

PRESCOTT CITY COUNCIL  
STUDY SESSION  
TUESDAY, JANUARY 20, 2009  
PRESCOTT, ARIZONA

MINUTES OF THE STUDY SESSION OF THE PRESCOTT CITY COUNCIL held on JANUARY 20, 2009, 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 3:00 PM.

◆ **INTRODUCTIONS**

◆ **INVOCATION:** Jason Price, Prescott Christian Church

Mr. Price gave the invocation.

◆ **PLEDGE OF ALLEGIANCE:** Councilman Bell

Councilman Bell led the Council and audience in the Pledge of Allegiance.

◆ **ROLL CALL:**

PRESENT:

ABSENT:

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

None

◆ **SUMMARY OF CURRENT OR RECENT EVENTS**

Mayor Wilson said that there are Rules of Procedures, as passed by the City Council and worked on by past councils going back 20 years, now available and asked the public to pick up one.

He said that he attended the Martin Luther King celebration last night at the Yavapai College Performance Hall and in a way that event set a stage for the events of the day. He wished for all to be judged on their character rather than the color of their skin. Today they reached a milestone in achieving his dream

with the inauguration of Barack Obama as the country's first president of color. He faces numerous challenges and needs everyone's support to successfully answer the challenges. He urged all citizens of Prescott to support the nation's 44<sup>th</sup> President and to remember the dream of Martin Luther King as they walk forward together. He said that they may have voted differently in the election for President, but now is the time for them to come together.

Mayor Wilson said that the City was having a neighborhood meeting on Wednesday, January 21, 2009 from 6–8 p.m. regarding the Fleury Neighborhood Traffic Meeting, which was a result of the Council action to close the alley behind Prescott College and encouraged all interested to attend.

Mr. Norwood noted that today was a big day for the country and Sunday was a big day for the State of Arizona with the Arizona Cardinals. He said they hope that in two weeks life will be even better.

## **I. PRESENTATION**

### **A. Presentation of Mid-Year Budget Report by Finance Director Mark Woodfill.**

Mr. Woodfill gave a PowerPoint Presentation that addressed the following:

- ▶ General Fund Revenues
- ▶ Taxes and Intergovernmental Revenue
- ▶ Taxable Sales by SIC Category
- ▶ Sales Tax First 6 Months
- ▶ General Fund Operating Budget
- ▶ General Fund YTD Expenditures-FY09
- ▶ Highway User Revenue Fund (HURF)
- ▶ 1% Streets & Open Space Fund
- ▶ Impact Fees Fund
- ▶ Capital Improvement Fund Policy
- ▶ Capital Improvement Fund
- ▶ Transient Occupancy Tax Fund
- ▶ Water Fund
- ▶ Wastewater Fund
- ▶ Solid Waste/Transfer Station Fund
- ▶ Airport Fund
- ▶ Parking Garage Fund
- ▶ Year-to-Date Expenditures through December 31, 2008
- ▶ FY2010 Budget Calendar

Mr. Woodfill said, to summarize, revenues are down but they are also reducing expenses and looking at challenges they have for the rest of the year to bring it under. With 50% of the year gone for operating, they are

only at 43% spent, which is a good thing, keeping their reserves intact with the General Fund and they will continue to react as things go forward.

Mayor Wilson asked Mr. Norwood to comment on the City's position in relation to other communities around the State. Mr. Norwood said that is the case, when looking at the City of Prescott putting their expenses in line with the revenues. He said that the Council hears that the City is spending money foolishly and the numbers do not lie. They have adjusted their service levels and have adjusted staffing to meet what they are getting dealt. They are looking at next year having \$3 million less in revenue so they have to fit their budget accordingly. Looking at the paper yesterday, the Valley section showed public safety in Phoenix is cutting 7.5% and not filling several hundred positions. Mesa has equally troubling times, as do a lot of the cities that in the Valley that have gone to 10% pay cuts across the board, 32 hour work weeks. Prescott has not had to do that because they have had a conservative approach.

He said that the City's bond rating is intact, their rainy day funds are fully funded, but they are still doing projects. He gets asked why they continue to do Copper Basin and he explains that those are capital dollars that cannot be used for operating expenses as they are two distinct funds.

Mr. Woodfill then quickly reviewed the budget calendar for the remainder of the year, with a May 22 Budget Workshop for Council with the final budget coming back to Council in June.

## **II. DISCUSSION ITEMS**

- A. Authorization of payment to Dell, Inc. in the amount of \$60,340.52 to purchase 45 new computers for the Prescott Public Library.

