

PRESCOTT CITY COUNCIL  
STUDY SESSION  
TUESDAY, JANUARY 6, 2009  
PRESCOTT, ARIZONA

MINUTES OF THE STUDY SESSION OF THE PRESCOTT CITY COUNCIL held on JANUARY 6, 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 p.m.

◆ **INTRODUCTIONS**

◆ **INVOCATION:** Reverend Julia McKenna, Spiritual Architect

Reverend McKenna gave the invocation.

◆ **PLEDGE OF ALLEGIANCE:** Mayor Wilson

Mayor Wilson 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 reported that on Monday, December 29, 2008, Senator McCain held a private meeting with the Mayor, and following that meeting the Senator held a meeting with the Verde River Basin Partnership that lasted for 50 minutes. He said that the meetings were at the request of the Senator. His Aide, Carlos Ciero, contacted the Mayor to ask for a private meeting with him and also asked if the City could provide a room for the Senator to meet with the Verde River Basin Partnership, and protocol demanded that he try to accommodate these requests, and that is what he did. Details on both of the meetings were disclosed

via press release from the City of Prescott and he also talked to several reporters on the meetings. He said that it has been suggested by at least one person that the entire City Council should have been invited to the meetings. That was not done because Senator McCain specifically asked for a private meeting and given his senior stature he accommodated his request. Inviting the entire Council would have made the meeting a public meeting and the Senator had asked for it to be private.

Mayor Wilson said that they have had a flurry of activity on the jail. He was at the Supervisors' meeting yesterday with several members of the City Council, the Prescott Police Chief and City Manager, asking them to consider backing off to give them time to look at alternatives, but they did not consider that request. They are now living with the situation where the jail will be closed on April 1, and the City is scrambling to see what can be done in terms of catching up.

Mr. Norwood said that they have 30 days to try and work something out with the Sheriff. More importantly, the three cities need to figure out what they are going to do. The entire onus of the situation will be on them. The largest concern is implementing it by April 1. He said that this is no different that the General Fund contribution that the State passed down after the cities' budgets had been approved or the Crime Lab fees that were passed on after the budgets were approved. If this would have been able to be done on July 1 it could be put in the budget planning process, but that is not the hand they were dealt. He said that like other issues, they will deal with it and handle it professionally and within a reasonable amount. They will keep the Council updated weekly and hopefully reach a situation to do it at a minimal expense.

Mr. Norwood reported that enplanements continue to increase with December at 1120, which was previous than the previous month. Of those 740 were Horizon and 380 were Great Lakes. He said that they expect January and February to fall below the 1,000 number, but overall they had good numbers in 2008.

## **I. DISCUSSION ITEMS**

- A. Approval of Revision Plat to adjust the subdivision boundaries of Lot 1 of the Preserve at Prescott Phase 1 to incorporate a meets and bounds description of a portion of the McIlvain Tract, to create Lot 1R within The Preserve at Prescott Phase 1 at 1300 Westridge Drive, Owner/Applicant is Burro Creek, LLC; Tom Devereaux (APN 115-07-154D and 115-07-155). (RP08-004)

Community Development Director Tom Guice said that this is a revision of the Phase 1 of the Preserve at Prescott, and adding a small portion of property on the north side of Lot 1, approximately 3,800 sq. ft. Any time the exterior boundaries of a subdivision are increased, or changed, it requires Council action. He said that Eric Kelly is the representative for

Tom Devereaux, the owner of the property, and he was present if they should have any questions.

Councilman Luzius said that he has made this comment earlier, but when they get the schematics in the packet, the small size makes it difficult to read and he would prefer that they be provided on a larger scope.

Councilwoman Suttles asked why this new tract boundary line was not included earlier. Mr. Guice said that back in December the General Plan map was amended to reflect the change from residential to commercial and the property was rezoned. At that time this was not quite ready to come forward. He said that it was no particular issue, but just the time of the replat and the public approval process.

- B. Adoption of Resolution No. 3928-0934 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona authorizing the City of Prescott to enter into an Amendment of the Development Agreement, Contract No. 2005-319, with Diamond E. Partnership, approving an Assignment to Park West Development Company, Ltd., and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

Mr. Guice said that this is a request by the new owners of 43 acres located at the southeast corner of Pioneer Parkway and Willow Creek Road. They are requesting a three-year extension and name change on the development agreement. He said that the benefit of extending this is there is a provision within the agreement that gives the Council sole discretion to review the final site plan. It is staff's recommendation to approve this request. He said that he did speak with Mr. Donahue and he has the flu and is unable to attend the meeting today, but will be at the meeting next week.

