

PRESCOTT CITY COUNCIL
COUNCIL STUDY SESSION
PRESCOTT, ARIZONA
NOVEMBER 6, 2007

A JOINT STUDY SESSION/SPECIAL MEETING OF THE PRESCOTT CITY COUNCIL WAS HELD ON TUESDAY, NOVEMBER 6, 2007, in the Prescott Municipal Building, 201 S. Cortez Street, Prescott, Arizona.

Mayor Simmons opened the meeting at 3:01 P.M. and the Pledge of Allegiance in the absence of Vahnnie Sander.

ROLL CALL:

Present:

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

Absent:

□ SUMMARY OF CURRENT OR RECENT EVENTS

City Manager Norwood gave an update on Copper Basin Road, noting that it is behind scheduled because of several breaks in the area. The City expressed some concerns when the bid was awarded because of the subcontractor taking care of utilities, Atlantis, has not had a good record with the City, but Asphalt Paving & Supply was the contractor and the City could not disallow the contract. He said that AP & S has stepped up and aggressively worked with Atlantis, and has put them on notice to have all of the utility work done by November 17. Atlantis has responded by saying that they are going to bring in another full crew to ensure that it happens.

STUDY SESSION

I. PROCLAMATION

A. November 2007 – *National Caregiver Month*

Councilman Bell read a proclamation proclaiming November 2007 as National Caregiver Month and presented it to John Hogland of Caring Presence. Mayor Simmons said that with everything he and his family have

been going through with his in-laws, he is going to ditto everything said about caregivers because his in-laws are the recipient of a lot of these services.

Mr. Hogland said that on behalf of the Yavapai County Coalition of Care for the Aging and the Northern Arizona Council of Governments they tremendously support the efforts of the family caregivers and what they do for their family members throughout the State, and in the County.

II. PRESENTATION

- A. Presentation by the Sister City Association of a Key to the City Plaque from Caborca, Mexico.

Councilwoman Suttles said, on behalf of the Sister Cities organization, that she recently attended a conference with others from Prescott to do some exchanging. She said that they visited orphanages and saw some projects they were doing. At the fiesta, the Presidente presented the key and plaque to the City of Prescott and asked her to present it to the Prescott City Council.

III. DISCUSSION ITEMS

- A. Ponderosa Hotel and Conference Center:
1. Public Informational Session for Ponderosa Hotel and Conference Center.
 2. Adoption of Resolution No. 3865-0833 - Approving a Development Agreement with Ponderosa Hotel and Conference Center.

Jane Bristol said that the purpose of the meeting was to present to the Council and the public an in-depth discussion of a proposed hotel/conference center within the City of Prescott.

Tom Guice reviewed the location of the proposed project, east and adjacent to Wal-Mart on Highway 69, and immediately west and adjacent to Yavapai Hills. It is located within a Commercial Corridor Overlay District, which is identified in the Land Development Code, and with that there is an informational meeting at the City Council for projects that are of this size and scale.

Mr. Guice said that the property has three different zoning designations, but by and large it is zoned commercial, with single-family residential that is proposed to be platted on the east side and multifamily on the very north end, which is proposed to be a portion of the open space component.

Mr. Guice said that on October 24 the developer sent out invitations and held a public meeting with residents in the Yavapai Hills area, and then again on November 1, residents of Yavapai Hills invited him to a meeting where he answered questions regarding the project. He then reviewed some of the key issues/concerns expressed by the residents: building height and elevation, grading and drainage, access, parking, lighting, blasting, buffers.

Peter Bergois of BMA Architects, Planners and Landscape Architects, addressed the Council stating that they are part of the design team working on the resort. Mr. Bergois then discussed the site, and some of the building aspects. He presented a photograph of the entire area, indicating where downtown was in relation to the project site, noting that it was shown to demonstrate the market and green building, the aspect of infill projects.

Mr. Bergois said that one of the important things about the zoning of the project is that it is zoned commercial so there is a broad spectrum of activities that could be placed on the properties. A use like this is a transitional use; it is not a high-intensity commercial use like a mall or Wal-Mart, or some of the other surrounding commercial uses.

He showed some slides regarding the layout of the project, indicating the four sections of the project: the conference center; hotel services; the hotel – four-story structure (50' maximum height) and then the spa. The area north of the main facility consists of villas, or casitas, which may be part of the hotel itself, or they may be bought as units individually.

Mr. Bergois said the parking areas are mostly on the south side of the main drive, consisting of two levels. The top level of the deck is the same level as the first level of the hotel. Associated with the hotel are outdoor spaces, such as used for outdoor activities, pool, campfires at night, perhaps an outdoor wedding, tennis courts, and passive recreation areas.

Mr. Bergois said that there will be fill associated with the road as it is widened, behind the Goodwill building. The road will be improved to City standards. There will also be a service road on the south side of the building for service and emergency access. The building itself is going to be built at elevation 1790, which means that the knoll will come down approximately 15 to 17 feet at its highest point. They are doing that is to get a nice, flat plane on which to build the hotel. The other important reason is that it brings it down lower in the landscape. The casita area is also on a knoll, but because it is not one big building footprint, they can shape those components to the site much easier. That will allow them more economical use of the terrain, and also it creates interest.

Mr. Bergois said that there will be extensive landscaping, but the key will be the way it is done. There are several opportunities to take advantage of

passive water harvesting to use water off of the parking lots, roofs and direct it and perhaps store it to release for landscaping. He said that another standpoint of the landscaping will be the use of low-water use plants, to both save money and it is a wise thing to do.

Councilwoman Suttles asked if there were homes in the casitas area and whether there would be any type of a barrier. Mr. Bergois said that there are some existing homes. He said that from the end of the hotel to the residences there is about 600' with parking, landscaping and it will not have structures on it. When they get to the casitas area there is landscaping there, and they are smaller footprints. Additionally, he said that there are single-family home lots between the hotel casitas and existing home lots. He said that another important thing is that from the existing homes to the first floor of the hotel is approximately 50 feet.

Mr. Bergois then showed the Council and audience the stones from which they have drawn the colors for the development, greens, reds, browns, greys. He said that they will mimicking the colors and textures of what is already there.

Mr. Otwell, architect for the development, addressed the Council, noting that this development is something that a lot of people in Prescott have been looking for, and he thanks the Lee Family and Brad Christensen. He said that the proposal is to develop a unique architecture—a sense of place to say they are in Prescott.

Mr. Otwell said that their approach is a site-sensitive design, being very careful to look at wherever they are disturbing the site and landscaping, and this is a good location for this type of use.

He noted that such a development actually shows up in the 1981 master plan for the Ranch at Prescott. He said that one concern is to have a minimal impact visually with a development of this size.

Mr. Otwell noted that it is an infill site, looking to do an environmentally-sensitive and appropriate, looking at LEED certification. They are not sure that they will get certification, but they will be using their guidelines, and one of the big guidelines is to use infill sites where the infrastructure and transportation systems are already in place, and also using native materials. He noted that the development will be using quite a bit of stone that can be harvested during excavation. The stone will be used for retaining walls, and they will see some of the natural retaining walls rather than cuts.

Mr. Otwell said that the design of the hotel has been laid out to accommodate about 20,000 square feet of conference space, with a large ballroom that can handle up to 1,000 people for a sit-down dinner. There will

be dining and hotel services with a large terrace off to the west with great opportunities for views. Off of the highway there will be approximately 200 hotel rooms, staying below 50' height regulation for the area.

He said that there are a number of things in the LEED guidelines and other activities in the design that they are using to create an environmentally-sensitive hotel that uses water harvesting, to help with drainage and grading problems on site. He said that they will be storing some water on site, and they will be using high-efficiency fixtures for bathrooms, with low-water use fixtures to cut the use to one-third of the current use. They will have a high-efficiency laundry which the developer is already using in their other facility.

