CITY OF PRESCOTT

CITY COUNCIL WORKSHOP MEETING MEETING

WORKSHOP MEETING MINUTES

TUESDAY, MAY 18, 2021, 1:00 PM

201 S Cortez Street
Prescott, AZ 86303
Council Chambers

Greg Mengarelli, Mayor

Alexa Scholl, Mayor Pro Tem	Cathey Rusing, Councilmember
Steve Blair, Councilman	Steve Sischka, Councilman
Phil Goode, Councilman	Clark Tenney, Councilman

MINUTES OF THE WORKSHOP MEETING OF THE PRESCOTT CITY COUNCIL WORKSHOP MEETING HELD ON MAY 18, 2021, IN THE 201 S CORTEZ STREET PRESCOTT, AZ 86303 COUNCIL CHAMBERS.

1. **CALL TO ORDER**

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

2. **PLEDGE OF ALLEGIANCE**

   Mayor Pro Tem Scholl

3. **ROLL CALL**

Greg Mengarelli	Mayor
Alexa Scholl	Mayor Pro Tem
Steve Blair	Councilman – arrived at 1:16 pm
Phil Goode	Councilman
Cathey Rusing	Councilmember
Steve Sischka	Councilman
Clark Tenney	Councilman

4. **DISCUSSION**

   A. FY22 Budget Workshop

Finance Director Mark Woodfill provided a presentation to Council regarding the FY22 Budget. The budget process lasts many months before getting to the Workshop, then the budget hearing and consideration for adoption will be in June. 165 page budget is posted on the City website along with the 5 year capital plan. Today will be a review of the total budget, and comparison of FY20/FY21/FY22. The budget is structured to maintain levels of service within the city.

<u>Budget Summary:</u>

* Approved Class and Compensation Plan is included
* Needed Positions included in the Budget
    - 3 long time temporary positions will be made permanent
    - 7.25 new positions added
* Training and other operating budgets previously frozen have been released
* Anticipated American Rescue Plan Funding included
* $98.9 Capital Budget is structured to include projects that can be achieved during the fiscal year and address needs that have been deferred, including vehicle replacements and facility repairs

<u>Compensation Survey Results:</u>

* On average city lags the market pay by 7-10%
* Approximate cost to implement is $1.5 million which is included in the budget - market adjustment rate or 2% COLA whichever is higher
    - Below 2% = 224 employees
    - 2% to 5% = 74 employees
    - 5% to 8% = 87 employees
    - 8% to 10% = 69 employees
    - Above 10% = 33 employees
* Three Converted Positions (temp to permanent)
    - Human Resources Specialist
    - Administrative Services Specialist (PD)
    - GIS Technician (IT)
* New Positions
    - Airport Operations Supervisor
    - Administrative Specialist (City Manager - .25)
    - IT Specialist
    - Public Works: Equipment Operator, Administrative Specialist
    - Fire: Captain, Engineer, Firefighter

Fire Chief Dennis Light addressed Council regarding the three requested positions which are designed to help improve response times and unit service. Over last 6-8 years added capacity of development has lead to a need for this. Commissioning of an alternative response unit will be developed with these new positions to manage EMS calls and would like to have staffed on or about Oct. 1st.

Councilman Goode commented that there has been discussion around doing something like this for years with an alternative response unit. He asked if the communications center has improved the manner in which they are routing and addressing calls and if the firefighter will be required to be a paramedic as well.

Chief Light responded that the city of Prescott standard is firefighter/paramedic in order to to address the most calls. He added that there have been improvements in the dispatching that response is enhanced from what it once was. Units all have a cad-to-cad communication system which has helped as well.

Councilman Goode also asked if there will eventually be a new station in North Prescott to address all the development going on out there.

Chief Light responded that this will be covered in Capital Improvements today which would be a phased moved of Station 73 to focus on that area. Relocation will not add people but address demand in that area.

Councilmember Rusing asked about how much land would be needed for a future fire station in that area.

Chief Light responded that it depends on the land layout and access to roads. Siting a fire station is a 50 year process, location need is most important to look at first. Facilities will need to be a part of that conversation as well.

