



**CITY COUNCIL STUDY
SESSION MEETING**

STUDY SESSION MINUTES

TUESDAY, JUNE 8, 2021, 1:00 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 8, 2021, IN THE 201 S. CORTEZ STREET PRESCOTT, AZ 86303 COUNCIL
CHAMBERS.

1. CALL TO ORDER

Mayor Mengarelli called the meeting to order at 1:01 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

Clark Tenney Councilman - Excused

3. DISCUSSION

A. Arizona Eco Development - Annexation & Development Agreement

Mayor Mengarelli introduced the item and discussed that questions will be taken following the presentation from staff and the applicant will address the public as well. This has been a three year process with a number of public Study Sessions, on June 9, 2020 the Letter of Intent (LOI) was agreed

upon. In the fall there were a few Executive Sessions and a negotiating team was appointed in January to work with the applicant, over the course of the last several months there have been 15-20 other meetings outside of that since that time, and thirteen E-Sessions to discuss the Development Agreement (DA) as well. City staff, a team of attorneys with varying specialties have been involved as well. This DA memorializes what was agreed upon last year.

City Attorney Jon Paladini provided a presentation to Council reviewing the Letter of Intent and process to get to the Development Agreement.

Pre-Annexation DA used the LOI as a framework with a few enhancements including:

- * City obtains easement from AED for North Peavine Trail to Chino Valley
- * City obtains trail easement from old bridge to Phippen
- * Resort access is by way of a grade separated crossing over the Peavine Trail
- * City acquires “W” parcel from AED at Prescott Airport
- * Use of South Parcel 474 acre restricted to permanent open space

Approval Process will include:

- * Separate annexation votes for the North and South parcels requiring six (6) affirmative votes
- * Rezoning vote for South Parcel to SF6, SPC (Lodging), MF-H, and NOS together with an Airport Noise Overlay District
- * Rezoning vote on the North Parcel to Industrial Transition (IT), Industrial General (IG), SF-6(MH), NOS, together with an Airport Noise Overlay District
- * Approval of IGA with Prescott Valley to provide water and sewer serve to Section 33
- * Approval of a water service agreement for Section 33
- * Failure of any vote allows AED to terminate annexation, rezoning and DA

This a comprehensive package to be approved. Annexation and re-zoning is a legislative act with a 30 day referendum period before anything takes effect.

Mr. Paladini continued with a review of the Master Plan for the South and North Parcels.

Major Amendments would require Council approval:

- * Any substantial alteration to the list of permitted uses of the Property as deemed to be substantial by the Community Development Director
- * Reallocation of residential dwelling units within zoning districts from one to another
- * Reallocation of commercial/mixed use to another

Governing rules include ordinances, rules, regulations, codes including Land Development Code, permit requirements, development requirements, other requirements, and/or official policies including but not limited to water & wastewater policies of the city that apply to the development of the Property shall be the applicable rules that are existing as of the effective day of the DA. There are however exceptions including:

- * Future Ordinances, rules, regulations, requirements and official policies consistent with the DA or enacted to comply with mandatory requirements imposed by county/state/federal laws and regulations, court decisions and other similar superior external authorities beyond control of the city
- * Any increase in existing development impact fees, building permit or other construction permit fees, development review filing or application fees, water or sewer rates, or engineering permit fees that are increased following required state law or city required procedures and that are uniformly applied or of general applicability
- * Future updates of, and amendments to, existing building, plumbing, mechanical, electrical, dangerous buildings, drainage and similar construction and safety related codes, included the General Engineering Standards

Additional property clause is absolutely discretionary with the City, if it is determined to be in the best interest of the city to include two additional parcels of land into the agreement (Section 32 and the eastern 1/3 of Granite Dells Estates).

Resort is limited to 200 units, language from LOI has carried through to the DA. Grade Separated Crossing is a great enhancement. Financed through a community facilities district or the city agrees to pay the difference in cost between the cost of an at-grade crossing and a grade separated crossing. This is at the discretion of the Council for approval of CFD or payment for difference. All infrastructure in the development will be paid for by the developer or the CFD and to city standards. Water and wastewater mirrors the LOI as well for 3300 residential units between all of the parcels.

Water allocations as follows:

- * South Parcel: 850 EDUs (single family detached residential lot) and 200 resort units
- * North Parcel: 1550 EDUs plus 25 acre feet per year for commercial, industrial or other non-residential development
- * Granite Dells Parkway Parcel: at least 50-60% of the land use will be for commercial uses and no more than 40-50% of the land use shall be for residential use
- * Section 33: 1,000 EDUs

Open Space Requirements – both public and private exceeds that required for development of the property within the city and the developer will not be required to provide any additional open space of any type, buffering of any type from property owned by others or any increase set-back requirements but must still comply with existing LDC set-backs. The developer has the right to develop the property using mass grading techniques and agrees not to commence mass grading on Parcels K and L for the purpose of constructing the resort until such time as initial plans for the resort have been approved.

