

City of Prescott

City Council - Study Session



May 27, 2025 | 1:00 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 1:00 p.m.

2. ROLL CALL

Phil Goode - Mayor
Connie Cantelme - Mayor Pro Tem
Lois Fruhwirth - Councilwoman
Ted Gambogi - Councilman
Patrick Grady - Councilman
Brandon Montoya - Councilman
Eric Moore - Councilman

3. DISCUSSION

- A. Presentation & Discussion Regarding Workforce Housing Policy from the Workforce Housing Committee.

Special Projects Coordinator Amber Fraser introduced the presentation and discussion regarding the proposed Workforce Housing Policy. Staff and the Workforce Housing Committee are seeking feedback and direction from the Council on their vision for the policy and how to proceed.

Committee Chair Nicole Kennedy continued the discussion, asking the Council why they feel workforce housing is important for the Prescott community.

Introduction:

- * Essential workers are priced out of local housing
- * Policy supports those earning 60%-120% of AMI
- * Goal is housing stability and service quality

Ms. Kennedy reviewed the housing affordability by occupation in the City of Prescott.

- * AMI (FY24) - \$85,300 for a family of four
- * Workforce range - \$51,180-\$102,360/year
- * Over 60% of essential workers live outside Prescott
- * Median Home Price - \$509,000 (2024)
- * Average Rent - \$1,600/month for two bedrooms

Community Engagement:

- * Outreach via meetings, surveys, feedback loops

- * Transparent and outgoing community input
- * Policy shaped collaboratively

Eligibility:

- * Full-time workers in Yavapai County
- * Targets 50-120% AMI
- * Developer eligibility tied to affordability and design standards

Workforce Housing Committee Member Randy Goodman continued the presentation with an overview of the Incentive Programs Overview.

Incentives Program Overview:

- * Reduce costs and streamline approvals
- * Encourage development of workforce units
- * Include financial and procedural tools
- * Financial Incentives - fee waivers based on workforce unit percentage, reimbursement for eligible projects, impact fee deferral option, eligible fees include zoning fees/subdivision fees/site plan fees/building plan review, permit and inspection fees/utilities department fees
- * Expedited Process & Code Flexibility - expedited review, flexible zoning, red line reviews, reduce parking minimums, density bonuses (should be included in code) and mixed-use friendly

Councilman Montoya asked how it is ensured that the housing remains workforce.

Mr. Goodman responded that it needs to be maintained for 20-30 years. Developers have to be held accountable via deed restrictions and HOA Board agreements.

Infrastructure, Location & Development Support:

- * Water access prioritization
- * Reduced water fees and conservation incentives
- * Zoning flexibility
- * Infill and revitalization focus
- * Site prioritization
- * Pre-approved plans program (A Home of My Own)
- * City supported development
- * Mixed-use and small lot support

Land Access & Funding Strategy:

- * City-owned land utilization
- * Strategic property inventory
- * Support for private landowners
- * Public-private partnerships
- * Workforce housing trust fund
- * Grants and donations
- * City as grant pass-through entity
- * Diverse revenue streams

Councilman Grady asked about the Home of My Own program and what the track record for it is.

YCCA Representative Sandy Griffis responded that the program was started in Yavapai County three years ago and has permitted over 65 homes in Yavapai County, fifty of which are already built and occupied.

Oversight, Accountability & Education:

- * Dedicated staff oversight
- * Performance benchmarks
- * Phased development requirement
- * Consequences of non-compliance
- * Educational guidebooks
- * Transparency and support

Councilwoman Fruhwirth commented that she is supportive of the proposed policy, but does have concerns and questions.

Ms. Fraser responded that Council can send redlines to staff, or a face-to-face meeting can be scheduled so they can take things back to the Committee to be worked on.

Member of the public Howard Mechanic addressed the Council in support of the policy proposal. This crisis has existed for several years. Will an expert look at this proposal and say that it will work based on the scope and cost of the policy. He suggested that cost is the major issue associated with workforce housing.

Mayor Goode commented that this is a complex problem. He hopes that lease and rental costs will decrease to help address these issues.

This item was for discussion only, no formal action was taken.

- B. Presentation & Discussion Regarding Regional Water Challenges from Mark Holmes and Gary Beverly.

Chino Valley Water Advisory Mark Holmes provided a presentation to the Council regarding regional water issues. Chino Valley wants to participate in regional discussions regarding water for all the communities. He introduced Gary Beverly, President of the Citizens Water Advocacy Group, to discuss groundwater status in the Prescott Active Management Area (AMA).

Arizona Water Law:

- * ARS 45-105 A(3) - devise means and plans for development, conservation and utilization of all waterways watersheds, surface water, groundwater and groundwater basins in the state
- * Functional result is to facilitate development through - hydroptic myth (safe yield), special exemptions/loopholes, inadequate funding/administration, excessive complexity/litigation and destruction/degradation of rivers and springs

Safe Yield:

- * No penalty

- * No incentives
- * ADWR provides data but no assistance
- * Responsibility of region not ADWR
- * No regional plan exists
- * No discussions are planned

Mr. Beverly reviewed the Prescott AMA overdraft figures and water-level changes. Prescott Valley gets approximately 62% of their water from the Little Chino. Overdraft has a number of effects, including causing aquifer levels to fall, Del Rio Springs dry-up, negative impacts to the Verde River, and reducing water levels in wells throughout the AMA.

