

PRESCOTT CITY COUNCIL
REGULAR COUNCIL MEETING
PRESCOTT, ARIZONA
JUNE 26, 2007

A REGULAR MEETING OF THE PRESCOTT CITY COUNCIL WAS HELD ON TUESDAY, JUNE 26, 2007, in the Prescott Municipal Building, 201 S. Cortez Street, Prescott, Arizona.

Mayor Simmons opened the meeting at 3:30 P.M. and asked Councilman Luzius to lead the Pledge of Allegiance.

Mayor Simmons asked City Clerk Elizabeth Burke to call the roll, which was as follows:

Present:

Mayor Simmons
Councilman Bell
Councilman Blair
Councilman Lamerson
Councilman Luzius
Councilman Roecker
Councilwoman Suttles

Absent:

None

SUMMARY OF CURRENT OR RECENT EVENTS

Councilman Blair mentioned his nephew was recently selected as the Assistant Baseball Coach at Arizona State University.

Councilman Luzius commented last week Council heard a presentation from Michael Byrd and it was mentioned a grant was awarded to Prescott Creeks. ADEQ came up this week and presented a grant in the amount of \$532,000 for the riparian woods, Watson Lake and maintaining Granite Creek.

Mayor Simmons mentioned there was a great show at the Elks Theater called the Citrus Playhouse, it was every Friday at 7:30 P.M., and last week he had played a werewolf; the show was like an old radio show and very humorous.

REGULAR MEETING

*** Proclamation – July 4, 2007 - Prescott Frontier Days Rodeo Day**

Mayor Simmons announced there had been a joint meeting last week where the Board of Supervisors and City Council exchanged property, with the City taking possession of the rodeo grounds. Mayor Simmons read the proclamation and presented it to Diane Judge-Cox, representing the Frontier Days Rodeo

Association. Councilwoman Suttles noted the Jim and Sylvia Konecny and Vice President Irene Winter were in the audience.

I. PUBLIC COMMENT

A. Dixie Lee – Dogs, skateboarders, bicycles, scooters and lighting on streets.

Dixie Lee explained she was a disabled Vietnam Vet and she was being stalked by dogs; harassed by young people on skateboards, bicycles and scooters; it wasn't safe to walk on the sidewalks because kids rode their bikes on them; the police did not protect her; she had come to Prescott because it looked like a safe place to live and had left Las Vegas to move here. She had been robbed in Vegas but had been in more danger since she came here. The police called her a vagrant; she had a water leak and had been ripped off and hoped it was being fixed today; all she wanted was to be safe, free, get her civil rights back and walk her dog.

II. PRESENTATIONS

A. Introduction of New Businesses.

No new businesses were presented today.

B. Presentation of two achievement awards from the Government Finance Officers Association to the City of Prescott.

Budget/Finance Director Mark Woodfill explained the Finance Department had received two awards for financial reports. The Department put out two books, one was the budget and it received the Distinguished Budget Presentation Award and Jodi Fisher, Senior Budget Analyst, was presented with a Certificate and the Award. A Certificate of Achievement for Excellence in Financial Reporting was presented to Assistant Finance Director Kevin Kellogg. The City of Prescott had received these awards for the past 25 years and it was an outstanding achievement for the Finance Department.

Mayor Simmons mentioned the City Manager, Mayor and Mr. Woodfill went to San Francisco a while ago to meet with bond rating companies and found outside bonding companies had great respect for Prescott's financial department.

C. Presentation on Water Smart Landscaping at the Antelope Hills Golf Course.

Administrative Services Director Mic Fenech reported on a recent project at the golf course where landscaping businesses were invited to landscape specific areas on the golf course to reduce the amount of potable water used in irrigation and use drought resistant plants. In exchange the landscaping areas would display a promotional sign naming the landscaping business responsible for that area. The project was no cost to the city. Two landscaping businesses were chosen, Pat's Custom Landscaping and Common Ground. They would be saving 112,000 gallons of potable water per year. The City would be including information in the utility billing mail-out to promote the idea and there would be custom signs on sight. The City would do appreciation ads on Channel 13 and Cable One at minor production costs to the City; an appreciation ad would be placed in the Courier and on golf course score cards. Future projects included reducing the amount of effluent irrigation on the golf course by doing more desert-type landscaping where it wouldn't affect play and would help beautify the golf course. \$10,000 had been budgeted for improvements and they would be installing low water use toilets at the golf course and other city facilities to help save water. Mr. Fenech introduced the representatives of the two landscaping businesses.

