PRESCOTT CITY COUNCIL
STUDY SESSION MEETING
TUESDAY, JUNE 21, 2016
PRESCOTT, ARIZONA

MINUTES OF THE STUDY SESSION MEETING OF THE PRESCOTT CITY COUNCIL HELD ON JUNE 21, 2016, in the COUNCIL CHAMBERS located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

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

◆ **ROLL CALL:**

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

I. DISCUSSION ITEMS

A. Recap of 2016 Legislative Session, report from Barry Aarons

Barry Aarons, The Aarons Company, presented. Mr. Aarons talked about state legislative bills that the Council took a position on during the legislative session. He said the Council took a position on 32 bills; supporting 6 bills of which 4 passed, opposing 18 bills of which 5 passed, and neutral on 8 bills of which 6 passed and 2 were vetoed.

Mr. Aarons stated the outcome of a few of the bills:

- HB 2026 Municipal Tax Exemption residential lease, opposed; defeated
- HB 2107 Structured Sober Living Homes, supported; passed and signed into law by the Governor, effective August 7, 2016
- HB 2398 Fireworks, opposed; defeated
- HB 2517 Business professionals regulation restrictions, opposed; decided it was not appropriate to continue
- HB 2666 Governor's Economic Opportunity Office, neutral; worked with sponsor who agreed to segregate funds
- SB 1350 Online lodging marketplaces taxation, neutral; passed

- SB 1428 and HCR 1099 Public Safety Personnel Retirement System Benefits, supported; worked with the Senator and pleased with the results.

Mr. Aarons talked about the 2017 legislative session. He said with regards to the Public Safety Personnel Retirement System (PSPRS) there were implementation issues. He said one aspect was to send a survey to cities regarding PSPRS. He thought most cities (except the smallest and the biggest cities) would probably participate. He expected there would be revisions to the bill. Mr. Aarons said now that the prospective problem had been dealt with legislation needed to discuss the debt that had accumulated. He said the time to have the discussions would be now. He talked about changes in legislative leadership after the November Election, and hot issues in 2017 such as water issues and shared economy.

Mayor Oberg thanked Mr. Aarons and told him he appreciated the work he did for the City. He said that Representative Campbell commented on the work that Mr. Aarons had done and gave him kudos.

Councilman Sischka asked about the atmosphere surrounding the PSPRS debt. He said he had heard that if the City were to implement something at the municipal level, the State would not step in and help solve the problem.

Mr. Aarons suggested the City talk to the State and ask what they could do to work together on the problem. He thought it would be important to contact surrounding cities to see if they would be interested in a joint effort in approaching the State.

Councilwoman Orr thanked Mr. Aarons. She asked if a PSPRS survey would be sent out and the time frame. Mr. Aarons said the lobbyist for PSPRS indicated that a survey would happen.

B. Greater Prescott Regional Economic Partnership (GPREP) update of FY16 activities and plans for FY 17

Jeff Burt, Economic Initiatives Director, presented. He introduced Rich Heath, Executive Director, Greater Prescott Regional Economic Partnership (GPREP). He said the City was a founding member of GPREP and a long time contributor. He said the organization’s first full-time Executive Director, Richard Heath, began his duties with GPREP in June 2015.

Mr. Heath addressed the Council. He said he had just completed his first year with GPREP. He thanked the City for being a long-term member, and that GPREP was created to promote the economic health of the Prescott region. GPREP accomplished this through marketing, the attraction of quality businesses, and bringing new capital investment and quality jobs to the region. The GPREP Board of Directors adopted a $260,000.00 FY 16 budget which included approximately $80,000.00 for marketing activities.

Mr. Heath said the presentation was to provide Council with an update of current GPREP efforts and highlight future activities that might benefit the City of Prescott. The presentation included the following information:

- Our Mission
- GPREP Action Plan Focus Areas
- Business Action Team
- Creating Base Jobs was our #1 Goal
- Industry Sector Focus
- Progress to Date
- Current Initiatives
- Planned for FY 2016-17
- Business Assistance
- Regional Scorecard
- What Companies are Seeking
- Contact Information

Mayor Oberg asked about surrounding communities and how far GPREP reached. Mr. Heath said as far as Ash Fork.

Mayor Oberg asked if economic surveys had been performed to determine the type of businesses or manufacturing opportunities to market. Mr. Heath said no surveying had been performed. Mr. Heath said a Workman Economic Development Practitioners survey had been performed. Local practitioners handled commercial and retail and GPREP handled industrial opportunities.