Mr. Holmes continued the discussion.

Prescott AMA (State established water district):

- * Highest set of water regulations
- * Overdrafting continues and has increased over the last 25 years
- * With status quo, safe yield will never be obtained
- * Upper Verde River impacted
- * Failed System

Previous Groups:

- * Yavapai County Water Advisory Committee - policy and planning organization
- * Upper Verde River Watershed Protection Coalition - policy and planning organization
- * Northern Arizona Municipal Water Users Association (NAMWUA) - policy and planning organization
- * Municipal & County Governance - looking within their own jurisdictions
- * 25+ NGOs are applying influence and attempting partner with governing entities
- * All associated water organizations have focused on conservation, messaging, limited planning but not water governing or authority or capital improvement planning/expenditure organization
- * Need to look outside boundaries to address these issues

Time to Change the Conversation:

- * Problems facing our region are bigger than any one entity's capabilities or the state
- * Solutions needed will require a regional authority, regional capital and planning
- * Everyone living here is contributing to the water resource problems, but not everyone is contributing to solutions
- * Everyone needs to contribute
- * Develop a new model
- * Cannot conserve or educate the way to a solution
- * Water needs to be regionally managed with an understanding of local impacts
- * All jurisdictions are in the water resource, reclaimed water and stormwater business if they govern platting and parcels

Examples of Districts:

- * Water Replenishment District - Los Angeles, CA

* Sub-Regional Operations Group - Glendale/Mesa/Phoenix/Scottsdale/Tempe, AZ

How to Determine the Best Approach:

- * Form an exploratory Committee
- * Create an IGA
- * Solicit a professional facilitator with significant water knowledge
- * May require a small amount of funding and in-kind work

Mayor Pro Tem Cantelme commented on the difficulty of ensuring that older homes are adequately recharging. It is more reasonable to do for a new planned area development because it can be established with requirements.

Mr. Holmes responded that old communities can be retrofit to address these issues. Stormwater is an unrecognized water resource, these sorts of plans take decades to see success.

Next Steps:

- * Chino Valley has approved a Resolution stating the following
 - the Town desires to create an IGA to work with other jurisdictions in creating a steering committee, discuss and support these efforts towards creating a regional organization or authority focused on collaboratively achieving safe yield in AMA
 - the Town offers to provide the governing boards of the other Regional Governments a presentation by the Town's water advisor regarding the pressing need for the Committee
 - the Town has also sent the City of Prescott a letter expressing the same

Benefits of Regionalism:

- * Improve quality of life
- * Provide the financial abilities for large-scale capital projects
- * Solve large and complex issues
- * Protect the interests of all (economic, social and environmental)
- * Improve efficiency, effectiveness and provides an economy of scale
- * Is the only real solution to solve regional challenges
- * Be a bonafide legal advocate or voice for this region of the state

Mayor Goode commented that he attempted to form a cooperative group with all agencies a few years ago to address these issues, but that didn't go well. In order to set something like this up, trust needs to be established that an organization can deliver measurable improvements.

Councilman Gambogi commented that Mr. Holmes was one of the first people he went to in order to get himself informed. This Council spends a lot of time on issues that are not crisis and this actually is one.

Member of the public Sherrie Hanna addressed the Council regarding the importance of having enough water for firefighters in the event of a significant fire issue. She recently testified regarding water issues related to fire at the state legislature. Prescott is making a good-faith effort to tax themselves to have

adequate fire protection for our area and that should be considered as part of the plan moving forward.

Member of the public Howard Mechanic addressed the Council regarding the many years of research in committees that have gone into looking at the safe yield issue. Unanimously, these committees find that a regional solution is needed as well as a replenishment district. This is not an incremental issue, we need a unified effort to address it.

Councilwoman Fruhwirth commented that the perception is that the Council should say no to anything new and that isn't going to fix the problem. She is supportive of the city being involved in a regional solution to the problem.

Councilman Moore concurred.

Mayor Pro Tem Cantelme stated that there is power in numbers, have to take a deep dive in to come up with solutions.

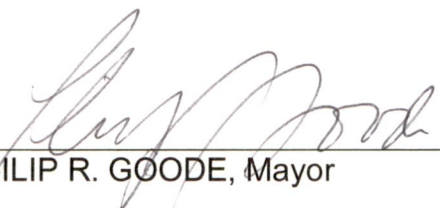
Councilman Montoya agreed.

Councilman Gambogi and Councilman Grady concurred. Councilman Grady stated that it is important to look at what the previous issue were as well to move forward successfully.

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 2:50 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 27, 2025. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Siep, City Clerk