Councilman Tenney commented that much of this is important because of improved response times, and asked why we aren't where we should be.

Chief Light responded that much of it is the geography of the area, and road layout is an issue as well. Travel time currently is approximately eight minutes 44 seconds, and in 2020 it was nine minutes. The times have varied over the years but are always above the six minute goal.

City Manager Michael Lamar added that this low acuity truck has been part of the discussion for quite some time and if this works in the future we can show that this is a big part of all call volume and could impact how funds are spent for equipment in the future which would be beneficial as well.

Mr. Woodfill continued the presentation, these additions would put staff levels where they were in 2005 at approximately 518. Another issue that staff is going to begin addressing is the city's fleet of vehicles and equipment. There are approximately 400 pieces of fleet in our inventory at this time, with 129 being at least ten years old. Vehicle replacement will be a phased approach to help lower those numbers and improve our inventory.

Proposed FY22 Budget:
* $228,444,604 which is a 3.8% increase over FY20
* General Operations $102,416,801
* PSPRS $14,780,000
* Capital Budget $98,747,803
* Contingency $12,500,000
* Revenue stream
    - General Merchandise & Food Sales 40%
    - Motor Vehicle Sales & Repair 15%
    - Construction 10%
    - Restaurants & Bars 6%
    - Hotels 3%

March was a big month for auto sales with a 43% increase from 2020, construction is down currently and has fluctuated over the last year. Overall however, the city is up approximately 12% this year.

Revenues Projected:
* Sales Tax $39,610,500
* PSPRS Dedicated Tax $14,780,000
* Bed Tax $900,000
* Property Tax $1,874,215
* Franchise Tax $1,720,000
* Intergovernmental $18,754,611
* Licenses & Permits $1,104,030
* Governmental Service Charges $4,694,614
* Fines & Forfeitures $324,100
* Utility Services $39,068,028
* Solid Waste Services $9,281,820
* Airport Services $1,984,357
* Golf Course Services $3,302,314
* Internal Service $6,554,937
* Other $1,429,040

Total Expenditures are up approximately 4% from last year
* Police 37.4%
* Fire 27.3%
* Recreation Services 9.6%
* PSPRS Unfunded Liability Payment 8.1%

* General Government 6.7%
* Library 6.4%
* Community Development 4.5%

PSPRS Payments:
* FY18 $6,000,000 (30% funded)
* FY19 $12,650,000
* FY20 $13,603,928
* FY21 $14,450,000 projected (70% funded)
* FY22 $14,780,000 projected

Bed Tax Fund Comparison:
* FY20 $1,457,404
* FY21 $914,227
* FY22 $1,187,372

Councilman Sischka commented that there is a dramatic change in Tourism funds.

Mayor Pro Tem asked what was done with the funding from events that were cancelled last year.

Community Outreach Manager John Heiney responded that there has been an update to the way the employees in the department are payed and will be half from bed tax and half from salary. He added that event organizers were given the option to be reimbursed or to have their funds rolled over to current year events.

Mr. Lamar added that the city is also giving a significant amount to the annual Courthouse lighting event, so that more business did not have to do that. Request will go through TAC and will come back before Council.

Budgeted Fund Balances FY22:
* General Fund $14,371,407
* Streets Fund $7,362,547
* Bed Tax Fund $241,892
* Water, Wastewater & Solid Waste $30,259,508
* Grants, Trust, Government Impact Fees & Internal Services $9,036,941

Councilman Goode commented that PSPRS missed their expected rate of return by approximately 6% last year and asked how that will impact the smoothing this year. Feels we should have more of a level payment expectation.

Mr. Woodfill commented that the smoothing takes place because there is supposed to be some variation during years of more versus less on the return rates. This continues to be something that staff looks at it as the end of the tax approaches and it must be determined how the public would like to handle that.

Airport Director Robin Sobotta provided a presentation to Council regarding capital projects at Prescott Regional Airport.

