

PRESCOTT CITY COUNCIL
COUNCIL STUDY SESSION/
SPECIAL MEETING
PRESCOTT, ARIZONA
AUGUST 7, 2007

A STUDY SESSION/SPECIAL MEETING OF THE PRESCOTT CITY COUNCIL WAS HELD ON TUESDAY, AUGUST 7, 2007, in the Prescott Municipal Building, 201 S. Cortez Street, Prescott, Arizona.

Mayor Simmons opened the meeting at 3:01 P.M. and 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

City Manager Steve Norwood congratulated that Pam Atencio, Benefits Specialist in the Human Resources Department, who had been selected as HR Professional of the Year for Yavapai County. He noted that there are over 80 members in the organization, both public and private, and this was quite an honor.

Councilman Blair reported that the Prescott High School Football Team is kicking off the season with their sale of discount cards, so if anyone comes to a citizen's home they'll know that they are raising money for Prescott High School.

Mayor Simmons reported that last week they attended the distribution of goods collected by United Way, under the Sole Mates program, initiated by Executive Director Tammy Linn, and said it was most gratifying. He said that they distributed items collected throughout the area, such things as socks, underwear, backpacks, school supplies. He said there were no less than 70 people lined up, and they had four barbers donating time to provide hair cuts. He said that he wished that the entire City could have seen the operation.

STUDY SESSION

I. DISCUSSION ITEMS

- A. Adoption of Ordinance No. 4612-0814 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona authorizing the sale of miscellaneous surplus property including vehicles and equipment that were replaced in FY07 and authorizing the Administrative Services Director to execute any and all documents to effectuate said sales.

Administrative Services Director Mic Fenech said that the ordinance provided indicated those vehicles and equipment replaced in FY07. Councilwoman Suttles asked why there was a 2003 Crown Victoria being auctioned. Mr. Fenech said that the vehicle had been damaged in a training exercise and it was determined best to auction it.

- B. Approval of payment to Prescott Little League, Inc., in the amount of \$25,000.00 for reimbursement of the Roughrider Park/Bill Vallely Fields retaining wall project.

Parks and Recreation Director Jim McCasland said that in the spring of 2007 a meeting took place between representatives of Prescott Little League and the City regarding their desire to construct a retaining wall above the spectator area at the lower field of Bill Vallely Field. They requested that the City make up the difference between what the donors covered and the total cost of the project, which left \$25,000, and that amount was budgeted in the FY08 budget.

Councilwoman Suttles said this was an example of what they do with Parks and Recreation bed tax funds. She said that they had a good show for the Little League Tournament.

Mr. McCasland said that they did receive a lot of nice compliments about the tournament.

Councilman Blair said that the hill has always been a public safety issue and it looks great.

- C. Adoption of Ordinance No. 4614-0816 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona accepting property donated to the City of Prescott by GMS&C LLC, located south of the Airport runway, and north of Melville Road.

Mr. McCasland explained that property owners near the Airport were interested in donating land to the City for use with the Prescott Peavine National Recreation Trail, and this ordinance provides for that donation.

- D. Award of contract for Sun Dog Trailhead Parking area for Prescott Peavine National Recreation Trail to Fann Contracting in the amount of \$299,652.00.

Mr. McCasland explained that bids were received for a parking area and restroom for the Sun Dog Trailhead (Peavine National Recreation Trail), and two parking areas for the Willow Lake South Shore, based on previous budget approval. When staff advertised the project for bids, the bidders were able to provide separate costs for the major components of the project. After costs associated with design and engineering, soils testing, Storm Water Pollution Prevent Plan for the trailhead and setting aside funds for water/sewer hookup fees, there was only \$375,000 remaining for construction. Because of this, staff is recommending award of a contract for just the Sun Dog Trailhead parking to Fann Contracting. Staff will then request the necessary funding to complete the other components of this project through the next two budget years.

Councilman Bell said that it looked like gerrymandering in that out of the six components of the project, they were only awarding the one to Fann Contracting, which was the only project that Fann was lowest bidder on. Mr. McCasland said that they were recommending award of this component because they felt it was the most used of any of them. Councilman Bell said that Fann has always done a good job, it just looked odd to him.