Mr. Otwell said that the meeting facilities will have a great opportunity to have a view off to the south. The ballroom can be divided up into three separate areas. They will be attempting to give it a Prescott feel with a lot of timber and warm colors.

He then showed a few views of what they expect the final project to look like, from both eastbound and westbound directions

Ms. Bristol recognized Scott Lee, the landowner from the Ranch at Prescott, and Brad Christiansen from Ponderosa Hotel Management.

Ms. Bristol said that during the budget process her office had submitted a feasibility study for a similar to this project that didn't get funded, but the market study was completed by the developer at no cost to the City, to determine if such a project should go forward.

She said that some of the results of the market study were that the hotel would draw heavily from Maricopa County and the Phoenix metro area; demand would come from leisure travelers and business groups from outside of the state; the site is suitable for a hotel development with good access, visibility and views; metropolitan Phoenix employers would be drawn to this type and size of resort.

She said that they also looked at competing properties that were existing at the time of the study around northern Arizona, mostly Flagstaff, Sedona and Pinetop, and two already existing in Prescott—the Prescott Resort and the Hassayampa Inn. Looking at the room sizes, a 200-room hotel would fit in well and compete well with the other types of properties.

She said that another factor found was that the major employers in the Prescott area would have a place to hold their events, such as Yavapai County, the City of Prescott, Yavapai Regional Medical Center, etc.

Ms. Bristol said that following the feasibility study a cost benefit analysis was provided by the developer. This analysis looked at what revenues would accrue to the City and the various sources. The City reimbursement would be recouped in year six in a very conservative estimate. The project continues to accumulate bed and sales tax for as long as it is open and operating.

She said that the total sales tax generated over ten years was well over \$15 million and the portion that is not Prescott goes to Yavapai County and the State of Arizona. Prescott's sales tax over a ten year period was about \$5.5 million, and the bed tax was estimated at \$3.7 million over that same period of time.

Ms. Bristol said that some of the things that were not included but are real benefits to the City are the property tax and the spin off of retail sales and bed tax from tourism to other existing or new retail and hotel development.

She said that Flagstaff is right now building a hotel/conference center in conjunction with Northern Arizona University. Their study, when looking at feasibility, showed that two people staying at least two nights in such a facility would spend over \$1100 in taxable purchases. If that is an accurate statement, that would add up to almost \$5 million in and of itself.

Councilman Roecker asked if these projections did not include the possibility of an additional bed tax being passed today. She said that was correct; they did not want to assume that the proposed increase would pass. And, they cannot discount the impact of new jobs being created, anywhere from 150 to 200, by this project and their net wages spent in the area.

Ms. Bristol said that since the developer had provided the cost benefit analysis, staff decided to do an independent review of the results, contacting Applied Economics, which is a consulting firm based in Phoenix, specializing in urban planning, impact assessments, etc. They reviewed the cost benefit analysis and provided a letter to the Council which looked at some of the assumptions done. The average daily room rates and occupancy rates of the resort they felt were conservative. The average daily room rates and occupancy rates of the villas they determined to be reasonable. The food and beverage spending they felt was a little high, but was within range of the recent Flagstaff study. The estimated number of conventions seems to be a reasonable estimate, and the projected tax revenues they deemed to be reasonable and reliable.

Administrative Services Director Mic Fenech then addressed the Council, stating that prior to coming to work for the City he had 24 years of experience in the hotel industry, with 12 of those years at Prescott Resort. He said that

one of the things that drives demand of a facility is its size of the conference space. The resort where he worked had a main ballroom of about 6400 square feet and although at the time it was built in 1988 it seemed like a large space, as the resort moved on through its history it became very undersized, even for a 200 room resort.

Mr. Fenech said that the second thing that drives demand is the flexibility of that space; they have to be able to use it a number of different ways. The third thing is conferences versus local businesses.

He said that what they struggled with was trying to book conferences, which are the lifeblood, so they were not allowed to book local business outside of three months of arrival. So, if they had a wedding to book in February for August, they couldn't book it, because in so doing they might interrupt their ability to book a conference. When the casino moved out they converted the Granite Mountain Room to banquet space for local businesses. Their wedding business went from 3-4 a year to 30-40 weddings.

Mr. Fenech said that what they found was that they didn't have enough space. They were using the restaurant, the bar area, tents outside, etc. but it was a stop gap measure and as much as they want to come to Prescott, they don't want to be in a tent outside. During that period of time they lost a lot of business, so he had his department catalog every piece of business they turned down and they found that they had turned down \$1.2 million in business they couldn't take.

He said that many of the groups that book conferences are mandated to move them around the State, but at this point their options are Phoenix and Tucson. Soon they hope there will be an option in Prescott, and there is the conference center being built in Flagstaff.

Mr. Fenech said that he found that the people coming to the resort used the health club, but they really wanted a spa. He said that there is nothing like it in northern Arizona and it is a huge profit center. He said "hats off" to Ponderosa for putting that in their plan as it is a key component in resorting.

He said that he was glad to see, when he sat down with the developers, that their occupancy rates for the product were the same he had in his mind—60% and the average daily rate they had in mind was the same, although they have increased it in keeping with the studies done.

He said that when he was at the resort they did about \$3 million revenue and \$3 million in food and beverage, and he believes the information in their packet shows a similar ratio.

Ms. Bristol said that staff looked at similar projects that have been done around the state, such as the Mesa Conference Center, which was 97% publicly funded; the Yuma Conference Center, which is more than ten years old and was 100% publicly funded.

She said that the conference center in Flagstaff is being built in cooperation with NAU with a cost of \$2 million from the City and \$3.4 from NAU, with a 150-room hotel and a 40,000 square foot conference center. She did point out that it is not specified to be a four-star quality facility.

Ms. Bristol then began discussions regarding the Development Agreement, which she pointed out had very specific performance requirements of the developer. First, they must build a high-quality hotel and conference center; the developer pays all impact and development fees; the developer extends infrastructure to the site; they build a public road and dedicate it to the City at no cost. The developer will operate the hotel and conference center and the Council approves the final site plan; Phase I plans must be submitted within 12 months of approval of the Development Agreement and all permits must be obtained within 24 months, and complete construction within 24 months from the final permits and approval.

In the event that it closes before year six, when the City's reimbursement of \$5 million is recouped in sales/bed tax, the developer is responsible to pay the difference, and it will serve as a lien on the property. In addition, the City receives preferential booking of events and hotel rooms; and the City receives 40 room nights at no charge every year for state/federal dignitaries, etc.

The City can use the conference center without a use charge and pay costs for food, beverages, labor and equipment. The City reimbursement is \$5 million. The Phase I cost to the developer is \$65 to \$70 million. Ms. Bristol said that, in conclusion, this is a high quality project and it is a needed amenity in the City.

Councilman Lamerson said that he appreciated the presentation, and the drawings look very nice. He agrees with Mr. Otwell that the community has long clamored that they want a conference center, but he does have questions about the money. He said that the way he reads it is that the City will pay \$5 million to the developer for construction of the conference center, including associated infrastructure. He asked if the City owns any portion of the conference center. If they don't own any of it, he asked what the taxpayers are leveraging for their investment. He said he had asked where the money would come from, and he was told Fund 24. He then asked where the money in Fund 24 comes from and the answer he got was it

comes from sales tax. His next question was what things sales tax funds in the City. He said that he appreciates the opportunity this project offers the community because it is huge. He asked if there is a way to commit the first \$5 million that the project generates back to Fund 24.

Mr. Norwood said that the agreement is not structured that way, but they could do it. He said that would be a policy decision, but when they figure out the sales tax, half of it would have to stay with streets and open space. The other portion could go back to Fund 24.