<u>FY22 City Funded Projects:</u>
* Pavement Preservation Program $598,449
* Modular Building Relocation $200,000
* New Vehicles & Equipment $85,400
* Vehicle Replacements $60,000
* Airport Master Lock & Badging System $50,000

<u>FY22 Grant Funded Projects:</u>
* Taxiway C Realignment, RIM & Hotspot Mitigation $11,000,000 (can be done in one or two phases)
* Perimeter Security Upgrades $1,670,130
* Runway 3L/21R Lighting/Signage $950,000
* Runway 3R/21L Extension $500,000
* Runway 3L/21R PAPIs $195,000
* West Ramp Rehabilitation $85,000
* Totals $15,638,979
    - FAA $11,235,000
    - ADOT $2,929,117
    - General Fund/Airport $1,474,862
* Taxiway D Rehabilitation $160,000

<u>Airport Capital 5 Year Plan:</u>
* T-Shade/Hangar Acquisition or Construction
* Pavement Preservation Program
* New Vehicles & Equipment
* Bottleneck Hangar Complex Improvements
* Fuel System
* Airport Master Lock and Badging System
* Perimeter Vehicle Service Roadway Completion
* Landside Expansion/Parking
* Vehicle Replacements
* T-Hangar Taxilanes and Ramp Expansion
* Clubhouse Drive Extension Study
* Runway 3R/21L Extension
* Taxiway-D Rehabilitation

* South Ramp and Perimeter Road Rehabilitation
* ARFF, Airport Ops & Maintenance, and Snow Removal Equipment Storage
* West Ramp Rehabilitation
* North Ramp Rehabilitation
* Airport Pavement Maintenance System (ADOT)
* ARFF Index B Truck
* Replacement Airline Terminal
* New Vehicles and Equipment
* Runway 12-30 Lighting and Signage Improvements
* Taxiway E&F Rehabilitation
* Some of these proposed projects have the potential for grant funding

Councilman Goode asked if acquiring the property surrounding the airport could be funded through grants as well.

Dr. Sobotta said yes, there are a few different categories that would fall under so it is certainly an option.

<u>FY22 Capital By Department:</u>

* City Manager $4,250,000
    - Center for the Future $2,400,000
    - Granite Creek Corridor Master Plan Implementation $1,570,000
    - Prescott North & Granite Creek Area Plans $280,000

* Community Development $625,055
    - CDBG Grants $301,055
    - Vehicle Replacements $66,000 additional expenses in FY23-27
    - Scanning Project (ongoing) $60,000

* Facilities Maintenance $2,765,800
    - New City Hall $2,400,000 (split amongst departments)
    - Parking Lots Replacement/Refurbished $210,000
    - Vehicle Replacements $105,000 additional expenses in FY23-27 as well
    - Fire Station Restroom Remodel $35,000
    - Apparatus Bay Floor Refurbishment Station 71 $15,800

* Fire $1,812,156
    - Fire Drill Ground Improvements $928,140 with additional funding FY23-27 as well; water table is very close to surface and underground enhancements will be needed over a number of years
    - Vehicle Replacements $719,206 additional expenses FY23-27 as well

Councilman Goode asked if the expenses over the next several fiscal years is just for replacement of trucks that have reached lifecycle.

Chief Light confirmed, two ladder trucks are very expensive replacements. Drop dead on fire apparatus is 20 years maximum.

- Battery Operated PPV Fans $45,000
- ARFF Testing Equipment $35,000
- Hydraulic Extrication Tool $26,000
- Mobile Data Computer $23,200
- SCBA Voice Amplification Devices $20,610
- EMS Simulation Manikin $15,000

* Information Technology $1,735,000

- IT Server Farm Consolidation $1,600,000 the hope is that the expense will end up being less than this but have budgeted high to be on the safe side.

IT Director Nate Keegan addressed the seven server farms that currently serve the various city locations. This new centralized farm would be located at the Virginia Street Campus, but will be a modular facility that can be moved.

Councilman Goode asked about the efficiencies of the new city hall.

Mr. Keegan responded that there will be some new efficiencies including everyone being located in one area and people all similar this will prevent the need for future staffing needs/use existing staff more efficiently.