Mr. Fenech concluded saying they had recently had two contractors approach the City about refurbishing the restrooms on the golf course which were in bad shape in exchange for promotional opportunities their businesses.

Councilwoman Suttles commented it was nice the City practiced what they preached and set the example to the community.

Mayor Simmons added there had been a great response from the community and other contractors were taking note and willing to help.

Pat Hoyer from Pat's Custom Landscaping said he appreciated the Council for giving him the opportunity to do this great project and he thanked Prescott Valley Nursery for donating the plants and Pro Water Irrigation who donated the irrigation material.

Mark Vetere, Frank Abbott and Aaron Jacobs of Common Ground said this project showed that xeriscaping could be green and have flowers and cut down on water usage.

III. CONSENT AGENDA

Councilman Lamerson MOVED to ADOPT the Consent Agenda, Items III-A through III-J, which was SECONDED by Councilman Blair. The motion passed unanimously.

- A. Adopt Resolution No. 3831 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona approving a Memorandum of Understanding with Northern Arizona Council of Governments (NACOG) for administration of the Voucher Transit Program for Fiscal Year 2008.
- B. Approve Special Use Permit for Telecommunications Site (T-Mobile) at the Davidson's Supply Company, 6100 Wilkinson Drive, Airport Industrial Area, APN 102-03-009J (SUP07-001).
- C. Award a three-year engineering and construction management services agreement with Z&H Engineering for Airport Engineering Services at Prescott Ernest A. Love Field.
- D. Approve a contract with Application Data System, Inc. (A.D.S.I.), for the purchase of the listed software, license and maintenance agreements in the amount of \$39,203.80, plus tax.
- E. Adopt Resolution No. 3832 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona accepting grant funds from the Governor's Office of Highway Safety in the amount of \$41,500.00 for the "Selective Traffic Enforcement Program" and authorizing the execution of any and all documents to implement same.
- F. Award bid for the Mission Way Sanitary Sewer Improvements and Lift Station Abandonment Project to Asphalt Paving & Supply, Inc., dba Vail Contracting, in the amount of \$124,780.00.
- G. Adopt Resolution No. 3833 - A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona approving the Second Amendment to the Memorandum of Understanding between the City of Prescott and the Central Yavapai Metropolitan Planning Organization for Personnel, Purchasing, and Accounting Services.
- H. Award bid received from Prescott Newspapers, Inc., dba as The Daily Courier, in the amount of \$11.62 per column inch for straight copy and \$9.69 per column inch for paste-up ready/e-mail ads per copy insertion, at either 6 or 8 point type, for furnishing legal advertisement for public notifications as required by City Charter and/or State Statutes, effective July 1, 2007.

- I. Approve submission of an application to the U.S. Department of Justice, Office of Community Oriented Policing Services, for grant funds in the amount of \$1,287,097 (plus City match funds of \$429,033) for the Police Department.
- J. Approval of Minutes of the Workshop of the Prescott City Council held on June 12, 2007, and the Regular Voting Session of the Prescott City Council held on June 12, 2007.

IV. REGULAR AGENDA

A. **Appointment to the City of Prescott Industrial Development Authority.**

Clerk Elizabeth Burke explained there was one vacancy on the Industrial Development Authority board and following interviews last week the Council Appointment Committee was recommending the appointment of Larry Warren to a term to expire November 2012.

Councilman Bell MOVED to ACCEPT Council Appointment Committee recommendation to appoint Larry Warren to the Industrial Development Authority, term to expire November 2012, which was SECONDED by Councilman Roecker. The motion passed unanimously.

B. **Approval of Amendment No. One to Contract 2005-387 with Silver Eagle Western LLC in the amount of \$65,573.19 for the Gail Gardner Way Reconstruction Project.**

Engineering Services Director Mark Nietupski commented he had no new information to present today.

Councilwoman Suttles remarked she had difficulty with change orders and thought the City should hold contractors to their bid prices.

Councilman Blair MOVED to APPROVE Contract Amendment No. 1 to City Contract No. 05-387 with Silver Eagle Western, LLC, in the amount of \$65,573.19, for the Gail Gardner Way Reconstruction project, which was SECONDED by Councilman Lamerson. The motion passed 6-1 with Councilwoman Suttles casting the DISSENTING vote.

C. Public Hearing and consideration of a liquor license application from Jesus Alberto Zuniga Garcia, Agent for Narison, Inc., for a New, Series 12, Restaurant license for Casa Bonita, located at 1317 ½ East Gurley Street.