Granite Creek Crossing extending the Phippen Trail over Granite Creek to connect to Dells Ranch Road developer will construct the crossing (city design and impact fee funded project) and be reimbursed from the city. The city will use reasonable efforts to obtain the Granite Creek Bridge to be open for public vehicular, pedestrian, equestrian and bicycle use. It is contemplated that a community facilities district (CFD) may be formed within the boundaries of the Property.

Open Space:

- * North Parcel: 270 acres at Prescott Regional Airport, 131 acres purchased by the city at fair market value, 116 acres in “W” parcel at fair market value. Approximately 515 acres in total at a value of \$1.5-2 million.
- * South Parcel: 474 acres in total valued at approximately \$6.5-7 million; in both recorded DA and Deed for Conveyance that it must be used as open space. Timing is not more than 120 days after Referendum period.

Recreation Services Director Joe Baynes continued the presentation with a drone video of the property.

Mission & Goals for Recreation Services:

- * Preserve, protect and enhance the parklands, public open spaces, trails and lakes of the city of Prescott for the benefit of citizens and ecological health of the region
- * Maintain leisure services system that is responsive to and directed by the diverse and changing needs of the community
- * Plan for the future growth and expansion of park facilities, lake properties, open spaces, trails and recreation programs
- * Construct, operate and maintain parks, recreation facilities, trails and open space in a safe, aesthetically pleasing and efficient manner

Quality of Life Benefits for this DA:

- * 474 acres of high quality open space
- * Lake to lake trail connection
- * Low mobility access to the heart of the Dells
- * Trail connection to City owned Granite Gardens
- * Peavine Trail connection to Chino Valley
- * Granite Creek Gateway Park
- * Environmental Library

City may acquire land from the Developer located at the northeast end of the old Granite Creek bridge for use as an environmental library. Mr. Baynes provided an overview of what the property housing the Environmental Library and Park would look like.

City Manager Michael Lamar commented that the only part of the proposed area this would be a new negotiation is the location of the library, all the rest of it is part of this deal.

Councilmember Rusing asked about the possibility of a connection to the ECOSA property.

Mr. Baynes said that would be a future negotiation, the property is further south but the future will determine that. There are many great opportunities in the area.

Mayor Mengarelli commented that this is a good vision and expressed his appreciation to staff for working on it. There is no easy or good access to the Dells and this will be a huge addition for that, truly a gateway that we don't already have.

North Peavine Trail easement has been in the works for years and this agreement allows the city to make this connection. Will grant a 30 foot easement as a non-motorized public trail for the continuation connecting to Chino Valley. Do have money in the budget to fence both sides of the trail should all of this get approved.

Airport Protection:

- * Noise Attenuation construction
- * Avigation Easement

Mr. Paladini reiterated that the DA is recorded with the land and provided an overview of legal assurances for the agreement and holding all parties accountable. This is a strong agreement, great benefit to the city. There was a great deal of creative solutions in these negotiations to overcome problems.

Proposed Schedule:

June 8 Rollout

June 15 Study Session

June 22 Study Session/Statutory Public Hearing

June 24 or June 29 Special Voting Meeting with public comment

Developer Jason Gisi addressed Council stating that this has been a lot of work. He thanked Council for sticking with it and said he is proud of where we sit today and hopes we get to a positive outcome in June. Public input is important but they have met the requirements of Prop400 multiple times which is good. Never been part of deal with this much scrutiny, detail or work and this is a win/win for all parties which isn't the norm. Will be good for Prescott now and in the future.

City Clerk Sarah Siep read the following public comments:

Deb Thalasis: "Some city materials indicate that you are taking public comment at this study session. My comment is actually a question for the city council. Why is the public only permitted two weeks for viewing this voluminous and complex document that will forever change the iconic Prescott Granite Dells? Your press release specifically states that the document will not be released until after this meeting and your plan is to vote on its approval on June 22, or possibly June 29. While the council has been aware of the provisions of this document during months of executive sessions, the public gets two or maybe three weeks?"

Bonnie McMinn: "I appreciate, as the Mayor has outlined, the work effort and time spent on all sides, but the issue at hand for the Citizens of Prescott, is that the Citizens have the opportunity to look at this

agreement without the pressure of a 14 or 16 day deadline. What is the rush to a vote before the end of June? Council and staff has spent the time with this document, not the citizens. I respectfully request that the time line be extended for 30 days out of respect for the Citizens of Prescott."