Councilman Lamerson said that his concern is that the first \$5 million generated in sales tax and the bed tax portion gets put back to where it is taken from.

Councilman Roecker asked Mr. Kidd if the development agreement is recorded with the property. Mr. Kidd said that it is; all development agreements are recorded and go with the property. He said that there is a secondary lien equal to the \$5 million, which is assignable in whole or in part. He said that the agreement protects the taxpayer financing.

Councilman Blair said that he agreed with Councilman Lamerson that the money being obligated is coming out of Fund 24. He does not think that the streets and open space should have to come out of the \$5 million, if it is a policy decision. Mr. Norwood said that they could do that.

Rob Behnke said that some of the questions of the people from Yavapai Hills have been answered. He thanked the Council for allowing the crowd to come to the meeting. He said that he would be speaking on behalf of many of them. First, he complimented Tom Guice for the previous meeting he attended; it was a very difficult meeting and it went well, but it was very sensitive.

Mr. Behnke said that he cannot emphasize too strongly that Yavapai Hills has very serious concerns and he then read a statement from the letter they had submitted, *"While the owners of property of Yavapai Hills realize that this project does not require formal City Council approval, there are various serious concerns on the impact of their property values and their way of life that must be addressed."*

Mr. Behnke said that he knows Bill Otwell very well and has great respect for him. He said that when Mr. Otwell says that it is a green project, it is a green project, and the quality of drawings reflects that.

He said that they had an agreement with Tom Guice, who said that notices from the City would be sent to Yavapai Hills Homeowners Association for

further distribution, in addition to property owners close by, and that is fine with them.

Mr. Behnke said that it has been determined for some time there is a need for a hotel/conference center, they question whether this is the right location for it, based on the some following concerns.

What is the actual size and scope of the project? One of the things they were told was there would be 100, 120 and 180 condos. What is the scope?

What are they going to be used for; rentals, purchase and/or both? The size may be 47 acres with 25-30% for open space. He asked what the definition was of open space. He has made arrangements for Brad to meet with them at their facilities at the clubhouse this Thursday at 6:00 p.m. so they can further solve some of the problems. They want to work with the developer and come to a consensus so they are not into a difficult situation.

Hilltop concerns – excavation of the hill, location of cut, depth, grade, and the amount of work to be removed. That has been laid to waste a little bit, but they probably need to go into some detail.

Roads – ingress/egress – The information they had showed 200 rooms, 100+condos and a conference center that can hold 1,000 people. He asked the parking and traffic controls are that may be needed to deal with 500 and 700 cars or buses.

Mr. Behnke said that Lee Blvd. the primary in and out route for East Yavapai Hills residents and it already has Discount Tires, Goodwill, the Fire Station, Chase Bank, Forest Villas and now the Marriot Suites is beginning to have traffic problems handling the current level of traffic. There are times when it is difficult to get in and get out. He asked if there is going to be a comprehensive traffic study and they would like to see it, and be a part of it.

Councilman Lamerson asked how many homes there are in Yavapai Hills. Mr. Behnke said it was around 822. Based on the current development plans, it will be around 1,200, and may go higher than that.

Mr. Behnke, in referencing the drawing, asked if the single-family homes of the development will be part of The Ranch at Prescott, and that was confirmed. He asked if that is what they consider a buffer. One of the problems they have is they had hoped to have a different kind of buffer, such as a park buffer, but then there are concerns with weddings, etc. He said that this may be satisfactory, but he will let his colleagues address it more on Thursday.

Mr. Behnke then addressed drainage issues and showed various pictures of drainage issues in the area.

Mr. Behnke then asked what the evacuation plan would be in the case of a major fire. He noted that these are not his questions, but some that were put together for presentation purposes.

He said that they assume that the condos and hotel buildings will require a sprinkler system. That came up because systems help contain fires, but the water supply must be available at all times. When he was on City Council he had asked the Public Works Director to put together what costs would be to put in a sister pump, in case they were to have an electrical failure. That did happen one time in Yavapai Hills where they were without electricity. He asked if they were going to have to have an additional holding tank, and what the water needs for an emergency would be.

Lighting and Light Pollution – They asked what the current Code light requirements are for a hotel project of this size, and asked if the lights would be turned down at 10:00 p.m. like they do at the mall.

Construction damage. He asked who would pay for the road damage caused by the construction vehicles and equipment used during the two-year construction period.

City money dedicated to this project. He said that they have the amount clear now, but one of the things that concerns him is the talk about taxes. He said that they borrow from one cost center to handle another cost center. If they borrow from the road tax, while the money is guaranteed to be paid back, construction doesn't happen on other roads.

Blasting – This has come up several times, and people are concerned with it.

Mr. Behnke said that there are other problems in the economic world that haven't been brought up—slow down in the housing industry, gas prices will have an impact on people that travel. He asked how all of those issues will impact this development.

Councilman Roecker asked if these questions will be addressed at the meeting on Thursday. Mr. Norwood said that they will have the answers together first thing in the morning and they will have someone at the meeting.

Councilman Lamerson thanked Mr. Behnke for bringing up these issues. He said that one thing on his mind is the \$5 million taken out of the account—the

cost of that money won't be \$5 million over the next several years, so they need to project that.

Mr. Norwood reminded everyone that they do not pay any of that until it is open and operational so it is not like they are fronting it. Councilman Lamerson said that he understood that, but the projection of the payback is over a period of six years, so the value at Year One is one amount while the value at Year Six is different.

Mayor Simmons notified the public that the extensive presence of Mr. Behnke was encouraged from the standpoint that he was representing over 50 different people that had met, in an effort to keep from each individual member coming up and saying the same things. He then asked that any further comments be restricted to things that have not already been brought up.

Ben Valentine addressed the Council, stating that the rear of his property would front on the Single-Family 12 strip that will buffer the casitas. Five years from now when this is open and they all say it is a show piece, he is looking forward to that day, but it is the period between now and then that he is concerned with. Having been at the property when they built the mall and when they built Wal-Mart, he had to replace \$3,000 worth of windows, and had seismographs which didn't quite work to his advantage, so he is worried about blasting. He would hope someone would address that. He is also worried about dust control and hours of operations, noise, etc. His recommendation is that they have some type of community involvement in some form of advisory committee to get the word out to those in the neighborhood.

Tom Atkins asked what the night rate will be and how many acre feet of water it will take to maintain. Mayor Simmons said that the average room rate will be \$185 for the first year, increasing at 3.3% each year.

Councilman Blair said that he really appreciated Mr. Valentine's comments and asked if he would spearhead that committee. Mr. Valentine said that he only lives there part-time; he would be willing to spearhead it part-time.

Councilman Roecker asked that the question of water be addressed. Mr. McConnell said that they took a look at demand, usage for hotels in Prescott, and prorated that for the number of rooms and casitas. It looks like the hotel portion of the project would be around 35 acre feet a year for the maximum. As has been expressed, they are going to build in features which will reduce that water demand considerably. He said that the casitas aspect would be around 63 acre feet, so the total project would be looking at 98 acre feet per year, which is a very conservative water demand estimate. The City Council has in place the 2005-2010 water management policy, and the City

cannot pump additional groundwater and has to use alternative water, which is effectively renewable water from recharge, etc. They have a five-year budget of 1,000 acre feet. Some months back when the policy was being amended, there was a strong interest on the part of Council to reserve water for undeveloped lands which are presently within the City limits. This is one of the parcels for which water was reserved, with 82 acre feet being reserved. This project is reasonable and doable, looking at the policy.