Ms. Burke explained the public hearing was being held today for a liquor license application from Jesus Alberto Zuniga Garcia, Agent for Narison, Inc. for a Series 12, Restaurant license for Casa Bonita located at 1317-1/2 E. Gurley Street. The property was posted and no comments had been received.

Councilman Lamerson MOVED to CLOSE the public hearing, which was SECONDED by Councilman Blair. The motion passed unanimously.

Councilman Lamerson MOVED to APPROVE a liquor license application from Jesus Alberto Zuniga Garcia, Agent for Narison, Inc., for a New, Series 12, Restaurant license for Casa Bonita, located at 1317-½ East Gurley Street, which was SECONDED by Councilman Blair.

Councilman Luzius remarked the applicant had applied for three or four licenses over the years and hoped he got it right this time.

Councilman Bell said he hoped the booze was as good as the food was and Mayor Simmons agreed and complimented Mr. Garcia on the remodeling of the restaurant and said it was a good addition to the community.

Mayor Simmons called for the vote on the motion, which carried 6-1 with Councilman Luzius casting the DISSENTING vote.

D. Discussion/consideration of proposed resolutions for submission to the League of Arizona Cities and Towns.

Management Analyst Connie Tucker explained two resolutions were prepared and were being proposed to send to the League of Arizona Cities and Towns to be considered at their annual conference. Resolution No. 1 was approved by the League last year but didn't move forward due to the hiring of a new liquor director. The Resolution would suggest legislation to give a city more input into the decision making process.

Resolution No. 2 related to a proposed change in the State Statutes on Request for Proposal processes and allow an entity to ask for a range of fees up front for a project. The current process can be delayed when a firm is selected without any consideration to price; then a price is negotiated for the project and if it is over budget the entity would have to start over with firm number two and this process delays projects

unnecessarily. Prescott Valley was included in proposing this resolution to the League.

Mayor Simmons commented there were strong lobbying efforts against a change to the process.

Councilman Bell said the law needed to be changed; it had cost the citizens of the State millions of dollars and it should be known how much something cost early in the process, instead of later.

Councilman Luzius added he hoped it came to fruition and MOVED to APPROVE Resolution #1 and Resolution #2 for submission to the League of Arizona Cities and Towns for consideration at the annual conference, which was SECONDED by Councilman Lamerson. The motion passed unanimously.

E. Adopt Ordinance No. 4598 - An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, setting a Special Election to be held on November 6, 2007, to vote on municipal measures. (Proposed increase of Transient Occupancy Rate)

Councilman Roecker commented several citizens felt they didn't get the full picture last week and asked to have more discussion on this issue and Councilman Bell had a suggestion to make.

Councilman Bell said there was considerable objection from some of the larger motels/hotels regarding the proposed increase and he had concluded that there could be an increase that would be used within the community but doubling it from 2% to 4% was too much. He suggested a 1% increase and MOVED to ADOPT Ordinance No. 4598, with the caveat that the bed tax increase be from 2% to 3%, which was SECONDED by Councilman Roecker.

Councilman Lamerson remarked no one had a problem with placing it on the consent agenda last week and he had been cooperative with taking it off the consent agenda because fellow councilmen had concerns about it.

Councilman Blair asked what the justification behind only 1% was and what the difference would be if revenues and user fees were paid by those visiting the community; it was a nice, fuzzy, warm thing to do but he wanted less hands in the General Fund and this was one way to accomplish that.

Skip Drinkard, general manager of the Hassayampa Hotel, speaking for the Prescott Area Lodging Association, said PALA represented 70% of the hotels and bed and breakfasts in town; this was discussed at their annual

meeting and there were some dissents but at the end of the conversation the membership voted for the 2% increase to go to 4%; there were two abstentions but there were no negatives. The bed tax rate hadn't been changed since 1987 and there were a lot of needs in the community—doubling the rate would put more revenues into a lot of good projects. The increase wouldn't impact hotels/motels; he wasn't able to re-poll their members to ask if they were in favor of the 3% compromise motion on the table; their vote would stand at a proposed 4% increase.

Mr. Drinkard asked to speak as a private citizen and business man and thanked Mayor Simmons and Manager Steve Norwood, Chamber CEO David Maurer, Prescott Area Coalition for Tourism (PACT) and Prescott Area Arts and Humanities Council (PAAHC) who had worked very hard on this. He said that PALA had worked for weeks on it and thought they had everyone on board and at the last minute it was derailed. He was interested in hearing why the 4% shouldn't move forward.

Councilman Lamerson addressed Mr. Drinkard saying he had assured him that PALA represented 75% of the lodging industry; there were 42 agencies responsible for collecting bed tax in the City limits and at least 22 of those were members of PALA and that showed a majority of the lodging industry wanted the increase.

