



# City of Prescott

## City Council - Voting Meeting

June 9, 2026 | 3:00 PM  
201 N Montezuma Street  
Council Chambers, 1st Floor  
Prescott, AZ 86301

### AGENDA

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

**This Agenda was amended at 5:15 p.m. on Thursday, June 4, 2026 adding additional information to Item 9.A.**

#### Viewing & Participation

This meeting may be viewed on Channel 64, Facebook Live or on the City's website: [City of Prescott Live Meeting Feed](#)

Public comments for Council may be submitted through the City website: [Public Comment Form](#)

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **INTRODUCTIONS / ANNOUNCEMENTS**
4. **INVOCATION - Pastor Kendra Hobson with St. Luke's Ebony Christian Church**
5. **PLEDGE OF ALLEGIANCE - Councilman Garing**
6. **OPEN CALL TO THE PUBLIC**

The City of Prescott welcomes public engagement and residents may comment & address Council regarding matters NOT included on the posted Agenda during the Call to the Public. Please complete a green speaker card and submit it to the City Clerk prior to the meeting being convened. Speakers are limited to four (4) minutes, and the Call to the Public will be limited to forty (40) minutes in total with the following stipulations:

- Citizens will be limited to addressing Council on the same topic only four (4) times in total
- If a topic has been addressed more than five times by different speakers, the Mayor may limit future discussion on this topic
- Topics of a primarily national concern may be limited at the discretion of the Mayor
- Call to the public shall not be used to Address the Council on current or pending legal matters by a party or their representative.

Please Note: Pursuant to A.R.S. §38-431.01(H), members of the Council may NOT discuss items that are not specifically identified on the Agenda and, therefore, interaction will be limited to the following:

- 1) Responding to criticism
- 2) Requests to staff to investigate & report on the matter
- 3) Request that the matter be scheduled on a future agenda

## 7. CONSENT AGENDA

Items listed on the Consent Agenda may be enacted by one motion and one vote. If discussion is required by members of the governing body, the item will be removed from the Consent Agenda and will be considered separately. Recommended Action: MOVE to approve Consent Agenda Items 7.A. through 7.E.

- A. Approval of Meeting Minutes from the May 19, 2026 Budget Workshop III, the May 26, 2026 Executive Session, the May 26, 2026 Study Session, and the May 26, 2026 Voting Meeting.
- B. Adoption of Resolution No. 2026-1987 for Authorization of Internal Loans for Advanced Land Purchases from the General Fund to the Airport Fund.
- C. Adoption of Resolution No. 2026-1988 Approving the Annual Update of the City's Pension Funding Policy.
- D. Adoption of Resolution No. 2026-1991 Approving the Transfer of Certain Fiscal Year 2026 Budget Appropriations.
- E. Approval of City Contract No. 2024-096A3, an Amendment to City Contract No. 2024-096 with Core and Main in the Amount of \$225,000 for Water and Wastewater Materials. Funding is Budgeted & Available in the Water and Wastewater Funds.

## 8. CONSENT ORDINANCE

Recommended Action: MOVE to adopt Consent Ordinance Item 8.A.

- A. Adoption of Ordinance No. 2026-1949 Authorizing the Granting of a Utility Easement to Arizona Public Service Company.

**AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT ("CITY"), YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE GRANTING OF AN UNDERGROUND UTILITY EASEMENT TO ARIZONA PUBLIC SERVICE COMPANY (APS) FOR NEW UTILITY SERVICE ON CITY PROPERTY, AUTHORIZING THE MAYOR AND STAFF TO EXECUTE ANY AND ALL DOCUMENTS TO EFFECTUATE SAID UNDERGROUND UTILITY EASEMENT**

## 9. REGULAR AGENDA

- A. Adoption of Ordinance No. 2026-1948 Authorizing the Purchase of Certain Real Property Necessary to Complete Airport Operations Relating to National Forest Service Fire Fighting Planes & Similar Operations, Including the Possible Use of Eminent Domain to Acquire Such Property.

**AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE PURCHASE OF APPROXIMATELY 4.12 ACRES OF REAL PROPERTY FROM CROSSWIND LEASING, LLC NEAR THE PRESCOTT REGIONAL AIRPORT- ERNEST A. LOVE FIELD INCLUDING AUTHORIZATION TO USE THE CITY'S EMINENT DOMAIN AUTHORITY**

**Recommended Action: MOVE to adopt Ordinance No. 2026-1948**

- B. Adoption of Resolution No. 2026-1984 Approving the Tentative Budget for Fiscal Year 2027 and Setting the Public Hearing for the Final Budget, Expenditure Limitation and Tax Levy for the City of Prescott.

**Recommended Action: MOVE to adopt Resolution No. 2026-1984**

- C. Approval of Ballot Language as Recommended by the Charter Review Committee for Amendments to the Prescott City Charter to be Included on the November 3, 2026 Special Election Ballot.

**Recommended Action: 1) MOVE to approve ballot language for amendments to Prescott City Charter Article XI, Section 4; 2) MOVE to approve ballot language for amendments to Prescott City Charter Article VIII, Section 14; 3) MOVE to approve ballot language for amendments to Prescott City Charter Article I, Section 3; 4) MOVE to approve ballot language for amendments to Prescott City Charter Article I, Section 4; and 5) MOVE to approve ballot language for amendments to City Charter Article VIII, Section 2**

## 10. ADJOURNMENT

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:

- (1) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));
- (2) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));
- (3) Discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03(A)(3));
- (4) 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));
- (5) 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));
- (6) 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));
- (7) 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)).

### CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on 6/4/26 at 5:30 p.m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

*Sarah M. Thornhill*

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Sarah M. Thornhill, City Clerk



TO: MAYOR AND CITY COUNCIL  
AGENDA: June 9 Voting Meeting  
DATE: June 9, 2026  
DEPT: City Clerk  
ITEM #: 7.A  
SUBJECT: Approval of Meeting Minutes from the May 19, 2026 Budget Workshop III, the May 26, 2026 Executive Session, the May 26, 2026 Study Session, and the May 26, 2026 Voting Meeting.

## ITEM SUMMARY

This item is for the approval of the May 19, 2026 Budget Workshop III, the May 26, 2026 Executive Session, the May 26, 2026 Study Session, and the May 26, 2026 Voting Meeting. Staff recommends approval of the minutes as presented.

## BACKGROUND

None.

## FINANCIAL IMPACT

There is no fiscal impact associated with this item.

## RECOMMENDED ACTION

MOVE to approve minutes as presented

## ATTACHMENTS

1. May 19, 2026 Budget Workshop III Minutes
2. May 26, 2026 Executive Session Minutes
3. May 26, 2026 Study Session Minutes
4. May 26, 2026 Voting Meeting Minutes

City of Prescott  
**City Council - Workshop Meeting**



May 19, 2026 | 2:00 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 2:04 p.m.

**2. ROLL CALL**

Cathey Rusing - Mayor  
Lois Fruhwirth - Mayor Pro Tem - Excused  
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 III.

Finance Director Lars Johnson introduced the third session of the budget workshop. He provided clarification on figures with a slide from the previous session regarding Fleet Expenditure Summary and Supplies.

Public Works Director Gwen Rowitsch presented the proposed budget for Transportation & Street Operations.

FY27 sources of funding including impact fees

- Sales tax- streets 23,500,000
- Highway users revenue 4,919,684
- County Partnering 890,000
- Street light fee & misc. 495,000
- Impact Fees 2,050,000
- Debt Proceeds 1,000,000
- Total Transportation & Streets Operating Expenditures FY2026-27 Budget \$10,758,351

Transportation Manager Ian Mattingly continued the presentation and reviewed budget highlights related to YPlan, formerly CYMPO, including proposed funding increases tied to the organization's expanded regional planning efforts. He explained that YPlan has increased production from approximately one major transportation plan annually to four or five plans per year, helping retain federal transportation and transit funding within the region. He noted that the city's

contribution historically ranged from approximately \$25,000 to \$50,000 annually, plus in-kind staff time, but current year costs are projected at approximately \$250,000 due to the expanded program. He stated that the proposed Fiscal Year 2027 budget includes approximately \$350,000 to responsibly plan for anticipated future increases, although actual costs may be lower.

Councilman Gambogi asked what share Prescott Valley pays toward YPlan.

Mr. Mattingly responded that Prescott Valley pays approximately 27%.

Councilman Grady asked whether the increased YPlan funding would result in specific transportation planning efforts within the community and whether the investment would provide a multiplier effect by improving access to additional federal transportation funding opportunities.

Mr. Mattingly explained that YPlan has expanded its staffing and regional planning efforts, resulting in additional transportation, safety, and grant-supported studies benefiting Prescott. He noted that Fiscal Year 2027 includes approximately \$971,000 in direct planning and study benefits to the city, including the Downtown Safe Streets study and the Whetstone Transportation Alternatives project, as well as assistance with grant writing and sidewalk planning efforts.

Mr. Mattingly continued the presentation and highlighted the city's transition to an in-house pavement marking and striping program, previously approved by Council during the prior budget cycle. He noted recent actions including the purchase of a long-line striping truck, hiring of a striping operator expected to begin in June, and procurement of thermoplastic materials for crosswalks and related work. Mr. Mattingly explained that in Fiscal Year 2027 the city will shift a significant portion of funding previously used for striping contracts toward operating the in-house program and purchasing materials, while retaining a smaller specialty contract for additional support as needed. He stated the transition aligns with the city's strategic plan objectives.

Councilman Gambogi commented that he has received comments from the public regarding the striping truck, it is a good deal, and we can have the work done when needed.

Councilwoman Frederickson asked for more details on the new position of a striping operator and if it would be a permanent position.

Mr. Mattingly explained that the new permanent striping operator position will be integrated into the city's traffic control and sign operations team. He noted that staff will perform seasonal striping work in-house and assist with other traffic control duties during off-peak periods, improving operational flexibility and response times for roadway, downtown, and special event needs.

Mr. Mattingly continued the presentation and highlighted two proposed transportation studies aligned with the city's strategic plan. The first is a citywide serious injury and fatality collision root-cause analysis intended to identify

contributing factors to crashes and develop mitigation strategies to improve roadway safety. The second is an intersection study for Willow Creek Road and Willow Lake Road to evaluate congestion, future transportation needs, and potential improvements, including access to the Mortimer property and possible widening of Willow Creek Road between Willow Lake Road and Commerce Drive.

Ms. Rowitsch introduced Field Operations Manager Brady Higgs to present the Street Operations budget.

Mr. Higgs continued the presentation and discussed funding for street maintenance materials and contracted services, including asphalt for roadway repairs, concrete for sidewalk, curb, and gutter maintenance, right-of-way mowing to maintain accessibility and safety, and tree trimming to improve visibility and reduce roadway and sidewalk obstructions.

Ms. Rowitsch continued with a summary of positions in the Streets department, which totals 40.42 positions.

Councilman Gambogi asked about the use of street bollards..

Ms. Rowitsch explained that removable bollard sleeves have been installed at multiple downtown intersections to support event-related road closures. Depending on the specific event and closure request, bollards are inserted into these sleeves to restrict vehicle access. Not all events require bollards at every location, and some closures are configured to still allow necessary access, since full installation can fully restrict entry and exit once in place.

Mayor Rusing asked if the smart lights program can be accelerated instead of taking place over a five-year term.

Mr. Mattingly responded that the traffic light coordination started about three years ago. Most main arterial roads have been completed, and the next step is moving to stand alone lights on feeder streets.

Councilwoman Frederickson asked for clarification on whether the Willow Creek Road project funding included a \$600,000 grant application, and whether the Fiscal Year 2027 budget figures reflected total project costs including the grant or only city funding, with the grant treated as additional funding.

Ms. Rowitsch clarified that the \$2.88 million shown in the budget represents the city's full cost for the Willow Creek Road project. A \$600,000 grant has been applied for and, if awarded, would reduce the city's outlay by that amount. The grant, an economic strength grant tied to nearby development activity, has advanced past the first review stage and is still pending final approval.

Councilman Garing asked whether the city's conversion to smart signal systems will require replacing traffic signal controllers or if existing equipment can be updated through reprogramming and adding components.

Mr. Mattingly responded that many newer developer-installed signals already include modern controllers, and over the past several years the city has been upgrading existing intersections. These upgrades have included new controllers, improved detection systems, and enhanced radio communication to support the transition to smart signal technology.

Capital Program Manager Tim Sherwood continued the presentation on the sidewalk repair and replacement program which addresses ADA issues and trip hazards through grinding minor defects and replacing deteriorated sidewalks where needed. The program has an annual budget of about \$1 million and follows a multi-year plan to reconstruct sidewalks along key corridors starting with Miller Valley and Grove in FY27, followed by additional streets over the next several years. Funding also includes a portion of SR89-related revenues due to strong demand for sidewalk improvements.

Mayor Rusing thanked staff and commented that the sidewalk near her home on West Gurley is crumbling and needs repair so people can walk downtown safely.

Councilman Garing asked if these sidewalks are in areas where the property owner that fronts the sidewalk is responsible for the maintenance.

Ms. Rowitsch responded that these sidewalks are on major collectors and arterial streets which are maintained by the city.

Mr. Sherwood continued with the downtown street bollards phase three project highlights, nine locations completed so far, and this next phase will complete five additional locations. He described the Willow Creek Road improvements between James and Jenna Lane, including a proposed \$600,000 grant application. The project would widen about 2,200 feet of the remaining two-lane roadway and coordinate with developer-required intersection improvements, including a traffic signal at James Lane. Additional regional work includes ADOT-led SR89 turn lane and ramp improvements, with city and County cost-sharing contributions. He then introduced the Miller Valley Road and Grove sidewalk improvement project, which addresses significant ADA deficiencies, unsafe driveway crossings, and outdated infrastructure along the corridor from West Gurley to Whipple. The project, estimated at about \$5.3 million and currently 60% designed, also includes realigning Rodeo Drive for safer access and improved traffic flow, with the project identified in part due to accessibility concerns raised by a disabled veteran.

Councilman Ruby commented on the importance of coordinating future planning efforts with the Rodeo Master Plan, particularly where the project interfaces with Rodeo Drive. He also encouraged collaboration with Parks and Recreation staff regarding trail connectivity near Miller Creek and Miller Valley Road, noting the area's potential as a productive economic and recreational corridor with enhanced connectivity opportunities.

Ms. Rowitsch responded that the city is studying the Rodeo Drive and Miller Valley Road intersection and conducting a separate pedestrian study focused on

Miller Valley Road and the Dexter neighborhood to improve walkability and identify future downtown and neighborhood projects.

Mr. Higgs presented the Street Operations site improvement project in the proposed budget. The project will consolidate street maintenance operations into one location and includes upgrades to drying beds, a covered snow material storage area, material storage bins, a new wash rack for utilities vehicles, and paving improvements to the access road and surrounding areas. Staff also noted that the improvements will support operational efficiency.

Environmental Program Manager Matt Killeen provided the presentation for the Willow Lake Flood Plain Restoration project. Mr. Killeen explained that city-owned property near the southeast corner of Willow Lake Park, located outside city limits and regulated by the Yavapai County Flood Control District, had experienced unauthorized dumping beginning in 2023. He stated that approximately 2.88 acres within a floodplain and near sensitive habitat areas had been impacted by stockpiles from various city departments and possible private contractors. Staff is currently assessing the extent and contents of the materials to determine proper disposal methods. Mr. Killeen also noted that the U.S. Fish and Wildlife Service views the cleanup as an opportunity for habitat restoration and is exploring potential grant funding to support restoration efforts focused on pollinator habitat enhancement once the stockpiles are removed.

Mr. Johnson reviewed Public Works funding projections and explained that staff closely monitors fund balances and revenue sources to ensure the five-year capital plan is financially sustainable. He highlighted key Streets Fund revenues, including the local 1% sales tax, Highway User Revenue Fund (HURF) distributions, and impact fees, and noted that the city's street sales tax remains authorized through December 31, 2035. He explained that HURF revenues are affected by statewide municipal growth, including the incorporation of San Tan Valley, and that the state gas tax has not increased since 1990, reducing purchasing power for roadway maintenance. Mr. Johnson stated that the current five-year forecast projects an ending Streets Fund balance of approximately \$6 million while continuing to support operational and capital street improvement projects.

Ms. Rowitsch introduced the Solid Waste budget presentation.

Mr. Higgs spoke about two upcoming programs: lithium battery drop-off program and inert debris crushing. Solid Waste is also experiencing expenses outpacing revenues brought about by hauling and disposal cost increases, and vehicle replacements deferred. He introduced the plan for a rate and fee study as a path forward.

Councilman Gambogi asked what rates are in nearby areas for residential trash service.

Mr. Higgs stated that it can range from \$21 - \$40 per month for one single can pick up weekly.

Items Addressed with Rate Study:

- Residential service: monthly rates and fees, reduced services, additional services, capital requests.
- Commercial Service: monthly rates and fees, capital requests.
- Transfer station: tonnage rates, self-hauling, county IGA, capital requests.

Councilman Garing asked whether the upcoming rate study would closely evaluate Solid Waste Division services, including core and additional services, and whether consideration is being given to transitioning those services to an enterprise operation model.

Mr. Higgs responded that the concept could be evaluated as part of the upcoming rate study, including whether core additional services could operate on a self-supporting, optional participation basis as an enterprise model.

Mr. Johnson displayed two scenarios for the solid waste fund to illustrate current funding challenges. The first model reflected the budget assumption of implementing the final year of the previously adopted five-year rate study earlier than scheduled; however, staff noted those revenues would still not cover projected operating costs, resulting in an estimated \$1.2 million deficit in FY27. A second model was developed to demonstrate what rates would be needed to maintain current service levels without operational changes, including a proposed base monthly rate of \$31.

Mr. Johnson discussed the FY27 AEL (Approved Expenditure List) included as part of the budget adoption process for the fourth consecutive year, authorizes certain operating and capital expenditures to proceed through procurement without returning to Council for separate approval. He explained the list includes new FY27 capital projects and selected operating items, while still requiring standard procurement review and signature approvals. Council was asked to review the list and provide feedback on any items they would like removed before final adoption. Staff also reviewed procurement approval thresholds, noting that purchases over \$50,000 normally require Council approval unless included on the AEL, which was created to reduce routine procurement items appearing on Council agendas and allow meetings to focus more on strategic matters.

Councilman Gambogi asked for clarification on the current procurement code dollar limits for items needing council approval. He recommended \$100,000 instead of the current \$50,000 and move up the following levels proportionately.

Mayor Rusing agreed that \$50,000 can be low.

Mr. Johnson responded that Council could provide direction to the City Manager and Finance to evaluate this portion of city code.

Councilman Garing expressed his continued concern for the solid waste deficit issue.

City Manager Dallin Kimble provided additional clarification that without an

interim rate adjustment, the Solid Waste Fund is projected to end FY27 with approximately a \$1 million deficit. While the fund currently maintains a balance of slightly more than \$400,000, he noted that, assuming proportional spending throughout the fiscal year, the fund could enter a deficit condition approximately three to four months into the fiscal year, around October.

Councilman Gambogi asked what will be accomplished with the solid waste rate study if staff is already aware of other providers' rates.

Mayor Rusing commented that it is very convenient for anyone to use the city's transfer station.

Ms. Rowitsch stated that the city's existing IGA with the County for use of the transfer facility requires county residents to be charged the same rates as city residents. She said she believes the rate study is needed and any interim fee adjustment would be at Council's discretion.

Councilman Ruby asked if scenario 2 was implemented until the rate study can be completed.

Mr. Kimble added that implementing an interim rate adjustment would provide Council additional time to thoughtfully complete the comprehensive rate study and allow for further discussion and evaluation of service options. He noted the study could examine alternatives such as recycling collection frequency and transfer station drop-off services, giving Council flexibility to consider operational changes before making long-term decisions.

Mr. Johnson added that the soonest implementation could be October 1.

Mayor Rusing asked for clarification on the city's contingency fund, specifically questioning how much had been budgeted and recalling whether the amount was approximately \$30 million.

Mr. Johnson responded that the city has a \$10 million contingency budget, which represents budgeted appropriation authority rather than unallocated cash. Each fund maintains its own reserves and fund balance. He noted that the General Fund is the only fund with an unassigned balance and is subject to a Council-adopted policy requiring a minimum 20% fund balance based on revenues. Other funds generally maintain a minimum 10% fund balance for operational purposes, in accordance with administrative practice.

Mayor Rusing asked about the city's debt levels and bond rating, expressing concern about increasing debt associated with growth, aging infrastructure replacement, and development agreements that may shift infrastructure costs to the city rather than developers. She requested an overview of the city's current debt position and financial condition.

Mr. Johnson explained that most of the city's debt is associated with utility funds, particularly water and wastewater systems, which support large-scale infrastructure projects and are repaid over the useful life of those assets. He

noted that the city has approximately \$100 million in WIFA loans. In the Streets Fund, the remaining revenue bond—originally tied to the Granite Dells Parkway interchange and Williamson Valley Road widening projects—will be about \$5 million at year-end and is expected to be fully paid off in FY29. He added that the city's debt levels are evaluated using financial benchmarks and coverage ratios required by lenders, and that consultants have indicated the city's financial structure remains viable under the current rate plan. Regarding development-related infrastructure, Mr. Johnson stated that impact fees and the city's infrastructure improvement plan assign costs to development, with several projects fully funded by development over time. Mr. Johnson added that impact fees are governed by state statute and require the city to maintain a 10-year capital improvement plan identifying projects needed to support anticipated development, which forms the basis for determining eligible development-related infrastructure funding.

Councilmembers thanked the departments for their presentations and hard work.

Member of the public Grant Quezada, owner of Founding Father's Collective, requested consideration of safety improvements at Granite Street and Willis, citing frequent vehicle accidents in the area. He also noted that the roadway is in poor condition and raised concern about a city-owned dirt parking area on the east side of Granite Street where exposed plumbing fixtures are protruding from the ground. He expressed concern that these exposed utilities could be struck by vehicles, creating a potential hazard, and asked the city to address these issues.

Mayor Rusing thanked Mr. Quezada for investing in and revitalizing the area, noting that the business has helped transform a previously rundown location into a successful attraction. She stated the city has an obligation to support those efforts and indicated support for addressing roadway improvements needed, referencing concerns about the condition of Granite Street and the improvised use of fire hoses for parking striping in the dirt parking area.

Member of the public Raymond Rossi commented on traffic flow due to increased traffic in Prescott. He discussed concerns about signal timing coordination at Willow Creek Road intersections, specifically at Willow Creek Road and Gail Gardner and at Willow Creek Road and Black Drive. He noted the signals appear coordinated but suggested the timing at the Black Drive intersection may be too long given observed low traffic volumes. He requested that staff review the signal timing and consider shortening the cycle to improve overall traffic flow.

***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 4:16 p.m.

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CATHEY RUSING, Mayor

ATTEST:

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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 19, 2026. I further certify the meeting was duly called and held and that a quorum was present.

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Sarah M. Thornhill, City Clerk



# City of Prescott

## City Council - Executive Session Meeting

May 26, 2026 | 9:00 AM  
201 N Montezuma Street  
Executive Conference Room  
Prescott, AZ 86301

### MINUTES

#### 1. CALL TO ORDER

Mayor Rusing called the meeting to order at 9:00 a.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. CALL TO ENTER EXECUTIVE SESSION

**MOTION BY MAYOR PRO TEM FRUHWIRTH TO CONVENE EXECUTIVE SESSION; SECONDED BY COUNCILMAN RUBY: PASSED (7 - 0)**

#### 4. LEGAL MATTERS

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Prescott City Council and to the general public that the Prescott City Council will hold a Meeting at 9:00 AM on Tuesday, May 26, 2026, in the Executive Conference Room for the purpose of deciding whether to go into executive session. If authorized by a majority vote of the Prescott City Council, the executive session will be held immediately after the vote and will not be open to the public. The agenda for the meeting is as follows:

A. Discuss & Consult with the City's Attorneys for Legal Advice and to Consider the City's Position and Instruct its Attorneys and Necessary City Employees Regarding a Lease of City Owned Real Property to Friendly Pines, Pursuant to A.R.S. § 38-431.03(A)(3, 4 and 7).

B. Discuss & Consult with the City's Attorneys for Legal Advice and to Consider the City's Position and to Instruct its Attorneys and Necessary City Employees Regarding Possible Acquisition of Real Property for Operations at the Prescott Regional Airport, Pursuant to A.R.S. § 38-431.03(A)(3, 4 and 7).

C. Discuss & Consult with the City's Attorneys for Legal Advice and to Consider the City's Position and to Instruct its Attorneys and Necessary City Employees Regarding Ongoing Litigation Related to Big Chino Road, Pursuant to A.R.S. § 38-431.03(A)(3 and 4).

D. Discuss & Consult with the City's Attorneys for Legal Advice and to Consider the City's Position and to Instruct its Attorneys and Necessary City Employees Regarding Contract Terms for Council Appointed Positions, Pursuant to A.R.S. § 38-431.03(A)(3 and 4).

**5. ADJOURNMENT OF EXECUTIVE SESSION & RECONVENING OF A REGULAR PRESCOTT CITY COUNCIL MEETING FOR DISCUSSION AND POSSIBLE ACTION REGARDING MATTERS DISCUSSED IN EXECUTIVE SESSION**

None.

**6. ADJOURNMENT**

There being no further business to discuss, Mayor Rusing adjourned the meeting at 10:48 a.m.

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CATHEY RUSING, Mayor

ATTEST:

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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 26, 2026. I further certify the meeting was duly called and held and that a quorum was present.

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Sarah M. Thornhill, City Clerk

# City of Prescott

## City Council - Study Session



May 26, 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 1:00 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 Facilities Assessment and Condition Report by Terracon Consultants, Inc.

Deputy Recreation Services Director Tim Legler introduced the presentation and Trent Murray with Terracon Consulting to provide details regarding the city facilities assessment.

##### Overview:

- \* City commissioned a facility condition assessment (FCA) to evaluate the condition of its portfolio-wide facilities and infrastructure
- \* Goal is to support informed capital and long-term asset management
- \* Assessment provides a data driven understanding of - current facility conditions, deferred maintenance and future funding requirements

##### Key Metrics:

- \* Number of sites - 35
- \* Number of facilities - 69
- \* Combined Floor Area - 642,647
- \* Total Replacement Value - \$273,198,325
- \* Inventory Records - 3,477
- \* Work Item Records - 345
- \* Work Item Costs - \$5,112,383
- \* Portfolio FCI - 0.0189
- \* FCI Rating - good

Scope of Work:

- \* Conduct comprehensive FCA of city-owned facilities and infrastructure
- \* Perform on-site inspections using visual, non-destructive methods
- \* Develop a detailed inventory of building components using UNIFORMAT II classification
- \* Assess each component for condition, age and estimated service life
- \* Identify deficiencies and required repairs or replacements
- \* Prepare planning-level cost estimates for maintenance, repair and capital renewal needs
- \* Develop a 10-year capital planning model to forecast future funding requirements
- \* Provide data and analysis to support CIP and asset management decisions

Project Workflow:

- \* Project launch and planning
- \* Stakeholder interview and background data collection
- \* Document review and investigation
- \* Field data collection
- \* Cost estimating
- \* Data analysis and budget forecasting
- \* Report and project deliverables

Current Portfolio:

- \* Very Poor - 9 sites, 2 buildings
- \* Poor - 0 sites, 3 buildings
- \* Fair - 4 sites, 6 buildings
- \* Good - 17 sites, 45 buildings
- \* Very Good - 5 sites, 13 buildings

Requirements Analysis:

- \* First-year requirements in 2026 total over \$5.5 million
- \* Component renewals at the end of service life total over \$23 million over the next 10 years
- \* Backlog of current deficiency repairs and replacement totals over \$5 million
- \* Preventative Maintenance requirements were estimated at a cost of 0.44% of the current replacement value of the inventoried components that typically require preventative maintenance on at least an annual basis
- \* Preventative maintenance costs are estimated at close to \$400,000 in 2026 and over \$4.5 million over the 10-year study period
- \* All costs are inflated at an annual rate of 3% per year

Mr. Murray continued with an overview of the highest costs and impact improvements, as well as a "no funding" scenario on how that would impact the city's facilities.

Mr. Legler and Finance Director Lars Johnson reviewed expected costs and how to incorporate those into upcoming fiscal year budgets.

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

B. Presentation, Discussion and Possible Direction or Action Regarding a Follow-Up to the FY2027 Budget Workshops I, II, and III.

Finance Director Lars Johnson provided a presentation to the Council regarding a follow up to the three budget workshops, and stated that staff needs direction regarding any updates that will need to be made in order for the tentative budget to be adopted on June 9. Staff has worked on revised proposals based on Council feedback at previous meetings.

**Prescott City Court - Revised Budget Proposal:**

Judge Gann provided an overview to the Council regarding the City Court case filings and the need for additional staff. He also discussed additional fees and charges that the court could utilize to help offset costs.

Mayor Pro Tem Fruhwirth commented that without the capital expenses for the new facility the impact on the city budget from the Court is less than what they pay to utilize the courthouse at the County right now.

Councilman Garing and Councilwoman Frederickson stated that they are uncomfortable with having a security guard from an outside agency.

Mr. Johnson stated that these updates will be seen in the tentative budget adoption at the June 9 Voting Meeting.

**Public Safety Tax Initiative:**

Fire Chief Holger Durre provided a presentation to the Council regarding the immediate, short term and long term needs addressed through Prop478 funding.

\* Facility Needs

- Immediate (1-3 years): one new fire station; one relocated fire station; one major remodel; property and evidence police facility
- Short Term (4-7 years) : three safety and health fire station remodels; land and design for second new station; additional facilities and enhancements for PD
- Long Term (8-10 years): one new fire station

\* Operational Needs

- Immediate (1-3 years): recruitment and retention challenges; sixteen sworn police; thirteen fire personnel; two fire station positions; three support staff (records, radio and IT); low acuity response; public access defibrillation program
- Short Term (4-7 years): emergency management staffing; special enforcement team; additional K-9s
- Long Term (8-10 years): fire station 77 staffing

\* Community Impacts

- Immediate (1-3 years): fill downtown, midtown, north side response gaps; improve response times; fill critical public safety positions; stabilize recruitment and retention; enhanced community policing and traffic enforcement
- Short Term (4-7 years): improve health and safety of public safety personnel; prepare for future growth of community; improve existing public safety facilities to extend life
- Long Term (8-10 years): continue focus on improving public safety outcomes

### Prop478:

- \* Promise - improving public safety services, facilities, operations and community impacts
- \* Budget is the means to an end, original estimates were created to develop the tax percentage proposal
- \* Commitment to community
- \* Tax provided both capital and operating; prioritizing capital infrastructure upfront
- \* Goals - meet the needs and be responsible for dollars spent, end the 0.2% tax increment early

Mayor Pro Tem Fruhwirth commented that she would like to see a full reconciliation on all the items related to this tax initiative. She is concerned that the station remodels haven't even been looked at yet. At the very least, she would like to see inflation factors included in some of the older numbers.

Police Chief Amy Bonney continued with an overview of the scope regarding police facilities through the tax initiative, currently at 30% of design for storage/evidence and additional substation co-located which will be close to where the primary growth is anticipated to be in Prescott.

Mayor Rusing commented that she is concerned about the location of the new facility.

Chief Bonney responded that every piece of property the city owns for this facility, and it will be quite industrial in nature and the Rosser area is surrounded by residential areas so it wasn't an appropriate fit.

### Police Facilities:

- \* Project cost estimates have increased modestly, with adjustments strategically reallocating funds to maximize long-term value for both the Police Department and community
- \* Design team advised that reducing the facility size or scope by approximately 50% would leave the building inadequate within 5-8 years
- \* Current design is based on projected community and Police Department growth over the next 20-30 years
- \* Reducing scope now would likely result in higher long-term costs through future expansion or renovation needs
- \* Additional site improvements and facility enhancements are envisioned beyond the initial construction project
- \* Planning for these future capital needs within the first 10-years of the initiative will help avoid future funding shortfalls

Mr. Johnson reviewed the 10-year capital plan funding related to projects associated with the sales tax initiative as well as the 10-year historical annual growth percentages.

Councilman Gambogi commented that there are multiple increases in the funding, so he doesn't understand how the additional tax could be sunset early.

Mr. Johnson responded that this will all have to be monitored regularly because everything is in flux.

**Solid Waste Fund:**

\* Council Direction Needed

- Internal Study with Rates Adjusted as soon as possible: refine scenario 2 rates and calculate for other ancillary rates; issue 60-day notice with internal fee study documentation by June 26, 2026; Council consideration on August 25, 2026; rates effective October 1, 2026; continue with consultant-led rate study afterward to identify future rate increases and timing, service delivery policy decisions, timing flexibility

- Consultant-led Rate Study with rates adjusted likely earliest during Spring 2027: full consultant study, including service delivery analysis and review of self-hauling impacts; more compressed schedule but provides deeper evaluation of services and costs, adoption of at least a three-year rate schedule

Council consensus for Internal Study option.

Mr. Johnson stated that Council can provide feedback on the AEL to Finance staff, and they can make adjustments in advance of the meeting on June 9.

**Community Development Personnel:**

Operations Manager Will West provided a presentation to the Council with details regarding the department analysis recommendations and additional positions proposed within that analysis.

\* Staff is proposing a phased implementation of the recommendation

- Water Resources Analyst: September 2026
- Administrative Specialist: March 2027
- Management Analyst: FY28.

Mayor Pro Tem Fruhwirth commented that we need to tighten purse strings elsewhere in order to gain positions and asked that the City Manager find where other departments could go down a head or two in order to accommodate Community Development.

Councilman Grady stated that he agrees with elements of comments from Mayor Pro Tem, but added that if the city is going to seek out assessments like this than the Council needs to value what they present and recommend.

Councilwoman Frederickson commented that, right now, there are technical people doing clerical work and that seems like poor use of city resources. The city needs to focus on fixing the existing issues with efficiencies. She is not in favor of pushing things off.

Councilman Gambogi agreed, this is miniscule in the overall scheme, and if it brings efficiencies the Council should do it.

Mr. Johnson reviewed the fiscal impacts to the budget for each position recommended.

Councilman Ruby said that this is a good investment in efficiencies.

Staff requested direction from the Council regarding how they would like to proceed with the three recommended positions:

Councilman Ruby, Councilwoman Frederickson, Mayor Rusing, Councilman Garing, and Councilman Gambogi - yes to all three in FY27

Councilman Grady - one in FY27, the other two in FY28

Mayor Pro Tem Fruhwirth - one in FY27

***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 3:04 p.m.

---

CATHEY RUSING, 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 May 26, 2026. I further certify the meeting was duly called and held and that a quorum was present.

---

Sarah M. Thornhill, City Clerk

# City of Prescott

## City Council - Voting Meeting



May 26, 2026 | 3:00 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 3:20 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. INTRODUCTIONS / ANNOUNCEMENTS

Mayor Pro Tem Fruhwirth announced upcoming community events, including the June 1 Rodeo/Fairgrounds Master Plan Community Meeting, and Meet Your City at the June 6 Farmers Market. She added that the City Clerk's Office is currently accepting applications for the Pedestrian, Bicycle & Traffic Advisory Committee and the Tourism Advisory Committee now through Friday, June 26. For additional information please visit <https://prescott-az.gov/prescott-city-clerk/boards-commissions/>

#### 4. INVOCATION - Steve Calrow with Baha'i Faith Community

#### 5. PLEDGE OF ALLEGIANCE - Councilman Gambogi

#### 6. PROCLAMATIONS

A. Arizona Crisis Team (ACT) Week  
Councilman Ruby presented the Proclamation.

#### 7. OPEN CALL TO THE PUBLIC

None.

#### 8. CONSENT AGENDA

**MOTION BY MAYOR PRO TEM FRUHWIRTH TO APPROVE CONSENT AGENDA ITEMS 8.A. THROUGH 8.I., EXCLUDING ITEM 8.F.; SECONDED BY MAYOR RUSING: PASSED (7 - 0)**

- A. Approval of Meeting Minutes from the May 11, 2026 Budget Workshop II, the May 12, 2026 Executive Session, the May 12, 2026 Study Session, and the May 12, 2026 Voting Meeting.
- B. Approval of City Contract No. 2026-125 with SkyWest Airlines for a Transportation Service Agreement Associated With a New Service Frequency Between Prescott and Denver.
- C. Approval of City Contract No. 2026-069A1, an Amendment to City Contract No. 2026-069 for Updated Lease Terms on a Lease Agreement with EagleAir.
- D. Adoption of Resolution No. 2026-1989, Approving City Contract No. 2026-162, an Intergovernmental Agreement (IGA) Between Yavapai County Community College District dba Yavapai College and the City of Prescott for a Joint Use of Facilities Agreement.
- E. Adoption of Resolution No. 2026-1990, Approving City Contract No. 2026-184, an Intergovernmental Agreement (IGA) Between the City of Prescott and Yavapai County for the Repaving & Transfer of Right-of-Way on Overland Road Leading to the Prescott National Cemetery.
- F. Approval of Night Work on SR89, Between Phippen Trail Roundabout and Willow Lake Road Roundabout.

Councilman Gambogi pulled this item for further discussion and asked why the work is taking place at night.

Public Works Director Gwen Rowitsch addressed Council and stated that the work needs to take place within right-of-way and night work will help to have the least impact on traffic or daily routine.

**MOTION BY MAYOR PRO TEM FRUHWIRTH TO APPROVE NIGHT WORK;  
SECONDED BY MAYOR RUSING: PASSED (7 - 0)**

- G. Approval of City Contract No. 2024-228A1, an Amendment to City Contract No. 2024-228 for an Extension of the Tolling Agreement by and Between the City and Arizona Eco Development.
- H. Approval of City Contract No. 2026-194 an Agreement for a City of Prescott Volunteer Representative to NAMWUA.
- I. Approval of Acceptance of Rural Business Development Advisory Grant.

## 9. CONSENT ORDINANCE

- A. Adoption of Ordinance No. 2026-1946 Authorizing the Acceptance of Two (2) Public Water Line Easements and One (1) Public Drainage Easement.  
**MOTION BY COUNCILWOMAN FREDERICKSON TO ADOPT ORDINANCE NO. 2026-1946; SECONDED BY MAYOR RUSING: PASSED (7 - 0)**

## 10. REGULAR AGENDA

- A. Public Hearing and Approval of Program Year 2026 (PY26) Community Development Block Grant (CDBG) Annual Action Plan.  
Grants Administrator Michael McInness provided a presentation to the Council regarding the PY26 CDBG Annual Action Plan.

### Background:

- \* CDBG is a US Department of Housing and Urban Development (HUD) program returns taxpayer dollars to local communities
- \* Funds must primarily benefit low to moderate income Prescott residents (at least 70%)
- \* Prescott has administered CDBG continuously since 2004
- \* 100% federally funded with no general fund impact
- \* PY26 Allocation - \$265,856 (\$172,808 for construction projects, \$53,170 for administration and \$39,878 for public service)
- \* Total Awarded to Prescott since 2004 - \$5.8 million (the funding has remained the same but there are more communities requesting funding than there were when the program was initially started)
- \* Awards based on census data

### PY26 Applications:

- \* 26 total applications
- \* Total funding significantly exceeded available allocation
- \* 11 projects ultimately selected for funding
- \* Reflects a healthy and well-recognized CDBG program serving a wide range of community programs

### Committee Recommendations - Construction:

- \* Agape House (transitional housing renovations) - \$51,577
- \* City of Prescott (downpayment assistance program) \$50,000
- \* Adult Center of Prescott (ADA restroom accessibility project) - \$31,126
- \* Prescott Chamber Foundation (Prescott minor home repair program) - \$30,000
- \* Polara Health (sensory-friendly updates for children's services facility) - \$5,563
- \* Coalition for Compassion & Justice (replacement of CCJ unit in Kodiak Park) - \$4,541
- \* Total - \$172,807

### Committee Recommendations - Public Service:

- \* People Who Care (transportation program) - \$12,327
- \* Firemedx International (DOC reentry work program) - \$10,281
- \* Salvation Army (winter warm-up) - \$10,000
- \* Wrapped in Love Diaper Bank (diapering essentials) - \$5,169
- \* Launch Pad Teen Center (all access pass meals, free snacks and food literacy) - \$2,101

\* Total - \$39,878

Councilwoman Frederickson expressed concerns related to the workload burden on Comm Dev Staff for the Down Payment Assistance Program.

Mr. McInnes responded that there will be a larger burden at the start for staff, but he will be administrating it and anticipates that it will level over time.

Councilman Ruby commended the CDBG Citizens Advisory Committee on their work to review all of the applications.

**MOTION BY COUNCILMAN GAMBOGI TO CLOSE THE PUBLIC HEARING;  
SECONDED BY COUNCILMAN RUBY: PASSED (7 - 0)**

**MOTION BY COUNCILMAN RUBY TO APPROVE THE PY2026 CDBG  
ANNUAL ACTION PLAN; SECONDED BY COUNCILMAN GRADY: PASSED  
(7 - 0)**

B. Presentation, Discussion & Approval of the City's Special Events Sponsorship Policy.

Deputy City Manager Michael Morris provided a presentation to the Council regarding the Special Events Sponsorship policy. The Council previously discussed the policy during a Study Session in February.

