



CITY COUNCIL STUDY SESSION MEETING

STUDY SESSION MINUTES

TUESDAY, JUNE 29, 2021, 1:30 PM

201 S. Cortez Street
Prescott, AZ 86303
Council Chambers

Greg Mengarelli, Mayor

Alexa Scholl, Mayor Pro Tem

Steve Blair, Councilman

Phil Goode, Councilman

Cathey Rusing, Councilmember

Steve Sischka, Councilman

Clark Tenney, Councilman

MINUTES OF THE STUDY SESSION OF THE PRESCOTT CITY COUNCIL STUDY SESSION HELD ON JUNE 29, 2021, IN THE 201 S. CORTEZ STREET PRESCOTT, AZ 86303 COUNCIL CHAMBERS.

1. CALL TO ORDER

Mayor Mengarelli called the meeting to order at 1:30 p.m.

2. ROLL CALL

Greg Mengarelli	Mayor
Alexa Scholl	Mayor Pro Tem
Steve Blair	Councilman
Phil Goode	Councilman
Cathey Rusing	Councilmember
Steve Sischka	Councilman - Excused
Clark Tenney	Councilman

3. DISCUSSION

A. Arizona Eco Development - Pre-Annexation Development Agreement Public Comment Meeting

City Attorney Jon Paladini provided an update to Council regarding the AED Development Agreement (DA), which included four sets of changes to the DA following last week's meeting. These revisions

will be posted on the city website tomorrow along with a clean version of the DA. Mr. Paladini noted that nothing that is being posted is a new item, it is all items that have been discussed during these public meetings.

Updates:

- * Questions regarding natural open space which is referenced in Recital H, mining lease on the 338 acres of the land and mining operation will continue on the parcel as it has been until it is abandoned.
- * Section 2.20G – sever and transfer issues that have been discussed with regard to the water rights; permanent storage of surface water is only allowed for one year (currently released for irrigation purposes), once sever and transfer is completed it will be used for recharge for use. Replaces 375 acre feet of groundwater that is currently used with 375 feet each year of surface water. SRP has worked with the city on this and language is reflective of those revisions. Also changing language regarding acquisition of easements for Section 33 which now reflects that the timing is triggered by acquisition of easements.
- * Section 4.1 – clarifying request regarding the private open space will (338 +/-) that is the mining operation land.
- * Section 4.3 – clarifies North Parcel language; agrees to a purchase price for 159 acres of land ("W Parcel" and 43 surrounding the airport) at approximately \$63,000/acre. Addition of acknowledgment of need for public safety facility in the area.

Councilmember Rusing asked if it is a good idea to still be required to provide vehicular ingress and egress in Section 32 if Prescott Valley annexes Section 33. She also asked about leasing the 375 acre feet of water until the sever and transfer is complete.

Mr. Paladini responded that the only access to Section 33 is through Section 32 or the NW corner of Section 33 which is the North Parcel of this development so it is necessary to provide that. He added that leasing of surface water rights is not allowed. Have eliminated the three year timeframe to acquire the easements, this makes sure the city is consistent with law and resolve the concerns of SRP.

Councilman Goode commented that he is concerned regarding the purchase price of the land, the values that have been provided are all over the map and it is a big amount of money.

Mr. Paladini provided an overview of the sale of parcels in and around the airport recently and added that staff will be enlisting a formal broker to provide a statement of value for the approximate value for land in that area. Appraisal could take a long time, but the broker estimate will provide a comfort level for what industrial properties in the area are going for.

Recreation Services Director Joe Baynes provided a presentation to Council regarding the Quality of Life benefits related to this proposed Annexation. Particularly the 475 acres in the dells

Quality of Life Benefits:

- * 474 Acres surrounding Point of Rocks – riparian areas/Granite Dells, lake to lake trail connection,

low mobility access to heart of the Granite Dells, trail connection to Granite Gardens, Peavine Trail connection to Chino Valley, Granite Dells Gateway Park

- * Granite Dells Gateway Park – working with planner to develop these concepts and there will be public input on the area; creation of an Environmental Library/Learning Center similar to the Highland Learning Center, trail connections for all levels of hikers, 3 acre lake and park, outdoor recreation

- * Trail Connection to Chino Valley – easements are part of the DA and would connect to Road 2 in Chino Valley. This is an important step for non-conventional means of transportation

Councilman Tenney commented that this is an exciting opportunity for getting into nature in our community and asked Mr. Baynes for clarification on the lake development in that area.