Councilman Lamerson said that from a commercial perspective in assured water, they have the ability to pump up to 10,268 acre feet of water. For residential use, it was very specific as to which properties it could be allocated to, but from a commercial perspective they still have the opportunity to use that water for that, too.

Mr. Kindig said that he commends the presentations and Mr. Behnke's comments. He did want to emphasize one point. There are two entrances into Yavapai Hills, and he lives right in the middle. With over 1,000 cars in that area now, and with cars from this development, he is concerned with getting out of the area in the case of an emergency. He said that several years ago he was told by Chief Willis that they might be given five minutes to get out if there was a fire emergency. With these additional vehicles, they won't make it.

Howard Mechanic questioned what the wording meant that gave City preferential treatment on using the conference center facilities. Ms. Bristol said that would mean that the City would be accommodated the best. It is up to the owners to decide which one would be allotted, but they couldn't unbook a conference for the City.

He then asked the "no charge" statement, other than basic rate. He asked if the City had any idea of how many times they would like to use it. Ms. Bristol said that she did speak about some of the instances, but they don't have an estimate at this time.

Mr. Mechanic said that everyone is talking about this being a great project; he hasn't seen anything that says it won't be profitable. He asked where the money will come from. He said that generally when there is a subsidy given there are two reasons—the private entity is providing a service for a community. There's been nothing shown to indicate the developer needs the assistance to make the project profitable. The other reason is basically corporate welfare—a private developer wants money to do something. They don't need it to make a profit, but is a position to shake down a community versus another community.

Ms. Bristol said that there is a third reason why a City would invest, because they want to accrue and get all of those benefits of tax revenues, and the

tourism activity to be in the City limits. This property could be developed for many different uses; it could have a hotel, whether fine or mediocre. This agreement and the City's investment in it guarantees the quality of the project and provides the amenity of the conference center, which is a product of this type of quality that does not currently exist in the City.

Mr. Mechanic said that the City would benefit from the sales tax, even if it didn't have a subsidy involved. As far as the argument that it will be a quality project, there is nothing to show that the subsidy is needed to develop a quality product. The developer's market study indicated that a high-quality facility was needed and would be profitable, so the subsidy is not needed.

Mr. Mechanic said that his final comment is the structure which Mr. Lamerson brought up. Most of the subsidies that the City does are based on tax increment financing; it does not front money at all. The projects get to keep the sales tax generated over a certain number of years. The \$5 million taken out of Fund 24 is needed for other projects.

Mr. Norwood said that about half of the revenues in the General Fund come from sales tax. The next large portion is State shared revenues. At the end of the year, if there is any money left over, and over the last few years they have enjoyed that, they take that leftover money and ensure that they have the reserve fund at 20% by policy, the rest is placed in Fund 24. Fund 24 has had balances of \$14 million and \$15 million. They have paid cash for a parking garage, for library expansion, adult center, police and fire communications. It has been a capital pay as you go approach where most cities have used debt. Every year there are needs. They have \$300 million worth of water needs that they need to prepare, and the same thing on sewers and streets, but these are all decisions that come forward. The Council did not have to build a community center, but it was a priority of the Council and they chose to do that and it was \$4-\$5 million. The Council felt it was in the best interests of the downtown merchants and other City events to build a parking garage.

Councilman Lamerson said that he does not see this the same way as Mr. Mechanic. He does not see it as a subsidy; he sees it as a partnership. They are partnering with a developer to bring a product that the community has sought to have for many years. If it can be structured to where they aren't taking from Peter to pay Paul, he doesn't have a problem with it.

Councilman Blair said that he appreciates the comment that it is already zoned for a hotel so they could build a hotel tomorrow without a subsidy. His understanding is that the \$5 million truly is a partnership and is tied in with the convention center element. Convention center business is huge.

Dave Maurer, Executive Director of the Prescott Chamber of Commerce, said that every city at one time or another would like a conference center. The fact that Prescott has ranked this as a high priority is an indication that it is wanted. Two or three years ago, the Chamber would have jumped for a developer to come and say they can do this on their own. He came from Flagstaff and seven out of those ten years they were talking about a conference center, because no developer was willing to come forward to do it on their own.

He said that this is a local developer that has a good track record, willing to do most of the project on their own. They believe this to be a reasonable amount of City participation, and their committee felt that if the Economic Impact Study showed a quick return on the investment, it is a good project. He appreciates the views of the Yavapai Hills residents; they are asking reasonable questions and he thinks they can be worked out.

Councilman Roecker, directing his comments to Mr. Mechanic, said that they need to ask themselves as a community is if this conference center would be built by this developer without the City's participation and if the answer is no, then they lose on one of their top priorities. If the answer is yes, they will build with a participation that is low in comparison to cost of project, and they have a lien, guaranteed paid back, the citizens need to ask themselves if it is a good deal for them as taxpayers.

John Lanting asked, in reading the development agreement, who would own the convention center, the City or private individual. He said that everyone is talking about the conference center, but he is concerned with the casitas. He asked if they have a building code for casitas or if it is a condo. Someone should take a good look at density and what Code they would fall under.

Mr. Seaman said that everyone spouts about capitalism as much as they can; \$5 million is \$250 per household in the City of Prescott. Those people are going to be paying for something that they don't have a deed on. The conservative principal is they don't take tax money away from citizens and give to corporation so they can make money; that is corporate socialism. If this is a good deal, they will be able to afford to do it on their own. If the City is going to give them \$5 million, they need their name on the deed.

Mr. Seaman said that taxes will come from development; the City needs some kind of ownership. This is a serious political thing; it is not a business, it is a government, paid for by taxing the citizens. Taxes are not a discretionary expense for citizens; they are mandatory.

Councilman Roecker said that when someone borrows money on a piece of property they don't expect a deed; this provides a lien with a specific pay

back. Mr. Seaman said that the City of Prescott and taxpayers are not a bank.

Councilman Roecker said that they are a group of citizens that believe that a conference center is necessary and this is a way they think they can do it. Mr. Seaman said that if they take taxpayers' money and use it as a loan, then what they are doing is not fiscally conservative.

Councilwoman Suttles said that they have so many experts out there that it is hard to get all of the information. Mr. Mechanic says what is wrong with the Chino Valley Water Ranch, what they need to do with water and sewer, and tell them about annexations. Mr. Seaman follows with his conservatism. She then asked Mr. Kidd how wrong the development agreement is. Mr. Kidd said that from a legal standpoint, it was written primarily by his office, and it has many standards in it. On page 6, Section C, they ensured a public payback with a lien provision. There is also a provision that says the parties can modify the lien reimbursements. If they agree by mutual agreement, they can acquire an ownership interest in the property which is based upon the \$5 million investment and \$7 million return.

Mr. Seaman said that there is also a problem from a conservative position with a government being involved the hotel business. It makes the City a competitor with the other hotels which also makes the City a partner in a hotel which is competing with other hotels. This is the reason that conservatists don't agree with government getting involved with business.

John Danforth said that he agrees with much of what Mr. Seaman said. He is a very conservative economist. He didn't hear the response to Mr. Mechanic's question regarding tax increment financing and he asked if that was an alternative. One of the things that Councilman Lamerson pointed out was that if they put the \$5 million in the bank it would yield a return. If they move from one City fund to another, it has to be replaced with interest. It is clear that over five or six years they are forgoing income on that \$5 million of at least \$3/4 million so he would presume that when they do their lien they are structuring it to get paid back the \$5 million plus the foregone interest. They are routinely ignoring the time value of money in virtually everything that he sees the City do.

Paula Kneisal said that she was not going to be theoretical; she has a practical concern regarding traffic. Even with a conservative traffic study, it will be an issue. As a suitable site, the alternatives she sees for other roads that would go in or out the conference center would be difficult. Because there is a lot about the project that is of value, she hopes they can fine a way to solve those traffic issues.