Mr. Drinkard responded there were 20 hotels, 10 bed and breakfasts and 12 motels listed in the phone book; their membership list represented 34 of those; the majority of the hotels belonged to PALA and they voted in favor of the 4% increase; PALA represented over 70% of the lodging properties and 80% of the room inventory.

David Maurer, CEO of the Prescott Chamber of Commerce, said the Chamber Board supported the increase to 4% and they also could not poll their board on the compromise of 3% that came in this morning. The Council needed to determine what made the most sense and 3% wouldn't bring in as much revenue but it was more than the current 2% current.

Councilman Blair asked what the difference was; he appreciated Mr. Bell's stance but said this was being put on a ballot for people to vote on and didn't think there was much difference between 3% and 4%.

Councilman Bell replied 1% amounted to \$200,000; this would be an increase for the arts and entities that benefited from the money; it would be 50% more than what was now coming in. There were hotel/motel owners who represented 600-700 rooms that opposed this and they would fight it. He said that it would tear the town apart and he didn't want to see that happen.

Councilman Lamerson pointed out the governing body had been approached by a representative organization for the lodging industry, and been asked to put a ballot initiative on a Special Election; the increase was specific to lodging and only they were targeted for this increase. PALA represented that industry, over 70% of lodging businesses, 30 of the 42 were members. If PALA wanted 4% and not 3%, he was stuck with 4% and Council was only to agree to put the initiative on the ballot.

Councilman Roecker confirmed he supported Councilman Bell's compromise; doubling the tax wasn't always the right thing to do and asked why they should risk the chance citizens would say no when the compromise would be more palatable to citizens and would probably pass. He thought 3% had a better chance of being approved by the voters.

Robert Shryer, Best Western Prescottonian, clarified PALA did represent lodging association for the area, but didn't represent him as a property and PALA had meetings once a year for all members while the board met once a month. The properties were invited to the annual meeting only and didn't have any idea of what the board was doing.

Councilman Blair commented they were discussing 1%. By decreasing the percentage it would take out of the General Fund a funding mechanism for items that have been identified and asked if it would do that with the 3%.

Mayor Simmons responded the 1% was 50% more than they were getting now and found it hard to believe this to be a hill to die on and questioned the effects on the people opposing the extra 1% as far as impact; \$200,000 wasn't a massive amount.

Manager Steve Norwood said today was to decide whether or not to hold a Special Election and when the ballot language was approved it would show the 1% or 2% increase the Council decided to seek. Staff only talked internally about the possible breakout of the funds, and if the percentage was decreased to 1% then PACT would get less, the City would get less, etc.

Councilman Blair reiterated he thought if there was an additional 2% bed tax revenues there would be less money coming out of the General Fund and the allure to him was the fact this would be a funding avenue to fund items like improvements to the Elks Theater, funding the Christmas lighting, funding the promotion of the Frontier Days Rodeo, and it would eliminate taking those funds out of the General Fund and Mr. Norwood noted that was the plan.

Councilman Lamerson asked how many rooms there were in Prescott; PALA had 650 rooms in their membership and a specific group had come to the City with a specific ballot initiative proposal.

Mr. Drinkard replied he didn't have the room count with him; to correct what Mr. Shryer said, their members had been told they could participate in the monthly meetings. They sent out agendas and invitations to every member and they came and spoke to the issue and Mr. Shryer abstained; PALA had tried to be inclusive and democratic about this issue.

Councilman Lamerson commented the bed tax was used for good things but today discussion was whether or not to place the question on the ballot and he objected to tax increases.

Mr. Drinkard added this was a self-renewing tax and had grown nicely over the years with half of the money going into the City coffers and more money coming in helped relieve budget constraints.

Elisabeth Ruffner, 1403 Barranca Drive, provided some history of ballot initiatives that failed and were approved once a citizens committee was behind the measures (roads, open space, lakes); the number of rooms didn't matter; people of Prescott had voted five times to increase taxes on themselves for the betterment of the community; tourists paid the majority of those taxes. The State of Arizona and cities lived on sales tax and the Council had to be realistic about who was benefiting. The Prescott Area Coalition for Tourism was formed with non-profits involved; she urged the Council to proceed with the original proposed 4% (2% increase) on the ballot and she would volunteer to start a committee to get it passed.

Councilwoman Suttles commented the Council had letters from some of the hotels that were against the 2% increase to 4% and maybe a 1% increase to 3% would be easier to do. Ms. Ruffner reminded the Council the City lived on tourism revenues and in San Francisco they charged 18%.

