

PRESCOTT CITY COUNCIL  
STUDY SESSION  
TUESDAY, MARCH 3, 2009  
PRESCOTT, ARIZONA

MINUTES OF THE STUDY SESSION OF THE PRESCOTT CITY COUNCIL held on MARCH 3, 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 3:03 p.m.

◆ **INTRODUCTIONS**

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

Reverend McKenna was not present.

◆ **PLEDGE OF ALLEGIANCE:** Councilwoman Suttles, Introducing Prescott's American Legion Post 6 Honor Guard

Councilwoman Suttles introduced members of the Prescott's American Legion Post 6 Honor Guard who posted the colors. She then led the Council and audience in the Pledge of Allegiance.

◆ **ROLL CALL:**

PRESENT:

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

ABSENT:

None

◆ **SUMMARY OF CURRENT OR RECENT EVENTS**

**I. PROCLAMATION**

A. March 2009 – *Red Cross Month in Prescott.*

Mayor Wilson invited members of the Red Cross to come forward, at which time he read the proclamation and presented it to them.

## II. DISCUSSION ITEMS

- A. Award of a contract for construction of the East Gurley Street Water Services Installation and Main Line Stub Out Project to T & H Construction in the amount of \$101,569.31.

Public Works Director Mark Nietupski said that this project was work that was a part of a contract in 2005 that was built by Fann Contracting, but was deleted due to contemplation of the Fourth of July activities. He said that the work will be coordinated with the ADOT project, when they do switching of the traffic lights. He said that three bids were received, and the lowest was from T&H Construction, who had confirmed their bid. He said that it is a 30 day construction time and is funded from the Small Water Mains account.

Councilman Luzius asked if they were going to maintain the through traffic on Gurley as it is still a nightmare today. Mr. Nietupski said that the traffic controls for the project will be under ADOT's control, but he will find out what the anticipated schedule is for shifting. He said that the lanes are legal lanes. Councilman Luzius added that it is important that they keep them painted. Mr. Nietupski said that he would stress that with ADOT.

Councilwoman Suttles asked if the same work that was deleted four years ago is what is being proposed now. Mr. Nietupski said that was correct; no more and no less. Councilwoman Suttles said that she saw that the engineer's estimate was \$145,000 and they were getting it at \$101,000.

Mayor Wilson reported that they did get the first part of the economic stimulus going to the highways and Yavapai County got a grand total of \$6.6 million for the entire county, which will not go very far on ADOT projects.

- B. Approval of a professional services agreement with Shephard-Wesnitzer, Inc., to provide engineering and design services for the Old North Reservoir Replacement Project in an amount not to exceed \$342,624.00.

Mr. Nietupski said that this was replacement of the old North Reservoir located east of Willow Creek Road and north of Douglas. He said that it is part of the overall system improvements and is a key element, with 83% of the City's potable water going through that facility.

He said that it is one of eight reservoir projects, and six of the others are already under design. The facility was built in 1940's, is outdated, and does not meet modern standards for sanitary and security. He added that

ADEQ inspected it in 2006 and said it should be replaced. He said that the project will double the capacity to 3.0 million gallons.

Mr. Nietupski said that the project was one of twelve projects identified last fall and went through the procurement process. He noted that representatives of Shephard-Wesnitzer are present for any questions.

Councilwoman Suttles said that she saw in the paperwork that during the design phase there will be information provided to the public. She said that they had a situation with the last water tank that drew a lot of attention, and she asked if any public meetings had been held yet. Mr. Nietupski said that there had not been any; they will be a part of the design process. He said that it is an existing facility on existing property, and requires no additional right-of-way. He said that it is an isolated area, but the neighborhood will be included in the process.

Councilman Lamerson asked what would occur if they did not design it and restructure the facility. Mr. Nietupski said that the facility is one of the least secure that the City has and it is important to the operation of the overall system that it be approved. He said that if they were to have a problem with the facility, they could have a failure throughout the community.

- C. Adoption of Resolution No. 3939-0945 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, authorizing the City of Prescott to enter into an Assignment Agreement pertaining to the Agreement for Potable Water #WSA07-015, Storm Ranch Middle Parcel, with RHP Investments, LLC, thereby assigning the rights and obligations under the existing agreement to SLF III – AZ Storm Ranch, LLC, and authorizing the Mayor and staff to take any and all steps necessary to accomplish the above.

Mr. Nietupski said that not long ago the Council approved the assignment of the development agreement on this project, but it did not include the assignment of the water service agreement.

Councilman Luzius said that the original plat showed they were going to do a widening of the Sundog Connector, and he asked if that was still in the plans. Mr. Nietupski said that was correct and the terms associated with that are included in the development agreement.