- E. Approval to expend Acker Trust funds to Yavapai College—Artists in Residence Program, \$10,000; Prescott Fine Arts Association—Scholarship Competition, \$5,500; Prescott POPS—\$3,000; and Prescott Symphony—Music Memory Program, \$1,462.

Mr. McCasland said that this item was a request to spend funds for various programs from the Acker Trust funds. Councilman Blair asked if this was the account that they only used the interest earned from. Mr. McCasland said that was correct; it was the current policy that they spent what they earn in interest, and most years they spend less than what is earned.

- F. Adoption of Resolution No. 3838-0806 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, approving completion of grant application and acceptance of grant funding from the U.S. Department of Justice, Bureau of Justice Assistance, in the amount of \$15,033 for the purchase of operational first responder equipment for

five new front line police vehicles and authorizing the execution of any and all documents to implement same.

Deputy Police Chief Dave Benner explained that this was a request to approve completion of a grant application to accept a U.S. Department of Justice, Bureau of Justice Assistance (JAG) Grant funds in the amount of \$15,033 for the purchase of operational first responder equipment for five new front line police vehicles.

Councilman Lamerson said that he appreciated how hard the Department looks into these grants.

- G. Approval of agreement with Toter, Inc. in an amount not to exceed \$120,000.00 for the purchase of Automated Side-Load Containers.

Field Operations Manager Chad McDowell said that this request was for the annual purchase of automated side-load containers from Toter, Inc., who came in with the lowest bid, and included a requested 12-year warranty rather than the usual 10-year.

Brief discussion was held on the colors of the containers. Mr. McDowell said that these will be a green granite color, which is a slight upcharge, but is still under the other prices.

Councilman Blair asked if the City still replaces wheels. Mr. McDowell said that drivers carry wheels in each of the trucks so replacements can be made when needed.

Councilwoman Suttles asked why they were being requested to approve the purchase "not to exceed". Mr. McDowell explained that this was the budgeted amount, but they don't have the space available to buy all of them at one time, so this allows them to purchase over time, as needed.

- H. Adoption of Ordinance No. 4615-0817 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the sale of easement rights to Arizona Public Service Company (APS) upon city owned real property described as APN 306-40-150C, located in the vicinity of State Route 89 and Big Chino Road, Paulden, Arizona and authorizing the Mayor and staff to execute all necessary sale and conveyance documents.

Public Works Director Craig McConnell said that in September 2003 the City and APS entered into an agreement where APS leased a portion of City-owned property, and the City granted to APS the option to purchase permanent easements over that property for a substation and electric lines. In 1998 the City had purchase this parcel for potential future

location of a pump station, but the Big Chino Project has now sited a pump station at another location.

He said that pursuant to the agreement APS constructed a substation and transmission lines on the property and now desires to purchase the permanent easements rights. He said that an appraisal was prepared and valued the easement rights at \$64,800.

Mr. McConnell said that a Notice of Intent to Sell Easement Rights was published and no comments were received regarding the transaction. Ordinance No. 4615-0817 will allow this transaction to occur.

- I. Approval of a professional services agreement with Carollo Engineers in the amount of \$288,720.00 to update the Airport Area Water System Master Plan and Capital Improvement Program, and prepare construction documents for Airport Well #2.

Mr. McConnell said that this item is a professional services agreement with Carollo Engineers, who did the Water Model Master Plan for the City, completed in April 2005. This particular agreement is to update the Airport Area Water System Master Plan and Capital Improvement Program and prepare construction documents connecting Airport Well #2 into the City system.

The reason that the Master Plan needs to be updated is because of the intermediate pump station design elevation associated with the Big Chino project. Whether or not the Big Chino line ever gets constructed, it would be staff's recommendation to place in the capital program construction of the intermediate pumping station to relieve, among other things, the pumping pressure from the Chino Valley Water Production Facility. The importance of that intermediate pump station and its effect on the hydraulics on the entire Airport Zone cannot be overstated.

