



CITY COUNCIL STUDY SESSION MEETING

STUDY SESSION MINUTES

TUESDAY, AUGUST 9, 2022, 1:00 PM

201 S. Cortez Street
Prescott, AZ 86303
Council Chambers

Phil Goode, Mayor

Cathey Rusing, Mayor Pro Tem

Brandon Montoya, Councilman

Eric Moore, Councilman

Vacant Seat

Steve Sischka, Councilman

Clark Tenney, Councilman

MINUTES OF THE STUDY SESSION OF THE PRESCOTT CITY COUNCIL STUDY SESSION HELD ON AUGUST 9, 2022, IN THE 201 S. CORTEZ STREET PRESCOTT, AZ 86303 COUNCIL CHAMBERS.

1. CALL TO ORDER

Mayor Goode called the meeting to order at 1:00 p.m.

2. ROLL CALL

Phil Goode	Mayor
Cathey Rusing	Mayor Pro Tem
Brandon Montoya	Councilman
Eric Moore	Councilman
Steve Sischka	Councilman
Clark Tenney	Councilman

3. DISCUSSION

- A. Discussion and Update Regarding the Reconstruction of the Water Production Facility in Chino Valley and Construction of the Intermediate Pump Stations West of the Airport, Required Pursuant to the 2005 Decision & Order, and Project Funding Discussion.

Public Works Director Ashley Couch provided a presentation to Council regarding the reconstruction of the facilities and project funding. This is the largest project he has ever been associated with in the public sector. There has been some discussion regarding whether this project is in violation of Prop401 so he addressed that.

Prop401 passed in 2009 amending City Charter Section 16 and requires voter approval for certain high value projects. Project is defined as a group of related activities undertaken for the purpose of performing a discrete function or set of functions or creating interrelated infrastructure. These projects are different but interrelated as they work collaboratively to provide water infrastructure to the city. At the time of adoption, any project greater than \$40 million would require voter approval. A Consumer Price Index (CPI) was built in, making the current threshold \$50,881,152 as of December 31, 2021.

Costs Associated with these Projects:

- * Water Production Facility - \$18,749,661
- * Intermediate Pump Stations - \$40,948,720

Prop401 does list several exceptions making projects exempt from the requirements. These are:

- * Replacement or repair of existing sewer and water lines – Water Production Facility (WPF) fits this exception
- * Replacement or repair of wastewater treatment systems
- * Projects mandated by state or federal law or court order – Intermediate Pump Station (IPS) fits this exception

Based on these assessments and evaluations by staff and the legal department the WPF and IPS projects **DO NOT** violate Prop401.

Water Production Facility (WPF):

- * Located in Chino Valley (CV)
- * Primary source for city water production
- * Pumps water to tank at Douglas Ave and Willow Creek Rd leaving production facility at 400 pounds per square inch (PSI)
- * Original infrastructure is 75 years old (built in 1947)
- * Accepts water from five production wells in CV
- * WPF Project - replacement will overhaul the 1940's facility and update infrastructure, improving production redundancy, new infrastructure provides most efficient pumping reducing overall costs, improves operational efficiencies and provides higher level of reliability

Councilman Montoya asked what a standard PSI is.

Mr. Couch responded that the project would lower it to 200 PSI which is more reasonable. This will also lower electrical costs and reduce the frequency and severity of any breaks. That is more typical of a “normal”. To customers it is approximately 40-80 PSI, but a higher amount at this elevation to get the water where it needs to be is fairly normal.

Intermediate Pump Station (IPS):

- * 2005 Decision and Order (D&O) from Arizona Department of Water Resources (ADWR) – Prescott has amended its capital improvement plan to include funding for construction of two new recovery wells (Airport Wells Nos 2,3 and 5) to be located within the area of hydrologic impact of Prescott's Underground Storage Facility No. 71-519567 to be of sufficient pump capacity to allow for the recovery of up to 4,000 acre-feet per year
- * Includes two six-million gallon storage tanks which are necessary to integrate all city wells into the overall water production system
- * Works in tandem with WPF to reduce pumping pressures and creates new pressure zone to improve system efficiency by combining existing pressure zones
- * Augments pumping of wells near airport (required by D&O)
- * Serves and supports the city's **ENTIRE** water system

- * Two six-million gallon concrete storage tanks will enhance city's water supply and provide additional fire protection
- * Will serve city for the next 100 years

Current water comes into the city from Chino Valley to Zone 0, Airport Wells serve Zone 12 and then everything feeds out to the rest of the city. Once these projects have been completed water will pump into the intermediate pump station from the locations and then go out from there improving efficiencies.