- D. Final Plat (FP08-007) for Mystic Hills, A Planned Area Development comprising 4 lots on 5.5 acres located west of Downer Trail and south of Iron Springs Rd, Applicant/Owner: Bryan Tucker, APN: 115-10-026A, Zoning is SF-35.

Community Development Director Tom Guice reviewed the Final Plat for Mystic Hills. Mayor Wilson said that it was his understanding that if they were in substantial compliance with the Preliminary Plat, that the Council needed to approve the Final Plat. Mr. Guice said that was correct.

- E. Approval of Revision of Plat for Lot 3 Prescott Lakes Commerce Center, Creating Four Office and Six Warehouse Condominiums (Existing Structures).

Mr. Guice briefly reviewed the Revision of Plat for Lot 3 in the Prescott Lakes Commerce Center.

- F. Water Conservation Program changes and initiatives.

Management Analyst Connie Tucker said that she was before the Council to bring forward three recommendations from the Water Conservation Committee on changes to the water conservation incentive program, implementing a volunteer program for water conservation and approval for three projects for retrofitting and converting City facilities and landscaping.

She said that in November of 2008 the Committee Chairman brought forward five recommendations from the Committee. The three being brought before Council now are those that are implementable immediately; the other two recommendations need to be reviewed in light of a longer term water management policy so they will come forward in the future with the Long Term Water Policy.

Ms. Tucker said that the first proposal includes the revisions to the water conservation incentive program. Based on work done by a task force where they looked at the water savings in terms of amount of money spent (on the incentive), they are recommending that two of the current incentives be removed (washing machine and hot water recirculator) as they are considerably more expensive for the City in terms of the amount of water saved, plus the washing machine standards are getting to the point where all that can be purchased are the more efficient units.

Additionally, she said, they are recommending three new incentives be added. The first is an incentive for an irrigation audit, where a certified auditor would come out and review landscaping, irrigation, and efficiency, and will provide suggestions on better ways to use their water. She said that the program has been developed through the Yavapai County

Nursery & Landscapers Association as a pilot program. They did 11 audits in the City and found considerable savings, especially in commercial applications of landscaping in rights-of-way and large green areas. She said that the nonresidential audits they performed last year saved 25 acre feet. She said that the Committee is proposing that the incentive be added at a rate of \$100 for an audit to be performed.

Councilman Lamerson asked what the market value of the acre feet of savings was; Ms. Tucker said that it was at between \$25,000 to \$30,000 per acre feet, so they would be looking at a substantial savings.

Councilman Roecker asked how he would go about getting an audit under the program. Ms. Tucker said that they are still working out the procedures. They will work with the Landscapers Association to develop a worksheet that they will take with them. She envisions that the homeowner will contact the City and the City will provide them with their records, to be provided to the auditor. The auditor will use that information to show them how they can better manage the water. It will be signed off by the auditor and a copy of that will be provided by the homeowner along with a copy of the invoice that they paid, to the City for a \$100 credit to the homeowner's water account. Councilman Roecker said that once it is done they will be able to measure what amounts they have saved, and he thought it was great.

Councilwoman Suttles asked who was going to be the auditor. Ms. Tucker said that currently the City has 14 certified auditors and some of them are City employees; others are from Prescott Valley and Chino Valley. She said that there are six independent landscape contractors that have obtained the certification as well.

Councilwoman Suttles asked if the independents get paid by the City. Ms. Tucker said that they do not; this is a reimbursement to the homeowner. It is a transaction between the homeowner and the auditor. Ms. Tucker noted that City employees will audit the City facilities.

Ms. Tucker said that the second incentive is for a high-efficiency toilet. She said that they are now coming out with toilets that use 1.28 gallons per flush instead of the 1.6 in the low-flow toilets. They also recommended that the dual flush toilet incentive be increased to \$150, as well as the high-efficiency toilet. She said that all of the toilet incentives are for homes built prior to 1994 because of the water savings.

She said that the last incentive is for rainwater cisterns, which has received a lot of interest in the community. The incentive being proposed is \$.10 a gallon with a 500 gallon minimum size, or \$500 maximum incentive, so that would allow for a 500 to 5,000 gallon tank. The potential

water savings versus the incentive has shown to be cost effective for the City.

Councilwoman Suttles asked how many rainwater cisterns there were in the community. Mayor Wilson said that he knows of a few people with them. Ms. Tucker said that there are a couple of companies selling them as there is a demand. She said that the incentives are voluntary, so if they do not have applications, they will not be spending the money.