Event Sponsorship Categories:

\* City Produced Events - community events hosted/coordinated or contracted by the city; budgeted in the city operating budget

\* Signature Events - coordinated by non-city government entity; generates at least \$100,000 in city revenue; has at least 5,000 attendees from outside Prescott (90 miles or more); has a marketing reach of at least one million impressions

\* TAC Grants

Council discussion regarding budgets and reports being generated before or after funding.

City Manager Dallin Kimble responded that they can provide information related to how city funds were spent.

Councilman Ruby said that it should be part of the process for receiving funds.

Funding:

\* Signature Events

- Receive funding equivalent to 50% of city taxes generated up to \$80,000 max

- Economic Impact Study to determine taxes generated cost split 50/50 between the city and the event organizer

- In-kind city services up to \$40,000

- Require a five-year agreement approved by Council; Economic Impact Study prior to new contract or renewal

- Requires annual post-event report

- \* Christmas City
  - Currently at \$60,000 plus in-kind services
  - Economic Impact Study completed
  - New contribution: \$80,000 plus up to \$40,000 in-kind services
- \* Whiskey Off Road
  - Currently at \$70,000 plus in-kind services
  - Economic Impact Study in Progress
- \* Prescott Rodeo
  - Currently at \$40,000 plus in-kind services
  - Economic Impact Study in July

Mr. Morris responded that any new events would be subject to the availability of funds and results of an economic impact study.

City Manager Joseph Young stated that language could be added that funding would be subject to "availability of funds" so that if there is a downturn it could be adjusted.

- \* TAC Grants
  - Eligible for Tourism Tax Funding
  - Required to go through the TAC application process for a recommendation prior to Council approval
  - Grants range from \$1,000-5,000
  - Require a post-event report

Mayor Pro Tem Fruhwirth stated that she is hesitant to adopt a policy without seeing a template for the contracts.

Mayor Rusing expressed her concern with a five-year term for the agreements, she would prefer a three-year agreement.

Councilman Gambogi commented that this is long overdue, and will put all of the larger events on a more even playing field.

City Attorney Joseph Young commented that all of these funds are bed tax funds and so unlike other areas of expenditures there is specific statute on how those funds can be spent and all of these grants meet those requirements. As it relates to the gift clause, the funds must be for a public purpose and is the amount less than the value. This policy puts the city in a safer position, and is clearly within how the statute is written.

Councilman Grady echoed Councilman Gambogi's comments, the council is approving a policy and not a contract at this time so seeing one at this point is pre-mature. This is what the Council has been asking for.

Councilman Ruby stated that a policy like this is important for these special event vendors, he does think it is important to look at how other jurisdictions are doing it. He does feel that a five-year agreement is very long, and added that he would like to eventually see Signature Events/Emerging/Evolving Events so there is a clear objective structure for where people place themselves.

Mr. Kimble added that if there is a desire by the Council to have the funding cease at a certain point that is a policy question. The Signature Events are highlighted because of their brand and impact on the city, this policy was put together based on a lot of feedback received and discussions with the event organizers to find something that makes sense for everyone.

Member of the public Howard Mechanic addressed the Council regarding the company that puts on the Whiskey Off Road Event which is profitable. He believes this is unconstitutional, it may not have been challenged, but it is. Tourism is part of the city's economic development and not public services.

Mayor Rusing commented that the policy has been needed for sometime but she would like to change the five-year term to three-year term with two one-year extensions.

Councilman Grady discussed specific tiers for the signature events with a policy addressing Emerging and Evolving Events (two different tiers).

**MOTION BY MAYOR RUSING TO APPROVE SPECIAL EVENTS FUNDING POLICY; SECONDED BY COUNCILMAN GRADY: PASSED (6 - 1) MAYOR PRO TEM FRUHWIRTH DISSENTING**

- C. Adoption of Resolution No. 2026-1986 Setting Certain Citywide Fees & Approving a Citywide Fee Schedule for Fiscal Year 2027, and Adoption of Ordinance No. 2026-1947 Amending Prescott City Code 4-7-5.

Finance Director Lars Johnson provided a presentation to the Council regarding the updated citywide fee schedule for FY27. During the budget process departments evaluate the fees they charge and submit any necessary changes and amendments. Having all fees in one place is helpful for residents. Water, Wastewater, Solid Waste and Development Impact fees are excluded from this fee schedule as they are adopted through a separate policy. If approved, fees go into effect July 1, 2026. CPI Increase is 1.2% applied to Airport, Community Development, City Clerk and Public Works.

Airport:

- \* Storage - covered and non-covered tie downs increased by CPI
- \* Hangars are not being increased at this time
- \* New hangar wait list application fee - \$150 per application non-refundable
- \* Reducing badge renewal fee from \$100 to \$50
- \* New access control fee - \$50

Councilman Garing asked if the AAC has approved these changes.

Airport Director Rick Crider responded that they have not, but they have discussed it.

Other Departments:

- \* IT/GIS Services
  - Cost recovery of specialized commercial entity requests, foundational layers available to download at no cost

- Aerial Imagery and 1-ft contours: \$55 per square kilometer tile
- Custom layers or maps of any dimensions: \$55 per hour of staff time
- \* Recreation Services
  - Hockey Rink Rental: \$10/hour to provide rental reservations and offset costs of maintenance
- \* Police
  - Emergency Response Costs: \$1,000 per incident (per ARS 28-1386)

Mayor Pro Tem Fruhwirth asked when the Fire Department Fees will be reviewed.

Mr. Johnson responded that they are in a fee schedule evaluation at this time and that is being joined with Community Development and coming back to the Council at another time.

**MOTION BY COUNCILMAN GAMBOGI TO ADOPT RESOLUTION NO. 2026-1986 & ORDINANCE NO. 2026-1947; SECONDED BY MAYOR PRO TEM FRUHWIRTH: PASSED (7 - 0)**

**11. ADJOURNMENT**

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

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CATHEY RUSING, 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 May 26, 2026. I further certify the meeting was duly called and held and that a quorum was present.

---

Sarah M. Thornhill, City Clerk



TO: MAYOR AND CITY COUNCIL  
AGENDA: June 9 Voting Meeting  
DATE: June 9, 2026  
DEPT: Finance  
ITEM #: 7.B  
SUBJECT: Adoption of Resolution No. 2026-1987 for Authorization of Internal Loans for Advanced Land Purchases from the General Fund to the Airport Fund.

## ITEM SUMMARY

This item authorizes internal loans for airport land purchases retroactive to FY 2025. When grant reimbursements are expected but not yet certain, the City will record an internal loan from the General Fund to the Airport Enterprise Fund rather than an operating transfer. This method aligns with auditor guidance and ensures accurate financial reporting for land acquisitions with varying levels of grant certainty.

## BACKGROUND

Beginning in fiscal year 2025, land acquired for airport purposes for which future grant reimbursements are expected, but not yet certain, will be recorded as an internal loan to the Airport Enterprise Fund rather than as an operating transfer, which is used when grant funding is known and secured. After consultation with the City's auditors, this approach was identified as the most appropriate accounting treatment. While grant reimbursements are anticipated, they cannot be guaranteed.

There are three possible accounting treatments for funding land purchases by the City as Airport Sponsor. Scenario number 2 involves an internal loan for which this resolution will authorize.

1. **Grants Known and Applied For.** When grant funding is known and applications are in process, the City records its share of the land acquisition cost as an operating transfer from the General Fund to the Airport Enterprise Fund within the project account. The Airport Enterprise Fund also records anticipated grant revenue and any associated receivables within the project account, although the timing of recognition may fall in a different fiscal year.
2. **Grants Anticipated but Not Certain.** When grant reimbursement is expected but not yet confirmed, the City records the transaction as an internal loan from the General Fund to the Airport Enterprise Fund within the project account. If the grant application is later approved, the accounting is adjusted to match Scenario 1, and the internal loan is repaid accordingly.
3. **No Grants Anticipated (City-Funded Only).** If no grant funding is anticipated, the City records an operating transfer covering the full cost of the land purchase within the Airport Enterprise Fund project account.

## FINANCIAL IMPACT

General Fund available balances will temporarily decrease as funds are loaned to the Airport Enterprise Fund. These balances will be restored when the Airport Enterprise Fund repays the internal loan following receipt of eligible grant reimbursements.

## RECOMMENDED ACTION

MOVE to adopt Resolution No. 2026-1987

## ATTACHMENTS

1. Resolution No. 2026-1987\_Airport Land Purchases

**RESOLUTION NO. 2026-1987**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE CITY OF PRESCOTT FINANCE DIRECTOR TO ENTER INTO FIVE YEAR, ZERO PERCENT (0%) INTERNAL LOANS FROM THE CITY'S GENERAL FUND; AND AUTHORIZING THE MAYOR AND STAFF TO TAKE ANY AND ALL STEPS NECESSARY TO ACCOMPLISH THE ABOVE**

**RECITALS:**

WHEREAS, the City of Prescott ("City"), adopted a debt policy pursuant to City Resolution No. 3459 that requires the City Council to approve internal loans longer than a one (1) year period; and,

WHEREAS, land purchase contracts for the Airport Enterprise Fund have been entered in advance of potential grant reimbursements received, and reimbursements could span multiple years; and,

WHEREAS, the General Fund provides operational support for the Airport Operations, so interest requirements would not yield in additional revenue to the General Fund; and,

WHEREAS, the City desires to establish internal loans for the purchase of land around the airport from the City's General fund to the Airport Enterprise Fund at a rate of zero percent (0%), starting with Fiscal Year 2025, for five years each with repayment after grants are received; and,

WHEREAS, if at the end of five years, grant reimbursements are determined to be no longer available, the Finance Director may recommend forgiveness of any remaining principal to the City Council for approval.

**ENACTMENTS:**

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

Section 1. THAT the City hereby authorizes the Prescott City Finance Director to establish internal loans from the City's General fund and allow for repayment by the Airport Enterprise Fund after grants are received for Council approved land purchases.

Section 2. THAT the Mayor and Staff are hereby authorized to take any and all steps deemed necessary to accomplish the above.

PASSED, APPROVED AND ADOPTED by the Mayor and Council of the City of Prescott this 9th day of June, 2026.

\_\_\_\_\_  
CATHEY RUSING, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
SARAH M. THORNHILL, City Clerk

\_\_\_\_\_  
JOSEPH D. YOUNG, City Attorney

CERTIFICATION OF RECORDING OFFICER

STATE OF ARIZONA )  
County of Yavapai ) ss.

I, the undersigned Sarah M. Thornhill, being the duly appointed, qualified City Clerk of the City of Prescott, Yavapai County, Arizona, certify that the foregoing Resolution No. 2026-1987 is a true, correct and accurate copy of Resolution No. 2026-1987, passed and adopted at a Voting Meeting of the Council of the City of Prescott, Yavapai County, Arizona, held on the \_\_\_\_\_ day of \_\_\_\_\_ 2026, at which a quorum was present and, by a \_\_\_\_\_ vote, \_\_\_\_\_ voted in favor of said resolution.

Given under my hand and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

Seal

\_\_\_\_\_  
City Clerk



TO: MAYOR AND CITY COUNCIL  
 AGENDA: June 9 Voting Meeting  
 DATE: June 9, 2026  
 DEPT: Finance  
 ITEM #: 7.C  
 SUBJECT: Adoption of Resolution No. 2026-1988 Approving the Annual Update of the City's Pension Funding Policy.

**ITEM SUMMARY**

This item is for the adoption of a Resolution which will update the city's Pension Funding Policy with the updated plan assets and liabilities from the June 30, 2025, actuarial valuation for Tier 1 and 2, which are detailed below:

Trust Fund	Assets	Accrued Liability	Unfunded Pension Liability (UPL)	Funding Ratio
Prescott Fire (023)	\$ 97,705,921	\$ 97,901,748	\$ 195,827	99.8%
Prescott Police (024)	\$ 75,597,528	\$ 76,309,122	\$ 711,594	99.1%
Total	\$ 173,303,449	\$ 174,210,870	\$ 907,421	99.5%

The pension policy calls for PSPRS participating departments with a UPL to deposit any unencumbered General Fund operating surpluses annually to their PSPRS trust account until it is fully funded. This does not include operational surpluses from the Public Safety Tax initiative (prop. 478). With this mechanism, we anticipate the unfunded liability balance of \$907,421 to be paid before June 30, 2026.

**BACKGROUND**

On March 11, 2025, Council adopted an updated Pension Funding Policy. The State Legislature outlined requirements (ARS 38-863.01) of a pension funding policy for all participants in the Public Safety Personnel Retirement System (PSPRS). One of the requirements is that the Council formally accept the City's share of the assets and liabilities based on the actuarial valuation.

**FINANCIAL IMPACT**

The UPL will fluctuate over time, both positive and negative. When surplus operating budgets are used to pay down this UPL it will positively impact future years' operating budgets by lowering the Annual Required Contribution.


**RECOMMENDED ACTION**

MOVE to adopt Resolution No. 2026-1988

**ATTACHMENTS**

1. Pension Funding Policy with Highlighted Changes
2. Resolution No. 2026-1988\_Pension Funding Policy
3. Resolution Exhibit A - Pension Funding Policy

## 4. Pension Funding Policy

	<p style="text-align: center;"><b>CITY OF PRESCOTT, AZ</b> <b>BUDGET &amp; FINANCE CITY COUNCIL POLICY</b> Pension Funding Policy</p>
Council Adopted: 6/9/2026	Approved by: City Council, Resolution No. 2026-1988

### 4.1. Scope of Policy

The intent of this policy is to clearly communicate the Council pension funding objectives and its commitment to our employees and the sound financial management of the City.

The Government Finance Officers Association (GFOA) recommends the adoption of a pension funding policy that addresses three core elements:

- Actuarial cost method - the technique used to allocate the total present value of future benefits over an employee's working career (normal cost/service cost).
- Asset smoothing method - the technique used to recognize gains or losses in pension assets over some period of time so as to reduce the effects of market volatility and stabilize contributions.
- Amortization policy - the length of time and the structure selected for increasing or decreasing contributions to systematically eliminate any unfunded actuarial accrued liability or surplus.

In addition to the items identified by the GFOA, this policy also addresses the Council's position on:

- Pension funding goal
- Funding pension cost

The City's police and fire employees, who are regularly assigned hazardous duty, participate in the Public Safety Personnel Retirement System (PSPRS). All other eligible employees are covered by the Arizona State Retirement System (ASRS).

### 4.2. Definitions

Several terms are used throughout this policy:

**Unfunded Pension Liability (UPL)** – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UPL is from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

**Annual Required Contribution (ARC)** – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – which is the estimated cost of pensions earned by employees in the current year; and, amortization of unfunded pension liability – which is the cost needed to cover pensions earned by employees in previous years, which is collected over a period of time (amortized). The ARC is a percentage of the current payroll.

**Funded Ratio** – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio the better funded the pension is with 100% being fully funded.

### 4.3. Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. This means that even though there is statewide uniform administration each agency has an individual trust fund where their assets are deposited and from which their expenses are paid. The City of Prescott has two trust funds, one for police employees and one for fire employees. This type of pension results in each trust fund having its own funded ratio and contribution rate based on their individual annual actuarial valuation.

The three core elements outlined by the GFOA guidance are addressed by the statewide PSPRS board and discussed in the annual individual actuarial valuations in section G, which can be found on the PSPRS website at <http://www.psprs.com/investments--financials/annual-reports> and on the City’s website at <https://prescott-az.gov/budget-and-finance/financial-reports/>.

The council formally accepts the assets, liabilities, and current funding ratio of the City’s PSPRS trust funds from the June 30, 2025, actuarial valuation for Tier 1 and 2, which are detailed below:

Trust Fund	Assets	Accrued Liability	Unfunded Pension Liability (UPL)	Funding Ratio
Prescott Fire Dept. (023)	\$ 97,705,921	\$ 97,901,748	\$ 195,827	99.8%
Prescott Police Dept. (024)	75,597,528	76,309,122	711,594	99.1%
<b>City of Prescott Total</b>	<b>\$ 173,303,449</b>	<b>\$ 174,210,870</b>	<b>\$ 907,421</b>	<b>99.5%</b>

#### PSPRS Funding Goal

Pensions that are less than fully funded put the cost of service provided in earlier periods (amortization of UPL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member equity with the current cost of employee pension being paid in the period they are earned and by the taxpayers receiving the services from those employees.

**The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2026.** The council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of Prescott's liability.
- The fluctuating cost of an UPL causes strain on the City's budget, affecting our ability to provide services.
- A fully funded pension is the best way to achieve taxpayer and member equity.

The council has taken the following actions to achieve this goal:

- Since July 1, 2017, the Council has made additional payments above the ARC from General Fund reserves and sales of unneeded assets totaling \$11.6 million. Additionally, during the annual budget process, the Council will evaluate the General Fund fund balance to determine if any unassigned balance can be used to pay down the UPL in advance of the 15-year amortization period.
- Worked with the State Legislature to secure funding for the UPL resulting from the line of duty deaths of the City's Hotshots on a State managed fire. This funding will be completed in the State's fiscal year 2026 budget.
- Council proposed, and the voters approved, a dedicated sales tax of 0.75% effective January 1, 2018, to pay down the unfunded PSPRS pension liability. This dedicated sales tax is to remain in effect for ten years (until December 31, 2027) or until the combined unfunded pension liability of the City's two PSPRS trust funds is \$1.5 million. This tax was eliminated on December 31, 2022, which is five years early because of the other actions the Council has taken to pay off the UPL.
- PSPRS participating departments with a UPL will deposit any unencumbered General Fund operating surpluses annually to their PSPRS trust account until it is fully funded. This does not include operational surpluses from the Public Safety Tax initiative (prop. 478).

Based on these actions, the Council plans to achieve its goal of 100% funding by June 30, 2026, 12 years ahead of what was previously anticipated by PSPRS.

### **Funding PSPRS Pension Cost**

It is the Council's policy that funding the ARC from operating revenues will be a priority during the annual budget process before any other service enhancements are considered.

## **4.4. Arizona State Retirement System (ASRS)**

ASRS is administered as a cost-sharing multiple-employer pension plan. This means that all agencies statewide are part of the same trust which is administered by a single administrator. In this type of pension, the funded ratio and contribution rates are the same for all participating entities. The City of Prescott is approximately 0.2% of the total system.

The three core elements outlined by the GFOA guidance are addressed by the statewide ASRS board and discussed in the annual actuarial valuations in appendix III, which can be found on the ASRS website. <https://www.azasrs.gov/content/annual-reports>

### **ASRS Funding Goal**

Since the ASRS trust fund is comprised of all participating agencies, there is no ability for the City of Prescott to address its individual funded ratio.

### **Funding ASRS Pension Cost**

It is the Council's policy that funding the ARC from operating revenues will be a priority during the annual budget process before any other service enhancements are considered.

**RESOLUTION NO. 2026-1988**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, ADOPTING AN UPDATED PENSION FUNDING POLICY**

**RECITALS:**

WHEREAS, the City Council of the City of Prescott adopted an updated Pension Funding Policy to communicate its commitment to employee pensions and sound financial management of the City on March 11, 2025; and

WHEREAS, information in the policy related to the City's Public Safety Personnel Retirement System trust fund assets and liabilities were updated with the June 30, 2025, actuarial valuation.

**ENACTMENTS:**

NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

THAT, the City Council hereby adopts the City of Prescott Pension Funding Policy contained in Exhibit "A", which Exhibit "A" is attached hereto and incorporated herein by reference.

PASSED, APPROVED, AND ADOPTED by the Mayor and Council of the City of Prescott this 9<sup>th</sup> day of June 2026.

\_\_\_\_\_  
CATHEY RUSING, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
SARAH M. THORNHILL, City Clerk

\_\_\_\_\_  
JOSEPH D. YOUNG, City Attorney

CERTIFICATION OF RECORDING OFFICER

STATE OF ARIZONA )  
County of Yavapai ) ss.


I, the undersigned Sarah M. Thornhill, being the duly appointed, qualified City Clerk of the City of Prescott, Yavapai County, Arizona, certify that the foregoing Resolution No. 2026-1988 is a true, correct and accurate copy of Resolution No. 2026-1988, passed and adopted at a Voting Meeting of the Council of the City of Prescott, Yavapai County, Arizona, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2026, at which a quorum was present and, by a \_\_\_\_\_ vote, \_\_\_\_\_ voted in favor of said resolution.

Given under my hand and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

Seal

\_\_\_\_\_  
City Clerk

**4. Pension Funding Policy**

	<p style="text-align: center;"><b>CITY OF PRESCOTT, AZ</b>  <b>BUDGET &amp; FINANCE CITY COUNCIL POLICY</b>                  Pension Funding Policy</p>
<p>Council Adopted: 6/9/2026</p>	<p>Approved by: City Council, Resolution No. 2026-1988</p>

**4.1. Scope of Policy**

The intent of this policy is to clearly communicate the Council pension funding objectives and its commitment to our employees and the sound financial management of the City.

The Government Finance Officers Association (GFOA) recommends the adoption of a pension funding policy that addresses three core elements:

- Actuarial cost method - the technique used to allocate the total present value of future benefits over an employee’s working career (normal cost/service cost).
- Asset smoothing method - the technique used to recognize gains or losses in pension assets over some period of time so as to reduce the effects of market volatility and stabilize contributions.
- Amortization policy - the length of time and the structure selected for increasing or decreasing contributions to systematically eliminate any unfunded actuarial accrued liability or surplus.

In addition to the items identified by the GFOA, this policy also addresses the Council’s position on:

- Pension funding goal
- Funding pension cost

The City’s police and fire employees, who are regularly assigned hazardous duty, participate in the Public Safety Personnel Retirement System (PSPRS). All other eligible employees are covered by the Arizona State Retirement System (ASRS).

**4.2. Definitions**

Several terms are used throughout this policy:

**Unfunded Pension Liability (UPL)** – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UPL is from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

**Annual Required Contribution (ARC)** – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – which is the estimated cost of pensions earned by employees in the current year; and, amortization of unfunded pension liability – which is the cost needed to cover pensions earned by employees in previous years, which is collected over a period of time (amortized). The ARC is a percentage of the current payroll.

**Funded Ratio** – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio the better funded the pension is with 100% being fully funded.

### 4.3. Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. This means that even though there is statewide uniform administration each agency has an individual trust fund where their assets are deposited and from which their expenses are paid. The City of Prescott has two trust funds, one for police employees and one for fire employees. This type of pension results in each trust fund having its own funded ratio and contribution rate based on their individual annual actuarial valuation.

The three core elements outlined by the GFOA guidance are addressed by the statewide PSPRS board and discussed in the annual individual actuarial valuations in section G, which can be found on the PSPRS website at <http://www.psprs.com/investments--financials/annual-reports> and on the City’s website at <https://prescott-az.gov/budget-and-finance/financial-reports/>.

The council formally accepts the assets, liabilities, and current funding ratio of the City’s PSPRS trust funds from the June 30, 2025, actuarial valuation for Tier 1 and 2, which are detailed below:

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City of Prescott Total	<u>\$ 173,303,449</u>	<u>\$ 174,210,870</u>	<u>\$ 907,421</u>	99.5%

#### **PSPRS Funding Goal**

Pensions that are less than fully funded put the cost of service provided in earlier periods (amortization of UPL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member equity with the current cost of employee pension being paid in the period they are earned and by the taxpayers receiving the services from those employees.

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The council has taken the following actions to achieve this goal:

- Since July 1, 2017, the Council has made additional payments above the ARC from General Fund reserves and sales of unneeded assets totaling \$11.6 million. Additionally, during the annual budget process, the Council will evaluate the General Fund fund balance to determine if any unassigned balance can be used to pay down the UPL in advance of the 15-year amortization period.
- Worked with the State Legislature to secure funding for the UPL resulting from the line of duty deaths of the City's Hotshots on a State managed fire. This funding will be completed in the State's fiscal year 2026 budget.
- Council proposed, and the voters approved, a dedicated sales tax of 0.75% effective January 1, 2018, to pay down the unfunded PSPRS pension liability. This dedicated sales tax is to remain in effect for ten years (until December 31, 2027) or until the combined unfunded pension liability of the City's two PSPRS trust funds is \$1.5 million. This tax was eliminated on December 31, 2022, which is five years early because of the other actions the Council has taken to pay off the UPL.
- PSPRS participating departments with a UPL will deposit any unencumbered General Fund operating surpluses annually to their PSPRS trust account until it is fully funded. This does not include operational surpluses from the Public Safety Tax initiative (prop. 478).

Based on these actions, the Council plans to achieve its goal of 100% funding by June 30, 2026, 12 years ahead of what was previously anticipated by PSPRS.

### **Funding PSPRS Pension Cost**

It is the Council's policy that funding the ARC from operating revenues will be a priority during the annual budget process before any other service enhancements are considered.

## **4.4. Arizona State Retirement System (ASRS)**

ASRS is administered as a cost-sharing multiple-employer pension plan. This means that all agencies statewide are part of the same trust which is administered by a single administrator. In this type of pension, the funded ratio and contribution rates are the same for all participating entities. The City of Prescott is approximately 0.2% of the total system.

The three core elements outlined by the GFOA guidance are addressed by the statewide ASRS board and discussed in the annual actuarial valuations in appendix III, which can be found on the ASRS website. <https://www.azasrs.gov/content/annual-reports>

### **ASRS Funding Goal**

Since the ASRS trust fund is comprised of all participating agencies, there is no ability for the City of Prescott to address its individual funded ratio.

### **Funding ASRS Pension Cost**

It is the Council's policy that funding the ARC from operating revenues will be a priority during the annual budget process before any other service enhancements are considered.



TO: MAYOR AND CITY COUNCIL  
AGENDA: June 9 Voting Meeting  
DATE: June 9, 2026  
DEPT: Finance  
ITEM #: 7.D  
SUBJECT: Adoption of Resolution No. 2026-1991 Approving the Transfer of Certain Fiscal Year 2026 Budget Appropriations.

## ITEM SUMMARY

This item is for the adoption of Resolution No. 2026-1991. City Charter, Article VI, Section 10, requires Council approval for transfers of budget appropriations between departments. This Resolution moves budget appropriations between several funds and departments. The recommended action is neither a transfer of cash nor expenditure of additional monies, rather simply a movement of authorized expenditure capacity.

## BACKGROUND

This is a routine annual item, typically presented alongside the adoption of the tentative budget, to ensure that budget capacity for estimated activity is accurately reflected on the official budget forms and for annual audit compliance. During the current fiscal year, the following items require the movement of budget appropriations:

### Proposed Budget Transfers

#### General Government Departments / General Fund – \$395,000

For additional expenditures related to higher-than-projected activity, including:

- \$20,000 for City Clerk (public records software implementation and personnel adjustments)
- \$200,000 for City Court (costs associated with separation from consolidated court including hiring a new City Judge not reflected in the adopted budget)
- \$25,000 for City Manager/HR (temporary wages covering employees on leave)
- \$150,000 for Legal (outside legal services)

#### Recreation Services & Facilities / General Fund – \$1,180,000

For an internal loan payoff for the new City Hall following the sale of the old City Hall, early implementation of a capital project, and capital equipment replacement costs higher than anticipated.

#### Recreation Services & Facilities / Grant Fund – \$1,200,000

To cover grant expenditures for the Rodeo with funds received from the State that were not budgeted.

#### Recreation Services / Trust Funds – \$25,350

To cover unanticipated grants and donations.

#### Facilities and Fleet / Internal Service Funds – \$100,000

To cover inflationary increases in parts and service costs.

#### Legal / Risk Fund – \$400,000

To cover increases in liability insurance premiums and legal claims activity above projections.

## FINANCIAL IMPACT

This action does not involve the transfer of cash, it solely reallocates appropriation authority in accordance with City Charter requirements for interdepartmental budget transfers.

## RECOMMENDED ACTION

MOVE to adopt Resolution No. 2026-1991

## ATTACHMENTS

1. Resolution No. 2026-1991\_FY26 Budget Amendment
2. Resolution 2026-1991 Exhibit A FY26 Appropriation Movement

**RESOLUTION NO. 2026-1991**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, APPROVING THE TRANSFER OF UNENCUMBERED APPROPRIATIONS BETWEEN VARIOUS DEPARTMENTS AND FUNDS IN THE FISCAL YEAR 2026 BUDGET**

WHEREAS, Article VI, Section 10 of the Prescott City Charter allows the City Council to transfer appropriations among various City departments; and

WHEREAS, there are unencumbered appropriations in various Funds and Departments that will not be expended during fiscal year 2026; and

WHEREAS, there are various Funds and Departments that are over budget as identified in exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

SECTION 1. THAT, the Mayor and Council authorize the transfer of the unencumbered budget appropriations in the fiscal year 2026 budget as identified on the attached exhibit A.

PASSED, APPROVED and ADOPTED by the Mayor and Council of the City of Prescott, Arizona, this 9th day of June, 2026.

\_\_\_\_\_  
CATHEY RUSING, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
SARAH M. THORNHILL, City Clerk

\_\_\_\_\_  
JOSEPH YOUNG, City Attorney

CERTIFICATION OF RECORDING OFFICER

STATE OF ARIZONA )  
County of Yavapai ) ss.

I, the undersigned Sarah M. Thornhill, being the duly appointed, qualified City Clerk of the City of Prescott, Yavapai County, Arizona, certify that the foregoing Resolution No. 2026-1991 is a true, correct and accurate copy of Resolution No. 2026-1991, passed and adopted at a Voting Meeting of the Council of the City of Prescott, Yavapai County, Arizona, held on the \_\_\_\_\_ day of \_\_\_\_\_ 2026, at which a quorum was present and, by a \_\_\_\_\_ vote, \_\_\_\_\_ voted in favor of said resolution.

Given under my hand and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

Seal

\_\_\_\_\_

## Exhibit A Resolution No. 2026-1991

### Fiscal Year 2026 Movement of Budget Appropriations

Additional expenditures related to higher than projected activity.

From		To		
Fund	Department	Fund	Department	Amount
General Fund	Non-departmental	General Fund	City Clerk	\$ 20,000
General Fund	Non-departmental	General Fund	City Court	\$ 200,000
General Fund	Non-departmental	General Fund	City Manager	\$ 25,000
General Fund	Non-departmental	General Fund	Legal	\$ 150,000

New City Hall internal loan payoff, early implementation of maintenance of yard pavement project, vehicle costs and equipment replacement higher than anticipated.

From		To		
Fund	Department	Fund	Department	Amount
General Fund	Non-departmental	General Fund	Recreation Services	\$ 1,180,000

To cover grant expenditures for the Rodeo for funds received during the fiscal year.

From		To		
Fund	Department	Fund	Department	Amount
Grants Fund	Non-departmental	Grants Fund	Recreation Services	\$ 1,200,000

To cover unanticipated grants and donations.

From		To		
Fund	Department	Fund	Department	Amount
Grants Fund	Non-departmental	Trust Funds	Recreation Services	\$ 350
Grants Fund	Non-departmental	Trust Funds	Recreation Services	25,000

**Exhibit A**  
**Resolution No. 2026-1991**  
**Fiscal Year 2026 Movement of Budget Appropriations**

Movement of budget capacity to cover inflationary and liability insurance costs affecting Internal Service Funds.

<b>From</b>		<b>To</b>		<b>Amount</b>
<b>Fund</b>	<b>Department</b>	<b>Fund</b>	<b>Department</b>	
Grants Fund	Non-departmental	Fleet Maintenance	Public Works	\$ 20,000
Grants Fund	Non-departmental	Risk Management Fund	Legal	\$ 400,000
Grants Fund	Non-departmental	Facilities Maint Fund	Recreation Services	\$ 80,000
				3,300,350



TO: MAYOR AND CITY COUNCIL  
AGENDA: June 9 Voting Meeting  
DATE: June 9, 2026  
DEPT: Public Works  
ITEM #: 7.E  
SUBJECT: Approval of City Contract No. 2024-096A3, an Amendment to City Contract No. 2024-096 with Core and Main in the Amount of \$225,000 for Water and Wastewater Materials. Funding is Budgeted & Available in the Water and Wastewater Funds.

## ITEM SUMMARY

This item is for approval of City Contract No. 2024-096A3, and amendment to City Contract No. 2024-096 with Core and Main in the amount of \$225,000 for Water and Wastewater Materials.

## BACKGROUND

The Utilities Division of the Public Works Department relies on Water and Wastewater Materials contracts to procure essential supplies used in the ongoing repair, maintenance, and operation of the City's utility infrastructure. These materials are critical to ensuring reliable delivery of water services and proper functioning of wastewater systems.

Historically, the City maintained contracts with three vendors—Core and Main, Ferguson, and Dana Kepner—to provide competitive pricing, supply flexibility, and operational redundancy. However, Core and Main has acquired Dana Kepner, effectively reducing the number of independent vendors available for these materials from three to two. This consolidation has resulted in a greater share of purchases being directed to Core and Main and Ferguson.

To ensure uninterrupted operations and the continued availability of necessary materials, staff is requesting an increase of \$225,000 to the existing contract with Core and Main. This adjustment will allow the Utilities Division to continue procuring essential supplies without disruption while maintaining service levels and responding to ongoing maintenance and repair needs.

## FINANCIAL IMPACT

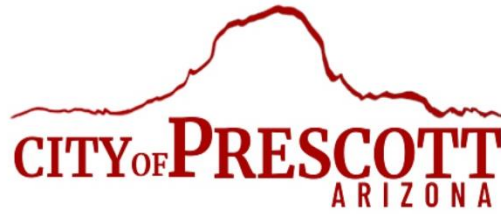
Funding is budgeted and available in the Public Works Department FY26 and 27 Water and Wastewater Budgets.

## RECOMMENDED ACTION

MOVE to approve City Contract No. 2024-096A3

## ATTACHMENTS

1. City Contract No. 2024-096A4



Contract Amendment No. Four ( 4 )  
 Water & Wastewater Works Materials  
 Contractor: Core & Main LP  
 Contract No: 2024-096  
 Account No(s): Various  
 June 9, 2026

**Purpose of Amendment:**

To add Two Hundred Twenty-Five Thousand Dollars and Zero Cents (\$225,000.00) for the Water & Wastewater Works Materials.

**Changes to Contract Documents**

Add funds in the amount of Two Hundred Twenty-Five Thousand Dollars and Zero Cents (\$225,000.00).

**All other terms of the contract remain the same.**

**Summary of Changes:**

<i>Description</i>	<i>Contract Amount</i>
Original Contract	\$200,000.00
Amendment 1: Add Funds and Time Extension	\$200,000.00
Amendment 2: Add Funds and Time Extension	\$225,000.00
Amendment 3: Add Funds	\$50,000.00
Amendment 4: Add Funds	<u>\$225,000.00</u>
Amended Contract	\$900,000.00

Original Contract Expiration Date: October 26, 2024

Amended Contract Expiration Date: October 25, 2026

Accepted By:

\_\_\_\_\_  
AUTHORIZED SIGNATURE (FULL NAME)

\_\_\_\_\_  
PRINTED FULL NAME

\_\_\_\_\_  
TITLE

Core & Main LP

\_\_\_\_\_  
VENDOR

\_\_\_\_\_  
DATE SIGNED

ATTEST:

\_\_\_\_\_  
SARAH M. THORNHILL, CITY CLERK

\_\_\_\_\_  
DATE SIGNED

Approved By:

\_\_\_\_\_  
CATHEY RUSING, MAYOR

\_\_\_\_\_  
DATE SIGNED

APPROVED AS TO FORM:

\_\_\_\_\_  
JOSEPH D. YOUNG, CITY ATTORNEY

\_\_\_\_\_  
DATE SIGNED



TO: MAYOR AND CITY COUNCIL  
AGENDA: June 9 Voting Meeting  
DATE: June 9, 2026  
DEPT: Public Works  
ITEM #: 8.A  
SUBJECT: Adoption of Ordinance No. 2026-1949  
Authorizing the Granting of a Utility Easement to  
Arizona Public Service Company.  
**AN ORDINANCE OF THE MAYOR AND  
COUNCIL OF THE CITY OF PRESCOTT  
("CITY"), YAVAPAI COUNTY, ARIZONA,  
AUTHORIZING THE GRANTING OF AN  
UNDERGROUND UTILITY EASEMENT TO  
ARIZONA PUBLIC SERVICE COMPANY (APS)  
FOR NEW UTILITY SERVICE ON CITY  
PROPERTY, AUTHORIZING THE MAYOR AND  
STAFF TO EXECUTE ANY AND ALL  
DOCUMENTS TO EFFECTUATE SAID  
UNDERGROUND UTILITY EASEMENT**

## ITEM SUMMARY

This item is for the approval of a new utility easement to assist with electrical installation at Antelope Hills golf course.

## BACKGROUND

Due to the installation of new electrical lines, it is necessary to relocate some power lines. Therefore, a new easement is needed by APS to accommodate the new lines location.

## FINANCIAL IMPACT

There is no financial impact on the City of Prescott. APS will handle the recordation fees.

## RECOMMENDED ACTION

MOVE to adopt Ordinance No. 2026-1949

## ATTACHMENTS

1. Ordinance 2026-1949\_APS Easement for Antelope Hills
2. APS Easement- Antelope Hills

**ORDINANCE NO. 2026-1949**

**AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT (“CITY”), YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE GRANTING OF AN UNDERGROUND UTILITY EASEMENT TO ARIZONA PUBLIC SERVICE COMPANY (APS) FOR NEW UTILITY SERVICE ON CITY PROPERTY, AUTHORIZING THE MAYOR AND STAFF TO EXECUTE ANY AND ALL DOCUMENTS TO EFFECTUATE SAID UNDERGROUND UTILITY EASEMENT**

**RECITALS:**

**WHEREAS**, the City Council has determined that certain utility improvements are needed by the City, and granting of this Underground Utility Easement will be in the best interest of the health, safety and welfare of the City of Prescott.

**ENACTMENTS:**

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

SECTION 1. THAT the City Council hereby agrees the granting of this underground utility easement is needed by the City of Prescott, and granting of same is in order and in the best interest of the City.

SECTION 2. THAT the Mayor and staff are directed to execute any and all documents in order to effectuate the foregoing abandonment of said utility easement.

PASSED and ADOPTED by the Mayor and Council of the City of Prescott, Arizona, on this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

\_\_\_\_\_  
CATHEY RUSING, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
SARAH M. THORNHILL  
City Clerk

\_\_\_\_\_  
JOSEPH D. YOUNG  
City Attorney

CERTIFICATION OF RECORDING OFFICER

STATE OF ARIZONA )  
County of Yavapai ) ss.

I, the undersigned Sarah Thornhill, being the duly appointed, qualified City Clerk of the City of Prescott, Yavapai County, Arizona, certify that the foregoing Ordinance No. 2026-1949 is a true, correct and accurate copy of Ordinance No. 2026-1949 passed and adopted at a Voting Meeting of the Council of the City of Prescott, Yavapai County, Arizona, held on the \_\_\_\_\_ day of \_\_\_\_\_ 2026, at which a quorum was present and, by a \_\_\_\_\_ vote, \_\_\_\_\_ voted in favor of said ordinance.

Given under my hand and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

Seal

\_\_\_\_\_  
City Clerk

NE-36-15N-2W

APN:106-06-006

NWP-26-128

WA1019589

JBC/DAM

## **CITY OF PRESCOTT - APS UTILITY EASEMENT**

**THE CITY OF PRESCOTT**, a municipal corporation of the State of Arizona, (hereinafter called "Grantor"), is the owner of the following described real property located in Yavapai County, Arizona (hereinafter called "Grantor's Property"):

### **SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF**

Grantor, for and in consideration of One Dollar (\$1.00) and other valuable consideration, receipt of which is hereby acknowledged, does hereby grant and convey to **ARIZONA PUBLIC SERVICE COMPANY**, an Arizona corporation, (hereinafter called "Grantee"), and to its successors and assigns, a non-exclusive right, privilege, and easement, 8 feet in width or as further described in attached exhibits at locations and elevations, in, upon, over, under, through and across, a portion of Grantor's Property described as follows (herein called the "Easement Premises"):

### **SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF**

Grantee is hereby granted the right to: construct, reconstruct, replace, repair, operate and maintain electrical lines, together with appurtenant facilities and fixtures for use in connection therewith, for the transmission and distribution of electricity to, through, across, and beyond Grantor's Property; and install, operate and maintain telecommunication wires, cables, conduits, fixtures and facilities solely for Grantee's own use incidental to supplying electricity (said electrical and telecommunication lines, facilities and fixtures collectively herein called "Grantee Facilities"). Grantee shall at all times have the right of full and free ingress and egress to and along the Easement Premises for the purposes herein specified.

Grantee is hereby granted the right, but not the obligation, to trim, prune, cut, and clear away trees, brush, shrubs, or other vegetation on, or adjacent to, the Easement Premises whenever in Grantee's judgment the same shall be necessary for the convenient and safe exercise of the rights herein granted.