- Vehicle Replacements $50,000 additional expenses during FY23-27
- North Prescott Radio Repeater Site at Melville Airport $$50,000
- Library Camera Update $35,000

* Parking Garage $556,000

- NE Stair Replacement $436,000
- Security Camera Replacement $120,000

* Police $1,637,680

- Vehicle Replacement $1,186,000 additional FY23-27 expenses
- Police Facility Enhancement and Renovations $210,000 and will take place over next several fiscal years with additional expenses in FY23-27
- Ballistic Vests and Helmets for SWAT $166,000
- Optical Sights and Handgun Upgrade $35,000 with additional expenses in FY23-27
- Police Officer Workstation and Furniture $26,680 with additional expenses in FY23-27

- High Resolution Night Vision Weapon Sight $14,000

* Regional Communications $610,000

- Replacement Consoles for Dispatch $300,000
- Zetron System Upgrade & CAD Integration $260,000
- Generator/Cement Pad Replacement $50,000

* Recreation Services-Golf Course $592,000
- Irrigation Improvements $425,000 with additional expenses in FY23-27
- Antelope Hills New Parking Area $70,000
- Golf Course Equipment $67,000 with additional expenses in FY23-27
- Vehicle Replacement $30,000 with additional expenses in FY23-27

* Recreation Services $6,677,000
- Open Space Acquisitions $4,400,000
_ Goldwater Lake Expansion $1,420,000

Mr. Lamar said this is an ecotourism opportunity that we need to move forward on.

- Adult Center Ramada $200,000
- Trail Fencing 180,000
- Pavement Preservation $100,000 with additional expenses in FY23-27
- Peavine to Glassford Hill Trail Connection Grant $81,000
- Vehicle Replacements $80,000 with additional expenses in FY23-27
- Equipment Replacement $42,000 with additional expenses in FY23-27
- Roof Renovations on Park Facilities $38,000
- Pickleball Court Surfacing $35,000
- Watson Lake Ramada Roof Replacement $21,000
- Playground Component Replacement $20,000 with additional expenses in FY23-27
- Goldwater Lake Ramada Refurbishment $20,000
- Pioneer Park Landscaping and Erosion Control $15,000
- Park Amenities $15,000 with additional expenses in FY23-27
- Camp Ground Upgrades & Replacements $10,000

Public Works Director Craig Dotseth continued the presentation on Public Works Capital Projects.

<u>Types of Streets Capital Projects:</u>
* Preservation and Rehabilitation Projects - improvements to extend the life of roadway pavement and upgrade ADA access to improve operating conditions
* Circulation Projects - new roadway, sidewalks, bicycle facilities and expansions of existing infrastructure

* Roadway Reconstruction Projects - major improvements to existing roadways including curbs, gutters and sidewalks to provide quality transportation systems
* Drainage Projects - stormwater related projects to improve drainage flows to provide a reasonably safe environment from flooding and to meet FEMA and other regulatory requirements

Preservation & Rehabilitation Projects:
$8,500,000 FY22 Budget will include a number of neighborhoods and areas throughout the community

Circulation Projects:
$815,000 FY22 Budget will include Prescott Library sidewalk & parking improvements, intersection signalization & synchronization and sidewalk repairs & replacements

Reconstruction Projects:
$4,500,000 FY22 Budget will include Penn/Eastwood Total Replacement and Miller Valley Road

Drainage Improvement Projects:
IN FY22 expect $133,000 FEMA Cooperative Technical Partners Grant Funds $825,000 Yavapai Flood Control District Grant Funding and will expended $175,000 to include citywide drainage improvements (Penn/Eastwood Detention Basin), and citywide floodplain mapping

Water Capital Projects:
* Water Production Projects - installation, rehabilitation and replacement of wells, tanks and pump stations to ensure an adequate and reliable water supply to meet the city's needs
* Water Distribution Projects - replacement of water pipelines and components due to age, condition and maintenance history to improve water quality and reliability of the water system; upsizing of water pipelines and components to increase capacity
* Water Quality Projects - TMDL and stormwater related projects to address water quality and drainage system management associated with regulatory requirements