Councilwoman Lopas said that they are looking at putting in a 5,000 gallon cistern and it is getting more and more popular to do so. She said that the \$500 is a great incentive, but it will not dip into the cost as they are looking at \$8,000 to \$10,000. She said that they have a lawn and want to be able to keep it.

Ms. Tucker said that the program has been established and in order to implement it staff will be bringing forward a funding package in the budget process, for the City to fund a Vista volunteer position. She said that it would help establish the volunteer program and also help with the backwater value program, which they need to get education out to the public on again. She said that the cost to the City would be \$10,500, providing for someone 40 hours a week, but it would not be a city employee and would not have benefits.

Councilwoman Suttles asked what an audit would consist of. Ms. Tucker said that a water audit is looking at the water use history of a location and identifying areas that might be of concern—if they are watering too much outside or have a leak. They would run through a checklist to look at various items. She said that it would come about by the homeowner having a higher water bill than normal and wants to reduce their bill.

Ms. Tucker said that the third item from the Committee is approval of three projects for City facilities and right-of-way. She said that in the 2009 budget the Council appropriated \$50,000 for retrofitting of City facilities and rights-of-way and the Committee has identified three projects: 1) Grace Sparks Activity Center—they have already retrofitted plumbing fixtures but they would like to be reimbursed for that; 2) the area in front of Miller Valley School they would like to work with the school district to remove the turf and install xeriscape landscaping. She said that it would be done by City and school district staff; and 3) the landscaping at Gurley/Sheldon (Memorial Park). She said that there has been a lot of interest in that location and they are proposing a design contest where people would submit plans for xeriscape landscaping; a board of landscapers and City representatives would review, and they would bring the top three plans to the Council for final approval.

She said that the cost savings would be three acre feet a year if all three projects were done, so for a \$50,000 investment, they would see a \$8,900 savings in operational costs and a savings of \$75,000 to \$90,000 for the water.

Councilman Lamerson congratulated the Mayor's Committee for coming up with some logical ways of reducing water use. He asked Ms. Tucker to explain a little further what xeriscape landscaping meant. Ms. Tucker said that they would use native plants and low-water use plants. She said that they may need to water them for the first few years, but after that they can turn off the water and they will survive from natural precipitation. She said that one area that is an example is the Prescott Lakes Parkway between SR89 and Willow Lake Road. She said that some designs even have a little bit of turf, and have the irrigation system set up that any excess water would go in and water the plants.

Councilwoman Suttles asked if the landscaping in front of the golf course was considered xeriscape. Ms. Tucker said that it is one form of xeriscape, but it can be much more lush.

Councilwoman Suttles asked if the property in front of Miller Valley School was school or city property. Ms. Tucker said that it was owned by the City of Prescott.

Councilwoman Suttles asked who would be permitted to submit plans for the Memorial Park competition. Ms. Tucker said that it could be from anyone. The Committee did not feel it should be limited. Councilwoman Suttles asked if ADOT was out of the area. Ms. Tucker said that they are not finished yet, so they are expecting to have to carry over some of the money into next year's budget. Councilwoman Suttles asked if ADOT would be taking any more of the park property for their project.

Councilman Roecker said that he wanted to put the citizens at ease and let them know there has been no discussion of the Settlers' artwork being moved.

Steve Blair, 1802 Northside Drive, gave one word of caution stating that Prescott just won more accolades for its ambiance. He said that they need to be careful with the xeriscape at Memorial Park because he has it in his yard and there are times throughout the year that it is dormant. He said that he would hate to see the park nothing but a dustbowl in the wintertime.

Charlie Hildebrandt, Co-Chairman of the Yavapai County Nursery and Landscapers Association, said that he is very much in support of the audit program, not only as a recipient of new incentive money, but most

importantly they are concerned about the partnership that needs to be maintained as they develop the program. They need the City's hand at tracking their results; the City has been very helpful to them in the early stages of their pilot program. Without the tracking ability and constant partnership of Shaun Rydell's Office and their industry it would be very difficult to measure. He said that the only concern he has is that he hears the term "residential audits" and that there would be some outdoor auditing going on by the volunteers. He said that they have spent a lot of time and money training their people, and will continue to do so. He asked if they are looking at having some of the volunteers dipping into the landscape audits.

Ms. Tucker said that a home water audit would be mainly indoor auditing. Looking at the water use would identify if there is excess watering during the summer months which would then trigger an irrigation audit. In no way would the irrigation audits be done by the volunteers.

