

PRESCOTT CITY COUNCIL  
WORKSHOP  
WEDNESDAY, DECEMBER 2, 2009  
PRESCOTT, ARIZONA

MINUTES OF THE WORKSHOP OF THE PRESCOTT CITY COUNCIL held on WEDNESDAY, DECEMBER 2, 2009 in the Prescott City Council Lower Level Conference Room, 201 South Cortez Street, Prescott, Arizona.

◆ **CALL TO ORDER**

◆ **ROLL CALL:**

PRESENT:

Mayor Kuykendall (arrived at 8:39 a.m.)  
Councilman Blair  
Councilman Hanna  
Councilman Lamerson  
Councilwoman Linn  
Councilwoman Lopas (left at 9:30 a.m.)

ABSENT:

Councilwoman Suttles

1. City Council Orientation.

Mr. Norwood began the discussions by stating that it was unprecedented to have four new elected officials come on board at one time, and every time they have an election they do a brief orientation. He said that Patti Crouse is the heart of the office and it is important to give her their addresses and preferred mode of contact.

Mayor Kuykendall arrived at this time.

Mr. Norwood continued stating that he and Ms. Hadley would contact the members as necessary, but would be have more frequent contact with the Mayor, all in an attempt to avoid surprises. He said that if they want more information than they were receiving to let him know. Ms. Hadley added that they should feel comfortable contacting Mr. Norwood and her as well. Mr. Norwood said that if one member asks for specific information, he would provide it to everyone, unless it is very minor. He also asked that they each get with Patti to make arrangements for remote connection to the computers.

Mr. Norwood said that on big issues, or when members get a complaint, it was okay for them to say they do not know the answer and they would check and get back with them.

Mr. Norwood reviewed what the City Manager's Office does, noting that he saw himself as a conductor to coordinate and carry out the Council's policy decisions. He said that it does not matter if he agrees with them; his job is to determine how to accommodate their policy decisions.

Mr. Norwood said that he gets very few complaints and seldom sees a letter to the editor. Overall he said the departments do well and respond well to requests, but they will make mistakes from time to time. He said that if they have a question, they should talk with the department head, but he would appreciate the courtesy of knowing when they've talked to them.

Discussion was then held on the past practice of some employees having to file a written report with their department heads when they spoke with Council members. Mr. Norwood said that it was not a directive from his office; however, there was a reason that had occurred in the past. Council members voiced concerns with that practice, and Mr. Norwood said that he would notify department heads, and direct them to notify their respective employees, that the practice would no longer take place.

Mayor Kuykendall said that the new Council members have met with the existing members once, and he wants to have another meeting to continue those discussions. He said that there is a burning desire on the part of Council members to work together with staff, as a unit, for the betterment of the community. He said that it is essential that they all get along and care about each other.

Mr. Norwood said that he marches to four or more and they have been going a certain direction in the past. He said that they will make the turn but he would ask that they give them some time. He said that they need to figure out each other's styles. He said that they will work over time to make the relationship work. Councilman Blair added that if he is going to protect the community, employees, etc. he has to have trust from them to him and him to them, or it does not work.

Mr. Norwood then reviewed the agenda process stating that staff meets every Wednesday morning and goes over items for the agenda. Then on Wednesday afternoon the City Manager, Clerk and Attorney meet with the Mayor to review the items and the Mayor can add or delete items. He said that according to current policy it takes two Council members to add an item to an agenda. He said that items have to be in by Thursday afternoon and Friday morning they go to print, with agendas/packets available by noon on Fridays. He asked that the Council members review the packets and if they have any questions to ask them prior to the meeting so they can be sure to have answers.

Mr. Norwood said that they were welcome to call him on the weekends or Monday morning. He said that he has Patti keep his calendar open on Tuesdays for anyone that may want to come in and talk about an item before the meeting.

He said that the Study Sessions are the dress rehearsals so if they do not have all of the answers that was okay; they will get the answers or possibly pull the item.

Mr. Norwood said that he has been asked why there were not so many items on the agenda. He said that it was mostly due to the cut in revenues, with not so many projects taking place. He said that they thought it was important that the current Council set the tone for the  $\frac{3}{4}\%$  tax. He said that he has had people bunch projects and bid them together, but they do not want to see a Phoenix or California firm get it. He said that they are looking at different ideas but they want input from the Council so they will review that further during January.