Water Production Projects:
$25,014,500 FY22 Budget for intermediate and booster pump station (airport area), Zone 41 Pump Station Tank and Pipeline (Mingus area), Zone 56 Tank Pipeline and dump station (Lowe's area), CV Production Well No. 3 Rehabilitation (Chino Valley), Zone 30 Pump Station (secondary feed for redundancy, southern portion of the city completion) and Zone 52 Water Main to NW Regional Tank (Williamson Valley Rd, Longview area)

Water Distribution Projects:
$4,2020,000 FY22 Budget for Main Line Replacements (Rocky Dells and Juniper

Vista/Karen), Zone 24/27 Pipeline and Downtown Water Main Replacement

Staff is looking into different technologies for historic system and to help make the project successful but the mainlines need to be updated.

Water Quality Projects:
$375,000 FY22 Budget for Watson Lake Improvements (aeration and fish) and Granite Creek Corridor Enhancements.

Councilman Blair asked what we are going to do to keep the public informed on what the actual causes are.

Mr. Dotseth responded that we will pull the facts and science from the TMDL Reports and continue to share that information with the public. It is important to continue to look at and address the causes.

Wastewater Capital Projects:
* Collection Projects - rehabilitation, replacement and upsizing of mains, lift station improvements and lift station removals to assure the wastewater system capacity meets the city's needs and regulatory requirements
* Treatment Projects - rehabilitation, modernization and expansion of treatment facilities, centralization of treatment facilities for improved efficiencies

Collection Projects:
$7,742,300 FY22 Budget for Sundog Trunk Main Phase C, Willow Creek Trunk Main Extension, Ruger Road Sewer Main Extension, Montezuma Trunk Main Upsizing (pavement improvements as well)

Treatment Projects:
$675,000 FY22 Budget for Centralization – Effluent Tank, Pipeline and SR89 Widening (Dells)

Councilmember Rusing asked how big the tank will be in Watson Lake area.

Mr. Dotseth responded that it will likely be a a couple million gallon tank. Have ability to tuck in where there is existing hill and won't be visible from the road

Councilman Goode asked about expanding the narrows in the Dells through Highway 89 with the fact that capacity for traffic through that area will likely be reached soon. He feels this should be a project that is very well planned and timed.

Mr. Dotseth responded that the city has the ability to get counts in the area, going back a period of two weeks and pull information from any specific time period. Part of the centralization of wastewater projects are stepping stones to fix utilities in that area to begin consideration for widening in the area. He added that the SR69 project will wrap up before construction is beginning in that area.

Upcoming Budget Process Steps:
* May 25 – Workshop Scheduled if needed
* June 8 – Tentative Budget Adoption/publishing of tentative budget
* June 22 - Public hearing on budget and alternative expenditure limitation, adoption of final budget by Council
* July 13 – Adopt property tax levies

Councilmember Rusing asked about street light fee and how much it generates.

Mr. Woodfill said it is used to defray the cost of maintaining streetlights and is approximately 50 cents per month.

Mr. Dotseth added that Public Works operates and maintains the historic lights in downtown and the remainder are done by APS, we fund electricity and maintenance of the lights.

Councilman Tenney asked staff to address the difference between revenues and expenditures.

Mr. Woodfill responded that there is an operating and non-operating revenue and some of the expenditures are over a period of time and accumulation of fund balance for capital projects. The city does not always achieve the capital that is listed and therefore it rolls over, good to focus on operating expenses and revenues. These types of spreads are common.

Councilman Goode requested a short additional meeting next week for public comment and analysis of line items.

Council consensus to schedule an additional Budget Workshop May 25.

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

5. ADJOURNMENT

There being no further business to discuss, Mayor Mengarelli adjourned the meeting at 3:22 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 Workshop Meeting of the City Council Workshop Meeting of the City of Prescott, Arizona held on May 18, 2021. I further certify the meeting was duly called and held and that a quorum was present.

Dated this 25 day of May, 2021.

AFFIX
CITY
SEAL

Sarah M. Siep, City Clerk