10. CONSENT ORDINANCE

- A. Adoption of Ordinance No. 2024-1867 Authorizing the Granting of a Utility Easement to Arizona Public Service Company.
**AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF
PRESCOTT, YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE GRANTING
OF A UTILITY EASEMENT TO ARIZONA PUBLIC SERVICE COMPANY, AN
ARIZONA CORPORATION AND AUTHORIZING THE MAYOR AND STAFF TO
EXECUTE ANY AND ALL DOCUMENTS TO EFFECTUATE SAID EASEMENT**

Councilmember Rusing asked whether the utilities will be underground on this easement.

Airport Director Rick Crider responded that it will all be underground as is required. Construction will conclude at the end of next year.

**MOTION BY MAYOR PRO TEM CANTELME TO ADOPT ORDINANCE NO.
2024-1867; SECONDED BY COUNCILMEMBER RUSING: PASSED (7 - 0)**

- B. Adoption of Ordinance No. 2024-1870 Approving City Contract No. 2025-116 a Donation & Transfer Agreement Between the City of Prescott and Michael Gallipeo and Susan Lucas of Approximately 4.28 Acres of Real Property Near the Centennial Trail.
**AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF
PRESCOTT, YAVAPAI COUNTY, ARIZONA, AUTHORIZING ACCEPTANCE
OF DONATED REAL PROPERTY BETWEEN THE CITY OF PRESCOTT AND
MICHAEL L. GALLIPEO, A MARRIED MAN AS HIS SOLE AND SEPARATE
PROPERTY AND SUSAN D. LUCAS, TRUSTEE AS SUCCESSOR IN TRUST**

UNDER SUSAN D. LUCAS LIVING TRUST

Councilman Moore stated that he is pleased with the donation of this land, this is a stunning trail and location for our community.

MOTION BY MAYOR PRO TEM CANTELME TO ADOPT ORDINANCE NO. 2024-1870; SECONDED BY COUNCILMEMBER RUSING: PASSED (7 - 0)

11. REGULAR AGENDA

- A. Approval of Multiple Items Related to Additional Financial Support for the Pure Imagination Festival as Follows: 1) Approval of City Contract No. 2025-113 with Pure Imagination Festival, LLC Approving Additional Funding in the Amount of \$7,600 for the FY2025 Pure Imagination Festival Event; and 2) Approval of the Waiver of Park Fees for the FY2025 Event.

Tourism Manager Cristina Binkley provided a presentation to the Council regarding requests for additional funding for the FY2025 Pure Imagination Festival Event.

Mayor Pro Tem Cantelme asked about the requested waiver of the park rental fees and what the financial impact of that request would be.

Recreation Services Director Joe Baynes addressed the Council regarding the waiver of the park fees coming from Bed Tax funds.

Councilwoman Fruhwirth expressed her concerns regarding waiving the park fees, given that other organizations pay park fees and have not had the opportunity to have those fees waived. She also asked about parking at Pioneer Park.

Mr. Baynes responded that there are four other events on a similar scale to Pure Imagination and he would anticipate that they would also come forward with the same request if the Council grants this one. He also said that the property south of Kuebler Field would accommodate parking and wouldn't impact any of the other events at Pioneer Park.

Ms. Binkley added that park fees for Pure Imagination and all other events would be overwhelming for the Tourism Budget if the other groups made the same request.

Councilmember Rusing asked if the city staff had looked at the books for this event.

Mr. Baynes responded that to this point they have not. Up to now this event has only been a special event application which doesn't require that.

Mayor Pro Tem Cantelme asked what the dollar amount is for waiving the park rental fees.

Mr. Baynes responded that last year it was \$6,000.

Member of the public Ralph Hess addressed the Council regarding his concerns that these contracts don't satisfy the gift clause of the Arizona Statutes.

Member of the public Bonnie McMinn addressed the Council regarding not being allowed to address the Tourism Advisory Committee at the meeting when they discussed this matter. She feels there is a lack of transparency, and believes the numbers are misleading in the recommendations. This would also set a precedent for other groups to come and make the same request.

Councilman Montoya asked about the contract being in line with the gift clause.

City Attorney Joseph Young responded that this is an interpretation of state statute. The public benefit doesn't apply because bed tax is a discriminatory tax that includes sponsorship of these types of events. This would be an improper use of general funds, but not bed tax funds. It is similar to other expenses and clearly allowed under state law.