Grantor shall not locate, erect or construct, or permit to be located, erected or constructed, any building or other structure or drill any well within the limits of the Easement Premises; nor shall Grantor plant or permit to be planted any trees within the limits of the Easement Premises without the prior written consent of Grantee. However, Grantor reserves all other rights, interests and uses of the Easement Premises that are not inconsistent with Grantee's easement rights herein conveyed and which do not interfere with or endanger any of the Grantee Facilities, including, without limitation, granting others the right to use all or portions of the Easement Premises for utility or roadway purposes and constructing improvements within the Easement Premises such as paving, sidewalks, landscaping, driveways, and curbing. Notwithstanding the foregoing, Grantor shall not have the right to lower by more than one foot or raise by more than two feet the surface grade of the Easement Premises without the prior written consent of Grantee, and in no event shall a change in the grade compromise Grantee's minimum cover requirements or interfere with Grantee's operation, maintenance or repair.

Grantee shall not have the right to use the Easement Premises to store gasoline or petroleum products, hazardous or toxic substances, or flammable materials; provided however, that this prohibition shall not apply to any material, equipment or substance contained in, or a part of, the Grantee Facilities, provided that Grantee must comply with all applicable federal, state and local laws and regulations in connection therewith. Additionally, the Easement Premises may not be used for the storage of construction-related materials or to park or store construction-related vehicles or equipment except on a temporary basis to construct, reconstruct, replace, repair, operate, or maintain the Grantee Facilities.

Grantor shall maintain clear areas that extend: 1) 3 feet from and around all edges of all switching cabinet pads and 2 feet from and around all edges of all transformer pads and other equipment pads, and 2) a clear operational area that extends 10 feet immediately in front of all transformer, switching cabinet and other equipment openings, and 3) a 6 feet by 6 feet hot-stick operating area off the front left corner of all transformers. No obstructions, trees, shrubs, large landscape rocks, fences, fixtures, or permanent structures shall be placed by Grantor within said clear areas; nor shall Grantor install landscape irrigation or sprinkler systems within said clear areas. Landscape irrigation or sprinkler systems installed adjacent to the clear areas shall be installed and maintained so that the transformers, switching cabinets or any other equipment do not get wet by spray or irrigation.

By accepting and utilizing this easement, Grantee agrees that following any installation, excavation, maintenance, repair, or other work by Grantee within the Easement Premises, the affected area will be restored by Grantee to as close to original condition as is reasonably practicable, at the expense of Grantee; and that Grantee shall indemnify Grantor, to the extent required by law, for any loss, cost or damage incurred by Grantor as a result of any negligent installation, excavation, maintenance, repair or other work performed by Grantee within the Easement Premises.

Grantee shall exercise reasonable care to avoid damage to the Easement Premises and all improvements thereon and agrees that following any installation, excavation, maintenance, repair, or other work by Grantee within the Easement Premises, the affected area, including without limitation, all pavement, landscaping, cement, and other improvements permitted within the Easement Premises pursuant to this easement will be restored by Grantee to as close to original condition as is reasonably possible, at the expense of Grantee.

Grantor reserves the right to require the relocation of Grantee Facilities to a new location within Grantor's Property; provided however, that: (1) Grantor pays the entire cost of redesigning and relocating Grantee Facilities; and (2) Grantor provides Grantee with a new easement in a form and location acceptable to Grantee and at no cost to Grantee. Upon the acceptance by Grantee of a new easement and after the relocation of Grantee Facilities to the new easement area, Grantee shall abandon its rights to use the Easement Premises granted in this easement. The easement granted herein shall not be deemed abandoned except upon Grantee's execution and recording of a formal instrument abandoning the easement.

If any of Grantee's electric facilities in this easement are not being used or are determined not to be useful, Grantor may request that the facilities that are no longer needed be removed and that portion of the easement be abandoned. Grantee will execute and record a formal instrument abandoning the easement, or a portion thereof. Any facilities that are determined to still be needed for Grantee's electrical system can be relocated pursuant to the above relocation requirements.

Grantee shall not have the right to transfer, convey or assign its interests in this easement to any individual, corporation, or other entity (other than to an affiliated entity of Grantee or an entity that acquires from Grantee substantially all of Grantee's electric distribution facilities within the area of Grantor's Property) without the prior written consent of Grantor, which consent shall not be unreasonably withheld. Grantee shall notify Grantor of the transfer, conveyance or assignment of any rights granted herein.

The covenants and provisions herein set forth shall extend and inure in favor and to the benefit of, and shall be binding on the heirs, administrators, executors, successors in ownership and estate, assigns and lessees of Grantor and Grantee.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]



## **EXHIBIT “A”**

### **(LEGAL DESCRIPTION OF GRANTOR’S PROPERTY) AS RECORDED IN BOOK 179, PAGE 140 Y.C.R.**

A portion of THE NORTH HALF OF THE NORTH HALF (N½N½), SECTION THIRTY SIX (36), TOWNSHIP FIFTEEN (15) NORTH, RANGE TWO (2) WEST, G.&S.R.&M (recorded in Book 179, Page 140), said portion being more particularly described as follows:

The Northwest quarter of the Northeast quarter of said Section 36.

EXCEPT any portion within PRESCOTT RESORT, according to the Plat of record in Book 22 of Maps, Page 39, records of Yavapai County, Arizona.

ALSO EXCEPT any portion within the AMENDED PLAT OF ANTELOPE HILLS SECOND SUBDIVISION, according to the plat of record in Book 6 of Maps, Page 45, records of Yavapai County, Arizona.

**EXHIBIT "B"**

ARIZONA PUBLIC SERVICE JOB #WA1019589  
CITY OF PRESCOTT

A Utility Easement within a portion of the Northeast Quarter of Section 36, Township 15 North, Range 2 West of the Gila and Salt River Meridian, Yavapai County, Arizona, more particularly described as follows:

COMMENCING at the Southeast corner of Tract "I", as shown on the PRESCOTT RESORT subdivision plat, recorded in Book 22, Page 39, Yavapai County Records, Arizona;

Thence North 66 degrees 14 minutes 00 seconds West, along the Southerly line of said Tract "I", a distance of 12.58 feet to the POINT OF BEGINNING;

Thence departing said Southerly line, South 26 degrees 31 minutes 23 seconds West, a distance of 298.01 feet;

Thence North 90 degrees 00 minutes 00 seconds East, a distance of 16.86 feet;

Thence South 00 degrees 00 minutes 00 seconds East, a distance of 8.00 feet;

Thence North 90 degrees 00 minutes 00 seconds West, a distance of 4.00 feet;

Thence South 00 degrees 00 minutes 00 seconds East, a distance of 4.00 feet;

Thence North 90 degrees 00 minutes 00 seconds West, a distance of 6.00 feet;

Thence North 00 degrees 00 minutes 00 seconds East, a distance of 4.00 feet;

Thence North 90 degrees 00 minutes 00 seconds West, a distance of 10.86 feet;

Thence South 26 degrees 31 minutes 23 seconds West, a distance of 94.61 feet;

Thence South 22 degrees 49 minutes 32 seconds West, a distance of 132.83 feet;

Thence South 33 degrees 46 minutes 39 seconds East, a distance of 33.81 feet;

Thence South 11 degrees 11 minutes 18 seconds East, a distance of 33.66 feet;

Thence South 19 degrees 41 minutes 06 seconds West, a distance of 27.03 feet;

Thence South 02 degrees 13 minutes 42 seconds West, a distance of 110.65 feet;

Thence South 87 degrees 46 minutes 18 seconds East, a distance of 4.00 feet;

Thence South 02 degrees 13 minutes 42 seconds West, a distance of 6.00 feet;

Thence North 87 degrees 46 minutes 18 seconds West, a distance of 4.00 feet;

Thence South 02 degrees 13 minutes 42 seconds West, a distance of 9.51 feet to the South line of the North Half of the North Half of Section 36;

Thence North 89 degrees 38 minutes 30 seconds West, along said South line, a distance of 8.00 feet;

Thence departing said South line, North 02 degrees 13 minutes 42 seconds East, a distance of 126.58 feet;

Thence North 10 degrees 49 minutes 30 seconds West, a distance of 7.40 feet to the Easterly end of Perkins Drive, as shown on the ANTELOPE HILLS SECOND SUBDIVISION, recorded in Book 6, Page 45, Yavapai County Records, Arizona, to the beginning of a non-tangent curve, concave West, from which the radius point bears North 58 degrees 00 minutes 00 seconds West, a distance of 50.00 feet;

Thence along said Perkins Drive, Northerly 37.57 feet, along the arc of said curve, to the left, through a central angle of 43 degrees 03 minutes 13 seconds;

Thence departing said Perkins Drive, North 11 degrees 04 minutes 25 seconds West, a distance of 11.75 feet;

Thence North 33 degrees 46 minutes 39 seconds West, a distance of 36.52 feet;

Thence North 22 degrees 49 minutes 32 seconds East, a distance of 137.40 feet;

Thence North 26 degrees 31 minutes 23 seconds East, a distance of 401.44 feet to the Southerly line of said Tract "I";

Thence South 66 degrees 14 minutes 00 seconds East, along said Southerly line, a distance of 8.01 feet to the POINT OF BEGINNING.

Said Easement Contains 6,338 Square Feet or 0.15 Acres, more or less.



NORTHWEST CORNER  
SEC. 36, T15N, R2W  
CALCULATED LOCATION  
PER BK. 22, PG. 39, YCR

S77°35'49"E 2977.81'

PRESCOTT RESORT  
BK. 22, PG. 39, YCR

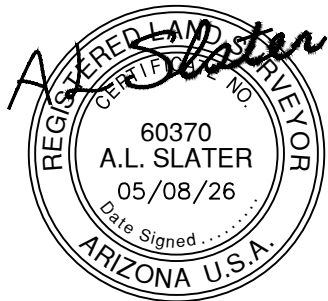
SOUTHEAST CORNER  
TRACT "I"  
POINT OF  
COMMENCEMENT

CITY OF PRESCOTT  
BK. 179, PG. 140, YCR  
APN: 102-06-006

SEE DETAIL "A"  
SHEETS 4 & 5


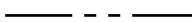



ANTELOPE HILLS  
BK. 6, PG. 45, YCR

PERKINS DRIVE



CITY OF PRESCOTT  
APN: 102-12-083R


**LEGEND**

-  EASEMENT AREA
-  PROPERTY LINE
-  TIE LINE
-  MONUMENT
-  REFERENCE POINT
- POB POINT OF BEGINNING
- POC POINT OF COMMENCEMENT
- YCR YAVAPAI COUNTY RECORDS
- APN ASSESSORS PARCEL NUMBER



**REFERENCE DOCUMENTS**

ANTELOPE HILLS SECOND SUBDIVISION  
PER BOOK 6, PAGE 45, YCR  
PRESCOTT RESORT SUBDIVISION  
PER BOOK 22, PAGE 39, YCR

		<b>EXHIBIT "B"</b>	
JOB # WA1019589		DATE: 05/08/2026	
NE 1/4 SEC 36 T15N R02W			
SCALE: 1" = 100'		INDEX: NWP-26-128	
R/W: J. COMBS			
SURVEY: J. JOHNSON			
DRAWN BY: T. SLATER		SHEET 3 OF 5	

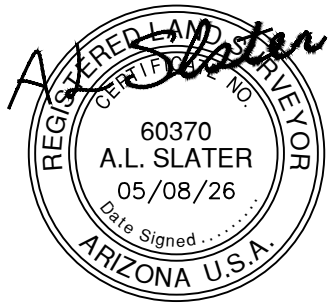
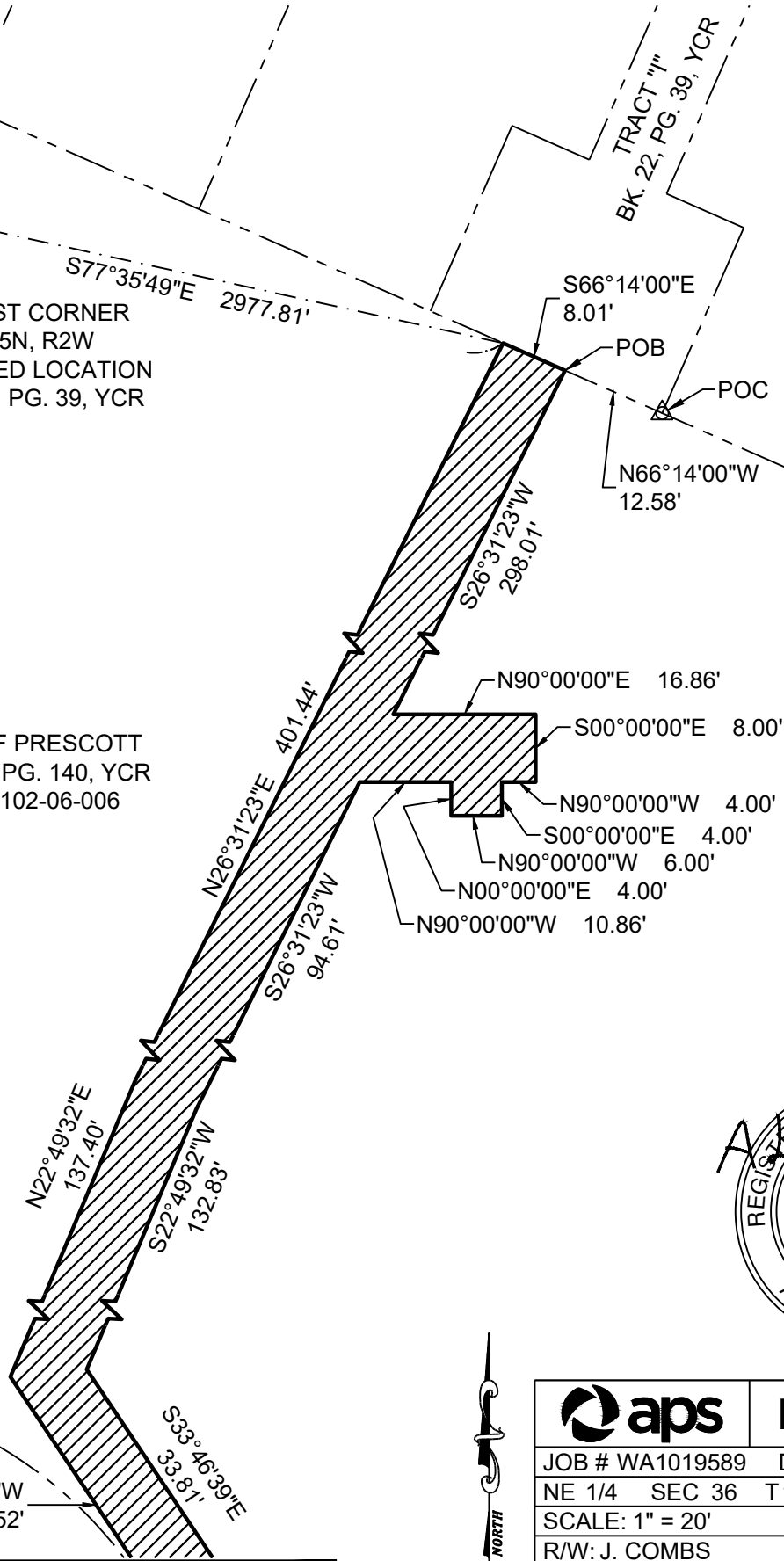
# DETAIL "A"

PRESCOTT RESORT  
BK. 22, PG. 39, YCR

TRACT "I"  
BK. 22, PG. 39, YCR

NORTHWEST CORNER  
SEC. 36, T15N, R2W  
CALCULATED LOCATION  
PER BK. 22, PG. 39, YCR

CITY OF PRESCOTT  
BK. 179, PG. 140, YCR  
APN: 102-06-006



N33°46'39"W  
36.52'

S33°46'39"E  
33.81'

MATCH LINE - SHEET 5

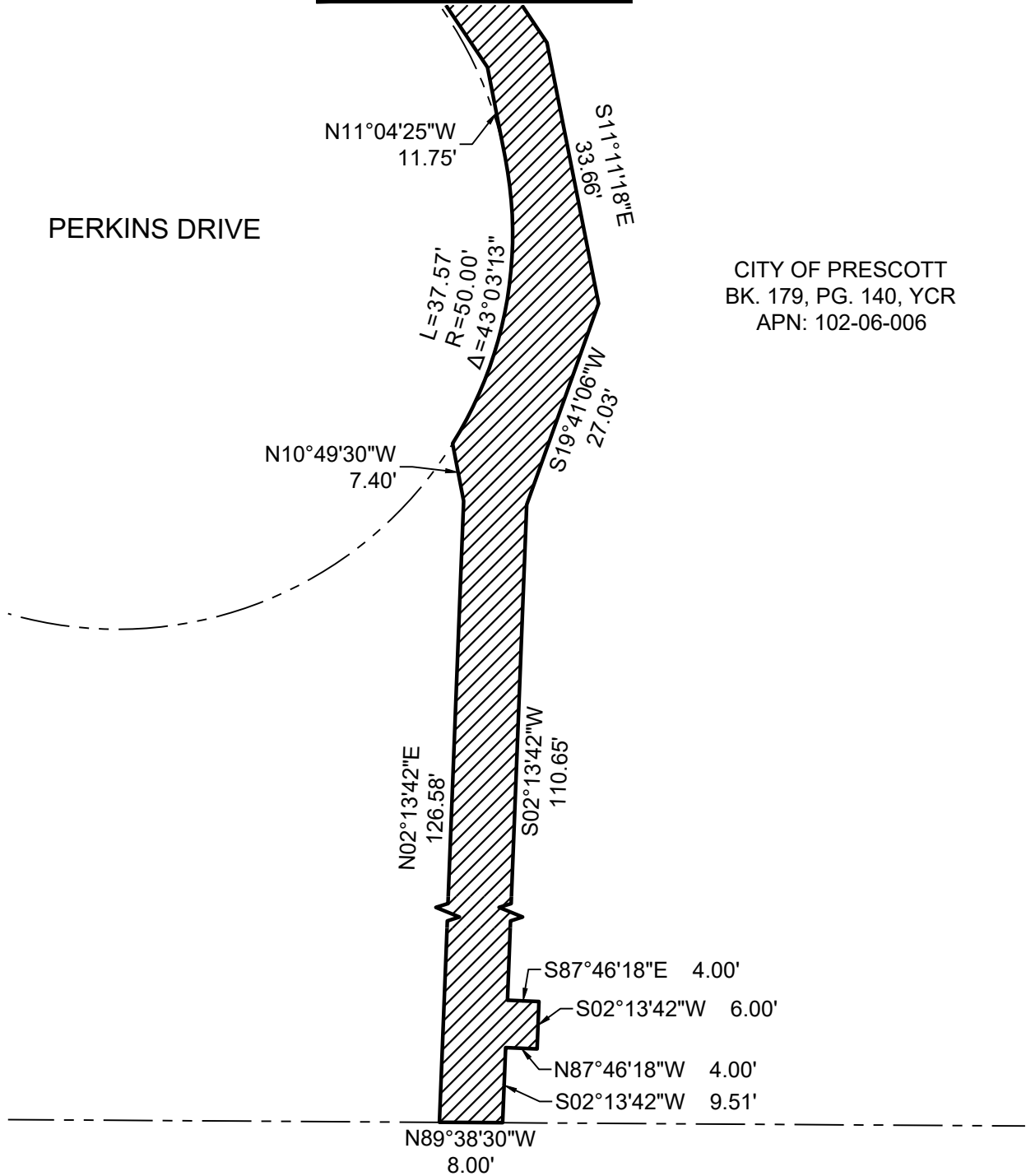
	<b>EXHIBIT "B"</b>
JOB # WA1019589	DATE: 05/08/2026
NE 1/4 SEC 36 T15N R02W	
SCALE: 1" = 20'	INDEX: NWP-26-128
R/W: J. COMBS	
SURVEY: J. JOHNSON	
DRAWN BY: T. SLATER	SHEET 4 OF 5

# DETAIL "A"

MATCH LINE - SHEET 4

PERKINS DRIVE

CITY OF PRESCOTT  
BK. 179, PG. 140, YCR  
APN: 102-06-006



CITY OF PRESCOTT  
APN: 102-12-083R

	<b>EXHIBIT "B"</b>
JOB # WA1019589	DATE: 05/08/2026
NE 1/4 SEC 36 T15N R02W	
SCALE: 1" = 20'	INDEX: NWP-26-128
R/W: J. COMBS	
SURVEY: J. JOHNSON	
DRAWN BY: T. SLATER	SHEET 5 OF 5



TO: MAYOR AND CITY COUNCIL  
AGENDA: June 9 Voting Meeting  
DATE: June 9, 2026  
DEPT: Legal  
ITEM #: 9.A  
SUBJECT: Adoption of Ordinance No. 2026-1948  
Authorizing the Purchase of Certain Real  
Property Necessary to Complete Airport  
Operations Relating to National Forest Service  
Fire Fighting Planes & Similar Operations,  
Including the Possible Use of Eminent Domain to  
Acquire Such Property.  
**AN ORDINANCE OF THE MAYOR AND  
COUNCIL OF THE CITY OF PRESCOTT,  
YAVAPAI COUNTY, ARIZONA, AUTHORIZING  
THE PURCHASE OF APPROXIMATELY 4.12  
ACRES OF REAL PROPERTY FROM  
CROSSWIND LEASING, LLC NEAR THE  
PRESCOTT REGIONAL AIRPORT-ERNEST A.  
LOVE FIELD INCLUDING AUTHORIZATION  
TO USE THE CITY'S EMINENT DOMAIN  
AUTHORITY**

## ITEM SUMMARY

This item is for the adoption of Ordinance No. 2026-1948 authorizing the purchase of APN 103-01-026N, including potential use of eminent domain.

## BACKGROUND

Parcel number 103-01-026N, owned by Crosswind Leasing, LLC, is strategically located between City of Prescott Parcels 103-01-026M and 103-01-026W and directly adjacent to the obligated airport property of Prescott Regional Airport – Ernest A Love Field. Due to its location, the parcel is critical to the orderly development, operational continuity, and long-term public use planning of the Airport as well as the City's immediate public safety goals.

In 2025, the City developed a plan to expand the airport infrastructure in support of significant public safety and aviation-related initiatives. At nearly that same time, the property was sold to Crosswind Leasing, LLC but was never listed on the open market. Planned airport improvements at the location support a public-use aircraft parking ramp to accommodate seasonal U.S. Forest Service aerial firefighting tankers. These improvements are intended to strengthen regional emergency response capabilities and will also enhance aviation services. These efforts to strengthen the seasonal U.S. Forest Service aerial firefighting capability are particularly important given the ongoing regional drought and ever-present wildfire danger.

Recognizing the critical public safety importance of this effort, the State of Arizona allocated \$3.5 million in Fiscal Year 2026 to support infrastructure construction for aerial firefighting operations and subsequently issued a Warrant transferring those funds to the City of Prescott.

Later in 2025, the City entered into negotiations with Crosswind Leasing, LLC for the acquisition of parcel number 103-01-026N and was led to believe those negotiations would result in a voluntary transaction. The parcel remains integral to the planned airport development, as its acquisition is

necessary to enhance public safety for the region. Without the parcel, the City's ability to implement projects that directly support regional wildfire response, public safety preparedness, and other aviation objectives would be significantly impacted.

The City continues to seek a negotiated purchase price, but believes the use of eminent domain may be the City's last resort to secure this strategically located parcel. Pursuant to City Charter, in order to approve the purchase of real property, the City Council must do so by ordinance.

## **FINANCIAL IMPACT**

The ordinance authorizes City Staff to offer \$620,000 for the property, which is the appraised market value.

## **RECOMMENDED ACTION**

MOVE to adopt Ordinance No. 2026-1948

## **ATTACHMENTS**

1. Parcel 103-01-026N Appraisal
2. Northeast Ramp Exhibit
3. Eminent Domain\_Presentation
4. Ordinance No. 2026-1948\_Land Purchase

**APPRAISAL REPORT  
FOR MARKET VALUE**

**TYPE OF PROPERTY  
VACANT LAND**

**LOCATED**  
NORTH OF MELVILLE ROAD, WEST OF PERIMETER ROAD  
PRESCOTT, YAVAPAI COUNTY, ARIZONA 86301  
YAVAPAI COUNTY PARCEL NUMBER 103-01-026N



**APPRAISER'S FILE NO. 25-316-API**

**EFFECTIVE DATE OF VALUE**  
NOVEMBER 13, 2025

**PROPERTY OWNER**  
CROSSWIND LEASING LLC

**PREPARED FOR**  
MS. IRENE VARELAS  
CITY OF PRESCOTT  
AIRPORT LEASING & PROPERTY SPECIALIST  
6630 AIRPORT AVENUE  
PRESCOTT, AZ 86301

**PREPARED BY:**

STEVEN R. COLE, MAI, SRA, AI-GRS CERTIFIED GENERAL REAL ESTATE APPRAISER #30130	JOHN MEDLEY CERTIFIED GENERAL REAL ESTATE APPRAISER #1049989
---	--

**SOUTHWEST APPRAISAL ASSOCIATES**  
P: (520) 327-0000 | F: (520) 327-3974 | P.O. Box 16156, Tucson, AZ 85732



P: (520) 327-0000

F: (520) 327-3974

P.O. Box 16156  
Tucson, AZ 85732

November 19, 2025

Ms. Irene Varelas  
City of Prescott  
Airport Leasing & Property Specialist  
6630 Airport Avenue  
Prescott, AZ 86301

RE: Market value appraisal of 4.12 acres, or 179,389 square feet of vacant land. The property does not have a physical property address as the land is vacant. The property which is the subject of this appraisal is identified as Yavapai County Parcel Number 103-01-026N. It is physically located north of Melville Road and west of Perimeter Road in Prescott, Yavapai County, Arizona 86301.

**Appraiser's File No.: 25-316-AP1**

Ms. Varelas:

At your request, we have provided our market value opinion for 4.12 acres of vacant land. The property is located north of Melville Road and west of Perimeter Road in Prescott, Yavapai County, Arizona 86301. The property does not have an established property address as the land is vacant. It is comprised of the entire Yavapai County Assessor's Parcel 103-01-026N.

The subject property is located just north of the Prescott Regional Airpark and Commerce Center. This is an industrially zoned subdivision that has experienced substantial sales activity over the past three years. According to multiple real estate brokers, it is considered the most desirable industrial development area within the Prescott market. The subject property's close proximity to this industrial corridor positively influences its market value.

The subject property was recently purchased by the property owner on June 6, 2025 for \$550,000 or \$3.07 per square foot. According to the listing broker, this sale price was below market as the sellers experienced fatigue from multiple offers in escrow being canceled. Subsequently after this purchase, the buyers listed the property on the open market for \$849,000 or \$4.73 per square foot. No written offers to purchase the property at the \$849,000 price have been received since the property was placed back onto the open market.

The subject property is located adjacent south of the Prescott Regional Airport boundary. While it is physically possible to develop an aviation use that is part of the airport with access to the airport's runway, this is not legally allowable. The Prescott Regional Airport will not legally allow access onto airport property from the subject. Thus, aviation related uses are not considered in our opinion of market value.

The purpose of this appraisal is to provide market value opinion for the subject parcel, as of November 13, 2025, the effective date of value, pursuant to Arizona Revised Statute 28-7091, as follows:

*“Market Value’ means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.”<sup>1</sup>*

The intended users of the appraisal are Irene Varelas, Airport Leasing and Property Specialist and officials of the City of Prescott. No other use or users are intended, and any unintended use may be misleading. The intended use of the appraisal is to utilize the market value opinion to assist the client with the potential purchase of the property identified herein and not for condemnation or litigation purposes.

This appraisal report is intended to comply with the requirements set forth in the *2024 Uniform Standards of Professional Appraisal Practice, USPAP*, promulgated by the Appraisal Standards Board of the Appraisal Foundation. These standards apply to appraisal completed in 2025.

This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given, or relied on by any other person other than the client without the prior, expressed written permission of the author, as set forth within the Assumptions and Limiting Conditions contained in this report.

Based upon the data, analyses, opinions, and conclusions contained in this report, our market value opinion for the subject property, as of November 13, 2025 is as follows:

**Rounded Opinion of Market Value  
as of November 13, 2025:**

**\$620,000**

If priced and marketed appropriately, an exposure time of 12 months or less is estimated for the sale of the subject property.

**Extraordinary Assumption:**

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), the definition of Extraordinary Assumption is as follows:

*“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis”.*

This appraisal report is based on the following extraordinary assumptions:

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<sup>1</sup> Arizona Revised Statute 28-7091

- 1) *No archaeological survey was provided to the appraiser. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the subject property.*
- 2) *No geological survey was provided to the appraiser. It is an extraordinary assumption of this appraisal that there is no known geological significance on the subject property.*
- 3) *The property was inspected by the appraisers. No evidence of environmental risks or hazardous conditions was observed. It is an extraordinary assumption of this appraisal that there are no known environmental risks or hazardous conditions on the subject property.*
- 4) *This appraisal relies on the land survey provided by the property owner in determining the property's site size. This appraisal assumes the land survey is accurate.*
- 5) *This appraisal assumes that municipal water and sewer are located within the subject property's boundary based on the utility map provided by the City of Prescott.*

**Hypothetical Condition:**

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), hypothetical condition is defined as follows:

*“A hypothetical condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraisers to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”<sup>2</sup>*

No hypothetical conditions were used in this appraisal.


***The use of these extraordinary assumptions and hypothetical conditions might have affected the assignment results.***

We hereby certify that to the best of our knowledge and belief, all statements and opinions contained in this appraisal report are correct. This transmittal letter is not valid for any purpose unless accompanied by the appraisal referred to herein.

The appraisers assume no responsibility or liability for any alterations to this report.

Respectfully submitted,

Southwest Appraisal Associates, Inc.

By   
 Steven R. Cole, MAI, SRA, AI-GRS  
 Certified General Real  
 Estate Appraiser # 30130

By   
 John E. Medley  
 Certified General Real  
 Appraiser # 1049989

<sup>2</sup> *Uniform Standards of Professional Appraisal Practice, 2022-2023 Ed., Appraisal Foundation*

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## ***ASSUMPTIONS AND LIMITING CONDITIONS***

The certification of the Appraisers appearing in the report is subject to the following conditions, and to such other specific and limiting conditions as are set forth by the Appraisers in the report.

This report is being prepared for our client. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given or relied on by any other person than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

The Appraisers assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraisers render any opinion as to the title, which is assumed to be good and marketable. No Owner's Title Policy has been furnished to the Appraisers. The property is appraised as though under responsible ownership, competent management and adequate marketing typical for that type of property. The legal description, if provided to me, is assumed to be correct. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.

The Appraisers have made no survey of the property. Any sketch or map in the report may show approximate dimensions and is included for illustrative purposes only. It is the responsibility of a certified engineer, architect or registered surveyor to show by a site plan the exact location of the subject property or any improvements or any proposed improvements thereon, or the exact measurements or calculations of estimated area of the site. In the absence of such a survey, the Appraisers may have utilized Tax Assessor's maps or other maps which may not represent the exact measurements of the subject property or other comparable information utilized to determine the value of the subject property. Any variation in dimensions or calculations based thereon may alter the estimates of value contained within the report.

When possible, the Appraisers has relied upon building measurements provided by the client, owner, or agents of these parties. In their absence, the appraisers have relied upon their own measurements of the subject improvements. However, there are some factors that may limit our ability to obtain accurate measurements. Professional building area measurements are beyond the scope of this appraisal assignment.

In estimating the opinion of value of the subject property and in analyzing comparable information, the Appraisers have relied upon information from public and private planning agencies as to the potential use of land or improved properties. This information may include, but is not limited to, Area Plans, Neighborhood Plans, Zoning Plans and Ordinances, Transportation Plans and the like. To the extent that these plans may change, the value opinions of this report may also change.

The dates of value to which the opinions expressed in this report apply are set forth in this report. The Appraisers assumes no responsibility for the economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors. These forecasts are,

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therefore, subject to changes with future conditions.

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraisers assumes no responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons.

The Appraisers are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question unless prior arrangements have been made and confirmed in writing.

Any allocation of the valuation in the appraisal report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any appraisal and are invalid if so used.

The Appraisers assumes that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or less valuable. The Appraisers assume no responsibility for such conditions or for engineering which might be required to discover such factors.

Unless otherwise stated within this report, the existence of hazardous materials, which may or may not be present within or on the property, will not be considered by the appraiser. The Appraisers assumes, and the client warrants, that no such materials adversely affect the utility, usability or development potential of the property to the best of their knowledge. The Appraisers are not qualified to detect such substances. The value opinion has been predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

The presence of barriers to the disabled, which may or may not be present within or on the subject properties, will not be considered by us. We have not performed a compliance survey to determine if it is in conformance with the A.D.A (Americans with Disabilities Act). The Appraisers assumes, and the client warrants, that no such barriers adversely affect the utility, usability, or development potential of the property to the best of their knowledge. The Appraisers are not qualified to analyze such barriers. The value opinion has been predicated on the assumption that there are no such barriers on or in the property that would cause a loss in value. The client is urged to retain an expert in this field, if desired.

Information, estimates and opinions furnished to the Appraisers and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraisers can be attributed to the Appraisers.

Disclosures of the contents of the report by the Appraisers are governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraisers are affiliated.

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On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a workmanlike manner and consistent with the specifications presented to the Appraisers.

Prospective value opinions are intended to reflect the current expectations and perceptions of market participants. They should not be judged on whether specific items in the forecasts are realized. The Appraisers cannot be held responsible for unforeseeable events that alter market conditions after the effective date of the report. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is likely that some assumptions will not materialize and that unanticipated events may occur that will affect actual performance.

The appraisers have not made a specific survey of the subject properties to determine whether or not it has any plant or wildlife which is identified as an endangered or threatened species by the U.S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject properties (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants and wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired.

Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraiser, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval from Southwest Appraisal Associates' President.

This appraisal was prepared for the sole and exclusive use of the client. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Southwest Appraisal Associates. We claim no expertise in areas such as, legal description survey, structural, or environmental, engineering mechanical or electrical systems and the like. We assume such data is accurate and such systems functional unless otherwise noted in the appraisal.

This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.

This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

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This appraisal is not intended to be used in connection with a real estate syndicate or syndicates. A real estate syndicate is a general or limited partnership, joint venture, unincorporated association or other organization formed for the purpose of an investment from an interest in real property. It includes, but is not limited to a sale, exchange, trade or development of such real property. It may or may not be registered with the United States Securities and Exchange Commission or a state regulatory agency which regulates public offerings.

This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights, (mineral, gas, and oil), were not considered in this appraisal unless specifically stated to the contrary.

If any claim is filed against Southwest Appraisal Associates, its officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, only for direct compensatory damages, (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by Southwest Appraisal Associates to provide this report.

All disputes shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

The use of this report or its analysis and conclusions by the client or any other party constitutes acceptance of all the above limiting conditions.

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## ***EXECUTIVE SUMMARY***

General Location:	The subject property is Yavapai Assessor parcel number 103-01-026N. There is no physical address as the subject property is vacant land. It is situated north of Melville Road and west of Perimeter Road in Prescott, AZ 86301.
Assessor's Parcel Number:	103-01-026N
Subject Size:	According to a land survey provided by the property owner, the subject consists of 4.12 acres or 179,389 square feet.
Interest Appraised:	Fee Simple Estate
Intended User of the Appraisal:	The intended users are Ms. Irene Varelas and officials of the City of Prescott.
Intended Use of the Appraisal:	The intended use of the appraisal is to utilize the opinion of market value to assist the client with a potential purchase of the property.
Flood Insurance Zone:	The subject parcel is identified as being located in Flood Zones X, unshaded per FIRM Map Panel No. 04025C1695J, dated August 24, 2021. Zone X unshaded is the area determined to be outside the 500-year flood and protected by levee from 100-year flood.
Zoning:	The subject property is located in the IL, Industrial Light zoning district in the City of Prescott.
Highest and Best Use:	Industrial Use
<b>Opinion of Market Value:</b>	<b>\$620,000</b>

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## **DEFINITIONS**

### **Appraisal:**

*“(noun) The act or process of developing an opinion of value; an opinion of value. (adjective) Of or pertaining to appraising and related functions such as appraisal practice or appraisal services.”<sup>3</sup>*

### **Appraiser:**

*“One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.”<sup>4</sup>*

### **Contiguity:**

*“The quality or state of being contiguous.”<sup>5</sup>*

### **Economic Unit:**

1. *“A portion of a larger (parent) parcel, vacant or improved, that can be described and valued as a separate and independent parcel. Physical characteristics such as location, access, size, shape, existing improvements, and current use are considered when identifying an economic unit. The economic unit should reflect marketability characteristics similar to other properties in the market area. In appraisal, the identification of economic units is essential in highest and best use analysis of a property.”*

2. *“A combination of parcels in which land and improvements are used for mutual economic benefit. An economic unit may comprise properties that are neither contiguous nor owned by the same owner. However, they must be managed and operated on a unitary basis and each parcel must make a positive economic contribution to the operation of the unit.”<sup>6</sup>*

### **Exposure Time:**

*“The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.”<sup>7</sup>*

### **Fee Simple Estate:**

The Fee Simple Estate is the interested to be appraised for the subject within this report.

*“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”<sup>8</sup>*

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<sup>3</sup> Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2018-2019.

<sup>4</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, Seventh Edition, pg. 10

<sup>5</sup> Merriam-Webster On-Line Dictionary, 2010.

<sup>6</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), pg. 72-73

<sup>7</sup> Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2016-2017.

<sup>8</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), pg. 90

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**Larger Parcel:**

*“In governmental land acquisitions and in valuation of charitable donations of partial interest in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, and unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.”<sup>9</sup>*

**Market Value:**

*“'Market Value' means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.”<sup>10</sup>*

## ***APPRAISAL PROCESS***

An appraisal is an opinion based upon research, judgment, and an analysis of factors influencing real estate value. These factors consider the four major forces at work in the economy: physical, legal/political, social and economic forces.

The sections comprising the first portion of the report include: Date, Function and Purpose of the Appraisal, Property Identification, Scope of Work, Regional Data, Neighborhood Data, Site Analysis, and Highest and Best Use. The highest and best use of the subject property is the basis upon which market value is determined.

The second portion of the report contains the approaches used to determine an opinion of market value for the fee simple in the subject property. The three traditional approaches to value are considered. Since the subject property is vacant land, only the Sales Comparison Approach is applicable. The exclusion of the Income and Cost Approaches does not inhibit the appraisers from providing a credible opinion of market value for the subject.

In the Sales Comparison Approach, recent sales of similar properties, known as "comparables," are analyzed and adjusted to the subject property. This approach best represents the actions of buyers and sellers in the market for this type of property. The degree of similarity between the comparables and the subject property determines the reliability of this approach.

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<sup>9</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, Seventh Edition, pg. 105

<sup>10</sup> Arizona Revised Statute 28-7091

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## ***PURPOSE OF THE APPRAISAL***

- Purpose of the Appraisal:*** The purpose of this appraisal is to estimate the market value of the fee simple estate for the subject property.
- Intended User of the Appraisal:*** The intended user of the appraisal includes Irene Varelas and officials of the City of Prescott, the clients.
- Intended Use of the Appraisal:*** The intended use of the appraisal is to utilize the opinion of market value to assist the client with a potential purchase of the property.
- Date of Value Opinion:*** The effective date of the value opinion is November 13, 2025.
- Date of the Appraisal Report:*** The date of the appraisal report is November 19, 2025.

## ***PROPERTY OWNERSHIP HISTORY***

The subject property is currently deeded to Crosswind Leasing LLC. The most recent transfer of the property occurred on June 6, 2025. Crosswind Leasing LLC purchased the property from Prescott Valley Airport Properties for \$550,000. The sale was recorded with Document Number 2025-0023524. There were no other ownership transfers of the subject property within the last 5 years. The property is currently listed on the open market for sale. The listing agent is Matthew Fish. According to the property owners, no written offers have been received to purchase the subject.

## ***PROPERTY IDENTIFICATION***

The subject property is located north of Melville Road and west of Perimeter Road in Prescott, Yavapai County, Arizona 86301. It is located in Section 19, Township 15N, Range 01W. The property is further identified as Yavapai County Assessor's Parcel Number 103-01-026N. There is currently no address associated with the property as it is vacant land. The subject's legal description and Yavapai County Assessor's Map representing the subject property's location in red follows.

### ***Legal Description***

AN IRREG PCL THE N MOST COR BEING 371.82'S OF THE INTRSCCT OF EARNEST A LOVE AIR FIELD & W R/W AT & SF R/R R/W IN THE SW4 SEC 19-15-1W CONT 4.18AC 2494/46

### ***ASSESSOR PARCEL MAP***



Red Parcel Boundary is an Approximation

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## ***SCOPE OF WORK***

The Scope of Work for an appraisal is the extent of the process of collecting, confirming, and reporting data, as well as the methods used in supporting the value opinions. The Sales Comparison Approach is employed to estimate the market value of the subject property. The Cost and Income Approaches are excluded since the market does not rely on these approaches when valuing vacant land.

In accordance with *Uniform Standards of Professional Appraisal Practice* (USPAP) 2024, the scope of work for the appraisal includes, but is not limited to, the following:

- Inspection and analysis of the subject property, market conditions, and other restrictions that affect value; and
- Research, analysis, and confirmation of comparable market data.

Research included the examination of sales and listing data published by CoStar COMPS of Arizona, Arizona Regional Multiple Listing Service (ARMLS), Yavapai County records, and interviews with real estate participants and brokers. Based on our conclusions of Highest and Best Use, similar vacant land properties were selected.