In addition to the intermediate pump station, this particular contract does include the final design and construction documents for connecting Airport Well #2 to online. It was a condition of ADWR to provide additional wells in the Airport areas where the City accomplishes its recharge or recovery of that recharge and the effect and benefit in this particular area is if it is about 1,000 gpm, it would add to the City's production capacity for recovery of recharge about 1.4 million gallons per day. As the City continues to grow and during times of peak summer demand, they bump up against their maximum production and distribution capability of about 12 to 12.9 million gallons, this particular Airport well located in this area is extremely important.

In looking at an exhibit, Mr. McConnell reviewed the zones around the Airport. He said that as they go into the future and consider expanding the system as recommended by the Water Model, the map contemplates breaking down Zone 12, or one very large Airport pressure zone of about 13 square miles, into additional pressure zones within which distribution can be accomplished more effectively and efficiently. This would also extend service potentially into major annexation areas.

Councilman Blair said that he thinks what they are doing is a good thing. He didn't see the report on the well and asked what the arsenic concentration was of the well and if they were going to treat it individually for arsenic abatement before they put it into the system. Mr. McConnell said that he would factually respond to those questions in memo form this coming week. He said that the level of arsenic they won't know for sure until the well is in, but it appears that it is at or around the 10 ppb standard. If that does require arsenic reduction treatment, it would be wellhead treatment like they are doing at the Chino Valley Water Production Facility.

Councilman Blair said that he finds it very interesting that since they have moved to a different location, and are still able to pump their water in the AMA zone, they're able to provide a better management tool to provide water into the Airport area without transporting it and overloading the system.

Mr. McConnell said that is an important point. The Master Plan contemplates additional storage in that Airport area to store that 1.4 million gallons a day, or during the off-peak hours to store and replenish fire flows. Also, if they have that source of water there they are not having to pump it in Chino Valley or at the Big Chino, reducing energy costs as well.

Councilwoman Suttles said that the water study was completed by Carollo in April of 2005 and now they are looking at a contract for pre-design work. She asked if this stays with the same company. Mr. McConnell said that it is a fact that this particular firm did do the water model and they are poised well to continue to provide technical assistance to the City for projects like this. This allows them, in a very short period of time, because of that knowledge to more economically do these types of studies rather than someone else coming in and starting from scratch.

In addition to that they are doing most of the engineering work for the City. Then in the Capital Improvement Program they are not doing that work; it will be done by other firms. Carollo Engineering is doing a specific type of work and other local and Phoenix engineers will be doing specific projects.

Councilwoman Suttles asked if Carollo will be involved again at the Airport. Mr. McConnell said that it is not unrealistic to think that in 3-5 years with these zones, or other areas, that they would be doing similar types of services.

He said that what is at the essence here is how much is done in-house and how much is done out, and in terms of this type of work, it makes much more sense to contract it out.

Jack Wilson, 1514 Eagle Ridge Road, said that in the initial development of the model of 2005 that the City paid a substantial of money for, it was his understanding that they would be able to update that model as they went forward or as things changed because nothing stays constant. Now, they're faced with a substantial cost for upgrades. His question was whether they will be ever be able to update that model themselves.

Mr. McConnell said that some updates are very narrow in scope; some are major in scope, and this is a major upgrade. He doesn't think that staff ever represented that it would do all of the updates and especially something on this scale. He doesn't know that they'll ever get to the point where they do it in house. This is a major and fundamental update for a very substantial change in the intermediate pump station which affects all kinds of things.

This is not just an update of the Master Plan; it is the update of Zone 12; the breaking up of Zone 12 into some new pressure zones. It is also for hard design, construction documentation for bidding purposes to bring on Airport Well #2.

Mr. Wilson said that his observations concern the staff report, looking at the spreadsheet included showing the gross labor of \$273,720, with total labor hours were 1808, leaving an average hourly labor rate of \$151.40 per hour.

Mr. McConnell said that anyone who runs a business knows that it is a fully-loaded labor rate, that not only is the direct salary to the technical staff indicated, but also overhead, and in this case profit. If there's a multiplier of 2.5 to 3, they could divide the labor rate and it would more effectively identify what the hourly rate to the employee is.

