PRESCOTT CITY COUNCIL
COUNCIL STUDY SESSION
PRESCOTT, ARIZONA
JANUARY 3, 2006

A STUDY SESSION OF THE PRESCOTT CITY COUNCIL WAS HELD ON TUESDAY, JANUARY 3, 2006, in the Prescott Municipal Building, 201 S. Cortez Street, Prescott, Arizona.

Mayor Simmons opened the meeting at 3:00 P.M. and asked City Clerk Elizabeth Burke to call the roll, which was as follows:

Present:	Absent:
Mayor Simmons	None
Councilman Bell	
Councilman Blair	
Councilman Lamerson	
Councilman Luzius	
Councilman Roecker	
Councilwoman Suttles	

SUMMARY OF CURRENT OR RECENT EVENTS

Manager Norwood announced there would be an event Wednesday, January 4th at 10:00 A.M. at the Town of Prescott Valley complex featuring the donation of several vehicles from Prescott, Prescott Valley, Chino Valley and Central Yavapai Fire District to the city of Pascagoula, Mississippi that suffered hurricane-related damage and the City of Prescott would be donating three vehicles.

Mr. Norwood introduced the new Police Chief Randy Oaks, who was previously with the Las Vegas Metro Police Department; adding that he would be a great asset and everyone was very excited to have him on board.

Mayor Simmons commented there were issues between CableOne and NBC and CableOne was not currently carrying NBC programming, and the City was trying to work with both entities to get them to resolve their issues.

I. DISCUSSION ITEMS

A. Award construction contract to Asphalt Paving & Supply in the amount of $15,812,418.06, for the Iron Springs Road Improvement Project.

Engineering Services Director Nietupski explained the following negotiations with Asphalt Paving and Supply:

- the bid was reduced by $426,872.97
- the final asphalt layer was kept in the bid

- there would be enough funding in the budget this year
- staff had contacted Yavapai County Flood Control District regarding additional funds for the drainage portion of the bid
- the contract was for a 600 calendar day project
- night/day work would be at the contractor's discretion as long as 2 lanes of traffic with a turn lane and access to all businesses was maintained
- might be additional savings through value engineering as the project progressed
- staff was recommending award of the contract.

Councilmembers were concerned about:

- postponing or deferring other projects to cover the extra funding needed for this project
- rebidding the project and receiving even higher bids
- the difference between the engineer's estimates and actual bids on several of the last projects
- changing the scope of work with night/day work flexibility
- only negotiating with the low bidder and not the two bidders
- utilities moved in timely manner to avoid conflict with city contractor and street improvement schedule

Staff clarified:

- estimates were prepared by outside engineering firms who used historical data to prepare their estimates and skyrocketing construction costs was not a unique problem to this area
- could only negotiate with the low bidder according to the City's Procurement Code
- agreeing to not work in front of a business for the months of April, May and June was to avoid an eminent domain issue with the property owner
- if bids were rejected it would take 4-6 weeks to repackage the plans and specifications and rebid and 30 days for bids before the bids would be due.
- Utility companies would not hold up the project and Qwest was scheduled to work 150 days within the 600 day project.

Mike Fann, 450 Whetstine Avenue, Fann Contracting, made the following points:

- Asphalt Paving and Supply was a good contractor.
- To negotiate with only one of the two bidders was not right or legal as stated by the City Attorney.
- The scope of work was significantly changed by allowing the contractor more flexibility in doing night or day work.
- There were 15 plan holders on the project and it was unknown how many may have decided to not bid over the nighttime requirement.
- Unless you negotiated with both bidders, how could staff know they were recommending award to the low bidder.
- The project should be rebid.

Mr. Nietupski verified the City paid more for night work but couldn't guess what the difference would be in cost.

Yvonne Dorman, 1335 Mullen Way, asked what guarantee there would be for the road work, that Asphalt Paving and Supply did a project in their area in 2000 and were to come back and seal the roadway but never did and wondered if they would come back and fix any problems on Iron Springs Road. Mr. Nietupski responded once the project was accepted there was a two year warranty and the contractor would have to come back and take care of any problem areas.