Toni Kaus, Prescott Library Director, said that this request was authorization to replace half of the public computers in use at Library facilities, including the downtown library, Prescott Gateway Branch Library and the Rowle P. Simmons Community Center. The average age of the computers being replaced is six years.

She said that 36 of the computers are priced at \$1144.80; nine of them are at \$1264.80, with the beefier computers for the power users in the kids space and teen zone.

She said that the computers will be purchased from the WSCA contract, paid for by Yavapai County Library District property tax monies that are designated for library automation and special projects.

Councilwoman Suttles said that she had someone contact her asking specific questions about the Dell contract, and some have told her that they do not have Microsoft Office software. Ms. Kaus said that all of the library computers have Microsoft Office 2007 projects, with educational pricing on that.

Councilwoman Suttles said that the comments she received also indicated that Ms. Kaus may have done overkill with the amount of gigs on certain units. She asked if the person that did the bid kept in line with what they had and what they are looking at. Ms. Kaus said that their library network staff consulted with reference staff and library management team to come up with the specifications. They do try to plan for the future and if they look at what was a good computer four or five years ago versus today, they want them to be good computers in a few years.

Councilwoman Suttles asked which fund it was being paid out of. Ms. Kaus said that it was coming out of the Yavapai County Library District property tax monies that are turned over to the City every year, that have to be spent in the fiscal year in which they are received. They are earmarked for library automation and special projects.

Councilwoman Suttles asked that this item be removed from the Consent Agenda.

Councilman Roecker asked how many computers are available right now in all facilities. Ms. Kaus said that right now they have 65 or 70 public use computers. Councilman Roecker asked how bad it would get if they did not do this. Ms. Kaus said that this is one of the great public services that the library provides in terms of bridging the information gap for residents who may not have high-speed computer access at home. It is also a wonderful service that is provided to parents of children in the local area.

Councilman Roecker asked what would happen if they went from 65-70 computers to 40. Ms. Kaus said that they would then have a very stressful situation within the library facilities. As it is, with reducing the time on computers to 60 minutes a day, every afternoon they have lines developing with people getting more aggravated about their wait.

Mayor Wilson said that in his mind, after three years they have an obsolete computer, based on his experience, so he thinks they are at the end of the life cycle for them. Also, the usage in the library, as the economy continues to trend downward, has increased every day and this is a public service. He said that the money is not coming out of the General Fund; it is coming out of a property tax that is being passed through from Yavapai County. If they do not spend it they lose it. He is in favor of it 100%.

Councilman Bell asked what happens with the computers that are replaced. Ms. Kaus said that some of them get recycled. These are some of the oldest computers they have. Sometimes they have moved them from public areas to staff areas, moving things around. She then deferred to library network manager Courtney Christians. Mr. Christians said that it depends on the type of equipment. They try to see if the City can use them anywhere else first. They are so old they probably will not be useful. Then, they try to find other libraries that are in worse shape than Prescott that may be able to use them, or the School District. They do try to make use of them in other areas in the community, or at least the County.

Councilman Lamerson said that this reminds him of another facilities opportunity in the City. He is a taxpayer in both the City and County and his property taxes pay for delivery of services that benefit the entire county. This looks like a service that the entire county benefits from, but the service is being delivered in Prescott. It is not a situation where the citizens of Prescott are carrying the burden of providing it and he is sure that the services benefit all of the taxpayers. Ms. Kaus said that was correct.

John McAfee, 615 Robinson Drive, asked what percentage of the computers is used by young people to eliminate their parents from seeing what they are doing on their own computers. Ms. Kaus said that there is probably some element of kids doing that, but all of the library computers are filtered so there is no access to pornography and that kind of material. If someone manages to get through the filters they are informed that it is a felony in the State. If a parent came to the library and said their children are not to use computers at the library, they can be blocked. They have to have a library card to access the computer.

Mr. McAfee said that they do not need a pornography site to exhibit illicit things on the computer, which parents would disapprove of, which can go on in the library without detection from adult supervision. Ms. Kaus said that they encourage parents to take responsibility for what their children do, so if a parent is concerned about what a child is checking out from a library, they suggest that they accompany their child. If a parent is concerned about a child's computer use, then they are suggested to have the library block that use or accompany their use. Librarians do not take on the parental role for the children.

Mr. McAfee said that he was talking about the interaction of young people with each other. Mayor Wilson said that they have tried to answer the questions, and believes they are somewhat off of the agenda. Mr. McAfee said that the children would be better off at the golf course than behind a computer.