The comparable properties and other market data that is included in the analysis are considered to be the best available. The data selected is adequate to provide reliable indications of market value for the subject property. Overall, the market value opinion provided in this report is adequately supported.

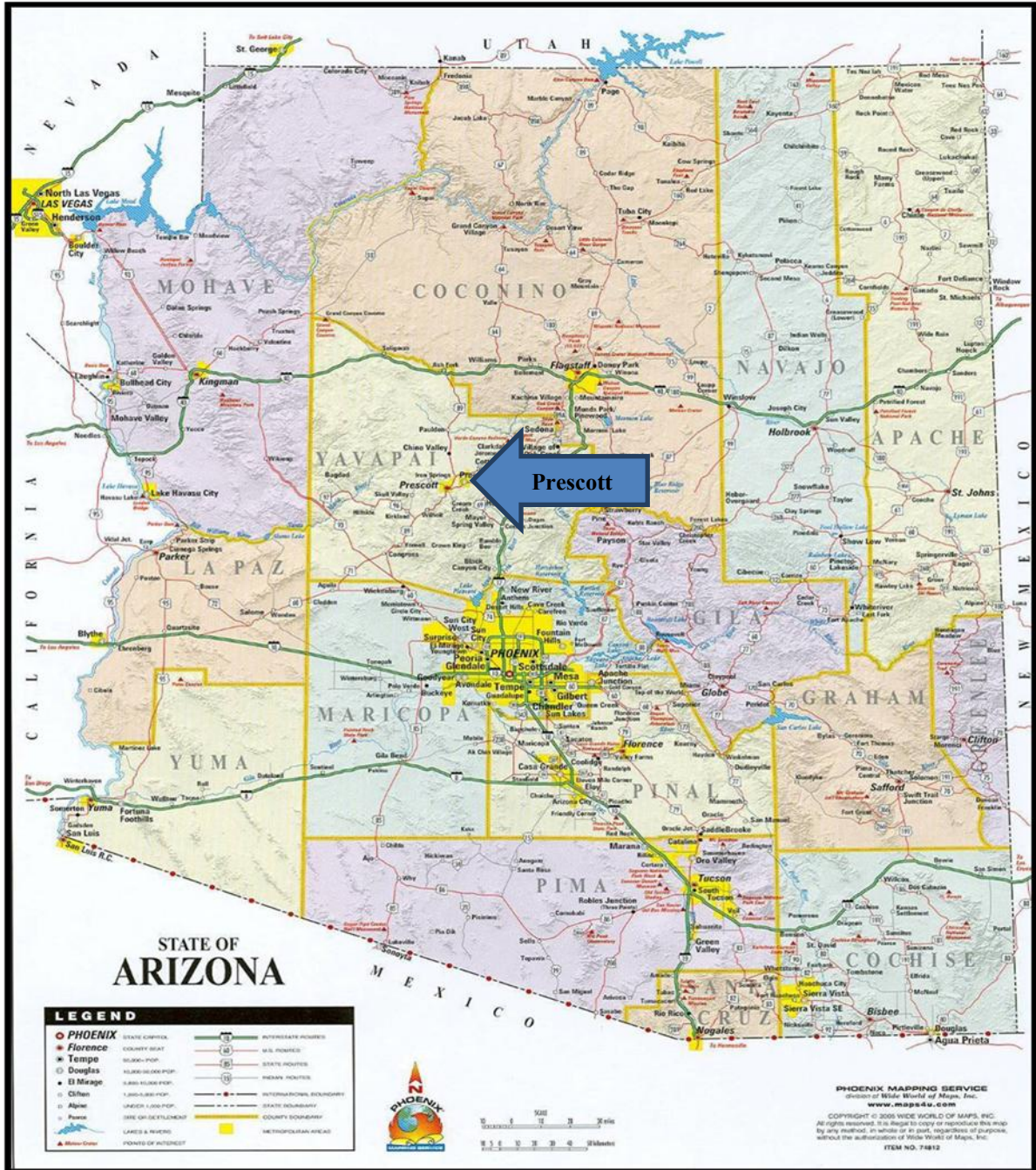
### ***Limitation in Scope:***

This report is a narrative appraisal report. There are no other limitations in the scope of the assignment, other than those discussed in the Assumptions and Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions.

## REGIONAL ANALYSIS

The subject property is located within Yavapai County in the State of Arizona. This section presents an analysis of Yavapai County's growth and economic trends. The City of Prescott is also reviewed here. Then, we provide a conclusion relating these area trends to the valuation of the subject property.

## ARIZONA COUNTY MAP



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## ***OVERVIEW – YAVAPAI COUNTY***

### ***Geographic Location:***

The value of a property is not entirely intrinsic, that is, it is not determined solely by the physical characteristics of the site itself. The economic, governmental, environmental, and social forces in the immediate area must be analyzed, for these are often important determinants of value. The subject property is located in Prescott, Yavapai County, Arizona.

### ***Yavapai County Data:***

Yavapai County is located in the central portion of the state and comprises 8,125 square miles. Prescott Valley is the most populated municipality in the county. The county's mountainous territory and the riparian lands along the Verde River and Oak Creek offer an abundance of recreational opportunities. Activities include camping, fishing, hiking, hunting, hang gliding, equestrian, historic sites, pre-Columbian native sites and views of the "red rock" country. Land elevations range from about 1,000 feet along the floor of the Verde River Valley to the 7,723-foot peak at Mingus Mountain.

The U.S. Forest Service owns the largest portion of the land in the county, about 38%, which is encompassed in the Prescott, Tonto and Coconino National Forests. The State of Arizona owns 27%, followed by 26% in private ownership, and 9% owned by the Bureau of Land Management. The Yavapai Indian Reservation and public lands each cover less than 0.5% of the county.

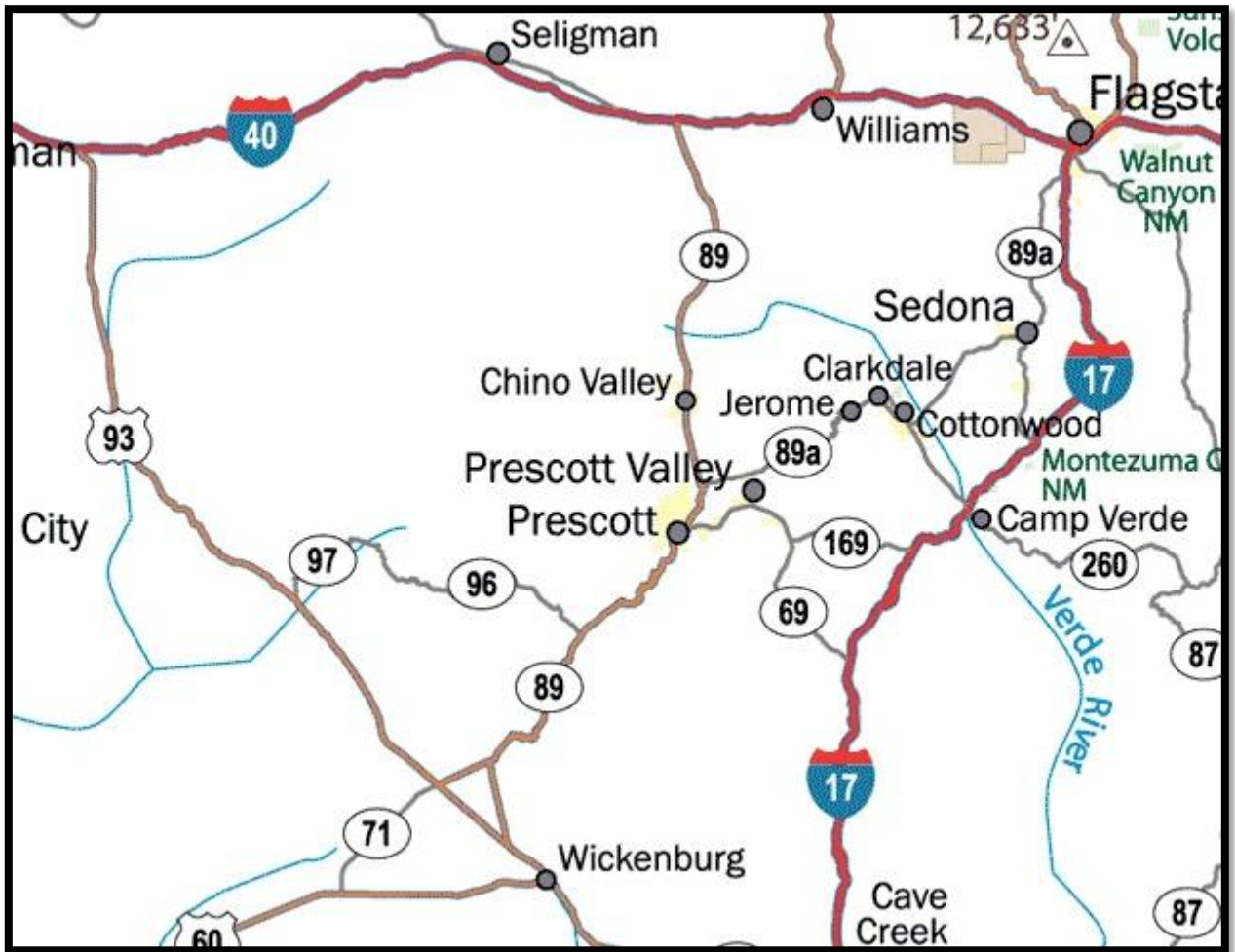
### ***Tourism/Recreation:***

The recreational opportunities and scenic attractions in Yavapai County include the red rocks surrounding Sedona and Oak Creek to the north and the Prescott National Forest to the northeast. Mingus Mountain, with its 7,723-foot elevations, is known internationally as a location that attracts hang-gliding enthusiasts. The Verde Valley includes the Verde River riparian lands and waterfront day use areas, Riverfront Park, Dead Horse Ranch State Park, Tavasci Marsh, Tuzigoot National Monument, and Montezuma Castle National Monument. The Verde Canyon Railroad provides scenic tours into the remote Sycamore Canyon Wilderness.

### ***Transportation:***

State Highway 69 is the primary transportation route for the region and which connects to Interstate 17 about 36 miles east of Prescott. Highway 69 is a median divided, four lane, limited access highway. Prescott is also served by Highways 89 and 89A which provide north-south linkage with Wickenburg to the south and Chino Valley and Interstate 40 to the north. Greyhound provides state and national passenger bus service. Prescott Regional Airport provides general

aviation service for the tri-city area of Prescott, Prescott Valley and Chino Valley. A map representing the aforementioned highways and municipality locations to follow.



***Yavapai County Population:***

According to the most recent data from the Arizona Office of Economic Opportunity, Yavapai County has experienced steady population growth since 2015. The average annual population growth rate is 1.54% over this 10-year period from 218,182 persons in 2015 to 251,768 persons in 2024. A chart representing the most current data available to follow.

<b>Population Yavapai County</b>			
<u>Year</u>	<u>Total Population</u>	<u>Numerical Increase</u>	<u>Percent Increase</u>
2015	218,182	N/A	N/A
2016	221,970	3,788	1.74%
2017	225,918	3,948	1.78%
2018	229,607	3,689	1.63%
2019	233,104	3,497	1.52%
2020	237,073	3,969	1.70%
2021	241,173	4,100	1.73%
2022	245,389	4,216	1.75%
2023	248,899	3,510	1.43%
2024	251,768	2,869	1.15%

Estimates are as of July 1  
Source: <https://www.azcommerce.com/oeo/population/population-estimates/>

***Population by City:***

Prescott Valley and Prescott are the most populous municipalities in Yavapai County. Combined, they account for 39.6% of the overall population in the county. Their close proximity contributes to a shared marketplace between these two communities. A chart with the populations of the six largest communities in Yavapai County to follow.

<b>POPULATION BY MUNICIPALITY</b>				
	<b>2000</b>	<b>2010</b>	<b>2020</b>	<b>2024</b>
Prescott Valley	23,829	38,832	46,991	51,532
Prescott	34,487	39,825	45,985	48,082
Chino Valley	7,901	10,844	13,113	13,915
Camp Verde	9,513	10,900	12,147	12,390
Cottonwood	9,288	11,226	12,048	12,658
Sedona	7,229	7,183	7,137	7,197

Estimates are as of July 1

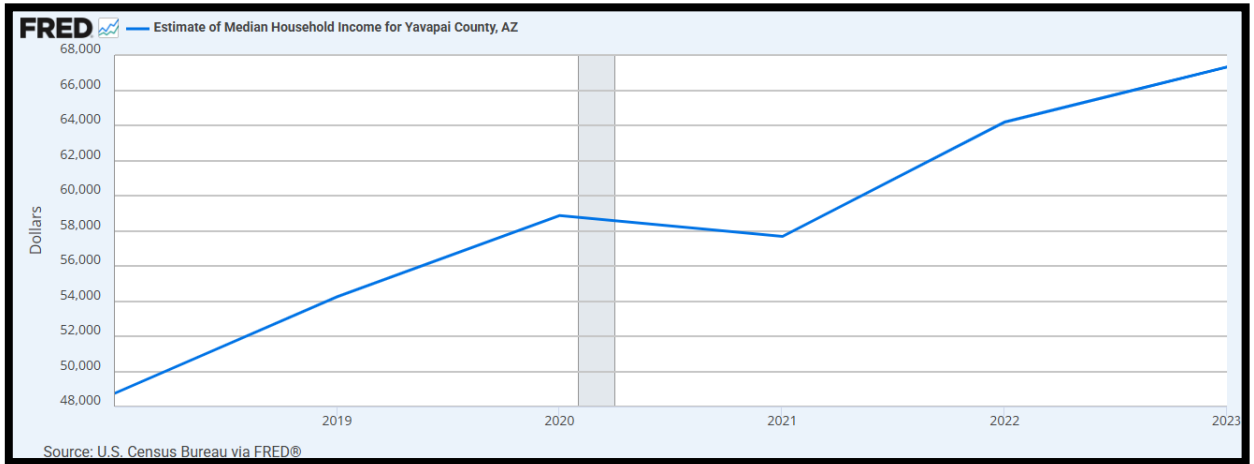
Source: <https://www.azcommerce.com/oeo/population/population-estimates/>

***ECONOMY***

***Household Income:***

According to the most recent data available provided by the St. Louis Federal Reserve, the annual median household income for Yavapai County was \$67,317 in 2023. This is \$17,483 less than the \$84,800 annual household median income for the State of Arizona as a whole. The lower income levels in Yavapai County can largely be attributed to the county’s median age which is 55 years old. This is higher than the State of Arizona’s median age of 38.8 years old.

Older persons are largely retired and live on Social Security and retirement savings. As represented in the following chart, the median household income in the county has increased 38% over the last 5-year period.



**SOURCE:** <https://fred.stlouisfed.org/series/MHIAZ04025A052NCEN>

***Gross Domestic Production:***

According to the most recent data, gross domestic production, GDP, in Yavapai County has increased over the last 4-year period. GDP is expected to have continued growth for the foreseeable future. A chart representing the most recent data available is below.

Gross Domestic Product Yavapai County			
Year	Total	Numerical Increase	Percent Increase
2020	\$7,478,041	N/A	N/A
2021	\$8,206,724	\$ 728,683	9.74%
2022	\$8,145,280	\$ (61,444)	-0.75%
2023	\$8,387,833	\$ 242,553	2.98%

Source: [https://www.bea.gov/iTable/index\\_regional.cfm](https://www.bea.gov/iTable/index_regional.cfm)  
NOTE: Figures are in thousands of dollars

***Employment***

According to the United States Bureau of Labor Statistics, total employment within the Prescott Metropolitan Statistical Area, MSA, has grown over the last 10-year period. Over this period, total employment has grown 16.5%, or 1.65% annually. Currently there are 102,697 persons employed within the Prescott MSA. The following chart shows the increases in total labor force and increases in total employment.

<b>Employment Prescott MSA</b>				
<u>Year</u>	<u>Total Labor Force</u>	<u>Total Employment</u>	<u>Numerical Increase</u>	<u>Percent Increase</u>
2016	93,382	88,166	N/A	N/A
2017	95,982	91,265	3,099	3.51%
2018	98,840	94,043	2,778	3.04%
2019	99,714	94,443	400	0.43%
2020	100,126	90,835	(3,608)	-3.82%
2021	101,493	96,685	5,850	6.44%
2022	103,582	99,292	2,607	2.70%
2023	105,586	101,054	1,762	1.77%
2024	106,268	101,661	607	0.60%
2025	107,548	102,697	1,643	1.62%

Note: All figures are as of July.  
Source: U.S. Bureau of Labor Statistics. Employment Back-Data  
<https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&acrdn=6>

Unemployment rates within the Prescott MSA have decreased from 5.6% in 2016 to 4.5% in 2025. This is due to the increase in GDP and the influx of population to the region. Unemployment statistics for the last 10-year period to follow.

<b>Unemployment Rates Prescott MSA</b>	
<u>Year</u>	<u>Unemployment Rate</u>
2016	5.6%
2017	4.9%
2018	4.9%
2019	5.3%
2020	9.3%
2021	4.7%
2022	4.1%
2023	4.3%
2024	4.3%
2025	4.5%

Note: All figures are as of July.  
Source: U.S. Bureau of Labor Statistics.  
<https://www.bls.gov/lau/home.htm>

***Employers:***

According to the most recently available data published by the Arizona Employer Viewer, five of the ten largest employers for the county are government entities. This is an indicator that the region is largely dependent on the spending of retired persons. Sturm Ruger Company is the

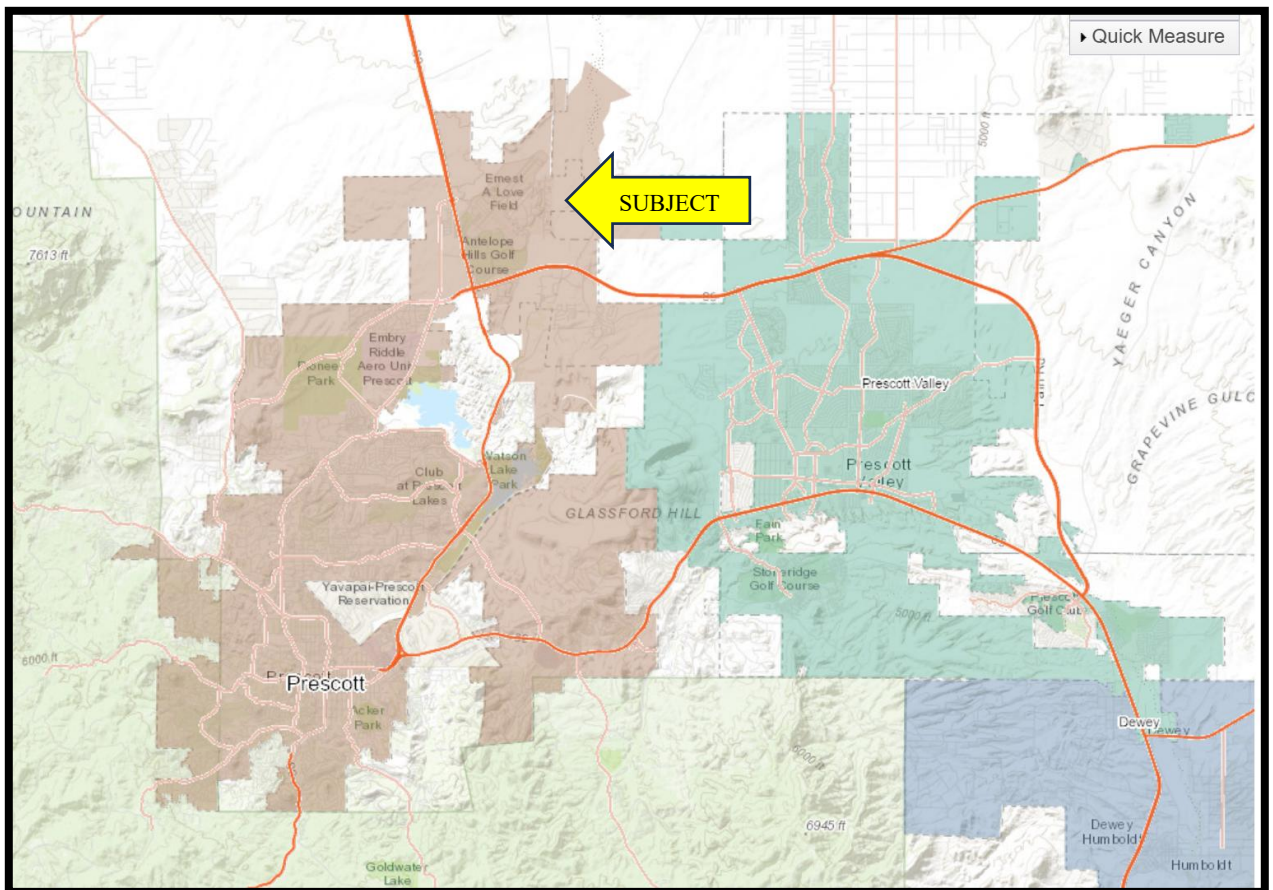
largest employer that is not reliant on government funding. The ten largest employers are shown below.

Rank	Employer Name	# of Locations	# of Employees
1	Yavapai Community Hospital Association	1	1,780
2	Yavapai County Government	17	1,580
3	Sturm Ruger Company Inc	1	800
4	Veterans Health Administration	1	730
5	Humboldt Unified School District 22	12	690
6	Yavapai County Community College District	5	670
7	Yavapai Regional Medical Center East	1	660
8	City of Prescott	31	620
9	United States Department of Veterans Affairs	2	540
10	Prescott Unified School District 1	8	510

Source: <https://geo.azmag.gov/maps/azemployer/>

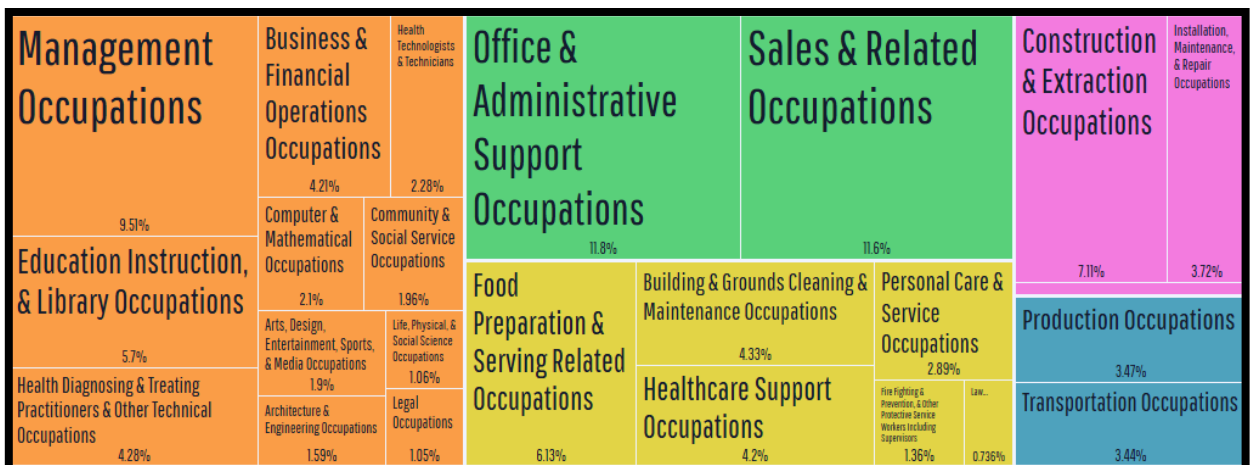
### ***CITY OF PRESCOTT***

Prescott is the county seat and second most populous municipality in Yavapai County. The city offers multiple outdoor activities which include Prescott National Forest, Watson, Lynx, and Goldwater lakes. There are 100 miles of hiking trails and five golf courses as well. The economy is largely based on tourism and is a popular destination for retired persons. A map showing the City of Prescott boundaries, highlighted in brown, and its close proximity to Prescott Valley, highlighted in green, to follow.



**Employment:**

Prescott’s economy is heavily reliant on the government, sales and service industries to drive its employment. These are the largest job segments in the area. Below are a breakdown of the employment sectors and their respective percentage of the overall workforce.



SOURCE: DATAUSA 2023

**Education Institutions:**

Embry-Riddle Aeronautical University has a campus located in Prescott. According to US News, the Prescott campus is ranked the regional college. This college is a desirable

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destination for students seeking aeronautic related degrees. There are 3,286 students enrolled in the fall 2025 semester. According to Embry-Riddle, the Prescott campus contributed \$392 million to the economy in 2020 and supports 3,000 jobs statewide<sup>11</sup>.

Yavapai College's main campus is located in Prescott. It is a community college with a fall 2025 enrollment of 7,200 students. Yavapai College estimates that they contribute \$203.7 million in income to the county's economy in 2022<sup>12</sup>.

***Prescott Regional Airport:***

Prescott Regional Airport, also known as Ernest A. Love Field, is located in the northern portion of the City of Prescott. United Airlines provides commercial air service to Denver and Los Angeles. The Arizona Department of Transportation, ADOT, 2021 economic impact study indicates that the airport has a total annual economic impact of \$194 million dollars to the Arizona economy. This impact is expected to grow with the planned expansion of the airport. Embry-Riddle Aeronautical University operates its Flight Training Center from the airport.

***Conclusion:***

Yavapai County sustains a growing economy, much of which is attributed to continuing in-migration of new residents. The county's geographical characteristics, historical sites and recreational opportunities continue to attract new residents and visitors. A large portion of residents are retired individuals. Tourism is expected to remain a large contributor to the economy. This has helped stimulate the region's economy without an influx of large industries. An expanding airport will help facilitate the growing needs of the region. The growing education system is well positioned to train the future workforce. Overall, the region is expected to experience continued growth which will support an increased expansion of real estate development in the near future.

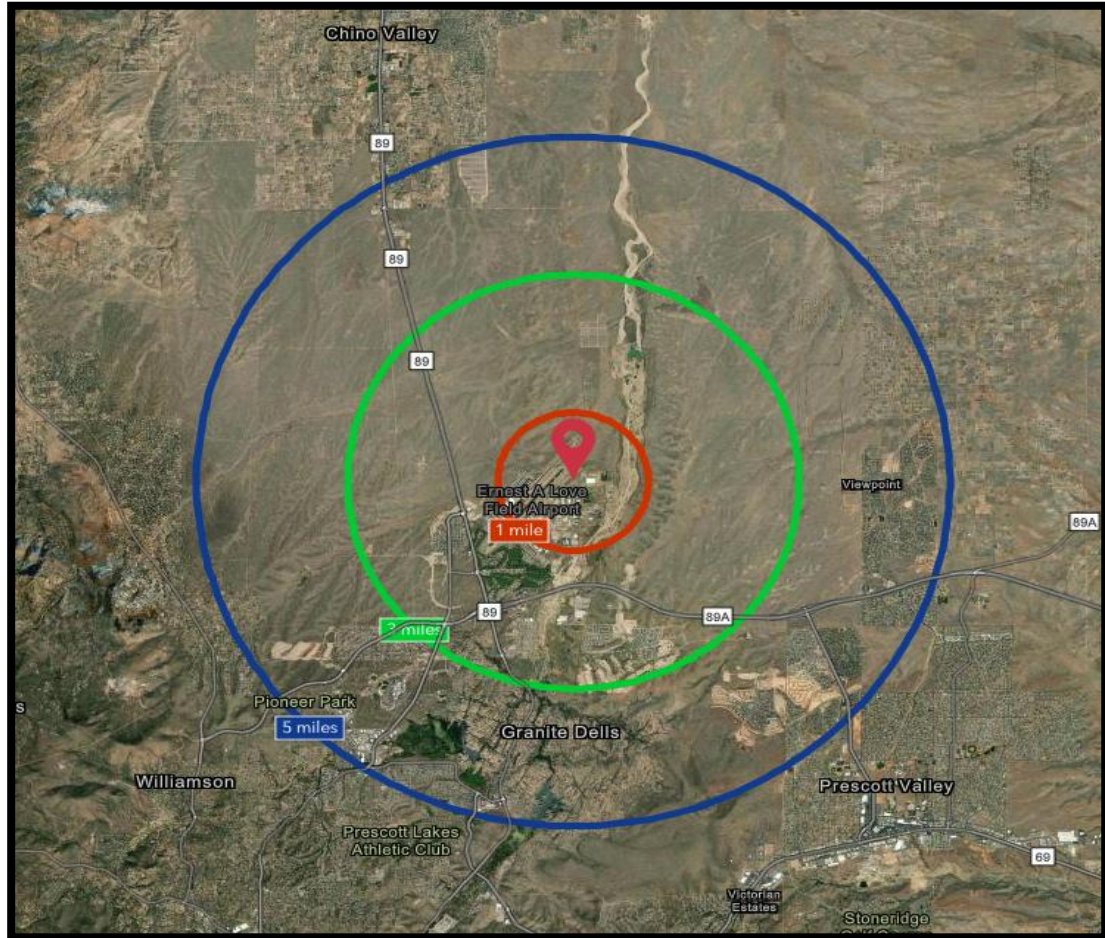
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<sup>11</sup> <https://news.erau.edu/headlines/embry-riddles-economic-impact-in-florida-arizona-surpasses-23-billion-new-report-concludes>

<sup>12</sup> <https://www.yc.edu/v6/news/2024/03/success.html>

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## ***NEIGHBORHOOD ANALYSIS***



The value of any property is not solely determined by the physical characteristics of the site. The environmental, social, economic, and governmental forces in the immediate area must also be analyzed as they can have direct and indirect effects on value.

### ***Location***

The subject property is located north of Melville Road and west of Perimeter Road. It is in the northern portion of the City of Prescott municipal boundary. The neighborhood boundaries are the Town of Chino municipal boundary to the north, State Route 89A to the south, State Route 89 to the west, and Copperfield Parkway to the east.

### ***Land Use and Economic Activity***

The subject's neighborhood largely consists of industrial and aeronautical uses. The most prominent economic activity in the area is the Prescott Regional Airport. Several off-airport properties near the subject have aviation related uses that benefit from their close proximity to the airport. The neighborhood also has several other industrial uses that are not supported by the

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airport. Some of the largest developments located within the subject's neighborhood are described below.

***FedEx***

The FedEx facility is located just east of the subject property. It is a 217,671 square foot transit warehouse constructed in 2022. The facility is obligated employ at least 80 full time workers as part of the purchase agreement with the City of Prescott. This facility plays a key role in facilitating efficient parcel delivery and freight management, contributing to the economic vitality of the Prescott region by enhancing trade, commerce, and connectivity. The site benefits from its location near the airport for its air carrier services.

***Michael Brothers Inc***

The Michael Brothers facility is located approximately  $\frac{3}{4}$  mile south of the subject property. The facility is a family-owned manufacturing company established in 1986. The company specializes in custom rotational molding and injection molding services, operating from a 49,000-square-foot facility with a workforce of around 60 employees. They provide in-house design and mold-building services alongside proprietary product manufacturing, serving a diverse client base across various industries in the region. With an estimated annual revenue of approximately \$9.4 million, Michael Brothers Inc. plays a significant role in the local manufacturing sector, offering advanced plastic molding solutions and contributing to Prescott's industrial economy.

***Ester C Co.***

Ester C Co. is located approximately  $\frac{1}{4}$  mile south of the subject property. The facility is a manufacturer and supplier of nutritional supplements, specializing in vitamin C. The company operates as part of the broader Nestlé Health Science family, providing preventive healthcare products aimed at improving immune system defense. Established in 1997, the Prescott facility supports manufacturing and distribution operations. The company contributes to the local economy with an estimated annual revenue near \$9.7 million and a workforce that offers employment opportunities in production, warehouse, and operational roles.

***James Deep Well Ranch Master Planned Community***

The James Deep Well Ranch is a master planned community encompassing 1,800 acres of land directly west and north of the Prescott Regional Airport. This master planned community was created with a holistic approach of developing the land with the potential for a variety of land uses. This community, which is currently being developed, has plans for 10,500 residential units, 2,900,000 square feet of commercial/non-residential development, 900 units of hospitality,

a minimum of 199 acres of Open/Civic Space uses for airport protection, and approximately 235 acres of Open/Civic Space uses.

***Prescott Regional Airport***

The Prescott Regional Airport, which is located just north of the subject, is an important economic driver in the region. The three-runway airport primarily serves the general aviation sector with some limited commercial flight service to Denver and Los Angeles. It serves as the base of operations for the Embry-Riddle Aeronautical University, Prescott Campus. According to ADOT, the airport accounted for \$194,309,000 of economic activity within Arizona’s economy in 2021.

***Access***

Primary access to the subject neighborhood is provided by State Route 89 and State Route 89A. These freeways provide access to Interstate-17 which connects to several other freeway systems throughout the State of Arizona. Interior roadways throughout the neighborhood provide sufficient access throughout the neighborhood. These roadways include but are not limited to: Melville Road, Corsair Avenue, Wilkinson Drive, and Ruger Road.

***Demographics***

<b>2025 Demographics:</b> <i>Source: STDBOnline</i>	<b>1-Mile Radius</b>	<b>3-Mile Radius</b>	<b>5-mile Radius</b>
<b>2025 Summary</b>			
Population	6	3,629	27,689
Households	3	1,651	12,183
Families	1	1,009	7,928
Average Household Size	2.00	2.16	2.16
Owner Occupied Housing Units	2	1,352	9,767
Renter Occupied Housing Units	1	299	2,416
Median Age	77.5	57.7	56.1
Median Household Income	\$87,500	\$87,137	\$85,138
Average Household Income	\$97,701	\$131,601	\$114,745

***Conclusion***

The subject proeprty is located in an industrially developed area. Its proximity to the Prescott Regional Airport provides additional development potential to the site. While there is limited residential development within close proximity to the subject, the neighborhood’s income levels support development in the area. While the area to the northeast of the subejct is largely undeveloped, the City of Prescott’s growth is expanding into the subject’s neighborhood. Overall, the subejct’s neighborhood is a positive influence on the subejct’s market value.

## ***SURROUNDING DEVELOPMENTS***



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## **MARKET ANALYSIS**

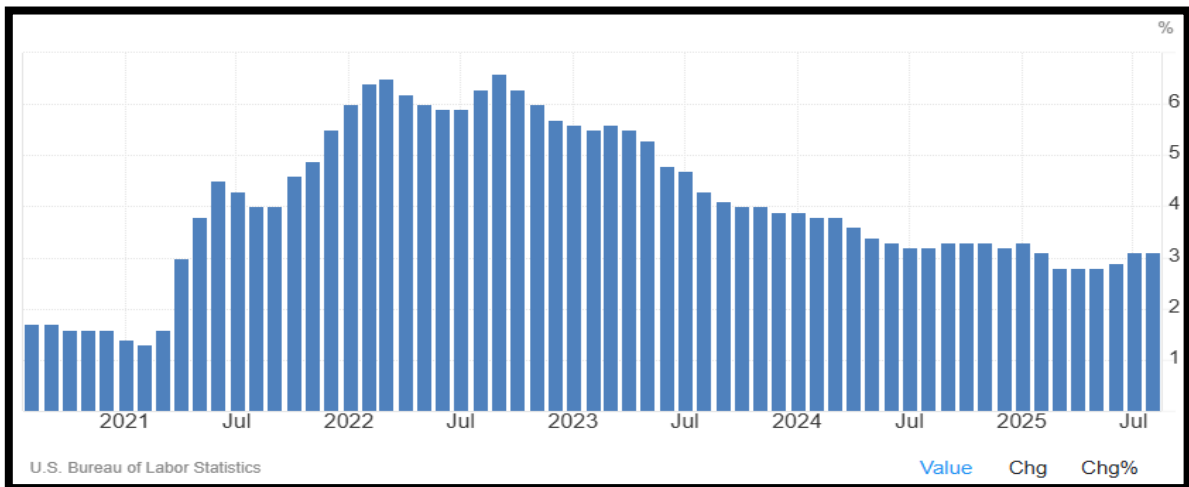
“Market analysis is a study of the supply of and demand for a specific type of property in a specific market area.”<sup>13</sup>

### ***Subject Attributes***

The subject property is industrially zoned vacant land near the Prescott Regional Airport. Other than the airport itself, the area is largely developed with industrial uses with abundant land available for development. Due to this, the following market analysis will review national and regional economic factors and the industrial land market.

### ***National Economy***

According to the U.S. Bureau of Labor Statistics, the inflation rate was around 2% from 2019 through 2021. In 2022 inflation began to increase and peaked at 6.6% in September 2022. Since then, inflation has declined and is presently at 3.1% as of August 2025. This remains above the Federal Reserve’s target of 2%. The following chart represents inflation in the United States over the last 5 years according to the U.S. Bureau of Labor Statistics.



Source: <https://tradingeconomics.com/united-states/core-inflation-rate>

### ***Conventional Long Term Mortgage Data***

According to the “Primary Mortgage Market Survey” compiled by Freddie Mac, the most recent interest rate for a 30-year fixed rate mortgage is 6.30% as of October 9, 2025. Mortgage interest rates are up from the all-time low of 2.65% in January, 2021. In

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<sup>13</sup> *The Appraisal of Real Estate, 15<sup>th</sup> Edition*, Appraisal Institute, P 273

the beginning of 2022, the 30-year United States Single Family Home Prices mortgage interest rate began a steep increase to 7.79% in October 2023. Since then, the 30-year mortgage interest rate has slightly declined to the previously reported 6.30%.

The following chart shows the fixed mortgage interest rates for a 15-year, in green, and 30-year, in blue, loan over the last 5-year period.

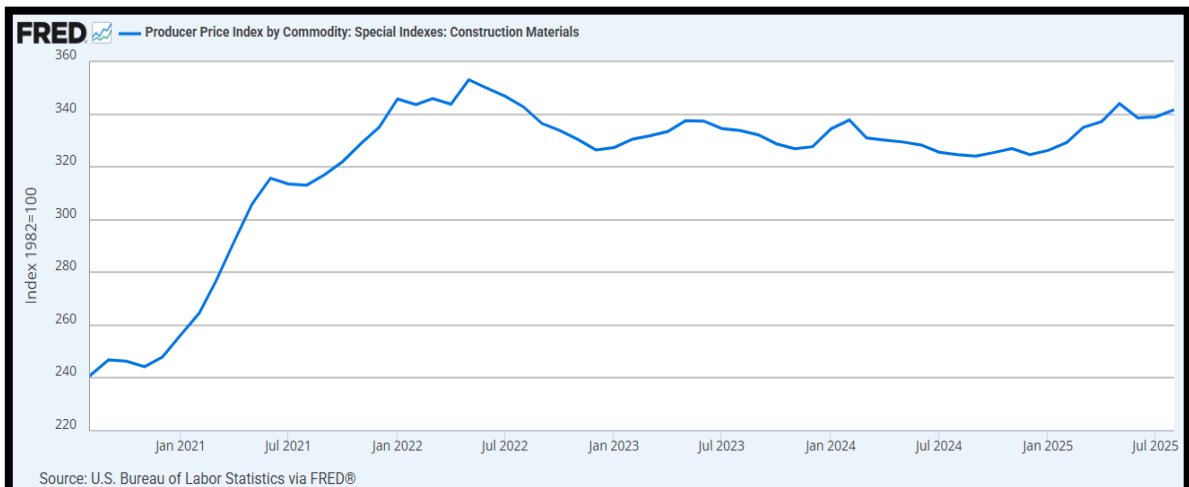


SOURCE: <https://www.freddiemac.com/pmms>

**Cost of Construction**

In July 2020, Construction Materials Pricing index was 237.0, (1982=100). The index increased dramatically to 353.02 in May 2022, an increase of 49% in less than 2 years. Even though construction material costs have declined to 341.692 in August 2025, these costs remain well above the previous 10-year average.

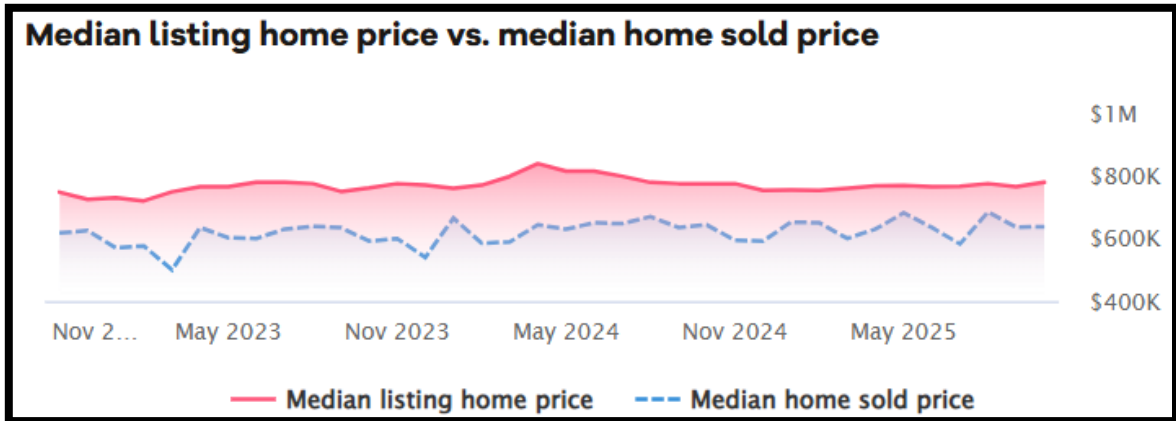
The following chart represents the previous 5-year period of construction costs according to the St. Louis Federal Reserve follows.