Mr. Wilson said that there is a contract later on in the agenda that has the labor rate broken down by type of labor, and this doesn't show that break down, but he would like to see that, so they could make some intelligent determination of what it is costing.

- J. Approval of Supplemental Agreement No. 2 to Contract No. 04-058 with Civiltec Engineering, Inc., for design of improvements to Demerse Avenue, in the amount of \$39,960.00.

Engineering Services Director Mark Nietupski said that Item J is requesting Council's consideration of Supplemental Agreement No. 2 to a contract with Civiltec Engineering for the design of improvements to the water system. This contract was awarded in April of 2004 and included the Ruth and Demerse Street sections. At the time the contract was awarded the City did not have the benefit of the water model, therefore, the scope of the contract did not include upgrading the 6" water main in Demerse to a 12" main.

As the project was phased over the last few years, the design had been near completed and had been sitting and waiting for Ruth to be completed. When they were doing the construction at Whetstine and Demerse, they encountered a 6" water main that needed to be upgraded as recommended by the Water Model. It was also very shallow at a depth of about 15". It is appropriate to upgrade this line and replace it to enhance the system in that area.

Associated with that design the drainage improvements that had been designed will have to be redesigned because of the impact it will have on that aspect of the design. The roadway will be reconfigured to appropriately address that because it is a different section than most.

Councilman Blair said that he was glad they identified the water problem before they built the street. He asked what the actual completion time was for the project. Mr. Nietupski said that the limits of this are Whetstine to Montebello, with around five to six months, with a completion of fall in 2008.

Councilman Blair said that with the chip sealing that hasn't been done, and the road is beginning to fall apart at the intersection, etc. he doesn't believe they can wait until the project is complete.

Mr. Nietupski said that, in referring to Ruth Street that will receive an asphalt rubber ACFC overlay, it is still programmed to occur after the Demerse Street segment is completed.

Councilman Blair asked why they are doing that. They have a brand new road that is falling apart already; he hopes it is under warranty. Mr. Nietupski said that the roadway is under warranty. The section he referred to near Whipple was in fact cut to repair an underground facility

there after it was paved. If they need to do corrective measures at the time they do the overlay they will address it at that time.

Councilman Lamerson said that it appears that they are always reacting rather than being proactive. He asked if there was a logical reason why they don't have a high and low anticipated cost.

Mr. Nietupski said that at the time this was scoped it didn't indicate that it needed to be replaced. It wasn't until they did the water model that it was identified as needing to be upsized to enhance the whole system, including improvements that are now being constructed on Rosser Street; water mains and sewer mains are being upsized. He said that the 6" line doesn't extend west of Whetstine so it wasn't identified as a problem.

Councilman Lamerson asked if there is a life expectancy on the type of equipment that engineers are supposed to know. Mr. Nietupski said the City has in the recent years implemented maintenance management programs related to the infrastructure. Those programs will assist them in that very task in the future. As they've grown some of those things didn't happen or occur as quickly as they might have, but they are in place now.

Councilman Luzius said that on the Ruth Street project they utilized the pipebursting procedure and he asked if that procedure was useable on this pipeline. Mr. Nietupski said that he is not sure of the applications of pipebursting. He said that it could be applied there; however it is not feasible with respect to maintaining that line and providing service to the customer as it might be in a sewer situation. It's not the appropriate technology to use in this application.

- K. Adoption of Ordinance No. 4616-0818 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, abandoning a narrow strip of Willow Creek Road right-of-way and portions of various easements for utilities and ingress/egress within Lakeview Plaza Subdivision; and acceptance of the dedication of a portion of Mogollon Road adjacent to Lakeview Plaza and authorizing the Mayor and City staff to take all necessary steps to effectuate such abandonment and dedication.

Mr. Nietupski said that this ordinance is to abandon public right of way and easements in the Lakeview Plaza Subdivision. These were all contemplated by the final plat approved for Lakeview. This ordinance will allow the recording of the map of abandonment and the dedication of a portion of Mogollon Road.