Service Areas for Projects:

- * 3% of customers in Chino Valley
- * Ho-kay-gon Village
- * Southview
- * 1% to Stringfield Ranch
- * Longview
- * 2% to Deep Well Ranch
- * 94% to balance of the city in Prescott proper

Overall projects total is approximately \$60 million which includes right-of-way acquisitions as well. Guaranteed Maximum Price (GMP) contracts are budgeted and fully encumbered over multiple years.

Funding:

- * Funded by two Water Infrastructure Financing Authority (WIFA) Loans with low interest 30-year terms
 - \$25 million at 1.59% (2020)
 - \$34 million at TBD% with \$1.5 million loan forgiveness (has been approved by Council and WIFA Board but is pending processing)
- * Project is funded by 50% impact fees and 50% water user rates
- * Impact Fees can be collected over the duration of the loan(s)

Councilman Montoya thanked staff for the presentation and asked if the city still retains the property that was originally purchased for the IPS and if there is an estimate on cost savings that will be experienced with these improvements.

Deputy Public Works Director Gwen Rowitsch responded that there was a land swap with Deep Well Ranch, there was no cost other than appraisal cost at the time.

Mr. Couch added that staff can look into the cost savings and provide an estimate for Council.

Councilman Montoya asked the City Attorney to address Section 16 of the Charter.

City Attorney Joseph Young responded that this project is in fact over the threshold and is one project, so the question then becomes does it meet at least one of the exceptions in the language. It is their assessment that it does. This project relates to water lines and are necessary reasonably related infrastructure, so exception A and B apply because the city has the D&O from 2005 to provide these

improvements. Some of the original language that was used related to the bill and there is ambiguity, but we must try and give credit to what the voters who created this would have wanted, and it wouldn't have been to be in a violation of a court order and not provide water.

Mayor Pro Tem Rusing expressed her concerns that Prop401 was passed so the voters could have a voice and these two WIFA loans are the largest ones in the history of this community totaling \$55 million which is more than the threshold. She feels there is a discrepancy between the loans and what has already been paid and believes this is a violation of Prop401.

Mr. Young responded that as to the basic legal question, the exceptions apply. People understand that projects like these need to go through for the safety of the citizens and that is why the exceptions were added in.

Mr. Couch added that D&O required wells be drilled in the Airport Area which was done and those need to be integrated into the city's system, so the IPS is necessary in order to do that and meet the city's needs. This is nineteenth time this has been discussed and has been approved unanimously each time over a twelve-year period and all of the items associated with it have passed Council unanimously.

Finance Director Mark Woodfill addressed questions regarding the expenses, total funding is \$18,749,661 for the WPF and \$40,948,720 for IPS. The first loan was taken out in 2020 and the pending one was approved by Council and the WIFA board, interest rate will likely be 2.5%. Have received approximately \$10 million in loan forgiveness.

Councilman Tenney commented that in the past questions have been asked about where the water is going and if Prop401 applies to this project. The experts on staff have clarified those questions and confirmed compliance, in his opinion that is the end of the story.

Mayor Goode commented that the amount of time it would take to have something like this put on the ballot would likely lead to a significant cost increase. He believes this qualifies under the exceptions listed in the charter language and it would be working against the best interest of the community if it were delayed.

Councilman Moore commented that he echoes Councilman Tenney's opinions and added that the exceptions were placed in Prop401 by the voters. These are common as well as legal and are done so the city can continue to function.

Councilman Sischka commented that he can see all sides of this, but Council has to look at reality here. When Prop401 was crafted, they had to broaden it to not seem discriminatory to prevent the public from not being able to vote on the Big Chino Pipeline. This situation is for the betterment of the entire community, and not a project that was intended to be held back.

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

B. Presentation and Discussion Regarding a Proposal to Convert Select 2-Hour Parking Stalls in the Downtown Business District to Open Parking.

Mayor Goode commented that during the time parklets were temporarily placed for local businesses during COVID, he heard about a lack of parking in downtown as well as issues with employees taking two-hour spots that are closer to their place of employment/taking customer spaces, etc. There are some competing interests in the area and looking at these issues is helpful to the businesses, employees, and their customers as well.

City Traffic Engineer Ian Mattingly provided a presentation to Council and added that there have been multiple meetings and engagement of the public. Nothing here is finalized these are just things that staff is looking at. Sign changes and other issues do not require Council approval, but there are implications to these types of changes so staff wanted the feedback of Council. The project's objective is to increase the number of unrestricted long term parking stalls to serve workforce and residents in the downtown area, with a goal of balancing the needs of all users (business owners, workers, residents) frequent turnover is needed.