SOURCE: <https://fred.stlouisfed.org/series/WPUSI012011>

**Prescott Housing Market**

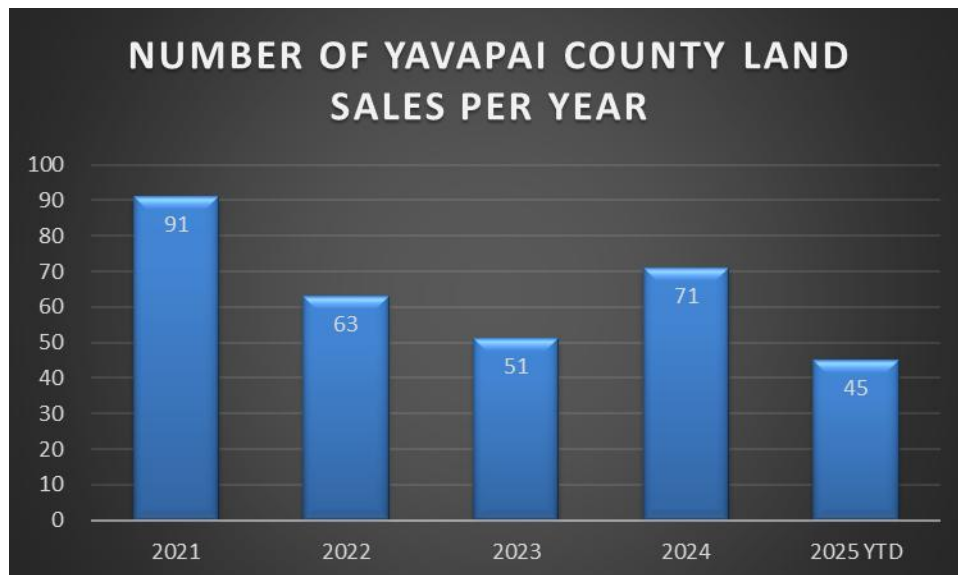
According to Realtor.com, median residential sales prices in the City of Prescott have slightly increased over the last 3-year period. In October 2022 the median sale price was \$617,500. Median sales prices increased to \$637,500 in September 2025, an increase of approximately 3.24% or approximately 1.08% annually. Sales prices have remained relatively flat over the last 2 years due to the rise in mortgage interest rates.



SOURCE: [https://www.realtor.com/realestateandhomes-search/Prescott\\_AZ/overview](https://www.realtor.com/realestateandhomes-search/Prescott_AZ/overview)

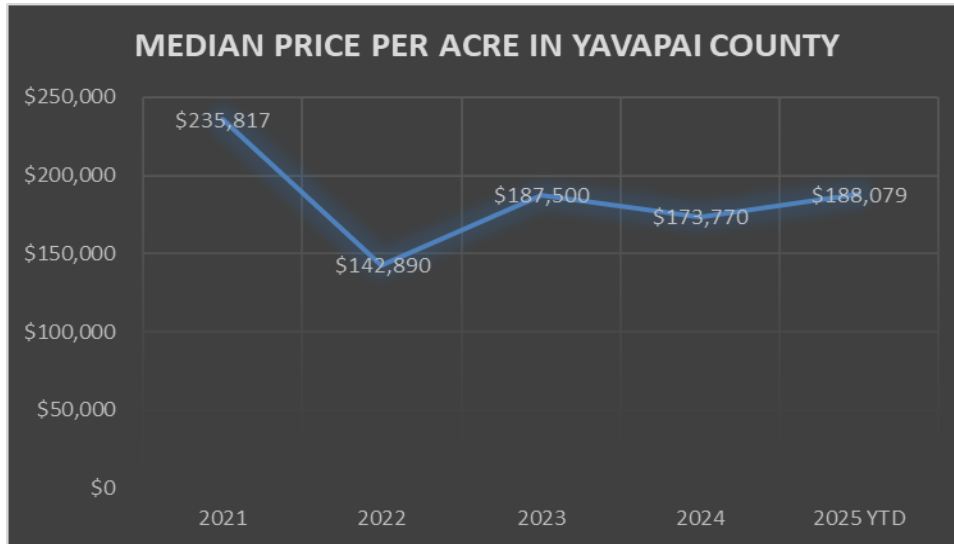
### ***Yavapai County Land Sales***

According to CoStar, there has been 327 land sales in Yavapai County since the start of 2021. As represented in the following chart, 2021 was the most active period over the last 5-year period. The following sales volume decline coincides with the increased cost of construction and rise in interest rates. The following chart represents the number of sales transactions from 2021 to 2025 year to date.



Source: CoStar

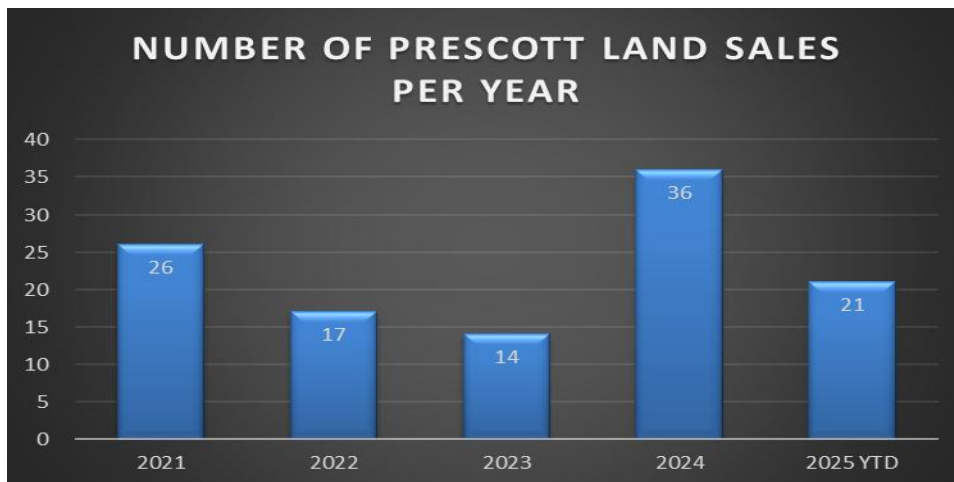
In 2021, the median sale price per acre of land sold was \$235,817. The median sales price per acre declined 20.2%, or approximately 4% annually, to \$188,079 per acre in 2025 year to date. This decline is largely attributed to the rise in construction costs and interest rates. A chart representing the median sale price per acre since 2021 is shown below.



Source: CoStar

***City of Prescott Land Sales***

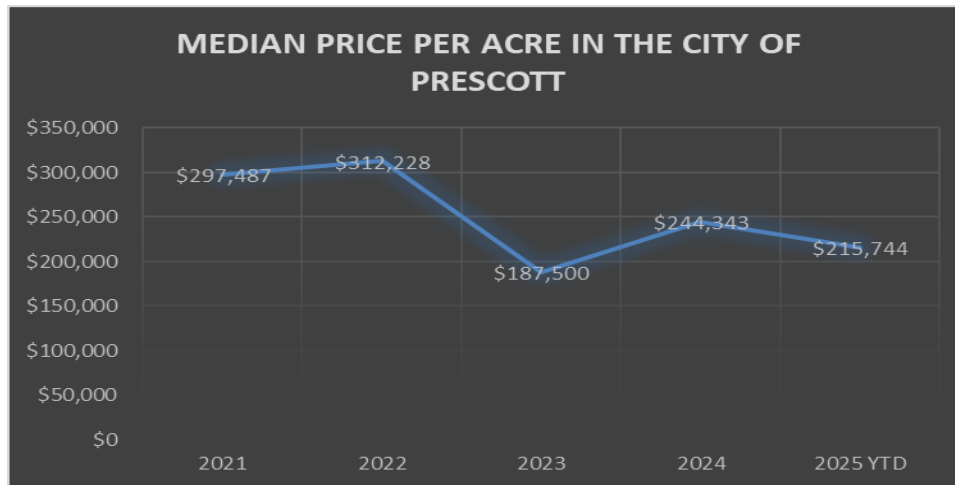
According to CoStar, there has been 114 land sales in the City of Prescott since the start of 2021. As represented in the following chart, 2024 was the most active period over the last 5 years. While the county as a whole experienced a decline in transactions, the City of Prescott’s transactional volume was not. The following chart represents the number of sales transactions from 2021 to 2025 year to date.



Source: CoStar

In 2021, the median sale price per acre was \$297,487. The median sales price per acre declined 27.5%, or approximately 5.5% annually, to \$215,744 per acre in 2025 year to

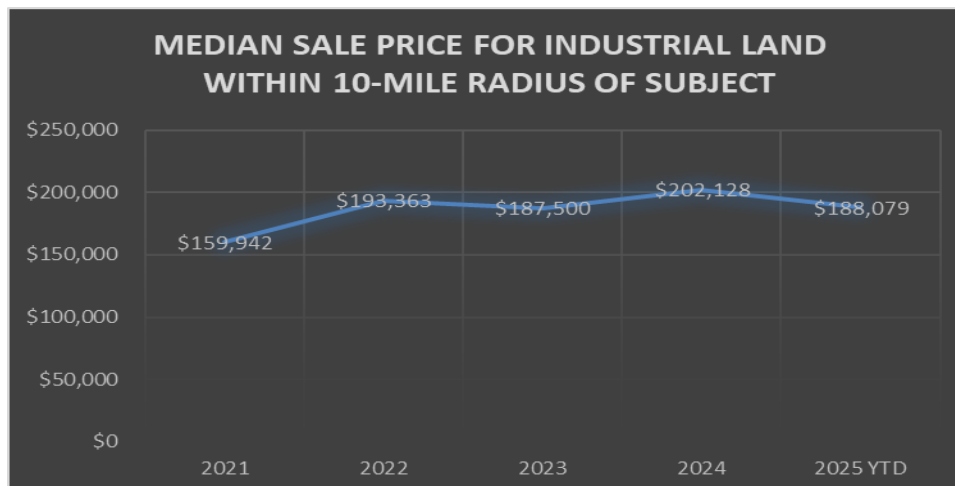
date. This decline is largely attributed to the rise in construction costs and interest rates. A chart representing the median sale price per acre since 2021 is shown below.



Source: CoStar

***10-Mile Radius Industrial Land Sales***

According to CoStar, there has been 22 industrial land sales within a 10-mile radius of the subject since the start of 2021. It is acknowledged that the actual number of transactions is higher than is recorded by CoStar. In 2021, the median sale price per acre was \$159,942. The median sales price per acre increased 17.6%, or approximately 3.5% annually, to \$188,079 per acre in 2025 year to date. While land values throughout the county have experienced price declines, the subject’s surrounding area is a more desirable area with more stable land values. A chart representing the median sale price per acre since 2021 is shown below.



Source: CoStar

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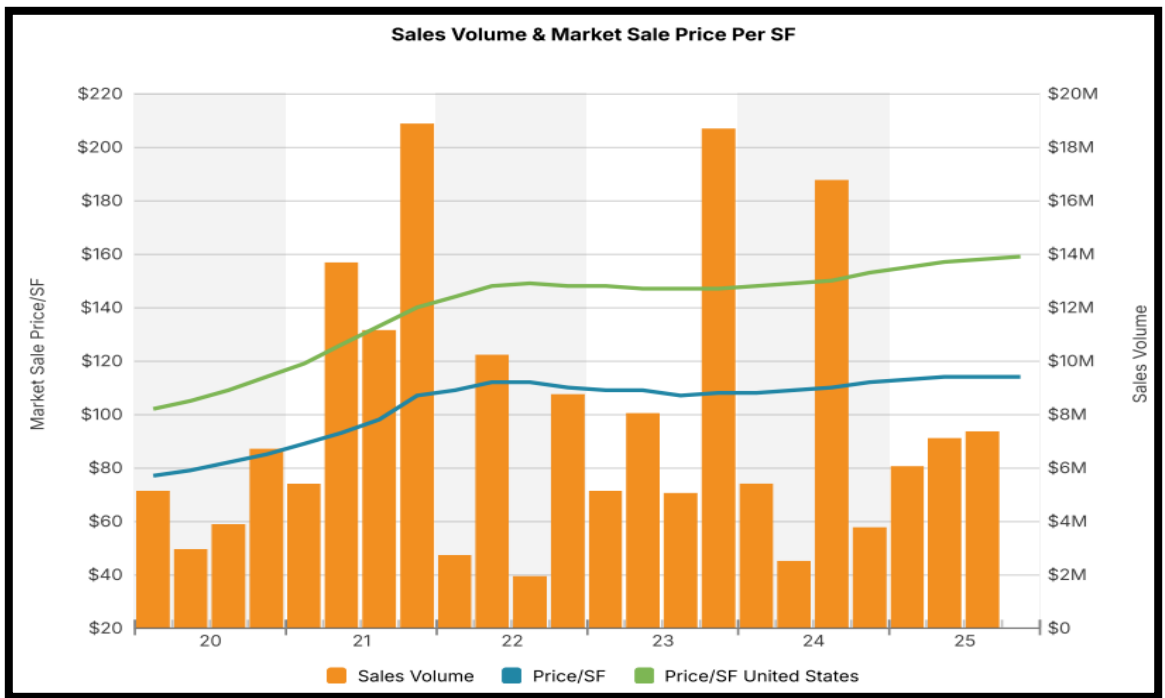
***Prescott Airpark & Commerce Center Sales***

The subject property is located in a growing industrial area. There has been substantially more industrial land purchase activity in the subject’s immediate compared to the rest of the City of Prescott. Due to this, land sales prices have increased at a greater rate. As represented below, the average annual sales price increase for vacant land in the Prescott Airpark and Commerce Center is 6.3%.

<b>Prescott Airpark &amp; Commerce Center Sales and Resales</b>						
Parcel	Sale Date	Sale Price	Resale Date	Resale Price	Total % Change	Annual % Change
102-03-055	4/25/2022	\$197,272	5/9/2025	\$240,000	21.7%	7.2%
102-03-027	7/21/2021	\$220,000	2/28/2025	\$249,000	13.2%	3.7%
102-03-043	3/18/2022	\$181,871	2/13/2025	\$223,500	22.9%	7.9%
<b>ANNUAL AVERAGE SALE PRICE CHANGE:</b>						<b>6.3%</b>

***Improved Industrial Sales Volume and Price***

While vacant industrial land has experienced price declines, improved property sales have continued to increase. In the first quarter of 2021 the market sales price per square foot was \$77 per square foot. Over the next 5-year period, industrial building sales prices increased 48% to \$114 per square foot in the fourth quarter of 2025. Sales volumes have rebounded from their low in 2022 during the Covid-19 Pandemic. The following chart represents this increase in sales prices for industrial buildings in the Prescott Industrial Market as defined by CoStar.



Source: CoStar

**Conclusion**

The rise in interest rates and construction costs has slowed price increases in the Prescott real estate market. While land values have slightly declined in the Yavapai County and City of Prescott areas over the last 5 years, land sales in the immediate vicinity of the subject have continued to increase. Additionally, improved industrial properties have continued to increase in value over the last 5 years.

Greatest weight in determining the change in market conditions is given to the sale and resale prices for industrial land located near the subject property. Based on the aforementioned data, a 4% annual price increase will be used from the comparables sales dates to the date of value.

***SUBJECT PHOTOGRAPHS***

***Access Road Along Eastern Property Boundary***



***Facing Southwest from Northeast Property Corner***



*Facing West from Eastern Property Boundary*



*Facing North from Southern Property Boundary (Mid-Block)*



*Facing North from Southwest Property Corner*



*Facing East from Western Property Boundary*



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## ***SITE ANALYSIS***

**Location:** The subject property is Yavapai Assessor parcel number 103-01-026N. There is no physical address as the subject property is vacant land. It is situated north of Melville Road and west of Perimeter Road in Prescott, AZ 86301.

**Size/Shape/Topography:** According to a land survey provided by the property owner, the property consists of 4.12 acres or 179,389 square feet. The Yavapai County Assessor states that the subject property consists of 4.18 acres, or 182,081 square feet. The land survey is a more reliable source and we have relied on it for the subject's site size. It is irregularly shaped with gently sloping terrain.

**Legal & Physical Access:** The subject property currently has legal and physical access from Perimeter Road along the eastern property boundary. The portion of Perimeter Road that is asphalt paved ends approximately 100 linear feet south of the subject. Direct access to the subject site is from a graded dirt road improved with gravel. The distance from paved access is attached in the Addenda.

**Traffic Counts:** Traffic counts are not recorded near the subject property.

**Utilities:** According to the utility location map provided by the City of Prescott, the subject has sewer and water available within the property. Electric is located approximately 280 linear feet south of the property.

Water:	City of Prescott
Sewer:	City of Prescott
Electric:	Arizona Public Service, APS
Gas	Unisource Energy Services
Phone	Varies

**Floodplain:** The subject parcel is identified as being located in Flood Zones X, unshaded per FIRM Map Panel No. 04025C1695J, dated August 24, 2021. Zone X unshaded is the area determined to be outside

the 500-year flood and protected by levee from 100-year flood.

**Environmental Conditions:**

No environmental reports were provided for review. Lacking environmental reports, this appraisal assumes that there are no environmental conditions on or around the subject parcel that would adversely impact its market value.

**Soil & Subsoil Conditions:**

No soils engineering reports were provided for review. Thus, the soil and sub-soil conditions are not known. There is no visual evidence of adverse soil conditions on the subject property.

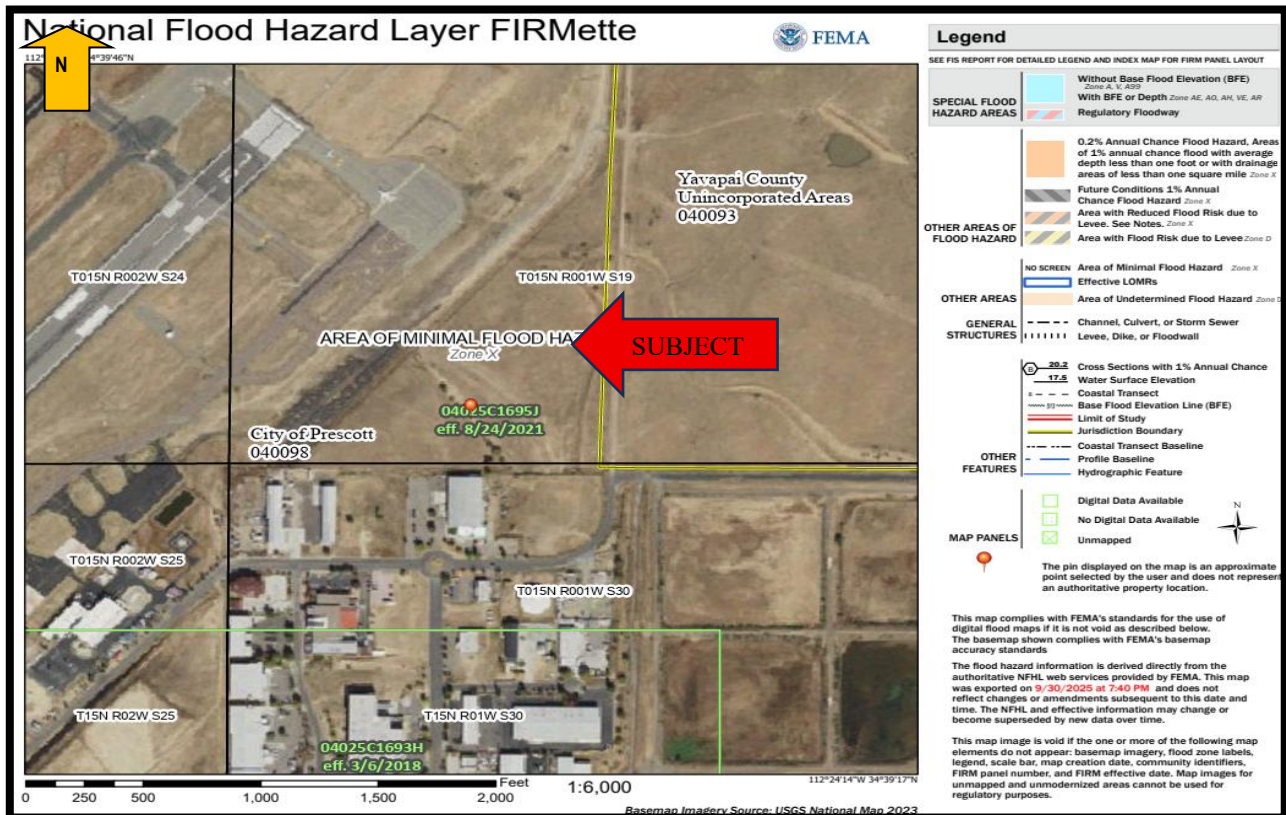
**Restrictions & Easements:**

No title report was provided for review. This appraisal assumes that the subject is encumbered by typical public utility easements that do not adversely affect value.

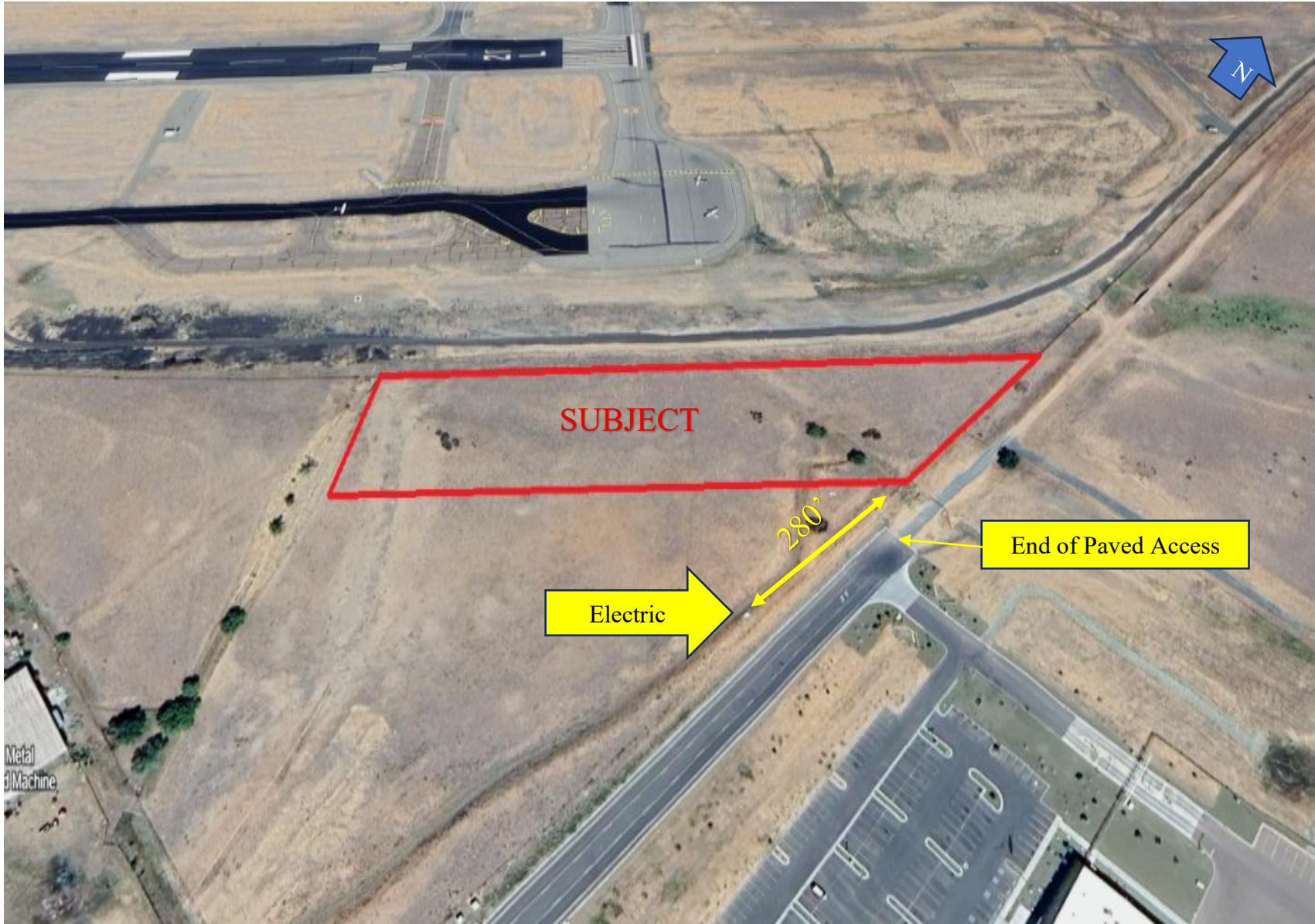
**Site Improvements:**

The subject property contains barbed wire fencing that does not contribute value to the property.

**FEMA FLOOD MAP**



**3D SITE AERIAL**

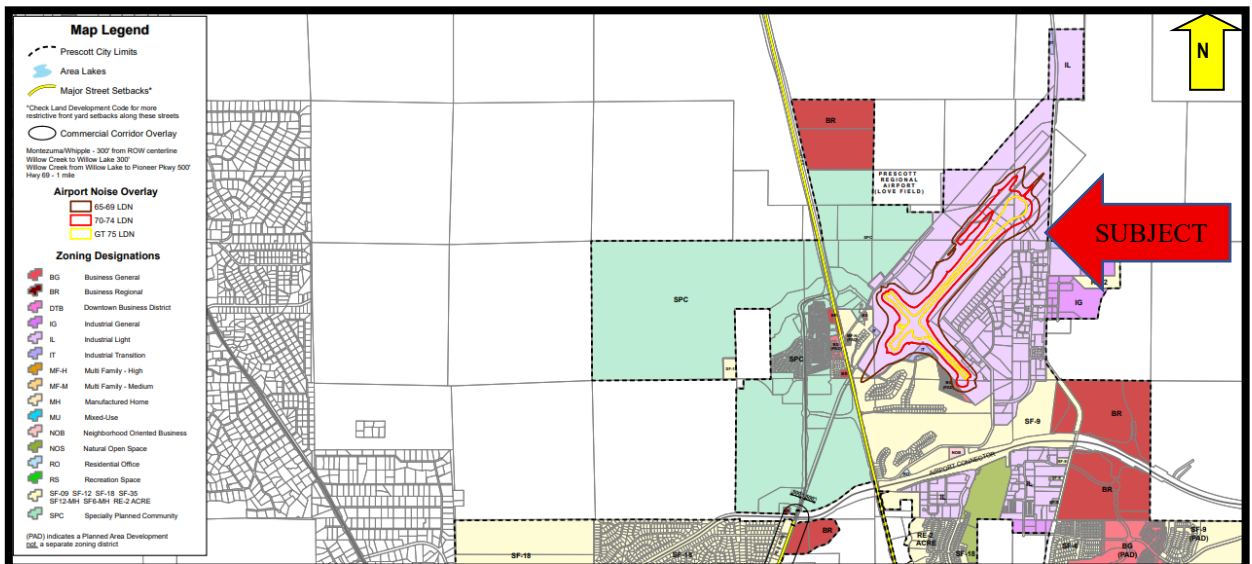


**Red Property Boundaries Are an Approximation**

## ZONING

As represented in the following map, the subject property is located within the IL, Industrial Light zoning district according to the City of Prescott zoning code. This zoning district is a moderate-intensity industrial area designated for the development of various light industrial and service uses. Typical activities permitted within the IL district include manufacturing, wholesaling, warehousing, distribution, research and development, and large-scale commercial services.

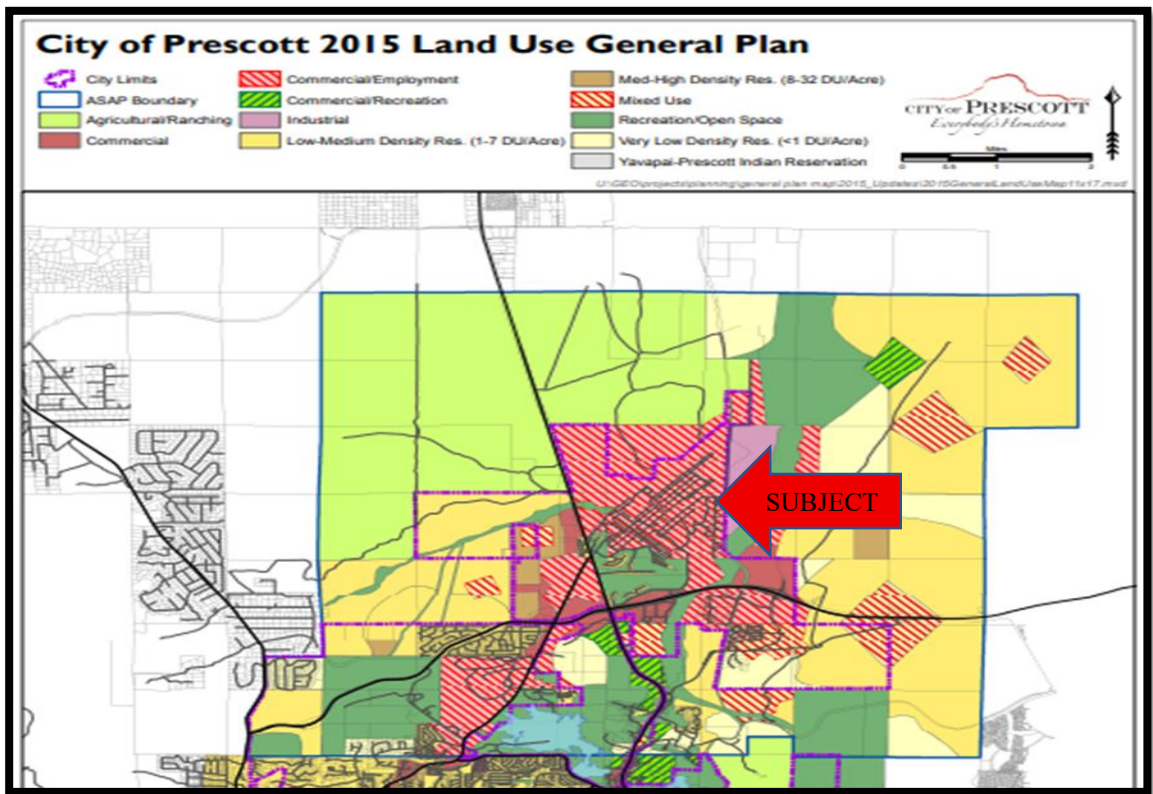
Dimensional standards allow for a maximum building height of 50 feet with minimum setbacks of 10 feet in the front and rear, 7 feet on the side, and 10 feet at corners, while there are no specific requirements for minimum lot area, width, or maximum lot coverage. The IL district is designed to support diverse industrial uses while maintaining compatibility with adjacent land uses through appropriate development standards.



SOURCE: <https://prescott-az.gov/wp-content/uploads/2023/07/BLD-ZoningMap-20230106.pdf>

### General Plan

The subject property is located in the Commercial/Employment land use group according to the 2015 Prescott General Plan. The Commercial/Employment land use group does not permit residential uses to assure commercial land availability near the Prescott Regional Airport. Allowable uses include professional offices, tourism, recreation, service uses, warehousing, and light industrial uses. Industrial land use is intended to include manufacturing, fabrication and processing of durable goods, wholesaling, warehousing, distributing, printing and publishing, and freight terminals. Additional uses include office and civic with no anticipated residential uses allowed. The 2015 Prescott General Plan map follows.



### ***ASSESSED VALUATION & TAX DATA***

According to the Yavapai County Treasurer’s Office, parcel number 103-01-026N has a 2025 full cash value of \$584,217 and a limited property value of \$140,150. The property’s assessment ratio is 15% of the limited property value, or \$21,022. The total taxes due in 2025 are \$1,521, which is outlined in the chart below. There are currently no overdue taxes on the property.

<b>2025 ASSESSED VALUE &amp; TAX DATA</b>			
<b>APN</b>	<b>Full Cash Value (FCV)</b>	<b>Limited Property Value (LPV)</b>	<b>2025 Tax Amount</b>
103-01-026N	\$584,217	\$140,150	\$1,521

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## **HIGHEST AND BEST USE**

According to *The Appraisal of Real Estate, 15th Edition*, published by the Appraisal Institute, highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

The highest and best use of the property as vacant and as improved must meet four criteria. The highest and best use must be:

- 1) **Legally Permissible:** What uses are permitted by zoning, private restrictions, historic districts, and environmental regulations on the site?
- 2) **Physically Possible:** Based on the physical characteristics of the site, what uses are physically possible?
- 3) **Financially Feasible:** Which uses meeting the first two criteria will produce a positive return to the owner of the site?
- 4) **Maximally Productive:** Among the feasible uses, which use will produce the highest price, or value, consistent with the rate of return warranted by the market? This use is the highest and best use.

### ***AS VACANT***

#### ***Legally Permissible:***

The subject property is located in the Industrial Light (IL), zoning district in the City of Prescott. The Industrial Light (IL) district is a moderate-intensity industrial district. It provides specific standards for the development of a variety of light industrial and service-oriented uses. Typical IL district uses include: manufacturing, wholesaling, warehousing, distribution, research and development, and large-scale commercial services.

#### ***Physically Possible:***

The subject property contains 4.12 acres of vacant land. The property is irregularly shaped in a non-restrictive manner due to the property's size. The gently sloping topography does not restrict the site's development. Asphalt paved access is developed approximately 100 feet south of the property line. Direct access to the site is from a graded dirt road improved with gravel. Sufficient utility infrastructure is available at the property line or within close proximity. There are no physical characteristics that would restrict the property's development.

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Based on the zoning, location, physical characteristics and surrounding improved uses, the physically possible use, as vacant, is for an industrial use.

***Financially Feasible:***

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. The subject property is located in a growing industrial area with adequate demand for additional developments. Due to the subject's lack of prominent frontage along a prominent roadway, a commercial use would not be viable. Industrial uses do not require prominent frontage. In the current market, it is feasible to develop the subject property with an industrial use.

***Maximally Productive:***

The final test of highest and best use of a site, as vacant, is that the use be maximally productive, yielding the highest return to the land. Based on the information presented above, we conclude that the highest and best use of the subject property, as vacant, is for an industrial use. Our analysis of the subject property and its respective market characteristics indicate the most likely buyer, as vacant, would be an end user who wanted to develop an industrial use.

***Conclusion, Highest and Best Use, As Vacant***

Given the zoning, location, physical characteristics and general market conditions, the highest and best use, as vacant, is for an industrial use.

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## ***LAND VALUATION***

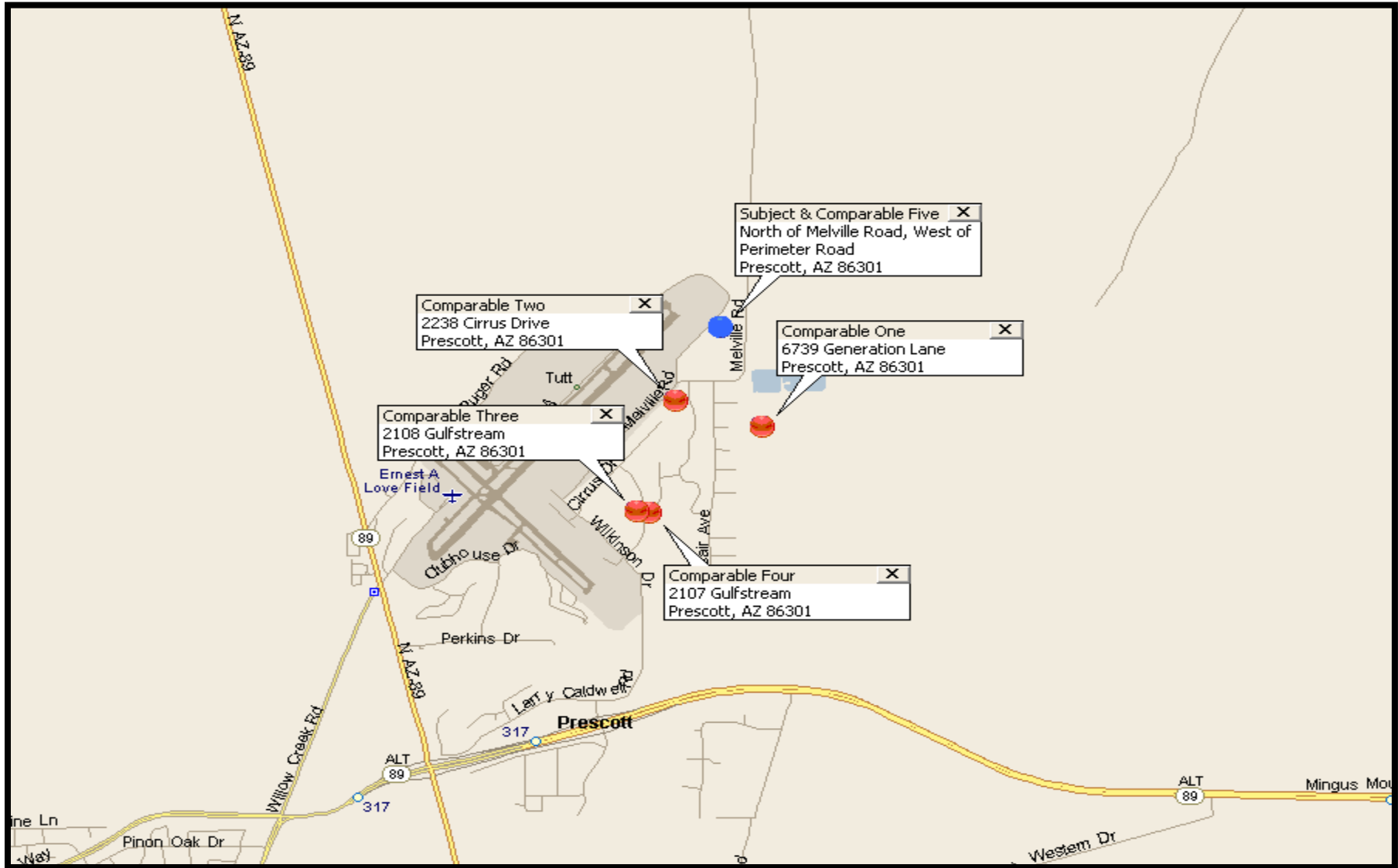
The Sales Comparison Approach is used to provide a market value opinion for the subject property, as vacant land. This approach applies the principle of substitution which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property without undue or costly delay. The Sales Comparison Approach is the only applicable approach to value vacant land like the subject. Thus, neither a Cost nor Income Approach is applicable to the valuation of vacant land.

Adjustments are made to the comparable sales based on the following elements of comparison: property rights conveyed, financing terms, conditions of sale, market conditions (time), location, physical characteristics, and zoning/planned use. The subject property consists of vacant land. Its highest and best use is for industrial development. Thus, the appropriate unit of comparison is sale price per square foot.

Our search parameters for comparable industrial land focused on sales and listings that are in the Prescott area and are similar in size to that of the subject. The search for recent land sales included immediate and surrounding areas that have similar demographics and are planned for similar industrial uses. There was sufficient sales data available in the Prescott area within close proximity to the subject.

A location map showing the comparable sales relative to the subject property and individual data sheets are presented on the following pages. The price per square foot adjustment matrix follows the land value analysis.

**LAND COMPARABLE MAP**



## COMPARABLE LAND SALE



COMPARABLE:	LAND COMP 1
LOCATION:	6739 Generation Lane, Prescott, AZ 86301
TAX CODE NUMBER(S):	103-01-836
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	April 29, 2024
Affidavit of Fee No:	2024-0016768
SELLER:	3rd Generation Enterprises LLC
BUYER:	Prescott 24/7 Storage LLC
SALE PRICE:	\$535,000
INTEREST CONVEYED:	Fee Simple W/CC&Rs
TERMS:	\$107,500 Down With Seller Carry
CONDITIONS OF SALE:	Arm's-Length / Adjacent Buyer
LAND AREA IN SQ. FT:	131,116
LAND AREA IN ACRES:	3.01
LAND PRICE PER ACRE:	\$177,741
LAND PRICE PER SQ. FT:	\$4.08
PHYSICAL DESCRIPTION	
Location:	Above Average / Prescott
Access:	Average
Traffic Count Per Day:	Not Recorded, Assumed Nominal
Topography/Shape:	Flat / Irregular
Utilities:	Lot Line
Flood Plain:	Zone X
ZONING / PLANNED USE:	IL, Industrial Light / Storage User
THREE YEAR HISTORY:	No Prior Sales
MARKETING TIME:	Not Disclosed
CONFIRMED WITH:	Jamer Purvis, Listing Broker, CoStar, Affidavit of Value
DATE CONFIRMED:	10/27/2025
COMMENTS:	

This comparable is a raw land purchase of 3.01 acres. The property is part of the Liberator Commercial Subdivision. The property has CC&Rs that require the property owner to adhere to design and maintenance standards. The site was purchased with built-in drainage that maximized the developable area. The property was purchased with a seller carry back loan. According to the broker, the carryback loan was at a market interest rate. The buyer paid an additional \$5,000 in the purchase price to obtain the carryback loan. The buyer owns the self-storage facility adjacent south. While the use of the land was not disclosed to the broker, it is reasonable to assume it was purchased to expand their storage facility footprint.

