



CITY COUNCIL STUDY SESSION MEETING

STUDY SESSION MINUTES

TUESDAY, DECEMBER 20, 2022, 1:00 PM

201 S. Cortez Street
Prescott, AZ 86303
Council Chambers

Phil Goode, Mayor

Brandon Montoya, Mayor Pro Tem
Cathey Rusing, Councilmember
Eric Moore, Councilman

Connie Cantelme, Councilwoman
Steve Sischka, Councilman
Clark Tenney, Councilman

MINUTES OF THE STUDY SESSION OF THE PRESCOTT CITY COUNCIL STUDY SESSION HELD ON DECEMBER 20, 2022, IN THE 201 S. CORTEZ STREET PRESCOTT, AZ 86303 COUNCIL CHAMBERS.

1. CALL TO ORDER

Mayor Goode called the meeting to order at 1:00 p.m.

2. ROLL CALL

Phil Goode	Mayor
Brandon Montoya	Mayor Pro Tem
Connie Cantelme	Councilwoman
Eric Moore	Councilman
Cathey Rusing	Councilmember
Steve Sischka	Councilman
Clark Tenney	Councilman

3. DISCUSSION

A. Follow Up Discussion & Consideration of the City Council Strategic Plan for 2023.

Legislative Consultant Barry Aarons returned to address Council regarding the 2023 City Council Strategic Plan. He stated that he will go through the remaining goals and reminded Council that they are responsible for goals and objectives and staff is responsible for tactics and strategies. Would like to spend time after this massaging the strategies and then return to Council in the next 45-60 days with a revised plan. Expenditure pressures related to public safety and other quality of life would also be beneficial for the budget. There are three revenue sources that are available to Council as well, which he would like them to keep in mind.

Goal #1 Objective 4 – Council was successful in retiring the PSPRS tax, so he recommends removing this objective from the Strategic Plan. This is a great example of how a strategic plan should work, how

things can be controversial but successful. There is capacity that the consumers were used to, he doesn't advocate for that but it would be an option because now sales tax is .75% lower than it has been.

Goal #1 Objective 1 – Continue to support the market compensation plan.

City Manager Michael Lamar commented that the Council has been very proactive in that.

Councilman Sischka commented that one of the issues Council runs into is there is always an increase in the competition when Council raises compensation. He asked what a possible solution is to those issues.

Mr. Aarons responded that generally when you have vacancies or changes you can go down to the starting level to balance things out more.

Goal #1 Objective 2 – Provide adequate and stable funding and flexibility to maintain a balanced budget as required by the City Charter.

Mr. Aarons commented about the importance of looking at the opportunities for shared resources and funding. There are always opportunities out there and the city needs someone who can mine those opportunities.

Mayor Goode commented that the political environment is very unknown, there are large amounts of federal financing dollars that have been unallocated and there is a new state leadership group coming in with narrow partisan majority and minorities which makes it difficult to make reasonable projections on how funding will be available.

Mr. Aarons agreed and said that focusing on things at a project-by-project basis would be critical in those scenarios. His observation of the legislature at this point is the chasm; the divide is large on some issues but not all issues. Dells Park is a great example of that.

Goal #1 Objective 5 – Monitor Legislative, State Executive and other Political Subdivision Actions

Mayor Goode asked if Mr. Aarons has heard anything about when PSPRS will release unfunded liability numbers.

Finance Director Mark Woodfill responded that he has spoken with them, and the Board will be releasing that information later this week.

Mr. Aarons said he is optimistic those numbers will be better than they have been in the past.

Strategies for Objective 5:

* Adjustments to impact fees – this is not something in a new legislative session that the city would want to undertake, but this should remain a long-term strategy

- * Maintain ability to manage revenues/expenses at a local level – local option on food tax has been retained to maintain public safety to the level that is appropriate, and President Peterson has commented that he would like to do away with the rental tax and that is negatively impactful for local revenue/public safety funding
- * Continue to monitor compliance of sales tax remittance
- * Prepare to receive funding for city needs by having “shovel ready” infrastructure projects – should always be prioritized
- * Take a leadership role in forming local partnerships to seek infrastructure and other funding – what the city has done shows success in forming partnerships with other agencies and need to do more of that if and when possible
- * Continue to establish multiple-jurisdictional partnerships to achieve legislative, executive and political subdivision actions – work closely with the League of Cities & Towns on legislative issues, continue to be clear about how Prescott is impacted in comparison to other jurisdictions

Councilman Tenney commented he would like some figures on how local food and rental tax would be negatively impactful here in Prescott.

Mr. Woodfill responded that those taxes represent 17.8% of all sales tax in Prescott (\$4 million in general fund and \$4 million in streets fund) and this would have a significant impact on the rest of the budget as well.

Mr. Aarons added that it will not have a positive impact on housing or food costs that is commensurate with what they would take away. He also commented that there are some things related to short term rentals that could be addressed.

City Attorney Joseph Young added that there are some drafts related to short term rentals, there are some things that can be done and would be brought forward to Council in the future.

Mayor Pro Tem Montoya commented that some of the vacation rental issues seemed to have been tied to zoning issues.

Mr. Aarons responded that it did in a way, the city cannot prohibit vacation rentals in zoning but can prohibit commercial activities in residential areas.

Mr. Young added that previously the ability to restrict vacation rentals was very limited, but there is more ability to address these issues now.

Mayor Goode commented that tax on food doesn't impact WIC and other subsidies that people can qualify for.