Councilman Moore commented that he has no concerns with this under the gift clause. He added that the Tourism Advisory Committee has made this recommendation, which is how the Council makes decisions based on items that are sent up from the Board, Commission and Committees, so he would like to hear the rationale behind the TAC's decision. This event brings a lot of tourism and benefits our community, so this seems like a small ask.

Ms. Binkley responded that the TAC is a group of ten who are long-standing Prescott citizens who serve in the hospitality industry. The staff provided the three requests and broke them down, the Committee was comfortable with the recommendations for what Pure Imagination brings to Prescott.

Councilman Gambogi asked how many events the city sponsors.

Ms. Binkley responded that there are twenty-nine non-profit local organizations and approximately half of the bed tax funds go toward helping those events. Annually, the least spent is \$1,100 and the most is \$90,000 approximately, so this would be on the lower end.

Councilmember Rusing stated that having this event out at the park takes pressure off of the downtown area and brings variety to the community. She feels this brings a lot to the community for a small amount of funding.

Councilman Montoya asked if Mr. Young is comfortable with the park rental waiver. This is a good event that does a lot for the community.

Mr. Young responded that it is a bed tax reimbursement which he would be comfortable with.

Community Outreach Director John Heiney also addressed the Council regarding the forty organizations, of whom about twenty-four go through the Tourism Grant

process. This group has been part of that process before. This year, when they realized additional funding would help the event, the organizers came to the Council first and gave TAC the opportunity to make a recommendation on additional funding.

Mayor Pro Tem Cantelme commented that tourism dollars should attract people to our area, but if events can't be successful, the Council should allow them to fail. She questions whether many of the groups receiving money over the years actually deserve it. She supports this event but isn't crazy about waiving the park fees, but we need to be reasonable about how much money is given.

Councilman Gambogi asked for clarification on the total amount given to the event.

Ms. Binkley clarified that the already awarded \$3,800 isn't included, and the additional amount is \$7,600.

Mayor Goode commented that the additional \$7,600 is reasonable, but he feels that waiving the park fees is an undue burden and sets a bad precedent.

Event organizer Candace Devine addressed the Council and clarified that this is the first year she has applied for the TAC grant, and the award is used exclusively for marketing. Her event went through the same process as everyone else. She added that the budget last year was \$1.3 million and half of that went to the artists. The Prescott Resort is a sponsor, but she does work with a number of other hotels in the area within Prescott and out into the quad cities.

Councilman Moore commented that it is ironic that the Council is debating funding an event like this when they heard from the youth in our community earlier in the meeting regarding these types of events being the exact thing that our citizens are looking for.

MOTION BY COUNCILMAN MOORE TO APPROVE CITY CONTRACT NO. 2025-113; SECONDED BY COUNCILMAN MONTTOYA: PASSED (7 - 0)

**MOTION BY COUNCILWOMAN FRUHWIRTH TO DENY WAIVER OF CITY PARK RENTAL FEES FOR THE FY25 PURE IMAGINATION FESTIVAL EVENT; SECONDED BY MAYOR PRO TEM CANTELME: PASSED (6 - 1)
COUNCILMAN MONTTOYA DISSENTING**

- B. **SUP24-001:** A Request for a Special Use Permit to Allow for Construction of a Building Exceeding 10,000 Square Feet in the Downtown Business District at 201 S Cortez Street as a Replacement of the Old City Hall Building.

Community Development Director Chelsea Walton provided a presentation to the Council regarding SUP24-001 for the property at 201 S. Cortez Street encompassing 3 parcels.

Overview:

* Required by land development code as the property resides within the downtown business district

- * New structure for 10,000 sq feet or larger
- * Expansion of existing structures by 50% or more
- * Remodeling that adds 50% or more to the value
- * DTB covers larger area of downtown than local preservation historic district
- * Two types of historic districts - National Register and Local preservation
- * Local preservation requires Prescott Preservation Commission approvals
- * Approved unanimously by the PPC
- * P&Z considered this item at November 14 meeting. Their role was to use PPCs evaluation of fit and form based on design criteria and their recommendation was also for approval of this item by a 6-1 vote
- * Compatibility with Courthouse Plaza Local Preservation District has already been determined

