CITY OF PRESCOTT

City of Prescott

City Council - Workshop Meeting

May 16, 2025 | 3:00 PM
201 N Montezuma Street
City Council Chambers, 1st Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Mayor Goode called the meeting to order at 3:00 p.m.

2. ROLL CALL

Phil Goode - Mayor
Connie Cantelme - Mayor Pro Tem
Lois Fruhwirth - Councilwoman
Ted Gambogi - Councilman (Absent)
Brandon Montoya - Councilman
Eric Moore - Councilman
VACANT SEAT

3. DISCUSSION

A. Presentation & Discussion Regarding the Fiscal Year 2026 Budget Workshop.

Finance Director Mark Woodfill provided a presentation to the Council regarding the FY26 proposed budget and began with a review of the budget process to date. Tentative budget adoption will take place at the June 10 Council Voting Meeting with the final budget adoption on June 24. Proposed budget is posted on the city website through OpenGov platform at prescott-az.gov/budget-and-finance/budget-reports and city staff is available if Council or the public have any questions.

National/State/Local Economy:
* Economy - shadow of possible downturn with shake-up of global trade
* Revenues are forecast conservatively but not with an expected decline
* Revenues are monitored monthly and mid-year adjustments will be made if revenues fluctuate significantly from projections
* Proposed budget preserves prudent financial reserves in accordance with city policies

Mr. Woodfill continued with a review of the taxable activity report to date as of March 2025. He also reviewed the city's share of State Income Tax and how that has varied over the last several fiscal years, and what it is estimated to be in the coming years. Residential development does bring in revenue.

Deputy Finance Director Lars Johnson continued the presentation.

Budget Summary & Overall Changes:

* Balanced Budget - operational expenditures are fully funded by ongoing revenue
* Strategic capital funding - one-time capital expenditures are funded through a mix of accumulated fund balance, debt issues, dedicated revenues and grants
* Employee Compensation - continued funding of the market compensation pay plan is included in the budget
* Operational Cost Increases - health insurance premiums up 7%, internal cost allocations for liability insurance and facilities increasing

Budget Requests:
* Recurring - $8,788,000
* On-Time - $5,956,000
* Total - $14,744,000
* Total Approved - $10,176,000 (Recurring $5,565,000 and One-time $4,611,000)

Proposed Total City Budget:
* Operating - $145,732,441; 6.9% change
* Capital - $148,013,721; 21.2% change
* Contingency - $10,000,000; -50.5% change
* Total - $303,746,162; 9.0% change

Mr. Johnson continued with an overview of total revenues and expenditures from all funds.

General Fund Operating Revenues:
* Local 1% Privilege Tax - 43%
* Share of State Revenues - 38%
* Public Safety Privilege 0.95% Tax - 8%
* Property Tax - 5%
* Franchise Tax - 4%
* Other - 2%

General Fund Operating Expenditure Budget:
* Police - 35%
* Fire - 27%
* Recreation Services & Facilities - 12%
* Library - 6%
* General Government - 6%
* Fire PTSI - 3%
* Police PTSI - 5%
* Community Development - 2%
* Operating Transfer - 2%
* Non-departmental - 2%

Fee Schedule:
* Council will discuss and possibly adopt changes on May 27
* Proposals - airport, library, recreation services and fire department are proposing changes
* Full report and justifications are on the city website via public notice

Organization Changes:
* Fleet Maintenance has moved to Public Works from Recreation Services
* Water Resources and Public Works Department Private Development Plan Review staff moved to Community Development (consolidated/combined permit center)
* Full organizational chart is available through OpenGov

Personnel Requests:
* 21.5 New FTE Positions; 7.5 outside of Public Safety Tax Initiative positions (6 in Fire, and 8 in Police)
* Currently at 12.5 FTEs per 1,000 citizens

Capital Improvement Program:
* 5 Year Program
* Twenty different categories with 168 projects
* Airport - $24.6 million
* Police & Fire - $34.1 million
* Recreation - $3.4 million
* Library - $160,000
* Public Works Street Preservation/Rehabilitation/Maintenance - $13 million
* Public Works Street Reconstruction - $3.7 million
* Public Works Street Circulation - $4.8 million
* Public Works Drainage - $2.8 million

Council Strategic Plan & Budget

City Manager Dallin Kimble continued the presentation with a discussion regarding the Council's strategic plan and the proposed budget. Staff manages and budgets to strategic plan. He reviewed the updated Vision and Mission statements.

Priority #1 - Public Safety:
* Implementing Prop478 tax initiative
* Response times - FY26 includes Police and Fire 14 FTEs, in FY25 12 FTEs were added, station alerting system installed
* Proactive community policing increases as positions are filled
* Prescott Regional Airport infrastructure improvements - concept to shift runway to the northeast, and budget for new long-term master plan

Priority #2 - Dynamic Economic Development:
* Adding capacity to implement the Economic Development Strategic Plan - Economic Development Manager and Communications Manager new FTEs
* Incentive policy in development
* Tourism - state partnerships on Route 66/mountain biking
* Airport - recent expansion at Cutter, partnership with Embry-Riddle Aeronautical University, and lobbying for apron/runway improvements

Priority #3 - Infrastructure:
* Safe, efficient flow of traffic/transportation - traffic control

* Streets Capital Plan - circulation projects and reconstruction/maintenance

Priority #4 - Preserving & Protecting the Natural Environment:
* Glassford Dells Gateway Park
* Bean Peaks
* Trail Connectivity Projects
* CYMPO Wildlife Corridors Study
* Risk Assessments
* Emergency Management

Priority #5 - Good Governance:
* Community focused and performance-driven organization - emphasis on training opportunities in departments/HR general training, operational studies budgeted in several departments
* FY26 OpenGov Implementation - budget tied to results, community transparency, improved internal budget monitoring, FY27 goal for performance reporting for community

Upcoming Steps in FY26 Budget Process:
* June 10 - tentative budget adoption & publishing of tentative budget
* June 24 - public hearings for adoption of the FY26 budget/AEL/property tax levy; adopt final budget, personnel roster and AEL
* July 8 - adopt property tax levies

Approved Expenditure List (AEL):
* Attached to the packet
* Anything on this list, once approved with budget, would not have to come back to the Council for approval at a later date
* Will be adopted at the same time as the overall budget on June 24

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 4:43 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 May

16, 2025. I further certify the meeting was duly called and held and that a quorum was present.

Sarah M. Siep, City Clerk