Councilwoman Suttles suggested that since Mr. Donahue was sick that they pull it from the consent agenda in case any of the neighborhood has any questions.

- C. Authorization to purchase new radio-read water meters from Mountain States Pipe and Supply Company, in an amount not to exceed \$1,239,611.88.

Mr. Nietupski said that this is phase three of the City's meter change-out program and is affecting Routes 1 and 5. Route 1 is in the area of Lee Blvd., Walker and Yavapai Hills and Route 5 is in the Copper Basin area. He said that this was done through a piggyback procurement process involving a contract through the City of Flagstaff.

Mr. Nietupski said that the goal is to maintain the City's water operation so losses are no greater than 10% as required by Arizona Department of Water Resources (ADWR). Full replacement is planned by 2012. He said that the radio technology is a benefit in the efficiency and productivity, and reduces loss because of accuracy in its use and employment. He said that upon full conversion they would anticipate at least one position eliminated due to the efficiency gained.

He said that this has been funded in the Water Fund through WIFA financing. He said that this is strictly for the purchase of the meters. They will later come back with a contract for installation of the meters, probably some time in February.

Councilman Luzius asked Mr. Nietupski if he could give a ballpark guess on the anticipated cost of installation. Mr. Nietupski said that historically they have paid around \$30-\$50 per unit. Councilman Luzius asked how the increased efficiency would offset the cost for purchasing the meters and their installation. Mr. Nietupski said that the cost recovered will be gained through more efficiency and accuracy. He said that he could not give a certain number, but he would expect to see some demonstrated improvement. He said that Connie Tucker manages those numbers and he does not know the history of them, but if they need to provide them they could do that.

Councilman Luzius said that he was glad to see them using the WIFA financing, and asked what type of rate they had. Mr. Woodfill said that he does not have an exact number but it is around 3%.

Councilwoman Suttles said that she thinks it is great they are piggybacking with Flagstaff, and asked if they had done that before. Mr. Nietupski said that they had, through this same contract. Councilwoman Suttles asked what they do with the old meters. Mr. Nietupski said that they are salvaged and sold for scrap and the money received from that goes back into this fund.

Councilman Lamerson said that they are able to quantify the fact that they have a 8+% water loss, potentially part of which was through ineffective meters. He said that 8% of more than 7,000 or 8,000 ac. ft. a year is a lot of water at \$25,000 - \$30,000/ac. ft. so he is looking at it as a fiscal accountability issue more than just upgrade in the system, if they look at the fact that all of that water they are losing relates to dollars.

Richard McKendrick, National Metered Automation, 2452 E. Carmel, Mesa, AZ, said that he works for a competitor of the product they are proposing to purchase. He applauds their desire to change out the meters as they do need to do that. He is concerned with the piggyback of the

Flagstaff contract. He said that when that bid was let three and a half years ago it was for a much smaller number of units. On his side of the business, they will give a much better price with more meters involved. He said that was for a five-year contract and as a bidder, they have to take into account what will happen in the future years. He said that they could probably save 5% just by bidding the meters out again.

Councilwoman Suttles said that at the time they went into the contract the City had a number they knew they would be purchasing. Mr. Neitupski said that the program was for the entire system replacement ultimately and he believes Mr. McKendrick's company did bid on that original contract.

Councilman Luzius said that in reading the letter from Flagstaff he sees that the contract expired in July of 2008, and asked if the prices were still in effect. Mr. Nietupski said that the prices in the memo are the rates under contract.

Councilman Roecker said that it was a valid point that they may save money if they rebid and told them how many meters they would ultimately be purchasing. Mr. Nietupski said that if the City were to advertise and go back through a bidding process, the market may deliver a better price. This was an existing contract that was recommended for use.

Councilman Roecker asked if there was any risk of rebidding. Mr. Nietupski said that he did not think they would lose anything; they might gain something. Councilman Bell and Councilwoman Lopas both agreed with Councilman Roecker's direction.