Jack Wilson, 1514 Eagle Ridge Road, asked if there were any figures available backing up statements from Councilman Bell and Mayor Simmons regarding lower bid prices or lower subcontractor costs if the project was rebid. Mayor Simmons replied the reason Council authorized staff to negotiate with the contractor was it was believed if there was less night work the bids would come in lower, but there was nothing in writing.

George Seaman, 1813 N. Walnut Street, remarked it wasn't an even playing field if staff negotiated with only one contractor and if the contractors knew the Council wasn't going to accept a higher bid it would be a gamble for them to submit one.

Manager Norwood summarized there were four Councilmembers who seemed to want to rebid the project; he could reject the bids tomorrow morning and get moving on the rebidding process; and if Mike Fann said there were significant changes to the bid, maybe that meant a bid from Fann Contracting that was 20% less.

Consensus was to instruct the City Manager to reject the bids immediately and begin the process to rebid the project.

B. Award contract to Silver Eagle Western, LLC, in the amount of $93,762.50, for construction of the Willow Lake Villas Detention Basin.

Engineering Services Director Mark Nietupski explained the project was advertised in 2005 and no bids were received, so it was repackaged with two other projects for similar work and one bid was received in a total amount of $350,000 for all 3 projects, which was 60% above the estimate. He said the Willow Lake Villas detention basin was the most important of the three projects and needed to go forward; this would be a 60 day project and the bid was only slightly over the estimate and within the budgeted funds; the other two projects would be deleted.

Council asked why the developer wasn't required to put in the detention basin or why the project couldn't be done with city equipment and staff.

Mr. Nietupski responded the developer had participated in the solution as far as donating the property for the detention basin and this project was not a typical workload item for the Streets Department to do.

Manager Norwood added if council wanted him to reject the bids he would do that; but a project of this magnitude would have to be scheduled into the Street Division's workload for next year; and the projects were bid as three stand-alone projects and only packaged three together to get more interest; he did not recommend doing this in-house.

C. Approve Ordinance No. 4519 amending City Code 2-13-6(F), to allow for charges due to inaccessible dumpsters.

Assistant to the Manager Laurie Hadley explained several commercial accounts had dumpsters inside gated enclosures that often were shut or locked or had vehicles or other obstacles blocking their entrance. She said the truck drivers were unable to pick up their garbage and needed to come back each time and this happened approximately 30 times a week. She said staff was suggesting a $5.00 charge for each time a city employee was required to open gates or remove other obstruction and should a driver have to return to a business for a pick-up, a service fee of $85.00 per hour would be assessed. She said businesses knew when their pick-up days were and should have their dumpsters accessible; the customers would be notified of the code change; would get a warning the first time; and then would charge them after that.

D. Approve Resolution No. 3728, amending Resolution No. 3061 by amending the Development Agreement approved therein to delete certain property from said agreement (Keehan).

Attorney Moffitt explained the Council accepted the donation of open space last month from Lynn Keehan at the Village of the Boulders (Ponderosa Plaza) and the development agreement provided that title to the open space would remain with the future owners of the Keehan property and that needed to be amended to delete Paragraph 3(D) of the agreement.

E. Discussion regarding issues and implementation of Proposition 400.

Attorney Moffitt explained the Governor had approved the Charter change approved by the voters in the November 8, 2005 General Election and presented the following three areas of Proposition 400 that needed to be clarified along with his recommendations:

1. Requirement of a <u>60 day public comment period</u>, which period begins to run at the time of a formal vote on a master plan by the Planning and Zoning Commission.

There was no requirement in the Land Development Code for a master plan to be submitted by a property owner prior to being annexed.

Recommended change to the Land Development Code: "That the sixty day public comment period referenced in Article I, Section 4 of the City Charter shall commence on the date of the first Council public meeting at which the proposed annexation is discussed."

