

PRESCOTT CITY COUNCIL
STUDY SESSION MEETING
TUESDAY, AUGUST 29, 2017
PRESCOTT, ARIZONA

Minutes of the Study Session Meeting of the Prescott City Council held on August 29, 2017, In the Council Chambers located at City Hall, 201 South Cortez Street, Prescott, Arizona.

1. CALL TO ORDER

Mayor Oberg called the meeting to order at 1:00 pm.

2. ROLL CALL:

Present:

Mayor Oberg
Mayor Pro Tem Lamerson
Councilman Blair
Councilman Lazzell
Councilwoman Orr
Councilman Sischka
Councilwoman Wilcox

3. DISCUSSION ITEMS

A. Request by US Vets for an Allocation of City Water to support a proposed redevelopment project at 1040 Whipple St.

Leslie Graser, City Water Resources Manager, presented. The Water Service Agreement Application No. WSA17-009 was submitted on April 14, 2017, by Carole Benedict on behalf of U.S.VETS, requesting an alternative water allocation for conversion of an existing commercial building into a 60-unit low-income apartment complex for veterans and other community members. U.S.VETS sought an Arizona Department of Housing grant to fund the project.

On May 23, 2017, the Council adopted Resolution No. 4385-1594, endorsing the project. However, the grant funding was not obtained. U.S.VETS subsequently submitted a revised project, to be financed by other sources, consisting of 88 studio units, a manager's apartment, a 14-unit shelter with 56 beds, and a commercial kitchen and dining hall, which would require an increased quantity of alternative water from the City.

At their meeting of August 1, 2017, the Council Water Issues Committee referred the revised request of the U.S.VETS to the full Council for a presentation by the applicant at a Study Session, and related discussion.

APNs 115-09-008C, D, and 010A are part of the Gardenland Tract and Hinman Tract Subdivisions, and zoned Business Regional (BR). The project scope consists of interior renovation of the existing buildings for the above-described uses. Review of utility billing records established historical annual usage of two (2.0) acre-feet (AF) of groundwater, which can be applied to offset, in part, the water necessary for the building conversions.

The project will require a total of 14.35 AF of water: the 2.0 AF of grandfathered groundwater, and a new allocation of 12.35 AF of alternative water from the Calendar Year 2017 residential budget. Since this amount, (12.35 AF) is less than 50% of the present remaining 2017 residential budget (25.56 AF), it could be approved by Council within existing water management policy.

At their voting meeting of May 23, 2017, the Council adopted Resolution No. 4385-1594 providing:

1. City endorsement of the project. *(Note: As mentioned above, the scope of the project has been expanded.)*
2. A finding of particular benefit to the health, safety, and welfare of the community, pursuant to Policy 16 of the Water Management and Calendar Year 2017 Alternative Water Allocation Policy, as amended.
3. The setting aside of 7.0 acre-feet of alternative water, pending the determination/award of grant funding by the Arizona Department of Housing. *(Note: The volume of 7 AF has been returned to the Calendar Year 2017 Alternative Water budget since the grant was not received, and the project has been revised.)*

Carole Benedict, Executive Director, presented. According to the 2016 Point in Time Survey, 34% of the Yavapai County homeless were veterans. Last year they served 182 veterans; 68% were transitioned into permanent housing. They are working with joint partnerships to help with this project.

Mayor Pro Tem Lamerson confirmed that it is not just for veterans. Ms. Benedict said correct, however, they don't have funding for non-veterans. If they don't receive funding for non-veterans, they will continue to seek funding. Pro Tem Lamerson has always been concerned with homeless. Ms. Benedict said there is staff available 24/7.

Councilwoman Wilcox said Prescott is blessed to have one of the two Veteran hospitals in the state. Prescott has a higher number of homeless veterans. Ms. Benedict said they have about five percent females in the program. They could serve more females. The veterans will have priority.

