



AGENDA

**PRESCOTT CITY COUNCIL
SPECIAL VOTING MEETING
Tuesday, April 8, 2014
1:00 PM**

**Council Chambers
201 South Cortez Street
Prescott, Arizona 86303
(928) 777-1100**

The following Agenda will be considered by the Prescott City Council at its **Special Voting Meeting** pursuant to the Prescott City Charter, Article II, Section 13. Notice of this meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02. One or more members of the Council may be attending this meeting through the use of a technological device.

◆ **CALL TO ORDER**

◆ **ROLL CALL**

MAYOR AND CITY COUNCIL

Mayor Kuykendall

Mayor Pro Tem Lamerson

Councilman Arnold

Councilman Blair

Councilman Kuknyo

Councilman Lazzell

Councilwoman Wilcox

I. DISCUSSION / POSSIBLE ACTION ITEM

- A Open Space Program and proposal to sell privately-owned property in the Granite Dells to the City

RECOMMENDED ACTION: Council to determine motion, if any, following discussion, or provide other direction.

II. ADJOURNMENT

EXECUTIVE SESSION

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- (i) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));
- (ii) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));
- (iii) Discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03(A)(3));
- (iv) Discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid litigation (A.R.S. §38-431.03(A)(4));
- (v) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03(A)(5));
- (vi) Discussion, consultation or consideration for negotiations by the city or its designated representatives with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city (A.R.S. §38-431.03(A)(6));
- (vii) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03(A)(7)).

Confidentiality

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. §38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed \$500, plus court costs and attorneys' fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless City Council takes a legal action at a properly noticed open meeting to approve of such expenditures prior to incurring any such obligation or indebtedness. A.R.S. §38-431.07(A)(B).

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _____ at _____ m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

Dana R. DeLong, CMC, City Clerk

MEETING DATE/TYPES: SPECIAL VOTING MEETING 4-8-14

DEPARTMENT: Recreation Services

AGENDA ITEM: Open Space Program and proposal to sell privately-owned property in the Granite Dells to the City

Approved By:

Date:

Director:	Baynes, Joe	04/02/2014
City Manager:	McConnell, Craig	04/02/2014

Background

On March 4, 2014, Recreation Services presented to Council an overview of the City's Open Space Program. Working with non-profit partners, citizen groups, and the owners of private property, the City has been conserving selected parcels and lineal corridors since the 1990s through donations, purchases, and acquisition of easements. Key milestones include the following:

- 1995 Watson Woods Riparian Preserve established
- 1997 Voters approved purchase of Willow and Watson Lakes
- 1999 First City Open Space Plan adopted by Council
- 1999 Prescott Peavine Trail dedicated and opened on National Trails Day
- 2000 Voters approved 1% Sales Tax extension to add open space acquisition to streets as a permitted use
- 2001-2009 Nine (9) purchases in Granite Dells totaling 215 acres followed by development of trails
- 2008 2008 Open Space Plan (adopted by Council in 2009)
- 2014 Lease of State Trust Land for 6.6 miles of 50-mile Prescott Circle Trail

As pointed out in the presentation, open space efforts in recent years have emphasized acquisition of trail easements rather than real property tracts (acreage). Nevertheless, there has also been recent discussion of expansion of Goldwater Lake Park through purchase of adjoining U.S. Forest Service land. Such a purchase could be made from the remaining balance of Parks Impact Fees, rather than using 1% Sales Tax for Streets and Open Space proceeds.

Open space expenditures from the 1% Sales Tax for Streets and Open Space total \$16.2 million to date. It is important to note that this levy sunsets December 31, 2015, to be replaced with the 0.75% Sales Tax for Streets. Based upon projected revenue of \$13.4 million for FY 15, the 0.25% reduction equates to \$3.4 million less being available annually for street operations, maintenance, rehabilitation, and other construction.

Attachment 1 provides estimated streets and open space expenditures for Fiscal Years 2015 – 2020, as well as budgeted amounts for the current fiscal year (FY 14). The amount of \$500,000 has been appropriated for FY 14, with another \$500,000 shown in next fiscal year (FY 15), subject to Council approval of the FY 15 City Budget anticipated in June 2014.

Proposal to Sell Privately-Owned Property to the City

Attachment 2 is a second offer by Mark L. Wirth, dated February 5, 2014, to sell property in the Granite Dells to the City. The first offer, dated April 8, 2013, was declined. The current proposal has since been discussed with both Mr. Wirth and the Granite Dells Preservation Foundation.

