

PRESCOTT CITY COUNCIL
WORKSHOP
TUESDAY, NOVEMBER 25, 2008
PRESCOTT, ARIZONA

MINUTES of the Prescott City Council Workshop held on November 25, 2008 in the City Hall Council Chambers, 201 South Cortez, Prescott, Arizona.

◆ CALL TO ORDER

Mayor Wilson called the Workshop to order at 1:30 p.m.

◆ ROLL CALL

PRESENT:

ABSENT:

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

None

1. Presentation and discussion regarding possible extension of the one-cent sales tax for streets and open space.

Mayor Wilson began by saying this was a Council workshop and the only item on the agenda is a presentation and discussion regarding possible extension of the one-cent sales tax for streets and open space.

Mr. Norwood said Mr. Nietupski was going to do the presentation. He said they need two directions from the Council. One is whether they want to go forward with calling an election next year and, if so, work out the ballot language. If they do, they will need to decide by January 13 for a May election. He is aware that the economy is continuing to change and pointed out that it is not a new tax, or additional tax, but an extension of what is already in place.

Mr. Nietupski presented a PowerPoint presentation which addressed the following issues:

- ▶ ONE CENT SALES TAX BACKGROUND
- ▶ BENEFITS – PROVIDED
- ▶ ORIGINAL SALES TAX 10-YEAR ASSURED PROGRAM
- ▶ ORIGINAL PROGRAM LOCAL STREET SEMENTS
- ▶ OTHER STREET PROJECTS COMPLETED

Mr. Norwood asked if the projects they were looking at now were on the original list. Mr. Nietupski responded that they were not. He said that those were projects that were added as they went forward in time, after the tax was extended. He said that for the most part they were completed after the year 2000.

▶ PENDING MAJOR PROJECTS –
CONSTRUCTION/WIDENING/ RECONSTRUCTION

Mr. Nietupski then presented the list of pending major list projects currently identified. He said there is \$51,000,000 of estimated construction costs. He explained that contractual obligations were part of that \$51,000,000, they made up about \$29.4 million of that, leaving about \$21 million of other pending projects.

▶ OPEN SPACE ACQUISITION FORECAST

Mr. Nietupski presented information gathered, with Councilwoman Lopas's input, on open space acquisition forecast. He explained that since its inception, \$7 million has been spent for 149 acres of property. Over the next six and a half years they contemplate acquiring another 1100 acres for a total of \$40.7 million.

Councilwoman Suttles said he was showing the years 2009 to 2015, and asked how they knew that they were going to be able to acquire that during that time. Councilwoman Lopas replied that there are no contracts; this is just more of a wish list. She said if all of it comes to pass, it is kind of a forecast. She explained that there are combinations of property acquisitions, some landowners have come to the City and some are from the original list from when bill was first passed.

- ▶ REVISED ONE-CENT REVENUE PROJECTIONS
- ▶ PROGRAM REVENUE PROJECTION FY 09-16
- ▶ STREET MAINTENANCE OPERATIONS HURF/
ONE CENT FUND IMPACT
- ▶ ONE CENT PROGRAM AREAS – SORT TERM DEBT IMPACT FY09-16

Mr. Nietupski said current revenues are sufficient to meet the existing obligations; however continuing with higher levels of service into the future will require more funding.

Mr. Norwood asked about the major project obligations—Sundog Ranch and the traffic interchange. He continued by verifying that the street operations and maintenance were subsidizing HURF funds. He said they have \$20.7 million for six years to do new streets along with rehabilitation. Mr. Nietupski said that was correct; that was the maximum amount of dollars they project as available for those program areas at this time.

Councilwoman Suttles asked Mr. Norwood how they come up with what they need to do versus something that they have to do. She asked if, when there are roads that have to be completed, like Side Road, the other things sit at the side until they can financially finish what they are obligated to do.

Mr. Norwood for the last three years they have been pushing projects further out. He said when they started the program ten years ago construction was about \$1 million a mile; today it is \$3 million a mile. He said a lot of the projects were not contemplated; every project they had on the list has been done. He said as this program continues there are more and more projects and they are more expensive. He said they cannot keep going at this pace and keep it at the same level.

Councilwoman Suttles said that was what she was trying to find. They are going to have to come to a stop once the money trails out. Mr. Norwood said there are several projects they have pushed out year after year. He said the “pay as you go” approach worked in the early days but they cannot continue to keep funding without another funding source.