He said that is was required by Charter to bring a balanced budget to the Council. He said that January is the first step in the budget process, at the goals retreat, where the Council tells them the priorities. He said that they have eliminated nearly 60 positions and the State is telling them they will lose about \$1.2 million, but it will probably be more like \$1.5 million. He said that they have to come up with another \$2 million cut which is all General Fund. He said that they will review it in April and bring it to the Council in May. He said that next year will be tough. He said that the budget is a blueprint; the audit at the end of the year is what they actually did.

Councilman Hanna asked if there was any way to give preference to local businesses on projects. Mr. Lloyd explained that the City has adopted the Procurement Code which sets out the procedure. He said that they do have to award to the lowest and most qualified bidder, although there are some exceptions such as sole sources. He said that there have been a number of court decisions that say they cannot give local preferences, but they can do things to enhance their ability to compete.

Councilman Lamerson asked who sets the standards of qualifications. He said that there seems to be a problem when common sense is in conflict with state law. Mr. Lloyd said that the bidding process includes a questionnaire that can pinpoint determinations, but they cannot be based on arbitrary or capricious items.

Lengthy discussion was held on this issue and it was suggested that Mr. Lloyd, Mr. Norwood, and Mr. Nietupski get together to see what can be done; not to violate any laws, but to get more descriptive in their specifications.

Councilman Hanna asked if change orders came before Council. Mr. Norwood said that they did. He said that there are contract allowances built in, but anything over \$10,000 comes to Council for a change order.

Discussion was then held on various types of businesses in the community that have an impact on services, but do not pay taxes, such as second-hand stores

and services that clean parking lots. Mr. Woodfill said that it all depends on how their status. He said that the State law has not preempted the City's ability to levy its own taxes. He would review which has options that the Council could possibly adopt and report back to Council.

Councilwoman Lopas left the meeting at this time.

Mr. Woodfill then reviewed the departments that he oversees. He said that they have embraced technology significantly; twenty years ago they had more employees in the department than today. He said that back in the 1980's half of the basement at City Hall was archive storage with old financial reports. In the 1990's they started going paperless and have now opened up 1,500 square feet of City Hall. He said that last year they started a new financial system, Munis, and they are slowly moving in to e-government applications.

He said that last year they had between 4.3% and 4.4% interest earned on their investments, compared to cities in the region their size using an outside investment firm that earned about 2%. He said that equates to about \$2 million a year, or 20 cops.

Mr. Woodfill said that they also manage the debt of the city, which currently is around \$48 million, and with a balance sheet of \$600 million it is not bad compared to assets.

Councilman Lamerson asked what their bonding capacity was. Mr. Woodfill said that looking at just general obligation bonds (vote in by the people) their capacity remaining was \$154 million. He said that with the Municipal Property Corporation bonding, which was developed in the 1970's to be used for issuing debt for revenue-based activities such as the airport, golf course, water/sewer, it depends on the revenue source, but essentially they would have a few hundred million more available. He said that because of the conservative nature they have taken in the past they have been rewarded by being moved from an A rating to an AA rating.

Mr. Woodfill said that it has been past Council policy that the General Fund have a reserve of 20% and the enterprise funds to have reserves adequate to meet their needs. Mr. Norwood noted that the 20% reserve is very conservative; Tucson only has a 10% reserve, which he believes is too low. He said that the most common amount is 15%. To balance their balance, Tucson reduced their reserve to 4%.

Councilman Hanna asked how much the 20% amounted to in dollars. Mr. Woodfill said that it equates to about \$6.5 million. He said that Prescott Valley has 100% reserve, which is not their policy but they have accumulated that amount of fund balance. They have gone into a lot of debt to do that. Mr. Norwood noted that it was about three times the amount of debt as Prescott.

Mr. Norwood said that any excess sales tax at the end of the year in Prescott has been transferred over and at one point they had between \$15 and \$16 million, which allowed them to pay cash for the parking garage, the fleet maintenance facility and library extension. Prescott Valley's approach has been to issue debt, which he did not agree with, but each city deals with it differently.

Councilman Blair asked what the City owed as far as debt. Mr. Woodfill said that the \$48 million he mentioned earlier includes the money owed on the lakes. He said he does not have those specifics but could get a debt schedule to the Council for their information.

Mayor Kuykendall asked about the details on the bonds that would be issued soon on the Side Road Interchange. Mr. Woodfill said that in January 2010 they would be issuing debt for \$18 or \$19 million and he would be rolling into that funding the design and other related expenses.