L. Mystic Hills

1. Approval of Preliminary Plat PAD for Mystic Hills, 4 lots on approximately 5.5 acres located west of Downer Trail and generally north of Sierry Peaks Drive, Zoning is SF-35, Applicant Bryan Tucker, APN 115-10-062A (SP07-002).
2. Approve Water Service Agreement with Bryan Lee Tucker and Angela Rash Tucker, RS, for 1.4 acre feet of water annually.

Assistant Community Development Director George Worley said that this was a request for preliminary plat approval of Mystic Hills, consisting of 5.5 acres located between Enchanted Canyon and Downer Trail. It will take its access from both directions through each of those subdivisions. It is behind the gate of both of the subdivisions, so it is a gated subdivision.

He said that it is proposing four lots, which went through Planning and Zoning Commission and they recommended approval without any special conditions. The proposal also includes a water service agreement for 1.4 acre feet to serve the four lots.

Councilman Luzius asked Mr. Worley to explain the difference between an open space easement and an open space tract. Mr. Worley said that there are two ways developers will grant open space within a subdivision. One is to have an open space tract which belongs to the homeowners' association as a common interest and they are responsible for the maintenance of it. The other is to create a conservation easement across private property, which guarantees that the open space remains unbuilt upon but it places the control and maintenance of it with each individual owner. In this proposal, each of the four property owners has an easement crossing that covers a certain amount of the open space and they will be responsible for maintaining that open space as open space. No trails are proposed here, but if they did, their maintenance would be up to the individual property owners.

Councilman Luzius asked if this open space is open to the general public. Mr. Worley said that generally with easements it is not. He said that in this case, it is for the use as buffering for that property owner and is not available for use by the public or the other owners in the subdivision.

M. Cedar Ridge Condos

1. Approval of Preliminary Plat for Cedar Ridge Condominiums, A Planned Area Development for 30 units on approximately 2.29

acres, located at 337 Robinson Drive, Zoning is Multi-family High (MF-H), Applicant Michael Haywood, APN 110-05-016 (SP07-003).

2. Approval of Water Service Agreement with MRD Properties and Development for 10.5 acre feet of water annually.

Mr. Worley said that this a request for a preliminary plat for a conversion from an apartment complex to a condominium complex, located on Robinson Drive. He said that the property across the street had come before the Council about six months ago and at that time there was some controversy about Robinson Drive, but his understanding is that the construction project is now in the planning stages.

He said that it is an existing complex and they are proposing to add to the complex and more parking is required, and it is included on an additional parcel adjoining the project, which includes a hillside area which could be a future possible phase. To do that as a future phase, they would have to come back before the Council to plat them as well.

He said that the parking location presumes an additional access point which will require coordinating with the construction project on Robinson. He said that there is a water service agreement associated with this project because it is a conversion from apartments to condominiums.

Councilman Blair asked if this changes over from apartments to condos, what the difference would be in monthly costs. He asked if they are losing the affordable housing aspect of apartments. Mr. Worley said that he didn't have any specific data to answer that question. Generally speaking, when there's an ownership situation, the cost will go higher, but you get a commensurate benefit to the immediate area in that property owners generally take better care of their property, and therefore the property values overall may go up.

Councilman Blair said that they are now giving up the water that was assured to that property. Mr. Worley said that in creating a condominium subdivision, they are creating a new plat, which requires them to use alternate water. He said that this is similar to what the Council faced with the Hartin Suites conversion.

Councilman Blair asked if they have addressed ADWR about a credit given to the community based on them relinquishing the water credits assigned to that property originally.

Mr. Kidd said that he has not addressed that issue but he believes that Connie Tucker has. He said that the answer is that it has to come out of

alt water at this time. Councilman Blair said that he understood that but he felt that there should be a credit given.

Councilman Luzius said that the Fire Department has approved this with no comment. He said that he's assuming that the apartments are sprinklered and as condominiums they must be sprinklered. Mr. Worley said that it was his understanding that there will be a major refit to bring them up to current code. Councilman Luzius asked if that shouldn't be included in the memo. Mr. Worley said that it is a requirement of Code so it is not necessary to include.