Dane Beck, with Beck Legacy Group, the developer for the U.S. VETS project, reviewed the project team that is responsible for this project. They have a great collaboration between the development team and U.S. VETS to create a campus style complex serving the needs of transitional veterans and Prescott residents seeking affordable housing. The development team has a proven track record of large projects in Northern Arizona.

The project started out as a grant however this was not feasible. The scope of the project was modified to fit the needs of the U.S. VETS, Veterans in Progress Program and to create a campus atmosphere where U.S. VETS can provide housing, meals, and educational services to 56 transitional veterans in the one location. The 88 dormitory units are designed to meet the Housing Authority Guidelines which is a dormitory type living space. This was the piece that was missing in the first round of discussion. There were four veterans to a room and now it will be two veterans to a room with this model.

Councilwoman Wilcox asked if there would be outdoor community spaces for social areas. He said there will be a community center and there will be outdoor space that will accompany it. Councilwoman Wilcox recommended having rainwater harvesting for the landscaping and using it as a learning opportunity for the veterans.

Councilman Lazzell understood that the majority of the project would be for veterans. Mr. Beck said the dormitory style would be 56 dormitory beds for veterans and then there will be 88 studio units with the Veterans using twenty-five percent of the studio units.

Councilman Blair said this location had water in the past; how much water was originally allotted to the structures and how much water is needed for this use. Ms. Graser said it could carry 2.0 acre feet of water on the groundwater side. In order to make it work, they need 14.35 acre feet. Councilman Blair said with the limited water supply, when this will this be developed? Ms. Graser said this will come back to Council for approval. They will have to follow city policy for projects. Councilman Blair said it needs to be clear to the client on what their obligations are to complete the project. If an extension is needed, how will that be done? Ms. Graser said there is a year to get the building permit and three years to get the certificate of occupancy.

Councilman Sishcka said that 7.0 acre feet is coming back into the portfolio. Is that included in the 25.65 acre feet? Mr. Graser said this project still meets the requirements and it is included in the 25.6 acre feet.

Councilwoman Orr asked what the timing is on this project. Mr. Beck said they need to move quickly.

Councilwoman Orr asked what happens to the Gurley St. location. Ms. Benedict said this project is instead of the Gurley St. location. The area has no space to grow and no room to add housing. The Gurley St. location was once an assisted living facility but she didn't know if the building would go back to that use.

Mayor Pro Tem Lamerson said this is a good project and is long overdue. Will someone be there to man the new location 24/7? Ms. Benedict said yes, they are mandated to have 24 hour staffing. The current location is being manned 24/7.

Councilman Blair asked about the project next to McDonalds. Ms. Graser said they are two separate projects.

Council would like to see the item on a future voting agenda.

B. Presentation by Public Works of Delivery Methods for Downtown Capital Improvement Projects.

Henry Hash, Public Works Director, presented. Currently there are six downtown capital improvement projects that are in various stages of design. Public Works will present a plan for delivering these downtown capital improvement projects more efficiently and cost effective. Staff has discussed to do the downtown projects differently by using a CMAR (Construction Manager at Risk).

Steve Orosz, Project Manager, said there are four ways to deliver projects.

1. Design-Bid-Build (DBB)
 - *Qualifications based on selection for Designer
 - *Low bid-Contractor
2. Design-Build (DB)
 - *Qualifications based on selection for Designer and Contractor (one contract)
 - *Guaranteed Maximum Price
3. Job Order Contracting (JOC)
 - *Predetermined Unit Costs
4. Construction Manager at Risk (CMAR)
 - *Qualifications based on selection for Designer and Contractor (Two Contracts)
 - *Guaranteed Maximum Price

Mayor Oberg said this isn't necessarily the lowest bid. Orosz said correct.

Mr. Orosz said it is based on qualifications, not price, when using construction manager at risk process. This is a very equitable process because it is based on qualifications. With the proposed projects, the construction manager at risk

would complete the projects in an orderly manner. CMAR's are used for larger, more complicated projects.