Councilman Hanna asked how often the debt rating was changed. Mr. Woodfill said that it is reviewed annually and if it is going to change, it is changed when the debt issue is done. Mr. Norwood said that if they have not been in the market for awhile they can ask for a rating, but it does not impress them to not be in the market; they want to see cities in the market.

Mr. Woodfill said that the City has benefited from having projects shovel-ready as oftentimes the federal grants are distributed through state agencies, such as the WIFA grants, and they want to see them used quickly so it helps to have them ready to go. He said that the state received hundreds of requests for \$75 million received from the federal government and the City was able to obtain \$6.2 million of that funding for two water projects because they were ready to go, and they will not have to repay the principle or interest.

Mr. Woodfill said that Kevin Kellogg was the Assistance Finance Director and handles all of the City's reporting, including the City's Annual Financial Report (CAFR) and compliance audits from grants. Councilwoman Linn asked if the federal grants were done by federal auditors or independent auditors. Mr. Woodfill said that the last EPA grants the federal government hired a for-profit auditing firm that worked on contingencies so they were harder to deal with.

Mr. Woodfill said that the Tax Department does all of the tax collection in the City, bringing in \$25 million a year to the City. He said that they do file liens on people's properties and they audit people because it is not fair to those that do pay their taxes for others to not pay them. He said that they do about 180 audits a year, bringing in \$600,000 to \$700,000.

Councilwoman Linn asked how many employees there were in the department and what their turnover was like. Mr. Woodfill said that they have about 16

employees, with several of those in the IT Department, which is under Finance. He said that they have a lot of long-term employees. He said that they have over 8,600 accounts and they win awards annually for their reporting. He said that all of the reporting is available on line and he would encourage citizens to look at them and ask questions.

Mr. Woodfill reviewed the Budget and Accounts Payable areas, noting that they used to have 2.5 people doing budgeting; now they have 1 (Jodi Fisher). He said that she also takes care of the City's two community facilities districts, which were set up at the request of the developer to provide higher levels of service to those citizens. He said that they are repaid by assessments on the parcels.

Councilman Hanna asked if the City can deny a developer's request to form a community facilities district. Mr. Woodfill said that it depends on how the policy is written. He said that they can be a good thing, but they have also been abused statewide. He said that he is personally against them, but he has seen some good ones that allow for public good that would not have otherwise happened.

Mr. Woodfill said that the two current districts are the Hassayampa Community Facilities District and HCFD#2. He said that the Council sits as their boards, the City Manager is the District Manager, and the City Clerk is the Clerk of the District. He said that if either of the CFD's defaulted it is not a legal obligation of the City. Councilman Hanna asked who collects the debt. Mr. Woodfill said that if they do not pay the assessments, the district liens the houses/property; last month they sold three properties. He said that this was the first year they sold anything.

Mr. Woodfill said that they have 16,000 transactions each year go across the City's purchasing cards and another 27,000 invoices. As of July 1 they went with a new system that has automated the workflow.

Mr. Woodfill then reviewed the Customer Services/Utility Billing area, noting that they have 22,000 utility accounts, the processing of which has now been outsourced to Datamatx which frees up valuable city hall space. Councilwoman Linn asked how often it came up for rebid. Mr. Woodfill said that it is every five years. He said that it is a great company and they are backed up out of Atlanta. He said that CDS at the Airport handles the incoming mail and they were part of the Hearst Corporation. Councilwoman Linn said that CDS is one of those companies that a lot of people do not know about.

Mr. Woodfill said that his department does collect water bills of the one-half percent of those that do not pay. He said that this morning they were shutting off 49 people, but they have been sent notices, delinquent notices, automated calls, etc. He said that the City works with them but from time to time they do have to shut off service. He said that they do not do door hangars as it is expensive and not all that effective. He said that they find that they are often turning off the service

of the same people every three months or so. Discussion was held on leaks and how notices of high bills are handled.

Councilwoman Linn said that she knew it was not the City's responsibility, but was wondering if staff ever directed those repeat nonpayers to social agencies in town for assistance. Mr. Woodfill said that they do and not only with those that are shut off but anyone having trouble paying their bills, and they will also work with them to arrange payment plans, etc. Councilwoman Linn offered to supply staff with an updated listing of social resources.