Mr. Norwood asked if they have had a history with the company they are using. Mr. Nietupski said that they supplied the meters previously installed. This is not different than under a construction contract. He said that if it is the Council's desire, they can go back through the bidding process. Mayor Wilson asked what the timing would be. Mr. Norwood said that this number is larger than normal because they skipped last year and they carried it forward, so they are a little over a year behind schedule, but if they can rebid, he was sure the gentleman would be happy to drop it ten percent.

Mayor Wilson said that if they are going to rebid as part of a multiyear contract then they should be stating what the total demand is going to be and take advantage of quantity discounts. He said that it appeared to be the will of the Council to rebid.

Councilwoman Suttles asked if they would be able to use this contract at a later time if they rebid and the figures are higher. Mr. Norwood said that they would have to review the contract.

- D. Approval of a professional services agreement with Lyon Engineering for engineering design of Zone 12 New Water Transmission Main, Storage Reservoir, Booster Station, and Wastewater Infrastructure South and North of Highway 89A, in an amount not to exceed \$1,248,453.00.

Mr. Nietupski said this is a recommendation for a professional services agreement, consistent with the Council's objective of a first-class utility system. He said that this is a design project that provides area benefit, not just specific projects. He said that it is being coordinated with respect to the City's design of the Side Road interchange.

He said that this, along with the following projects, was procured through an advertisement for 12 public projects. He said that they received 71 proposals from 17 different firms, and many local firms were the beneficiaries of the work.

Mayor Wilson said that 5,200 gpm sounds high for the fire flow. Mr. Nietupski said that this is a large area and these flows are intended to serve a large network.

Mr. Luzius said that the longer the pipeline the less pressure. He then asked if this was going to service the charter school that is located in that area. Mr. Nietupski said that it will benefit the school, Centerpointe East, and all of that area. Councilman Luzius said that when the charter school went out there, they wanted to use wells and the City was not sure they could provide them the water they needed, but they did agree to pay a certain amount of the cost of bringing a pipeline in. He asked if they were still going to pay that. Mr. Nietupski said that he would have to look at the agreement.

Mr. McConnell said that when the charter school sited their campus the City did not have adequate water for a facility of that kind. They wanted to develop their campus and do so with wells. They have the ability to water and sewer, but they are not obligated to connect to the system. It is their choice if and when they want to connect. At the present time, the City does provide fire flow and that is not a guarantee, but they do provide a line, and they have a tap with a backflow preventer and meter for the development of their multipurpose facility.

He said that the bottom line is that through the improvements there will become adequate water and wastewater for Tri-City Prep, as well as others. They are not obligated to connect, based on the terms of the

agreement. Councilman Luzius asked if they were in the City limits, and if so, if the City did not usually require someone to cap off their wells when water became available. Mr. McConnell said that the reasoning in the agreement was that they wanted to site out there and they were prepared, and did, make a substantial capital investment in their own facilities. The question was with that investment, at some in the future should the City be able to come in and say they are now available and the school has to pay their impact fees. He said that was questioned as to being equitable.

Mayor Wilson said that there is also a resolution that states that if they use City water then they have to cap the wells. If they are not using City water then they can keep their wells. He said that he believed they have an ex-Mayor using well water and not using City water. Councilman Luzius said that he would like to see the agreement.

Councilwoman Suttles said that they are looking at a lot of engineering with this and other projects on the agenda, and asked why they were looking at so many. Mr. Norwood said that in years past they have brought these to the Council in small projects. Staff thought it was more efficient to bundle the projects in groupings. He said that there are still a few more bundles, but this was to make it more attractive and hopefully get better prices. He said that this grouping gives them a better price, and keeps them from bringing 15-20 contracts before the Council. Councilwoman Suttles said that she thought it was a good idea, but she could not see putting it on the consent agenda since it is \$1.2 million. She believes that anything over \$1 million should not go on the consent agenda.

Mayor Wilson said that he concurred with Mr. Norwood's assessment. He said that bundling projects is based on good business practices and he supports that approach 100%.

- E. Approval of a professional services agreement with Civiltec Engineering Inc. for design of the Surface Water Recharge Pipeline Project and Lake Water Quality Evaluation, in an amount not to exceed \$580,120.00.

Mr. Nietupski said that this project is relative to the design of the surface water recharge pipeline project and water quality evaluation. He said that the alignment of the existing facility consists of open channel and some pipe sections, but this project will not include replacement of the pipe sections, although it will include their evaluation.