Leslie Hoy, 1880 Coyote Road, said that she would like to offer a different perspective on computer use at the library as a tool for economic development. She said that before she moved here ten years ago from Nebraska she was very involved with the economic development of rural Nebraska and one of their major efforts was to help communities install computers in their libraries because they cannot do much of anything anymore in the way of economic development without a computer and she thinks it is very important to provide computers to people in the community that do not have access to them, and to encourage their students to use computers. She said that Arizona is actually quite a bit behind Nebraska when it comes to having computer use in schools.

- B. Authorization of payment to SirsiDynix for maintenance costs associated with the automated library system operated by the City on behalf of the Yavapai Library Network in the amount of \$81,352.22.

Ms. Kaus said that this item was the maintenance billing from SirsiDynix for the Yavapai Library Network's shared automation system. This is a request to pay the annual maintenance bill for the system shared by the 42 libraries in the Yavapai Library Network. It enables the circulation of system libraries items and provides residents with access to the library catalog and other resources from home and work.

She said that although the bill is for \$81,352.22, through intergovernmental agreements in place with member libraries, 82.5% of the bill will be charged out to the member libraries. The City's share amounts to \$14,198.

Councilwoman Suttles asked if the City was to pay the full amount and then the others send their monies to the City. Ms. Kaus said that was correct; as soon as payment is approved, the Finance Department sends an annual billing letter to all member libraries. She said that they have been doing that for 15-16 years, and has always been funded through Prescott.

- C. Approval of a Grant Participant Agreement with Arizona State Parks to accept a Trails Heritage Fund grant in the amount of \$64,570.00.

Eric Smith said that this was a request to approve acceptance of a grant from the Arizona State Parks. One year ago the City made application to the State Parks for a portion of the Prescott Circle Trail, which is a joint venture between Yavapai County, City of Prescott, Prescott National Forest and Embry-Riddle Aeronautical University to build a 50-mile trail around the City of Prescott. It was made to purchase an easement from

Arizona State Land Department as well as build the trail and this is the formal step that kicks off the three-year timeline to initiate the project.

Councilman Bell asked if they are willing to forward the grant to the City until they know the location. Mr. Smith said that the original application to Arizona State Land Department indicated a three-mile piece of the trail to be built in northwest Prescott. They have since had positive discussion with Arizona State Land Department to build three miles in northeast Prescott instead and they have been corresponding back and forth finalizing the exact alignment. It is coming right down to a very precise location that has just about been reached agreement on.

Councilman Bell asked if the City has the situation resolved about where the Circle Trail would cross the Tribe. Mr. Smith said that the trail would not be located at all on the Yavapai Prescott Indian Reservation; it will be entirely on Forest Service lands, City lands and Arizona State Trust lands, and they are able to complete it without being on tribal land. He said that they hope to have a connection some day with their interior trail system to connect to the lakes and Peavine Trail, but that does not affect this project.

Councilman Lamerson said that it looks like they have a designated fund which suggests that the money from the Heritage Fund Trails has to be spent that way. He also noticed that the City has matching funds and given the current situation with the City and State, and if they do not ask for this grant, that is outside of the general public health, safety, etc. he wondered if the City's matching portion would stay in the City's 1% fund that is designated for roads or open space. Mr. Smith said that if the City decided not to pursue this grant, then the \$37,000 from the 1% fund would remain there.

Councilwoman Lopas said that she wanted to remind the citizens that this project started about 17 years ago and they are almost there. It is going to be a huge economic boost. People love to go and look at projects like this, traveling these sites around the country of this magnitude. There are campsites planned along the way and it will be a beautiful thing for the City, and the Boy Scouts have a 50-mile badge so they will be able to get some of the troops, nationally, to come here to complete their badge.

- D. Adoption of Resolution No. 3930-0936 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the City of Prescott to enter into a new Delegation Agreement (Development Agreement) with Arizona Department of Environmental Quality (ADEQ) authorizing the Prescott Fire Department to continue issuing open burn permits within the City, and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

Emergency Services Director Darrell Willis said that this is an agreement between the City and the Department of Environmental Quality allowing the City to issue open burn permits within the City and abiding by fire code requirements, ADEQ's requirements, and similar regulations. They have had an Intergovernmental Agreement with ADEQ for 11 years, but they have changed it, asking the City to enter into the delegation agreement which is a little different.

He said that the main reason that the City wants to be a part of it is the fact that it is a public safety issue. If they do not do it, someone could call in to ADEQ, get a burn permit and the communications center, 9-1-1 system and fire department would not know about. This way anyone that wants to do any open burning has to go through the fire department. He added that this is not only for residential burning but commercial projects, such as large road projects.