Mr. Woodfill said that they do have another policy in place that allows for a one-time water leak to split the cost of the water between the property owner and the City, but they only allow it once.

Councilman Lamerson left the meeting at this time (10:20 a.m.)

Mr. Woodfill said that the last department under Finance is IT (Information Technology) which provides service for 39 facilities spread all over town and in Chino Valley that have to be network. They have over 750 user accounts, 425 desktops, 135 printers and 92 network services. He said that they have \$570 million worth of assets and they have to be tracked.

He said that they have a great GIS department, headed by Cat Moody, and they are imaging and making available all of the old plans which can be provided to contractors. He said that Cat also runs the City's website. He said that Nate Keegan is a security freak and they have not had a major virus come through the City's firewalls. They block over 15 million pieces of spam a year.

Mr. Woodfill then briefly reviewed the budget calendar. He said that the tentative budget sets the maximum that can be approved; the final budget can be less than it but not more. Councilwoman Linn asked when they would find out about the State's impact on the City's budget. Mr. Woodfill said that they found out that it would be \$1.3 million less in state-shared revenues; they are on a two-year delay.

Mr. Norwood said that he gets asked repeatedly why they don't take funding from the "rainy day fund" to balance so they do not have to make cuts. He said that the rainy day fund is for unforeseen changes in revenues. With the economy slowing in general it is not unforeseen, but if the mall or Costco were to leave town, those funds could be used to help. He said that the Council's policy has been to have 20% reserves and he would recommend that they not change that. Mr. Woodfill said that over the last two years they have dropped expenses, not spending more than what was coming in. He said that for another 16-18 months it will continue to go down and they need to learn to live within their means.

Mayor Kuykendall left the meeting at 10:55 a.m. and Councilman Lamerson returned at 11:01 a.m.

Ms. Burke gave a brief PowerPoint presentation on meeting and agenda processes and reviewed what the City Clerk's Office does.

Councilwoman Linn asked if all of the Ad Hoc committees had been dissolved. Mayor Kuykendall said that they had, and he had asked that everyone lay low during December and then they will be addressed during the first week in January.

Brief discussion was held on the process of parliamentary procedures and what process the Council would like to use for discussion of items and related motions. It was agreed that motions would normally not be made until after discussion has been held by the Council and input from the public.

Discussion was held on the difficulty of the Mayor being able to determine whose turn it is to speak. Mr. Norwood said that there was some cheap technology he has seen used in other communities that will keep track of speakers and it was agreed that it should be looked into.

Discussion was held on whether all department heads should be attending the Council meetings. It was agreed that unless the department head has an item on the agenda, they would not be attending and they should leave after their item was discussed. Additionally, discussion was held on whether the department heads or the City Manager should be giving the item information. Mr. Norwood said that he understood what was being said and would be sensitive to those comments.

Discussion was held whether Public Comment or a new Call to the Public would be included on the agenda. Opinions were voiced, but no direction was given. It was agreed that this was an item that needed to be discussed at a future time.

Discussion was also held on the number of proclamations and presentations that are sometimes on agendas and how they really slow down the meeting. It was suggested that proclamations be read on the first meeting of each month and be limited to three in number. Additional proclamations could still be prepared, but would not be read at the meeting.

Between 11:58 a.m. and 12:06 p.m. a brief break was taken for lunch and then Tom Lloyd of the Legal Office reviewed their department.

Brief discussion was held on whether the recently-approved initiative was retroactive. Mr. Lloyd said that it is a question that they will be looking at to determine if it is possible to be retroactive. Councilman Lamerson said that the initiative they were talking about exempted public health and safety issues and

water is a public health and safety issue, so he would like to know if the pipeline would be subject to that initiative.

Discussion was then held on the fact that the attorneys working in the Legal Department are generalists; they are not specialists and the City will sometimes have to hire specialists, such as for the water issues, or election laws, etc. Mr. Lloyd was asked if they had to follow the procurement code in hiring those specialists and he replied that professional services (which those were) are an exception, but they do attempt to hire local attorneys when possible.

Councilman Hanna asked if the budget includes funding for outside legal work. Mr. Lloyd replied that both Legal and Risk Management have budget items for experts and outside counsel and they have never bumped up against the top of the limit, but the potential is always out there.

Mr. Lloyd then briefly touched on the Conflict of Interest law, suggesting that if anyone had questions it was best to ask before the meeting. He said that when a conflict is declared not only can they not vote on the item, they cannot participate in the matter in any way.