- The property is located outside the City limits (see APN 106-10-017C and APN 106-10-024 on the map of Attachment 3)
- The City is being asked to acquire 80 of the 83 total acres owned by Mr. Wirth
- The Foundation would hold title to the 3 additional acres containing buildings and other facilities
- A benefactor is willing to contribute \$1,000,000 with \$500,000 applied to the purchase price of the 80 acres (\$4,000,000), and the balance of \$500,000 to the Foundation for "startup" costs pertaining to the 3-acre parcel (master plan preparation, development of visitor facilities, etc.)
- Mr. Wirth is requesting a 50-foot wide access and utility easement to Storm Ranch across the Peavine Trail (denoted by the box to the east of APN 106-10-017C on property owned by Arizona Eco Development, LLC)
- Improvement of the access road to the property and its intersection with SR 89, as well as utilities, all of which would be typically required to accommodate a significant increase in visitors, have not been addressed by the Wirth proposal or Foundation
- 2012 taxes on APN 106-10-017C were \$3991; the 2013 Assessed Full Cash Value was \$295,723
- According to a statement contained in a 2008 appraisal prepared for the City and attributed to the owner, Mark L. Wirth, "the property (83.18 acres, including a dwelling, dance hall, and barn/storage) was acquired in January 1998 for \$650,000"
- Depending upon the price, purchase could exhaust the appropriations from the 1% Sales Tax in the current and prospective budgets for open space

Response to the Current Proposal

Three alternatives for a response to Mr. Wirth and the Granite Dells Foundation are listed below with brief comments for discussion purposes.

Negotiate Purchase of the Property (80 or 83 acres)

- Cost not budgeted; displacement of streets projects would be required to pay for it
- Property is outside the City limits, with no plans to annex it; as much as several million dollars would be expended for the benefit of persons living outside Prescott
- An appraisal would be required; depending upon the "highest and best use," it may not support the asking price; property owner may not accept lower sales price or other City counteroffer points
- The costs of maintaining and improving the property (including access) would further stress the General Fund

Contribute to Purchase of the Property by the Foundation or Another Non-Profit

- A non-profit corporation with a suitable land conservation purpose would take the lead and, if successful, hold title
- The City would make a binding monetary commitment to participate in fundraising for the purchase, using the current FY 14 appropriation (\$500,000), and possibly a second amount in FY 15 (\$500,000 additional)
- Prescott's funding commitment would be for a set period (for example, expire June 30, 2015)
- There would be no City obligation to operate, maintain, or provide any other future funding for, the acquired property

Decline the Proposal (No City Financial Participation)

- Direct that Mr. Wirth and the Granite Dells Foundation be notified that the City declines to purchase or participate in purchase or operation of the property

Attachments

1. Streets and Open Space FY 14 Budget and Projected Expenditures for FY 15-20
2. Proposal by Mark L. Wirth dated 2/5/14 to sell property to the City for open space
3. Map of Granite Dells with property ownerships

Recommended Action: Council to determine motion, if any, following discussion, or provide other direction.