Mr. Hildebrandt said that he has been lobbied hard by YCCA to consider concerns they had with the balance of where the money was going in the incentives, but he does support the program as it stands, they think they have a lot of room to grow and they are good to go. He said that one quick comment about xeriscape is that it will raise the temperature of an area by 10-15 degrees, but the budget will limit that ability.

Councilman Lamerson said that he has no objection to the package, but he does have concern when he hears the landscape architects and partners of the City looking at xeriscape and noting the cause and effect. He said that the majority of the program is voluntary except for the City right of way, but as a Council they need to take their comments into consideration. Ms. Tucker said that is one of the reasons they will be bringing back the plans to the Council for their final decision.

Shaun Rydell addressed the audience and noted that there is a card available that discusses xeriscape. She said that it is not about rock and she wanted to clarify that.

1. Adoption of Ordinance No. 4691-0934 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, amending Title III, Chapter 10 of the Prescott City Code by revising Section 8 thereto entitled "Incentive Program".
2. Consider implementation of the Volunteer Program for water conservation, subject to FY 2010 budget approval for VISTA coordination services.

3. Authorize use of budgeted water reduction demonstration project funding for the retrofit of plumbing fixtures at the Grace Sparks Activity Center, and landscape modifications within the public right-of-way at Miller Valley Elementary School.
  4. Authorize solicitation of proposals for implementation of WaterSmart landscaping of Memorial Park as a design competition.
- G. Approval of contract for airport property appraisal services with Southwest Appraisal Associates, Inc. in an amount not to exceed \$30,000.00.

Airport Manager Ben Vardiman reviewed the item, noting that two firms submitted, but the local firm did not meet the Request for Qualifications. He said that it is required that airport property be leased out at fair market value.

Mayor Wilson asked which properties had not been appraised. Mr. Vardiman said that there is 7.5 acres leased by Embry-Riddle and another .5 acre leased by Sky School.

Councilman Bell said that he has heartburn with sending \$30,000 to Tucson, but he looked over the packet earlier in the day and can see why the recommendation was for the Tucson company.

Councilman Roecker asked if it was \$30,000 over a three-year period, and why they have to have a three-year appraisal process. Mr. Vardiman said that it was over a three-year period, and it provided for on-call appraisal services, similar to on-call engineering services that they have for the airport.

Councilwoman Suttles asked why they have waited so long to get into appraisal services. Mr. Vardiman said that he did not know why they have not had them done before, but it is typical to have them done every three to five years. He said that most of the time there is a built-in escalation clause based on CPI. He said that these two leases were based on appraisals, but their current standard contracts all use a CPI adjustment.

Councilwoman Suttles said that if they are looking at a three-year contract and the City is not ready, perhaps they could do one piece and bid it out locally. Mr. Vardiman said that is a possibility; however, it would still be based on qualifications. Councilwoman Suttles asked if appraising airport property was different than regular property. Mr. Vardiman said that it is unique; it is a small microcosm with its own electrical service, unique property agreements, etc. and it takes experience and knowledge to know how the value is going to work in relation to federal grant assurances, etc.

Councilwoman Lopas asked how many properties they have based on appraisals. Mr. Vardiman said that they have a few others as the process was common in the late 80's and early 90's.

Councilman Bell said that he noticed the RFQ was dated April 30 and asked why it has taken ten months to get this before the Council. Mr. Vardiman said that they were based on qualifications and he contacted them to confirm those qualifications last summer. He said that he has had other higher-priority duties needing his attention such as a new airline service and dealing with TSA and Federal regulations. Councilman Bell asked if they arrived at the \$30,000 figure last summer or recently. Mr. Vardiman said that it was arrived at last summer as they looked at what they anticipated their number of appraisals would be and the estimate as to what they would cost.

- H. Approval of letter to Central Yavapai Metropolitan Planning Organization (CYMPO) regarding transit implementation.

Deputy City Manager Craig McConnell said that at their January 28, 2009, meeting, the CYMPO Executive Board accepted the Transit Implementation Plan dated October 2008, prepared by Transit Plus. At that meeting, the Executive Board directed that a survey be distributed to the CYMPO entities which had previously expressed an interest in transit services; Prescott, Prescott Valley and Yavapai County. The Board was seeking to determine what level of support exists among those jurisdictions regarding whether to implement additional transit service in the region, how it might be accomplished and when to accomplish it.

He said that in talking about implementing transit, they do not have a publicly-funded transit system. He said there is a system in place where lottery monies are allocated by the State and they are used for voucher programs.

He said that in the packet he included a draft letter that would be sent from the City of Prescott to the CYMPO Executive Board, with the middle of the draft to be filled in, summarizing the discussion of the Council and public today and presumably next week as well. He said that it would not be on the Consent Agenda for next week. The objective is to have a discussion, to receive public input, and draft a letter response to be sent back to them stating what the City's transit preferences are for implementation.