Focus area is within 3 blocks of the courthouse plaza (1200 marked stalls):

- * 70% of the current spaces are two-hour zones – 787
- * 11 are 30 minute restricted
- * 30% of the spaces are open with no restrictions
- * 114 stalls initially identified for conversion
- * First block around the plaza has only two-hour restricted parking (199 spaces)
- * Second block has 485 2-hour spaces

Public Involvement:

- * Prescott Downtown Partnership & Chamber of Commerce
- * Initial concept broadly supported
- * Additional 17 stalls were identified during the discussion – 8 on Gurley Street near Marina, unused locations on Willis Street and Granite Street, proposed parking conversion would bring the total to 131 stalls
- * Some participants suggested converting stalls immediately adjacent to the plaza to 3-hour parking
- * 22 additional properties notified with the objective of the outreach to provide notice of the planned changes and gauge the support for the changes at locations close to the property, business or residents
- * Comments will be collected through August 19th
- * Input can be used to modify the zones if justification is provided that 2-hour parking should remain
- * A summary of outreach and any modifications will be provided to Council

Mr. Mattingly reviewed a map with 131 identified parking spots and areas for suggested revisions.

Councilman Montoya thanked city staff for the effort they have put into this and the coordination with stakeholders as well. He asked about the conversion from two-hour parking to three-hour parking and where that is at.

Mr. Mattingly responded that there was no consensus regarding three-hour parking, but the group that met discussed the need for turnover of parking but still having close-by parking for employees etc. not sure it is necessarily a solution but would be worth looking into.

Public Works Director Ashley Couch added that during the Prescott Downtown Partnership and Chamber of Commerce meeting he heard a number of comments in support of the three-hour parking option. Directly adjacent to the plaza could be converted and may have some merit but this should be done in phases in his opinion. Eliminate the two-hour parking in the suggested areas and then see how that goes to then look at the three-hour parking option.

Mayor Goode concurred, primarily the city is trying to get employees a closer spot where they don't have to move around and free up the limited parking for the tourists and those visiting the downtown area.

Councilman Montoya asked if any additional parking being added to the downtown area, for example on McCormick Street with the purchase of that property would impact this type of study as well.

Mr. Mattingly responded that we have to manage the on-street parking because that is mostly what is utilized, there are 500 spots in the garage but those aren't used that often.

Councilman Tenney asked the Police Department to address if this would make parking enforcement work easier.

Police Chief Amy Bonney responded that parking is enforced at the direction of Council, but something like this would likely be helpful because the times would be extended.

Councilman Moore asked about the parking garage on Union Street and who is using that.

Mr. Mattingly stated that he has not spoken with the County about that area, but typically it is reserved for their staff/needs during the week and then open on the weekends but he is not certain of that.

Mayor Pro Tem Rusing commented that she supports as many three-hour spaces as there can be so people are encouraged to come visit/return; she asked if there were any thoughts on parking for the new city hall area.

Mr. Mattingly responded that staff has been working with Prescott College for parking on their property that is not needed by the college for housing of the "white fleet" which would free up space for public to come to the building for their purposes. He added that parking enforcement from Police Department did participate in the meeting with Prescott Downtown Partnership and the Chamber and concurred with the locations proposed for changes.

Conversion Will Take Approximately 1 Month:

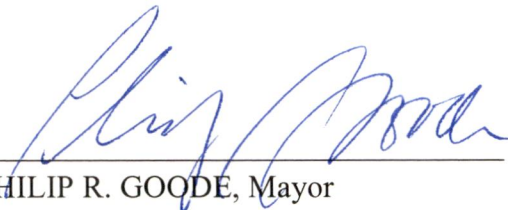
- * 31 signposts to be removed
- * 37 signs to be removed
- * New posts and sign modifications needed

Mayor Goode reiterated that public comment will be open until August 19 and then if there is no significant objection staff will move forward with the conversion.

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

4. ADJOURNMENT

There being no further business to discuss, Mayor Goode adjourned the meeting at 2:12 p.m.



PHILIP R. GOODE, Mayor

ATTEST:



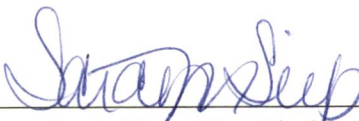
SARAH M. SIEP, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council Study Session of the City of Prescott, Arizona held on August 9, 2022. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 25 day of August, 2022.





Sarah M. Siep, City Clerk