



PRESCOTT CITY COUNCIL SPECIAL MEETING AGENDA

**PRESCOTT CITY COUNCIL
SPECIAL MEETING
TUESDAY, JUNE 24, 2008
1:30 P.M.**

**Council Chambers
201 S. Cortez Street
Prescott, AZ 86303
(928) 777-1100**

The following Agenda will be considered by the Prescott City Council at a Special Meeting pursuant to the Prescott City Charter, Article II, Section 13. Notice of this workshop is given pursuant to Arizona Revised Statutes, Section 38-431.02.

- ◆ CALL TO ORDER
- ◆ ROLL CALL

MAYOR AND CITY COUNCIL:

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

I. [Discussion of the Prescott Capital Needs Committee's recommendations.](#)

- A. Extension of the 1% sales tax for street improvements for 25 years (2015 to 2040) to be handled at a special election in March 2009.
- B. Bond for the following "A" list as denoted below (in the November 2008 general election):
 - 1. Park Upgrades (\$4,000,000)
 - 2. Rodeo Grounds Upgrades (\$3,196,981)
 - 3. Runway 3R-21L Land Purchase (\$4,575,000)
 - 4. Public Safety Cluster (\$42,818,040)
 - a. Downtown Fire Station (\$8,500,000)
 - b. PD & Fire Storage (\$1,806,670)
 - c. Police Headquarters (\$19,000,000)
 - d. Fire Training Center (6,900,000)
 - e. Upgrade Range (\$2,811,370)
 - f. Willow/Watson Fire Station (\$3,800,000)

- C. Provide more flexibility in use of funds by wording on the ballots.
 - D. Include two members from the Prescott Capital Needs Committee to help write the ballot language for all elections.
 - E. Take all of the recommendations from the Prescott Capital Needs Committee and implement them in such a way as to satisfy all the citizens of Prescott, Arizona.
- II. Adjournment.

THE CITY OF PRESCOTT ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE TO PERSONS WITH DISABILITIES. WITH 48 HOURS ADVANCE NOTICE, SPECIAL ASSISTANCE CAN BE PROVIDED FOR SIGHT AND/OR HEARING IMPAIRED PERSONS AT PUBLIC MEETINGS. PLEASE CALL 777-1272 OR 777-1100 (TDD) TO REQUEST AN ACCOMMODATION TO PARTICIPATE IN THIS MEETING.

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _____, at _____ .m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

Elizabeth A. Burke, City Clerk

**PRESCOTT CAPITAL NEEDS COMMITTEE
MEETING - PRESCOTT, ARIZONA
MAY 21, 2008**

A MEETING OF THE PRESCOTT CAPITAL NEEDS COMMITTEE WAS HELD ON WEDNESDAY, MAY 21, 2008, in the Arizona Room of the Hassayampa Inn, 122 East Gurley Street, Prescott, Arizona.

COMMITTEE MEMBERS PRESENT: Chairman Tammy Linn; Malcolm Barrett, Jr.; Joseph Baynes; John Danforth; Ronald Younger; Milbeth Mauer; Roger Swenson; Eloise Esser; Tilden Drinkard; David Maurer; Rowle P. Simmons; Stephanie Bragg; Paddie Braden; James Lawrence; Elisabeth Ruffner; Steven Blair; Ken Lain.

COMMITTEE MEMBERS ABSENT: Vice Chairman Robert Weiss; John Stevens; Robert Reuillard.

1. Call to Order.

Chairman Linn called the meeting to order at 4:02 p.m.

2. Approval of minutes of the May 14, 2008 meeting

Minutes were approved as amended.

3. Review of Sales Tax Revenues

Chairman Linn said that last week they had some discussion and made a little progress. She asked what everyone would like to see accomplished today. She said that the plan is to hold a workshop with the City Council on June 10, 2008 at 1:30 p.m.

All agreed that they would like to slim the list down to the most viable projects, those with the best chance, along with funding recommendations for each. Further discussion was held on clustering and it was agreed to look at that issue later in the meeting.