Mr. Baynes responded that the existing cattle tanks will be combined to create the lake and a connection to Watson Lake will act as a spillway. Granite Basin Lake is approximately 5 acres so it would be smaller than that but nice recreation lake.

Mayor Mengarelli asked for clarification on the park and the learning center.

Mr. Baynes stated that the park will go on when this agreement is finalized, the library and learning center portion still has items that need to be ironed out though.

City Clerk Sarah Siep read a summary to Council of public comments received since the June 22nd Meeting.

Ms. Siep read a comment submitted by member of the Public Bonnie McMinn: "Dear Council and Mayor, I request that my comments be read during the public meeting within council chambers and be included in the public record and meeting minutes. I attended the study session on June 22 and I was stunned by three individuals speaking about moving forward with the Development Agreement, AS IS. Clearly, these individuals had not read the document as they decried "sign today!" The Development Agreement is redlined and far from complete. Setting the record straight, the remainder of the individuals, including myself, continue to speak out against the deficiencies and essentially, loopholes within the document. Concerned Citizens are opposed to vague language, lack of essential parcel numbers, lack of costs, issues with SRP, issues with actual land title transfer and other serious omissions that would create immediate and future issues for the City. I recall Mr. Paladini stating that he wanted a document as unambiguous (my words) as possible and the document presented on June 22 was not that. The devil is in the details and this document IS a contract that legally obligates the City and its Citizens. It needs to be done properly and IF current legal counsel is not up to performing duties sworn by the AZ Bar and the AZ Constitution, then we need to seek out objective and unencumbered legal counsel. 1)The Public has not seen the City's Economic Impact Analysis/Study-I would expect that Council needs to be informed and this should be part of the documentation. This provision is included in the City Charter. 2)It is unconscionable that City staff would suggest that "calling around to realtors for comps on the airport land" would suffice in any business arrangement. The City must get a formal professional appraisal. 3)Line item costs that the City will incur as I sincerely hope that

Council members would not agree to any deal without having a VERY CLEAR understanding of the cost burden. We have waited this long, hit the pause button until each Council member is able to read a clean, redline free document addressing ALL of the issues brought out during this public comment period. Treat ALL Citizens with respect and perform your fiduciary duty that you were sworn by the Arizona Constitution to do. "

Member of the public Howard Mechanic addressed Council stating that there is no rush, and while progress has been made and things are moving in the right direction there are still items that need to be addressed. In particular Mr. Mechanic referenced a cost/benefit analysis stating that Mr. Paladini said the city would receive approximately \$9 million in benefits which seems like a slam dunk, however, the Developer is getting water service and more units than they could put in if developed in the County. This should be considered, what is the city giving away.

Member of the public Rory Levy addressed Council regarding the previously inquired about telecom map that is not included in the DA documents. He feels this should be included before a vote is scheduled. Additionally, he asked about correspondence he has sent to Council alleging that meetings are not being properly noticed.

Member of the public Barbara Jacobsen addressed Council regarding the importance that all public comments be read during the meetings she feels everyone needs to hear people's words. She added that the new DA will be posted tomorrow only allowing the public two weeks to review before a vote takes place. She added that she likes the idea of doing meetings in the evenings for the public, and thanked Mr. Baynes for his concept of a natural park.

Mr. Paladini clarified that no new information is being posted, it is simply the clean version of the DA. He also addressed the difference between an open meeting and a public hearing stating that Mr. Levy is incorrect in his statements regarding noticing. The city is in compliance with state law and our own code.

Councilman Tenney commented that he has appreciated the public comments that are forwarded by staff. They are all part of the process and what Council considers, and all of the Councilmembers read the comments that are sent. He asked if the City Attorney could address the legalities regarding actually reading all of the comments.

Mr. Paladini responded that there is no legal requirement to read the comments, and added that the City Charter even states that staff will provide a summary of received comments. He stated that Council and staff provide as much opportunity for people to attend in person /via Zoom as possible and that many of the comments are repetitive or copy/paste and it would be impractical to read each and every one.