Mr. Nietupski said that the objective is to pipe the entire project length, which is about three miles, from the intake (near intersections of Old 89A and existing 89) to the recharge facility, which is just east of the airport. It will include new intake structures and ultimately a new flow measurement

device at the recharge basins. It will increase efficiencies in the capture, conveyance and measurement of recharge water from Watson and Willow Lakes, ultimately reducing water loss from evaporation and seepage and eliminating some deteriorated facilities which could be somewhat hazardous.

He said that Phase 1B of the project is to look at the water quality in Watson and Willow Lakes and to review records from the City's recharge wells to relation to State and Federal regulations for water quality. It will identify opportunities or potential uses of that water and know whether it might be suitable for potable use in the future, if that was allowed by regulation, and if the water quality was suitable, and what type of treatment might be necessary.

This also contemplates an inclusion of Prescott Creeks, under a secondary contract which has been proposed and is in discussion at this time, to look at the water quality components from a qualitative analysis and take their recommendations, feedback and consideration with moving forward with phase 1B. Mayor Wilson asked when that might be finalized. Mr. Nietupski said that he understands that Michael Byrd contacted Tim Burkeen with the City and indicated that it should be resolved within the next one or two weeks.

Mr. Nietupski said that the schedule for design completion is the end of September. This is a water fund budgeted item and is another project financed through WIFA (Water Infrastructure Financing Authority).

Councilman Bell said that he was assuming that all of the engineering contracts were conducted in the City's regular procurement rules where proposals are made, the list is shortened and then they negotiate the price. Mr. Nietupski said that was correct; the procurement process was in accordance with State Statute whereby solicitations were advertised for proposals, qualification based, and rankings were established and interviews were conducted. Once the highest-ranked firms were identified, the scope and negotiations went forward.

Councilman Bell said that considering the state of the economy, and they are looking at \$2.2 million worth of engineering contracts, it is hard to swallow. He realizes that those funds are committed and they have budgeted for them.

Councilman Luzius asked if the work being done by Prescott Creeks was not included. Mr. Nietupski said that was correct; it would be an independent contract. Councilman Luzius asked if the fact that they don't have a contract with Prescott Creeks would stop them from approving this contract. Mr. Nietupski said that he did not believe it would be a significant

contract. He said that it is important work, but it may be within the City Manager's authority to execute.

- F. Approval of a professional services agreement with Kelley/Wise Engineering, Inc. for design of the Prescott Resort Pump Station in an amount not to exceed \$250,000.00.

Mr. Nietupski said that this is another professional services agreement for design of the Prescott Resort Pump Station. Councilman Luzius asked if this was part of the Lowe's incentive for infrastructure to increase their water flow in the Prescott Canyon area. Mr. Nietupski said that it will benefit that whole area, and Lowe's is part of Zone 56.

Councilwoman Lopas asked what type of facility they would be looking at since the current one is below ground, and this would be above ground. Mr. Nietupski said that it will be housed in a small building and aesthetically pleasing.

Councilman Lamerson said that Zone 56 is not just Lowe's. Mr. Nietupski said that was correct; it goes all the way to Yavapai Hills.

- G. Approval of a professional services agreement with Claycomb Rockwell and Associates for preliminary design, analysis, and siting of the Copper Basin Water Storage Tank in an amount not to exceed \$55,128.00.

Mr. Nietupski said this is for the design, analysis and siting of the Copper Basin Water Storage Tank, which will be a new tank facility west of Sheriff's Posse Trail. There is no designated location at this time, but it needs to be in that vicinity. They will work through a siting and analysis, which will include a public outreach, involvement, direct mailings, etc.

Councilman Luzius asked if this project would modify the needs for the new larger tank on Indian Hill. Mr. Nietupski said that it would not; it is one of several on the south side of the City which requires additional storage for capacity with improved fire flows and pressures, and overall system enhancements. The Indian Hill tank was the first of several that have been identified.

Councilman Luzius asked when the size capacity and location would be decided. Mr. Nietupski said that based on the model recommendation, it will be a 1 million gallon tank, but the siting will be part of a 90-day project timeline.