MUNIS	Description	FY 14	Est. Ending	Carryover	FY15 New	FY 15	FY16	FY17	FY18	FY19	FY20
1	90035 Open Space	500,000	0	0		500,000					500,000
2	Parks & Rec- ROW landscaping	129,818	0			133,713	137,724	141,856	146,112	149,473	152,910
3	Carellon Street East And Beach Ave.								45,000	311,640	
4	11033 City Shop UST Release Cleanup	191,806	71,000								71,000
5	Crystal Lane Realignment					35,000	250,000				285,000
6	Eastwood Drive Reconstruction									690,000	690,000
7	Haisley Road Pavement Reconstruction								1,416,800		1,416,800
8	Impact Fee Ordinance Implementation and User R	29,167	22,000								22,000
9	Lee Blvd. Reconstruction- Liese to Rainbow Ridge										1,630,000
10	McCormick Street								45,000	339,912	
12	11003 Overland Trail Bridge Reconstruction	40,000	0	40,000		250,000					
13	09648 Park Ave Gurley to Copper Basin	3,307,616	78,000	3,229,616	520,023	3,749,639					
14	90036 Pavement Rehabilitation and Rehabilitation	4,503,809	1,724,000	2,779,809		7,416,732	4,778,091	4,921,434	5,069,077	5,221,149	5,377,783
15	09533 Robinson Drive	80,000	0	80,000		80,000	1,160,000				
16	14011 Rosser Street Reconstruction Phase IV	300,000	100,000	200,000		2,200,000					2,300,000
18	14013 Sidewalk Replacement Program	200,000	190,000			206,000	212,180	218,545	225,101	231,854	1,283,680
19	new Sierry Peaks Pavement Reconstruction									860,000	860,000
20	11012 Side Road Connector Roundabout @ SR89 DA (D	3,200,000	139,000	3,061,000		3,061,000					3,200,000
21											0
22	new Summit Ave. South							275,000	45,000	317,080	362,080
23	new Thumb Butte Road Improvements								1,962,760		2,237,760
24	09521 Unpaved Streets And Alleys	51,500	-			53,045	54,636	56,275	57,964	59,703	343,117
25	12002 Walker Road Rehabilitation SR 69 - City Limits	705,000	50,000	655,000		655,000					705,000
26	12023 Willow Creek Walls Repairs	100,000	0			50,000					50,000
27	14017 Willow Creek Road Realignment	500,000	50,000	450,000		5,950,000					6,000,000
28	12013 Watson Lake Enhancement Program (TMDL)	70,000	15,000	55,000		55,000					70,000
29	Engineering / Planning Projects										0
30	13124 As-Built/ Mylar Scanning Project	72,000	30,000	42,000	9,635	51,635					81,635
31	13126 CYPMO City Matching Funds	49,842	49,842			51,337	52,877	54,463	56,097	57,780	322,396
32	09618 2030 Transportation Plan Update	7,000	150	6,850		6,850					7,000
35	90126 Annual Pavement Markings	150,000	101,570			150,000	150,000	150,000	150,000	150,000	1,001,570
36	09635 Engineering & Safety Project	50,000	71,630			50,000	50,000	50,000	50,000	50,000	371,630
37	12010 Intersection Signalization Project	68,000	4,439				325,000		325,000		654,439
38	09632 Pavement Management Program	30,000	0			30,000	30,000	30,000	30,000	30,000	180,000

Streets and Open Space

FY 14 Budget and Projected Expenditures for FY 15-20

39	90024	Private Development	206,000	181,549				212,180	218,545	225,102	231,855	238,810	245,975	1,554,016
40	09630	Sidewalks - ADA Ramps and Minor Repairs	26,532	8,595				27,328	28,148	28,992	29,862	30,758	31,681	185,363
41	09631	Signal Replacement Equipment	25,000	9,305				25,000	25,000	25,000	25,000	25,000	25,000	159,305
43	09616	Street Lights	10,000	3,024				10,000	10,000	10,000	10,000	10,000	10,000	63,024
44	new	TrackIR and GIS Software Upgrades						28,334						28,334
45	09615	Traffic Calming Various Streets	25,000	296				25,750	26,523	27,318	28,138	28,982	25,000	162,006
46	10011	Traffic Signal Design - Various Locations	10,000	0				10,000		10,000		10,000		30,000
47														0
48														0
49		Drainage Programs / Projects												0
50	09625	NPDES PHII Implementation	225,000	158,162				325,000	225,000	225,000	225,000			1,158,162
51	11014	FEMA Flood Insurance Rate Map Update	122,491	100,262										100,262
52	12004	Willow Creek Channel Improvements	200,000	70,000										70,000
53	12005	Yavapai Hills Drainage Improvements	270,000	201,555										201,555
54	12008	Blackhawk Subdivision Drainage Improvements	550,000	5,000				725,000						730,000
55	12008	Cliffrose - Marvin Gardens Drainage Channel												0
56	13125	Prescott Heights Master Drainage Study	100,000	0										0
57	14016	Willow Creek And Tributaries Analysis	70,000	0										0
58	14014	FEMA Comment Resolution	120,000	0										0
59		Park Ave. Drainage Improvements (YCFCD)	310,000											0
60	14015	Montezuma at North Fork Granite Creek and Rust	85,000	0										0
	new	AP Area Project Assessment for Granite Creek						200,000						0
	new	Hummingbird Culvert Rehabilitation						300,000						0
	new	Lakeview Plaza 48" Storm Drain						310,000						0
61														0
62														0
63		Other Projects							5,784,687	5,958,207	6,136,954	6,321,062	6,510,894	41,780,371
64		Operating Expenditures	5,452,604	5,452,604				5,616,182						0
65		Transfers Out												0
66		Debt Service - WVR and Granite Dells Pkwy	1,989,865	1,989,866				1,970,825	1,989,735	1,966,535	1,965,042	1,967,902	1,969,609	13,779,514
67		Total CIP	16,690,581	3,434,379				26,935,543	7,733,724	6,448,986	10,173,765	8,812,140	7,789,843	71,328,380
68		Total Expenditures	24,113,060	10,856,849				34,522,550	15,488,127	14,373,728	18,275,761	17,101,105	16,270,146	126,888,265