Councilman Lamerson said that he wished the water lady was present today so he could ask the question. The water doesn't go away. The City was authorized to pump up to 10,268 acre feet of water under the assured water part of the portfolio. How they use the water is a different issue. Contemplated in that 10,268 acre feet was a proportion of that water being used for commercial development and if he's not mistaken, they can still pump 10,268 acre feet of water. It doesn't go away. They need to look at the cost benefit analysis of this project and dipping into the alt water resources, and he believes that what is being offered to the City with regard to this project, it makes sense that they would positively look at it rather than negatively, understanding that the water that was there is still there.

Councilman Blair said that he would like to have Ms. Tucker at the next meeting.

Councilman Roecker said that the State doesn't have a provision to allow a municipality to gain credit for that water when they what they're doing with this conversion. They need to have ADWR change the rule if they want to get what he's asking for. He knows that Ms. Tucker has asked them in the past. Mr. Kidd said that there has been some discussion on that issue, but at this point it would take a change in state law and rule making as well.

Councilman Blair asked if the City gets a credit if someone retires a private well. Mr. Kidd said that he didn't believe that they did. Councilman Blair said that he believes they do and if they do, there is no reason why they shouldn't get a credit in this situation.

Councilman Lamerson said that Mr. Kidd has been involved in some of the discussions, and if he's not mistaken there is no provision in the law that would preclude them from pumping their assured water; they just can't apply their assured water to residential development other than the lots that were preliminarily platted. They can use it for other than residential

use. Mr. Kidd said that was correct; under the current policy they allow the water to be used for commercial as well.

Councilman Blair said that he would like to have this on the regular agenda next week to allow for further discussion and have Ms. Tucker attend the meeting.

- N. Approval of Special Use Permit for a 50-foot tall Wireless Communication Monopole located at 3741 Karicio Lane, Zoning is Business-G, Owner Grand Canyon Broadcasters, Applicant Alltel Communications, APN 103-20-595C (SUP07-003).

Mr. Worley said that this was for a special use permit for a wireless installation at a business located on Karicio Lane off Walker Road, south of Costco. Proposal is to replace an existing light pole in the parking lot of the structure with a monopole that would contain both the lights for the parking lot as well as an antenna structure above it. He said that it will be obvious that it is a cell tower on the site. The property is zoned Business General and this use would fall under all of the Code requirements for that zoning district. It won't exceed 50 feet in height.

Mr. Worley said that it was noticed to all surrounding property owners and they received no objections. Additionally, the Planning and Zoning Commission recommended approval.

Mayor Simmons noted that he had no financial, contractual or any other involvement with this cell company or radio station.

Councilman Luzius asked when the special use permits are approved for wireless communications, if the City realized any monetary gain. Mr. Worley said that when it is located on private property it is the benefit of the property owner.

- O. Adoption of Ordinance No. 4617-0819 - Annexing property located behind Twin Lakes Market at Hwy. 89 and Willow Lake Road, Applicant Vic Pomel, APN 106-16-004C (ANX07-001).

Mr. Worley said that this item is a request for annexation of .45 acres of property, located as part of a commercial development off of SR89 and Willow Lake Road. He said that some years ago the City entered into an Intergovernmental Agreement with the County in order to allow for construction on this site, with a building that crosses the City limits, with the City doing the permitting and building inspection.

The property owner has come back and requested annexation of the remainder of the parcel prior to completion of the development.

Councilman Blair asked if once it is annexed it would have a designation of business. Mr. Worley said that it will require a separate rezoning, but yes. Councilman Blair said that he would like to make it very clear that if and that they have an obligation to provide a buffer between residential. Mr. Worley said that there is a requirement and they have been made aware of that.

P. The Ranch at Prescott:

1. Approval of amendment to The Ranch Master Plan Map (MPA07-002).
2. Adoption of Resolution No. 3851-0819 - A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, amending the General Plan Map for the Ranch at Prescott, Owner/Applicant Scott Lee (GP07-001).
3. Adoption of Resolution No. 3852-0820 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, amending the Prescott East Area Plan Map.