## COMPARABLE LAND SALE



COMPARABLE:	LAND COMP 2
LOCATION:	2238 Cirrus Drive, Prescott, AZ 86301
TAX CODE NUMBER(S):	102-03-056
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	February 18, 2025
Affidavit of Fee No:	2025-0006090
SELLER:	Investment Potential LLC
BUYER:	CCAZ Leasing LLC
SALE PRICE:	\$515,000
INTEREST CONVEYED:	Fee Simple W/CC&Rs
TERMS:	\$215,000 Down With Seller Carry
CONDITIONS OF SALE:	Arm's-Length
LAND AREA IN SQ. FT:	173,369
LAND AREA IN ACRES:	3.98
LAND PRICE PER ACRE:	\$129,397
LAND PRICE PER SQ. FT:	\$2.97
PHYSICAL DESCRIPTION	
Location:	Above Average / Prescott
Access:	Average
Traffic Count Per Day:	Not Recorded, Assumed Nominal
Topography/Shape:	Split W/Flat & Gently Sloping / Irregular
Utilities:	Lot Line
Flood Plain:	Zone X
ZONING / PLANNED USE:	IL, Industrial Light / Assumed Industrial
THREE YEAR HISTORY:	No Prior Sales
MARKETING TIME:	Not Disclosed
CONFIRMED WITH:	Matt Fish, Listing Broker, CoStar, Affidavit of Value
DATE CONFIRMED:	10/16/2025
COMMENTS:	

This comparable represents the sale of 3.98 acres of raw land. The property has CC&Rs that require the property owner to adhere to design and architectural, fencing, parking, and storage yard standards. The property was purchased with \$215,000 cash down and a seller carry back loan for the remainder which is estimated to be at a market rate. According to the broker, the purchase price was not impacted by any unusual circumstances. The property is split into two developable areas. The southern portion contains a flat area large enough to accommodate a single-user industrial use with access from Cirrus Drive. The northern portion contains gently sloping terrain that can accommodate another industrial user. This portion of the property has access from Melville Road. The property can be developed together with substantial site work.

## COMPARABLE LAND SALE



COMPARABLE:	LAND COMP 3
LOCATION:	2108 Gulfstream, Prescott, AZ 86301
TAX CODE NUMBER(S):	102-03-025
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	February 28, 2025
Affidavit of Fee No:	2025-0007840
SELLER:	Investment Potential LLC
BUYER:	AID 2108 Gulfstream LLC
SALE PRICE:	\$335,667
INTEREST CONVEYED:	Fee Simple W/CC&Rs
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Assumed Arm's-Length
LAND AREA IN SQ. FT:	77,537
LAND AREA IN ACRES:	1.78
LAND PRICE PER ACRE:	\$188,577
LAND PRICE PER SQ. FT:	\$4.33
PHYSICAL DESCRIPTION	
Location:	Above Average / Prescott
Access:	Average
Traffic Count Per Day:	1,806 Along Gulfstream, ADOT 2022
Topography/Shape:	Flat / Irregular
Utilities:	Lot Line
Flood Plain:	Zone X
ZONING / PLANNED USE:	IL, Industrial Light / Assumed Industrial
THREE YEAR HISTORY:	No Prior Sales
MARKETING TIME:	Not Disclosed
CONFIRMED WITH:	CoStar, Affidavit of Value, Public Records
DATE CONFIRMED:	10/27/2025
COMMENTS:	

This comparable is a raw land purchase of 1.78 acres. The property has CC&Rs that require the property owner to adhere to design and architectural, fencing, parking, and storage yard standards. Multiple unsuccessful attempts were made to contact a party related to the sale of the property. The transaction is assumed to be arm's-length as the buyer and seller are active participants in the market. While the buyer's planned development is unknown, it is assumed to be an industrial use which would conform to the surrounding developments.

## COMPARABLE LAND SALE



COMPARABLE:	LAND COMP 4
LOCATION:	2107 Gulfstream, Prescott, AZ 86301
TAX CODE NUMBER(S):	102-03-021
RECORDS:	
Instrument:	Special Warranty Deed
Date Recorded:	May 19, 2025
Affidavit of Fee No:	2025-0020301
SELLER:	Banker Investments LLC
BUYER:	2107 Gulfstream LLC
SALE PRICE:	\$415,000
INTEREST CONVEYED:	Fee Simple W/CC&Rs
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length / Adjacent Buyer
LAND AREA IN SQ. FT:	81,022
LAND AREA IN ACRES:	1.86
LAND PRICE PER ACRE:	\$223,118
LAND PRICE PER SQ. FT:	\$5.12
PHYSICAL DESCRIPTION	
Location:	Above Average / Prescott
Access:	Above Average
Traffic Count Per Day:	1,806 Along Gulfstream, ADOT 2022
Topography/Shape:	Flat / Irregular
Utilities:	Lot Line
Flood Plain:	Zone X
ZONING / PLANNED USE:	IL, Industrial Light / Industrial Use
THREE YEAR HISTORY:	No Prior Sales
MARKETING TIME:	Not Disclosed
CONFIRMED WITH:	Matt Hobaica, Listing Broker, CoStar, Affidavit of Value
DATE CONFIRMED:	10/27/2025

**COMMENTS:**  
This comparable represents the sale of 1.86 acres of raw land. The property has CC&Rs that require the property owner to adhere to design and architectural, fencing, parking, and storage yard standards. The property is corner located which the broker stated was a desirable characteristic for the buyer. The buyer owns the property adjacent north. While the broker did not know the buyer's planned use, he thought it would be associated with their adjacent development. He stated that the purchase price, which is higher per S.F. compared to other sales in the area, was due to the flat terrain and corner location.

## COMPARABLE LAND SALE



COMPARABLE:	LAND COMP 5
LOCATION:	North of Melville Road, West of Perimeter Road, Prescott, AZ 86301
TAX CODE NUMBER(S):	103-01-026N
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	June 6, 2025
Affidavit of Fee No:	2025-0023524
SELLER:	Prescott Valley Airport Properties
BUYER:	Crosswind Leasing LLC
SALE PRICE:	\$550,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length / Seller's Fatigue
LAND AREA IN SQ. FT:	179,389
LAND AREA IN ACRES:	4.12
LAND PRICE PER ACRE:	\$133,495
LAND PRICE PER SQ. FT:	\$3.07
PHYSICAL DESCRIPTION	
Location:	Above Average / Prescott
Access:	Below Average
Traffic Count Per Day:	Not Recorded
Topography/Shape:	Gently Sloping / Irregular
Utilities:	Electric 280 Away, All Other Utilities at Lot
Flood Plain:	Zone X
ZONING / PLANNED USE:	IL, Light Industrial / VTOL Aeronautical Development
THREE YEAR HISTORY:	The property is currently listed for sale at \$849,000
MARKETING TIME:	Not Disclosed
CONFIRMED WITH:	Matt Fish, Listing Broker, MLS, Affidavit of Value
DATE CONFIRMED:	10/15/2025
COMMENTS:	

This comparable represents the most recent sale of the subject property. The property is located just north of the Prescott Regional Airpark & Commerce Center. Access is provided by Perimeter Road which is graded dirt improved with gravel near the property. Paved access is developed to approximately 100 linear feet south of the site. The seller had the property listed for several years before it sold. According to the listing agent, several offers that were in escrow were canceled by buyers after their proposed developments were rejected by the City of Prescott. The seller became fatigued from repeated attempts to sell the property, as numerous offers fell through due to the non-issuance of building permits. As a result, the seller was willing to sell the property below market value without an extended escrow period to secure an approved development plan. The buyer purchased the property with the intention of developing a vertical takeoff and landing (VTOL) aeronautical operation.

## **LAND VALUE ANALYSIS**

Quantitative adjustments have been considered for elements of comparison including property rights conveyed, financing terms, conditions of sale, and date of sale, location, and physical characteristics, zoning/planned use

<b>SUMMARY OF COMPARABLE LAND SALES</b>							
LAND COMP	SALE DATE	PROPERTY LOCATION	SALE PRICE	GROSS ACRES	SQUARE FEET	PRICE PER S.F.	ZONING / PLANNED USE
1	04/29/24	6739 Generation Lane, Prescott, AZ 86301	\$535,000	3.01	131,116	\$4.08	IL, Industrial Light / Storage User
2	02/18/25	2238 Cirrus Drive, Prescott, AZ 86301	\$515,000	3.98	173,369	\$2.97	IL, Industrial Light / Assumed Industrial
3	02/28/25	2108 Gulfstream, Prescott, AZ 86301	\$335,667	1.78	77,537	\$4.33	IL, Industrial Light / Assumed Industrial
4	05/19/25	2107 Gulfstream, Prescott, AZ 86301	\$415,000	1.86	81,022	\$5.12	IL, Industrial Light / Industrial Use
5	06/06/25	North of Melville Road, West of Perimeter Road, Prescott, AZ 86301	\$550,000	4.12	179,389	\$3.07	IL, Light Industrial / VTOL Aeronautical Development
<b>Subject</b>	---	North of Melville Road, West of Perimeter Road, Prescott, AZ 86301	---	4.12	179,389	---	IL, Light Industrial / Industrial Use

Here follows the analysis of the sales by each element of comparison. The adjustment matrix summarizing the price adjustments precedes the conclusion of this analysis.

### ***Property Rights Conveyed***

The subject's fee simple interest is appraised. All of the comparable sales transferred the fee simple interest with covenants, conditions, and restrictions. Comparable Sale One is located in the Liberator Subdivision. According to the listing broker, these CC&Rs are not so restrictive that the property's value is diminished. No price adjustment is made.

Comparable Sales Two, Three, and Four are located in the Prescott Regional Airpark and Commerce Center. The CC&Rs in this subdivision require the property owners to adhere to design, architectural, fencing, parking, and storage yard standards. According to Matt Fish, Broker, these restrictions are less desirable in the market compared to land that is not restricted by these CC&Rs due to the increased development costs. An upward price adjustment is made to these sales.

Comparable Sale Five is the sale of the subject property. It is not encumbered by CC&Rs. No price adjustment is made.

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### ***Financing Terms***

In accordance with the definition of market value, adjustments for financing terms assume all cash or cash to the seller with the buyer obtaining new conventional financing at prevailing interest rates.

Comparable Sale One was purchased with \$107,500 down and a seller carryback loan for the remainder. According to the broker, the seller paid an additional \$5,000 in the purchase price to obtain the seller financing. The interest rate on the carryback loan was at market standards. A downward price adjustment for the additional \$5,000 paid to obtain the loan is made.

Comparable Sale Two was purchased with \$215,000 down and a seller carryback loan for the remainder. The seller carryback loan did not impact the sale price. No price adjustment is warranted.

Comparable Sales Three, Four and Five were cash to seller transactions. No price adjustments are warranted.

### ***Conditions Of Sale***

A price adjustment for conditions of sale is made if the transaction was influenced by outside factors such as financial duress, lack of a sales commission, a related-party transaction, adjacent buyer, or out of the ordinary motivations of the buyer or seller.

Comparable Sales One and Four was described by the listing agents as an arm's-length transactions. The buyers own parcels adjacent to the land they purchased. It is typical in the market for adjacent buyers to pay a premium for land adjacent to their existing developments. Downward price adjustments are made.

Comparable Sales Two and Three are or are assumed to be arm's-length transactions utilizing a broker. No price adjustments are warranted.

Comparable Sale Five is considered to be an arm's-length transaction. According to Matt Fish, Listing Broker, the seller had the property on the open market for an extended period of time. Several offers had been accepted by the seller which were canceled while in escrow. Buyers attempted to purchase the property to use as an aviation related use. While in escrow, they discovered that this was not a legally allowable use and they canceled their purchase offer. According to the listing agent, the buyers grew fatigued and decided to accept an offer that the broker felt was below market. Due to this, an upward price adjustment is made.

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### ***Market Conditions (Time)***

An adjustment for market conditions considers any changes that occur in the marketplace over time. These changes include fluctuations in supply and demand, inflation, or deflation. Since the subject property is appraised as of a specific date, the comparable sales must be analyzed to determine the direction of change, if any, during the period between the sale date and the date of valuation.

The sale dates for the comparable sales are from April 2024 to June 2025. As discussed in the Market Analysis, market conditions have been improving with increased land values. A 4% annual adjustment is applied to all of the comparables from their sale date to the date of value.

### ***Location***

The subject property is located in the City of Prescott, southeast of the Prescott Regional Airport. It is just north of the Prescott Regional Airpark and Commerce Center. The surrounding area primarily consists of industrial developments. Over the last 2-year period there has been several sales of vacant land that were purchased for an industrial use indicating substantial demand in the area. According to Matt Fich, Real Estate Broker, and James Purvis, Real Estate Broker, the subject's immediate area is the most desirable location for new industrial uses in the City of Prescott.

According to Site to do Business, there are 3,629 persons with an average household income of \$131,601 within a 3-mile radius of the subject property. Overall, the subject's location is considered above average.

Comparable Sales One, Two, Three, Four, and Five are located within close proximity to the subject property. Due to this, they share the same economic and location characteristics as the subject. Their locations are considered above average, similar to the subject. No price adjustments are warranted for location.

### ***Access***

The subject property has asphalt paved access to approximately 100 linear feet south of the property. The direct access onto the subject is provided by a graded dirt road that is improved with gravel. The subject property cannot legally improve Perimeter Road with asphalt pavement without permission from the City of Prescott who owns the right of way. Due to the lack of asphalt paved access directly to the property line, the subject's access is considered below average.

Comparable Sales One, Two, and Three have direct mid-block access to asphalt paved roadways that is considered average. Downward price adjustments are made.

Comparable Sale Four has direct corner access with multiple entry points along asphalt paved roads. According to the listing broker, the buyer factored in the property's corner location into their purchase price, which they considered a benefit. The property's access is considered above average, superior to the subject. A downward price adjustment is made.

Comparable Sale Five is the sale of the subject property. No price adjustment is warranted.

***Physical Characteristics***

Adjustments for physical characteristics include the size, topography/shape/potential view(s), zoning/planned use, availability of utilities, and floodplain issues.

***Site Size***

Assuming all other things are equal a larger property usually sells for a lower price per acre than a smaller property due to economies of scale. This is because smaller properties typically have a larger number of potential buyers than a larger property.

In order to determine a basis for our site size adjustments, the following paired sales are compared as they have similar development restrictions. These sales are outlined below.

LAND COMP	SALE DATE	PROPERTY LOCATION	SALE PRICE	GROSS ACRES	SQUARE FEET	PRICE PER SF	ZONING / PLANNED USE
1	06/10/24	2105 Gulfstream, Prescott, AZ 86301	\$590,000	5.54	241,322	\$2.44	IL, Industrial Light / Office and Storage Yard
2	11/26/24	6402 Lear Lane, Prescott, Arizona 86301	\$245,000	1.90	82,764	\$2.96	IL, Industrial Light / Assumed Industrial

Paired Sale One is 5.54 acres or 3.64 acres larger than the 1.9 acres that encompass Paired Sale Two. The larger Sale One sold for 21% less per square foot than the smaller Sale Two. It is acknowledged that Sale Two sold during superior market conditions. This is factored into our price adjustments.

Comparable Sales One, Three, and Four are smaller than the subject property. Downward price adjustments are made.

Comparable Sales Two and Five are similarly sized compared to the subject. No price adjustments are warranted.

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### ***Topography / Shape***

The subject property contains gently sloping terrain that does not restrict development. The irregularly shaped parcel does not restrict the property's development with an industrial use due to its larger size. According to Marshall Valuation Service, MVS, the cost to grade a property with a flat site for development ranges from \$0.34 to \$0.91 per square foot with an average cost of \$0.49 per square foot. No survey or engineering study that outlines the amount of grading required to develop the site was provided. Due to this, the cost to grade gently sloping to a flat site is approximately considered as a basis for our price adjustments.

Comparable Sales One, Three, and Four contain flat sites that are ready for development. Their irregular site shapes do not inhibit development. Downward price adjustments are made for the additional cost needed to grade the subject property.

Comparable Sale Two contains a flat site along the southern property boundary. The northern property boundary contains gently sloping terrain that is below the southern portion of the property, effectively splitting the property into two developable areas. These split development areas reduce the property's utility and increase its development costs. This is supported as this comparable has the lowest purchase price per square foot compared to the other sales in the immediate area. Overall, the comparables' split topography is inferior to the subject. An upward price adjustment is made.

Comparable Sale Five is the sale of the subject property. No price adjustments are warranted.

### ***Utilities***

As previously described in the Site Analysis section, municipal water and sewer are available to the property. Electric is available approximately 280 linear feet to the south of the subject' lot line.

A typical price adjustment would consider the cost to bring electric to the subject property's lot line. According to *Marshall Valuation Service, MVS*, underground electrical extension costs \$36.72 per linear. Based on our measurements, the subject is 280 linear feet away from an existing electrical box just west of Perimeter Road. The estimated direct cost to extend electric to the subject is \$10,282 ( $\$36.72 \times 280 = \$10,282$ ). Although, depending on the type of development, APS will reimburse a property owner for the cost to develop an electrical line to their property. A price adjustment less than the actual cost is made due to

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the possibility that APS will extend their electric service to the property at no cost to the owner.

Comparable Sales One, Two, Three, and Four have utilities available at their lot line. Downward price adjustments are made to the sales to account for the subject's lack of electric. No price adjustment is made to Comparable Five, which is the sale of the subject.

***Floodplain***

The subject property is located in the Zone X floodplain according to FEMA. All of the comparable sales are located in the same Zone X floodplain according to FEMA. No price adjustments are warranted.

***Zoning / Planned Use***

The subject property is located in the IL, Industrial Light zoning district in the City of Prescott. As discussed in the Zoning section, this district allows for manufacturing, wholesaling, warehousing, distribution, research and development, and large-scale commercial services.

All of the comparable sales are located in the same zoning district as the subject property. No price adjustments are warranted. An adjustment Matrix summarizing the adjustments as they apply to the comparable sales and the subject property follows.

## LAND COMPARABLE ADJUSTMENT MATRIX

ELEMENTS OF COMPARISON	SUBJECT	LAND COMP 1		LAND COMP 2		LAND COMP 3		LAND COMP 4		LAND COMP 5	
	North of Melville Road, West of Perimeter Road, Prescott, AZ 86301	6739 Generation Lane, Prescott, AZ 86301	Price Per SF / Adjustments	2238 Cirrus Drive, Prescott, AZ 86301	Price Per SF / Adjustments	2108 Gulfstream, Prescott, AZ 86301	Price Per SF / Adjustments	2107 Gulfstream, Prescott, AZ 86301	Price Per SF / Adjustments	North of Melville Road, West of Perimeter Road, Prescott, AZ 86301	Price Per SF / Adjustments
SALE PRICE	N/A		\$4.08		\$2.97		\$4.33		\$5.12		\$3.07
PROPERTY RIGHTS CONVEYED <i>Adjustment</i>	Fee Simple	Fee Simple W/CC&Rs 0%	\$0.00	Fee Simple W/CC&Rs 3%	\$0.09	Fee Simple W/CC&Rs 3%	\$0.13	Fee Simple W/CC&Rs 3%	\$0.15	Fee Simple 0%	\$0.00
FINANCING TERMS <i>Adjustment</i>	Assume cash to seller	\$107,500 Down With Seller Carry -1%	\$4.08	\$215,000 Down With Seller Carry 0%	\$3.06	Cash to Seller 0%	\$4.46	Cash to Seller 0%	\$5.28	Cash to Seller 0%	\$3.07
CONDITIONS OF SALE <i>Adjustment</i>	Assume Arm's -Length	Arm's-Length / Adjacent Buyer -3%	-\$0.04	Arm's-Length 0%	\$0.00	Assumed Arm's-Length 0%	\$0.00	Arm's-Length / Adjacent Buyer -3%	\$0.00	Arm's-Length / Seller's Fatigue 10%	\$0.31
MARKET CONDITIONS (TIME) <i>Adjustment</i>	November 13, 2025 Date of Value	April 29, 2024 6%	\$4.04	February 18, 2025 3%	\$3.06	February 28, 2025 3%	\$4.46	May 19, 2025 2%	\$5.28	June 6, 2025 2%	\$3.37
			-\$0.12		\$3.06		\$4.46		\$5.12		\$3.37
			\$3.92		\$0.09		\$0.13		\$0.10		\$0.07
			\$0.24								
<b>ADJUSTED SALE PRICE</b>			<b>\$4.15</b>		<b>\$3.15</b>		<b>\$4.59</b>		<b>\$5.22</b>		<b>\$3.44</b>
LOCATION General Access (Legal & Physical) <i>Adjustment</i>	Above Average / Prescott Below Average	Above Average / Prescott Average	-\$0.21	Above Average / Prescott Average	-\$0.16	Above Average / Prescott Average	-\$0.23	Above Average / Prescott Above Average	-\$0.52	Above Average / Prescott Below Average	\$0.00
PHYSICAL CHARACTERISTICS Site Size in Acres Site Size in S.F. <i>Adjustment</i>	4.12 179,389	3.01 131,116	-\$0.10	3.98 173,369	\$0.00	1.78 77,537	-\$0.34	1.86 81,022	-\$0.39	4.12 179,389	\$0.00
Topography / Shape <i>Adjustment</i>	Gently Sloping / Irregular	Flat / Irregular -10%	-\$0.42	Split W/Flat & Gently Sloping / Irregular 15%	\$0.47	Flat / Irregular -10%	-\$0.46	Flat / Irregular -10%	-\$0.52	Gently Sloping / Irregular 0%	\$0.00
Utilities <i>Adjustment</i>	Electric 280 Away, All Other Utilities at Lot Line	Lot Line -1%	-\$0.04	Lot Line -1%	-\$0.03	Lot Line -1%	-\$0.05	Lot Line -1%	-\$0.05	Electric 280 Away, All Other Utilities at Lot 0%	\$0.00
Floodplain <i>Adjustment</i>	Zone X	Zone X 0%	\$0.00	Zone X 0%	\$0.00	Zone X 0%	\$0.00	Zone X 0%	\$0.00	Zone X 0%	\$0.00
ZONING Zoning / Planned Use <i>Adjustment</i>	IL, Industrial Light / Industrial Use	IL, Industrial Light / Storage User 0%	\$0.00	IL, Industrial Light / Assumed Industrial 0%	\$0.00	IL, Industrial Light / Assumed Industrial 0%	\$0.00	IL, Industrial Light / Industrial Use 0%	\$0.00	IL, Light Industrial / VTOL Aeronautical Development 0%	\$0.00
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			\$								

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***Conclusion***

The unadjusted comparable sale prices range from \$2.97 to \$5.12 per square foot. After making adjustments for all of the appropriate elements of comparison, the adjusted price range for the comparable sales is \$3.39 to \$3.73 per square foot, with an average of \$3.50 and a median of \$3.44 per square foot. Greatest weight is given to Comparable Sale Five which is the sale of the subject property that recently transacted. The adjusted sales prices of the other sales are also given consideration.

Based on the foregoing data and analysis, it is our opinion that the market value of the subject property is \$3.45 per square foot. This equates as follows.

$$179,389 \text{ S.F.} \times \$3.45 \text{ Per S.F.} = \$618,892$$

This is Rounded to \$620,000

**Rounded Opinion of Market Value:**

**\$620,000**

***EXPOSURE TIME***

Exposure time is the estimated length of time the appraised property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Based on the demand within the subject's immediate area, an exposure time of 12 months is estimated for the subject. This assumes the property is appropriately marketed and priced.

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## ***CERTIFICATION***

THE APPRAISERS CERTIFY TO THE BEST OF THEIR KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

The reported valuations, assumptions and limiting conditions are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.

We have not performed services as appraisers regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

Our compensation is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

Steven Cole, MAI, AI-GRS and John Medley made personal inspections of the property that is the subject of this report.

No assistance was provided in the creation of this report by anyone other than the signing appraisers.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. The use of this report is also subject to the requirements of the Arizona Board of Appraisal.

We hereby certify that we are competent to complete the appraisal assignment. The reader is referred to appraisers' Statement of Qualifications.

---

All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraisers whose signatures appear on the appraisal report, unless indicated as "Review Appraiser".

No change of any item in the appraisal report shall be made by anyone other than the Appraisers, and the Appraisers shall have no responsibility for any such unauthorized change.

As of the date of this report, Steve Cole, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.



Steven R. Cole, MAI, SRA, AI-GRS  
Certified General Real  
Estate Appraiser # 30130



John E. Medley  
Certified General Real  
Estate Appraiser # 1049989

---

## ***QUALIFICATIONS OF STEVEN R. COLE, MAI, SRA, AI-GRS***

### **FORMAL EDUCATION:**

Bachelor of Arts Degree with high honors, University of California, Santa Barbara.

Master's degree in business administration, University of California, Los Angeles. Concentration: Urban Land Economics.

### **PROFESSIONAL EDUCATION:**

Successful Completion of Examinations for the following courses given by the Appraisal Institute:

"Real Estate Appraisal Principles" and "Basic Valuation Procedures"

"Capitalization Theory & Techniques", Parts 1, 2, and 3

"Case Studies in Real Estate Valuation"

"Introduction to Real Estate Investments Analysis"

"Litigation Valuation"

"Standards of Professional Practice", Part A, B & C

"Market Analysis"

"Review Theory - General"

Attendance at Numerous Educational Seminars:

### **PROFESSIONAL MEMBERSHIPS:**

Member, Appraisal Institute (MAI), Certification Number 6080. The institute conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification. As of this date, I have completed the requirements under the continuing education program of the Appraisal Institute. I am currently certified through December 31, 2027.

Senior Residential Appraiser (SRA), of the Appraisal Institute. This designation signifies expertise in the valuation of residential properties of 1 to 4 units.

General Review Specialist (AI-GRS), of the Appraisal Institute. This designation signifies expertise in the review of appraisals of general real estate properties.

---

EXPERIENCE:

Includes valuation of most types of urban real property: single and multi-family residential, commercial, industrial, and vacant land. Experience also includes special purpose properties, feasibility studies, Fee Simple and leasehold interest, counseling, and appraisal for condemnation since 1975.

ADDITIONAL EDUCATIONAL AND PROFESSIONAL ACTIVITY:

Publication of articles in Professional Journals:

“A New Methodology for Estimating Highest and Best Use”,

*Real Estate Appraiser and Analyst*, Summer, 1987

“

Estimating the Value of Proposed Developments by Discounting Cash Flow”, *Real Estate Review*, Summer, 1988.

Formerly a Certified Instructor with the Appraisal Institute for “Highest and Best Use Applications”, “Feasibility Analysis and Highest and Best Use- Nonresidential Properties”, and “Principals and Procedures of Real Estate Appraisal”.

Associate Faculty, University of Arizona and Pima Community College. Courses offered; “Real Estate Appraisal Principles” and “Basic Valuation Procedures.”

Instructor for Tucson Board of Realtors, American Bar Association, Brodsky School of Real Estate, and Hogan School of Real Estate. Appraisal Principles, Appraisal Procedures, Market Analysis. Using the Internet for Due Diligence.

President of Southern Arizona Chapter #116, Appraisal Institute, 1983-84.

President for the Arizona State Chapter #41, Appraisal Institute, 1990.

Chairman, Pima County Real Estate Council, 2003-2004, Director 1989-2007.

Chairman, Tucson Airport Authority Chairman, 2015.

Board of Directors, 2011-2016. Member, Tucson Airport Authority, 2007-2024.

Member of the Arizona Airports Association.

APPROVED APPRAISER:

With many major commercial banks and mortgage companies in Arizona.

STATE CERTIFICATION:

Arizona Certified General Appraiser Number 30130. Currently certified through August 31, 2026.

Licensed Arizona real estate sale person, licensed through April 2026.

ARIZONA FINANCIAL ENTERPRISE CREDENTIAL CERTIFICATE

No: CGA-30130



STEVEN R. COLE

CREENTIAL TYPE	ISSUE DATE	EFFECTIVE DATE	EXPIRATION DATE
Certified General Appraiser	Aug 15, 1991	Sep 1, 2024	Aug 31, 2026

This certificate was printed on August 5, 2024 and will remain in effect until a change request has been approved by the Department or the credential is surrendered, suspended, revoked or expired.

Arizona Department of Insurance and Financial Institutions  
 dif.az.gov  
 100 N 15th Ave, Suite 261  
 Phoenix, AZ 85007-2630

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***QUALIFICATIONS OF JOHN E. MEDLEY***

**FORMAL EDUCATION:**

Bachelor of Arts Degree, University of Arizona, 2008

**PROFESSIONAL EDUCATION:**

Successful Completion of Examinations for the following courses:

“Basic Appraisal Principles” and “Basic Valuation Procedures”  
“Residential Market Analysis and Highest and Best Use”  
“Residential Sales Comparison and Income Approaches”  
“Residential Site Valuation and Cost Approach”  
“General Appraiser Market Analysis and Highest and Best Use”  
“General Appraiser Site Valuation and Cost Approach”  
“General Appraiser Sales Comparison Approach”  
“General Appraiser Report Writing and Case Studies”  
“General Appraiser Income Approach”  
“Statistics, Modeling and Finance”  
“Commercial Appraisal Review”  
“Expert Witness for Commercial Appraisers”

Attendance at Numerous Educational Seminars

**EXPERIENCE:**

Includes valuation of most types of real property including: aviation properties, multi-family residential, commercial, industrial, and vacant land. Experience also includes ground lease valuations, special purpose properties, fee simple and leasehold interest, counseling, and appraisals for condemnation.

**STATE CERTIFICATION:**

Arizona Certified General Real Estate Appraiser Number 1049989. Currently certified through November 30, 2025.

**Department of Insurance and Financial Institutions**  
**State of Arizona**

**CGA - 1049989**

**John Edward Medley**

has complied with the provisions of

This document is evidence that:

Arizona Revised Statutes, relating to the establishment and operation of a:

**Certified General Real Estate Appraiser**

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

**Certified General Real Estate Appraiser**

**John Edward Medley**

This license is subject to the laws of Arizona and will remain in full force and effect until expired, surrendered, revoked or suspended as provided by law.

Expiration Date : **November 30, 2025**

---

*ADDENDA*

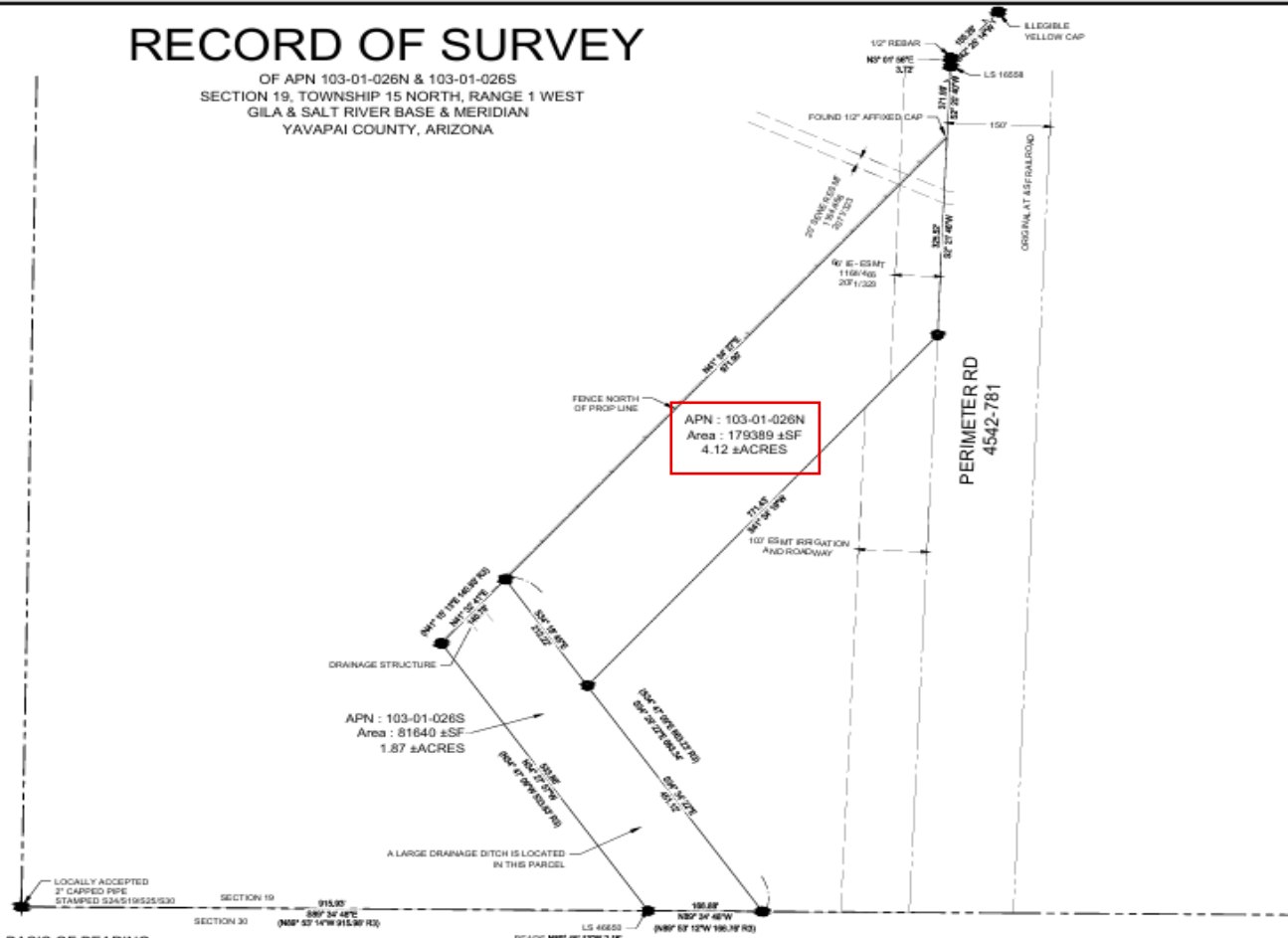
# Distance From Paved Access ~100 Linear Feet



Land Survey Provided by Property Owner

# RECORD OF SURVEY

OF APN 103-01-026N & 103-01-026S  
SECTION 19, TOWNSHIP 15 NORTH, RANGE 1 WEST  
GILA & SALT RIVER BASE & MERIDIAN  
YAVAPAI COUNTY, ARIZONA



- LEGEND**
- SURVEYED PARCELLINES
  - - - EXISTING FENCE
  - PROPERTY LINE
  - - - EASEMENT LINE
- FOUND 3/2" REBAR WITH CAP LS 16651
  - FOUND 3/2" REBAR WITH CAP LS 46650
  - SET 3/2" REBAR AFFIRED CAP LS 53889
- (R1) RECORD BEARING AND DISTANCE PER R1 OR AS NOTED SEE NOTES
- IE-PUE INGRESS EGRESS & PUBLIC UTILITY EASEMENT

- NOTES**
- NO EXISTING BUILDINGS WERE PRESENT AT TIME OF SURVEY
  - A TITLE REPORT WAS NOT PROVIDED NOT ALL EASEMENTS OF RECORD MAY BE SHOWN-HERON DOCUMENTS OF RECORD REFERENCE FOR SURVEY YCRD
  - DEED 3878-318 FOR APN 103-01-026S
  - DEED 1164486
  - RCG 512 LS
  - RCG 2021-0087481 LS
  - RCG 2023-008011 LS

**SITE INFORMATION**

APN : 103-01-026N  
ADDRESS : NA  
OWNER : PRESCOTT VALLEY AIRPORT PROPERTIES  
PARADISE VALLEY, AZ

APN : 103-01-026S  
ADDRESS : NA  
OWNER : AIR AND LAND COMPANY LLC  
PRESCOTT, AZ

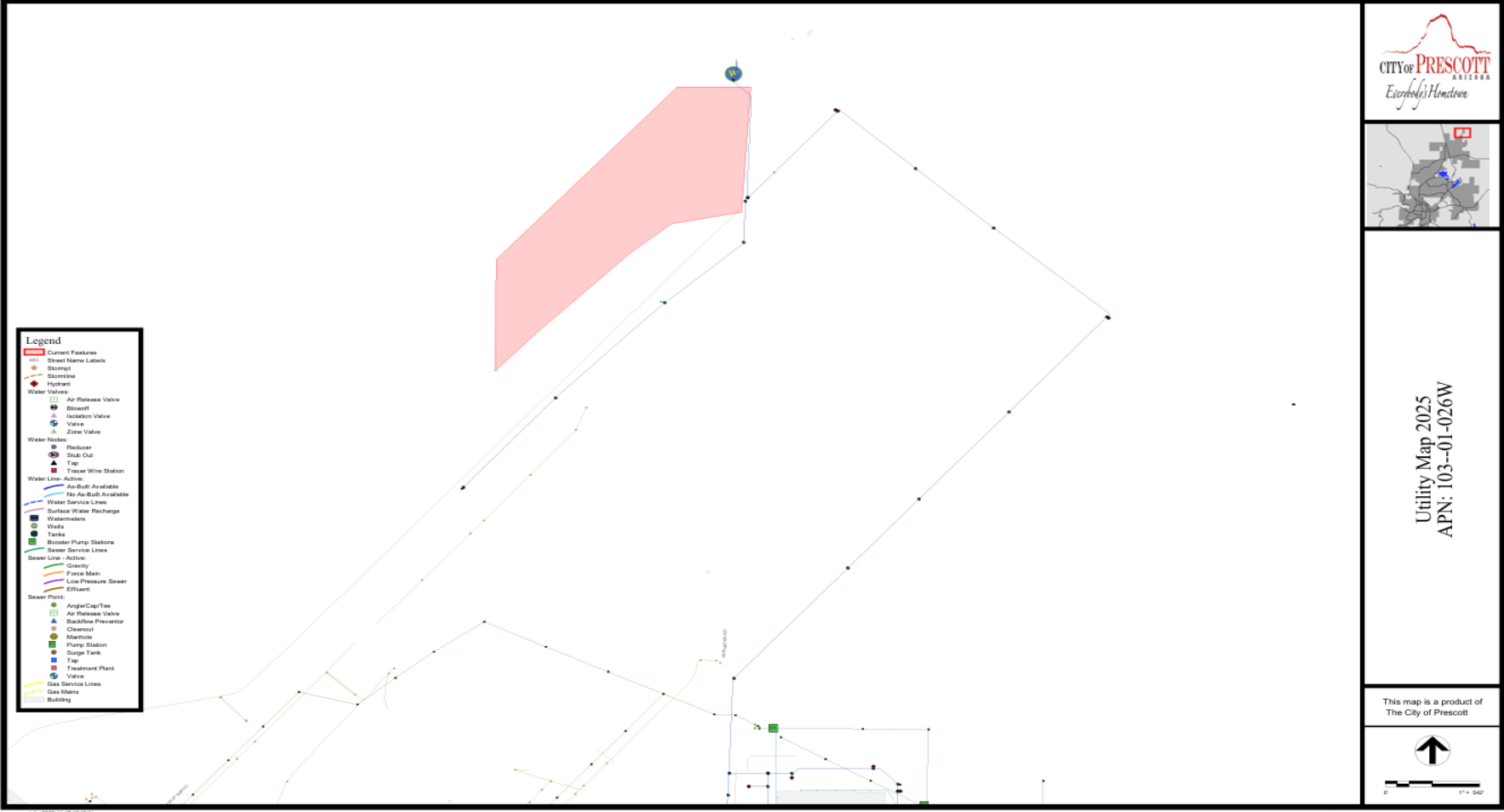
**BASIS OF BEARING**  
THE PROJECT COORDINATE SYSTEM AND THE BASIS OF BEARINGS ARE RELATIVE TO THE ARIZONA STATE PLANE COORDINATE SYSTEM OF 1983. CENTRAL 1200 ZONE. LINEAR DIMENSIONS AND COORDINATE VALUES ARE IN INTERNATIONAL FEET.