Woodfill reviewed the sales tax considered in the proposed 2009 budget, noting that he added a column at the end of the chart on the first page to show what percentage of the general fund each item was, Exhibit A, attached hereto and made a part hereof. He said that overall the General Fund is down 4.5% compared to last year.

Chairman Linn asked if those numbers were reflected in the proposed budget they will be studying at the Budget Retreat tomorrow. Woodfill replied that they

are reflected in those numbers. The proposed budget is funded and all reserves are funded.

Lain asked how Prescott compared with Prescott Valley and Chino Valley. Woodfill said that it is difficult to know until they get final numbers. He said the problem is that they are both program cities, where the State collects their taxes, so their numbers are four to five months behind. Prescott is self-collected, so their numbers are available the next month.

Bragg asked Woodfill if he sees this as a pattern for the next year or two. Woodfill said that he would ask the same of the committee members, as many of them are in business. He said that what he reads and sees is that they have not yet hit the bottom. He said that Prescott Valley will have Sam's Club and Cracker Barrel coming on in the next year and that will have some impact on Prescott.

4. General Comments on Economic Trends

Norwood said that he just got back from a shopping center conference in and they are preparing for a two to three year downturn. He said that APS is doing rate increases, Blair mentioned that bread prices have gone up four times in the past year, gas is going up, etc. and a question to ask is whether this is the right time to be going out asking for money.

He said they are not seeing the economy flatten out yet, and it is not just happening in Prescott; it is every city in the country. There are major stores in the mall that are in double digit decreases every month. They can handle another few months, but if it does not flatten out, they will see cities going to Plan B.

He said that Police, Fire and Parks and Recreation all brought in budgets lower than last year. Tomorrow staff will be presenting a budget to Council that does not contemplate reduced services. He said that Chino Valley just had a 14% reduction in their workforce, which if it had occurred in Prescott would be like eliminating 75 positions.

Barrett asked about the grant applications being submitted by Police for some of the items on the list. Norwood said that it would be shared with other agencies; and it may go through. Barrett said that is any easy scratch from the list; they need to get to dropping off the list.

Norwood said that they need to make sure they put in some of the fun stuff, such as an aquatic center or recreation center. He has had people comment to him that it was the quality of life that helped them decide to move here. If they are going to continue that reputation, they need to continue to fund those types of things.

Mauer asked when staff would know the results of the study on the rodeo grounds. Norwood said that it would probably be later in the summer. Mauer said that they should know those results before proposing to fund it.

Simmons said that it would be important that the committee find out if they have a fair representation of the members that feel the time is not right. He would hate to see them go through categorizing and prioritizing, only to find that people don't think it is the right time to go forward.

Ruffner noted that property tax efforts for bonding can only be done in November. Bragg said that she thinks they should move forward with some of the projects. Baynes said that if it is a need, it needs to happen now. Barrett said that in this economic time, he would tend to favor public safety improvements only. Lawrence said that he would tend to come to that same conclusion; however, they don't have enough information on a large number of items. He said that public safety was one area that he would recommend they do group together.

5. Prioritizing of Each Project or Cluster and Recommended Action to be Taken by Council.

After lengthy discussion on various projects, committee members began addressing each project individually.

DANFORTH MOVED TO REMOVE THE 80-100 ACRE PARK FROM THE LIST; SECONDED BY BAYNES; PASSED UNANIMOUSLY.

Blair suggested that they have an A and B list, so that those items they may not want to recommend for funding now can be considered at a later date.

SWENSON MOVED TO MOVE THE RECREATION CENTER TO THE B LIST; SECONDED BY BRADEN; PASSED UNANIMOUSLY.

Lain said that he would like to keep one grand thing and **MOVED TO KEEP THE AQUATIC CENTER ON THE A LIST FOR THE VOTERS TO VOTE ON AS AN INDEPENDENT ITEM; SECONDED BY BRAGG.**

Further discussion was held on whether to cluster items or present them individually. Some were concerned with presenting the aquatic center at this time. Mayor Wilson noted that there are discussions taking place with Embry-Riddle that may allow for some form of partnering in the future on an aquatic center. It was noted that it would not be good to present it to the voters now, without all of the information on partnering possibilities, and have it go down.