With regard to the Open Meeting Law Mr. Lloyd said that there were a lot of ways to violate it, such as through e-mail, talking, socializing, etc. He said that there are also differences of opinion in interpretation, but the final decision is made by the Mayor as the presiding officer. Mr. Lloyd reminded everyone that any e-mails they write, whether on a City or personal computer, is subject to the public records law as well. He said that the Legal Department could give training on the Open Meeting Law, Conflict of Interest and Public Records, and could do so within the scope of legal advice under Executive Session.

Police Chief Kabbel said that they have 35 patrol officers, with two vacant positions. He said that for each shift they have seven officers and one sergeant. During the day they have overlap coverage with Community Service, Investigations and traffic. Additionally, he said they have 22 civilian positions and 46 volunteers, the Police Chief, and three lieutenants that manage patrol, special operations and administrative services.

Councilman Hanna asked how hard it was to make sure they had seven employees on the street. Chief Kabbel said that it was difficult to maintain seven; the minimum was five and a staffing sergeant and if they could not maintain that level they would have people work overtime, but they try to keep overtime down.

Chief Kabbel noted that the challenges were (1) slim at the top with personnel; (2) consistent problem with fleet. They try to purchase one-third of the fleet each year and that is expensive so when they cut back on that they can end up with several vehicles having more than 100,000 miles on them. Ms. Hadley noted that there were seven new vehicles on order right now.

Councilman Hanna said that the department was near and dear to his heart and asked what they can do, as a Council, to make the basic service of public safety better. Chief Kabbel said that their support is paramount. He said that the department is functioning well with a very dedicated, highly-trained and motivated people. If they know they are supported in their mission that is what they need.

Chief Kabbel said that they were looking to reorganize. He asked that since he has only been in his position for a few months, he would ask that they allow them to take a look at the needs and see what would be helpful.

Chief Kabbel said that another challenge is traffic enforcement. They have five officers and a sergeant and year to date (five-month period) they have investigated 1,054 crashes in Prescott. Ms. Hadley noted that they no longer take reports in parking lots. He said that one of his directions is community-based policing; they were about customer service.

Another challenge was adequate building space. He said that their facility looks great but it is 20 years old and they have outgrown the space. He said that crime has gotten technical and complex and the property/evidence building was outgrown ten years ago. He said that they could process a DUI in an hour; now it takes them four hours. He said that the laws and legislation dictate what they have to do. He said that they have relocated their traffic section to the old fleet maintenance building, using storage there and property evidence at the fairgrounds.

Chief Kabbel said that another challenge was transporting people to the Verde Valley daily, which equates to about a three-hour trip. Councilwoman Linn asked if they still did blood tests for the sheriff's office; Chief Kabbel said that they take care of their own now.

Councilman Hanna said that at one time the West Yavapai Guidance Clinic used to help. Chief Kabbel said that they had the contract at that time but they have been out of that business for a number of years. He said that when they lost to Mingus they focused their services to different areas.

Chief Kabbel said that when they receive a call regarding a possible suicide, they go out, evaluate, call people and they may respond to the scene or designate a location. They will then evaluate and if they are deemed a danger to themselves or others they have to transport them to the Verde Valley. He said that sometimes they have to go to Camp Verde to have them do the evaluation there.

Councilman Hanna asked how they could get out of that. Chief Kabbel said that they would need to have a provider that would bid on a contract the time around, which he believed was within the next year. Ms. Hadley noted that the City piggybacks on the County's contract, which they do not have to do, but no one

else provides the services. Chief Kabbel said that there is a company that just moved here, Southwest Behavioral, that is interested in getting into that arena but it will be awhile before they are able to.

Chief Kabbel said that the last challenge is false alarms. He said that year to date they have had 2,465 burglar alarms go off and out of those 140 were panic alarms and 13 robberies. They had nine reports for criminal damage and out of the 2,500, they made two arrests. He said that he will be coming before Council regarding this issue in the future and would ask for their support. They would be bringing forth an ordinance that has some teeth to it which would require alarm companies to verify before police responded. He said that it equates to almost a fulltime officer chasing alarms.

Mayor Kuykendall returned at 1:04 p.m.

Councilman Lamerson said that it was evident that they have a good City Manager who recognizes people with a pulse in the community and was able to promote from within. He told Chief Kabbel that he was a compliment to the City Manager and to himself. He said that the police department does have a lot of support from management and the Council.

