



City of Prescott

City Council - Budget Workshop Meeting

May 11, 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 II.

Finance Director Lars Johnson provided a presentation to the Council for the Public Works, Community Development, Recreation Services and the Airport budgets as well as the capital improvement plan for the next five years. He added that there will be time for additional discussion at the May 26 Voting Meeting.

Capital Improvement Program Overview (FY27-31):

- * Five year capital plan
- * Future year columns are within the five year period whose project may continue beyond the five-year period
- * \$862,484,522 total
- * Full details for each project are available on the city website
- * Fund types - internal service funds, enterprise funds, capital project funds, special revenue funds and the general fund

Councilman Garing asked how many projects in the capital plan are related to centralization.

Public Works Director Gwen Rowitsch responded that as part of the budget there is a plan to have a study conducted and that will likely come back to the Council in July for approval.

City Manager Dallin Kimble continued with a review of the Council's Strategic Plan and how that ties into the upcoming fiscal year budget.

* Priority #3 Infrastructure

- Safe/efficient flow of traffic and transportation: root-cause analysis budgeted for FY27, Dexter/Near North Business District Pedestrian Study, and Downtown Prescott Safe and Smart Streets Initiative

- Championing regional road network: funding for Yavapai Plan, capital projects on Hwy89 and Willow Creek Road

- Long-term water management plan funding in FY27 budget

- Five-year capital plan includes: rodeo grounds improvements, utility condition analysis and replacement plan and airport passenger terminal parking/terminal development plan

* Priority #4 Preserving, Protecting the Natural Environment and Community Livability

- Trail connectivity, outdoor recreation and wildlife corridors: land development code update in community development budget and ongoing work with Yavapai Plan and regional partners

- Parks and Recreation Master Plan: future investment priorities, funding mechanism and timelines

- Open Space Acquisition Framework consultant in FY27 budget

- Library Services expansion for North Prescott: five-year capital plan (FY29) 100% funded through donations

Community Development Director Chelsea Walton continued with a review of the Community Development department budget. The department's mission was updated a few years ago to complement what the Council established overall. Twenty-six total employees in six functional areas, including Water Resources, Operations, Neighborhood Services, Building Safety, Planning and Zoning and Private Engineering Review.

Sources of Funding:

* General Fund Program Revenues - 74%

* Special Revenue Fund - 19%

* Enterprise - 7%

* Expenditure Summary - \$4,296,262 for FY27

Mayor Rusing commented that several years ago the Council approved outsourcing plan review and asked staff how that is being handled now.

Ms. Walton responded that this is not a process the Comm Dev department does at this time. There are retained contracts for on-call services should the need arise, but there is no funding going to that at this point.

Councilman Grady asked about the variation in other services and charges from year to year.

Ms. Walton responded that this section addresses grant funding, land development code updates, operational analysis, fee study updates, general plan updates, and historic preservation master plan etc. Not all the budgeted expenses from FY26 were expended, so they are contained within the FY27 budget.

Water Resources:

- * Enterprise Funds - 71%
- * Debt Service - 27%
- * Program Revenues - 2%
- * Expenditure Summary - \$2,905,233 for FY27

Recreation Services Director Kristy Diaz-Trahan continued the presentation with an overview of the department and budget. There are five divisions including facilities maintenance, park maintenance, recreation, trails/natural park and administration.

Recreation Services Metrics:

- * 13,044 hours of field time used in one-year
- * Hosted 18 tournaments
- * 260,000 people served
- * 667 ramadas reserved, serving nearly 17,000 people
- * Special needs adults program serves approximately 7,000 people annually
- * Special events serves approximately 300,000 people annually
- * Trail and natural parkland 1 million people per year on the city's trail networks

Mayor Pro Tem Fruhwirth asked if there is a strategy for the department to use temporary employees or to turn them into full-time employees eventually.

Ms. Diaz-Trahan responded that it is both, Recreation Services has seasonal needs for temporary employees and eventually turning one position into a full-time equivalent.

Councilman Gambogi commented that he would like to also see the metrics broken down into age groups to ensure that the city is serving a variety of age ranges.