Mayor Oberg asked if GPREP had direct interface with Arizona Commerce Authority (ACA). Mr. Heath said he communicates with ACA at least once a week. Mayor Oberg asked if there were funding/incentive opportunities through ACA to help market companies. Mr. Heath said, yes. He said Vinyl Visions received workforce development funding from ACA. Mayor Oberg asked if GPREP had scheduled any trade shows for Prescott. Mr. Heath said he was working on two and that he had received leads from trade shows in Dallas.

Councilman Sischka asked how long it normally took for an organization such as GPREP to produce something. Mr. Heath said it depended and that he handled every inquiry and opportunity. Councilman Sischka asked how GPREP could help with the development and housing of a 25,000 to 35,000 square foot building. Mr. Heath said GPREP was a public private partnership, and that one approach could be to match private and public dollars. He said it was important to have information available for inquiries. Councilman Sischka asked if ACA would be interested in partnering on a venture. Mr. Heath did not think they would be interested.

Mayor Oberg asked if he had met JT Purvis. Mr. Heath said he had not physically met JT, but he had spoken to his son-in-law. Mayor Oberg thought JT was trying to get building plans approved for a certain size and design building.

Tom Guice, Community Development Director, said JT had been in to talk to staff.

Councilwoman Orr said she liked the idea of keeping a score card to help identify steps. She saw on the list five companies that had brought in the potential of 85 jobs, and asked how long it took to coordinate. Mr. Heath said it was unknown. Councilwoman Orr understood it took time to build relationships and thought that was why it was important for GPREP to communicate with the Council on a regular basis. She appreciated the 85 jobs and five businesses, which showed success.

Councilman Blair said four years ago GPREP approached the Council asking for funds for one year. He said he had not seen a return on the City's investment, and had not seen production, budget, work plan, or results. He talked about Steve Rutherford and how he had told the City that he was a private sector guy and that he expected the City to hold GPREP accountable. Councilman Blair said that Mr. Rutherford understood things needed to be done and results needed to happen, and he wanted the City to support GPREP. Mr. Rutherford had said GPREP would be glad to report to the Council as often as needed and GPREP would perform. Councilman Blair said the City was tight on money, and thought that GPREP had fallen down on what they promised. Councilman Blair asked for quarterly updates to see what the City was receiving for its investment. Mr. Heath agreed.

Councilman Lazzell said the Council was scrutinized for every dollar that was spent, and the citizens were demanding to know what they were getting for their money. He agreed with Councilman Blair that the Council needs more for its investment.

Mayor Pro Tem Lamerson said he had concerns with the environment in Prescott. He had watched several businesses go out of business. He did not think GPREP was helping the businesses that were currently here.

Councilman Blair said he was elected to look out for Prescott. He saw several buildings sitting empty and wondered what was being done about that situation. He said if it was supposed to be a partnership, he did not see any results for the City's investment. He said that the GPREP model indicated that 60% of the funding would come from the private sector, and asked if that was a true statement. Mr. Heath said more was coming from the public sector. Councilman Blair asked for quarterly reports, a budget report, and an activity report.

C. Presentation and discussion of draft Lease Agreement with Prescott Frontier Days, Inc., for the Prescott Rodeo Grounds

Craig McConnell, City Manager, presented and gave an overview of the draft Lease Agreement with Prescott Frontier Days, Inc. (PFD), for the Prescott Rodeo Grounds.

- The new agreement would cancel and supersede all prior contracts and amendments pertaining to the Rodeo Grounds to which the City and PFD are both parties. The current lease expires December 31, 2017.
- In acknowledgment of the economic benefit generated by the World's Oldest Rodeo and other events on the Property, and continuing the present arrangement, the Lease does not specify a rental payment for use of the Premises.
- PFD would act as the Property Manager for the Premises. Income derived from PFD events would be the property of PFD. Rental proceeds from other events collected by PFD would be deposited into a maintenance fund after reimbursement of reasonable expenses.
- Section 5.c addresses the serving of alcohol on the Premises for various event scenarios.
- The Lease provides for master planning of the Rodeo Grounds during the initial five (5) years, to explore and realize economic development of the highest and best uses of the property. During said period, the City has the right to amend the Lease to reflect the Master Plan, and any public-private partnership or other City development, as long as it does not impede PFD from operating the Rodeo as the lessee of the Premises.
- The City was responsible for structural code compliance for buildings and other facilities, and the utility systems serving the Premises. PFD was responsible for utility use charges, ordinary repairs and maintenance, and establishing a maintenance fund of $10,000, to be increased annually.
- PFD was responsible for compliance with environmental and public health regulations applicable to the Premises and its use thereof; and would pay the City $500 yearly for maintenance of the (recently completed) storm water treatment bio-swale, subject to annual CPI adjustment.
- In the event of an animal quarantine declared by the State Veterinarian, certain uses of the Rodeo Grounds may be suspended for the quarantine period.
- PFD would provide insurance and indemnify the City for its use of the Premises.
- The Lease may not be assigned by PFD in whole or part without prior consent by the City.
- The Lease was subject to termination if PFD fails to conduct the Rodeo on the Premises, or conducts the Rodeo at a location other than the Premises.