Goal #2 Economic Development (providing an environment to enable prosperity and job/career creation). Drivers: tourism, medical, government, education, growth, aviation/aerospace, supply chain industries, high-tech, and cyber security

Mr. Aarons commented that it would be beneficial for Council to consider adding "capital formation" to the drivers. This would be beneficial as it gives other options for revenue creation by creating new money in the city, new investments, creation of revenue derived from economic development that has occurred, and more opportunities for actual creation of money.

Mayor Goode commented that over the years the city has been successful in attracting new business and enterprise but it doesn't generate that much benefit for the city unless the property tax is increased. He added that the city hasn't taken advantage of any of the opportunities it has had over the years.

Councilman Sischka commented that there is always a discussion about growth and asked if capital formation has anything to do with growth or no growth.

Mr. Aarons responded that if a community decides it wants to participate in slow growth that will impact the opportunities that come into the community. However, sometimes there are benefits that would help even in a slow growth environment. He stated that he will filter that in where it belongs in the "drivers" section.

Goal #2, Objective 1 – Take better advantage of community assets; not saying to do more but to do better

Councilman Sischka commented that a Workforce Housing Committee was just established and while all of this is good, if there aren't places for people to live, it doesn't matter.

Mr. Aarons concurred, having staff look to those opportunities and report back to that Committee would be beneficial.

Goal #2, Objective 2 – utilize established regional commonalities to support necessary sewer, water, and other transportation infrastructure growth and development; very important to be involved with Legislature so undue pressure is not put on jurisdictions

Goal #2, Objective 3 – continue to monitor a moderate, healthy, and sustainable rate of growth to act as a renewal of the city and to support the local economy

Councilmember Rusing commented that she would like to add "and establish" and change "act as a renewal of the city" to "a sustainable rate of growth in order to promote and maintain a quality of life for the city and support the local economy".

Mr. Aarons said that establish is an action term rather than monitoring so he would recommend chewing on that more before making the change.

Mayor Goode commented that there are a number of factors to consider related to this, for example workforce housing. Any basic understanding of supply and demand is having an effect in the city, we are seeing more multi-family developments because there is a high demand for that. The city is doing a laudable job of attracting economic development here, and there will be a need for additional workers who will need a place to live and supporting options within the city to minimize the impact on traffic and other factors is important.

Councilman Tenney stated that it is important to be pragmatic about who will service what we want for our quality of life, need to be practical about all of that. He commented that “establishing” would be fraught with issues and Council making that into an action item would get the city into the weeds for quite some time.

Mayor Pro Tem Montoya echoed Councilman Tenney’s comments adding that for a Strategic Plan monitoring makes sense. The nature of this document is to give guidance, not direct, and we need to be responsive to the needs of our community.

Mr. Aarons added that looking at the strategy for this objective, reviewing quantitative data regarding growth in the community was the action item. But a viable quality of life is an acceptable addition to this section. He asked Councilmember Rusing to repeat her suggested language and where it belonged. Councilmember Rusing responded “promote and maintain the quality of life for the city and to support the local economy”.

Goal #3 Airport was already discussed at the last meeting, but Airport Director would like to address Council.

Airport Director Robin Sobotta commented that in Objective 1 bullet 1, she would move toward IGAs with the city's surrounding jurisdictions. In Item 2 “regional commonalities”, a corridor study would be beneficial for the Airport as well as to identify areas for commercial development; Item 3 “bolster industry and business growth” staff needs to look at opportunities for the W parcel and how that can be best utilized for the acreage to benefit the city and be compatible for the Airport.

Mr. Aarons commented that as a point of process, Dr. Sobotta’s suggestion would be tactics and not a strategy which can be provided to staff to address.

Dr. Sobotta continued that in Item 3, there are opportunities for grant funding strategies that would be beneficial to pursue.

Councilwoman Cantelme commented that there seems to be a need for data in many of these strategies, adding that would be a proactive approach. For example, data on how many cars pass on a road each day would be helpful.

Mr. Aarons responded that it absolutely would be helpful, particularly for someone like him who goes to the legislature to try and obtain funding. These can be included in the tactics for staff.

Mr. Lamar added that having data would be useful and sharing that with our community would be helpful.

Councilmember Rusing commented that she wonders if use of the word “public safety” would be appropriate for objectives. In Objective 1 strike out protect and say, “enhance public safety”.

Mr. Aarons responded that Objective 5 calls out “protecting airport safety” and that would be a better place for the addition of specifically crafted language. He requested that Councilmember Rusing provide the language and staff can incorporate into Objective 5 as appropriate.

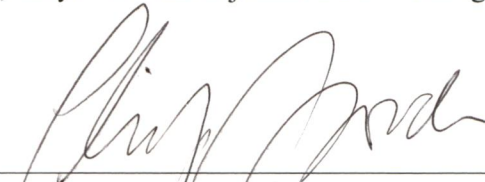
Mayor Goode added that sustainable and measured growth can’t be separated from the public safety component of that objective. Response times for police and fire is critically important and staff needs to be able to tie the ability to grow staff/equipment/buildings for public safety to our residential growth.

Mr. Aarons responded that staff can take that information and slot it in appropriately within the strategies and tactics in the Plan. He added that it has still not been determined if the Tourism Marketing Authority, which Prescott supported two years ago, will be moving forward, but he appreciates that it remains in the Legislative Agenda.

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 2:34 p.m.



PHILIP R. GOODE, Mayor

ATTEST:



SARAH M. SIEP, City Clerk

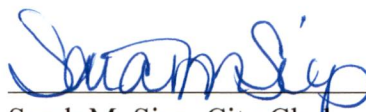
CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council Study Session of the City of Prescott, Arizona held on December 20, 2022. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 12 day of January, 2023.

AFFIX
CITY
SEAL





Sarah M. Siep, City Clerk