This wording would be placed in the Land Development Code and Council should rescind the Council Policy relating to the 60 day public comment period for large annexations.

2. Requirement of a public presentation of the public comments received to the City Council by City Staff.

It was unclear as to what was required to comply with the "public presentation of the public comments".

Recommendation: City staff would compile all comments received on a proposed large annexation and provide the Mayor and Council a copy of the entire package at a public meeting.

3. Requirement that all effluent generated by a new (large) development in the annexed area be used for permanent recharge.

This required seemed to imply the City should build a separate sewer line for a large annexation/development, build a wastewater treatment plant to treat that sewage separately, and deposit that specific effluent into the recharge facility.

Recommendation: To comply, the City could permanently recharge the "amount" of effluent generated by a particular development based upon water usage and estimating the amount of effluent produced.

A fourth clarification pertained to the "requirements of this section apply not only to single annexations of 250 acres or more, but also to multiple annexations of smaller parcels that have been owned by the same person or entity within ten (10) years from the date of the proposed annexation" and to make that "10 years prior to the date blank annexation petitions were submitted to the County Recorder for recording".

Howard Mechanic, 309 Bloom Place, Citizens for Reasonable Growth committee member – Committee discussed most of the issues at their last meeting and agreed with Attorney Moffitt's interpretations that these would result in what the committee wanted, and they appreciated his clarifications.

Mr. Moffitt clarified the 60 day public comment period statement should be placed in the Land Development Code and the rest would be Council Policy; once blank annexation petitions were filed with the County Recorder, the boundaries could not be increased, but could be decreased.

Mr. Mechanic requested when an annexation request came forward, the pre-annexation development agreement should accompany it so the public would have at least 60 days to review the development agreement.

Mr. Moffitt responded Proposition 400 didn't require that but Council could add it if they wanted and he clarified 60 days was the minimum number of days for review ,and staff would begin the Land Development Code amendment process and prepare the Council policies for Council adoption.

F. Approve the purchase of two NexSan SATABeast storage arrays in the amount of $83,967.00, plus tax and shipping, from IO Dynamix.

Budget/Finance Director Woodfill explained the city generated a large amount of electronic information that required backup and retrieval of data as well as the use of video cameras in the police vehicles that needed to be stored to allow the Police Department to defend itself against civil liability mitigating financial loss due to claims and to provide proper evidence in criminal trials. One unit would be in an off-site location to provide a secondary copy of important data and would facilitate business continuation if a catastrophic event were to occur, such as a natural disaster or a network failure. Staff was recommending the purchase of two NexSan SATABeast twenty-terabyte storage array with 12 terabytes of initial storage from IO Dynamix in the amount of $83,967, per the GSA contract.

G. Resolution No. 3729 authorizing the formation of the Mullen Way Water and Sewer Improvement District.

Carol Johnson, Utility Manager, presented background information regarding the proposed formation of the Mullen Way Water and Sewer Improvement District, relating the following events:

- Council adopted Ordinance No. 4303 on April 8, 2003 annexing approximately 65 acres in the vicinity of Mullen Way and Copper Basin Road.
- Council adopted Ordinance No. 4329 on August 12, 2003 annexing 7 adjacent parcels totaling 16 acres.
- The reason the residents requested to be annexed was to obtain water and sewer services due to declining levels in individual wells attributed to prolonged drought and rocky hillside terrain complicating septic disposal systems.
- Council approved a contract with Kirkham-Michael Consulting Engineers in the amount of $81,945 on November 4, 2003 for engineering services.