DTB District Compatibility Review Guidelines (LDC 4.9.4.B):

- * Construction and exterior building materials shall be high quality and long lasting
- * Structures shall demonstrate the general principles of good design including but not limited to those dealing with form, mass, scale, height, texture and color with specific consideration given to compatibility with other like structures in the vicinity where such structures are substantially in compliance with the LDC
- * Architectural design of structures and their materials and colors shall be visually harmonious with the overall appearance, history and cultural heritage of downtown Prescott
- * All mechanical equipment shall be screened from view in accordance with requirements of Section 6.5.8E

Councilman Gambogi asked what the rationale was for the no vote at Planning & Zoning Commission

Prescott Preservation Vice Chair Mike King addressed the Council regarding the size and mass being the Commissioners' issue. Moreover, parking was discussed as an issue.

Councilmember Rusing commented that the hotel will have 109 rooms and asked how many parking spots there are on site.

Applicant Shane Shumway responded that there are 104 rooms with 109 parking spaces. Under the city code, zero parking is required, but it is important to them to make sure the parking accommodates the use.

Councilman Moore asked for clarification on what the Council is considering today.

Ms. Walton responded that the size triggered this process, the Council is approving the compatibility of this project in the downtown business district.

Councilwoman Fruhwirth applauded the developers for their patience and grace throughout this process. She asked for clarification that they are below the height of surrounding buildings and if the sign is for approval today. She also asked about the centennial tree.

Mr. Shumway responded that the signage will come at a future time. He added that at this point there have already been more than ten public meetings related to this project, and they did go through a complete redesign of this project. He thanked all the Commissioners that have participated in these discussions as well. Finally, he confirmed that the design will not interfere with the tree.

Councilman Gambogi stated that he defers to the Planning & Zoning Commission and Prescott Preservation Commission, but asked how many employees per shift there are.

Mr. Shumway responded that 15 would be the most employees, and it would be during the middle of the day, which is generally when it isn't being occupied by guests.

Mayor Pro Tem Cantelme commented that the city has been in discussions regarding Economic Development and this is the kind of thing that helps pay the bills. The city needs this type of economic development, it will benefit not just the community but the surrounding businesses in the downtown area. She is excited about this project.

Councilmember Rusing echoed Mayor Pro Tem Cantelme's comments that this project will help keep downtown vibrant.

Mayor Goode asked what the average hotel occupancy rate is currently and added that this needs to be taken into consideration when people express concerns regarding parking. He also expressed his appreciation to the Shumways for their flexibility and consideration in designing this project.

Community Outreach Director John Heiney responded that this time of year is a lower point, but the average is 60-70 year round.

Member of the public Parker Anderson addressed the Council regarding the fact that this project will forever change the ambiance of the plaza and downtown area. Prescott has sacrificed a lot of its charm over the years for economic development.

Member of the public Anne Marie Tayler addressed the Council regarding supporting local businesses and said that she feels the issues with parking downtown are a significant problem.

Member of the public Sandy Griffis addressed the Council regarding how great this mixed use project is, she hopes to see it get underway soon to make our already vibrant downtown even more vibrant and exciting.

Members of the public Bill & Mindy Sheble addressed the Council regarding parking issues downtown. They don't have an issue with the building but is concerned about the loss of parking. They are also concerned about the traffic and recommended a four-way stop at Alarcon and Goodwin to address these issues.

Member of the public Steven Bagnoll addressed the Council regarding the fact that this is totally out of character for the downtown area and surrounding businesses. He also commented on issues with affordability for people working in service industries. Public input can sway the vote of the Council and he said that on Plan Prescott and the city website there are over 300 comments with 4-1 voting against this project because of size, traffic and parking. He recommended the Council vote against this project.

Member of the public Sarah Michelle Tayler addressed the Council regarding parking challenges downtown. She believes parking for employees at the very least should be made.

Member of the public Matthew Fish addressed the Council regarding his excitement about this project, especially with a group like the Shumways who did such a wonderful job on the Hilton Garden Inn. This project is important for job creation, enhanced infrastructure and economic development, but also breathing new life into our downtown area is incredibly important. He spends 70 hours a week downtown and this project will fill a void that exists in this area, and how many lives could be saved if people could stay walkable to Whiskey Row. This is the highest and best use of that site.