- E. Approval of a five-year funding Agreement with Prescott Community Access Channel.

Kim Kapin said that this item is regarding a five-year funding agreement between the City of Prescott and the PCAC (Prescott Community Access Channel). The prior contract was a three-year agreement, with PCAC receiving 25% of the City's fees paid by CableOne, plus \$5,000 for equipment. Financials reflect that payments to PCAC over a four-year period, starting in 2005, started at \$76,000 up to 2008 at \$82,900, plus \$5,000 a year for equipment, also funded by CableOne.

He said that the new agreement reflects \$82,000 per year for five years in 12 monthly installments, plus the \$5,000 per year funded by CableOne for the purchase of equipment, software for facility enhancements. There is no escalation of the funding amount over the contract. In addition, PCAC will implement a government-only Channel 15 within 90 days of the contract execution. The City reserves the right to select on-air programming on 13, such as Public Service Announcements, City event promotions, video billboard, etc. This contract includes a standard opt-out clause if the budget is not approved by future councils.

Councilman Roecker asked how much it would cost to just do Channel 15. Mr. Kapin said that they have not broken it out, but he would guess with Prescott staff and PCAC staff, they would be looking at around \$130,000 per year. They have not broken out the portion for City staff, since they do assignments other than just Channel 15. They have worked out to pay PCAC what the City felt would be a per job fee, they would be looking at about \$50,000 per year based on the programming they put out.

Mr. Norwood asked if Councilman Roecker was suggesting that they not do Channel 13, and only do Channel 15. Councilman Roecker said that was what he was suggesting. Mr. Norwood said that the Charter states that they have a public education and government channel, so they would have to provide some public function. Councilman Roecker asked if the CableOne subscribers fund Channel 13 for whatever they want to show, and how many of the Prescott residents were CableOne subscribers. Mr. Kapin said that he did not believe those numbers are available, unless Ms. Bishop was present and could address that. Mr. Norwood said that he believed that it was around 40%.

Mayor Wilson said that it is a PEG channel, which is defined as public, education and governmental as part of the City Charter. He said that the City Charter could be modified but it would have to go to the voters to do so.

Councilman Roecker said that it seems that information would be available from CableOne on the number of Prescott residents that are subscribers. Mayor Wilson said that it may be considered sensitive business information.

Councilman Roecker said that they had discussion at a previous meeting the issue of who owns the equipment, and now he sees that the City is providing \$5,000 a year for equipment, in addition to the \$82,000. Mr. Kapin said that was correct. He said that they will continue to pass through the \$5,000 which is provided by CableOne. Councilman Roecker asked if there are any requirements for PCAC board to do fundraising, so that they are collecting some of the money that is required to operate their station. Mayor Wilson said that it is not required through the contract, but he believes that by capping the amount of funds given to them, the implication is that if they want to do more they are going to have to get the money other ways. Councilman Roecker said that they are actually giving them a ten-year contract because they are giving a five-year contract with a five-year extension.

Dick Cooper, representing the PCAC Board, said that he has spoken with several of the Council members regarding this, but if they look at Prescott Valley, they have Channel 15 that they operate on their own, and they have asked PCAC do their Channel 13. They pay PCAC \$50,000 a year to run Channel 13 and they are spending \$180,000 to do their Channel 15. He said that Prescott Valley is paying \$230,000 for their two stations, while Prescott will only be paying \$82,000 for both. There is no way that PCAC can fund the community part of it for the \$47,000 they had talked about before.

Mr. Cooper said that they met with the Mayor, Mr. Norwood, Mr. Kapin and they all agreed that it would take about \$82,000 to continue operation. If they do not get that money, he is afraid that they would be out of business.

Mayor Wilson said that they also need to remember that the public portion of the channel includes the annual Kiwanis Auction.

Councilwoman Lopas said that even though they do not have everyone living in Prescott paying a franchise fee towards it, those of them on DirecTV do not get it so they cannot take part in the programming. She would like to be able to pay a franchise fee so she could access Channel 13. They have made an effort in reaching more people by providing programming on the Internet, and if the City was doing it on their own she thought they would be spending what Prescott Valley spends.

Councilman Roecker said that he knows their facility is not that great, but the rent is still free.

Councilman Bell said that he assumed that the City Attorney was involved in the agreement. Mr. Kidd said that he was involved in the original drafts and the final is based on those drafts they did a number of months ago. Councilman Bell asked whose discretion it was at to exercise the five-year option. Mr. Kidd said that section allows automatic renewal at either party's discretion. The City also has a ten-day cancellation provision in the agreement as it is currently written.