Mayor Simmons reminded everyone that there would be a meeting will be at 6 PM this Thursday at the Yavapai Hills Clubhouse.

A brief recess was taken from 5:13 to 5:21 p.m.

- B. Approval to purchase Micro Focus Compiler Software and Application Service Licenses for use with Application Data Systems Incorporated (ADSI) Public Safety Computer System operations in the amount of \$34,261.17.

Darrell Willis said that this item is to buy some software that acts as an interface for the servers and CADS, and mobile dispatch. Their computer-aided dispatch (CAD) will not interface without this; it is an information technology item and is a sole source item because ADSI only uses this software. The funds have been budgeted for this in the regional communication infrastructure budget.

Councilwoman Suttles asked if all of the communities contributed to this software. Mr. Willis said that this specific item is just germane to the Prescott Police and Fire Departments; it is outside of the IGA.

- C. Approval of application to the Governor's Office of Highway Safety for 410 Federal Grant funds in the amount of \$60,000.00 to be used during the period of October 2007 through September 2008 for continued operation of the Tri-City DUI Task Force.

Deputy Police Chief Benner said that this is a request for the City to apply for funding from the Governor's Office of Highway Safety for the Tri-City DUI Task Force. He said that this is an ongoing grant which the City applies for each year.

- D. Adoption of Resolution No. 3866-0834 - Approval to rename Willow Creek Park to J. McCasland Willow Creek Park.

Mr. Norwood said that this item is the renaming of Willow Creek Park, which is where the dog park is adjacent to the APS Substation. Last month Jim McCasland retired and at his retirement party this was unveiled. He has been with the City for nearly 35 years, over 20 years as Director of Parks and Recreation.

Councilman Blair said that he thinks it is very fitting since he and Mr. McCasland both worked at this park some 30 years ago.

Councilman Lamerson asked that this be kept off of the consent agenda so they can discuss this when Mr. McCasland is in town and present.

- E. Approval to reimburse Prescott Chamber of Commerce for the Christmas Lighting in the amount of \$30,000.00.

Ms. Bristol said this is a reimbursement to the Chamber for \$30,000 for the enhanced lighting of the courthouse during Christmas. This was a budgeted item in the bed tax fund. She said that Mr. Maurer did have to leave; however, the Chairman of the Board is available for any questions.

- F. Approval of a professional services agreement with Lyon Engineering in the amount of \$190,820.00 for design and associated engineering services for the Airport Zone 18" Second Feed and 12" Water Main Project.

Mr. McConnell said that this is a professional services agreement with a local engineering firm for design and engineering services for the Airport Zone 18" second feed and 12" water main project. The importance of these two projects is to bring a second water feed into the Airport water zone and provide service down SR89 to the Side Road Connector. More general benefit is substantial new capacity, upgrade and service volume and fire flow.

Councilman Blair asked if this was critical to loop the system. Mr. McConnell replied that it was. He said it will loop the airport zone and this new 12" line will provide another looping over to Centerpointe East.

- G. Approval of Amendment to Agreement # 00-062 for Potable Water with Cortez Circle Apartments through April 11, 2009.

Mr. McConnell said that item is a request by Cortez Circle LLC to amend an existing water service agreement that was approved in 2000 for the Cortez Circle Apartments located at 600 S. Cortez. As indicated, the water service agreement has expired and they are requesting a three-year extension, retroactive to enable completion of their project. He said that the problem is that in 2006 the applicant paid all of their fees for the 30-unit project and they were issued building permits, and although they have not built yet, they have already built the line.

- H. Approval of recommended changes to the Outdoor Water Use Code to promote conservation.

Shaun Rydell said the Water Conservation Committee, appointed by the Mayor in 2004, was pleased to make recommendations to support water conservation in policy. The recommendations will affect new development proposals. Specifically the recommendations are to the existing Section 6.5 of the Landscape and Screening Code of the Land Development Code. She then thanked all of the committee members, as well as the Horticulture Advisory Panel for their participation in reviewing the code.

Dava Hoffman, Chairman of the Committee, said that due to the late hour they were going to keep it very simple and present an overview. She said that the other members are present to answer any questions. She thanked the other members Jim DeRienzo and Tim Crews as well as Tom Kane, Steve Morgan, Andrew Millicent and Ken Lain. She noted that four of the seven members are involved in the agriculture and landscaping businesses.

Chairman Hoffman said that the committee was appointed in September 2004 and given four tasks:

- 1) Public Information – They ran a large campaign on water conservation through the radio, newspaper, television. They convinced the City to hire a water conservation consultant which enhanced the public information efforts.
- 2) Got involved in rate structures, working with consultants.
- 3) Promoted and put into place an extensive incentive program for retrofitting existing homes with more water conserving plumbing devices as well as outside features such as turf removal.
- 4) Regulations and codes. They got into effect the time of day watering on a permanent basis, and also changing some of the plumbing device codes, adding recirculation devices.

They are now at the point of tackling the largest water consuming aspect of City Codes, having to do with outdoor water use. There is a section in the Zoning Code now that deals with landscaping and screening. They have been working on this since spring of 2005. She said they did a lot of research on what other cities/towns had in the way of water conservation for the outdoors and conducted a lot of interviews with people involved in the industry and started writing some draft codes.

She said that they started meeting with the Yavapai County Landscape and Nursery Association, and ended up with broadening this section to encourage the best possible practices in landscaping and reduce watering outdoors. She emphasized that this would only apply to new construction, not existing homes.

Chairman Hoffman said that they were able to reach consensus with the Yavapai County Landscape and Nursery Association on 99% of their draft. The one area that got controversial because of different viewpoints had to do with restricting turf – lawns that are decorative. From the records from staff, a lot of people over water their lawns and the decorative types of lawns use quite a bit of water.

Mayor Simmons said that he was reading through the draft and was confused with the difference between decorative and native.

Tim Crews said that native turf or grasses are grasses seen growing around Prescott, and there is also Buffalo grass which requires significantly less water and they can go dormant. This is more like irrigated lawns.

Ms. Hoffman said that in discussions they were trying to find a way of limiting the amount of irrigated, decorative types of grasses in single-family residential. This was the area that went back and forth in making a decision. They did reach a consensus to limit it to single-family residential, up to and including three dwelling units in a multi-family area. Four dwelling and commercial were in a separate category.

She said that there have been requests that some of the historic districts be exempted from this. They worked on this for such a long time, and today they wanted to talk about the areas that were most philosophically different. Everyone agreed at 600 sq. ft. as the maximum for irrigated law areas. The area they didn't agree on was the committee wanted to phase out lawns over a period of time. They came to a consensus, because they felt it was in everyone's best interest to reach a consensus and start a very active outdoor water conservation program, that it be limited to 600 sq. ft. for decorative lawns and for the low-water use native type, there would be a 1200 sq. ft. limitation. These would go into effect for the next 24 months, and at the end of the 24 months, it would be revisited to give staff time to monitor new lawn use of water. What the industry told them was that only 1 out of 28 new houses puts in a lawn at all. There are other things happening, too, with new technology being created for a new type of underground irrigation system for lawns that would lower the water use.

She then gave a summary of the significant changes. They were not the Code changes themselves, but were the intentions that the Committee and the Landscape Association have agreed to. They would like the Council to send it to the Community Development Department to get it into the form to send it on to the Planning and Zoning commission and then back to Council. They would like it to be done expeditiously, hoping that the code changes could go into effective before the next planting season.

Mayor Simmons asked if the other groups would be involved in the process again when they reviewed the outcome in two years. Chairman Hoffman said that they would recommend that but they have no control over Council.

Councilman Lamerson clarified that this would be for new development only. Ms. Hoffman said that was correct.