Chief Kabbel said that he felt that support and appreciated it. He said that they were trying to take directions to move forward and have created a strategic plan which is available on the website.

Mayor Kuykendall said that some time after the first of the year it would be a great opportunity to find a way for all of the Council members to have at least one ride-along to see what is going on in the community. He said that they are getting a lot of conversation from people with concerns of transients infiltrating into the neighborhoods.

Councilman Hanna said that he would bring it up later, but they have had so many complaints about the problem with illegals in the city that they need to look at what they can do to take care of the problem.

Councilman Hanna told Chief Kabbel that he appreciated what he was doing and he was glad they promoted from within. He said that he has talked to most of the department and they have told him how much better it has gotten. He gave him one piece of advice, stating that the officers look to him for respect and guidance and reminded him to not turn a deaf ear. He also told Chief Kabbel to feel free to come to the Council members with any ideas he may want to bounce off of them.

Mayor Kuykendall said that he visited the gun shop over next to Lincoln and during the hour he was there they had seven or eight citizens pull in and pick up a worker. He said that until they can stop the market, they will not stop them being here and they need to recognize that as well.

Fire Chief Bruce Martinez congratulated those new members to the Council; in turn he was congratulated for his new appointment as well. He said that they have the oldest fire department in the state and on March 3, 2010 it will be their 100<sup>th</sup> anniversary. He said that they are the first in the state to do many things and have been very proactive for a long time. He said that they respond fast, solve the problem, be nice, go home safely; the firefighter's safety is critical.

He then reviewed the makeup of the department and said they run automatic aid with Central Yavapai Fire District (CYFD) and Chino Valley Fire District (CVFD) and have mutual aid with Groom Creek and the Forest Service. He said that with automatic aid there is a sequence in the computer and when a call comes up they send whoever is closest. Mutual aid requires a formal request to be made through dispatch and they get a lot of those requests.

Chief Martinez said that Darrell Willis and Chief Dierkson in Camp Verde developed a countywide mutual aid agreement so that it takes one call and they can get a task force from all agencies to help them with a large-scale situation. He said that statewide mutual aid goes further, allowing them to draw from different counties. He said that he was the regional coordinator for the west side of Yavapai County. He said that Darrell Willis was their Fire Chief for 15 years and he had a lot of foresight.

Mayor Kuykendall asked if they had any statistics on how the numbers work back and forth with automatic aid. Chief Martinez said that they have prepared an annual report which is available on the website. Mr. Norwood said that it something they need to watch carefully.

Mr. Norwood noted that the Prescott also has the lowest property tax rate in the region, solely because they have their own fire department. Mayor Kuykendall said those are bragging rights that the average person does not understand. Mr. Norwood said that there were so many statutory regulations and even if they wanted to raise their property tax they could only raise about \$65,000 legally because of the cap.

Chief Martinez said that they often get a lot of remarks on how the guys sit in their loungers, but they do have very busy days. He said that besides emergency responses, which could take about eight hours of their time, they are required to work out 1 ½ hours a day. He said that the highest cause of death in firefighters is heart attacks. They are also required to have two hours of some type of training, which can also be online training. They also test all hydrants throughout the City.

Chief Martinez said that 55% of calls are EMS related, so they make sure they have a paramedic on every engine, 24/7. He said that they have 30 of them that work under the direction of the base hospital, Yavapai Regional Medical Center.

Mr. Norwood said that they will soon be bringing to Council the possibility of the City getting into the ambulance business. He said that they have numbers, studies, evaluations, etc. completed last spring but they did not want to bring it forward in the middle of an election year. Councilman Hanna said that they went through this twenty years ago and he believes they need to be in the business.

Mayor Kuykendall said that he understood they did not have the required legislation. Chief Martinez said that they need a Certificate of Necessity. He said that the poster child is Grand Junction. They took a fire department that is now producing a profit for their general fund. He said that they are hopeful in the next session that legislation will track itself through the process. He said that Yuma has asked for it and if that happens, the next battle would be with LifeLine.

Chief Martinez said that all of their firefighters are EMT basics. All certifications are required to go through pressure training and recertified every two years.

Chief Martinez said that they recently promoted Eric Kriwers to Fire Marshal and have been very satisfied with his performance. He said that he brings a lot to the table and common sense, and he works well with people. He said that he also serves as the Fire Department's public information officer.