- An initial meeting with property owners followed in May 2004 and a preliminary cost estimate was provided in the range of $22,000 - $25,000 per lot.
- Storage tank sites and the configuration and locations of water and sewer lines were identified.
- Subsequent public meetings were held with property owners on February 14, March 8, April 12, and May 25, 2005.
- Construction costs have elevated dramatically and by mid-2005, the estimate approached $36,000 per lot.
- Informal surveys were sent out to assessable properties (40) on the property owners' interest levels and there were 24 in favor, 15 not in favor, and 1 no response.
- The estimates were construction only costs and did not include bonds or counsel costs.
- The most recent estimate, at the end of 2005, was $66,034.66 and another informal survey of occupied properties (21) was conducted with only 7 in favor, 13 not in favor, and 1 no response.
- Included in the $66,000 estimate was the current water and development fee, not the proposed new fees.
- If Council chose to adopt the Resolution of Intention next week, the formation process would begin, which included:

    - letters sent to each property owner, an advertisement would be placed in the local newspaper for five days and notices would be posted throughout the project area;
    - residents would have a 15 day protest period in which to submit in writing their objections and filed with the City Clerk;
    - if more than 50% protested the formation of the district would be discontinued;
    - protests would be set for February 14, 2006 at 3:00 P.M. at a Council meeting;
    - Council would then approve preparing the final design and a Resolution Ordering the Work, or cease efforts to form the district.

- The total amount budgeted was $1.8 million from water and sewer funds.
- As of December 24, 2005 the estimated project cost was $2,738,306.03.
- Residents could pay the improvement costs in a lump sum or over a period of years.

Consensus was to not proceed any further due to the escalated costs.

An unidentified woman asked the Council to help their area get water.

Ron Keeler, owner of property in the area of Mullen Way, remarked everyone thought they had a good engineering estimate in April and he wanted to know what was wrong with the numbers and Mayor Simmons responded staff would meet with him.

H. Public Hearing – JANUARY 10, 2006 – Approve Amendments to City of Prescott/Arizona Department of Housing CDBG Grant Contracts, Transferring $35,000.00 from NAZCARE (144-05) to Project Aware (145-05).

Grants Administrator Steve Gaber explained:

- there would be a Public Hearing next Tuesday regarding amendments to two existing Community Development Block Grant contracts.
- The amount of $35,000 was granted for improvements to the NAZCARE-News Hope Recovery Center project located at 599 White Spar Road to finish the walkout basement, adding approximately 1500 square feet to the facility and included electrical, plumbing, HVAC, structural changes along with the removal of architectural barriers and the addition of an ADA bathroom.
- Drainage issues complicated the project and when the Department of Housing reviewed it, it was decided $35,000 would not be sufficient to do the project, little progress had been made and the contract would be terminated.
- The funds could be transferred to one of the other projects and the recommendation was to put the money into the Project Aware improvements.
- If the funds were not reallocated to another project, they would go away.
- There would be a resolution on the next agenda to approve the transfer.
- If January 30 bids came in higher than available funding, the State would be notified, and there was possible other sources of funding, as the State was interested in seeing projects, such as this four-plex, accomplished.

I. Approve replat of lots C-2 and C-3 of the Willow Hills Business Center Subdivision, located at the southwest corner of the intersection of Lakeside Village and Willow Creek Road to create seven commercial parcels and two tracts from two existing parcels, RE05-027.

Community Development Director Tom Guice explained:

- this was a request to create 7 commercial condominium lots and 2 tracts to be known as the Willow Hills Business Park
- the project was in conformance with the Land Development Code, Willow Lake South Area Plan, and the General Plan
- this was a PAD development
- the parking areas and driveways would be shared common areas
- Open Space area would be 20% or greater

Rick Radavich, 325 West Gurley Street, Agent, responded to a question regarding a detention basin and clarified there was a detention pond in the northwest corner of the development; the plans had been through city review and approved; the property would be heavily landscaped; and the CC&R's would be enforced through the Property Owners Association.

J. Approve replat of Lot 3 Castle Rocks Subdivision, 1713 Pine Woods Drive, from one lot into three lots, 1.56 acres, RE05-028.