MAUER MOVED TO AMEND THE MOTION TO MAKE IT A PROJECT FOR 2009; SECONDED BY LAWRENCE; MOTION FAILED 9-9.

ORIGINAL MOTION BY LAIN FAILED 4-14.

SIMMONS MOVED TO PLACE THE AQUATIC CENTER ON THE B LIST; SECONDED BY BLAIR; PASSED UNANIMOUSLY.

SWENSON MOVED TO RECOMMEND FUNDING FOR PARK UPGRADES BY BONDING IN 2008; SECONDED BY BARRETT; PASSED UNANIMOUSLY.

Baynes noted that he believed that the park upgrades were underfunded. Horton noted that those numbers were from the Master Plan, but staff agreed that the numbers are low. Blair said that all of the projects will need to tweak their numbers before they go to the voters.

SIMMONS MOVED TO PLACE THE RODEO GROUNDS ON THE A LIST; SECONDED BY BARRETT; PASSED 16-1 (ONE MEMBER HAD LEFT THE ROOM PRIOR TO THIS VOTE).

Woodfill reminded the committee members that if a project is proposed as a property tax or General Obligation bond, it can only be taken to the voters in November. Sales tax items can go at any of the four election dates.

Discussion was held on the Elks Opera House and the fact that there is a private foundation that is very involved in funding improvements. It was suggested that this be addressed through the foundation.

BRAGG MOVED TO TAKE THE ELKS OPERA HOUSE OFF THE LIST; SECONDED BY DANFORTH. Further discussion was held on the benefits that the Elks Opera House brings to the community, and the need to have further dialogue with the Foundation.

MOTION PASSED 8 – 7 (MORE MEMBERS HAD LEFT THE ROOM AND 8 WAS REQUIRED FOR A MAJORITY VOTE).

BARRETT MOVED TO SCRATCH THE POLICE DEPARTMENT CAPITAL EQUIPMENT FROM THE LIST; SECONDED BY SIMMONS; PASSED 13 – 0, WITH 1 ABSTENSION.

SWENSON MOVED THAT ITEMS H (DOWNTOWN FIRE STATION), L (PD & FIRE STORAGE), M (POLICE HEADQUARTERS), J (FIRE TRAINING CENTER), K (UPGRADE RANGE) AND L (WILLOW/WATSON FIRE STATION) BE TAKEN TO THE VOTERS FUNDED THROUGH A \$39 MILLION, TEN-YEAR BOND; SECONDED BY BRAGG.

LAWRENCE MOVED TO AMEND THE MOTION BY PULLING FIRE STATION 77 (WILLOW/WATSON) FROM THE LIST AS IT SHOULD BE COVERED PREDOMINANTLY BY IMPACT FEES; SECONDED BY BARRETT.

Norwood noted that during the presentations it was mentioned that if the new Police Headquarters moved, they would move City Hall to the existing station and make improvements at the current city hall. He said that the committee may want to consider adding some funding for those improvements.

AMENDED MOTION FAILED WITH A VOTE OF 7 IN FAVOR.

ORIGINAL MOTION WAS RESTATED WITH AN AMOUNT OF \$40 MILLION; MOTION PASSED 11 – 5.

After further discussion on the Airport Terminal, **BRAGG MOVED TO MOVE THE AIRLINE TERMINAL TO THE B LIST; SECONDED BY SIMMONS; PASSED 10-6.**

SWENSON MOVED THAT AT THE TIME THAT ENPLANEMENTS REACH THE REQUIRED LEVEL OF THE FAA THE CITY COUNCIL PLACE AN APPROPRIATE BONDING ISSUE FOR THE CITY'S SHARE ON THE BALLOT FOR CONSIDERATION; BARRETT SECONDED; PASSED UANNIMOUSLY.

BLAIR MOVED TO PLACE THE AIRPORT RUNWAY LAND ON THE A LIST; SECONDED BY SWENSON; PASSED UNANIMOUSLY.