Mr. Worley said that this is two requests in one involving The Ranch Master Plan, General Plan and East Area Plan revisions, but it is driven by two different requirements. All of the plans will be amended for a housekeeping plan to conform to what actually occurred out there. Previously none of those plans were required to be absolutely met as part of a development scheme. This effort is to bring the area back in conformance with the plan by amending the plans since the development is already there.

Beyond the housekeeping component, there are three areas where they are proactively making changes to those plans. A small portion north of Wal-Mart is in the General Plan and Prescott East Area Plan indicated as a mix of commercial and open space. There is a retention pond there and a hillside that won't be open space for anything other than Mystic Height subdivision, and a small area that could be a small commercial development between the hillside and Wal-Mart. That area is proposed for a multi-family designation right now based on the general plan designator.

He said there is an area south of the Mall that has for a long time been designated as a mix of single family and multifamily for the purpose of providing some sort of multifamily buffer development. This proposal brings it into more in line as a buffer approach by making all of it as multifamily.

The last piece is located off of Walker Road indicated on the General Plan as a green or open space, but has been long designated by the Ranch Master Plan as an equestrian center, which is a commercial use. Their proposal is to change that to a single-family designation similar to what is nearby and develop it as such.

They are amending all three of the plans and all of the proposed changes fall into one of the two categories just described.

Councilman Blair said that the change in the Master Plan is good and he agrees with the change of commercial to residential. He asked if they are then going to need a water agreement. Mr. Worley said that he believed this will be new as it will require a new subdivision plat for the area. He said that there are some lots already platted there so there may be some assured water associated with them.

Councilman Blair asked when they would see the difference. Mr. Worley said that would occur at the time of rezone and plat for that revision.

He said that all of these are plan changes so none of them affect the zones at this point. Some of these changes may require a zoning amendment that would come at a later date.

Councilman Blair said that it would be in favor of a plan change, but he would also like to see the affect on the water as well.

- Q. Consideration of a waiver of the Hillside Development Standards for a revision of plat creating two lots from one on Pleasant Valley Drive, Owner Willard Hicks, APN 107-17-001E (RE07-011).

Mr. Worley said that this is an unusual request which originated as a request to split the lot that has frontage on both Pleasant Valley Drive as well as Horizon Hills Drive. The proposal was to create two lots, one with access only from Horizon Hills and the other with access only from Pleasant Valley. At the time that the proposed replat was submitted and they realized the steepness of the hillside would not allow lots of less than one-half acre (which is 21,000+ square feet), the proposal became to create one lot at approximately 16,900 and the other at 11,500 square. Neither of the existing lots would qualify under the hillside.

The development along Pleasant Valley is an older development resulting from a considerable scouring of the hillside. The property behind runs uphill from the house to the road at Horizon Hills. The request would require a waiver from only the hillside standards of minimum lot size. They meet all of the requirements of the Code with the exception of that

one standard. This request went before the Planning Commission and they recommended in favor of granting the waiver. Of all of the property owners nearby that were noticed, only one showed up with a comment that was resolved at the meeting.

R. Completion of Water Infrastructure Finance Authority of Arizona (WIFA) debt issues.

Mr. Woodfill said that these items are two ordinances for the approval of the loans from the Water Infrastructure Finance Authority of Arizona. In April, the Council approved the application to WIFA for these two programs; one the drinking water program and the other the clean water program.

In June they completed issuance of the MPC bond for the Fleet Maintenance Facility as well as the Transfer Station Expansion and the General Obligation Bond for completion of the lakes. This is the completion of drinking water project which is \$9,854,000 related to water improvements. The clean water project for \$4,700,000 related to wastewater projects and as with the debt issue ordinances, these do have the emergency clause to become effective immediately so they can complete the transactions.

Mr. Woodfill said that by using WIFA, the City will save approximately \$1.3 million over the life of the issues with the lower interest rates and subsidy that WIFA provides.

Councilwoman Suttles asked if there was something else that they were going to do with WIFA. Mr. Woodfill said that on the initial application approved in April, they also had the Big Chino Water Ranch, but that is on hold until certain issues are resolved.

Mr. Woodfill said that these are just different approaches; they could have financed these through the Municipal Property Corporation, Certificates of Participation, or even a Revenue Bond if they went to a vote.