Councilman Lamerson asked Mr. Kapin if he understood that out of the cable franchise fee they are spending approximately \$80,000 to \$85,000 with Channel 13, which is incumbent on providing what is going on in the community, but their governmental communication. For the same \$80,000 to \$85,000 they will not only have Channel 13, they will have Channel 15, but it will be done in a discretionary measure at the City's request. Mr. Kapin said that was correct; the City would be in charge of the programming. He said that Channel 13 will be used for community messages and Channel 15 for government-only programming that will be based on the City's discretion.

Councilman Lamerson said that his understanding is that the \$5,000 actually comes from CableOne. Mr. Kapin said that was correct. Councilman Lamerson commended City staff, fellow Council members and Channel 13 for coming up with the proposal.

Councilman Luzius said that he feels that \$80,000 is a bargain for what Channel 13 does and ultimately what Channel 15 will do. It is a great service that is done for the community. He said that in the past they

received a portion of the revenue from the cable channel, so they are actually taking a cut because that 25% no longer exists and he thought that was a bum deal. In reading over the agreement, on page 4, he asked about the meetings and whether Board of Adjustment was being discontinued. Mr. Kapin said that all of the public meetings would be broadcast. Councilman Luzius asked that the agreement be amended to reflect that.

Mayor Wilson said that one of the factors that influenced the negotiations was that all City departments are taking cuts, including police and fire. They thought that given the economy they had to negotiate on that basis. They were not easy negotiations.

Councilwoman Suttles asked that the item be pulled from the Consent Agenda, and asked Mr. Cooper what causes the increases in the payments each year. Mr. Cooper said that they were getting 25% of the fees received from CableOne so it varied each year. Councilwoman Suttles said that they are really paying \$87,000 a year with the \$5,000 amount. Mr. Cooper said that if something were to happen to PCAC, the equipment purchased would revert back to the City. He said that if they don't spend the \$5,000 each year they lose it. Councilwoman Suttles said that she heard that earlier today from the library on property tax.

Councilwoman Suttles asked Mr. Cooper if they spend \$5,000 on equipment each year. Mr. Cooper said that a few years ago it was taken away from them. They were not buying the equipment and were falling behind.

Councilwoman Suttles said that to her this is more of a business through the City, through cable, and she sees \$87,000 a year a bit much whether the City picks up the government channel or not. She asks why they should bother with the government channel. She finds it hard to believe that if this contract does not go through at this amount, they would be shutting doors. Mr. Cooper said that it would be very difficult for them to continue operations and that was the big discussion they had with Mayor Wilson and Mr. Norwood. Councilwoman Suttles asked him if they would not still be operating for Prescott Valley. Mr. Cooper said that it would still cost money to do Prescott Valley.

Councilman Roecker asked why they should bother setting up Channel 15. Mayor Wilson said that the request came from the Council itself. He took that forward in the negotiations. Councilman Lamerson asked to have that done and that was why it was done. Councilman Roecker asked if it would be less expensive if they did not set up Channel 15. Mr. Kapin said that there is increased labor on the part of Access 13 to run Channel 15, but not much in terms of cost for material and equipment.

Mr. Cooper said that by running both of them it is going to cost them more and they will figure out how to get the extra money to get both of them. He thinks that the City is getting a bargain.

Councilman Lamerson said that when this originally started it was his presumption that the City would get less of Channel 13 and more of Channel 15. He is now hearing they are going to get 100% of both. If they could do 100% on one channel he agrees that it does not make much sense to encumber the staff with two stations if they get what they want on Channel 13. Mr. Kapin said that they are looking at having a government-only channel which would be on Channel 15. They reserve the right to use Channel 13 for promotional purposes as they see fit.

Councilman Lamerson asked if that meant they can get the same governmental information on Channel 13 without it being called censorship that they have oversight with the same amount of air time on 13 as they would get on 15. Mr. Kapin said that Channel 13 would be a promotional opportunity for City events and public service. Channel 15 would be strictly government-only programming at the City's discretion.

Mayor Wilson said that the intent, when they had the discussion, was to have bulletin-board items on Channel 13 alerting people that there would be a Council meeting aired on Channel 15. The original request was to segregate the programming on Channel 15 so they did not have to watch everything that was on Channel 13, and they tried to adhere to that request.

John McAfee, 615 Robinson Drive, Prescott, said that he watches it every week and it is a great program, but he can only understand about 50-60% of it because it is inaudible. He came to the meeting today because he had a life and death situation. In the middle of December his wife had a heart attack. Mayor Wilson explained that if it is not on the agenda they cannot talk about it, but he would be happy to talk with him about it off-line.