Streets and Open Space FY 14 Budget and Projected Expenditures for FY 15-20

February 5, 2014

Marlin Kuykendall, Mayor
Craig McConnell, City Manager
City of Prescott
201 S. Cortez Street
Prescott, AZ 86301

Gentlemen,

I've remained in contact with the Granite Dells Preservation Foundation and understand that they have continued to explore ways of forging a partnership with the City. With that in mind, please see my renewed offer. Please note that it represents a gift of nearly \$500,000, my way of helping you succeed in protecting the Granite Dells. You will also see that my asking price of \$4 million is well below the \$5.3 million determined by a recent fair market value appraisal.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark L. Wirth', with a long horizontal flourish extending to the right.

Mark L. Wirth

cc: Granite Dells Preservation Foundation

Attached

**Boulder Mountain, LLC
Mark L. Wirth
220 S. River Drive
Tempe, AZ 85281
480-446-9555 * 480-446-9615 Fax * 480-204-3080 Cell**

February 5, 2014

City of Prescott
201 South Cortez Street

Re: 80 acres in the Granite Dells, Prescott, AZ.

To whom it may concern:

I am pleased to submit the following outline to purchase the above mentioned 80+/- acre site located at 2740 East Belle Road, Prescott, AZ. AKA: 106-10-017 and 024

The following offer is non-binding and subject to all terms and conditions as outlined below and further subject to the execution of a formal purchase agreement by the parties. The terms and conditions are as follows:

1. Purchase Price:
Buyers shall pay \$4,000,000 for the 80 acre site.
2. Earnest Money Deposit
To be determined by buyer and seller.
3. Escrow Period
Escrow will open upon a fully executed Purchase Agreement being delivered to the escrow holder.
4. Investigation and Contingency

There will be an investigation period until close of escrow for the site during which the following will occur:

Subject to approval of current appraisal of \$4,800,000. 80 acres at \$60,000 per acre

Seller to pledge a gift of the 4000 square foot home and 2000 square foot garage and underlying three acres to the Granite Dell Foundation. GDPF to provide gift letter to Seller of \$500,000.

Seller to receive gift letter from the City of Prescott for \$800,000. Difference between appraised value of \$4,800,000 and offer price to the City of Prescott of \$4,000,000.

Sale is contingent upon the seller preserving a 1031 exchange.

Seller shall have a reasonable time to identify and negotiate replacement properties purchases.

Seller may purchase all or portion of the Storm Ranch to relocate their personal residence. The City of Prescott to provide legal access across the Peavine trail to Mark Wirth and or nominee.

Seller to convey 50 foot access and utility easement to the Storm Ranch prior to closing.

New survey of property to be completed on property at Buyers cost.
Seller has old survey.

5. Costs incurred during investigation/agreement period.

Buyer will pay for all investigation and other costs incurred by it during the period described in paragraph 4 above, including legal, engineering, new surveys, consultants and other third-party costs it incurs. In the event Buyer fails to close escrow, all studies shall become the property of the Seller without charge. Buyer shall forward copies of all work to Seller as generated.

6. Closing Costs:

The Buyer shall pay for a standard ALTA title policy and endorsements as customary in AZ real estate practice. Buyer shall pay for any extended or non-customary costs. Buyer shall pay all escrow fees. Seller will pay all costs associate with a 1031 exchange. Any other costs of inspection, planning, or otherwise shall be borne by the Buyer.

7. Commissions

No commissions will be paid by the Buyer to Buyer's or Seller's representative.

This letter represents the basic business terms under which the Seller is willing to enter into a Purchase Agreement with the Buyer. This is non-binding on either party, and is subject to a formal binding Purchase Agreement being executed by both parties.