Member of the public Tom Rusing addressed Council as Vice President of Save the Dells. He stated that the group was excluded from the end of the negotiations and they are concerned about the controversial DA. They believe transfer of ownership should be assured/done simultaneously, that a grade separated crossing of the Peavine should be required and added that they believe there are no concrete assurances that the water rights will be turned over to the city. Additional concerns will be submitted. Finally, Mr. Rusing said that Save the Dells feels the timeline is not adequate for an issue this important, and the people of Prescott deserve better, Prop400 requires 60 day comment period.

Member of the public Leslie Hoy addressed Council regarding the water rights and the CFD. When it comes to water rights, they are part of the Gila River Adjudication so once that is settled the city would likely not get the rights so what protects future residents and councils from that. She added that she has done some research into CFDs and found that they tend to work better when there is rapid development and asked if there is anything that would prevent the citizens from having to take that on if the development is not rapid.

Mr. Paladini commented that the Gila Adjudication may never be done and there is an assumption that it will affect the surface water and it may not. Nobody can predict the future with regard to that or how it would affect the acreage or the groundwater, we are involved in the litigation and trying to protect the city's water right. The 375 acres is the first right and is not junior to any other right. With regard to the CFD, the statutes have changed over time to address the issues Ms. Hoy described. There are many more protections in the statutes to protect the city from having to take over. Additional protections will be built into the CFD documents, and city will have outside bond counsel to review this. Obligations in this agreement are unconditional on both sides.

Member of the public Gary Beverly commented that he is concerned regarding an at-grade crossing at the Peavine Trail which is unacceptable to the Sierra Club. He would like the city to guarantee that there will be one. Additionally he requested that a table listing the responsibilities of the parties/costs/deadlines be included in the documents.

Mr. Paladini responded that it would be pointless for the city to state a guarantee in this agreement because it is between two parties. There are two methods for the grade separated passing so there isn't more that can be guaranteed. Either create a CFD or reimburse the cost of the difference. Can try and work on something with regard to the table and upload to the same link on the website.

Mr. Lamar added that it is the desire of staff to have a grade separated crossing, so we can give them that assurance. With regard to the 375 acre feet it is the desire of this Council that the water stay in the lake for recreation purposes. This policy board wants those same things so there is no harm in adding that to the documents.

Mr. Beverly additionally commented that the city should try to acquire ownership of the Iron King Trail from Prescott Valley.

Councilmember Rusing commented that in spirit of Prop400 Council should give the public a full 60 days to review the DA.

Councilman Goode echoed public comments regarding the long negotiations but with the variation of amendments and volume of documents he feels the public should be given more time to digest what they are looking at. Two weeks is inadequate, 60 days is a bit too long so he feels 30 days is reasonable. He added that he likes Mr. Beverly's request for a timetable and feels it would be helpful. Severance and transfer of the acre feet should also obligate the state to move forward without risking that. Acquisition of the "W" parcel based on a reasonable appraisal is a gaping concern and wants to know in advance what it will cost so a proper decision can be made.

Councilman Blair commented that as long as he's sat on this Council, they have never been given more than two weeks to study and review. Council is asked to review documentation within one or two weeks constantly and 60 days is ridiculous. 30 days would be acceptable, but this should be voted on before the election because this seated Council is who has been putting the work in.

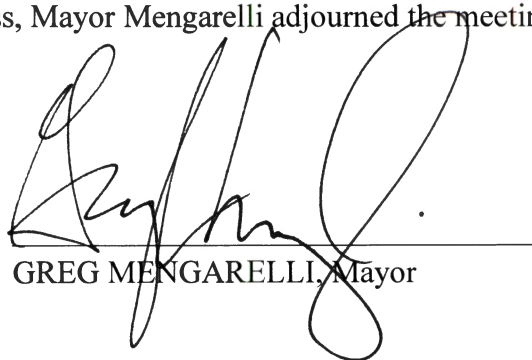
Councilman Sischka added that nobody trusts anybody else, at some point there needs to be trust that everyone who has been working on this including Save the Dells has done this right. Most of the public is not going to read the DA, if we wait on everyone else to read it we'll be waiting a long long time. Doesn't mind waiting 30 days, but feels that 60 days is too outside.

Mayor Pro Tem Scholl thanked staff for their presentation and the countless hours of staff over the last four years. She is comfortable where we are at and looking forward to next few weeks of public comment, but if the consensus is to wait 30 days then she is fine with that. The folks who are really interested and want to read it are going to do that soon, pushing it off will lose momentum so she is hesitant to wait much longer.

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

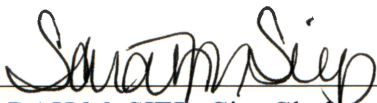
4. ADJOURNMENT

There being no further business to discuss, Mayor Mengarelli adjourned the meeting at 2:45 p.m.



GREG MENGARELLI, 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 June 8, 2021. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 24 day of June, 2021.

AFFIX
CITY
SEAL




Sarah M. Siep, City Clerk