

City of Prescott

City Council - Workshop Meeting



April 27, 2026 | 1:00 PM
201 N Montezuma Street
Council Chambers, 1st Floor
Prescott, AZ 86301

MINUTES

1. CALL TO ORDER

Mayor Rusing called the meeting to order at 1:01 p.m.

2. ROLL CALL

Cathey Rusing - Mayor
Lois Fruhwirth - Mayor Pro Tem
Mary Frederickson - Councilwoman
Ted Gambogi - Councilman
Jim Garing - Councilman
Patrick Grady - Councilman
Jay Ruby - Councilman

3. DISCUSSION

A. Presentation & Discussion Regarding the Fiscal Year 2027 Budget Workshop I.

Finance Director Lars Johnson provided a presentation regarding the proposed budget for FY2027. He recognized the hard work of all involved in putting the budget together and reviewed the timeline of the budget process to date.

FY27 Budget Summary:

- * Balanced - the budget is balanced with operational expenditures fully funded by ongoing recurring revenue with the exception of the Solid Waste Fund
- * Revenue and Economic Assumptions
 - Revenues are forecast conservatively but not with expected decline
 - Revenues are monitored monthly and mid-year adjustments will be made if needed
- * Strategic Capital Funding - one-time capital expenditures are funded through a mix of accumulated fund balance, debt issues, dedicated revenues and grants

Key Initiatives & Operating Impacts:

- * Employee Compensation - continued funding of the market compensation plan
 - Cost-of-living adjustment (COLA) of 1.2% based on Phoenix Metro CPI and up to a 5% merit increase based on evaluations at anniversary date
- * Health Insurance - employer absorbed majority of health insurance premiums of 19% however, will implement cost of sharing on basic tier
 - using excess revenue and fund balance to pay for the city's portion of the Yavapai Combined Trust reserve replenishment needs of \$1,041,286.80 between FY26 and FY27
- * Internal Cost Allocation - liability insurance up 13% and facilities maintenance

- up 10% plus updated square foot for each department
- * Police Officer recruiting and retention
- * Economic Development and tourism initiatives
- * Stand alone court facility operations
- * Facilities assessment - deferred maintenance program
- * Utilities maintenance - Sundog Wastewater Treatment Plan deferred maintenance program, water tank maintenance, infrastructure maintenance increases
- * IT - cyber security, Regional Communications support
- * Recreation facility improvements

Mayor Pro Tem Fruhwirth asked for the specific dollar amount deduction to be changed for the basic plan.

HR Director Branden Nunez responded that it is a total cost, not a per dependent cost. They also looked at what other agencies are doing and tried to mirror that, so the increase and change was not significantly more than other agencies. There are twelve different plans, so the employee only plan will remain free with a small adjustment on the plan where most employees are at. Mr. Nunez stated that he anticipates different plan options will need to be looked at in the future.

Councilman Gambogi commented on the 1.2% COLA increase and stated that he feels that is not enough to cover increased costs people are experiencing.

Councilwoman Frederickson asked how the share for the excess revenue was calculated.

Mr. Johnson responded that the trust reviewed everything, and it was based on how many members each organization has and other specific factors.

City Manager Dallin Kimble continued the discussion regarding how the Strategic Plan kicks off the budget planning process.

Priority #1 Public Safety:

- * Implementing Prop478 Tax Initiatives capital projects
- * Staff of Police Department
 - Budget includes increasing the pay of police officers 6% in addition to the 1.2% COLA and 5% merit
 - Trial phase utilizing hiring bonuses for recruiting
- * New Emergency Manager position was added to the budget to enhance ability for risk assessment, mitigation response and recovery planning

Mayor Pro Tem Fruhwirth asked how these changes will assist with retention and recruitment.

Mr. Kimble commented that this change will make Prescott Police Officers the highest paid department in the state outside of the Valley.

Priority #2 Dynamic Economic Environment:

- * BizLink business concierge program

- * Retail site selection for new commercial opportunities
- * Airport Master Plan completion
- * Ongoing pursuit of innovation and research facilities
- * Additional tourism programs and marketing funds

Priority #5 Good Governance:

- * Community focused and performance driven organization - continued emphasis on training opportunities in departments, operational studies continuing in IT, Community Development and Permitting Fees, employee survey and class/comp study, facilities assessment and deferred maintenance program spread over five years, land development code updates, general plan update, historic preservation master plan update, long-term water management plan
- * Budget and Performance - performance dashboards ready to view, FY27 goal is to have long-term forecasting for all 18 city funds
- * Budget includes - state of the city and other community engagement, community survey update, continues funding of state advocacy and new federal advocacy budget

Proposed Total City Budget:

- * Operating Budget - \$156,099,981 (7.1% change)
- * Capital Budget - \$145,830,925 (-1.5% change)
- * Contingency - \$10,000,000 (0% change)
- * Total Budget - \$311,930,906 (2.7% change)

Total Revenues:

- * Operational Revenues - \$205,956,588 (7.0% change)
- * Non-Operating Revenues - \$267,830,474 (0.4% change)

FY27 Operating Budget (All Funds):

- * Public Works - 46%
- * Police - 15%
- * Fire - 12.9%
- * Recreation Services & Facilities - 9.2%
- * General Government - 5.6%
- * Community Development - 4.5%
- * Library - 2.3%
- * Airport - 2.1%
- * Regional Communications - 2.1%
- * Non-Departmental - 0.4%

Expenditures by Fund Type:

- * FY27 Total Expenditures - \$311,930,906

General Fund:

- * Operating Revenue - \$62,089,741
- * Non-Operating Revenues - \$21,673,474
- * Total - \$83,763,215
- * Transaction Privilege (Sales) Tax - split between other jurisdictions in the County
- * Tax Revenue 41.8%, Public Safety Tax – Operating Portion 7.5%,

Intergovernmental 35.2%, Charges for services 14.2%, Other 1.4%

* State Shared Revenue - \$26,581,298 (including HURF tax distribution)

* Property Tax - FY27 proposed \$2,492,987 (0.2374 per \$100 assessed)

- Truth in Taxation Timeline: April 24 60-day notice, June 8 15-day notice of intent for rate increase, June 9 first Truth in Taxation notice in newspaper, June 16 second Truth in Taxation notice in newspaper, June 23 Truth in Taxation/property tax levy public hearing and July 14 adopt property tax levy

* Operating Expenditures - \$60,940,612

* Non-Operating Expenditures - \$45,817,092

* Total Expenditures - \$106,757,704

* Police & Police PSTI - 30.4% & 5.0%

* Fire & Fire PSTI - 25.4% & 2.6%

* Recreation Services & Facilities - 10.2%

* Library - 5.7%

* General Government - 7.6%

* Regional Communications - 5.3%

* Community Development - 5.2%

* Non-Departmental and Transfers - 2.5%

Mr. Johnson continued with a review of the taxable activity report as of February 2026 as well as a Public Safety Tax Initiative overview.

Mayor Pro Tem Fruhwirth commented on the differences in costs for the capital projects, and expressed her concern regarding the significant increases. She would like to see a more transparent message about what is going on.

Mr. Johnson responded that inflation is a significant impact on these figures, additionally plans have morphed and changed based on needs. The analysis indicates that there is sufficient funding over the next 10-years for this initiative.

Personnel:

* Temporary Conversations & Reclassification

- Accounting Tech: Finance

- CAD Administrator & Public Safety Data Analyst: Regional

Communications

- Public Safety Data Analyst

- Two Airport Operations Technicians

- Airport Operations Specialist

- Facilities Custodian

* New Positions

- Court Administrator, Three Court Security Officers, Two Court Clerks: Court

- Trails & Natural Park Lands: Recreation Services

- Transportation Superintendent: Public Works/Streets

- Four Police Officers

- Emergency Manager: Fire

Department Overviews

* Budget & Finance - \$3,463,083 FY27 Expenditures

* City Clerk - \$872,765 FY27 Expenditures

* City Manager - \$1,301,863 FY27 Expenditures covers administration and

communication arms of the Department

- * City Council - \$509,477 FY27 Expenditures
- * Economic Development & Tourism - \$2,036,227 FY27 Expenditures
- * Human Resources - \$1,361,983 FY27 Expenditures
- * IT - \$4,637,006 FY27 Expenditures
- * City Court - \$3,800,636 FY27 Expenditures
- * Legal/City Attorney - \$4,011,846 FY27 Expenditures
- * Library - \$4,061,245 FY27 Expenditures
- * Fire Department - \$35,516,492 FY27 Expenditures
- * Police Department - \$38,499,804 FY27 Expenditures
- * Prescott Regional Communication Center - \$5,762,614 FY27 Expenditures

Member of the public Chad Devries addressed the Council regarding accountability to the tax payers. Every line item belongs to the citizens of Prescott. Eye on Prescott will track and report on how every dollar is spent.

Member of the public Tony Hamer addressed the Council and stated that he is happy to see the community survey is going to be brought up today. He sees an evolution of the budgeting process and that is positive, but would still like to see more involvement with the residents on budgeting.

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

4. ADJOURNMENT

There being no further business to discuss, Mayor Rusing adjourned the meeting at 4:40 p.m.

Cathey Rusing

CATHEY RUSING, Mayor

ATTEST:

Sarah M. Thornhill

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 April 27, 2026. I further certify the meeting was duly called and held and that a quorum was present.

Sarah M. Thornhill

Sarah M. Thornhill, City Clerk