Councilman Luzius told Mr. McAfee that he resides in the County and he has a situation where the problem comes from the County.

- F. Granite Dells Ranch Holdings:
1. Introduction of Annexation of a portion of the Granite Dells Ranch, and associated rezoning and minor General Plan Amendment; Owner: Granite Dells Ranch Holdings (Cavan Real Estate Investments); Agent: Mark Reddle, LVA Urban Design Studio, Tempe, Arizona.

Planner Ryan Smith said that the project was located on the southeast are of the Airport along SR89. The applicant desires to annex 387 acres of a 500 acre project. The County portion of the project is currently zoned residential therefore it would come into the City with that residential zoning. They would like to rezone that to commercial. He then showed the Master Development Plan, which calls for a commercial and industrial subdivision with no residential uses planned at the current time. Councilman Lamerson asked what that means. Mr. Smith said that the BG and BR zoning does allow for residential uses but the applicant does not want to have any, although the zoning would allow it.

Mr. Smith said that since this is over 250 acres, it is subject to the conditions of Prop. 400. Council will have to approve it by a three-fourths majority and there will be a public comment period of 60 days beginning at the time of formal recommendation by the Planning and Zoning Commission regarding the Master Development Plan. Also as a condition of Prop. 400, the effluent must be used for aquifer recharge.

He said that staff has refined the public process to enable concurrent approval of the rezone and General Plan amendment applications. In the past, General Plan amendments and rezones had to be approved on separate Council agendas. The Planning and Zoning Commission is anticipated to make a recommendation regarding the annexation application and Master Development Plan at its hearings on February 12 and 26. That will begin the 60-day review period as required by Prop. 400 and formal approval by Council of all three applications would occur after that.

Councilman Bell asked if the Council does not normally receive these after Planning and Zoning has looked at it. Mr. Smith said that today's presentation was merely an introduction as it is a large annexation and staff thought it would be beneficial for Council to get a brief overview of the project as it moves forward.

Councilman Luzius asked at what point they get to hear about the cost benefit analysis and at what point the development agreement would be considered. Mr. Smith said that after the brief presentation by Al Bradshaw and Mark Ruddie, Mr. Nietupski will speak regarding the procedural development agreement and the traffic construction easement. The formal applications were received this morning and they are beginning their review process through the City, allowing for 26 weeks for the entire application process to move forward. During that time the Planning and Zoning

Commission will get their public hearings and then proceed to Council, and it is then that they will get the details regarding the cost benefit analysis, although Mr. Nietupski may be able to answer some questions today.

Councilman Luzius said that from what he understood this is a good annexation. It is a commercial annexation and Cavan has agreed to donate 30+ acres of land for the Side Road Interchange. He cannot see anything wrong with it but he wanted to know what the figures are with regard to the cost benefit analysis, and seeing what the development agreement is.

Mayor Wilson said that in terms of cost benefit analysis, he believes they have moved forward from their past problems and actually put together a three-person commission that came up with revised method of cost benefit analysis and also will involve volunteers to look at any outside work to be sure they get everything they want this time around.

Mr. Smith then introduced Al Bradshaw, who then introduced members of the Cavan team that have been working with the City staff on the project: Jeff Market (Director of Project Development for Cavan Real Estate Investments and oversees all of the commercial development projects for Cavan); Greg Huber (Law Firm of Gregory Huber based in Prescott and has handled all of the legal affairs for this project, working with Gary Kidd); Scott Lyon (Lyon Engineering, who has conducted all of the engineering work for this project); Mark Reddie (land planning firm of LVA Design Studios based in Tempe and LVA has designed numerous development projects throughout Arizona and elsewhere); and then his firm Bradshaw Public Relations (who has had the opportunity to work with Cavan since they acquired the Ranches property a few years ago).

Mr. Bradshaw said that the team members have been working with City staff for months now on the documents and planning for the project. The working relationship has been excellent and quite smooth and they would like to thank particularly Craig McConnell, Tom Guice, Mark Nietupski and Gary Kidd for making it go as smoothly as it has thus far.

He said that the actual annexation area is approximately 387 acres, while the overall development is about 500 acres that includes open space and additional property that is already located within the City of Prescott that does not need to be annexed.

He said that they believe that the project will establish Prescott's largest single commercial development. Commercial development in that area was a priority at the City Council's Retreat last year and development in that area is also referenced in the City's General Plan. The project will provide an excellent economic development opportunity for Cavan as well as for the City's Economic Development Department.