Councilwoman Suttles said she has citizens asking her why they are doing new projects when there are other existing roads needing work. She asked how they make that decision.

Mr. Nietupski said that they have a pavement management system that forms a list they work from in the development of recommended projects. He said that in some cases they have projects added at the Council’s discretion, such as Pulliam, Robinson, etc. He said they are not denying there is a great need, they work to prioritize the projects so they spread the work around to benefit as many as possible.

Mayor Wilson said that the streets are getting worse because they doing less work overall. He said even though they are trying to fix streets and do new stuff they do not have enough money to do everything so it is going the wrong way.

Mr. Norwood noted on the HURF slide, in 2000 they were getting \$3 million and this fiscal year they looking at \$3 million, so in eight or nine years the funding has not gone up. He said in the last nine or ten years they have added a lot of streets. He said the one-cent has been subsidizing the street maintenance, and that leaves less for new construction.

Councilman Luzius said based on today’s economy he would not look for HURF revenues to increase and they will probably decrease. Mr. Norwood said that was correct. He said that during the budget process they said that with the way the state calculation would be they would be getting \$258,000 less in HURF revenue. He said it is closer to \$700,000–\$800,000. He said it is not based on price of gas, but when they buy less fuel they get less revenue.

Councilwoman Suttles asked if there will be a time that they consider holding on open space and do what they need to do on streets. She asked if they could negotiate with two separate entities.

Councilwoman Lopas answered that they have got lower revenue, but because of the economy and the real estate market this is the time that they can afford to buy more open space. She asked if the \$3 million that comes in the open space going would make a difference on some of the roads. She said the amount is minor; it is not going to get a big road project done, like the Iron Springs Road Project at \$18,000,000. This is the time to buy, or with an extension, then they can bond, and that the way to do it. She said "pay-as-you-go" is not going to work anymore.

Councilwoman Suttles asked if they can bond for streets and not open space. Mr. Norwood said they can do it however they want to do it. He said that there are some property owners with open space who are willing to do low interest loans. He said that doesn't mean they have to issue a typical twenty-year bond. He said the problem they are facing with the traffic interchange is the loan payment. He added that there is less interest because it is a six or seven year note, but the annual payment is huge. He said if they could spread that financing over more years it would free up more cash to get more street work done.

Mayor Wilson said that on the open space, all these property owners are different; one will take their money in five years, no interest; some may make in kind donations; others are not willing to do that. He said they cannot make a blind statement that this is the way it is going to be. He said they need to ask if they want certain things that have been identified as key pieces of property and if they are willing to go after those when they are available.

Councilman Lamerson said he was listening to the news today and the President Elect was talking about the state of the economy and identifying needs versus wants. He pointed out there are some things they simply cannot afford. He said they have to look at what is in the best interest of the community in regard to the health and safety of the community first.

Councilman Roecker said this was a dilemma; he agreed with Councilwoman Lopas and Councilman Lamerson that it seems like open space is almost like a luxury. He said they all want to do that, but at the same time they cannot afford it. He said what they need to do today is figure out how they can or whether they should extend the 1% sales tax and if so how they structure it so they can accomplish both things without hurting the efforts to maintain the proper level of road structure they need. He said they might be able to do open space acquisition through bonding but for the most part the community has not been receptive to the idea of bonding in the past; maybe they are now. He said the thing they have to do now is an open space maintenance aspect so they can

maintain what they have now, and they need to restructure the tax to take that into consideration.

Councilman Bell said Councilman Roecker was cutting to the chase. He said what they need to do is give some direction about whether the Council is ready to go forward with recommendations if they go to the ballot for 1% extension and whether that includes open space or not. He said maybe the \$40.7 million of open space is enough at this point.

Councilwoman Lopas pointed out the article that was in the Council packet. She quoted from two sentences that showed that across the nation voters overwhelmingly supported the financing of and referendums for open space. She said it said it showed remarkable numbers nationwide. She thinks that the voters need to have a choice. She said that in working with the Trust for Public Land they have offered their services to help the city decide how to work it and how to put the management into the initiative, and make it something that is passed. She said it should be up to the voters. She said if she saw something that cut out open space she would not vote for it and she thinks a lot of the community feels the same way. She said both issues are important and they need to have a say in it. She would like to discuss going forward.