Councilwoman Lopas said that it appears that Mullen Way is in this vicinity and knowing that they wanted to be on water/sewer, if the tank was sited in an area that could service those residents, she asked if that would be

part of that scope. Mr. Nietupski said that the project is not related to service to Mullen Way, but it could occur. There are a number of issues to determine who would pay for it, but service could be obtained. He said that if they determine that there is an interest, it may be an add-on to Phase 2.

- H. Approval of a professional services agreement with Carollo Engineers for the West Airport Area Utility Master Plan Analysis in an amount not to exceed \$41,660.00.

Mr. Nietupski put on the screen a map that was a revision from the one in the Council packet. He said that this project is for a new west airport area utility master plan analysis. He said that it would be a sister project for the area recently amended under the General Plan Map. The area transportation plan is already underway and they will look at the network developed, land uses, determine the sizes of mains and facilities necessary to provide service in the planning area in the future, and ultimately a preliminary cost of those facilities for future cost benefit analysis in the event that annexations do occur and development has to be dealt with.

He said that Carollo Engineers has extensive experience with the City's water and sewer models, in fact they created them. They have particular expertise and can do this efficiently and at relatively low cost for their effort.

- I. Adoption of Ordinance No. 4689-0932 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, setting a Special election to be held on May 19, 2009 to vote on municipal measures.

Mr. Norwood said that they have been talking about calling a special election for the extension of the existing one percent streets and open space. They started the process about eleven months ago, appointing a special committee that met for four months looking at capital needs, roads, utilities, and they came forward with a recommendation. As the economy continued to worsen the appetite for going out became smaller. Back in the Fall, the Council postponed the capital needs portion to some time in 2010 or beyond, but was very concerned with the revenues and the City's ability to pay for future road projects due to contractual obligations.

The Council made the decision in late fall to go ahead with a potential one percent open space and streets extension, taking it back to a committee with members of open space, CTC, City staff to work on how it would be structured. They met in December and said that if they wanted to call a special election they would need to do that no later than January 13 to be on the May 2009 ballot.

He said that today they were not before the Council to bore them with spreadsheets and project costs as they have seen enough of that over the past several months. Today they need three questions answered: 1) are they still willing to call an election in May 2009 and if so for how many years would the extension be? 2) would it be streets and open space together or separate? and 3) what the amount would be. He said that the committee met yesterday and he would have Ms. Hadley review those discussions.

Ms. Hadley said that they met yesterday with three members of the Committee as well as three members of Council. The three main issues they need to look at are 1) should streets and open space be together or separate, 2) what would be the length of the extension and 3) what would be the amount. She said that the Committee was unanimous that the two issues should be separated, and that they move forward with the single issue of streets at this time. The committee did not come to consensus in terms of length, but they recommended nothing less than 15 year and no more than 25 years. She said that there are some implications by going longer or shorter. In terms of the percentage, they did not agree completely, but did agree on no less than ¾% and no more than 1%, depending on what the Council thought the public would tolerate.

She said that also included in the memo were some issues that the Committee wanted to convey:

1. They strongly believe in the needs that exist, and don't believe staff is padding numbers.
2. It is the responsibility as the City and Council as elected officials to plan for the future.
3. They agree that the 1% in existence has been the best way, and they have fulfilled the obligations of the original sales tax and were able to move into the supplemental program.
4. With annexations, they need to look at connectivity.
5. They have to keep the information, when they go forward, simple.
6. The PCNC looked at \$50 million worth of needs and decided it wasn't time; however, they did continue to say they needed to move forward with the 1% extension.

She said that they will continue to meet weekly or more until they get through the election.

Mayor Wilson said that he believed that where they ended up at the last discussion was that they wanted to go forward with an election in May of 2009 and they wanted to separate streets from open space. Everyone was

in concurrence. He said that the next issue to discuss is the length of time for the extension.

Councilwoman Lopas said that she had a phone conversation with the Trust for Public Land, who has a lot of experience with ballot initiatives, and they indicated that the longer the period, the harder it is to get passed. She said that the original period was for 10 years, then the Capital Needs Committee said 10 years; now they are looking at between 15 and 25 years.

Councilman Lamerson said that the current one percent sales tax they have today still has seven years remaining, so if they passed a 15 year extension, they would really have 22 years available, with the first 7 years for possible open space use. Ms. Hadley said that was correct. Councilman Lamerson said that he supports 15 years for 1%.