Councilman Luzius said that the members of Council received an e-mail from Carla Reneg, a citizen, and she had some questions that he wanted to ask.

1. What happens if they tear down and rebuild a home?

Chairman Hoffman said that if it was new construction, it would be new. She believes that the building department considers major remodeling to be over 51% of the house and then most of the codes apply. Councilman Luzius clarified that if they added an addition, it wouldn't be impacted if it was less than the 51%. Ms. Hoffman said that was correct.

2. What if the home had to be rebuilt due to catastrophic circumstances such as termites, fire, mold, etc.?

Chairman Hoffman said that she would think that could be a good case to go before the Board of Adjustment for hardship cases of that nature.

3. If you build a new home and chose to landscape yourself, would the same apply?

Chairman Hoffman said that it would still apply, regardless of whether the landscaping is done privately or through a contractor.

Councilman Blair said that he appreciate the fact of how hard the committee worked on it but he does have some concerns regarding it. He has a cistern and all native plants, etc. and he did it without a code. His concern is turning lose the water Nazis to determine who is going to watch over the grass. If they start talking about 800 sq. feet, he said that he would rather see it as a recommendation rather than a law. He said that his problem all along has been the inadequate systems they have in place now, with the City of Prescott, Veterans Administration, and other big turf users. He opposed worrying about 800 or 900 sq. ft.

Chairman Hoffman said Ms. Tucker brought in the top ten residential consumer customers and they'd be blown away by the amount of water that some people use—over 80,000 gallons per month by some residential consumers. She said that rivals some of the commercial ones referenced.

Councilman Blair said that they just raised the water rates and if someone chooses to spend money on water rather than gas, he would wonder where they draw the line of being too restrictive.

Chairman Hoffman said that the committee was put into effect to advise the Council on water conservation because water is what they need to drink, and when it gets down to a point where it is between a blade of grass or a glass

of water, she thinks he will think twice. The committee did their job; if the Council doesn't want to approve it that is their choice. Councilman Blair asked who would be monitoring this.

Ms. Rydell said that there are several resources available. It can be put in a development agreement. When there are new subdivisions coming in, part of that acceptance is to have a clear understanding of the restrictions for residential turf.

Councilman Blair asked what would happen if he buys one of those houses and he wants to put in grass for his dog, and asked who would monitor it. Ms. Rydell said that it would likely go unmonitored; they might have to live with that fact.

Councilman Blair asked if there is going to be some restriction put on the landscapers or a penalty if they are caught. Ms. Rydell said that staff and the committee worked hard to work with the organization and understand their commitment to growth and development, and she believes they support water conservation. They would expect them to be stewards of this code and inform their customers.

Councilwoman Suttles if they have been working on this for two years. Ms. Rydell said that it was staff's recommendation that if they were a conservation committee, they look at the development codes that exist in the City and since the Land Development Code is a regulation, particularly that section of the code.

Councilwoman Suttles said that their chambers are filled again with an audience that is real unhappy. She finds it hard that they need to put in a code to force this. She realizes that it is new. It cannot be on the honor system if others don't do it. She asked where it stops that the City has to enforce it.

Ms. Rydell said that when the citizens hear about the water issues, and they look to the governing body to lead by example and regulations, they would expect staff to evaluate potable water efficiencies and if their findings are that a single-family residence might typically use 5,000 gallons for their indoor water use monthly, but when the landscape comes on line in April and May, they see it jump to 20,000 or 25,000 gallons, they would look at that outdoor water use.

Councilwoman Suttles asked how the water timing regulations work so far. Ms. Rydell said that it was her understanding that they are staying level in their water consumption, even though they are able to put on more homes, which might indicate that they are saving water.

Councilwoman Suttles said that they have the incentive to buy front-load washers and receiving rebates from the City. She said that what she is getting at is that there is a lot of volunteerism that want to be part of the conservation efforts in doing it on their own, not waiting for the City to say they have to do it.

Ms. Rydell said that it is a great opportunity to change the culture of outdoor water use in a region such as Prescott and that is what these code recommendations are. They have a Water Smart campaign in place to guide consumers on beautiful outdoor xeriscape that uses very little water.

Mr. Crews then showed a few slides to demonstrate why it is so critical to conserve water.

Councilman Lamerson said that he understands where they are coming from with the recommendation, but the suggested code change does not impact the guy using the 80,000 gpm. They have demonstrated repeatedly that a third of the water being taken out of the ground is being used for irrigation and some of the biggest consumers are municipal, state, county government, using the potable water that they're asking the citizens to pay an arm and a leg for.

Chairman Hoffman said that she agrees; that is part of the task in dealing with the existing Land Development Code and it only applies to private property. This part of the task was for private property owners to prevent another guy that will spend 80,000 gpm on landscaping. They have tried over the last three years to interest the City and other governmental entities in reducing water consumption in the outdoors. They had a model project with the fire station on Smoke Tree where the lawn was converted, and that is the kind of thing that is done by the political will of the Council in controlling the lands they use and water, and their influence with other governmental agencies.

Councilman Lamerson said that if 80% of the new homes are not putting in lawns anyways, it seems a punitive measure and he does not know how effective this would be.

Chairman Hoffman said that he is forgetting about the thousands of lots approved prior to 1998 and new code would apply to them. She agrees that the governing body needs to be doing their own, but this type of code change sends a message.

Councilman Luzius said that he has attended many of the Water Conservation Committee meetings along with Councilman Lamerson, and he has brought up the issue several items the use of potable water for dust

abatement and compaction, such as at the Lowe's project where they used just under nine million gallons of water in a three month period of time.

He said that he understands the availability of effluent that they don't have, but perhaps the Conservation Committee could find a way to create more effluent for use. He does respect what they are doing and said it is a step in the right direction.

Councilman Roecker said that he is sure that they looked at other cities, and asked how it is working in those communities and whether it is voluntary.

Chairman Hoffman said that there are many cities with limits as proposed. Payson does not allow any turf to be put in their town. They did that because they recognize they have a severe water problem.

Councilman Roecker said that he has been listening to the radio lately and Brownlow is talking about putting in a sizable amount of turf in Pioneer Park. He said that if they thought the chambers were full today, wait until he comes in and asks to do that for the children of the community. He asked how they are going to tell him no.

Chairman Hoffman said the answer is artificial turf. She said that all over the Phoenix area they are retrofitting their parks. Councilman Blair said that he thinks there is a disconnect. If they listen about the Prescott Unified School District putting in two new turf fields, along with Brownlow's fields using potable water, those are the types of users they should be worrying about, to entice them to use artificial turf.

Mayor Simmons said that he truly appreciates the hard work that has been done. His impression is that this is a two-year deal and they are talking about an experiment, at which time some of the comments made will either be the truth or they will find it didn't happen, but they have to start somewhere. He likes the idea of a two-year trial period, and he is not going to question it after the hours and hours that have been put into it.

Councilwoman Suttles said that they are trying to kill the messenger. She was asked to do this, and they need to give the committee the respect they deserve. Chairman Hoffman said that the Council is really beating themselves up; they are the only ones that make changes.

Councilman Roecker thanked Ms. Hoffman, and asked if the committee considered the economic impact of what is being proposed. Tim Crews said that they were told by several in their committee that there would be virtually no economic impact to the landscapers because turf plays such a small role in landscaping work and commercial enterprise.

Mr. Crews said that they found that lawn irrigation represents the greatest discretionary water use in Prescott homes. Using the Yavapai Nursery figures, water use per year to irrigate a 1200 square foot lawn is about 34,800 gallons per year, irrigated with an educated citizen. A 600 square foot lawn would require 17,400 gallons per year. A typical house will use about 48,000 gallons per year indoors; however 70% of that goes down the drain and is either re-percolated in the aquifer or used as credits, so the net loss from the aquifer is only 30% of their water use. In contrast, with a 1200 square foot lawn, every bit is lost from the aquifer.