Mayor Wilson said he would like to recall the recommendations of the Prescott Capital Needs Committee. He asked if they would recommend extending the tax as a package, not dividing it. He said personally he concurs with Councilwoman Lopas. He said if they were to segregate this, they would have failure. He said they go hand in hand and they need to look at how they are going to get this passed. He said he also concurred with Councilman Roecker and Councilwoman Lopas that they need to have a smart way of managing maintenance. He said he looks for help everywhere and if they could get the Trust for Public Land Involved it would be better for everybody.

Councilman Roecker said they need to know how much it will cost to maintain the open space they have and asked if there was a way to quantify that. Mr. Norwood said it depends; right now they spend \$30,000 to \$40,000 to maintain it, but as they get more and more it will continue to increase. He said it depends on the properties and it will steadily increase.

Councilman Roecker asked if they could have enough flexibility in the program to address those concerns. He asked if they can figure out a way to explain to the public that the roads will be maintained at a proper level and when open space acquisitions present themselves that they will be handled on a one by one circumstance. He asked if the extension of the sales tax could have specific ways that the public completely understands that when a situation occurs it is going to happen.

Mr. Norwood said his recommendation in the past has been to list open space acquisition or maintenance as an allowable use, like drainage or engineering. He said they are not committing a percentage or dollar amount, simply making it an allowable use.

Councilman Roecker asked if the \$40.7 million set aside would remain in effect until 2015 or if an election would cause that to be changed. Mr. Kidd said that would depend on the ballot language used. He said if they take the current language and extend it further it would extend that language as well. He said it would depend on how the initiative proposal was written.

Mayor Wilson said that if they look at Councilwoman Lopas's projections on potential acquisitions they are at the \$40.7 million without looking at Badger P Mountain and Glassford Hill. He said those are sticky points because they were on the original list of priority properties and \$40.7 million will not get them there. He said they need to keep that in mind as they go forward with their discussion.

Councilman Lamerson said the recommendation from the Capital Needs Committee was to oppose the ballot initiative in regard to extending it intact as it is today with the inclusion of ballot language to include maintenance and operation. He said it was not to increase the \$40.7 million, but to keep the \$40.7 million intact. He thought they said there was a possibility of splitting the two, but it was questionable whether that would be a good recommendation.

He said he was not sure he agrees that the community would jump up and down if open space was not on there. He said roads and streets did pass on their own. Open space did not hang on its own; it was an earmark. He thinks that the taxpayers were used to get the open space on the ballot. He felt that if it stood on its own he is not sure it would pass. He said it is his opinion that the Capital Needs Committee made a valid recommendation to keep the language the way it is with inclusion for maintenance.

Mayor Wilson said they will continue to agree to disagree on many items. He said the Capital Needs Committee made several recommendations; it is the responsibility of the Council to make the decision. He then asked if members of the Committee wanted to make any comments.

Ron Younget, 642 Thunderbird Dr., said he was on the Capital Needs Committee and they were strongly in favor of the extension. He said the main reason was when they see the numbers and look at projects out in front and the revenue coming in, there is not enough money. He said if they extend the sales tax that allows the opportunity to bond and the bonding would create a lot of money in a hurry and allow a lot of these projects to go forward. He thought the public would be in favor of anything that would keep the streets and roads in good condition. He said they were not asking for more money just an extension, there would be no more cash out of their pocket. He said bonding does allow getting a lot of

these projects done especially when they consider additional projects and expenses.

Councilwoman Suttles asked if the Capital Needs Committee saw open space and roads staying together. Mr. Younger said at least some of us felt open space should be in but capped at \$40.7 million so any additional funds could go to roads and streets. Councilwoman Suttles said she sees that group working to continue the one-cent sales tax.

Bob Reuillard, 936 City Lights, said he served on the Capital Needs Committee but he also worked on an initiative on one percent sales tax that excluded open space. He said that was the core of that initiative. His opinion on capital needs was based on talking to hundreds of people at the courthouse square and going door to door. They were yelling loud and clear that they fix the streets, that they get the new streets promised, get rid of dusty dirty alleyways before the EPA comes down on them and creates a huge problem. He concurred that the Capital Needs Committee, in coming to a compromise, wanted the streets repaired, that the \$40 million there should be capped and that should be judiciously used for open space and maintenance of open space. He uses open space and has neighbors that use open space. He had a relative and neighbor injured walking on open space because it was not maintained. He said that from the Committee the compromise was clear, cap it at \$40 million and use the money as intended. He feels personally the registered voters want streets.

