



City of Prescott

City Council - Study Session

October 28, 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. Discussion & Possible Council Direction Regarding a Potential Amendment Requiring High Value Projects Located in Historic Preservation Districts be Reviewed by Outside Experts.

City Clerk Sarah Thornhill stated that there is no staff presentation because this item was requested by two members of the Council.

Mayor Pro Tem Cantelme commented that she feels high value projects, with a \$3 million threshold, would be an appropriate benchmark to have an outside firm take a look at the project and determine whether it should be moved forward and if it fits all requirements for this historic districts.

Mayor Goode agreed, and added that there are local as well as state and national standards, and he feels it is important to make sure those are in alignment when a project comes forward. He added that being familiar with what can and cannot be said and reviewed during project review is also important. There should be well-defined criteria for the Council to look at when a project comes forward and they should not be relying on anecdotal analysis.

Councilman Moore stated that his concern is that there is a body of volunteers on the Prescott Preservation Commission (PPC) who are making decisions and recommendations to the Council and he wondered how this code change would impact that. Would the PPC still review projects or not, because he sees a conflict when there is a third body to review it, so while he is in favor of this type of change he would want clarity on how it would impact that Commission.

Mayor Goode responded that it would be similar to the last PPC review of the

Prescott Plaza Hotel.

Mayor Pro Tem Cantelme disagreed and stated that it would cut out the PPC altogether for these types of projects.

Councilman Grady commented that the State Historic Preservation Office (SHPO) should be sufficient to provide feedback on these types of projects before the PPC reviews them.

City Attorney Joseph Young commented that the way the Ordinance is currently worded, it would cut out staff review on these types of projects, not the PPC. However, if that is the desire of Council, that could be changed. If the Council were to adopt this Ordinance, the process would mirror what was most recently done by the PPC in their discussion and review of the Prescott Plaza Hotel. An outside specialist would provide their review and feedback and then the PPC makes a recommendation.

City Manager Dallin Kimble added that the city is moving in this direction already. There aren't many of these types of projects which would warrant hiring someone in-house for that so, it makes sense to have an outside group do so. The question is whether the Council wants to put this into code or not.

Councilwoman Fruhwirth asked if the most recent expert was contracted by the applicant or the city. She stated that she sees this code change as being under the duties of the PPC and empowers them if they feel like they want to have an outside expert look at a project. She is pleased to see that, but would like clarification on the \$3 million threshold, and if that would be the property or the project value.

Mr. Kimble responded that the outside expert was contracted by the city.

Mayor Pro Tem Cantelme added that she viewed the threshold as the project's value.

Community Development Director Chelsea Walton stated that the job value comes in at the time of permitting. She added that the exterior components and modifications would be what is priced out because that is what is impacting the historic district. This requirement for outside review would just be part of the application for historic preservation review.

Councilman Gambogi commented that he doesn't feel putting this into code is appropriate, the city had an outside consultant for the SR89 project yet many objected to every conclusion that consultant came to. He also thinks this is a slap in the face to city staff. They know when someone needs to be brought in and should be able to make that decision when necessary.

Councilman Montoya stated that he shares concerns regarding whether this is really necessary because in situations where it would be needed staff is already doing that and codifying it seems to create redundancy. He added that the Council needs to put faith in the City Manager to bring someone in when

necessary and, even when an expert is brought in that is not guaranteed to remove the emotional responses expressed as was pointed out with the SR89 project.

Councilman Moore commented that there seems to be a disconnect between what the City Manager said and what Councilwoman Fruhwirth said. No BCC has the authority to hire a consultant, nor should they.

Councilman Montoya concurred and added that he is unclear on whether the purpose or goal is to remove the PPC from review of these types of projects.

Mayor Goode commented that there is a dilemma because there are federal guidelines, state guidelines and local guidelines with overlapping rules making it difficult for a person who volunteers to serve on a Board or Committee to interpret them. He is not convinced this needs to be mandatory or in code, perhaps a training manual should be put together for individuals who serve on a Board like the PPC to help provide direction. All this does is lead to bigger government.