Mr. Atkins said that he knows Shaun Rydell personally and she is one of the hardest working, dedicated persons on the City staff. She is trying really hard to do a good job, and he thinks that what they have come up with by the committee is a good idea, and it shouldn't stop with new construction. What they need is sustainability.

Charlie Hildebrandt, Co Chairman of the Yavapai County Nursery and Landscape Association, said that they have been through two and half years of ups and downs and they did work hard to try and get a consensus. They feel that turf is getting a considerable black eye and there are large issues that have not been addressed, such as mandatory automation of irrigation. There is nothing that requires automation, which is a horrible thing.

Mr. Hildebrandt said that the incentive is working fairly well for the frivolous lawns. There is no need to have Mount Vernon Street all throughout the community, and they don't encourage it. In looking at new lawns going it, it is typically new families and they should be allowed to have some lawn for their kids. Their association embraces conservation heavily and they want the partnership with Water Conservation Committee and they want to limit the amount of water wastage and they think that automation is such a huge issue that has been overlooked.

Councilman Roecker said that it sounds like they have to question which pill they want to take. He asked if he was suggesting that instead of limiting the square footage on new development, that they should require new development to have automatic irrigation systems. Mr. Hildebrandt said that is absolutely what they are saying.

Ms. Rydell said that there are findings, with science behind them, and staff is not making a recommendation for automation at this time. It is their observation that consumers neglect their levels through automation.

Mr. Hildebrandt said that there is already a rule where they have to adjust their timers.

Councilman Blair said that in looking at his new house, the water bill before landscape (3600 sq. ft. with 4 people) they used 3900 gallons and after they put in landscape with automated landscape, drought tolerant vegetation, 800 sq. ft. of turf, they use 17,600 gallons, so even with automation, there is a significant increase.

Mr. Lain, Waters Garden Center, said that what bothers him is that the landscapers take the fall. Tourism goes up in the summer and they are going to use more water. A lot of people spend their summers here, and that is never addressed. He thinks they could save some money with artificial turf.

Mayor Simmons asked how they would blend artificial and natural turf. Mr. Lain said that they could have the infill natural and the outfield artificial, or the other way around. He said that some of the new artificial turf looks great, but they don't get the cooling factor like they would with natural turf.

Mr. Lain said that he is big on education, and water is a big issue. Today at Yavapai College he did a session on water and correct planting techniques. There could be a partnership between the City and the landscapers. With regard to automation, he doesn't buy the thing that if it's automated it never gets changed. It does bother him that they don't appreciate landscaping and what it does for the quality of life.

Councilman Roecker asked if there was an economic impact to the industry with the two-year trial period. Mr. Lain said that some companies will be hurt. He doesn't sell grass at his business, but there is an impact.

Councilman Roecker suggested that they have a 24 month trial period with a sunset. Mr. Lain said that he likes the sunset approach; if they don't see a direct reduction, then he would ask why they have it.

Mayor Simmons said that they are dealing with a situation where the towns let water run for three hours a day, like in Georgia. They have to all step up to the plate, and that was the purpose of the committee three years ago. He likes the idea of the two-year trial. He doesn't want to see people go out of business, but if there's only 1 home out of every 28 that is putting in a lawn, he finds it hard to believe the landscapers are going to go out of business.

Chuck Gould of Northland Turf said that he appreciates the opportunity to talk about the issue. He would like to present that he thinks it is a personal right of his to have some turf. He doesn't think that government should be taking away personal property rights. He believes that homeowners will limit the size of their lawns through the increased water rates. He has seen a decrease in size of lawns this year and he believes it is due to the water

rates. He has been in business for 17 years that there has been a great reduction in turf.

Mayor Simmons said that he understands the concerns in Mr. Gould's case. Mr. Gould said that they are for limiting their turf and they ask about the sprinkler system, who is putting it in and if they are installing it properly. In the last year their sales of turf have dropped and he believes it is because of the water issue in general. People are informed about the situation and they want to conserve.

Mr. Gould said that the mom that has kids want to have them in the backyard where they can keep an eye on their kids. They don't want to see them going to the parks.

Mr. Mechanic said that he served on the Water Conservation Committee up until about 2 ½ years ago and in the last seven months he has attended the meetings on a regular basis. He agrees with the gentleman that this is a drastic move to say they can't have over 600 square feet, but they are in a drastic situation. They need to deal with all of the issues.

Mr. Mechanic said that they're being told that there's only a small amount of people putting in laws. Those three or four percent are using up water that others are saving. Turf in parks is not related to this issue. That needs to be dealt with, but that is for a large amount of people. A lot of the individual homeowners have a different situation.

Mr. Mechanic said that this is an economic impact. There is no future in the turf business. Chino Valley will have zero turf on new homes there; they have made that decision.

Mr. Mechanic said that there was a consensus in the committee and he is sorry that they don't see a consensus today because they dealt with those in the horticulture community, and they said that they could handle 800 square feet.

Mr. Mechanic said that some of the increase in the summer deals with tourism, but if they look at individual's bills that live in Prescott year-round they see an increase.

Ms. Rydell said that those numbers are on a case by case basis but consistently it increases two-fold in the summer, with turf it is probably four times.

Kenny Dehart with Overlook Landscape said that when he goes out for an estimate and tells them they can only put in 600 square feet, they will get

someone else to do it that is not a contractor, and that is where they will lose money.

Mayor Simmons said that is going to happen everywhere, just like the non-licensed contractors doing work. With a new home construction, they have a better chance of regulating this.

Dick Mangum lives in the County and has paid premium water rates for thirty years. Part of that choice is to put in grass. When they moved into Prescott, part of it was the quality of life. It looked like a great place to raise a family and they raised seven children and have been involved in many community programs and events. Mayor Simmons asked him how much grass he had. Mr. Mangum said that it is hard to measure, but he is probably on the hit list as one of the top users. With the current water rates, they have chosen to keep their grass but that may change in the future.

John McCurdy said that he is a landscaper, with a company that has installed close to four acres of lawn in the past two years and probably looking at another three acres, all commercial. He thinks that part of what they are missing is they need to build a consensus throughout the community. That is how xeriscape started in Colorado Springs. They didn't go in and mandate things; they developed a new culture, and Prescott has very good grounds for starting that, but they need to continue to work on that through education.

Mr. Hildebrandt said that from the Nursery Landscape Association, they would like to be given a chance. They really do embrace water conservation. They are on trial. They would like to see a two-year test period without the regulation end of it, but with recommendation. Let them give it a try. Let them give education to the clients, to new companies, but to go immediately to restriction skips a step. If they can bring lawns into an efficient, limited presence in their landscapes, they ask for the two years to try. If it doesn't work, then it is regulation time. It is difficult to monitor and measure, but if they can keep the water use down, and push for automation, then see what happens.

Flo Day said that she is a private citizen and an avid gardener. She was raised on a ranch west of Prescott and she knows how important water is. The secret is voluntary education and everyone has given good ideas rather than policing the citizens. As a note, she was born here and back in the late forties, if they had closed the gates, most everyone at the meeting would not be there now. She went to school with Mr. Blair's father. She asked that they get it on a volunteer basis before they call in the KGB.

Greg Sloggett with Ewing Irrigation Supply said that he sells sprinklers to the landscapers and he thinks that education is the thing. There are many

products out there that conserve water and the homeowners, the contractors all need to be educated.

Mayor Simmons noted that this Water Conservation Committee has had education at the top of the list and Shaun has made some great steps. From his standpoint, he has a hard time as Mayor going against the recommendations of a committee appointed to look at an issue. He likes the sunsetting idea, but he has a problem going against the conservation committee.