Community Development Director Tom Guice explained Lot 3 of Castle Rocks Subdivision was in the area of Oregon Avenue and Downer Trail; the property was approximately 1-1/2 acres and was zoned Single Family-9; one lot would be split into three parcels; one lot would be approximately three-quarters of an acre, the second would be 4/10 of a acre and an existing house was on the remaining parcel of approximately one-half acre in size; the applicant would upgrade the water line along Pine Woods Road, connecting to the water line at Downer Trail, before additional water hookups would be granted.

Councilmembers were concerned with:

- Lot splits and a lack of policy relating to this issue.
- Water allocations for continued splitting of lots.
- Increased water demands the City couldn't meet.

Staff responded:

- The original plat was approved in 1957
- The parcel(s) would have an assured water supply and would be done administratively.
- As long as the replat met the underlying zoning, a request could not be denied.
- Council could modify the Land Development Code.
- Zoning was Single Family-9 and the lots could be split down to 9,000 square foot lots.

Bill O'Leary, agent for the applicant, commented this was not an easy parcel to build on and it would meet with neighborhood opposition if there was a request to be split again.

K. Approve replat for Lot 57, Prescott Airpark Unit 8, located on Corsair Avenue between Spitfire Lane and Avenger, creating an eight-pad commercial condominium, RE05-035.

Community Development Director Tom Guice explained the Replat would create an 8-pad commercial/industrial condominium complex at the Prescott Airpark on Lot 57 of Unit 8; parking and landscape areas would be shared common areas and would be maintained through an owners association and addressed through CC&R's and was consistent with the Airport Specific Area Plan and the General Plan.

L. Adopt Ordinance No. 4520 rezoning approximately five acres from SF-35 to SF-18, located on Lakeview Drive, RZ03-014; and approve replat of portions of Lot 14 Willow Creek Heights, located on Lakeview Drive from two lots into five lots, RE03-041. (Larson)

Community Development Director Tom Guice explained Item L was a request to rezone approximately 5 acres from Single Family-35 to Single Family-18 and the second part was a replat splitting two lots into five lots; two residences currently exist and three additional residences could be built if the lot split were approved.

It was clarified a Water Service Agreement was not required as this was less than 3 additional units; more than 3 units would require a Water Service Agreement.

Councilman Lamerson requested a Council policy be developed regarding property splits.

M. Approve Comprehensive Sign Plan for Centerpointe East and West, two commercial developments south of SR89A at Larry Caldwell Drive (Centerpointe West) and at Side Road (Centerpointe East), CC05-004.

Community Development Director Guice explained the Comprehensive Sign Plan contained the following:

- Two monument signs, 30 feet in height, were requested; one would be placed facing Highway 89A for Centerpointe East and the second sign would be located near the frontage road at the northwest end of the Centerpointe West development. Signs 20 feet high were allowed by the Land Development Code on a roadway with traffic at 35 mph.
- One low profile 4’ height x 35’ length steel sign panel placed on a masonry wall to be located near the northeast corner of Larry Caldwell Drive and the frontage road for Centerpointe West.
- The setback for the monument signs would be 50 feet from the highway.
- Staff did not consider this a problem as traffic would be traveling 65 mph and larger signs.
- The City would not maintain the developer-installed specialty street name signs.
- The tenant signs for 1-2 tenants would be limited to a height of 5’ and a 15 sq. ft. area, to be placed at the business parking entrance.
- Signs for 3 or more tenants would be limited to a height of 5’ and a 32 sq. ft. area.
- All wall mounted signs would be limited to up to 40 sq. ft.
- Planning and Zoning Commission approved the sign plan with one commissioner voting against the plan due to not conforming with code regulations.

N. Approve Development Agreement with Park West, Inc.; and consider adopting Ordinance No. 4521 annexing approximately 43 acres of land for a commercial center located at the southeast corner of Willow Creek Road and Pioneer Parkway, ANX05-001.