6. Review of Results.

A LIST:

Park Updates
Rodeo Grounds
Public Safety (all but PD Capital)
Airport Runway Land

B LIST:

Aquatic Center
Recreation Center

7. Next Steps.

Brief discussion was held on presenting the one-cent extension on a March 2009 ballot. It was agreed that they would discuss the one-cent extension and final numbers from departments at their next meeting.

After discussion on when to hold their next meeting, **SWENSON MOVED TO HOLD THE NEXT MEETING ON JUNE 4, 2008; SECONDED BY BRAGG; PASSED UNANIMOUSLY.**

8. Adjournment.

There being no further business to be discussion, the Prescott Capital Needs Committee Meeting of May 21, 2008 adjourned at 5:55 p.m.

TAMMY LINN, Chairman

ELISABETH RUFFNER, Secretary

**PRESCOTT CAPITAL NEEDS COMMITTEE
Prescott, AZ
JUNE 4, 2008, 4:00 PM**

MINUTES OF THE PRESCOTT CAPITAL NEEDS COMMITTEE MEETING HELD ON WEDNESDAY, JUNE 4, 2008, in the Arizona Room of the Hassayampa Inn, 122 East Gurley Street, Prescott Arizona.

COMMITTEE MEMBERS PRESENT: Chairman Tammy Linn; Vice Chairman Robert Weiss; Secretary Elisabeth Ruffner Malcolm Barrett, Jr.; Joseph Baynes; Steve Blair; Paddie Braden; Stephanie Bragg; Tilden Drinkard; Eloise Esser; Ken Lain; Jim Lawrence; Milbeth Mauer; David Maurer; Robert Reuillard; Rowle P. Simmons; Roger Swenson; Ronald Younger.

COMMITTEE MEMBERS ABSENT: John Danforth; John Stevens

1. Call to Order at 4:00 p.m.
2. Approval of minutes of the May 21, 2008
MOTION TO APPROVE:
SECOND:
VOTE:
3. REGULAR AGENDA
 - A. Presentation of the Prescott Capital Needs Committee, June 4, 2008
Overview and Summary

See Attachment A

Tammy Linn presented the Overview and Summary Presentation to the Committee.

Mark Woodfill said some departments revised their amounts. He updated the estimated debt service as of yesterday due to the slight movement of the markets, which increase the financing costs slightly. Mr. Wood fill said he included the estimated secondary tax recommendation if they go to a general obligation bond election and the estimated sales tax if they impose an additional sales tax. He said the estimated sales tax total is just over .25 percent. Mr. Woodfill said that with the property tax option a \$300,000 home would see an increase in property tax of about \$143.00 per year as an estimate. He said if we compare that to the sales tax option a household would have to spend approximately \$54,000 on taxable activity in a year to equal the household impact of the property tax. He said much of the City's sales tax activity comes from nonresidents.

Bob Reuillard asked how Prescott's tax rate compares regionally. Mr. Woodfill explained that the tax rate in Prescott is 8.35%; the tax rate in Prescott Valley is 8.68%; Chino Valley is 9.35% so even with the .25% increase Prescott would still be the lowest in the region.

Dave Maurer asked what would be the difference in the staging of projects, sales tax versus property tax. Mr. Woodfill said there wouldn't have to be any difference in the staging. He said there are a lot of different options.

Mr. Woodfill said the reality is several of the projects on the schedule are eligible for a portion to be funded by impact fees. He explained there is a difference, however of being eligible to be funded by impact fees and actually being covered by impact fees, which have slowed to a quarter of what they were one year ago.

Stephanie Bragg asked will money go into a fund to wait or will it be designated for something else. Mr. Woodfill said if the voters authorize the bond that does not mean the City of Prescott will build, for example the Willow Watson Fire Station, until they need it. Bob Reuillard asked if the city pays down that bond can the balance be reissued. Mr. Woodfill explained that by state law if the City is authorized to issue an 8.5 million dollar bond project then the City can issue up to that amount. He said if the project comes in lower than the approved amount the proceeds can only be used to pay off the debt.