Mark Reddie with LVA Urban Design Studio gave some background on the plan and the process they are going through. He said that the property is about ten miles north of downtown Prescott east of SR89 straddling both sides of SR89A, south and east of the Airport. He showed a map of the entire Cavan property as it relates to this project. The Master Development Plan includes three land uses: commercial employment, light industrial and employment uses, and the City has asked that the Peavine Trail and it is being zoned as natural open space.

Mr. Reddie said that the freeway interchange for SR89A and Granite Dells Parkway falls in the middle of their project and Granite Dells Parkway will provide a southern connection through the property and connect to Granite Dells Estates property to the south and will provide future connections to the north as it develops in the future. They also have an extension of Centerpointe East Drive which would connect from the interchange to the Centerpointe Development to the east and to Side Road as well. Also, as part of the interchange design there is a Peavine Trailhead and parking facility being planned, providing parking for hikers and bicyclists.

Mr. Reddie said that there are three components of their plan that they need to do as part of the annexation; 1) Annexation Application itself; there is a series of studies that the City has commissioned including a utility analysis, traffic analysis and fiscal impact analysis (believe those are in final draft form); procedural pre-annexation agreement to be discussed by Mr. Nietupski. 2) General Plan Amendment – to modify some of the existing residential land uses designated on the property prior to the interchange being planned there. 3) Zoning Plan – a portion of the property that is already zoned industrial light; the remaining 450 acres is having a modification of the zoning from residential zones to business regional (BR), industrial light (IL) and open space.

Mr. Reddie said that the General Plan amendment was submitted back in the summer and the annexation and zoning were submitted today. His understanding is that the freeway interchange design is

complete and is out to bid with construction to start this summer. Their plans are scheduled to begin in 2011. Cavan has been actively talking with a number of prospective developers that have expressed interest in the property and that will continue until they define some specific users for the site.

Mayor Wilson said that it has been a long journey since he and Mr. Guice went down to the Valley to meet on this and he is glad to see that they came to this point.

Councilman Roecker asked if the Open Space Committee has been involved in the project. Councilwoman Lopas has not been brought to the Committee, to her knowledge. Mr. Reddie said that it will be brought to the Committee as part of the process.

Leslie Hoy, 1880 Coyote Road, said that she understood that the commercial uses have different rules for allocation of water and she would like to know if there are projections for how much water the commercial development will use, and where it will come from. Mayor Wilson said that a portion of every residential unit is used as a portion to allocate to commercial. The only exception to that is if commercial property uses over five acre feet, and he does not believe that there is any commercial use projected over five acre feet, but that would be addressed in the development agreement. They do not have any tenants at this time.

2. Adoption of Resolution No. 3932-0938 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona approving a Procedural Pre-Annexation Agreement and Agreement to Provide Temporary Construction Easement and Dedicate Right-of-way with Granite Dells Ranch Holdings, LLC, and authorizing the Mayor and staff to take any and all necessary steps to accomplish the above.

Mr. Nietupski said that both of these documents (2 & 3) make provision for the continuing process of the development of the traffic interchange just referenced by Mr. Reddie. The Pre-Annexation defines the process and pertains to the zoning and General Plan amendment. Under the agreement the owner will dedicate approximately 37 acres for the project, with 26 acres to the State of Arizona and 11 acres to the City of Prescott.

He said that the temporary construction easement is also an element of the agreement and a stand alone document in itself. The TCE provides for limited access to the property and ultimately

the use of excavation material for construction of the ramps and associated features to construct the interchange project.

There is no monetary compensation from the City for the dedication of right-of-way. The City is just obligated to process the associated applications in good faith when and if the owner does intend to go forward, which he believes is the case. The TCE addresses that mining and requires a mining and finish plan be approved by the City which would be defined in the construction documentation. It also identifies the areas that would be suitable and allowable for excavation.

Councilman Luzius said that the “borrowing” procedure is what went on at the Lowe’s site and he hopes that it will be landscaped better than the Lowe’s “borrowing” project was done.

Mr. Nietupski said that he believes that as the project goes forward, beyond the traffic interchange, there will be more developed grading plans for the entire site that would go through process. This is an interim measure to provide for construction of the traffic interchange.

Thomas Slaback, 715 E. Goodwin, asked if any of the mining material will be taken out of Granite Creek. Mr. Nietupski said that he did not believe that the excavating areas have anything to do with Granite Creek. They are all in the areas most adjacent to the construction of the roadways.

Mr. Slaback also asked if there would be any restoration to the creek area done by Cavan. Mr. Wilson said that he believes that Cavan was going to leave that area as natural open space. He asked if there was any development plan. A representative from Cavan said that their intent was to leave Granite Creek as it is based on the floodplain limits as they exist today.