Mr. McConnell then reviewed the various alternatives, which he noted were available on line at [www.cympo.com](http://www.cympo.com).

**Alternative 1 – Enhance current voucher program using federal funding made available to CYMPO.** He said that CYMPO was established based on Federal mandate. When there is a sufficient density reached in a geographic area (50,000 people) then it becomes an urbanized area, and that happened based on the 2000 census. Subsequently, CYMPO was formed by an agreement of the local governments and the Federal government mandate.

He said that when CYMPO was established, a bank account was set up and there have been deposits made into it that can be used for transit purposes. He said that the City of Prescott has a voucher program and they contribute LTAFII (lottery) monies which may or may not be allocated every year. In December of 2008 there was a distribution made of about \$78,000. He said that the proposal for Alternative One is to leverage that and have the other CYMPO members do the same.

**Alternative 2 – Limited fixed and flexible route services, augmented with paratransit service.** Mr. McConnell said that when the fixed route service is established the Federal law requires that paratransit be established. Today, he said, is for discussion to have a working understanding of what the alternatives are, what they involve and what the City of Prescott preference is proceeding.

**Alternative 3 – expanded fixed and flexible route services, implemented by jurisdiction.** He said that this would be a modest expanded service, which would run up Willow Creek into the Commerce Drive area.

He noted that Service Alternatives 1, 2 and 3 can be implemented in successive phases. An example is that they could use the LTAFII funding today to leverage federal funding to provide more trips. Then, with Alternative 1, it could go to 2 or 3, or any one of them could be selected. He then briefly reviewed various possible routes.

Mr. McConnell said that the Federal transit money is not string-free. Even though it is allocated to CYMPO, it has many strings attached, both administrative and financial. He said that the primary financial string is that it is a grant system; just because they allocate the money to the region does not mean they can go to the bank and get it out. They have to submit a grant annually, administer it, and there is a required match of 20%. He said that even the 20% formula is not a strict 20% as they have their own formula which really makes it more than 20%.

Mr. McConnell said that Alternatives 2 and 3 involve buses and then reviewed a breakdown, assuming a late calendar 2010 start up. It is net of projected Federal grant revenues. After they have used to the maximum

extent the Federal monies, the allocations would be \$200,000 for initial services, and \$250,000 for the additional Willow Creek route. He pointed out the footnote that stated the costs would increase substantially when the balance is depleted. When that occurs, around 2015-2017, the annual cost to Prescott for expanded service is estimated at \$500,000 per year.

He said that in December 2008 the State did distribute the LTAFII funds to local governments and the City of Prescott has used the money to provide rides through the voucher program, administered by NACOG. He said that they do not know that the money will still be there once the State fixes their budget. He noted that they cannot build a transit service assuming they will get a fixed amount of lottery money.

Councilman Luzius added that this past year it was a big question on whether it would be available, and through lobbying it was made available; however, it is still not known if the money will be available or to what extent.

Councilman Bell said that in the Transportation Implementation Plan for both Alternatives 1 and 2 they have stops at Frontier Village. He asked if the Tribe had opted to not participate. Mr. McConnell said that is one detail that has not been worked out; that is a negotiation still to happen as the Yavapai-Prescott Indian Tribe has expressed an interest.

Mr. McConnell said that the City of Prescott has no funding source at this time for expansion of transit. During this time of extreme pressure on the City funding and the ability to provide core services, and no indication of when the economy might be more favorable, any commitment of significant money for a new function would need a reduction in existing programs/services.

Mr. McConnell then reviewed transit governance, or who would run the program, either through 1) a simple IGA (intergovernmental agreement); 2) CYMPO-managed (with additional staff); or 3) a public transportation/transit authority in the form of either an IPTA or MPTA.

He said that with an IPTA they could all chip in to some rational basis that would provide funding; the service would be provided and the entities contributing the funding would appoint a representative from their elected body to serve on the board. The downside is that there is no taxing authority so there is the uncertainty of one of the entities pulling out in a few years.

He said that the MPTA is the big city model and for any public transit authority to be established which fits CYMPO, they would anticipate the probability of legislation to amend what statutes are on the books to make

it so it works for this region. Those amendments would require population, boundaries, etc. changes to tailor to regions such as CYMPO. The important distinction is that it is a free-standing body. Board members would be elected from the benefiting population and it does have taxing authority to generate funding for upgrading the system.