Jim Lawrence asked from the from standpoint of the future Willow/Watson fire station and the City issues bonds at the appropriate time if they could expect the payments to be made from the impact fees. Mr. Woodfill said the City has done this before where voters approved an authorization for a GO debt. He said Council could, as part of the resolution, authorize the use of impact fees at the appropriate percentage to reduce the amount of debt. Mr. Lawrence addressed the issue of providing specific information for citizens to make intelligent decisions. Mr. Woodfill said much of that information is required by State Law to be provided to the public.

Mr. Reuillard referred to the 20% added for contingency but some of the capital needs projects may come in under that 20%. He asked what happens to the remainder. Mr. Woodfill said the difference would have to be used to pay off the debt and reduce the levy on all the citizens. Mr. Reuillard asked who makes that decision and Mr. Woodfill said State law dictates what is to be done with the funds; they can only be used for the specific project or to pay down the debt service.

Malcolm Barrett said as an example the refinancing of the lakes purchase project to take advantage of the lower interest rates and the savings were

used to reduce everybody's debt service. He said the bond was actually paid off sooner as result. Mr. Barrett asked if that is the way it happens with a property tax assessment does the process differ if they bond based on sales tax revenues. Mr. Woodfill said the process differs in that there are less laws dictating what happens to the sales taxes so the Council resolution would need to be specific indicating its intent.

Mr. Barrett said it is the intention of the committee to propose some sort of funding and to recommend that any budgeted amounts that come in lower are not going to give more money to some other project. He said they should be an assured program more or less the same way they did their streets program.

Steve Blair said they talked about separating lists by grouping public safety infrastructure together in a bond issue but this list includes on the A list some of the things he understood were going to be separated from the bonding question.

Ms. Linn explained the list is clustered into four areas. Mr. Blair said he thought they were going to group public safety and separate the other areas to be funded by a revamping of the sales tax for Capital Needs Improvements in order to give the Council flexibility to use those funds however they deem is most beneficial to the community.

Mayor Jack Wilson said one thing about the additional 1% sales tax, which is for roads and open space currently, is that it runs through 2015. He said nothing can be done with that without voter approval; they can rescind it or modify it if they take it to ballot. Mayor Wilson said if they look at their roads situation they will see that in Fiscal Year 2010 they get a deficit of approximately 23 million dollars. He said if they take that 1% and reallocate to capital needs projects it does not make sense in terms of their street work.

Ms. Linn said this is the committee's recommendation and they need to communicate that to the Mayor and Council for them to do whatever they want with the recommendations. Mr. Blair said his point is that they have a road tax that was amended to include open space and it needs to be amended again, which gives more money to streets and capital needs and open space can stand alone.

Ms. Linn said some of that falls under Other Recommendations, for instance to recommend the Council revisit the 1% sales tax, bring it back to the voters, extend it for 30 years possibly, and then to recommend taking open space out of streets and increase the amount to streets and try to cover some of the public safety projects. Mr. Blair said that approximately 15 million is generated per year in 1% sales tax revenue and roughly speaking

streets are using half of that. He said if they use that same equation over the next ten years they could pay off all of the capital needs with the 1%.

Mayor Wilson said the assumption on the one half is incorrect; that they are using a significant amount more on streets than on open space. He said it is closer to 80-90% being used on streets and the remainder on open space.

Ms. Bragg said she also thought the public safety projects were to go on a ten year bond for approximately \$40 million in construction costs with the other four as separate issues.

Mr. Barrett asked Mr. Lawrence about his thoughts on open space. Mr. Lawrence said when sales tax extension was put into place there was a 40.7 cap and presented to the public as basically a 50/50 appropriation in the first ten years. He said the City Council decided to front load the streets so that during the first five or six years the money was almost entirely going to streets. He said at this point they have 29 million that has not been allocated yet although it is scheduled to be allocated through 2015. Mr. Lawrence said the amount to be allocated is a decision made by the City Council.

Ms. Linn said they understand most all of that and that Mr. Blair is referring to a previous discussion that open space should stand alone. She asked how the committee feels about recommending to City Council to go back to the voters to extend the 1% sales tax for streets and public safety. Mr. Blair said the idea is to get ideas from this committee. He suggested if they raise Prescott sales tax by .25% let it be for the stand alone open space segment and that would generate \$4,000,000 per year and over ten years it would generate over \$150 million in sales tax that would go for roads and capital needs projects. Mr. Blair said then public safety would be a stand alone bond project.

