

PRESCOTT CITY COUNCIL
SPECIAL MEETING
TUESDAY, JUNE 17, 2008
PRESCOTT, ARIZONA

MINUTES OF THE SPECIAL MEETING OF THE PRESCOTT CITY COUNCIL held on JUNE 17, 2008 in the COUNCIL CHAMBERS located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Wilson called the meeting to order at 2:00 p.m.

◆ **ROLL CALL**

Present:

Mayor Wilson
Councilman Bell
Councilman Lamerson
Councilwoman Lopas
Councilman Luzius
Councilman Roecker
Councilwoman Suttles

Absent:

PCNC MEMBERS PRESENT:

Chairman Tammy Linn
Vice Chairman Robert Weiss
Secretary Elisabeth Ruffner
Eloise Esser
Paddie Braden
John Danforth
John Stevens
Ron Younger
Robert Ruillard
James Lawrence
Milbeth Mauer
Dave Maurer
Stephanie Bragg
Ken Lain
Steve Blair
Malcolm Barrett

1. Presentation by representatives of the Prescott Capital Needs Committee re Committee findings and recommendations.

Chairman Tammy Linn, 1401 Claiborne Circle, gave a PowerPoint presentation, Exhibit A attached hereto and made a part hereof, noting that the presentation represents the findings of the Prescott Capital Needs Committee over the last four months and that some of these are the same slides seen at the budget meeting. She thanked the Mayor and Council for giving each of the committee members the opportunity to serve in this capacity.

Councilman Roecker asked about contingency money because at one point the amount was \$16,000,000 and then \$19,000,000. He asked if the final recommendation include a percentage of contingency. Ms. Linn said yes, the contingency is 20%.

Councilman Bell said the Council owes the committee members a great debt of gratitude for what they have done and the time and effort they spent on this.

Councilwoman Suttles asked if they see all of this going to a bond or if they see two different choices. Ms. Linn said there are four different choices: Park Upgrades, Rodeo Grounds, Runway Land Purchase and Public Safety. She said they can pick all of them or zero. Councilwoman Suttles asked if that is going to be too confusing for the voters. John Stevens said there are four choices; yes or no on each one of the four.

Councilwoman Suttles asked why they did it that way. Mr. Stevens said that was consensus of the committee as a majority vote.

Ms. Linn said that while they are recommending this, they know full well that the Council may make changes and that is the Council's task.

Councilwoman Suttles asked, if twenty of them came up with this, how they can expect the citizenry to decide on what they want. She said it is almost like a special interest.

John Danforth said he appreciated what she was saying and there was some sentiment to have choices for every single item rather than clustering the Public Safety. He said it is essentially the most extreme form of democracy to allow people to vote on every single issue. He said it requires the voter to be more informed than they otherwise might have to be if it is all clustered. He said their group recommends approval of each of the items but recognized that for some of them the public support might be less. He said if they put all the proposals together they were concerned that all of them would be turned down and eliminate something that was strongly favored by the populous. He said there was a great deal of discussion about this point and this was their majority recommendation.

Ms. Linn said if they look at the Public Safety Cluster and go back to the ratings, there was a lot of discussion and one of the reasons the group went to the cluster is because those items were rated some of the very highest as individual proposals.

Bob Ruillard said when they went through the first vote that had nothing to do with the cost of the projects and then they went through the second vote and it was tied to cost; the public safety items came up on top both ways. He said the original intention was to go with individual items but when they saw public safety jump to the top on everything they then thought they should keep that all together.

Councilwoman Suttles said she saw the extension of 1% sales tax for 25 years and asked if that was an easy decision.

Ms. Linn said it was and she was very specific with that recommendation because the motion was very specific. She said the motion is “Extension of the 1% sales tax for street improvements for 25 years.” She said the committee felt that the street improvements were priority and there was discussion that the \$40,700,000 for open space would not change, so that would keep at the cap at \$40,700,000.