Mayor Oberg asked if PFD was responsible for the parking areas. Mr. McConnell said only for the premises and that the large parking lot between the buildings was managed by the City. Mayor Oberg asked if the Fair Association had an event on the rodeo grounds who would they deal with regarding parking. Mr. McConnell said the Fair Association and Yavapai County Fair coordinate with Prescott Frontier Days with respect to the premises (Parcels 1 through 9) and the City through the Special Events process.

Mary Ann Suttles, representing Prescott Frontier Days, addressed the Council. She said that PFD looked forward to working with the City.

Mayor Pro Tem Lamerson said the Rodeo and Fair Grounds were a big part of Prescott. He said the City needed to take care of it assets.

Ms. Suttles said the Fair had already signed a contract for the coming year. She said PFD had several events already scheduled for the upcoming year and that they help with the upkeep of the facility. She said it was a win-win situation.

Councilman Blair asked how much the City received from leasing the property. Mr. McConnell said there was a trade-off as the City used the facilities for the World Oldest Rodeo. Councilman Blair asked what department handled maintenance. Mr. McConnell said Field and Facilities under the Streets Division.

Councilmember Blair said the Fair Association had asked why the Rodeo Association would not sign a longer lease, and hoped they would consider signing a longer lease. Ms. Suttles said she believed that would evolve.

Mr. McConnell continued with his presentation. He talked about Section 5.c. and the liquor license laws. He said PFD had a liquor license and served liquor for some events, and then suspends their license to serve for other events. He said if other organizations would like to serve alcohol they needed to go through the special event liquor license process and only serve alcohol on City property. Ms. Suttles said the PFD liquor license only covered a certain area.

Mr. McConnell talked about public/private partnerships in the future for master planning of the rodeo grounds. Ms. Suttles said PFD had no issue with future planning.

Mr. McConnell said there was a new provision which established a maintenance fund. PFD would create the fund and in January of every year there would be $10,000.00 for maintenance. He said a small amount would be set aside for the storm water basin and annual maintenance. He noted that the lease stated in the event of an animal quarantine, parts of the rodeo grounds may be suspended for the quarantine period.

Councilman Lazzell thanked everyone for their hard work. Ms. Suttles thanked staff and Council for their consideration, and said PFD felt this was a win-win for everyone.

Councilman Sischka said originally they had asked for a 50-year lease. He asked if PFD was disappointed the lease was only for 25 years. Ms. Suttles said, no.

D. Requests for information re the June 21, 2016, Voting Meeting agenda items

Councilman Lazzell asked if revenues from the liquor license fees had been included in the budget. Mr. McConnell said the revenues were listed under bed tax fund. He said it was Council's discretion to provide direction to keep, amend, or eliminate the fees. Mr. McConnell said the recommendation to be considered at the voting meeting was to adopt the budget, which appropriated the money. He said Council could provide direction regarding modification of the liquor license fees at the voting meeting or at a future meeting.

Mayor Pro Tem Lamerson asked when a single line item came before the Council if he could vote no on that single item. He was referring to the open space allocation. Mr. McConnell said that was correct.

Councilman Blair talked about the Communications position. He did not understand why there needed to be another position assigned to the City Manager's office. He thought the position would be better served in Public Works/Streets/Recreation and not in the City Manager's office.

II. ADJOURNMENT

There being no further business to be discussed, the Study Session Meeting of June 21, 2016, adjourned at 2:33 p.m.

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HARRY B. OBERG, Mayor

ATTEST:

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DANA R. DeLONG