Councilman Moore commented that perhaps changing the role of the PPC is what really needs to be done. For example, simpler things would go before them, but bigger projects like the Prescott Plaza Hotel would be reviewed by a consultant and then brought directly to the Council.

Mayor Goode polled the Council on whether they would like staff to bring forward the Ordinance in its current form and Council unanimously agreed that they did not.

Mr. Young asked if the Council would like to see the Ordinance reflect that high-value projects with a specific threshold be outsourced for review to a consultant and then come directly to the Council skipping over the PPC's review. If so, staff can explore the idea of updating the language to reflect that.

Councilwoman Fruhwirth stated that she is not in favor of bypassing the PPC, but she wants to make sure the expert helps them through their review.

Councilman Montoya pointed out that the PPC members are volunteers and are not liable in the same way the Council is. It would be within reason to have them review smaller projects, but the bigger things need to come directly to the Council.

Mayor Goode polled the Council on this alternative. All were in favor except for Councilman Grady and Councilman Montoya.

Mr. Young stated that he will work on it.

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

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

Grants Administrator Michael McInnes introduced Workforce Housing Committee (WHC) Chair Nicole Kennedy to provide a presentation to the Council regarding the Workforce Housing Policy.

Ms. Kennedy discussed the background regarding the proposed Policy, which has been identified as a Strategic Priority of the Council, and Committee's review. The WHC began meeting in May 2023 and began policy development in October 2024. Their primary focus is supporting first responders, healthcare workers, teachers and other critical workforce members.

Who is the Workforce:

- * Those that earn about 60%-120% of the area's median income
- * For FY24 Prescott's area median income (AMI) for a family of four is \$85,300 putting the workforce AMI at \$53,180 to \$102,360
- * Includes those employed in occupations vital to the community's functioning

What is Workforce Housing:

- * Workforce housing refers to residential properties that are designed to be attainable for individuals and families
- * Not direct government subsidized housing
- * Goal is to offer housing that is no more than 30% of the gross household income (including utilities)

Eligibility:

- * Applies to full-time workers in Yavapai County earning 69-120% AMI
- * Developer eligibility tied to affordability and design standards
- * Workforce Housing Certification confirming adherence to set criteria is required to access incentives

Workforce Housing Certification:

- * Required to access incentives
- * Issued per project, not per developer
- * Verifies income targeting, design and compliance as well as commitment to duration of unit affordability

Incentives Program Overview:

- * Fee waivers and reimbursements
- * Expedited reviews
- * Density bonuses and zoning flexibility
- * Water policy and Home of My Own Program
- * Employee-focused housing supports

Development Fee Incentives:

- * Fee waivers & reimbursements - available on a sliding scale based on percentage of workforce units (ie 25% workforce units = 25% eligible fees waived or reimbursed), may be waived upfront or reimbursed after completion, projects must be in compliance with city codes and have no unresolved violations
- * Eligible fees - building permit fees, planning and zoning fees, site plan review and inspection fees, utility connection and service fees, other city-defined

development fees

- * Impact fees cannot be waived but may be paid by the city using taxpayer funds or deferred through a Development Agreement as determined by Council

Expedited Processing & Code Flexibility:

- * Expedited review and prioritization - certified projects receive priority scheduling, model plan process helps streamline repeated reviews, developer responsiveness is key to maintaining priority status

- * Zoning & code modifications - city may approve density bonuses tied to public benefits or extra workforce units, height and setback flexibility, parking restrictions and support design flexibility while preserving neighborhood character

Water Policy & Home of My Own Program:

- * Any workforce housing incentives related to water will be stated in the water policy

- * City adopted County's Home of My Own Program - reduces design costs and shortens permitting timelines, aligns with state legislation and supports faster, cost-effective workforce housing development

Revitalization, Infill & Use of Real Property:

- * Revitalization and infill - reusing vacant, underused or distressed properties, supporting adaptive reuse and historic preservation, encouraging mixed-use, walkable, higher-density projects which prioritizes development near jobs, transit and schools