Member of the public Marc Lefkowitz addressed the Council regarding the downtown area and all the events happening in the area. He expressed how much he loves the square and in particular that corner, because it is peaceful and it won't be anymore. Recommended Council not approve the Special Use Permit.

Member of the public Steven Raymond Lewis addressed the Council regarding his support of the project. He thanked the Council for their partnership with the Shumways. It is a good project and the developers have been open and transparent working through the various stages of the project.

Member of the public Shawn Reddy addressed the Council as a small business owner downtown and commented on the expense it takes to put a project like this together and completely redesign it. He cautioned those who are concerned about parking because they aren't even required to have it. He hopes the Council approves the project.

Member of the public Dennis Gallagher addressed the Council regarding this portion of the downtown area being a weak spot that this will certainly enhance. Mr. Shumway has met all of the requirements and has bent over backwards to accommodate the requests. As a business owner on Whiskey Row who is downtown at least six days a week he has never had a problem finding a parking spot. Believes this project should move forward.

Councilmember Rusing commented that she understands where people are coming up with losing 66 parking spaces with this project.

**MOTION BY MAYOR PRO TEM CANTELME TO APPROVE SUP24-001;
SECONDED BY COUNCILMEMBER RUSING: PASSED (7 - 0)**

- C. Presentation, Discussion & Possible Action Regarding a Letter of Support Related to Aspects of Water Service Provision to The Mountain Club, an Unincorporated Community that is Serviced by the City Pursuant to a Water Service Agreement.

Deputy Public Works Director Janet Ramsay provided a presentation to the Council regarding water issues at the Mountain Club which is a county island that has been served city water for over 60-years. They own and operate their own water infrastructure which is falling into disrepair. Meters were installed in July 2023 to try and locate the issues as there is recognition that there is significant water loss, but the group is voluntary as it relates to HOA obligations and formation of an improvement district has been difficult to accomplish to this point. A letter has been drafted in support of the community creating a Domestic Water Improvement District (DWID) which would allow them to become an entity that can do the things they would like to do to improve the infrastructure. This does not obligate the city or the community in anyway.

Councilman Montoya commented that the Mountain Club is losing a lot of water and he has always been curious why they are not part of the incorporated city. He also asked about next steps in moving forward with improvements to their infrastructure.

Ms. Ramsay responded that this is a first step. At this time, the HOA is voluntary as is the board so it is everyone's hope that this letter will help get things going.

Councilwoman Fruhwirth commented that she feels this letter should be much more strongly worded. She is disgusted at the amount of water being lost per month and allowing this issue to go on for this length of time is unacceptable. This has to be solved and the district has to be formed, the community is not living up to their end of the agreement. She asked what else could be done to put more teeth behind this.

City Attorney Joseph Young responded that beyond this the city only has a nuclear option of shutting off water, and if that is the Council's direction it could be done.

Utilities Manager Steve Olfers commented that they are 4.9 million gallons in water loss at this point since this process started.

Mayor Pro Tem Cantelme echoed other Councilwoman Fruhwirth's comments. She was completely shocked that this can has been kicked so far down the road, and she thinks that the Council and city must get the community to form this group. It is an in-depth problem with many steps that will need to be taken to remedy the problem, the letter needs to be sent and the district formed.

Councilmember Rusing commented that the Mountain Club is one of the oldest HOAs in the state and has been in existence since the 1930s. There are seventeen water districts in Yavapai County, so this is nothing new, but they need 51% of residents to pass this, and the residents need to understand that they should be better stewards for this community. The loss of this water would

provide for 100 homes a year. She added that she thinks there should be a community meeting related to this that includes the County Board of Supervisors. She also asked how vacant lot owners would be impacted.

Mr. Young responded that vacant lots would have to pay property taxes and not the additional water fees if there is no dwelling unit on the property.

Councilman Gambogi asked for the difference between the nuclear option and what is before Council today.

Mr. Young responded that the items in the memo are to approve the letter of support and to extend a water line as requested. The only real option the city would have eventually would be to cut off water to the pipes, and if the Council wants that included, he can do so.

Mr. Olfers added that there is one piece of property that is split between the Mountain Club and the city where a water line extension was requested. If the city would like to extend the main to the Mountain Club meter, they could be brought into the city, but staff does not recommend doing that because of the associated cost.

Mayor Goode stated that the owners need to understand the consequences of not forming this district.