Councilman Luzius said he supported Councilwoman Lopas. He said he thinks firmly that the initiative in 2000 passed because it had open space on it. He said if they go to an extension it should include open space, but he does not want to cap it at \$40.7 million because there are other properties out there to purchase. He said they have to have streets repaired however they cannot give up their quality of life brought about by open space. If they ignore open space and repair roads, then they will have great roads but no quality of life.

Steve Blair, 1802 Northside Dr., said it is wrong to have maintenance come out of the General Fund. He has heard of the need to maintain open space for fire wise and they have added employees to maintain trails. He supports open space but he feels the right direction would be to extend 1% sales tax to 2040 to allow up to \$40.7 million to be used for open space and to include an element of maintenance. He also believed that they should change wording to allow other major infrastructure i.e. roads, water, sewer, etc. in case something arises catastrophically. He said if something comes up like a major sewer issue, they cannot use the 1% fund. It is not just about roads, but about quality of life. Quality of life is about having quality sewers, quality water systems, quality drainage. He said if they are going extend the one cent sales tax they need to make sure the ballot language covers everything.

Tammy Linn, 1401 Claiborne Circle, said she was speaking not as Chair of the Capital Needs Committee but as a volunteer. She said she cannot concur enough with what Mr. Blair said. She has spent five weekends trying to maintain trails, and she loves doing it but they need more staff. She said if they assume they go to the \$40.7 million the maintenance is going to get more. She said if she was asked to support the purchase of as much open space as possible she would say no, only purchase it if you have the money, time and support to maintain it. She supports open space up to \$40.5. She suggested they take a separate amount out every year for maintenance and liability. She talked about the tents of Acker Park, where the crews and volunteers are tearing down tents at that park.

Councilwoman Suttles asked if Ms. Linn was pulling maintenance from the \$40.7 or from roads. Ms. Linn said she would pull it from roads above. She said they will need maintenance every year and the only continuing revenue source is the 1%. She would support that coming out of the 1% above and beyond the \$40 million because they are going to hit that with the projects they have identified.

Councilwoman Suttles said that is what they have been doing now. Ms. Linn said it is a constant fight; more volunteers out there are great, but they need to hire more staff before they purchase anything else.

Mayor Wilson explained that pulling maintenance from the open space fund is not allowed. They would need to follow Mr. Norwood's suggestion to say it is an allowable use.

Councilman Luzius said Acker Park is not open space, but a city park, acquired from Mr. Acker. He said he lives near there and knows what goes on there. Ms. Linn said she understood it was not open space but the people that maintain parks have to maintain open space, they are being pulled. Councilman Luzius said he agreed they did need funding for maintenance but he wanted to clarify that Acker Park was not purchased with open space funds.

Jim Lawrence, 345 High Chaparral Loop, said he is a member of the Capital Needs Committee and the Open Space Acquisition Advisory Committee. He said from the standpoint of the Capital Needs Committee there was a strong segment of members that felt the open space and the streets should be separate entities and each stand on its own. That was not included in the recommendation. There was also discussion from the standpoint of the political necessity of having the two together. He said they have some people in favor of open space, but would not vote for roads and vice versa. He said from an historical standpoint, when they were working on getting the original extension passed, they had a brochure that described the advantages of both. He said that was handed out at four different meetings and individuals homes. In reality the question of whether it passed because of open space or as streets, from fact standpoint, if they look at the election and the individual precincts, the combined activity was defeated in

almost every one of the precincts except two. The two that passed it passed it enough to be overridden. He said those two happened to be the ones where he and others passed out over 200 of the brochures and talked individually. He said the people that passed it, were passing it because of open space.

He said that about there is no question that what people were voting on was \$40.7 million for open space; it was not up to, it was \$40.7. He said that was the commitment made by the City and that was to be done by 2015. He said they cannot ignore the position of the people and decide they are going to extend the \$40.7 on out into the future. He said that from the suit it was determined that can divide the amount between open space and roads, but they have to meet the commitment of providing the \$40.7 by 2015.

Mr. Reuillard said in 2000 there were a lot of things different, especially the cost of real estate. He said if they get down to actual wants and needs, if someone crunched numbers they would find that they do not need 1% sales tax to fix the roads, they need a 6% sales tax; the 1% is a band-aid.