Councilwoman Suttles said that they had three Council members and three members of the Capital Needs Committee discuss this, and they could not all agree. They looked at a sheet that showed 10, 15, and 25 years and what it would bring in. She felt that 25 years was too much, but 20 years was a number they could live with, which would allow them to go further down the road. She said that if they were going to a special election, she would suggest they go for 20 years. She added that all of the members did agree on the 1%.

Councilman Roecker asked Mr. Woodfill to tell them the differences in percentage of interest between borrowing for 15, 20 and 25 years. Mr. Woodfill said that the interest on different bond issues depends on the market at the time. He said that it would not be significantly different; 15 versus 20 years may be ¼% different, but overall it depends on the market at the time.

Councilman Roecker asked if the bonding agencies would recognize the additional 15 years and tack it on to the current seven years, so they could pledge the current and extension, going for a 20-year bond. He asked Mr. Woodfill if he saw any value in keeping the number lower as it relates to the City's credit rating. Mr. Woodfill said that it would not be significant, and the credit rating is more concerned with the financial backing of the City.

Mayor Wilson said that if he were to take a 15 year mortgage instead of a 30 year mortgage the debt service is going to be different and that would affect their credit rating. Mr. Woodfill said that it could or it might not; there are a lot of factors. He said that a 15 year mortgage (or bond) versus a 30 year mortgage (bond) is going to require a higher annual debt service,

therefore they would be using more of their available income. Generally, they do not look at that much.

Councilman Bell said that considering Mr. Woodfill's comments, he believes that with extending it 15 years they would have the best of both worlds, and he would be in favor of the full 1% going to streets being on the ballot.

Councilman Roecker said that they could not pledge the whole amount because they would have to set aside open space. Mr. Norwood said that technically they would not have to; they could continue doing what they are now doing. Mr. Woodfill said that it was not specific on the ballot and that has not been their practice in the past.

Councilwoman Lopas said that with a 20 or 25 year extension they are talking about a whole generation. She said that talk is out there and it is going to taint the issue. She would be more comfortable with 10 or 15 years. She added that she has not gotten one positive response from the public. Everyone that has e-mailed her has been negative and said they would not vote for it. She said that it has to be done right or it is not going to pass. She would be comfortable with 15 years; however, they will need to look at alternatives.

Mayor Wilson concurred with Councilwoman Lopas's perception in terms of the voters. He said that there will need to be a lot of education. They cannot take the approach that Yavapai County took of a \$330,000 marketing campaign. It rests upon the staff and Council getting out and talking with the citizens. He said that it has to be unanimous of the Council.

Councilwoman Suttles said that this is different than what the County did with their jail tax because that was a new tax; this is simply extending what the City has.

Councilman Lamerson said that in the last couple of years they have experienced revenue declines and it concerns him that in these economic times they would approach anything for a period longer than the minimum of what they have asked for before. He said that they need to concentrate on the basics and make the community safe. He would look at 15 years and 1% for roads.

Councilman Luzius said that he believed they have spent enough money on public relation companies in the past and he agrees with the Mayor that the County did not do any favors in hiring that firm. He said that there was a ¼% sales tax for the jail, so it was an extension of an existing tax. They voted down that ¼% and because of that the jail is closing April 1, and it is

going to cost the City near \$2 million a year to transport prisoners to the Verde. Mayor Wilson asked Councilman Luzius to stay on the agenda.

Councilman Luzius said that he believed it should be 1%. He tried to get some of the money to go to transportation, but no one can see that far beyond the curb to include it. He wanted to go for 25 years because it brings the debt service down to a lower amount. He said that he understood all of the rhetoric about different interest rates, but the question is how much the City can handle and pay back. His understanding is that they will not bond for all of the money for all of the roads at one time. Mr. Woodfill said that was correct.

Councilman Luzius said that they were shown a printout based on a 3% increase in sales tax revenues, but he does not think they can look forward to that type of increase. He said that they need to go for 25 years because they have roads to be fixed, and they will either vote for it or not and if they do not vote for it they will not have roads, just like they will not have a jail.

Mayor Wilson said that he was in favor of 15 years and ¾% because if they go with 1% and come back with a referendum later for open space, then they would actually be raising taxes.