Funding Sources:

- * General Fund Tax Base - 39%
- * Enterprise Fund Golf Course - 30%
- * Special Revenue Funds - 25%
- * General Fund Program Revenues - 6%
- * Expenditure Summary (excluding golf & facilities funds) - \$11,928,673 for FY27
- * Golf Course Fund Summary - managed by Indigo Golf; \$119,697 total General Fund transfer in

Councilman Garing asked about the restrooms at the golf course.

Ms. Diaz-Trahan responded that these issues are already in the process of being addressed.

Councilman Ruby asked if there has been consideration for a tiered fee for use if someone is not a resident of the city.

Ms. Diaz-Trahan stated that there is not currently a tiered rate, however, the cost is dynamic pricing, but it is something that has been discussed.

Mayor Pro Tem Fruhwirth commented that there has been feedback from the public regarding the pricing and she feels there should be a discounted cost for city residents. Staff needs to benchmark how this is handled by other communities with public courses to ensure city residents are being treated fairly, and improvement costs are being better recovered.

Ms. Diaz-Trahan confirmed.

Recreation Services Capital Budget:

- * FY27 Total - \$5,220,000
- * Over the full 5-year plan - \$18,435,000

Council and staff discussion regarding creating a safety drop-off area at Granite Creek Park for use of the splash pad during the summer months.

Facilities Maintenance Funding Sources:

- * General Fund Tax Base - 52%
- * Special Revenue Funds - 39%
- * Enterprise Funds - 5%
- * Internal Services Funds - 4%
- * Expenditure Summary - \$7,956,620 for FY27
- * FY27 Capital - \$5,333,750
- * Five-Year Capital - \$19,395,214

Mayor Pro Tem Fruhwirth commented that she would like to see a line item for each fiscal year to be dedicated to deferred maintenance of facilities.

Airport Director Rick Crider continued with an overview of the department and budget. There are three divisions including capital, operations and administration.

Funding Sources:

- * Capital Grants - 71%
- * General Fund - 16%
- * Airport Revenue - 13%

Airport Operations Expenditures Summary:

- * \$22,795,622 for FY27
- * Capital FY27 - \$2,577,816
- * Five Year Capital - \$11,222,816
- * Grant Funded Capital - \$16,905,279 in FY27 and \$162,226,056 for five-year plan
- * Funding Sources - federal grants, state grants, and general fund airport

Council recess at 3:07 p.m., reconvene at 3:23 p.m.

Public Works Director Gwen Rowitsch provided a presentation to the Council regarding the department which is looking at \$78 million in operating funds and \$83 million in capital over five divisions for FY27.

Engineering & Administrative Services:

* Expenditure Summary FY27 - \$3,016,059

City Engineer Randy Perham continued the presentation regarding the Yavapai County Flood Control District, which provides funding through an annual IGA in the amount of approximately \$890,000 to address drainage and roadway improvements. FY27 budget projects include: 1. Advance projects to reduce flooding risks, 2. Dexter Drainage Improvements and 3. Hornet Drive Drainage Improvements.

Environmental Program Manager Matt Killeen continued the presentation regarding the department's Environmental Services Division and the healthy lakes program, which supports water-based recreation as a key economic driver by monitoring and treating the city's four lakes with the following: 1. Watson Lake phosphorus and muck treatment, 2. Upper Goldwater Lake muck treatment, and 3. the Groom Creek diversion structure improvements. These projects save the city approximately \$263,000 annually. He also discussed the Green Stormwater Infrastructure Program, which works on advanced watershed restoration to improve water quality, recreation and riparian health, supporting cleaner and more consistent flows to Watson/Willow/Goldwater Reservoirs. Several projects over the next fiscal year include: 1. South Montezuma right-of-way, 2. Peavine swale and buffer between city facilities and trail, and 3. Stricklin Park.

Finance and Business Operations Manager Carey Oberheim discussed the process of accreditation through the American Public Works Association which is a nationally recognized mark of excellence. The Administrative department will be tackling that this fiscal year and the department hopes to be back before Council regarding that next year.