Taxing authority does not mean you have to use it to the max, but the tool is there. The decision could be made on whether to use sales tax versus property tax. One benefit of a transit authority is that it identifies who the transit operator is.

Councilman Roecker asked if there are any rules/laws stating that once they begin a transit system they must continue to fund it under all circumstances. Mr. McConnell said that the region and any local government should go into it with eyes open and have that answered. He said that he believed it would be in the fine print associated with Federal fund. They know what some of it reads like with the airport, but that question would need to be answered. Mayor Wilson asked Mr. McConnell to have the consultant answer that question before the next meeting.

Councilman Luzius said that he wanted to make sure everyone knew that either the initial service or the expanded service would provide paratransit (wheelchair service/handicapped service within a ½ mile radius), because they would be using Federal funds. Mr. McConnell said that Alternatives 2 and 3, which involve fixed route service, require paratransit in compliance with Federal law.

Councilman Luzius said that he ran some numbers, and assuming that the population of Prescott is around 45,000 people, it amounts to \$5.40 a year for each individual citizen. If that was further divided down, it is \$.45 a month or \$.11 a week. He said that the CYMPO area is the largest metropolitan area that does not have a regional transit system. He said that he thinks they are short-changing their citizens by not having a transit system.

Mayor Wilson said that the City has a severe challenge as far as fiscal responsibility in terms of the City, state and country. They have to look at a sustainable, stable funding source more than the government authority. He said that he is of the mind that if they do not have a stable funding source, they do not have a transit system.

Mr. McConnell then reviewed the draft letter that was supplied in the packet. He said that based on the answers to the survey that was supplied to the Council members, he drew some conclusions and put together the recommendations in the letter.

He said that if he was filling out a survey individually, he would not have the benefit of the public discussion. He said that the meeting today and next week, and the public input, are opportunities for everyone to be talking about the things and with the responses individually made, form those into a consensus based on information learned and exchange of opinions. The individual responses to the survey indicated a couple of things.

He said that the Council members expressed support for Alternative #1, new fixed/flex services, which involves complimentary paratransit. They expressed an interest to moving forward.

Secondly, the surveys indicated a desire to use existing lottery revenues to fund, in part, the new services. Thirdly, the surveys indicated that there was a recognition that a new dedicated revenue source needed to be created, which might include seeking legislation, if necessary.

Lastly, he said, of the governance types, there seemed to be a leaning toward a transit authority, and specifically an MPTA (Metropolitan Public Transit Authority).

Mayor Wilson said that before they get a big Council discussion going, he would like to get some public input. He asked those interested in speaking to come forward and give their name and address, and if they were representing an organization that they select a spokesman.

Paul Katah, 844 Flora Street, said that he did not hear any mention regarding fees and asked how those would be considered. Mr. McConnell said that a sample fare structure was presented in the Transit Study. He asked Vicky McLain, program manager from CYMPO, if she knew a typical percentage and she replied 20%. Mr. McConnell said that to be clearer, a system could expect 20% of the operating capital costs recovery at the fare box.

Mr. Katan said that he also heard the concern that the LTAFII money may run out and that they could not consider that as part of a sustainable funding source. He said that if they do not get that, he asked if that created a greater need for public transit because they would not have it for the public voucher program.

Mayor Wilson said that they were faced with a dilemma when the Governor put a hold on the LTAFII funds. If they had not gotten those funds they would have a problem. The City is \$3 to \$3.5 million under right now in terms of revenues, so they cannot depend on something that might disappear. Mr. Katan asked if the voucher program would end if the LTAFII funds were not available; Mr. Mayor said it would.

Lindsey Bell, 368 Dogwood, said that two years ago she attended a Study Session with the Prescott City Council, which was held in conclusion of the transit demand study. At the conclusion of that, every single member of the Council went on record in support of a regional transit system and voiced support specifically for a moderate fixed-route system throughout the region that would include Prescott, Prescott Valley and Chino Valley. As the region moved forward, following that transit demand study, to create a Transit Implementation Plan, the communities were led to believe that it would be started in the Fall of 2009, but it soon became clear that they would probably need to push off the initiation to Fall of 2010 because the logistics, technical aspects would take at least 10 months to 2 years to complete.

Ms. Bell said that the Implementation Plan is a good plan in terms of what the area needs and relatively moderate priced plan. Any plan requires matching monies from local areas and part of that can come from the fare box. She said that the consultant also suggests, in recognition of the economy, that it be a phased-in plan. To 1) to take baby steps forward to prepare a foundation for implementation of fixed/flex routes; 2) implementation of fixed/flex routes; and 3) a more enriched program a few years down the road to include a second route in Prescott.