Councilman Lamerson said that he heard the Public Works Director and City Manager both say that even with a 1% extension they cannot keep up with the roads. Mayor Wilson asked the Public Works Director if that was what he said. Mr. Nietupski said that when this was initially passed it was 1% for streets. It was then amended in 2000 to include open space. He cannot recall a time when they have had a surplus of money available for the street needs. He said that it is a Council policy decision on what level of funding they want to recommend; the fact is there is a continual need.

Jim Lawrence, 345 Chaparral Loop, said that he was a member of the Committee and they did not have a consensus on a recommendation on either the time or percent. He said that the real consensus of the November presentation was that the “pay as you go” concept that has been used in the past is the main problem that they have with the streets. Before the 2015 deadline, they will be at the projection of \$24 million in the hole and that is primarily because of the past policy. The Committee recommended that they go to the public now, rather than wait until 2015, so they could take advantage of the financing and have the payment during the remaining years of the existing tax, allowing them to get better rates on the bonding.

Mr. Lawrence said that at the Monday morning’s meeting they were all expressing their opinions, but what they did not have was all of the figures

to look at it from the financial basis. He took a look at strictly the cash flow they would be having between now and 2015, 15 years, 20 years, or 25 years, and it showed a real difference than what Mr. Woodfill indicated. He used the figures shown to everyone on the 24<sup>th</sup> meeting. He said that once they can look at actual figures they will be able to make a recommendation based on figures rather than feelings. He said that they are scheduled to meet again next Monday morning and he would hope that the spreadsheet he had developed could be worked on with him and Mr. Woodfill.

Bob Reuillard, 936 City Lights, said that he served on the Capital Needs Committee and also on the recent committee and one of the first things they agreed on was simplicity. The 1% is already understood by everyone. Another issue is that road projects create jobs for the City so putting their full efforts into the roads has collateral effects. He said that the scary part is that if this blows up and stops on 2015, he would question what level of service the citizens are going to get. Also, the existing contractual obligations are going to use up most of the revenues they will have between now and 2015. He added that they will only be paying for bonding that has been issued, which will not be done at one time.

Milbeth Mauer, 1410 Kiwana, said that she was a member of the Capital Needs Committee, the Citizens Tax Committee, and the current Committee. She said that when they began discussing this issue, they did not bypass or ignore the importance of open space; it was simply that the variables regarding the acquisition are entirely different than the eminent needs of roads. They agreed that it should be addressed later when information is more pertinent. She said that she comes from a conservative point of view and is a proponent of the 15-year time frame. She is also a student of the school of thought that if they do not get the voters to vote, they have done no good; they have to focus on what it will take to convince the public that they are thinking of their best interest at all time, and she believes that ¾% is the most they can ask for. She said that if they do go with a full 1%, they better sweeten the pot with another method, such as removing taxes of food or rentals.

She said that voter psychology is very important in these days. No one can predict what is going to happen in the future. They will not go the 22 years without revisiting the issue. Let them know they will have to ability to come back and partner with the City in the future. She is a supporter of 15 years and ¾%.

Dave Maurer, Executive Director of the Prescott Chamber of Commerce, said that he sent a letter last week, but for the public record they believe that it is appropriate to call for the election, recommending a full 1% for streets. They did not make a recommendation on the length of the

extension as they had previously been discussing 25 years. He said that the tax does not become effective for six years and it is an existing tax, not a new one. He believes that it is sellable. He said that open space would continue to be addressed for the next seven years, and hopefully in that period of time there will be continuing dialogue on funding, but the number one need is roads.

Tom Pettit, 815 N. Walnut Street, said that he was a citizen and President of the Open Space Alliance of Yavapai County. He said that Mayor Wilson attended their last meeting and afterwards he forwarded the minutes of the meeting to their membership to receive their input. He said that based on past history of the amounts spent on open space, they supported a  $\frac{3}{4}\%$  extension for streets only, if they were not going to extend the open space portion at this time.

Thomas Slaback, 715 E. Goodwin, said that he was with the Sierra Club and a representative to the Open Space Acquisition Advisory Committee, and up until now it has been a little less than a  $\frac{3}{4}$  –  $\frac{1}{4}$  split; once the numbers were extrapolated it was around  $\frac{76}{24}\%$ . Based on that he would only be in favor of voting for a  $\frac{3}{4}\%$  extension for roads so they would have an opportunity in the future to come back for open space. Otherwise, it would be seen as a sales tax increase. Additionally, he thought they should only go for the least amount of years.