Malcolm Barrett said a lot of the underlying conversation about the extension of the 1% street sales tax was their ability to build streets now prior to collecting the amount. He said in past years when the Council has had a pay-as-you-go spending policy, the cost of construction was not escalating as high as the cost of borrowing. Mr. Barrett said right now the cost of borrowing is lower than the escalation of construction prices. He said in order to be able to get the money now and borrow it at low interest rates they could bond through funding of the 1% sales tax, which does not require an additional property tax or a vote. He said they thought it was less expensive to bond and build now than to build later. Mr. Barrett said in talking with Steve Norwood, he recommended that in order to allow for a bond, they need 25 year minimum.

Councilwoman Suttles said they have always had some difference with open space and roads and asked if this is keeping the same vote in. Ms. Linn said it was.

Steve Blair thanked Councilwoman Suttles for selecting him to be the committee and thanked staff for all of their hard work, noting that the committee could not have done it without them. He said there was a lot of dialogue with the individual members. He said the fly in the ointment is how this is written for the voters to be able to understand it when comes to the proposition on the ballot and cautioned that even though he agreed with the committee’s recommendation, he believed that a couple of people off this committee be involved in writing of the proposition. He said there should be some guidelines set out to say to the public that extending the sales tax until 2040 would create an element for maintenance

to open space. Mr. Blair said he is not against open space, but he wants to see maintenance on the open space so it does not come out of the general fund. He said the 1% gives the Council flexibility to put in the wording of capital improvement projects and not be only focused on roads. He said the Council members are the people they elect to do the right for the community and they do not need to be handcuffed by the wording on a ballot.

Mr. Blair said he supports the public safety element and allowing them to go for a bond and that public safety is critical in the community. He said part of being successful with retaining employment in the community is to have state of the art facilities and equipment. He said that is something the public expects and he respects the fact that it should be the focus of a community to provide something they cannot do themselves.

Councilwoman Suttles said that the recommendation to include those members from the Capital Needs Committee to help with the ballot is a great idea.

Councilman Lamerson thanked all of the members who gave of their time. He said they can always learn from the past and really appreciates such luminaries of the past such as Elisabeth Ruffner and those folks sitting on such committees as this. Councilman Lamerson agreed with Councilman Bell's suggestion to let some of what he is looking at permeate before making a lot of comment. He said it was a very good presentation and he really appreciates the time they spent on it.

Councilman Bell said he believes that Dr. Danforth hit it on the head when talking about the cluster. He said he knows how important public safety is but he would hate to see that portion go down because some of the items on it were rated lower. Councilman Bell said he is wondering if that is a wise situation or if they should make those individual items so that the whole cluster would not go down with one vote.

Ms. Linn said the committee recommended what they saw in the presentation.

Councilman Luzius thanked Ms. Linn and the members of the committee for their efforts. He asked if some of the public safety costs were covered by impact fees.

Ms. Linn said that is correct and one of the things that was very evident is that the amount of money that is raised by impact fees would not cover these items and that the actual figure was shockingly low to most of them. She said even though they all support what the Committee says there was a lot of discussion about that point and recommended looking at the minutes.

Mayor Wilson said he has trepidations about the clustering for the same reason Councilman Bell did because there are some very important projects there and

he would hate to see them pushed back by the general public due to the magnitude of one cluster and lose everything.

Mayor Wilson asked about the 1% sales tax extension and what the thinking was behind the March 2009 date. Ms. Linn said the whole point was to separate the sales tax extension from the general election. He explained that a sales tax extension does not have to go to the general election but a bond does. She said the committee felt that they could see what happened in November at the general election with the statewide highway tax, the JTED, and a lot of other items to be voted on, and then have the 1% sales tax in March of 2009.

Mayor Wilson said in the context of the current economy the current sales tax will keep rolling until 2015 so if they were to wait until 2011 when the economy comes back as everyone expects they might have a better go around with the voters on that one.