Councilman Bell said that he noticed that they charge \$70,000 for each of the loans. He asked why it is not in one loan instead of two. Mr. Woodfill said that WIFA has two different loan programs, one is drinking water and the other is wastewater programs because they qualify for different grants from the EPA and various things. He said that if they were in one the costs would have been \$140,000.

1. Adoption of Ordinance No. 4618-0820 – An ordinance of the Mayor and Council of the City of Prescott, Arizona, approving the form and authorizing the execution and delivery of a Loan Agreement with

the Water Infrastructure Finance Authority of Arizona from its Drinking Water Revolving Fund program; delegating the determination of certain matters relating thereto to the Budget/Finance Director of the City; providing for the transfer of certain moneys and making certain covenants and agreements with respect thereto; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by such Loan Agreement and this ordinance and declaring an emergency.

2. Adoption of Ordinance No. 4619-0821 – An ordinance of the Mayor and Council of the City of Prescott, Arizona, approving the form and authorizing the execution and delivery of a Loan Agreement with the Water Infrastructure Finance Authority of Arizona from its Clean Water Revolving Fund program; delegating the determination of certain matters relating thereto to the Budget/Finance Director of the City; providing for the transfer of certain moneys and making certain covenants and agreements with respect thereto; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by such Loan Agreement and this ordinance and declaring an emergency.
- S. Adoption of Resolution No. 3853-0821 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona ordering the submittal to the City of Prescott on November 6, 2007, the question of authorizing the levy of a transaction privilege tax (commonly known as transient occupancy tax) in an amount equal to three percent (3%) of the gross income from lodging rents from the business activity of any hotel engaging or continuing within the City in the business of charging for lodging, and/or lodging space furnished to any transient for a period of under twenty-eight (28) consecutive days effective no earlier than January 1, 2008; such tax to be in addition to all transaction privilege taxes now levied by the City, with the proceeds to be accounted for in a separate fund and to be used for the promotion of tourism and development of recreational uses within the City of Prescott; declaring an emergency; and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

Mr. Kidd said that this is a follow-up to the Council's decision in June to adopt the ordinance calling a special election for the bed tax. The election as directed by the Council deals with the question of increasing the current bed tax from 2 to 3%.

Councilwoman Suttles asked why they need to have so much wording. Mr. Kidd said that the ballot language specifies that the Council would decide each year during the budget process the allocation. He said that the wording addresses the issues required by statutes.

Councilman Roecker asked why they have to declare an emergency. Mr. Kidd said that it gives the resolution immediate effect which allows the Clerk's Office to submit the matter for publishing as there is a very short deadline for publication and printing.

- T. Approval of the Minutes of the Study Session/Special Meeting of the Prescott City Council held on July 17, 2007, the Workshop of the Prescott City Council held on July 17, 2007 and the Regular Voting Meeting of the Prescott City Council held on July 24, 2007.
- U. Selection of items to be placed on the Consent Agenda for the Regular Voting Meeting of August 14, 2007.

Mr. Lamerson noted that all items would be on the Consent Agenda with the exception of Items I-M.

II. ADJOURNMENT

The Study Session of August 7, 2007 adjourned at 4:25 p.m.

SPECIAL MEETING

- A. Call to Order.

The Special Meeting of August 7, 2007 reconvened at 4:30 p.m.

COUNCILMAN BLAIR MOVED TO RECESS INTO EXECUTIVE SESSION;
SECONDED BY COUNCILMAN LAMERSON; PASSED UNANIMOUSLY.

The Prescott City Council recess into Executive Session at 4:30 p.m.

- B. Executive Session:

Discussion or consultation for legal advice with the attorney or attorneys of the public body [ARS 38-431.03(A)(3)] and discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation [ARS 38-431.03(A)(4)]

Executive Airpark/CVID Investments LLC

C. Adjournment.

The Prescott City Council reconvened into Open Session and adjourned the Special Meeting at 4:45 p.m.

ROWLE P. SIMMONS, Mayor

ATTEST:

ELIZABETH A. BURKE, City Clerk