Community Development Director Tom Guice presented the following information regarding Item N:

- Included were a Development Agreement and an annexation ordinance that would require two separate actions next week.
- The Development Agreement would agree to the Business Regional Zoning classification and would limit the uses allowed on the property, specifically eliminating residential uses, and would assure conformance with the General Plan and Airport Specific Area Plan.
- Requested the Subdivision Plat be processed under the Land Development Code's Subdivision Waiver provisions, which would permit the Council to waive the preliminary plat step and allow the owner to move directly into the Final Plat submittal.
- Council would approve the site plan which contained more information than a Preliminary Plat would. The plan would show the landscape plan for the development, for instance, which would not be on a preliminary plat.
- The annexation of the 43 acres was ready to move ahead, following the recording of signatures and petitions with the Yavapai County Recorder's Office.
- The rezoning request to Business Regional Zoning would follow the annexation process.

O. Award bid for one 75' ladder/pumper to Rosenbauer Firefighting Technology of Highland, California in the amount of $453,989.00, plus tax and license.

Deputy Chief Bruce Martinez explained this vehicle would replace a 1987 model Sutphen truck that had over 110,000 miles on it and this purchase was part of the Fire Department's 15 year replacement program; 7 bids were received and two alternate bids and after review, the bid from Rosenbauer Firefighting Technology of Highland, California in the amount of $453,989 plus tax and license was selected; $550,000 was budgeted for this purchase and there would be a 325 day delivery period.

Manager Norwood explained the Fleet Replacement Fund as follows:

- City vehicles and equipment were evaluated.
- They were assigned a life span and a value.
- Money (replacement value) was set aside from each department having vehicles or equipment each month into the Fleet Replacement Fund.
- The fund normally held about 50% of the replacement cost of a vehicle.

- The vehicle being put out of service was usually auctioned off and that revenue was put into the fund.
- There was $2 million in the Fleet Replacement Fund.

It was clarified the existing vehicle was showing some stress cracks but had been deemed safe through testing.

P. Award contract to Frank Gates to be the Third Party Administrator of the City's Workers' Compensation Program as outlined in the Council Agenda Memo dated 1/3/06 and 1/10/06.

Attorney Moffitt explained a Third Party Administrator provided the following services:

- They made determinations regarding workers compensation claims
- Ensured employer and employee compliance with all aspects of the workers' compensation statute and Industrial Commission regulations
- Ensured all necessary medical records were submitted by the treating physician and other medical providers
- Ensured medical charges were in compliance with Industrial Commission fee guidelines.
- Would provide internet access to their claims administration system in order to allow development of management reports and completion of audits of individual claim files.

The following information was provided:

- Two responses were received to the Request for Proposals.
- The City was self-insured.
- Frank Gates had been the City's third-party administrator since January 2002; would charge a per-claim cost; would provide continuity; contract was for 5 years with an annual fee of $23,066 with an annual adjustment if the activity increased more than 10% the estimated activity level.
- The other response was from CorVel Corporation, Denver, CO, and they didn't have personnel in Arizona; it was an integrated online system that allowed access to all records and notes with electronic communication between providers, payers, employers and patients; they charged per-claim and there would be an extra hourly charge for any contact or calls.
- Frank Gates seemed to be the most appropriate choice and a change would cost $5,000; staff was recommending award to Frank Gates.

Q. Approve minutes of the Special City Council Meeting of December 9, 2005, the City Council Workshop of December 13, 2005, the Regular City Council Meeting of December 13, 2005, and the Regular City Council Meeting of December 20, 2005.

SELECTION OF ITEMS TO BE PLACED ON THE CONSENT AGENDA FOR THE REGULAR MEETING OF JANUARY 10, 2006.

Items for Consent Agenda – C, D, F, I, K, L, M, N, O, P, Q.

II. ADJOURNMENT

There being no further business to come before the Prescott City Council, Mayor Simmons ADJOURNED the meeting at 5:50 P.M.

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ROWLE P. SIMMONS, Mayor

ATTEST:

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ELIZABETH A. BURKE, City Clerk