Ms. Linn said the other thing that was brought up was that it may not pass the first or second time. She said they have real critical needs for roads right now. She said there was actually no discussion about doing a different date.

Dr. Danforth said they were running up with some of the funding for projects right now they are more front loaded in terms of the expenditures. He said the opportunity to bond and use that tax revenue as the basis for the bonding is getting difficult. He said by having the extension voted on now it would give the City greater flexibility to issue bonds that would have a revenue stream supporting them for a longer period of time.

Ms. Linn said Mr. Barrett brought up the issue of the interest rates being at a perfect point right now.

Ms. Linn introduced Joe Baynes and Rowle Simmons who both joined the meeting.

Mayor Wilson thanked everybody who worked on the committee and he personally appreciated all of the work that they have done. He said they are planning to celebrate the committee's accomplishment by a dinner or something. He said he values volunteerism and that is one of the key elements in Prescott that makes them different.

Ms. Linn said she will be at the meetings for the next four weeks to answer questions by Council and if they have questions of the rest of the members she encouraged the Council to ask the committee members. She said she cannot guarantee that all of the members will be here for the next four weeks but said she told Laurie Hadley that she would be available for the next four Tuesdays in case there are questions.

Councilwoman Lopas said this was a fabulous think tank and thanked everyone who was on the committee, and to have the financial background was huge. She said she thinks the voters will understand and it is how they market this to the voters and she thinks the voters will want to make sure all these projects are done.

Councilman Luzius asked Mark Woodfill if he was comfortable with the bonding recommendations made by the committee. Mr. Woodfill said they looked at it, came up with the projections and it does fall under the Constitutional limits, so in that way he is comfortable with the recommendation. Councilman Luzius asked if they will be able to pay for the bond. Mr. Woodfill said if it is a general obligation bond there will be a secondary assessment that will equal the debt service. Councilman Luzius asked if any of this will ultimately go onto citizens' property. Mr. Woodfill said all of it would.

Councilman Roecker asked if it would affect the City's bonding rating. Mr. Woodfill said it would affect it slightly as additional debt but since it is general obligation debt voted on by the citizens it does not affect the rating as much as revenue debt.

Mayor Wilson said one of the more interesting slides in the presentation was the City's amount of property tax versus other municipalities and the City is quite low.

Steve Norwood said, assuming all of the projects go forward and that all of them are approved by the voters, this is nothing more than authorization. He said it does not commit them or obligate them, but it does give them the authorization to issue debt. Mr. Norwood said they would not issue this debt all at once and this would be something done over several years so the impact to the taxpayer would be incremental as projects are done.

Rowle Simmons commended Tammy Linn for the job she did. He said he was a skeptic and he speaks for former Councilman Blair because in six years as Mayor it was hard to keep everybody rolling in groups of 4 and 5 much less having 20. He said anyone that could have watched this in the process would have been amazed at the phenomenal job staff did, that they spent a great deal of time, they came and were well prepared. Mr. Simmons said this was most successful because from the standpoint that everyone had one focus and that was the betterment of the community. He said he did not see one person there that had an agenda, which really says a lot.

Ms. Linn said together as a group they came up with rules at the very beginning; that they check their egos and personal agendas at the door. She said they all have their personal things that they would like up there but if it was not the best for the community it did not make this list.

Mr. Norwood said the point of this today was to give the Council an opportunity to hear the presentation and ask questions. He said they still have the opportunity

to have public participation at three more meetings. Mr. Norwood asked that they have another Special Meeting next Tuesday, June 24, 2008 at 1:30 p.m. for additional questions and public comment and still no action.

2. Adjournment.

There being no further discussion, the Prescott City Council Workshop of June 17, 2008, adjourned at 1:48 p.m.

JACK D. WILSON, Mayor

ATTEST:

Elizabeth A. Burke, City Clerk