

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 Whetstine 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.

Cathey Rusing

CATHEY RUSING, Mayor

ATTEST:

Sarah M. Thornhill

SARAH M. THORNHILL, City Clerk



CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Voting Meeting of the City Council Voting Meeting of the City of Prescott, Arizona held on May 19, 2026. I further certify the meeting was duly called and held and that a quorum was present.

Sarah M. Thornhill

Sarah M. Thornhill, City Clerk