Ms. Siep reiterated Mr. Paladini's comments and added that comments are forwarded to Council in batches allowing them the opportunity to review in advance of the meeting and address specific issues or concerns raised during the Study Session.

Member of the public Deb Thalasis addressed Council stating that she supports the agreement but is concerned about costs and how those will be addressed. She inquired about the city's Infrastructure Improvement Plan which assesses development fees and commented that some of the items are not included in the DA and asked when the plan will be updated.

Mr. Paladini commented that development impact fees must be spent within 10 years of occurrence and the city typically borrows from loans like WIIFA which are then paid off from the impact fees received.

Finance Director Mark Woodfill confirmed and added that the Infrastructure Improvement Plan is updated every 5 years and was last done in 2019.

Member of the public D Carter LaBarge addressed Council regarding his concerns related to the future of water in the City of Prescott. He feels the public needs more information regarding the status of wells in the area and water usage. Additionally, she stated that the timeline for the DA initially showed an interest in moving quickly but there have been additional changes that are in the public's best interest and more still need to be done. He feels Council should do things the right way and take their time.

Member of the public Tom Rusing addressed Council regarding his concerns about a lack of foresight of planning regarding the appraisal of the airport land and why this wasn't previously addressed and stated that he feels SRP should have been involved in the sever and transfer of the surface water rights. He commented that twice during early negotiations Developer Jason Gisi stated that if he developed in the County he would make half of what he would make in the City, and pointed out that it was a group of citizens that identified the areas to preserve. This is the last opportunity for citizens to give comment in public but we still do not have an updated version of the agreement, until the public is able to see a complete document they cannot make comments or be assured that they are satisfied with the revisions.

Member of the public Ralph Hess addressed Council regarding consideration of Prop401 which requires projects exceeding \$40 million to be submitted to the voters for prior approval. He believes the City of Prescott has failed to inform the public of the expenditures and conveyances it is committing to the project so it is impossible to determine if Prop401 applies.

Member of the public Dave Irvine, Executive Director of the Highland Center, addressed Council and commended them, staff and Save the Dells for working so hard on this DA. The Centers focus has been on the 474 acres that everyone is trying to preserve, and this will be a wonderful asset for this city and a legacy to this community. Highland Center is an open and willing partner to work with the City on the Park, would like to make nature available to all people. Creating a natural legacy here.

Member of the public Clayton Bertram addressed Council regarding that while the trail connection to Chino Valley is a great addition, he feels that foot access to the airport is lacking.

Member of the Public Kaia Hayes addressed Council regarding lack of trust and commented that if they

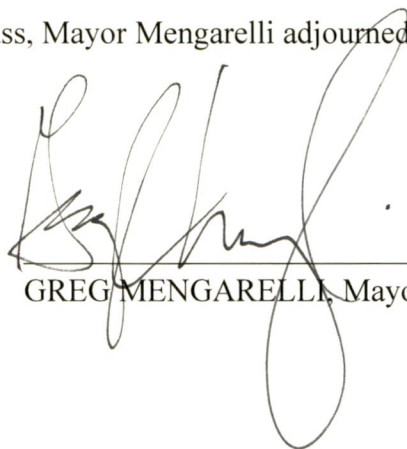
are listening to what the public is saying there are specific and concrete actions that contribute to this opinion. Public opinion doesn't always seem valued in her opinion and she provided a number of suggestions to Council for how to show everyone that public input is valued.

Councilman Goode addressed Mr. Hess' calculations of costs and stated that this information makes it essential to do the tally and ensure that this project is not subject to a referendum charge due to the costs. His estimate is that with inflation the trigger would be approximately \$47 million and it is essential that staff do a sufficient analysis of that and make it public before moving forward with a vote.

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

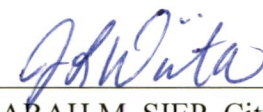
4. ADJOURNMENT

There being no further business to discuss, Mayor Mengarelli adjourned the meeting at 2:48 p.m.



GREG MENGARELLI, Mayor

ATTEST:



SARAH M. SIEP, City Clerk *for:*

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 June 29, 2021. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 14th day of July, 2021.



Sarah M. Siep, City Clerk *for:*