Mr. Slaback said that the creek is in horrible condition now and he is looking for restoration. Mr. Wilson said that he did not believe they have plans to restore it that he knows of. Mr. Slaback said that he hoped that would be considered.

3. Adoption of Resolution No. 3934-0940 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona accepting a Temporary Construction Easement and Mining Easement from Granite Dells Ranch Holdings, LLC, and authorizing the Mayor and staff to take any and all necessary steps to accomplish the above.

- G. Approval of a professional services agreement with Granite Basin Engineering, Inc. for design of the FY09 Small Water Main Upgrades and Sewer Mainline Replacement Project, in an amount not to exceed \$325,000.00.

Mr. Nietupski said that this has been an ongoing annual program with an annual project for this purpose to remove existing aged, deteriorated facilities which may be undersized, ineffective, operationally-deficient and provide for new facilities to the residents served by the facilities. He said that the total lineal feet is about 4,500 feet of water main varying from 6 to 8 inch. Sewer reconstruction is about 5,500 lineal feet.

He said that the project will consider in its design the use of trenchless technology, or pipebursting, which was used on Ruth Street. During the Statement of Qualifications project this was one of the projects that was identified for the mass distribution of projects back in November.

He said that the project schedule would have completion by July 2009. He said that it is from the water and sewer fund budgets and is strictly for the design at this time. As they go forward in the FY10 budget process, the construction will be budgeted if appropriate and allowable.

Councilman Bell asked if they anticipated that the construction contract would include all of the areas in one contract, or if they would be split apart. Mr. Nietupski said that they would typically package it as one project because of the nature. He said that the size of it may lead them to conclude that it would be better to separate it, then that may occur, but preliminarily it would be one project.

Councilman Luzius said that he wanted to be sure that he understood that this award was for the design only. Mr. Nietupski said that was correct; there was some contingency money in the recommended award amount. The actual design contract is in the neighborhood of \$300,000. Councilman Luzius said that he would encourage the use of pipebursting.

- H. Tax Code Changes:

Mr. Woodfill said that the City adopted the Model City Tax Code many years ago, which is a unified Tax Code used by Arizona cities to make doing business easier for companies that do business in several cities. These proposed changes are related to cleaning up some of the language, incorporating some issues relating to solar energy, as well as taking into account changes needed from the legislative session on what should be excluded from contracting.

He said that all of these changes have gone through the Model Tax Code Commission who regulates the Model City Tax Code as well as the Arizona Tax Research Association and the Unified Audit Committee. He said that the City is already conducting business as if the changes have already happened; this is just to officially incorporate them into the Code.

1. Adoption of Resolution No. 3933-0939 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, declaring as a public record that certain document filed with the city clerk and entitled “THE 2008 AMENDMENTS TO THE TAX CODE OF THE CITY OF PRESCOTT.”
  2. Adoption or Ordinance No. 4690-0933 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, relating to the privilege license tax; adopting “THE 2008 AMENDMENTS TO THE TAX CODE OF THE CITY OF PRESCOTT” by reference; establishing an effective date; providing for severability and providing penalties for violations.
- I. Public Hearing (January 27, 2009) and consideration of a liquor license application from Andrea Dahlman Lewkowitz, Applicant for N and D Restaurants, Inc., for a Series 12, Restaurant, License for the Olive Garden Italian Restaurant, Inc. located at 3060 Highway 69.

Ms. Dudek said that an application was received from Andrea Dahlman Lewkowitz, Applicant for N and D Restaurants, Inc., for a Series 12, Restaurant, License for the Olive Garden Italian Restaurant, Inc. located at 3060 Highway 69. She said that this application was due to an ownership change. The property was posted on January 13, 2009 and the public hearing would be held on January 27.

- J. Approval of the Minutes of the Prescott City Council Study Session of January 6, 2009; the Workshop of January 13, 2009; the Regular Voting Meeting of January 13, 2009; and the Study Session of January 20, 2009.

Councilman Roecker said that they would need to remove the minutes of the Study Session of January 20, 2009.

- K. Selection of items to be placed on the Regular Voting Meeting Agenda of January 27, 2009.

Mayor Pro Tem Bell said that the following items were selected for the Consent Agenda: B, C, D, F2 & F3, G, H, J.

### **III. ADJOURNMENT**

There being no further business to be discussed, the Study Session of the Prescott City of January 20, 2009, was adjourned at 5:00 p.m.

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JACK D. WILSON, Mayor

ATTEST:

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ELIZABETH A. BURKE, City Clerk