Councilwoman Lopas said that she has been listening to all of the conversation and they also have the maintenance issue of open space. She said that perhaps they should not ask for additional monies for open space, but include wording to address maintenance.

Councilman Roecker said that he thinks that the argument for going with a  $\frac{3}{4}\%$  extension is a strong one. He said that  $\frac{3}{4}\%$  for 15 years would be more palatable. Councilwoman Lopas said that if they went with  $\frac{3}{4}\%$ , she would withdraw her suggestion. Mayor Wilson said that he was in favor of  $\frac{3}{4}\%$  and 15 years.

Councilman Roecker asked if the  $\frac{3}{4}\%$  would be enough to keep up. Mayor Wilson said that right now they are throwing darts against the walls. They need to put together the spreadsheet and get some facts from which to make decisions.

Mayor Wilson asked Mr. Woodfill if they could catch up to their obligations if they go with 15 years and  $\frac{3}{4}\%$ . Mr. Woodfill said that it depends.

Mr. Norwood said that it did not matter if they had 1% or  $1\frac{1}{2}\%$ ; they will never catch up. In 1996 it was \$1 million/mile for road construction; now it is \$3 million/mile. They will never catch up. He said that the reason they

are doing a 1% extension is to be able to do long-term debt. If they go with 15 years, that gives them 22 years in which to bond. That is a policy decision of Council. He said that they will be visiting roads again and again, and everyone forgets that they are subsidizing HURF 25% for street maintenance. He said that if they want to go to the voters, he would suggest looking at 15 or 20 years, but if they do they need to be unanimous.

Mayor Wilson said that he appreciated Mr. Norwood's insight and perspective. Most important is the psychology and if they do not pass this then they have lost altogether. He said that that it appears that 15 years is agreeable.

Councilman Lamerson said that he heard that 1% is not keeping up with the roads now. He said that the current initiative they are under does afford the community an opportunity, by Council decision, to apply some funds toward open space if there is a parcel available. He supports 1% for streets and 15 years.

Councilwoman Suttles suggested that they have a special meeting to further discuss the issue before voting next week. It was agreed to hold a Workshop on January 13, 2009, between 1:00 p.m. and 2:00 p.m. and at 2:00 p.m. staff would have an opportunity to draft a new ordinance to be considered at the 3:00 p.m. voting

Councilman Lamerson said that he thought they were putting staff in an awkward position. He said that none of them have a crystal ball. In today's environment it is difficult to make decisions based on flawed projections. The more conservative they get the more opportunity that the voters understand what they are trying to accomplish.

Councilwoman Lopas said that she does not need numbers to make a decision. It has already been said that they do not matter because there will never be enough money to complete all of the projects. They have to educate the public on the need of the roads project, and also the fact that it is a stimulus package.

- J. Adoption of Resolution No. 3929-0935 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the City of Prescott to enter into a Memorandum of Understanding with the Yavapai-Prescott Tribe providing for allocation of funds for the public benefit in accordance with the State of Arizona Gaming Compact and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

Ms. Hadley said that this is an intergovernmental agreement between the City of Prescott and the Tribe to provide for pass-through of funding from the Tribe to agencies within the City. Mr. Norwood said that it is important to note that the Tribe has been very gracious to the City with donations to the Library and Adult Center and they may not get something from the Tribe every year, but they are very supportive.

Councilman Bell asked how it compared to last year. Ms. Hadley said that it was about the same.

Councilman Luzius thanked the Tribe and said he hoped they continued to make contributions to the community.

- K. Approval of the Minutes of the Prescott City Council Regular Voting Meeting of December 9, 2008; the Joint Meeting with the Prescott Unified School District Board of December 16, 2008, and the Regular Voting Meeting of December 16, 2008.
- L. Selection of items to be placed on the Regular Voting Meeting Agenda of January 13, 2009.

Councilman Bell said that the items on the Consent Agenda were: A, E, F, G, H, J and K. The Regular Agenda would include items B, D and I; item C would be rebid.

## II. ADJOURNMENT

There being no further business to be discussed the Study Session of the Prescott City Council held on January 6, 2009, adjourned at 5:10 p.m.

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JACK D. WILSON, Mayor

ATTEST:

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ELIZABETH A. BURKE, City Clerk