Elisabeth Ruffner asked if they are proposing to put a bond question and a sales tax question on the same ballot in November. Mr. Blair said if it is spelled out right, yes. Ms. Ruffner said she cannot go for that.

Mr. Barrett said if they were to pay for everything on the list with a property tax bond issue they are looking at \$.47 per \$100,000 or .25 % sales tax would pay the whole thing. He said he is suggesting sales tax and no bond. He said they have two secondary property bonds retiring, one in 2009 and one in 2017.

4. UPDATES
 - A. Staff regarding Capital Needs.
5. RECOMMENDED ACTION FOR CITY COUNCIL

The committee engaged in discussion about how to word the motion and determining the length of the recommended extension. City Manager Steve Norwood recommended extending the sales tax a minimum of 25 – 30 years so that over a period of years they can issue 20 year bonds. Mr. Barrett said there are three areas the Council needs to look at: the extension of the streets tax; the ability to use that for Capital Needs if required; and whether open space should stand on its own.

MOTION: Malcolm Barrett Moved that the Prescott Capital Needs Committee recommend the extension of the existing 1% sales tax for street and open space for 25 YEARS from 2015 to 2040. SECONDED by Stephanie Bragg

MOTION PASSES 12 – 6

Discussion continued regarding the how the 1% sales should be used and defining street improvements, the infrastructure necessary associated with streets, and determining the starting point of the extension.

Rowle Simmons said he would caution the committee to keep this as simple as possible because they know what happens when voters get confused. He said the one bad part is they are not addressing the maintenance of open space.

MOTION: Elisabeth Ruffner moved to recommend the extension of sales tax question be placed on the March 2009 Ballot and the bonding as required by the State go on the November Ballot. SECONDED by Jim Lawrence.

MOTION PASSES

MOTION: Dave Maurer Moved that the Prescott Capital Needs Committee recommends the Prescott City Council go to bond for the Capital Projects on the A list with the Public Safety Group as a single bond issue and the remainder of Park Upgrades, Rodeo Grounds and Runway 3R21L Land to be referred to bond as individual items; SECONDED by Rowle Simmons

MOTION PASSES 13 - 4

AMMENDMENT: Jim Lawrence Moved to amend the previous motion to include funding for the Public Safety group of 6 items on the A List, which totals approximately \$42,000,000, to be funded with a general obligation bond. MOTION: Roger Swenson Moved to recommend to

City Council a total of 2% general sales tax that is not dedicated specific projects or particular construction. SECONDED by Steve Blair.

MOTION FAILS 6 - 12

Mr. Swenson explained the purpose of the motion is to communicate to Council that some of the committee members that view a general sales tax as a valuable tool going forward compared to dedicated tax.

Other Recommendations:

Steve Blair - More flexibility in the use of funds by the wording on the ballots.

Roger Swenson - Fully recognize Chairman Linn and Vice Chairman Robert Weiss, and Secretary Elisabeth Ruffner for their valuable contributions.

Steve Blair – To have two members from the Prescott Capital Needs Committee be on the ballot language committee to make sure the language represents the intent of the PCNC.

Bob Weiss – That City Council take all of the recommendations of the Prescott Capital Needs Committee that they implement them in such a way as satisfy all of the citizens of Prescott.
Motion Fails.

Tammy Linn – That City Council be given all of the recommendations such as B list of Capital Needs because they are still very important.

The committee discussed how the presentation will be given, which is scheduled for the City Council Workshop on Tuesday, June 17, 2008.
Ken Lain and the committee thanked Skip Drinkard for the meeting room and hospitality of the Hassayampa Inn.

6. **ADJOURNMENT**

There being no further business the June 4, 2008 Meeting of the Prescott Capital Needs Committee adjourned at 5:44 p.m.

TAMMY LINN, Chairman

ELISABETH RUFFNER, Secretary