Downtown Projects

*Willis/Cortez Project

*Alley off of Bashford Courts Parking Area

*Summit Beech/McCormick near Sharlot Hall

*Goodwin Project (crosses east and west Goodwin)

*Carlton/Alarcon Project

*Cortez Project (between Carlton and Goodwin)

These projects would be done in phases and would be delivered in a much more efficient manner. The CMAR is selected based on qualifications, not price. CMAR's have subcontractors that do various elements of the work.

The funding of these projects are spread out over a number of years. This will help complete the projects in an orderly manner. There is some flexibility when using CMAR. There is funding to cover five of the six projects.

Mayor Oberg said we get a lot of change orders. Under CMAR, are we going to see less change orders? Mr. Orosz said they have to work within the guaranteed maximum price.

Mayor Oberg asked if they will start from scratch or take the design? Orosz said CMAR will take what they have now and evaluate the efficiencies and they can incorporate them so don't start from scratch. The contractor and designer will work collaboratively and if there is a better way to do it, they will make adjustments. It will be included in the scope of work.

Councilwoman Wilcox asked if there is a recommendation to combine some of these projects to get the best economy of scale. Mr. Orosz said the best way to do this is to combine all of the six projects and will cost about \$14 million.

Mayor Pro Tem Lamerson asked who decides the order and criteria of the projects. Mr. Orosz said all of the projects are important and they are considered one project in the downtown area.

Councilwoman Orr said this is reasonable to look at for downtown projects. In cost analysis, is this better for the taxpayer dollar? Mr. Orosz said yes.

Councilman Sischka asked if this opens up these projects to other contractors. Mr. Orosz said yes; this is just one element of the projects. Councilman Sischka asked what the risk is for CMAR. Mr. Orosz said the contractor gives us a maximum price and they stay under the maximum price. There could be a cost savings and could come back to the city. There is a give and take.

Councilman Lazzell said, using CMAR, they discuss and can come up with some cost saving areas without cutting safety or quality.

Mayor Oberg asked how soon will they be able to start putting out contracts with CMAR. Mr. Orosz said they will have to hire a CMAR. They will bring back a CMAR contract in December or January. Construction could start in the spring. Mr. Orosz said the CMAR is the constant through the entire project. They may bring in contractors to complete parts of the project. The treatment plant project by the airport went very well.

Sandy Griffis with Yavapai County Contractors Association explained what the Construction Manager at Risk does. It shouldn't be used for a \$600,000 Willis/Cortez St. project. It should be a multi-million dollar project. She is unclear when using a CMAR for projects that won't be done in 4 years. She agrees that it will bring in good contractors.

Michael Lamar, City Manager, said you have to bring in the right contractor who will want to be in for the long haul. Mr. Hash said one of the positives for CMAR is that the project should be completed in three years. They know they have to do all of the projects in the most efficient timeframe. They will have to plan around the weather to accomplish the projects.

Mr. Lamar said there has to be a collaborative trustworthy relationship with the CMAR, otherwise it won't work. Councilwoman Orr asked if the money was in the reserves. Mr. Lamar said yes.

Fred Veil, Executive Director of Sharlot Hall Museum, said they are bounded by all those streets. The challenge they will be facing is a new education center being constructed on Beech and McCormick. The project funding is halfway completed and he hopes to have the funding by the first part of next year and construction beginning in FY19. There are a number of issues with coordinating the projects. There are some power lines that APS suggested to move and they would be willing to move them underground provided they could do it when the

city is trenching the project. That will have to be done before they can construct their facility.

4. ADJOURNMENT

There being no further business to discuss, the Study Session Meeting, adjourned at 2:15 p.m.

Harry B. Oberg, Mayor

ATTEST:

Maureen Scott, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting of the City Council of the City of Prescott, Arizona held on the 29th day of August 2017. I further certify the meeting was duly called and held and that a quorum was present.

Dated this _____ day of _____, 2017.

AFFIX
CITY SEAL

Maureen Scott, City Clerk