She said that they did not set out specific time frames for each phase, but each would continue the progress forward. She urged the Council to take steps forward as they are reasonable, responsible steps, by:

- 1) Hiring a transit administrator;
- 2) Opening the voucher system up to the public – make changes to way it is administered;
- 3) Assisting the privately-operated fixed route system that currently exists with becoming ADA compliant as they are a piece of this package.
- 4) Establishing the governance structure – foundation to operate the system.

She said that all of those steps are doable within the current constraints of the economy. Of those items, she said the most critical is to hire a transit administrator, to create the governance structure and begin the negotiations. They also need to look at some of the numbers because some of them are not as frightening as Mr. McConnell made them out to be. She ended by saying that they can start it and shut it down, because they have done that twice in the last 25 years.

David Quinn, representing Northern Arizona Interfaith Council, 847 City Lights, said that over the last three years CYMPO has invested time, staff and contract money to identify the need for transit and prepare a plan for implementation. Regrettably, the national economy deterioration has made incremental investments difficult to justify. They take it as a given that the monies for transit cannot come out of existing budgets and he supports the Mayor's notion that they have to find and create a sustainable funding source.

He said that in spite of the adverse situation they are in, it is important to keep in focus 1) there is a demonstrable need for public transit, affecting the elderly, local workforce and students; 2) long-term demographic trends and the future cost of gasoline suggest that the needs will increase; 3) the investment made in recent transit consultancy studies could be substantially lost if action is delayed for several years as the numbers become obsolete.

Mr. Quinn said that Northern Arizona Interfaith Council has supported transit, but recognize the financial constraints; they adamantly reject the "do nothing" notion. There must be a way forward. They believe that way would be a minimal course of implementation that preserves the investments already made. They should hire a transit administrator as CYMPO has no administrative capacity to continue the planning process. Sooner or later the community needs to invest in an in-house expertise to manage compliance with Federal grants, plan the governance structure and to assure momentum on at least the first step of implementation which would be restructuring of the voucher program. Those steps, using existing local and Federal funding, maintain a course that would allow continuing the plan.

Mayor Wilson said that he has heard two people argue for hiring a transit administrator, and asked what that cost would be. Mr. McConnell said that most of that expense would be eligible for FTA funding, and if the total cost of a Transit Administrator was, for example, \$100,000 20% would be \$20,000 and the City's share would be around \$6,000 or \$7,000.

Mr. McConnell said that the region needs to have a sense of where they are going. If it is headed toward a fixed route service of any kind, which is a business operation, it requires marketing, etc. and they would need a transit administrator. If it is simply to keep the books so that FTA is happy, that is different. They need to determine where they are headed and then get that person.

Councilman Roecker said that they need to find and identify a funding source, and he does not see one, unless they agree to raise taxes for that purpose and create an organization to do that. He said that if 30% of the

expense is borne by the people who use it, there is zero chance that the private sector would ever get into the business. It has to be run by government. He said that they all want to provide the service, but they have to have a funding source.

Councilwoman Suttles said that 15 years ago Lindsey Bell talked about this and those were probably some of their better times. She said that they are in the same turn of what they are going to do next. She asked if they were the first entity to see the initial service, and if it had been presented to Prescott Valley or Yavapai County. Mr. McConnell said that he believed it either has been or will be in Prescott Valley and is also going to be presented to Yavapai County as well. They do not have the results of their comments.

Councilwoman Suttles said that if they cannot all get on, then none of them can do it. Mr. McConnell said that the City of Prescott, or any of the three, could individual do a start-up system and have routes within the City of Prescott that provide services to the citizens. Councilwoman Suttles asked why they did not do that. She said that it has been brought before them over and over and they never went there. She asked why this time is different. She said that it would be great to see, but she cannot see the dollars.

Mr. McConnell said that one major difference is that the population increased and it became an urbanized area. The region was mandated to establish CYMPO and that brought about the eligibility of transit funding.

Mayor Wilson said that another thing is that their percentage of seniors 65 and older continues to increase. He said that the City has twice as many as the statewide average and the older they get the less they are able to drive.

Councilwoman Lopas said that if the City is going to be doing polling for extension of the 1% tax, they need to include the question of whether the citizens would support a transit system.

Councilman Luzius said that another difference from years past is the cost of gasoline. He said that recently the light rail opened in Phoenix and they have exceeded their expectations by 100%. He said that the need for transit must be there.

Mayor Wilson said that they have been discussing weekly the issue of extending the 1% tax, and one issue coming up during that is the need to poll the voters.