- * Use of real property - city-owned surplus land prioritized for workforce housing, long-term leases or discounted land may be offered, private owners encouraged through technical assistance, flexible zoning and fee reductions, and developer matchmaking

Employee Incentives & Funding:

- * City will explore - down payment & rental assistance

- * Reserved workforce units for city employees

- * Housing education and support programs

- * Funding tools for research - voluntary donations (land, materials, funds), state and federal grants, grant pass-throughs, workforce housing trust fund and public-private partnerships

Oversight, Accountability & Education:

- * Dedicated staff oversight

- * Performance benchmarks

- * Phased development

- * Consequences for non-compliance

- * Educational guidebooks

- * Transparency and support

Mayor Pro Tem Cantelme commented that the Committee has worked hard to create this roadmap over the past few years and it has been a pleasure working with them.

Councilwoman Fruhwirth added that she is excited to have a final product before the Council. The city needs to fuel Economic Development and Workforce Housing. Has heard again and again that people in the community do not want taxpayer funds used for affordable housing, but there are losses in training and development when people are lost to other agencies and need to think about that value. She is supportive overall of the policy.

Councilman Grady stated that he appreciated the amount of time and expertise that all the Committee members have brought to this. He added that there is a fiscal impact to adoption of this policy and that is something the Council needs to consider. Thinks the Council should move forward on considering city-owned property for these uses and look into a regular staff member to focus on these issues.

Mr. McInnes stated that the policy will work off of the Council's strategic plan.

Ms. Kennedy added that the Committee would support the decision to hire staff as Councilman Grady stated.

Councilwoman Fruhwirth echoed Councilman Grady's comments that numbers need to be applied to this policy. There are many facets and recommendations for this policy and all of them have a financial impact.

Mayor Pro Tem Cantelme reiterated that not every project coming forward would qualify for every one of these incentives. She thinks staff could put together the numbers as these cases come in.

Councilman Moore commented that the way the city has developed over time has hurt us because we are surrounded by natural forest and not a lot of open space within city limits and because of that he feels a land swap would be appropriate. Sixth Street and Easy Street is a commercial area, but right in town and should be moved out to the north by the airport and that area could be developed into affordable housing areas.

Council discussion regarding impact fees and Mayor Goode asked the City Attorney to address that.

City Attorney Joseph Young responded that impact fees deferral would be from beginning of the project to end of the project as an option, or for the city to pay them because those fees cannot be waived.

Mayor Pro Tem Cantelme stated that throughout the policy there is language addressing the ability to determine whether a project fits the criteria, and the Council can review that before making a determination on whether to apply any of the incentives.

Community Development Director Chelsea Walton added that the ADU legislation has been taken out of local control at our population level but they are currently allowed in Prescott per city code.

Ms. Kennedy added that the policy was designed in a way to add flexibility for the Council and analyze each situation as it is presented.

Member of the public Cathey Rusing addressed the Council regarding the policy and some revisions she thinks should be made in verbiage and agreed that the policy will require a workforce housing administrator in-house with experience.

Mayor Pro Tem suggested doing theoretical projects to get some numbers for the Council members that asked for it.

Councilwoman Fruhwirth asked that the Council decide whether there is financial backing for this policy which will get the city to a better place if a project comes forward.

Ms. Walton commented that the intention is for the consultant to determine the criterion and certificates related to eligibility. As things are fleshed out scenarios could be run to have the forms, etc used by the staff which would be a good exercise for the Council. The policy isn't the last stop.

Mayor Pro Tem stated that she is fine with the Policy but wants to make sure that the Committee is clear on their next steps.

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 2:39 p.m.



PHILIP R. GOODE, Mayor

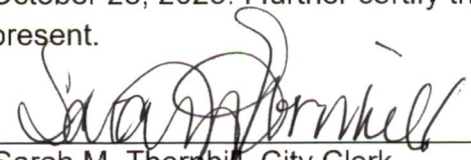
ATTEST:



SARAH M. THORNHILL, 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 October 28, 2025. I further certify the meeting was duly called and held and that a quorum was present.



Sarah M. Thornhill, City Clerk