Councilman Bell asked that the item not be on the Consent Agenda.

Mr. Perry said that he agreed with the education, and he got educated, but what educates most everyone quicker than anything else is the water bill. He took his lawn out and put in pavers. Education is great, but part of it is raising the water rates.

- I. Adopting of Resolution No. 3867-0835 - Supporting a professional services agreement between the Upper Verde River Watershed Protection Coalition and Burgess & Niple, Inc.

Mr. Holt said that the Upper Verde River Watershed Protection Coalition board requested that member agencies provide formal concurrence with the proposal to enter into a professional services agreement for the management of Coalition programs and development of specific projects. Item I relates to the adoption of a resolution supporting a professional services agreement between the Coalition and Burgess & Niple, Inc.

The budget of the Coalition is derived from member allocations and the \$65,000 from the City of Prescott has been budgeted and is available in the alternative water fund for this purpose.

- J. Approval of an agreement with LA Consulting, Inc., in the amount of \$112,371.00 for implementation of Phase III of a Maintenance Management System for the Utilities Operations Division of Public Works .

Mr. McConnell said that this item is an agreement with LA Consulting, Inc. for implementation of Phase III of a Maintenance Management System for the Utilities Division of Public Works. They have already completed the first two phases. The objective of this contract is to install, bring up and operate a maintenance management system that sets levels of service, describes activities that they perform, determines resource requirements for those activities and then is the input and foundation for a performance budget.

Councilman Lamerson said that it is his understanding that this is part of something they have been discussing for awhile, which was a management strategy to identify certain things.

- K. Approval of Amendment One to Contract No. 07-163 with URS Corporation, Granite Creek Structural Analysis, to develop an emergency action plan for each of four City-operated dams in a total amount not to exceed \$74,204.00.

Mr. McConnell said that this item is an amendment to an existing contract with URS Corporation to develop an emergency action plan for each of the four City-operated dams. The first contract with URS has been completed, and had a contingent expense of \$115,000, which would only be directed if needed for investigation of the foundation rock. That, in fact, was not incurred so it did not have to be expended. The last and final phase of dam safety activities for the City is an emergency operation plan.

Councilman Blair asked if this money was budgeted. Mr. McConnell said that to his recollection they budgeted \$450,000 so they are very well within budget. Councilman Blair asked what happens to the money if it is not spent. Mr. McConnell said that it would remain in the Water Fund, and if not expended there would be an unexpended balance and that would be available in next year's budget for operating the water facilities.

- L. Approval of Amendment One to Contract No. 08-024 with Post, Buckley, Schuh, and Jernigan, Inc., to add design of a new Indian Hills Reservoir to the Zone 39 Water Mains and Pump Station Upgrade Project, in an amount not to exceed \$124,909.00.

Mr. McConnell said that the Council had awarded a contract for Zone 39 Water Mains and Pump Station Upgrade Project that consisted of four individually-budgeted projects in the City's Water CIP. At the time the contract was awarded they had intended to move forward later with design of replacement reservoirs for those existing ones on Indian Hill. During the scoping of the reservoir design project they found that they will not be able to get two million gallons up on Indian Hill, nor are there any other properties in that area to site a second reservoir, so they are looking to modify this contract for additional work for design of the reservoir, instead of doing it separately. The benefit of that is it will enable close coordination of the pump station and the reservoir.

- M. Approval of Contract for Risk Management Study with ArmTech in the amount of \$33,000.00.

Mr. Kidd said that this is a request to approve a contract for a Risk Management Study with ArmTech for a consulting contract to evaluate the

City's insurance program, the self-insured retention, look at their workers compensation program, insured risks, and make recommendations with regard to that program.

- N. Approval of Site Plan for Texas Roadhouse, a 7150 sq. ft. restaurant located adjacent and east of Cost Plus World Market, Applicant is Greenberg Farrow.

Mr. Guice said that this the site plan for Texas Roadhouse Restaurant. They have been reviewing this project for the past six months, and to continue that review and get the turnaround on the building permit, they have scheduled this site plan approval, but it will be going before the Planning and Zoning Commission this Thursday for their recommendation. They do anticipate that the commission to approve this unanimously.

Councilman Lamerson asked if it is in substantial compliance with its Preliminary Plat. Mr. Guice said that this is actually not related to a final plat, but rather a site plan. They have had Paul Maholick in the audience for the last four hours, representing the restaurant out of Arlington Heights, Illinois.

Mr. Maholick said that they are the site development consultants, architects and civil engineers for Texas Roadhouse and they are hoping for approval for the restaurant at the mall. They have a very standard design that is being built in many locations across the country. The one in Gilbert is a little modified in the shopping center. The roof material is different at the Prescott Mall to match the roof of the shopping center.

Councilman Roecker asked if they plan to fly the Texas flag. Mr. Maholick said that they would like, because that is part of what makes them nationally recognized.

Councilwoman Suttles said that it has taken some time for them to get into the construction, and she asked where they have been. Mr. Maholick said that it takes awhile to get their construction plans to be completed. They were first submitted around the beginning of September and they did receive comments after four or five weeks. There are many consultants involved and it takes time.

Councilman Roecker asked when they would be open. Mr. Maholick said that they plan to get their plans submitted for their second review for the permits tomorrow or the next day, participating another four weeks issued, with a five month construction period, and hope to be open around the end of May.

- O. Approval of Final Plat for the Ranch at Willow Creek comprising 15 lots on approximately 14.7 acres located at the southwest corner of Geneva Drive and Willow Creek Rd., Owner is V.S. Property Group, LLC, Applicant is Virgil Doefler, APN 106-22-008.

Mr. Guice said that this is a final plat for the Ranch at Willow Creek at the corner of Geneva Drive and Willow Creek Road. This is the project that is being platted at existing zoning. There was a condition of approval that the improvements on Geneva Drive actually go past Lot 13 and the bend in the road and the Final Plat is in substantial compliance. Mr. Guice said that the applicant had a prior engagement and was not able to attend the meeting.

- P. Approval of Final Plat for Tamarack Estates consisting of 12 lots on approximately 6.65 acres located northwest of the intersection of East Tamarack and Delano Ave., Applicant is Tamarack Estates, LLC, Agent is Brant Smith, APN 10-03-002A (FP06-020).

Mr. Guice said that this is final plat for Tamarack Estates. This plat does comply with all City subdivision regulations and is in substantial compliance with the Preliminary Plat and the applicant, Brant Smith, is still in attendance.

- Q. Canyon Meadows:

Mr. Guice said that this is a two-part plat approval for Canyon Meadows located on the south side of Smoketree Lane just west of Prescott Lakes Blvd.

1. Adoption of Ordinance No. 4633-0835 - Approval of Plat of Abandonment.
2. Approval of Final Plat for Canyon Meadows Estates, a Planned Area Development comprising 27 lots on approximately 9.2 acres located south of Smoketree Lane and west of Prescott Lakes Parkway, Owner is Canyon Meadows Partners; Applicant is Lyon Engineering, FP07-008, APN 105-04-175B.

- R. Approval of the Minutes of the Regular Voting Meeting of October 9, 2007.

- S. Selection of items to be placed on the Consent Agenda for the Regular Voting Meeting of November 13, 2007.

Councilman Lamerson reported that the Consent Agenda will consist of everything but A, D, and H.

IV. ADJOURNMENT

Due to the lateness of the hour, the Special Meeting was not held. The Joint Study Session/Special Meeting of the Prescott City Council held November 6, 2007, adjourned at 7:20 p.m.

ROWLE P. SIMMONS, Mayor

ATTEST:

ELIZABETH A. BURKE, City Clerk