Councilman Lamerson said that when they first started talking about this when he got on the Council, he supported baby steps, but did not count on a \$1.7 billion state deficit. The fact is still the same, that 55-60% of their residents are over 55 years old, and a high portion of those have a physical impediment. One thing he has maintained is the need to priorities and it seems strange to him that from a community benefit they can prioritize certain issues over the health and safety of the citizens. He would not suggest that the voters do not understand this. They need to be asked what they think is important.

Councilman Suttles said that they have had a population change, but that is more than just the City of Prescott, and they have to have some buy-in from someone else. Councilman Luzius said that he agreed with that.

Mr. Quinn said that it did not become clear from his previous comment and he would like to suggest that they understand the need to go to the voters for a incremental tax authority. He hopes they do not have to do that today. They have a hope that minimal steps of implementation could be taken at this point, and by the time they go to the voters the economy would show some signs of improvement.

- I. Adoption of Resolution No. 3938-0944 – A resolution of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, to authorize the application for a Clean Water State Revolving Fund Loan from the Water Infrastructure Finance Authority of Arizona (WIFA).

Finance Director Mark Woodfill said that in the 2009 budget several projects were scheduled to be financed through debt. Whenever they do that they look at the cheapest method. Arizona has two programs available through the Water Infrastructure Taxing Authority (WIFA) for wastewater (Clean Water Fund) and water (Drinking Water Fund). He said that the resolution before them is for the North Prescott Regional Force Main and authorizes the Finance Director to apply to WIFA for financing. He said that they have used it before in the past, and it provides much lower interest rate and is subsidized by the Federal government.

He said that since this was placed on the agenda the Federal stimulus money, going through WIFA, and in the spirit of the Federal stimulus WIFA is acting very quickly trying to get the money out and into the economy so they have a very short deadline. They are trying to get additional projects into their list to be considered.

Mayor Wilson asked if they are doing loans or grants. Mr. Woodfill said that they are low-interest or no-interest loans.

Mr. Woodfill said that in addition to this resolution he would like to add five more resolutions for other projects that will be submitted to WIFA. He said that they are on the CIP and in the budget for financing.

Councilman Bell said that since he has an exact number he was assuming that they have already taken prices on the project. Mr. Woodfill said that this first one is underway already, with Fann receiving the project. This is just the financing, and it would not qualify for the Federal stimulus but the others may and the deadline is very soon.

- J. Notice of Public Hearing (March 10) and consideration of a liquor license application from Nicholas Patrick Agar, Applicant for Mama Edda's Gourmet Pizza, for a Series 12, *Restaurant*, license for Mama Edda's Gourmet Pizza located at 221 North Cortez.

Ms. Burke said that this was a public hearing scheduled for next Tuesday for a liquor license application from Nicholas Patrick Agar, for Mama Edda's Gourmet Pizza. She said that the property has been posted, staff has received no comments, and the applicant has been requested to attending the public hearing next week.

- K. Notice of Public Hearing (March 10) and consideration of a liquor license application from Lawrence Angel Hernandez, Applicant for L&L Chuy Distributing, for a Series 4, *Wholesaler*, license for L&L Chuy located at 565 EZ Street Suite C-3.

Ms. Burke said that this was a public hearing scheduled for next Tuesday for a liquor license application from Lawrence Hernandez for L&L Chuy Distributing. She said that the property has been posted, staff has received no comments, and the applicant has been requested to attending the public hearing next week.

- L. Notice of Public Hearing (March 10) and consideration of a liquor license application from Keri Hansen, Agent/Applicant for Sweettart, LLC, for a Series 12, *Restaurant*, license for Sweettart located at 123 North Cortez Street.

Ms. Burke said that this was a public hearing scheduled for next Tuesday for a liquor license application from Keri Hansen for Sweettart. She said that the property has been posted, staff has received no comments, and the applicant has been requested to attending the public hearing next week.

- M. Approval of the Minutes of the Prescott City Council Special Meeting/Study Session of February 3, 2009 (amended from previously approved on February 24, 2009), the Study Session of February 17, 2009, and the Regular Voting Meeting of February 24, 2009.
- N. Selection of items to be placed on the Regular Voting Meeting Agenda of March 10, 2009.

Councilman Bell stated that the Consent Agenda Items would include: A, B, C, D, E, F, G, and I (including addition of other resolutions); Regular Agenda would include H, J, K, L, and M.

### **III. ADJOURNMENT**

There being no further business to be discussed the Study Session of the Prescott City Council held on March 3, 2009, adjourned at 5:07 p.m.

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JACK D. WILSON, Mayor

ATTEST:

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ELIZABETH A. BURKE, City Clerk