Milbeth Mauer, 1410 Kiwana Court, said she was a member of the Capital Needs Committee, and she is also on the Citizens Tax Committee. She was in opposition to what the majority of the committee came up with. She said she was glad that Councilman Lamerson used the term earmarks because she is passionately against the concept. She said she wasn't in Prescott for the 2000 ballot. She said if it were presented that way today she would vote against it because of that. She believes philosophically that the voters deserve to vote on the items individually, they may or may not approve them—that is the will of the people. She said the Citizens Tax Committee takes the position that each of the issues should stand alone. She said they are not opposed to either one and she supports that.

Mayor Wilson asked the Council if they wanted to extend the tax; there was consensus to extend it.

Mayor Wilson said the second question was the method for extending it, and asked if they want to keep it as it was as roads/open space.

Councilwoman Lopas said that was why she would like to see them use Trust for Public Lands. She had spoken with them and they recommended polling that would answer the question of whether to split it. She said they need to get some information before they decide and they can help them with that.

Mayor Wilson said one of the problems with using the Trust for Public Land is the timing of how they take this to the ballot, and they need to get further along before they can answer that.

Mr. Norwood said he understands they want to extend the tax, but asked when they want to do that. Mayor Wilson said he had a series of questions to get them to that. The second question was whether they keep it combined as roads and open space.

Councilwoman Suttles said she would like to try to do one more of these and include two spokesmen from the Capital Needs Committee. They have done the job they asked them to do, as to if they want to keep this together or stand alone. She said she was sure they were going to get a 4-3 vote. She would like to get more information. She said they need to pick two, get into a workshop and discuss this.

Mr. Kidd said they were not scheduled to vote; they can discuss it and direct staff to bring it back. He said they do not want to take any kind of a vote because they are in a workshop. He said he understood what they were trying to do, to refine the issues to direct the city manager to bring it back another time. He wanted to be careful because of the Open Meeting Law.

Mayor Wilson said the questions he was looking at were the extension, keeping it as roads and open space, including maintenance, the cap, is it \$40 mil or not, and the date. He said that the date of the ballot means they have to look at whatever else is on the ballot. He said the Prescott Unified School District will probably go on a November ballot. Councilwoman Suttles said she did not want to piggyback with the school. She thought we should go in May '09. Councilwoman Lopas said May of '09 or '10 would be her choices as they don't want to be in a major election in Fall. Mayor Wilson agreed about a fall election.

Councilman Lamerson said he agreed with the May aspect. He also said if he were going to go to the citizens and ask them to tax themselves it is going to be for their needs, things they cannot live without. He said they do not need to buy open space but they do need to fix the roads.

Councilman Roecker agreed a May '09 date would be best. He also said he would like that the wording to have the flexibility that Mr. Norwood suggested. He continued by saying they cannot ignore what is going on in the economy. He said he was hopeful that by May of 2009 it will be going better. He did think that the flexibility had to be specific so the public understands there will not be a lot of stuff going on. He clarified that he was putting the two together.

Councilman Luzius said he had heard that the County was considering doing away with a May election as a cost saving effort. He said if they are going to have a May election they should talk with county. He said he had no problem with a May '09 election and he would prefer it be for roads and open space including a maintenance aspect.

Councilman Bell said he was okay with a May election. He said he keeps going back to the fact that they are not asking for more money, all they are doing is extending what is happening right now. He said he was interested in the idea from the Citizens Tax Committee that the two items should be separated and that the people should have a chance to vote on bot. He said he agreed with them, to separate the two.

Mayor Wilson reminded everyone that if they go forward they have a large education component that needs to be taken into consideration. He said Council members and staff need to be able to talk to service organization. He said it will not be easy to pass this.

Councilwoman Suttles asked if they were going to go to 2040. Councilman Roecker asked for clarification, too. Mr. Norwood said there was discussion about having staff working with members of the Prescott Capital Needs Committee on ballot language or how it is structured. He said they can still do so and bring it back at the December 16 meeting and go over all the allowable uses. It would be 25 years from the expiration date of 2015, still one-cent, and May of 2009. He said they need to call the election by January. He said they can bring all the specific information to the December 16 meeting.

Councilwoman Lopas asked that someone from open space committee be a part of the group. She said they will be able to give good insight.

Councilman Lamerson asked if people from the Citizens Tax Committee could be involved as well. Mayor Wilson appointed Ms. Mauer to sit on the committee.

2. Adjournment.

There being no further business to be discussed, the Workshop of the Prescott City Council held on November 25, 2008, adjourned at 2:35 p.m.

JACK D. WILSON, Mayor

ATTEST:

ELIZABETH A. BURKE, City Clerk