Marlin Kuykendall, Antelope Hills Motel, said hotels were not the only businesses that benefited from tourism, but they were the only ones who collected and remitted taxes from tourism. He said that Prescott was a destination point and didn't draw the same type of tourists that Flagstaff did. The bed tax had been 2% for a long time and with the increase in the price of rooms the tax revenues had increased over time. It was not his intent to fight PALA. 3% seemed to be a good compromise proposal; the City should collect from other businesses that enjoyed tourism and not put the whole load on the hotels. 90% of his business was from commercial and business people and only 10% were tourists. It was well-known that there is a price to live in Prescott.

Councilman Roecker called for the question.

Mayor Simmons requested of Council members that if the 3% proposal failed, that someone make a motion for a 4% bed tax.

Councilman Lamerson asked Economics Director Jane Bristol if she knew how many motel rooms there were in Prescott and she didn't have the answer. Mr. Norwood interjected Mic Fenech thought there was around 2,000 rooms.

Marlin Kuykendall asked how much the bed tax took in last year (\$420,000) and an increase of 1% would bring in an additional \$200,000.

Attorney Gary Kidd explained the ballot language would still have to be drafted and Council was voting on whether to have an election.

Mayor Simmons clarified they would vote on one motion to have an election and another to decide the percentage of increase and Attorney Gary Kidd replied the Council should first vote on having a Special Election and then vote on including within the ballot language a 3% or 4% amount.

Councilman Bell withdrew his MOTION and Councilman Roecker withdrew his SECOND.

Councilwoman Suttles MOVED to ADOPT Ordinance No. 4598 to hold a Special Election (November 6, 2007), which was SECONDED by Councilman Bell. The motion passed unanimously.

Councilman Bell MOVED to ADD to the Special Election that the bed tax be increased from 2% to 3%, which was SECONDED by Councilman Roecker. The motion passed 4-3 with Mayor Simmons and Councilmen Lamerson and Luzius casting the DISSENTING votes.

Mayor Simmons apologized to the PALA group and said he hoped the 1% increase would go through.

F. Public Hearing on the Final Budget for Fiscal Year Ending June 30, 2008, including expenditure limitation and proposed tax levy.

Budget/Finance Director Mark Woodfill explained today was the public hearing on the Final Budget for FY08

Karen O'Neil, 4560 Feldspar, President of the Prescott Audubon, was there on behalf of Prescott Creeks and the Watson Woods riparian area.

She said the amount of funding provided by the City of Prescott to the Prescott Creeks Association was diminishing with only \$12,500 budgeted for FY08 and suggested with all the grants, improvements, and riparian protection projects Prescott Creeks had accomplished the Council should increase Watson Woods funding to \$50,000 which was a small price to pay for having the best riparian area in the state.

Budget/Finance Director Mark Woodfill commented Council could redirect money in the budget if desired and Councilman Lamerson clarified the budget was capped but it didn't mean all of the \$207,000,000 would be spent and Mr. Woodfill said that was correct.

Councilwoman Suttles MOVED to CLOSE the Public Hearing, which was SECONDED by Councilman Bell. The motion passed unanimously.

There being no further business to come before the Prescott City Council, Mayor Simmons ADJOURNED the meeting at 5:11 P.M.

SPECIAL MEETING

- I. The meeting was called to order at 5:12 P.M.
- II. Adoption of Resolution No. 3834 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, finally determining and adopting estimates of proposed expenditures for the Fiscal Year 2008, and declaring that the same shall constitute the budget for the City of Prescott for said fiscal year and establishing the expenditure limitation and adopting the capital improvements program for fiscal years 2009 through 2013.

Mayor Simmons presented Resolution No. 3834 for adoption.

Budget/Finance Director Mark Woodfill explained Resolution No. 3834 would:

1. adopt the Final Budget for FY08
2. establish the expenditure limitation at \$207,845,476
3. adopt the Capital Investment Program for FY2009 through FY2013
4. adopt the City job roster as being the official jobs of the City, and,
5. identify unfunded projects.

Councilwoman Suttles MOVED to ADOPT Resolution No. 3834, which was SECONDED by Councilman Blair. The motion passed unanimously.

III. The Special Meeting was ADJOURNED at 5:15 P.M.

ROWLE P. SIMMONS, Mayor

ATTEST:

ELIZABETH A. BURKE, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Voting Meeting of the City Council of the City of Prescott, Arizona held on the 26th day of June, 2007. I further certify the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2007.

AFFIX
CITY SEAL

ELIZABETH A. BURKE, City Clerk