Fleet Services:

* Expenditure Summary FY27 - \$2,525,251

* Revolving inventory - increase for parts inventory, varies based on repair needs and additional vehicles

* Gas, Oil & Lubricants - shop supplies to support maintenance increase for additional vehicles

* Software Systems & Maintenance - cost increases for fleet software

* Maintenance, Machinery & Equipment - includes generator contract and expanded maintenance needs

Utilities Manager Steve Olfers continued with an overview of the utility division of the Public Works department.

Utility Operations:

* Expenditure Summary FY27 - \$34,577,992

* Lead & Copper Program - comply with US Environmental Protection Agency requirements, identify and inventory all service connections

* South Tank Repair - finalize materials and vendor selection, construction scheduled for October 2026

* PFAS Study - develop treatment strategy, evaluate cost to connect to other

systems

* Water Distribution

- Insert-a-valve program: enhance system control through installation on pressurized mains, reduce service disruptions by minimizing shutdown areas
- Weed abatement: provide contracted vegetation management at remote sites and easements, mitigate fire risk and support ongoing system maintenance

Capital Program Manager Tim Sherwood provided an overview for Water Production and Distribution Capital:

- * Citywide Water Main Replacement Program - \$6 million for FY27
- * Zone 24/27 Water Pipeline Upsizing - \$2.25 million for FY27
- * Water Meter Replacement Program - \$3.14 million for FY27
- * Copper and Lead Pipe Inspection - \$7000,000 annually
- * Deep Well Water Main Upsize DA - \$500,000 for FY27
- * Pioneer Parkway 16" Water Main - \$650,000 for FY27
- * Age & Condition Infrastructure Study - \$300,000 for FY27
- * Zone 61 Water Main Upgrade - \$200,000 for FY27
- * Zone 41 Mingus Pump Station, Tank & Pipeline - \$2.5 million for FY27

Mr. Johnson continued with a review of the water fund for the next five years and stated that the current rate study goes through FY29. This is all monitored on an ongoing basis to determine funding for projects.

Wastewater Collection Projects:

- * Lift station repair program - upgrade pumps and control panels
- * Trenchless repair program - rehabilitate pipelines using pipe bursting methods, perform targeted sewer main point repairs
- * Manhole repair and replacement program - improve system integrity and access
- * Centralization cost analysis - evaluate costs and benefits of system centralization to support long-term planning

Wastewater Treatment:

- * Aeration Diffuser Membrane Replacement - replace membranes to improve air distribution and process efficiency
- * Blower Rehabilitation & Repair - rehabilitate blowers to provide air to the treatment process
- * Traveling Bridge Filter Rehabilitation - rehabilitate mechanical components in FY27, following media replacement completed in FY25

Wastewater Collection Capital:

- * Sundog Trunk Main Phase C3 - \$8.65 million for FY27
- * Deep Well Wastewater and Airport Distribution Loop - \$2.5 million for FY27
- * Willow Creek Gravity Sewer - \$7.8 million for FY27
- * Prescott East Airport Regional Lift Station - \$750,000 for FY27
- * Prescott Lakes Parkway Lift Station - \$250,000 for FY27
- * Wildwood Gravity Sewer Improvements - \$1.3 million for FY27
- * Lillian Lane Receiving Station Upgrading and Pipeline - \$400,000 for FY27
- * Willow Lake Dam Repair/Discharge Valve - \$250,000 for FY27

Wastewater Treatment Capital:

* Centralization Effluent and Wastewater Pipelines and SR89 Improvements - \$2.3 million for FY27

* Centralization AWWRF Solids Handling Facility - \$6.2 million for FY27

Member of the public Sundrop Carter addressed the Council regarding funding for bike lanes throughout the city. Many of the lanes throughout the community are not safe for the cyclists or drivers, she encouraged the Council to prioritize the needs of people and not just improving roads for cars. She added that members of the public are at work and not able to attend meetings so the Council needs to look at alternative times.

Member of the public Tony Hamer addressed the Council he echoed comments that these are serious numbers and the community needs to be involved. He encouraged the city manager to do a scenario analysis. Needs to look beyond tourism revenue, he also commented that he is concerned about the age of the city's infrastructure and need a 20-year capital projection.

The balance of the Public Works division discussions were continued to a future Budget Workshop to be scheduled.

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 5:02 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 May 11, 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