Councilwoman Fruhwirth agreed, the city will execute its option to cut off water if necessary.

Mayor Pro Tem Cantelme stated that this letter needs to be tightened up, and it needs to be understood that all the Council can do is support the Mountain Club and give them time to get the DWID formed.

Councilmember Rusing stated that the letter should include a meeting with time/date with Board of Supervisors to discuss this issue.

Member of the public & President of Mountain Club Board Gloria McConnell addressed the Council, she expressed their appreciation for support from city staff in their help in getting the DWID formed, and added that she was shocked by the comments of the Council regarding this situation. The Mountain Club does care about the water, but this is a complicated situation. Water is not running down the street, they don't know where the leaks and issues are coming from. Residents had been told for years that a leak at Arroyo was a natural spring by the City water department but then ultimately found out a leak was on city property. The Mountain Club are not the only ones having issues with leaks, and she resents the bashing of the Mountain Club. With regard to the letter of support, to form a DWID they have to convince 51% of the homeowners to sign the petition and that is a significant undertaking, some of which are city properties as well, and she doesn't know that threatening people is the way to do it. She added that the Mountain Club has several questions and concerns regarding the data from the master meters. She addressed a property on Maricopa which is located at the corner of three streets and was combined with other parcels. The

owner requested that the city annex the property as only some of the parcels were part of the Mountain Club water service area. The city agreed to annex them and now the Mountain Club is responsible, but they are concerned that, given the size of the property, it could be developed into up to eight properties which would be a major issue.

Councilman Montoya thanked Ms. McConnell for clarifying statements made about the Mountain Club and apologized for the glibness of some of the comments made by Council.

Councilmember Rusing echoed Councilman Montoya's comments and stated that by working together she hopes that they can convince 51% of the property owners to form this district.

Ms. McConnell stated that she hopes so as well, and added that many of the property owners are not permanent full-time residents, so approaching things with sugar rather than a whip would be helpful.

Mayor Pro Tem Cantelme commented that if the issues are resolved, annexing into the city in the future is not off the table.

Mayor Goode stated that Council supports the formation of this DWID. They want to encourage citizens to manage their own water more efficiently.

MOTION BY MAYOR PRO TEM CANTELME TO APPROVE SIGNING A LETTER IN SUPPORT OF THE FORMATION OF A DOMESTIC WATER IMPROVEMENT DISTRICT FOR DELIVERY TO THE MOUNTAIN CLUB PROPERTY OWNERS; SECONDED BY COUNCILWOMAN FRUHWIRTH: PASSED (7 - 0)

MOTION BY MAYOR PRO TEM CANTELME TO DECLINE THE OPTION OF A WATER MAIN EXTENSION AT CITY EXPENSE ON ASPEN WAY IN THE MOUNTAIN CLUB; SECONDED BY COUNCILWOMAN FRUHWIRTH: PASSED (7 - 0)

- D. Approval of Multiple Items Related to Budget Appropriations & Purchases For Public Safety as Follows: 1) Adoption of Resolution 2024-1909 Approving the Transfer of Budget Appropriation from General Fund Contingency to the Fire and Police Departments in the FY25 Budget and Amending the City Job Roster for the Addition of Twelve (12) Public Safety Positions; and 2) Approval of City Contract No. 2025-115 for the Purchase of One (1) Fire Engine Truck for New Station 76 from Rosenbauer Minnesota LLC using Sourcewell Contract No. 113021-RSD in the Amount of \$1,263,108.54.

Deputy Finance Director Lars Johnson provided a presentation to the Council regarding contingencies in the budget lumped together previously which will be placed in the correct department budgets for use.

Fire Chief Holger Durre added that the purchase of the fire engine truck will allow capturing 2024 pricing which would be very helpful for overall budgeting and addressing issues with lead time.

MOTION BY COUNCILMAN GAMBOGI TO ADOPT RESOLUTION NO. 2024-1909 & APPROVE CITY CONTRACT NO. 2025-115; SECONDED BY MAYOR PRO TEM CANTELME: PASSED (7 - 0)

- E. Adoption of Ordinance No. 2024-1873 Establishing a Business License Program in Prescott.