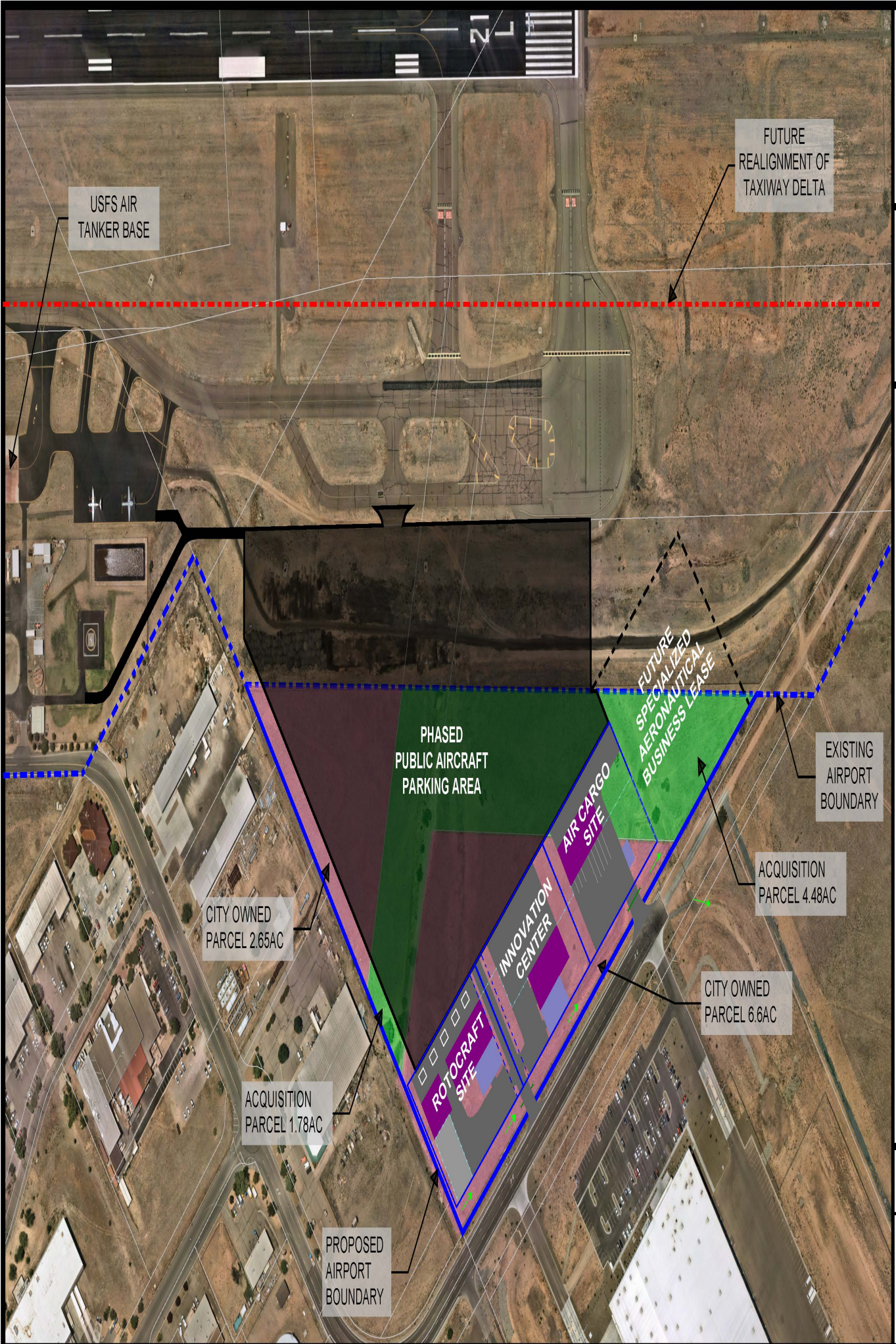
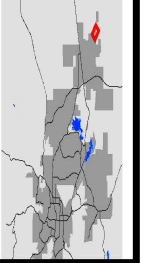
PRIMARY HORIZONTAL SURVEY CONTROL WAS ESTABLISHED USING REAL TIME KINEMATIC METHODS FROM THE AZ CORS NETWORK. COORDINATES WERE SCALED FROM THE STATE PLANE GRID TO GROUND USING (0.5) AS THE PROJECT LOCATION. A GROUND SCALE FACTOR OF 1.0032269756 (GRID TO GROUND). COORDINATE VALUES WERE THEN TRUNCATED BY .701456.009 IN THE NORTHING AND 84457.25 IN THE EASTING.

**CERTIFICATION**  
I BRANCON M. VAN HORN, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR IN THE STATE OF ARIZONA, THAT THE SURVEY DESCRIBED AND SHOWN HERON WAS MADE BY ME DURING THE MONTH OF MARCH 2025; THAT THE SURVEY IS TRUE AND COMPLETE AS SHOWN; THAT THE MONUMENTS SHOWN EXIST OR WILL BE SET AS SHOWN; THAT THEIR POSITIONS ARE CORRECTLY SHOWN, AND THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACTED

SURVEY PREPARED FOR: CHANDLER LUMBER LLC	
PROJECT NO.: 2025-01	
DATE: 03/20/25	
SHEET NO.: 1	TOTAL SHEETS: 1

# Utility Location Map





PRESCOTT REGIONAL AIRPORT  
PROPOSED REGIONAL PROJECT

This map is a product of  
The City of Prescott



1" = 200'



# **CITY USE OF EMINENT DOMAIN**

Presented by City Attorney, Joseph Young

# **STEP 1: PROJECT PLANNING AND NOTICE**

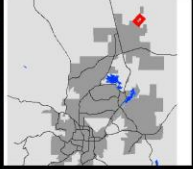
- Identify specific property needed.
- Surveyors and appraisers may inspect the property.
- Arizona law allows entry for surveys and appraisals under certain conditions.

## **STEP 2: APPRAISAL AND OFFER**

- Obtain an appraisal to estimate fair market value.
- A written offer must be made (20 days) before condemnation litigation begins.
- Offer must include “just compensation,” cost of property plus damages, severance damages if any, supporting appraisal, and survey
- Owners may hire their own appraiser or attorney.

## **STEP 3: FILING THE CONDEMNATION ACTION**

- If negotiations fail, the City files a condemnation lawsuit in Yavapai Superior Court.
- The complaint identifies the property and the public purpose.
- The court reviews whether the taking is legally authorized.
- Property owners may challenge public use, necessity, or compensation.

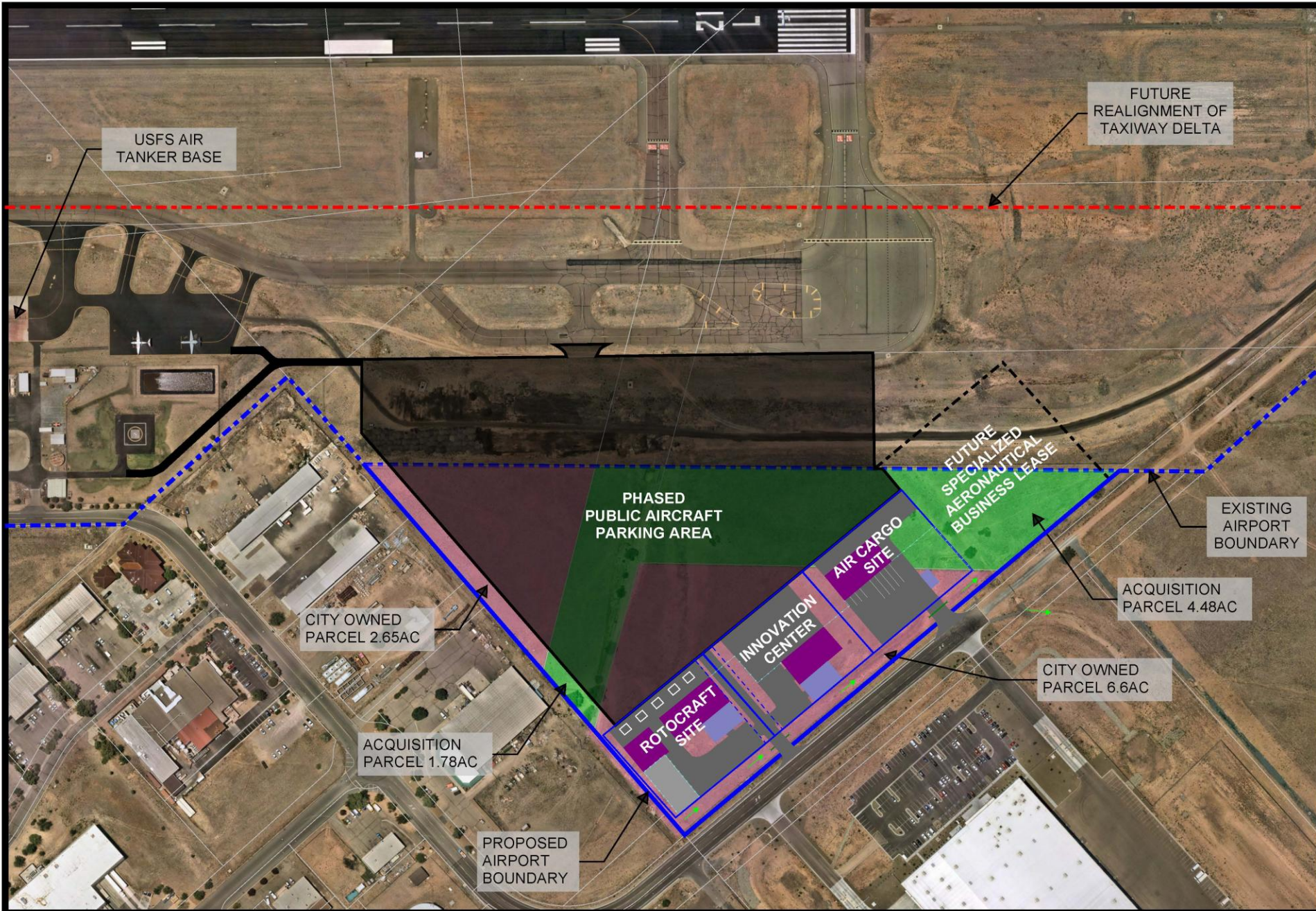


PRESCOTT REGIONAL AIRPORT  
PROPOSED REGIONAL PROJECT

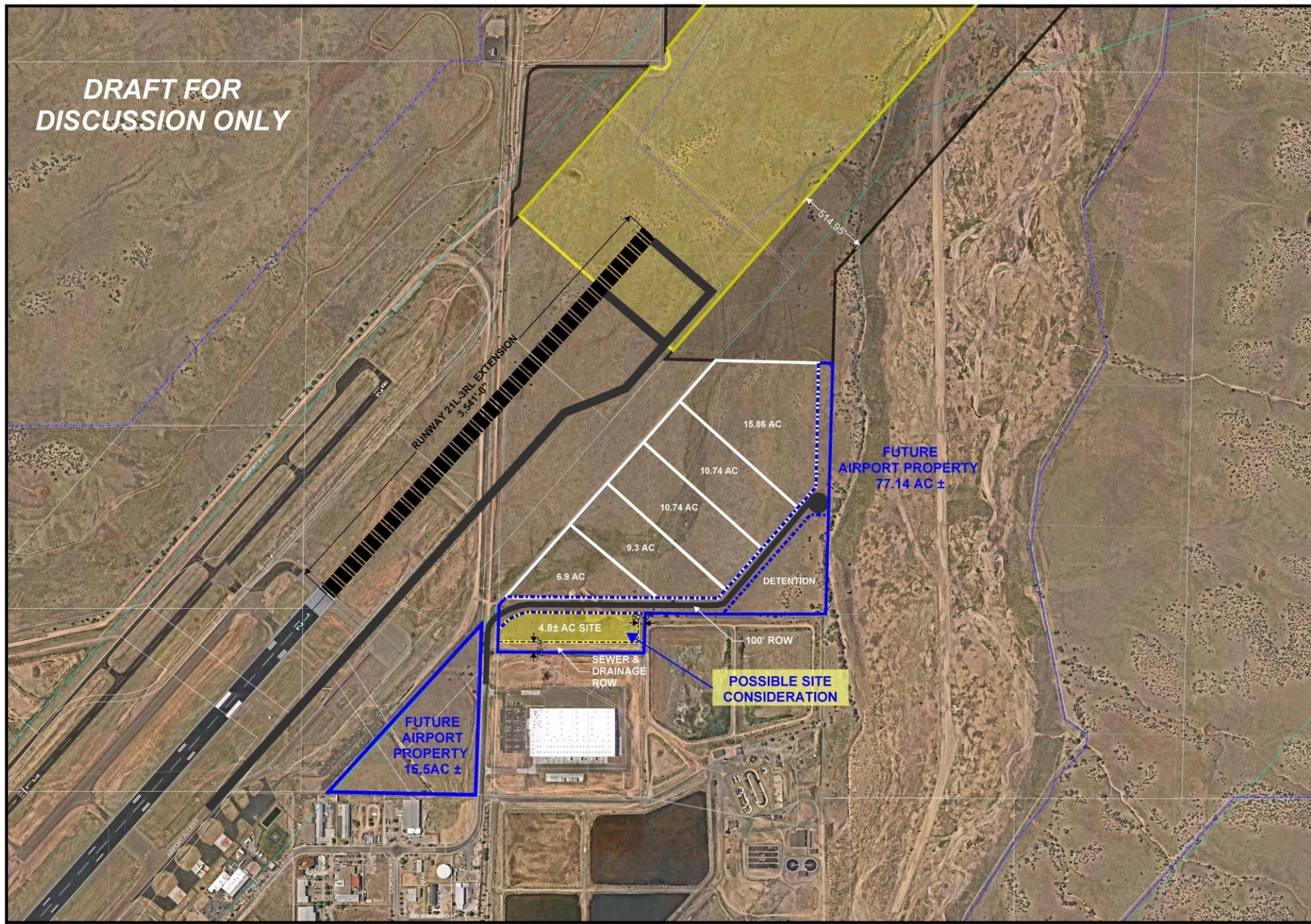
This map is a product of  
The City of Prescott



0 1" = 200'



DRAFT FOR DISCUSSION ONLY



Prescott Regional Airport  
"W" Parcel  
Proposed Property Division

This map is a product of  
The City of Prescott



**ORDINANCE NO. 2026-1948**

**AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, AUTHORIZING THE PURCHASE OF APPROXIMATELY 4.12 ACRES OF REAL PROPERTY FROM CROSSWIND LEASING, LLC NEAR THE PRESCOTT REGIONAL AIRPORT-ERNEST A. LOVE FIELD INCLUDING AUTHORIZATION TO USE THE CITY'S EMINENT DOMAIN AUTHORITY**

**RECITALS:**

WHEREAS, the City Council has determined that certain real property located north of Melville Road and west of Perimeter Road, and identified as Yavapai County Parcel Number 103-01-026N (the "Property") is needed by the City for strategic airport initiatives at the Prescott Regional Airport- Ernest A. Love Field; specifically, in relation to previously planned improvements to support a public-use aircraft parking ramp to accommodate seasonal U.S. Forest Service aerial firefighting tankers; and,

WHEREAS, this infrastructure improvement will also facilitate other aviation purposes; and,

WHEREAS, the improvements to accommodate seasonal U.S. Forest Service aerial firefighting tankers is necessary for the health, safety, and welfare of the residents of Prescott, as well as other neighboring communities; and,

WHEREAS, pursuant to Article VII, Section 5 of the Prescott City Charter, in order to acquire real property, the Prescott City Council must do so by ordinance; and,

WHEREAS, the purchase and acquisition of this real property will be in the best interests of the health, safety and welfare of the City of Prescott; and,

WHEREAS, the Property is listed for sale, and the City has made good faith efforts to negotiate the purchase of the Property, including offering full asking price; and,

WHEREAS, the City has and will continue to offer a purchase price for the Property that is commercially reasonable, fair and equitable.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

**ENACTMENTS:**

**SECTION 1.** THAT the City Council hereby authorizes City staff to offer to purchase the Property for the appraised purchase price of Six Hundred Twenty Thousand Dollars (\$620,000.00), in the form of a written offer to purchase the Property and to pay just compensation for the Property along with any compensable damages to any remaining property and additional closing costs deemed commercially reasonable, fair and equitable.

**SECTION 2.** THAT City staff is hereby directed to return to City Council for City Council approval in the event a purchase and sale agreement is able to be negotiated.

**SECTION 3.** THAT City staff is hereby authorized and directed to proceed in the use of the City’s powers of eminent domain to obtain the Property, including making such filings as may be necessary to do so in the Yavapai Superior Court.

**SECTION 4.** THAT the Mayor and Staff are hereby directed to execute any and all documents and take any and all steps deemed necessary to accomplish the foregoing in order to effectuate the foregoing purchase or condemnation of real property.

PASSED AND ADOPTED by the Council of the City of Prescott, Arizona, on this \_\_\_\_\_ day of \_\_\_\_\_ 2026.

\_\_\_\_\_  
CATHEY RUSING, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
SARAH M. THORNHILL, City Clerk

\_\_\_\_\_  
JOSEPH D. YOUNG, City Attorney

CERTIFICATION OF RECORDING OFFICER

STATE OF ARIZONA )  
County of Yavapai ) ss.

I, the undersigned Sarah M. Thornhill, being the duly appointed, qualified City Clerk of the City of Prescott, Yavapai County, Arizona, certify that the foregoing Ordinance No. 2026-1948 is a true, correct and accurate copy of Ordinance No. 2026-1948 passed and adopted at a Voting Meeting of the Council of the City of Prescott, Yavapai County, Arizona, held on the 9<sup>th</sup> day of June 2026, at which a quorum was present and, by a \_\_\_\_\_ vote, \_\_\_\_\_ voted in favor of said ordinance.

Given under my hand and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

Seal

\_\_\_\_\_  
City Clerk



TO: MAYOR AND CITY COUNCIL  
AGENDA: June 9 Voting Meeting  
DATE: June 9, 2026  
DEPT: Finance  
ITEM #: 9.B  
SUBJECT: Adoption of Resolution No. 2026-1984 Approving the Tentative Budget for Fiscal Year 2027 and Setting the Public Hearing for the Final Budget, Expenditure Limitation and Tax Levy for the City of Prescott.

## ITEM SUMMARY

This item adopts the Tentative Budget for fiscal year 2027 (FY27), establishing the City's maximum expenditure limit and authorizing the required publication of the budget summary and notices of public hearings ahead of final budget adoption.

## BACKGROUND

The Council's adoption of the Tentative Budget is required by State law and begins the formal budget adoption process, ensuring the FY27 budget is approved before July 1. Adoption sets the City's maximum expenditure limit of \$311,496,498, which may be reduced or reallocated, but not increased, at final adoption.

This action also authorizes the legally required publication of the Tentative Budget summary and notices of the final adoption meeting and public hearings in a local newspaper for two consecutive weeks. Final Budget adoption is scheduled for June 23, 2026, at 3:00 p.m., during the regularly scheduled Council meeting, but held as a Special Meeting as required by State law.

The feedback and direction during the Council workshops held April 27, 2026, May 11, 2026, May 19, 2026, and May 26, 2026, was incorporated into this tentative budget.

After tentative adoption, the remaining steps in the Fiscal Year 2027 Budget process are as follows:

### June 23, 2026

#### ***At the regular Council meeting***

Public hearing for:

Final Budget

Expenditure Limitation

Property Tax Levy

Roll call vote to authorize the continuation of the increased property tax process

Discussion and adoption of the Approved Expenditure List for FY27

#### ***At a Special Council Meeting***

Adoption of the final FY27 Budget which:

Sets the Final Budget for FY27

Establishes the Expenditure Limitation for FY27

Approves the City job roster

### July 14, 2026

Adoption of FY27 Property Tax Levy

## FINANCIAL IMPACT

The total Fiscal Year 2027 tentative budget is \$311,496,498.

## **RECOMMENDED ACTION**

MOVE to adopt Resolution No. 2026-1984

## **ATTACHMENTS**

1. FY27 Tentative Budget Presentation Slides
2. Resolution No. 2026-1984\_FY27 Tentative Budget
3. FY27 Prescott Budget Legal Schedules



# Fiscal Year 2027 Tentative Budget Adoption June 9, 2026

## FY27 Council Budget Process to Date

1/20/26 to 1/21/26	Council Strategic Planning Retreat
03/03/26	FY26 mid-year budget report and FY27 preliminary look
01/15/26 to 03/13/26	Dept planning and submission of budget information and requests
03/30/26 to 04/10/26	City Manager and Budget Department review and formation of FY27 proposed budget
04/27/26	Annual Council Budget Workshop #1
05/11/26	Annual Council Budget Workshop #2
5/19/26	Annual Council Budget Workshop #3
05/26/26	Council Meeting - Budget Discussion and Follow up
<b>06/09/26</b>	<b>Tentative budget adoption FY27</b>
<b>06/23/26</b>	<b>Public Hearing, Property Tax Hearing, Final budget adoption FY27</b>
<b>7/14/26</b>	<b>Property Tax Levy Adoption</b>



# Fiscal Year 2027 Budget Summary

- The FY27 Budget is balanced and aligned with Council's Strategic Plan. Council's direction on adjusting Solid Waste rates will address the Solid Waste Fund deficit.
- Continuing voter-approved public safety initiatives (Proposition 478), including four new police officers and a new emergency manager to strengthen community resilience.
- Police compensation adjustments and recruitment incentives to support progress toward full staffing.
- Establishment of stand-alone court operations and related facility improvements.
- Increased investment in utility infrastructure to extend the life of the Sundog Wastewater Treatment Plant and other critical assets.
- Strategic adjustments to supplies and services budgets to sustain service quality across departments.

# Fiscal Year 2027 Budget Summary

- The FY2027-2031 Capital Improvement Plan (CIP) includes \$145 million in FY27 investments focused on public safety and critical infrastructure. Major projects include:
  - Construction and renovation of fire and police facilities.
  - Runway and other safety enhancements at Prescott Regional Airport.
  - Expansion and rehabilitation of water and wastewater systems.
  - Investments in parks, trails, and library facilities that enhance community amenities.

# Expenditure Budget Changes from Budget Workshops to Tentative Adoption

Budget	Operating	Capital	Contingency	Total
FY27 Proposed Budget	156,099,981	145,830,925	10,000,000	311,930,906
Court Budget Changes	-370,056	-275,000	-	-645,056
Community Development Positions	210,648	-	-	210,648
FY27 Tentative Budget	155,940,573	145,555,925	10,000,000	311,496,498

Note: There was also an increase in projected revenue for the Courts of \$502,230

# Authorized Positions Changes from Budget Workshops to Tentative Adoption

Budget	Full Time Equivalents (FTEs)
FY27 Proposed Budget	626.50
Court Budget Changes	- 3.00
Community Development Positions	3.00
FY27 Tentative Budget	626.50

# Tentative Total City Budget

	<b>FY26</b>	<b>FY27</b>	<b>%</b>
	<b>Adopted</b>	<b>Proposed</b>	<b>Change</b>
Operating Budget	\$ 145,732,441	\$ 155,940,573	7.0%
Capital Budget	148,013,721	145,555,925	-1.7%
Subtotal	293,746,162	301,496,498	2.6%
Contingency	10,000,000	10,000,000	0.0%
Total	\$ 303,746,162	\$ 311,496,498	2.6%

# Upcoming Steps in the FY27 Budget Process

**6/9/2026**      **Tentative budget adoption  
Publishing of tentative budget**

**6/23/2026**      **Public hearings:**

- **FY27 Budget**
- **Alternative Expenditure Limitation**
- **Property Tax Levy / Truth in Taxation**

**Adopt Final Budget, Personnel Roster, Approved Expenditure List (AEL)**

**7/14/2026**      **Adopt property tax levies**

**RESOLUTION NO. 2026-1984**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, ADOPTING A TENTATIVE BUDGET, ADOPTING THE ESTIMATED AMOUNTS REQUIRED TO MEET THE PUBLIC EXPENSES FOR THE CITY OF PRESCOTT FOR THE FISCAL YEAR 2027, AUTHORIZING AND DIRECTING PUBLICATION OF STATEMENTS AND SCHEDULES OF THE TENTATIVE BUDGET, TOGETHER WITH NOTICE OF HEARING ON SAID BUDGET AND NOTICE OF DATE OF FINAL ADOPTION OF SAID BUDGET, AND NOTICE OF DATE OF ESTABLISHMENT OF THE EXPENDITURE LIMITATION, AND NOTICE OF THE DATE FOR FIXING A TAX LEVY**

**ENACTMENTS:**

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

SECTION 1. THAT the statements and schedules attached are hereby adopted as the estimated amounts required to meet the public expenses for the City of Prescott and as the tentative budget for the Fiscal Year 2027. Copies of said statements and schedules have been distributed to the Council and are on file in the office of the City Manager. Said copies are attached hereto for the purpose of publication only, except that they are hereby ordered to be entered into the minutes of the City Council of the City of Prescott.

SECTION 2. THAT the Clerk is hereby authorized and directed to publish in the manner prescribed by law, the attached schedule A as said tentative budget, together with a copy of this Resolution as notice of the meetings of the City Council, to wit:

- A. That the City Council will meet on the 23th day of June, 2026, at 3:00 P.M., in the Council Chambers of the Municipal Offices Building, 201 North Montezuma Street, Prescott, Arizona, at a Regular Meeting to hold a public hearing when and where any citizen may appear and be heard or submit written comments in favor of or against any proposed use within the budget, expenditure limitation, or the tax levy; at said time and place or after said hearing for the purpose of finally adopting the budget and establishment of the expenditure limitation for the fiscal year 2027 for the City of Prescott. The proposed budget may be examined weekdays at 201 North Montezuma Street, Prescott, Arizona, between 8:00 A.M. and 5:00 P.M. or by accessing the budget documents on the City's website [www.prescott-az.gov](http://www.prescott-az.gov).
- B. That the City Council will further meet at a Regular Meeting on the 14th day of July, 2026, at 3:00 P.M. in the Council Chambers of the Municipal Building, 201 North Montezuma Street, Prescott, Arizona, for the purpose of adopting the property tax levy for Fiscal Year 2027 for the City of Prescott.

SECTION 3. THAT money from any fund may be used for any of these appropriations except money specifically restricted by State Law, City Charter, codes, ordinance, or resolution.

PASSED and ADOPTED by the Mayor and Council of the City of Prescott, Arizona, on this 9th day of June, 2026.

\_\_\_\_\_  
CATHEY RUSING, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
SARAH M. THORNHILL, City Clerk

\_\_\_\_\_  
JOSEPH YOUNG, City Attorney

CERTIFICATION OF RECORDING OFFICER

STATE OF ARIZONA )  
County of Yavapai ) ss.

I, the undersigned Sarah Thornhill, being the duly appointed, qualified City Clerk of the City of Prescott, Yavapai County, Arizona, certify that the foregoing Resolution No. 2026-1984 is a true, correct and accurate copy of Resolution No. 2026-1984, passed and adopted at a Voting Meeting of the Council of the City of Prescott, Yavapai County, Arizona, held on the \_\_\_\_\_ day of \_\_\_\_\_ 2026, at which a quorum was present and, by a \_\_\_\_\_ vote, \_\_\_\_\_ voted in favor of said resolution.

Given under my hand and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

Seal

\_\_\_\_\_

**Official Budget Forms**  
**City of Prescott, Arizona**  
**Fiscal year 2027**

**City of Prescott, Arizona**

**Table of Contents**

**Fiscal year 2027**

Resolution for the adoption of the budget

Schedule A—Summary Schedule of estimated revenues and expenditures/expenses

Schedule B—Tax levy and tax rate information

Schedule C—Revenues other than property taxes

Schedule D—Other financing sources/(uses) and interfund transfers

Schedule E—Expenditures/expenses by fund

Schedule F—Expenditures/expenses by department (as applicable)

Schedule G—Full-time employees and personnel compensation

City of Prescott, Arizona  
Summary Schedule of estimated revenues and expenditures/expenses  
Fiscal year 2027

Fiscal year	S c h	Funds									
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total all funds		
2026	Adopted/adjusted budgeted expenditures/expenses*	E	1	103,847,322	53,878,217	0	431,000	0	134,855,937	10,733,686	303,746,162
2026	Actual expenditures/expenses**	E	2	72,116,611	35,113,203	0	109,250	0	96,267,887	10,492,663	214,099,614
2027	Beginning fund balance/(deficit) or net position/(deficit) at July 1***		3	78,543,443	47,182,232	0	9,990,085	0	44,391,034	2,733,576	182,840,370
2027	Primary property tax levy	B	4	2,492,987							2,492,987
2027	Secondary property tax levy	B	5								0
2027	Estimated revenues other than property taxes	C	6	81,365,058	44,366,355	0	3,076,000	0	95,980,730	10,571,674	235,359,817
2027	Other financing sources	D	7	0	0	0	1,000,000	0	31,557,500	0	32,557,500
2027	Other financing (uses)	D	8	0	0	0	0	0	0	0	0
2027	Interfund transfers in	D	9	2,321,500	584,145	0	0	0	3,796,491	1,500,000	8,202,136
2027	Interfund Transfers (out)	D	10	5,770,636	205,000	0	2,226,500	0	-	0	8,202,136
2027	Line 11: Reduction for fund balance reserved for future budget year expenditures										
	Maintained for long-term obligations			3,500,000					1,446,092		4,946,092
	Maintained for capital projects or specific programs		11	11,714,793	27,072,551		10,137,085		33,348,363	2,444,841	84,717,633
	Maintained for future financial stability			12,775,909	3,197,898				5,615,000		21,588,807
	Maintained for internal loans			5,998,170							5,998,170
	Maintained for future projects			24,503,474							24,503,474
2027	Total financial resources available		12	100,460,006	61,657,283	0	1,702,500	0	135,316,300	12,360,409	311,496,498
2027	Budgeted expenditures/expenses	E	13	100,460,006	61,657,283	0	1,702,500	0	135,316,300	12,360,409	311,496,498

Expenditure limitation comparison

	2026	2027
1 Budgeted expenditures/expenses	\$ 303,746,162	\$ 311,496,498
2 Add/subtract: estimated net reconciling items		
3 Budgeted expenditures/expenses adjusted for reconciling items	303,746,162	311,496,498
4 Less: estimated exclusions		
5 Amount subject to the expenditure limitation	\$ 303,746,162	\$ 311,496,498
6 EEC expenditure limitation or voter-approved alternative expenditure limitation	\$ 303,746,162	\$ 311,496,498

\* Includes expenditure/expense adjustments approved in the current year from Schedule E.

\*\* Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

\*\*\* Amounts on this line represent beginning fund balance/(deficit) or net position/(deficit) amounts except for nonspendable amounts (e.g., prepaids and inventories) or amounts legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

**City of Prescott, Arizona  
Tax levy and tax rate information  
Fiscal year 2027**

	<u>2026</u>	<u>2027</u>
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	\$ <u>2,397,526</u>	\$ <u>2,492,987</u>
2. Amount received from primary property taxation in the <b>current year</b> in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	\$ _____	
3. Property tax levy amounts		
A. Primary property taxes	\$ <u>2,304,514</u>	\$ <u>2,492,987</u>
Property tax judgment	_____	_____
B. Secondary property taxes	_____	_____
Property tax judgment	_____	_____
C. Total property tax levy amounts	\$ <u>2,304,514</u>	\$ <u>2,492,987</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) <b>Current</b> year's levy	\$ <u>2,274,868</u>	
(2) Prior years' levies	<u>18,680</u>	
(3) Total primary property taxes	\$ <u>2,293,548</u>	
B. Secondary property taxes		
(1) <b>Current</b> year's levy	\$ _____	
(2) Prior years' levies	<u>25</u>	
(3) Total secondary property taxes	\$ <u>25</u>	
C. Total property taxes collected	\$ <u>2,293,573</u>	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	<u>0.2329</u>	<u>0.2374</u>
Property tax judgment	_____	_____
(2) Secondary property tax rate	_____	_____
Property tax judgment	_____	_____
(3) Total city/town tax rate	<u>0.2329</u>	<u>0.2374</u>
B. Special assessment district tax rates		
Secondary property tax rates—As of the date the proposed budget was prepared, the city/town was not operating any special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.		

\* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

**City of Prescott, Arizona  
Revenues other than property taxes  
Fiscal Year 2027**

Source of revenues	Estimated revenues 2026	Actual revenues* 2026	Estimated revenues 2027
<b>General Fund</b>			
<b>Local Taxes</b>			
Privilege and Use Tax	\$ 23,500,000	\$ 24,000,000	\$ 23,500,000
Privilege and Use Tax - Public Safety **	22,300,000	22,800,000	22,300,000
Franchise Taxes	1,995,000	1,915,000	1,960,000
<b>Intergovernmental</b>			
State	16,864,231	16,900,000	17,599,139
County	4,448,257	4,764,455	4,726,930
<b>Licenses and Permits</b>			
	158,100	160,149	158,100
<b>Charges for Services</b>			
Charges for Services	3,154,500	4,839,103	5,274,080
Local Jurisdictions	3,295,901	3,545,446	3,744,029
<b>Fines and Forfeits</b>			
	290,800	355,350	328,750
<b>Interest Earned</b>			
	351,000	1,501,000	1,701,000
<b>Miscellaneous</b>			
	76,030	2,335,230	73,030
<b>Total General Fund</b>	<b>\$ 76,433,819</b>	<b>\$ 83,115,733</b>	<b>\$ 81,365,058</b>
<b>Special Revenue Funds</b>			
<b>Streets Fund</b>			
Streets Privilege and Use Tax	\$ 23,500,000	\$ 24,000,000	\$ 23,500,000
Intergovernmental - State (HURF)	5,063,868	5,063,868	4,919,684
Intergovernmental - County	600,000	890,000	890,000
Charges for Services	345,000	486,000	345,000
Licenses and Permits	70,000	120,000	100,000
Miscellaneous	50,000	316,001	50,000
	\$ 29,628,868	\$ 30,875,869	\$ 29,804,684
<b>Transient Occupancy Tax</b>			
Transient Occupancy Tax	\$ 1,500,000	\$ 1,580,000	\$ 1,500,000
<b>Total Transient Occupancy Tax Fund</b>	<b>\$ 1,500,000</b>	<b>\$ 1,580,000</b>	<b>\$ 1,500,000</b>
<b>Grant Funds</b>			
Intergovernmental - Grants	\$ 10,082,014	\$ 17,201,378	\$ 11,668,538
Charges for Services	64,000	24,900	63,000
Fines and Forfeitures	55,000	18,167	55,000
Miscellaneous Grants	478,828	330,500	600,828
<b>Total Grant Funds</b>	<b>\$ 10,679,842</b>	<b>\$ 17,574,945</b>	<b>\$ 12,387,366</b>
<b>Acker Trust</b>			
Interest Earned	\$ 14,500	\$ 14,500	\$ 14,500
<b>Total Acker Trust</b>	<b>\$ 14,500</b>	<b>\$ 14,500</b>	<b>\$ 14,500</b>
<b>Miscellaneous Trust Funds</b>			
Gifts and Donations	\$ 164,800	\$ 158,171	\$ 659,805
<b>Total Miscellaneous Trust Funds</b>	<b>\$ 164,800</b>	<b>\$ 158,171</b>	<b>\$ 659,805</b>
<b>Total Special Revenue Funds</b>	<b>\$ 41,988,010</b>	<b>\$ 50,203,485</b>	<b>\$ 44,366,355</b>

**City of Prescott, Arizona  
Revenues other than property taxes  
Fiscal Year 2027**

Source of revenues	Estimated revenues 2026	Actual revenues* 2026	Estimated revenues 2027
<b>Capital Projects Funds</b>			
<b>Impact Fees</b>			
Charges for Services	\$ 1,500,000	\$ 2,920,000	\$ 2,920,000
Interest Earned	33,500	212,000	156,000
<b>Total Impact Fee Funds</b>	<b>\$ 1,533,500</b>	<b>\$ 3,132,000</b>	<b>\$ 3,076,000</b>
<b>Total Capital Projects Funds</b>	<b>\$ 1,533,500</b>	<b>\$ 3,132,000</b>	<b>\$ 3,076,000</b>
<b>Enterprise Funds</b>			
<b>Water</b>			
Charges for Services	\$ 24,119,000	\$ 24,204,000	\$ 26,184,000
Intergovernmental - Grants	3,101,348	11,505	0
Impact Fees	2,025,000	3,400,000	3,400,000
Fines and Forfeitures	5,000	5,000	5,000
Interest Earned	200,000	850,000	600,000
Miscellaneous	9,000	1,597,630	31,000
<b>Total Water Fund</b>	<b>\$ 29,459,348</b>	<b>\$ 30,068,135</b>	<b>\$ 30,220,000</b>
<b>Wastewater</b>			
Charges for Services	\$ 21,355,000	\$ 21,562,000	\$ 24,180,000
Impact Fees	1,500,000	1,500,000	1,500,000
Interest Earned	100,000	400,000	250,000
Miscellaneous		3,000	
<b>Total Wastewater Fund</b>	<b>\$ 22,955,000</b>	<b>\$ 23,465,000</b>	<b>\$ 25,930,000</b>
<b>Solid Waste</b>			
Charges for Services	\$ 14,906,000	\$ 14,218,000	\$ 15,442,100
Intergovernmental	2,520	2,520	2,520
Licenses and Permits	500	600	500
Miscellaneous	1,350	5,974	1,350
<b>Total Solid Waste Fund</b>	<b>\$ 14,910,370</b>	<b>\$ 14,227,094</b>	<b>\$ 15,446,470</b>
<b>Golf Course</b>			
Charges for Services	\$ 4,631,043	\$ 4,714,660	\$ 4,872,961
Miscellaneous	10,000	0	10,000
<b>Total Golf Course Fund</b>	<b>\$ 4,641,043</b>	<b>\$ 4,714,660</b>	<b>\$ 4,882,961</b>
<b>Airport</b>			
Airport Privilege and Use Tax	\$ 10,000	\$ 10,000	\$ 10,000
Intergovernmental - Grants	22,798,918	10,185,899	16,380,195
Charges for Services	2,975,931	2,785,692	3,077,604
Licenses and Permits	1,200	1,600	1,500
Miscellaneous	28,137	28,137	32,000
<b>Total Airport Fund</b>	<b>\$ 25,814,186</b>	<b>\$ 13,011,328</b>	<b>\$ 19,501,299</b>
<b>Total Enterprise Funds</b>	<b>\$ 97,779,947</b>	<b>\$ 85,486,217</b>	<b>\$ 95,980,730</b>
<b>Internal Service Funds</b>			
Fleet Maintenance	\$ 3,170,000	\$ 3,201,474	\$ 3,370,791
Risk Management	1,499,376	1,759,878	1,700,000
Engineering	2,500,000	2,300,000	2,400,000
Facilities Maintenance	2,547,767	2,505,752	3,100,883
<b>Total Internal Service Funds</b>	<b>\$ 9,717,143</b>	<b>\$ 9,767,104</b>	<b>\$ 10,571,674</b>
<b>Total All Funds</b>	<b>\$ 227,452,419</b>	<b>\$ 231,704,539</b>	<b>\$ 235,359,817</b>

\* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

**City of Prescott, Arizona**  
**Other financing sources/(uses) and interfund transfers**  
**Fiscal year 2027**

<b>Fund</b>	<b>Other financing 2027</b>		<b>Interfund transfers 2027</b>	
	<b>Sources</b>	<b>(Uses)</b>	<b>In</b>	<b>(Out)</b>
<b>General Fund</b>				
General Fund	\$	\$	\$ 2,321,500	\$ 5,770,636
<b>Total General Fund</b>	\$ 0	\$ 0	\$ 2,321,500	\$ 5,770,636
<b>Special Revenue Funds</b>				
Streets Fund	\$	\$	\$	\$ 70,000
Transient Occupancy Tax				135,000
Grants Fund			584,145	
<b>Total Special Revenue Funds</b>	\$ 0	\$ 0	\$ 584,145	\$ 205,000
<b>Capital Project Funds</b>				
Development Impact Fee-Police	\$	\$	\$	\$ 1,115,000
Development Impact Fee-Fire				1,111,500
Development Impact Fee-Streets	1,000,000			
<b>Total Capital Project Funds</b>	\$ 1,000,000	\$ 0	\$ 0	\$ 2,226,500
<b>Enterprise Funds</b>				
Water Fund	\$ 2,550,000	\$	\$	\$
Wastewater Fund	27,862,500			
Solid Waste Fund	1,145,000		68,426	
Golf Course Fund			119,697	
Airport Fund			3,608,368	
<b>Total Enterprise Funds</b>	\$ 31,557,500	\$ 0	\$ 3,796,491	\$ 0
<b>Internal Service Funds</b>				
Facilities Maintenance	\$ 0	\$ 0	\$ 1,500,000	\$
<b>Total Internal Service Funds</b>	\$ 0	\$ 0	\$ 1,500,000	\$ 0
<b>Total All Funds</b>	\$ 32,557,500	\$ 0	\$ 8,202,136	\$ 8,202,136