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AMENDING PRESCOTT CITY CODE TITLE IV (BUSINESS REGULATIONS) BY ADOPTING A NEW CHAPTER 4-6 ENTITLED "BUSINESS, OCCUPATIONAL, AND PROFESSIONAL LICENSES"

City Manager Dallin Kimble provided a presentation to Council regarding a previous Council discussion about the establishment of a business license program. Four specific outcomes included determining who is doing business in the city, creating a business registry, increased support for local businesses and an entry point for local businesses. Non-profits, remote workers, vacation rentals, sober living homes and home-based businesses would not be included. There is an assumption of approximately 1,800 businesses that would share in the cost. Business license fees and specific amounts could be approved at a later time but looking at approximately \$50/business and \$50/year in order to cover costs. Next steps after adoption of a program would be to begin with a recruitment process to get a staff member in to handle the capacity to do this.

Mayor Pro Tem Cantelme commented that she is a big supporter of a business license program for Prescott. The city can collect so much data by knowing who will be setting up businesses and keeping them regulated. She feels non-profits should still have to register but could be exempt from paying the fee, and she would like to see a program implemented sooner rather than later.

Councilman Moore asked what the benefit is to the businesses of the community in having this program. As a business owner, he has seen no difference in whether there is a city business license program or not. Additionally, he doesn't feel that a small business should pay the same amount as a big business.

Councilman Montoya echoed Councilman Moore's comments and added that this represents everything people don't like about government and all the items that Mr. Kimble mentioned are already kept by both the Chamber of Commerce and Yavapai College. As to any concerns with hazardous materials it was his understanding that those are already monitored.

Councilmember Rusing stated that she supports a business license program and feels it supports economic development. With a business license, if a complaint is received, the city could investigate it and have consequences.

Councilwoman Fruhwirth commented that while she supports the concept of a business license program, she feels that this would take a very different approach than surrounding communities, and she isn't sure she is supportive of this proposal specifically. She also asked if the business community had been engaged at all in these discussions.

Councilman Moore added that this is a redundancy of information that is readily available in the community, the Council would also have to create a position for this which seems inappropriate. He stated that a fire inspection is done annually without a business license already.

Mayor Pro Tem Cantelme commented that the Council needs to move the city out of the 1950s. She stated that Councilmen Moore and Montoya just don't want to pay the fees and while they are responsible business owners, the city has suffered in the past by non-honest business owners. The Council needs to provide police and fire with the information they need to serve this community.

Mayor Goode stated that he was on Council the last time a business license program was initiated and he feels that having a registry of types of businesses and locations is the least the city can do for those that are planning to relocate here and for our business community. He added that non-profits need to be identified and registered so the Council knows where they are and what services they are providing.

Mr. Kimble asked for clarification on what the Council would like to see changed in the proposal related to the program.

Councilman Montoya commented that he would like to know what type of building inspections are already being conducted and what the proposed program would add that the city doesn't already have. He also stated that he wants that information from the Police and Fire Departments regarding their thoughts and what they need. Additionally, he would like to have a clear understanding of what other communities are doing as far as other licenses are concerned (i.e. Peddler, Solicitor), and if there are gaps that are not covered by the Chamber and Yavapai College.

Councilman Moore added that all a business needs to do if they are moving here is Google who sells bird seed and do their due diligence. If the Council is doing this there should be benefit to the businesses and city.

**MOTION BY COUNCILMAN GAMBOGI TO POSTPONE ADOPTION OF
ORDINANCE NO. 2024-1873; SECONDED BY COUNCILMAN MONTOYA:
PASSED (6 - 1) MAYOR PRO TEM CANTELME DISSENTING**

Council and staff discussion regarding needing clarification on whether or not non-profits would be included, if renewal would be annually or once every two-years, and whether the program is tiered or not.

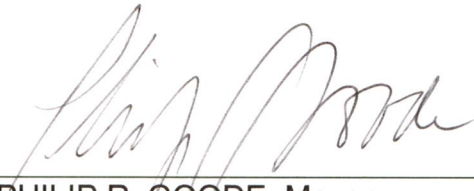
Mayor Pro Tem Cantelme added that there should also be a question about whether hazardous materials are kept on site.

12. ADJOURNMENT

Mayor Goode concluded with a Christmas blessing and wished everyone a happy holiday season.

There being no further business to discuss, Mayor Goode adjourned the meeting at

6:11 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 December 10, 2024. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Siep, City Clerk