City of Prescott, Arizona  
Expenditures/expenses by fund  
Fiscal year 2027

Fund/Department	Adopted budgeted expenditures/ expenses 2026	Expenditure/ expense adjustments approved 2026	Actual expenditures/ expenses* 2026	Budgeted expenditures/ expenses 2027
<b>General Fund</b>				
City Council	\$ 108,646	\$	\$ 100,836	\$ 146,847
City Clerk	192,487	40,000	203,031	261,165
City Court	866,871	200,000	1,058,696	3,050,156
City Manager	448,297	30,000	461,494	461,723
Legal	457,196	160,000	561,659	597,566
Budget & Finance	599,435		563,464	684,126
Economic Development	528,578		396,702	541,628
Community Development	3,027,167		2,733,406	3,305,955
Recreation Services	11,721,789	1,180,000	12,732,209	9,762,899
Library	3,274,034		3,192,002	3,674,454
Police Department	31,547,669		22,879,029	36,683,493
Fire Department	42,489,425		22,975,260	32,549,270
Regional Communications	2,798,786		2,564,460	3,236,771
Non-Departmental	5,786,942	(1,610,000)	1,694,363	5,503,953
<b>Total General Fund</b>	<b>\$ 103,847,322</b>	<b>\$ 0</b>	<b>\$ 72,116,611</b>	<b>\$ 100,460,006</b>
<b>Special Revenue Funds</b>				
<b>Streets</b>				
Public Works	\$ 40,328,915	\$	\$ 28,848,279	\$ 42,409,448
Community Development	189,033		189,033	199,677
Recreation Services	376,126		376,115	377,098
<b>Total Streets Fund</b>	<b>\$ 40,894,074</b>	<b>\$ 0</b>	<b>\$ 29,413,427</b>	<b>\$ 42,986,223</b>
<b>Transient Occupancy Tax</b>				
Economic Development	\$ 1,539,566	\$ 0	\$ 1,414,797	\$ 1,494,599
Recreation Services	50,000		50,000	40,000
<b>Total Transient Occupancy Tax</b>	<b>\$ 1,589,566</b>	<b>\$ 0</b>	<b>\$ 1,464,797</b>	<b>\$ 1,534,599</b>
<b>Grants</b>				
City Court	\$ 64,200		\$ 10,000	\$ 75,425
Community Development	657,098		558,405	627,064
Recreation Services	1,311,020	1,200,000	1,777,596	4,818,000
Police Department	1,610,190		1,044,552	1,664,969
Fire Department	1,769,658		270,000	2,680,310
Public Works	1,061,500		315,000	1,314,886
Non-Departmental	5,075,000	(1,725,350)	0	5,075,000
<b>Total Grants Fund</b>	<b>\$ 11,548,666</b>	<b>\$ (525,350)</b>	<b>\$ 3,975,553</b>	<b>\$ 16,255,654</b>
<b>Acker Trust</b>				
Recreation Services	\$ 14,500	350	\$ 14,850	\$ 14,500
<b>Total Acker Trust</b>	<b>\$ 14,500</b>	<b>\$ 350</b>	<b>\$ 14,850</b>	<b>\$ 14,500</b>
<b>Miscellaneous Trust Funds</b>				
City Manager	\$ 8,539	\$	\$ 5,000	\$ 8,539
Recreation Services	18,625	25,000	39,051	555,483
Library	136,008		32,286	136,791
Police Department	151,342		151,342	151,342
Fire Department	13,688		13,688	13,688
Golf Course	464		464	464
Airport	2,745		2,745	0
<b>Total Misc. Trust Funds</b>	<b>\$ 331,411</b>	<b>\$ 25,000</b>	<b>\$ 244,576</b>	<b>\$ 866,307</b>
<b>Total Special Revenue Funds</b>	<b>\$ 54,378,217</b>	<b>\$ (500,000)</b>	<b>\$ 35,113,203</b>	<b>\$ 61,657,283</b>

**City of Prescott, Arizona**  
**Expenditures/expenses by fund**  
**Fiscal year 2027**

<b>Fund/Department</b>	<b>Adopted budgeted expenditures/expenses 2026</b>	<b>Expenditure/expense adjustments approved 2026</b>	<b>Actual expenditures/expenses* 2026</b>	<b>Budgeted expenditures/expenses 2027</b>
<b>Capital Projects Funds</b>				
<b>Impact Fees</b>				
Public Works	\$ 271,000	\$	\$ 46,250	\$ 1,452,500
Library	160,000		63,000	250,000
<b>Total Impact Fee Funds</b>	<b>\$ 431,000</b>	<b>\$ 0</b>	<b>\$ 109,250</b>	<b>\$ 1,702,500</b>
<b>Total Capital Projects Funds</b>	<b>\$ 431,000</b>	<b>\$ 0</b>	<b>\$ 109,250</b>	<b>\$ 1,702,500</b>
<b>Enterprise funds</b>				
<b>Water Fund</b>				
Budget & Finance	\$ 390,091	\$	\$ 389,057	\$ 418,573
Community Development	126,190		126,190	141,747
Public Works	45,680,607		32,329,205	38,856,745
<b>Total Water Fund</b>	<b>\$ 46,196,888</b>	<b>\$ 0</b>	<b>\$ 32,844,452</b>	<b>\$ 39,417,065</b>
<b>Wastewater Fund</b>				
Public Works	\$ 36,767,533	\$	\$ 27,244,815	\$ 49,579,265
Community Development	123,877		123,877	139,812
<b>Total Wastewater Fund</b>	<b>\$ 36,891,410</b>	<b>\$ 0</b>	<b>\$ 27,368,692</b>	<b>\$ 49,719,077</b>
<b>Solid Waste Fund</b>				
Public Works	\$ 17,798,973	\$	\$ 17,305,741	\$ 18,067,833
<b>Total Solid Waste Fund</b>	<b>\$ 17,798,973</b>	<b>\$ 0</b>	<b>\$ 17,305,741</b>	<b>\$ 18,067,833</b>
<b>Golf Course Fund</b>				
Recreation Services	\$ 5,106,421	\$	\$ 4,625,219	\$ 5,002,658
<b>Total Golf Course Fund</b>	<b>\$ 5,106,421</b>	<b>\$ 0</b>	<b>\$ 4,625,219</b>	<b>\$ 5,002,658</b>
<b>Airport Fund</b>				
Fire Department	\$ 621,276	\$	\$ 355,056	\$ 314,045
Airport	28,240,969		13,768,727	22,795,622
<b>Total Airport Fund</b>	<b>\$ 28,862,245</b>	<b>\$ 0</b>	<b>\$ 14,123,783</b>	<b>\$ 23,109,667</b>
<b>Total Enterprise Funds</b>	<b>\$ 134,855,937</b>	<b>\$ 0</b>	<b>\$ 96,267,887</b>	<b>\$ 135,316,300</b>
<b>Internal Service Funds</b>				
<b>Fleet Maintenance</b>				
Public Works	\$ 3,343,340	\$ 20,000	\$ 3,346,618	\$ 3,403,323
<b>Risk Management</b>				
Legal	\$ 1,612,558	\$ 400,000	\$ 1,942,913	\$ 2,074,422
<b>Engineering</b>				
Public Works	\$ 2,525,904	\$	\$ 2,381,301	\$ 2,565,351
<b>Facilities Maintenance</b>				
Recreation Services	\$ 2,751,884	\$ 80,000	\$ 2,821,831	\$ 4,317,313
<b>Total Internal Service Funds</b>	<b>\$ 10,233,686</b>	<b>\$ 500,000</b>	<b>\$ 10,492,663</b>	<b>\$ 12,360,409</b>
<b>Total All Funds</b>	<b>\$ 303,746,162</b>	<b>\$ 0</b>	<b>\$ 214,099,614</b>	<b>\$ 311,496,498</b>

\* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Prescott, Arizona  
Expenditures/expenses by department  
Fiscal year 2027

Department/Fund	Adopted budgeted expenditures/expenses	Expenditure/expense adjustments approved	Actual expenditures/expenses*	Budgeted expenditures/expenses
	2026	2026	2026	2027
<b>Airport</b>				
Airport Fund	\$ 28,240,969	\$	\$ 13,768,727	\$ 22,795,622
Miscellaneous Trust Funds	2,745		2,745	0
<b>Airport Total</b>	<b>\$ 28,243,714</b>	<b>\$ 0</b>	<b>\$ 13,771,472</b>	<b>\$ 22,795,622</b>
<b>Budget &amp; Finance</b>				
General Fund	\$ 599,435	\$	\$ 563,464	\$ 684,126
Water Fund	390,091		389,057	418,573
<b>Budget &amp; Finance Total</b>	<b>\$ 989,526</b>	<b>\$ 0</b>	<b>\$ 952,521</b>	<b>\$ 1,102,699</b>
<b>City Clerk</b>				
General Fund	\$ 192,487	\$ 40,000	\$ 203,031	\$ 261,165
<b>City Clerk Total</b>	<b>\$ 192,487</b>	<b>\$ 40,000</b>	<b>\$ 203,031</b>	<b>\$ 261,165</b>
<b>City Council</b>				
General Fund	\$ 108,646	\$	\$ 100,836	\$ 146,847
<b>City Council Total</b>	<b>\$ 108,646</b>	<b>\$ 0</b>	<b>\$ 100,836</b>	<b>\$ 146,847</b>
<b>City Court</b>				
General Fund	\$ 866,871	\$ 200,000	\$ 1,058,696	\$ 3,050,156
Grants Fund	64,200		10,000	75,425
<b>City Court Total</b>	<b>\$ 931,071</b>	<b>\$ 200,000</b>	<b>\$ 1,068,696</b>	<b>\$ 3,125,581</b>
<b>City Manager</b>				
General Fund	\$ 448,297	\$ 30,000	\$ 461,494	\$ 461,723
Miscellaneous Trust Funds	8,539		5,000	8,539
<b>City Manager Total</b>	<b>\$ 456,836</b>	<b>\$ 30,000</b>	<b>\$ 466,494</b>	<b>\$ 470,262</b>
<b>Community Development</b>				
General Fund	\$ 3,027,167	\$	\$ 2,733,406	\$ 3,305,955
Streets Fund	189,033		189,033	199,677
Grant Funds	657,098		558,405	627,064
Water	126,190		126,190	141,747
Wastewater	123,877		123,877	139,812
<b>Comm Development Total</b>	<b>\$ 4,123,365</b>	<b>\$ 0</b>	<b>\$ 3,730,911</b>	<b>\$ 4,414,255</b>
<b>Economic Development</b>				
General Fund	\$ 528,578	\$	\$ 396,702	\$ 541,628
Transient Occupancy Tax	1,539,566		1,414,797	1,494,599
<b>Economic Dev Total</b>	<b>\$ 2,068,144</b>	<b>\$ 0</b>	<b>\$ 1,811,499</b>	<b>\$ 2,036,227</b>
<b>Fire Department</b>				
General Fund	\$ 42,489,425	\$	\$ 22,975,260	\$ 32,549,270
Grant Funds	1,769,658		270,000	2,680,310
Miscellaneous Trust Funds	13,688		13,688	13,688
Airport Fund	621,276		355,056	314,045
<b>Fire Department Total</b>	<b>\$ 44,894,047</b>	<b>\$ 0</b>	<b>\$ 23,614,004</b>	<b>\$ 35,557,313</b>
<b>Legal</b>				
General Fund	\$ 457,196	\$ 160,000	\$ 561,659	\$ 597,566
Risk Management Fund	1,612,558	400,000	1,942,913	2,074,422
<b>Legal Department Total</b>	<b>\$ 2,069,754</b>	<b>\$ 560,000</b>	<b>\$ 2,504,572</b>	<b>\$ 2,671,988</b>

**City of Prescott, Arizona  
Expenditures/expenses by department  
Fiscal year 2027**

Department/Fund	Adopted budgeted expenditures/expenses	Expenditure/expense adjustments approved	Actual expenditures/expenses*	Budgeted expenditures/expenses
	2026	2026	2026	2027
<b>Library</b>				
General Fund	\$ 3,274,034	\$	\$ 3,192,002	\$ 3,674,454
Miscellaneous Trust Funds	136,008		32,286	136,791
Impact Fee	160,000		63,000	250,000
<b>Library Total</b>	<b>\$ 3,570,042</b>	<b>\$ 0</b>	<b>\$ 3,287,288</b>	<b>\$ 4,061,245</b>
<b>Police Department</b>				
General Fund	\$ 31,547,669	\$	\$ 22,879,029	\$ 36,683,493
Grant Funds	1,610,190		1,044,552	1,664,969
Miscellaneous Trust Funds	151,342		151,342	151,342
<b>Police Department Total</b>	<b>\$ 33,309,201</b>	<b>\$ 0</b>	<b>\$ 24,074,923</b>	<b>\$ 38,499,804</b>
<b>Public Works</b>				
Streets Fund	\$ 40,328,915	\$	\$ 28,848,279	\$ 42,409,448
Grant Funds	1,061,500		315,000	1,314,886
Impact Fee	271,000		46,250	1,452,500
Fleet Services	3,343,340	20,000	3,346,618	3,403,323
Water	45,680,607		32,329,205	38,856,745
Wastewater	36,767,533		27,244,815	49,579,265
Solid Waste	17,798,973		17,305,741	18,067,833
Engineering	2,525,904		2,381,301	2,565,351
<b>Public Works Total</b>	<b>\$ 147,777,772</b>	<b>\$ 20,000</b>	<b>\$ 111,817,209</b>	<b>\$ 157,649,351</b>
<b>Recreation Services</b>				
General Fund	\$ 11,721,789	\$ 1,180,000	\$ 12,732,209	\$ 9,762,899
Streets	376,126		376,115	377,098
Transient Occupancy Tax	50,000		50,000	40,000
Grant Funds	1,311,020	1,200,000	1,777,596	4,818,000
Miscellaneous Trust Funds	19,089	25,000	39,515	555,947
Acker Trust	14,500	350	14,850	14,500
Golf Course	5,106,421		4,625,219	5,002,658
Facilities Maintenance	2,751,884	80,000	2,821,831	4,317,313
<b>Recreation Services Total</b>	<b>\$ 21,350,829</b>	<b>\$ 2,485,350</b>	<b>\$ 22,437,335</b>	<b>\$ 24,888,415</b>
<b>Regional Communications</b>				
General Fund	\$ 2,798,786	\$	\$ 2,564,460	\$ 3,236,771
<b>Reg Communications Total</b>	<b>\$ 2,798,786</b>	<b>\$ 0</b>	<b>\$ 2,564,460</b>	<b>\$ 3,236,771</b>
<b>Non-Departmental</b>				
General Fund	\$ 5,786,942	\$ (1,610,000)	\$ 1,694,363	\$ 5,503,953
Grant Funds	5,075,000	(1,725,350)		5,075,000
<b>Non-Departmental Total</b>	<b>\$ 10,861,942</b>	<b>\$ (3,335,350)</b>	<b>\$ 1,694,363</b>	<b>\$ 10,578,953</b>
<b>TOTAL ALL DEPARTMENTS</b>	<b>\$ 303,746,162</b>	<b>\$ 0</b>	<b>\$ 214,099,614</b>	<b>\$ 311,496,498</b>

\* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Prescott, Arizona  
Full-time employees and personnel compensation  
Fiscal year 2027

Fund	Full-time equivalent (FTE) 2027	Employee salaries and hourly costs 2027	Retirement costs 2027	Healthcare costs 2027	Other benefit costs 2027	Total estimated personnel compensation 2027
<b>General Fund</b>	415.84	\$ 36,508,618	\$ 3,952,761	\$ 6,092,989	\$ 3,064,357	\$ 49,618,725
<b>Special Revenue Funds</b>						
Streets Fund	49.01	\$ 3,895,233	\$ 426,083	\$ 768,501	\$ 502,770	\$ 5,592,587
Transient Occupancy Tax	2.90	238,994	26,974	39,528	18,556	324,052
Grants and Trust Funds	9.80	2,041,385	96,681	127,435	87,840	2,353,341
<b>Total Special Revenue Funds</b>	61.71	\$ 6,175,612	\$ 549,738	\$ 935,464	\$ 609,166	\$ 8,269,980
<b>Enterprise funds</b>						
Water	48.09	\$ 3,670,782	\$ 394,091	\$ 712,654	\$ 335,990	\$ 5,113,517
Wastewater	44.42	3,103,923	346,321	680,533	316,056	4,446,833
Solid Waste	42.85	2,957,490	305,486	587,606	343,609	4,194,191
Golf Course	0.00	2,176,630	0	0	0	2,176,630
Airport	21.79	1,819,343	135,798	229,356	140,809	2,325,306
<b>Total Enterprise Funds</b>	157.15	\$ 13,728,168	\$ 1,181,696	\$ 2,210,149	\$ 1,136,464	\$ 18,256,477
<b>Internal Service Funds</b>						
Fleet Maintenance	11.00	\$ 796,547	\$ 92,259	\$ 144,636	\$ 78,347	\$ 1,111,789
Risk Management	1.00	71,399	8,503	17,388	6,569	103,859
Engineering	15.64	1,539,407	165,271	238,404	131,561	2,074,643
Facilities Maintenance	6.26	473,981	53,388	94,620	50,834	672,823
<b>Total Internal Service Funds</b>	33.90	\$ 2,881,334	\$ 319,421	\$ 495,048	\$ 267,311	\$ 3,963,114
<b>Total All Funds</b>	668.60	\$ 59,293,732	\$ 6,003,616	\$ 9,733,650	\$ 5,077,298	\$ 80,108,296

Note: Full-Time Equivalent (FTE) includes 626.5 FTE permanent employees and an estimated 42.1 FTE temporary employees



TO: MAYOR AND CITY COUNCIL  
AGENDA: June 9 Voting Meeting  
DATE: June 9, 2026  
DEPT: City Clerk  
ITEM #: 9.C  
SUBJECT: Approval of Ballot Language as Recommended by the Charter Review Committee for Amendments to the Prescott City Charter to be Included on the November 3, 2026 Special Election Ballot.

## ITEM SUMMARY

This item is for approval of ballot language as recommended and forwarded by the Charter Review Committee for additional amendments to the Prescott City Charter in the following Articles: 1) Article XI, Section 4 related to the appointment and term of the City Judge; 2) Article VIII, Section 14 establishing restrictions related to Development Agreements; 3) Article I, Section 3 Powers of the City related to Development Agreements; 4) Article I, Section 4 establishing open space requirements for large-scale annexation developments; and 5) Article VIII, Section 2 regarding appraisal and valuation requirements for real property acquisitions.

## BACKGROUND

During the months of April and May the Charter Review Committee (CRC) convened four times to finalize proposed ballot language related to five Charter Amendments. The Committee's intent was to address language related to the City Court which was outdated due to changes in the court structure, to establish language that will create restrictions related to Council approval of Development Agreements, establish requirements related to open space for large-scale annexation developments, and set requirements for appraisal and valuation related to real property acquisitions. The proposed language adopted by the Committee is included below and attached for the Council's consideration. Approval of this ballot language will direct the City Clerk to obtain Proposition numbers and place amendments on the November 3, 2026 Special Election Ballot with Prop401 (Majority to Elect in Primary) and Prop402 (City Judge) as previously approved by the Council.

### Proposal 1:

#### **Article XI, Section 4 Current Language & Proposed Language:**

~~The presiding officer of the city court shall be a city judge, who shall be appointed by the council in December of each even-numbered year. The term of office of the city judge shall commence on the first business day of the month following his or her appointment, and shall be for two (2) years, or until his or her successor is appointed and qualified. The city court department employees shall be appointed by and accountable to the city judge. The city judge will report to and be responsible for the operation of the city court department to the city council. The city judge shall prepare the budget for the city court department for submission to the city council, and the city court budget shall be established by the city council.~~

The presiding officer of the city court shall be the City Judge, who shall be appointed by the council. The City Judge shall be an attorney licensed and in good standing in the State of Arizona and shall serve at the pleasure of the council with a contract to be reviewed annually. At the annual review date, the City Council, at its discretion, shall decide whether to renew the contract. During the term of his/her contract, the Judge may be removed by the City Council only for cause, after notice and an opportunity to be heard. Removal for cause shall be justified by any criminal conduct and/or a violation of the Arizona Code of Judicial Conduct.

### Proposal 2:

#### **Article VIII, Section 14 "Development Agreements" Proposed Addition to City Charter**

Section 14

A. Authority and purpose.

The city may enter into development agreements with property owners or developers for the purpose of establishing the terms and conditions under which development of property shall occur, consistent with the Prescott general plan, Arizona revised statutes, and applicable ordinances. The restrictions outlined in this section shall apply to any development agreement approved following the adoption of this section [date]

**B. Prohibition on adjoining or adjacent property provisions.**

No development agreement shall include provisions that obligate, restrict, encumber, or otherwise impose conditions upon real property other than the property that is the subject of the agreement. Clauses purporting to apply to adjoining or adjacent properties, whether currently owned or subsequently acquired, are expressly prohibited and shall be void and unenforceable.

**C. Term and duration.**

Every development agreement shall include a defined term and expiration date. Any extension or renewal shall require approval in the same manner as the original agreement and shall not exceed the maximum term established therein nor create perpetual obligations.

**Proposal 3:**

**Article I, Section 3 "Powers of the City" Proposed Revisions:**

The City shall have the power to require all persons, firms, or corporations responsible for new physical development within the City to provide for or furnish, or pay a fee in lieu of providing or furnishing: (1) public utility easements; (2) water production, storage and transmission; (3) sewage collection, treatment and disposal; (4) park land and development; (5) school sites; (6) dedication and improvement of public rights-of-way; (7) bike paths and other necessary transportation; (8) drainage; (9) flood control; and (10) other public facilities necessary to maintain satisfactory levels of service for said new development as provided by ordinance which shall include definite standards basing the foregoing requirements on the needs of the inhabitants of said new development. (4) dedication and improvement of public rights-of-way, roads and other necessary transportation; (5) drainage; (6) flood control; and (6) other public facilities necessary to maintain satisfactory levels of service for said new development, as provided by ordinance which shall include definite standards basing the foregoing requirements on the needs of the inhabitants of said new development.

Notwithstanding the foregoing, all infrastructure improvements necessary to bring a new residential development into the City through annexation, including but not limited to roads, utilities, drainage facilities, and public service extensions, as well as any easements necessary to serve a residential development, must be planned, designed, constructed, and fully funded by the developer thereof. The City will not bear financial responsibility for such improvements, whether newly constructed or due to increased capacity necessitated by increased usage, unless expressly approved by the voters at a regular or special election.

**Proposal 4:**

**Article I, Section 4 "Boundaries" Proposed Addition**

**C. Open space requirements for large-scale annexation developments.**

Any proposed residential development project encompassing more than two hundred fifty (250) acres which is proposed to be annexed into the city pursuant to a pre-annexation development agreement shall dedicate and permanently preserve not less than twenty-five percent (25%) of the total annexed project area as open space. Such open space shall be meaningful and functional, and shall, to the greatest extent practicable:

1. Preserve wildlife corridors and native habitat;
2. Provide public access to usable open areas, including hiking, biking, or similar recreational trails; and
3. Be configured in a manner that promotes connectivity and environmental sustainability, rather than consisting of isolated or fragmented parcels

**Proposal 5:**

**Article VIII, Replacing Section 2 "Acquisition of Real Property"**

Section 2 – ~~Contracts for city improvements or materials~~ ACQUISITION OF REAL PROPERTY

~~Deleted September 11, 2001.~~

The city shall have the power to acquire real property and interests therein by purchase, gift, exchange, lease, or other lawful means, provided that any such acquisition is determined by the city council to serve a public purpose and promote the public good, and is consistent with the provisions of this section and the other provisions of this charter.

Prior to the approval of any purchase or exchange of real property by the city, the property shall be appraised by an independent, qualified real estate appraiser who is licensed and certified and has no financial or personal interest in the transaction. The appraisal shall establish the fair market value of the property.

The city shall not pay consideration for any real property in excess of the appraised fair market value as determined by the independent appraisal required herein unless an alternative valuation is determined by a court of law in an action to acquire property through eminent domain.

The appraisal and all supporting documentation shall be made part of the public record prior to final approval of the acquisition by the city council.

## **FINANCIAL IMPACT**

There is no fiscal impact associated with this item at this time, there will be future costs for conducting a Special Election and administrative costs for updates to the City Charter.

## **RECOMMENDED ACTION**

1) MOVE to approve ballot language for amendments to Prescott City Charter Article XI, Section 4; 2) MOVE to approve ballot language for amendments to Prescott City Charter Article VIII, Section 14; 3) MOVE to approve ballot language for amendments to Prescott City Charter Article I, Section 3; 4) MOVE to approve ballot language for amendments to Prescott City Charter Article I, Section 4; and 5) MOVE to approve ballot language for amendments to City Charter Article VIII, Section 2

## **ATTACHMENTS**

1. Resolution No. 2026-1977\_Calling for Special Election
2. PropXXX\_Article XI, Section 4
3. PropXXX\_Article VIII, Section 14 DAs
4. PropXXX\_Article I, Section 3 Powers of the City
5. PropXXX\_Article I, Section 4 Boundaries
6. PropXXX\_Article VIII, Section 2 Appraisals

**RESOLUTION NO. 2026-1977**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, PROVIDING NOTICE OF A SPECIAL ELECTION TO BE HELD IN CONSOLIDATION WITH THE YAVAPAI COUNTY GENERAL ELECTION ON NOVEMBER 3, 2026; AND AUTHORIZING THE CITY CLERK TO ENTER INTO ANY AGREEMENTS NECESSARY TO PROVIDE SERVICES FOR SUCH ELECTIONS**

**RECITALS:**

WHEREAS, the holding of Primary and General Elections is enabled by law and prescribed by the City of Prescott Charter; and,

WHEREAS, the Council wishes to propose amendments to the Prescott City Charter for voter approval at a Special Election; and,

**ENACTMENTS:**

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PRESCOTT AS FOLLOWS:

Section 1. THAT Yavapai County will conduct a General Election on Tuesday, November 3, 2026 for various county, state and federal races.

Section 2. THAT the City of Prescott may conduct a Special Election for its purposes in consolidation with the November 3, 2026 General Election.

Section 3. THAT the City Clerk is authorized to enter into any agreements with the Yavapai County Elections Department and any necessary vendors to provide election services for the November 3, 2026 Special Election.

Section 4. THAT said elections shall be vote-by-mail balloting, and otherwise held in accordance with the provisions of applicable State Statutes, City Charter provisions, city code and Ordinances and Resolutions of the City.

PASSED, APPROVED AND ADOPTED by the Mayor and Council of the City of Prescott this 10<sup>th</sup> day of March, 2026.

  
\_\_\_\_\_  
CATHEY RUSING, Mayor

RESOLUTION NO. 2026-1977

Page 2

ATTEST:

APPROVED AS TO FORM:

*Sarah M. Thornhill*  
\_\_\_\_\_  
SARAH M. THORNHILL  
City Clerk

*Joseph D. Young*  
\_\_\_\_\_  
JOSEPH D. YOUNG  
City Attorney

CERTIFICATION OF RECORDING OFFICER

STATE OF ARIZONA )  
County of Yavapai ) ss.

I, the undersigned Sarah M. Thornhill, being the duly appointed, qualified City Clerk of the City of Prescott, Yavapai County, Arizona, certify that the foregoing Resolution No. 2026-1977 is a true, correct and accurate copy of Resolution No. 2026-1977, passed and adopted at a Voting Meeting of the Council of the City of Prescott, Yavapai County, Arizona, held on the 10<sup>th</sup> day of March 2026, at which a quorum was present and, by a **5-2** vote, **five** voted in favor of said resolution.

Given under my hand and sealed this 16th day of March, 2026.

Seal

Sarah M. Thornhill  
City Clerk



**PROPOSITION XXX**

**PROPOSAL BY THE CITY COUNCIL TO AMEND CITY CHARTER ARTICLE XI, SECTION 4 ENTITLED “PRESIDING OFFICER; APPOINTMENT; TERM; JUSTICE OF PEACE AS CITY JUDGE”**

**SHALL ARTICLE XI, SECTION 4 OF THE CITY CHARTER ENTITLED “PRESIDING OFFICER; APPOINTMENT; TERM; JUSTICE OF PEACE AS CITY JUDGE” BE AMENDED AS FOLLOWS?**

~~Section 4 – The presiding officer of the city court shall be a city judge, who shall be appointed by the council in December of each even-numbered year. The term of office of the city judge shall commence on the first business day of the month following his or her appointment, and shall be for two (2) years, or until his or her successor is appointed and qualified~~

~~The city court department employees shall be appointed by and accountable to the city judge. The city judge will report to and be responsible for the operation of the city court department to the city council. The city judge shall prepare the budget for the city court department for submission to the city council, and the city court budget shall be established by the city council.~~

" THE PRESIDING OFFICER OF THE CITY COURT SHALL BE THE CITY JUDGE, WHO SHALL BE APPOINTED BY THE COUNCIL. THE CITY JUDGE SHALL BE AN ATTORNEY LICENSED AND IN GOOD STANDING IN THE STATE OF ARIZONA AND SHALL SERVE AT THE PLEASURE OF THE COUNCIL WITH A CONTRACT TO BE REVIEWED ANNUALLY. AT THE ANNUAL REVIEW DATE, THE CITY COUNCIL, AT ITS DISCRETION, SHALL DECIDE WHETHER TO RENEW THE CONTRACT. DURING THE TERM OF HIS/HER CONTRACT, THE JUDGE MAY BE REMOVED BY THE CITY COUNCIL ONLY FOR CAUSE, AFTER NOTICE AND AN OPPORTUNITY TO BE HEARD. REMOVAL FOR CAUSE SHALL BE JUSTIFIED BY ANY CRIMINAL CONDUCT AND/OR A VIOLATION OF THE ARIZONA CODE OF JUDICIAL CONDUCT."

**FULL BALLOT TEXT:**

OFFICIAL TITLE: PROPOSAL BY THE CITY COUNCIL TO AMEND CITY CHARTER ARTICLE XI, SECTION 4 ENTITLED “PRESIDING OFFICER; APPOINTMENT; TERM; JUSTICE OF PEACE AS CITY JUDGE”

DESCRIPTIVE TITLE: AMENDMENT TO THE CITY CHARTER SHALL REVISE ARTICLE XI, SECTION 4 ENTITLED “PRESIDING OFFICER; APPOINTMENT; TERM; JUSTICE OF PEACE AS CITY JUDGE” WITH UPDATED APPOINTMENT AND TERM LANGUAGE IN ALIGNMENT WITH CURRENT PROCESS

A “YES” vote shall have the effect of updating Section 4 of Article XI as noted.

A “NO” vote shall have the effect of maintaining the current wording

**PROPOSITION XXX**

**PROPOSAL BY THE CITY COUNCIL TO AMEND CITY CHARTER ARTICLE VIII ADDING SECTION 14 ENTITLED “DEVELOPMENT AGREEMENTS”**

**SHALL ARTICLE VIII OF THE CITY CHARTER BE AMENDED TO ADD SECTION 14 ENTITLED “DEVELOPMENT AGREEMENTS” AS FOLLOWS?**

SECTION 14

A. AUTHORITY AND PURPOSE.

THE CITY MAY ENTER INTO DEVELOPMENT AGREEMENTS WITH PROPERTY OWNERS OR DEVELOPERS FOR THE PURPOSE OF ESTABLISHING THE TERMS AND CONDITIONS UNDER WHICH DEVELOPMENT OF PROPERTY SHALL OCCUR, CONSISTENT WITH THE PRESCOTT GENERAL PLAN, ARIZONA REVISED STATUTES, AND APPLICABLE ORDINANCES. THE RESTRICTIONS OUTLINED IN THIS SECTION SHALL APPLY TO ANY DEVELOPMENT AGREEMENT APPROVED FOLLOWING THE ADOPTION OF THIS SECTION [DATE]

B. PROHIBITION ON ADJOINING OR ADJACENT PROPERTY PROVISIONS.

NO DEVELOPMENT AGREEMENT SHALL INCLUDE PROVISIONS THAT OBLIGATE, RESTRICT, ENCUMBER, OR OTHERWISE IMPOSE CONDITIONS UPON REAL PROPERTY OTHER THAN THE PROPERTY THAT IS THE SUBJECT OF THE AGREEMENT. CLAUSES PURPORTING TO APPLY TO ADJOINING OR ADJACENT PROPERTIES, WHETHER CURRENTLY OWNED OR SUBSEQUENTLY ACQUIRED, ARE EXPRESSLY PROHIBITED AND SHALL BE VOID AND UNENFORCEABLE.

C. TERM AND DURATION.

EVERY DEVELOPMENT AGREEMENT SHALL INCLUDE A DEFINED TERM AND EXPIRATION DATE. ANY EXTENSION OR RENEWAL SHALL REQUIRE APPROVAL IN THE SAME MANNER AS THE ORIGINAL AGREEMENT AND SHALL NOT EXCEED THE MAXIMUM TERM ESTABLISHED THEREIN NOR CREATE PERPETUAL OBLIGATIONS.

**FULL BALLOT TEXT:**

OFFICIAL TITLE: PROPOSAL BY THE CITY COUNCIL TO AMEND CITY CHARTER ARTICLE VIII ADDING SECTION 14 ENTITLED “DEVELOPMENT AGREEMENTS”

DESCRIPTIVE TITLE: AMENDMENT TO THE CITY CHARTER SHALL REVISE ARTICLE VIII, ADDING SECTION 14 ENTITLED “DEVELOPMENT AGREEMENTS” ESTABLISHING RESTRICTIONS RELATED TO DEVELOPMENT AGREEMENTS

A “YES” vote shall have the effect of updating Section 14 of Article VIII as noted.

A “NO” vote shall have the effect of not adding Section 14 to Article VIII

**PROPOSITION XXX**

**PROPOSAL BY THE CITY COUNCIL TO AMEND CITY CHARTER ARTICLE I, SECTION 3 ENTITLED “POWERS OF THE CITY”**

**SHALL ARTICLE I, SECTION 3 ENTITLED “POWERS OF THE CITY” OF THE CITY CHARTER BE AMENDED AS FOLLOWS?**

The city shall have the power to require all persons, firms, or corporations responsible for new physical development within the city to provide for or furnish, or pay a fee in lieu of providing or furnishing: (1) public utility easements; (2) water production, storage and transmission; (3) sewage collection, treatment and disposal; (4) ~~park land and development;~~ (5) ~~school sites;~~ (6) ~~dedication and improvement of public rights-of-way;~~ (7) ~~bike paths and other necessary transportation;~~ (8) ~~drainage;~~ (9) ~~flood control;~~ and (10) ~~other public facilities necessary to maintain satisfactory levels of service for said new development as provided by ordinance which shall include definite standards basing the foregoing requirements on the needs of the inhabitants of said new development.~~ (4) DEDICATION AND IMPROVEMENT OF PUBLIC RIGHTS-OF-WAY, ROADS AND OTHER NECESSARY TRANSPORTATION; (5) DRAINAGE; (6) FLOOD CONTROL; AND (6) OTHER PUBLIC FACILITIES NECESSARY TO MAINTAIN SATISFACTORY LEVELS OF SERVICE FOR SAID NEW DEVELOPMENT, AS PROVIDED BY ORDINANCE WHICH SHALL INCLUDE DEFINITE STANDARDS BASING THE FOREGOING REQUIREMENTS ON THE NEEDS OF THE INHABITANTS OF SAID NEW DEVELOPMENT.

NOTWITHSTANDING THE FOREGOING, ALL INFRASTRUCTURE IMPROVEMENTS NECESSARY TO BRING A NEW RESIDENTIAL DEVELOPMENT INTO THE CITY THROUGH ANNEXATION, INCLUDING BUT NOT LIMITED TO ROADS, UTILITIES, DRAINAGE FACILITIES, AND PUBLIC SERVICE EXTENSIONS, AS WELL AS ANY EASEMENTS NECESSARY TO SERVE A RESIDENTIAL DEVELOPMENT, MUST BE PLANNED, DESIGNED, CONSTRUCTED, AND FULLY FUNDED BY THE DEVELOPER THEREOF. THE CITY WILL NOT BEAR FINANCIAL RESPONSIBILITY FOR SUCH IMPROVEMENTS, WHETHER NEWLY CONSTRUCTED OR DUE TO INCREASED CAPACITY NECESSITATED BY INCREASED USAGE, UNLESS EXPRESSLY APPROVED BY THE VOTERS AT A REGULAR OR SPECIAL ELECTION.

**FULL BALLOT TEXT:**

OFFICIAL TITLE: PROPOSAL BY THE CITY COUNCIL TO AMEND CITY CHARTER ARTICLE I SECTION 3 ENTITLED “POWERS OF THE CITY”

DESCRIPTIVE TITLE: AMENDMENT TO THE CITY CHARTER SHALL REVISE ARTICLE I, SECTION 3 ENTITLED “POWERS OF THE CITY” ESTABLISHING RESTRICTIONS RELATED TO DEVELOPMENT AGREEMENTS

A “YES” vote shall have the effect of amending Section 3 of Article I as noted.

A “NO” vote shall have the effect of retaining the existing language.

**PROPOSITION XXX**

**PROPOSAL BY THE CITY COUNCIL TO AMEND CITY CHARTER ARTICLE I, SECTION 4 ENTITLED “BOUNDARIES” ADDING A SECTION REGARDING OPEN SPACE**

**SHALL ARTICLE I, SECTION 4 ENTITLED “BOUNDARIES” OF THE CITY CHARTER BE AMENDED AS FOLLOWS?**

**C. OPEN SPACE REQUIREMENTS FOR LARGE-SCALE ANNEXATION DEVELOPMENTS.**

ANY PROPOSED RESIDENTIAL DEVELOPMENT PROJECT ENCOMPASSING MORE THAN TWO HUNDRED FIFTY (250) ACRES WHICH IS PROPOSED TO BE ANNEXED INTO THE CITY PURSUANT TO A PRE-ANNEXATION DEVELOPMENT AGREEMENT SHALL DEDICATE AND PERMANENTLY PRESERVE NOT LESS THAN TWENTY-FIVE PERCENT (25%) OF THE TOTAL ANNEXED PROJECT AREA AS OPEN SPACE. SUCH OPEN SPACE SHALL BE MEANINGFUL AND FUNCTIONAL, AND SHALL, TO THE GREATEST EXTENT PRACTICABLE:

1. PRESERVE WILDLIFE CORRIDORS AND NATIVE HABITAT;
2. PROVIDE PUBLIC ACCESS TO USABLE OPEN AREAS, INCLUDING HIKING, BIKING, OR SIMILAR RECREATIONAL TRAILS; AND
3. BE CONFIGURED IN A MANNER THAT PROMOTES CONNECTIVITY AND ENVIRONMENTAL SUSTAINABILITY, RATHER THAN CONSISTING OF ISOLATED OR FRAGMENTED PARCELS

**FULL BALLOT TEXT:**

OFFICIAL TITLE: PROPOSAL BY THE CITY COUNCIL TO AMEND CITY CHARTER ARTICLE I SECTION 3 ENTITLED “POWERS OF THE CITY” ADDING A SECTION REGARDING OPEN SPACE

DESCRIPTIVE TITLE: AMENDMENT TO THE CITY CHARTER SHALL REVISE ARTICLE I, SECTION 4 ENTITLED “BOUNDARIES” ESTABLISHING OPEN SPACE REQUIREMENTS FOR LARGE-SCALE ANNEXATION DEVELOPMENTS

A “YES” vote shall have the effect of adding to Section 4 of Article I as noted.

A “NO” vote shall have the effect of not adding the additional sub-section to Section 4 of Article I.

**PROPOSITION XXX**

**PROPOSAL BY THE CITY COUNCIL TO AMEND CITY CHARTER ARTICLE VIII, REPLACING SECTION 2 TO BE ENTITLED “ACQUISITION OF REAL PROPERTY”**

**SHALL ARTICLE VIII BE AMENDED REPLACING SECTION 2 TO BE ENTITLED “ACQUISITION OF REAL PROPERTY” OF THE CITY CHARTER BE AMENDED AS FOLLOWS?**

Section 2 – ~~Contracts for city improvements or materials~~ ACQUISITION OF REAL PROPERTY

~~Deleted September 11, 2001.~~

THE CITY SHALL HAVE THE POWER TO ACQUIRE REAL PROPERTY AND INTERESTS THEREIN BY PURCHASE, GIFT, EXCHANGE, LEASE, OR OTHER LAWFUL MEANS, PROVIDED THAT ANY SUCH ACQUISITION IS DETERMINED BY THE CITY COUNCIL TO SERVE A PUBLIC PURPOSE AND PROMOTE THE PUBLIC GOOD, AND IS CONSISTENT WITH THE PROVISIONS OF THIS SECTION AND THE OTHER PROVISIONS OF THIS CHARTER.

PRIOR TO THE APPROVAL OF ANY PURCHASE OR EXCHANGE OF REAL PROPERTY BY THE CITY, THE PROPERTY SHALL BE APPRAISED BY AN INDEPENDENT, QUALIFIED REAL ESTATE APPRAISER WHO IS LICENSED AND CERTIFIED AND HAS NO FINANCIAL OR PERSONAL INTEREST IN THE TRANSACTION. THE APPRAISAL SHALL ESTABLISH THE FAIR MARKET VALUE OF THE PROPERTY.

THE CITY SHALL NOT PAY CONSIDERATION FOR ANY REAL PROPERTY IN EXCESS OF THE APPRAISED FAIR MARKET VALUE AS DETERMINED BY THE INDEPENDENT APPRAISAL REQUIRED HEREIN UNLESS AN ALTERNATIVE VALUATION IS DETERMINED BY A COURT OF LAW IN AN ACTION TO ACQUIRE PROPERTY THROUGH EMINENT DOMAIN.

THE APPRAISAL AND ALL SUPPORTING DOCUMENTATION SHALL BE MADE PART OF THE PUBLIC RECORD PRIOR TO FINAL APPROVAL OF THE ACQUISITION BY THE CITY COUNCIL.

**FULL BALLOT TEXT:**

OFFICIAL TITLE: PROPOSAL BY THE CITY COUNCIL TO AMEND CITY CHARTER ARTICLE VIII REPLACING SECTION 2 TO BE ENTITLED “ACQUISITION OF REAL PROPERTY”

DESCRIPTIVE TITLE: AMENDMENT TO THE CITY CHARTER SHALL REVISE ARTICLE VIII REPLACING SECTION 2 TO BE ENTITLED “ACQUISITION OF REAL PROPERTY” ESTABLISHING APPRAISAL AND VALUATION REQUIREMENTS FOR REAL PROPERTY PURCHASES OPEN SPACE REQUIREMENTS FOR LARGE-SCALE ANNEXATION DEVELOPMENTS

A “YES” vote shall have the effect of replacing Section 2 of Article VIII as noted.

A “NO” vote shall have the effect of retaining the existing language.