Councilwoman Linn asked if they have volunteers in the Firewise program. Chief Martinez said that they have one person managing the calls that come in and the scheduling and another that does the assessments. He said that they did have volunteers that turned into part-time positions, but with the cutbacks they were let go. Councilwoman Linn said that she has been able to get a lot of volunteers and would be willing to locate some for the department.

Mayor Kuykendall said that the newspaper this morning mentioned that the City of Phoenix was taking another look at renovation of older buildings and lessening some of the code requirements, such as sprinklers, using the philosophy that any improvement was better than none and trying to get buildings occupied and producing. He said that they hear complaints here that the City is strict on sprinkling and asked if this was something to be looked at. Chief Martinez said that Eric Kriwer is on the Arizona Fire Marshals' Committee and has a lot of history behind that. He said that they are trying to get anyone away from sprinklering their building but the department believes that is a bad idea. He said that they have to follow the code, but they work with people and look at the intent of the code.

Mayor Kuykendall said that when he was walking the neighborhoods during the election period he saw many areas, such as Hidden Valley, where it would be devastating if a fire broke out, but the people refuse to remove the brush. He said that he does believe that Hidden Valley Ranches is now becoming a Firewise community; they have been in there helping them do some vegetation work. He

said that they are trying to remove the ladder fuels that lead up to the home so they could still have a huge fire come through there and crown through the trees but that would only last a few minutes.

Mr. Norwood added that the Wildland Division is a money maker. Whenever they go to New Mexico or Wyoming the City gets reimbursed for their time, benefits, truck use, etc. they have a full time crew during fire season and then cut back during the slow season.

Chief Martinez said that Tim McElway is the training chief but the position will be changing a little because he is going to have to be involved more with helping in operations. He organizes and manages all of the department's training, the online programs, the position task books (succession plan). They have had 28,000 man hours of training logged through the training chief. He said that they are no longer able to use the burn building so they go to the Central Yavapai burn building in Prescott Valley.

Councilman Hanna asked why the building was deemed unusable. Chief Martinez said that there were cracks in the structure and although it is a solid building, they do not want to take any chances.

Chief Martinez said that Disaster Preparedness falls under the Fire Chief and Darrell Willis will continue to manage that program.

Other than Hazardous Materials (HazMat) and the Aircraft Rescue Firefighting (ARFF), he said they would not be able to do Special Operations except for their ability to obtain grants. He said that because of the environment around the Granite Dells and Granite Mountain, Thumb Butte, the lakes, etc. they felt the need to respond to those emergencies. They have a joint program with CYFD for HazMat with 14 trained personnel. Additionally, they have 11 ARFF engineers.

He said that they sent some people to Phoenix for the Technical Rescue Technician training and they liked them so much that they invited them to become trainers of all the disciplines they have. Through some regional grant money Mohave and Yavapai Counties got together and said that if Prescott would train their guys they would give them their grant money. They have had two classes so far and currently have 14 people certified in rope rescue, confined space rescue, trench rescue and swift water.

Chief Martinez said that through donations they have set up an honor guard and they are just about ready to perform with the bagpipes. He said that they also have the Explorer Program run by Conrad Jackson that meets twice monthly and was associated with Boy Scouts.

He said that they also have special events and the local union does local charity work. Additionally, Yavapai College has a ride along program that allows their students to travel with the seasoned paramedics for hands-on training.

Chief Martinez said that they are working on their newest Strategic Plan which helps them stay focused on the things they need for their Department. Their top five priorities are to (1) improve infrastructure (new station, refurbish stations, revamp training center); (2) improve response times; (3) developing and managing resources (cost of services).

Councilman Hanna asked how many employees they were down. Chief Martinez said that the senior fire inspector was not replaced (it was frozen but has now been eliminated) and the two deputy chief positions are gone. They are not down firefighters.

The next priority was (4) develop employees in the organization (succession planning) and (5) continue to reach out into the community and assist other departments. He said that they will have their meeting on December 14 where they will adjust priorities and timelines. He said that their immediate goal, until the economy improves, is to maintain the service level we have currently.

Councilman Lamerson said that Darrell Willis had good vision for ensuring good people succeeding in the Fire Department. He said that is a compliment to the system and shows the talent that is within the City. He complimented Chief Martinez and Mr. Norwood for his appointment.

Mayor Kuykendall said that during the campaign there were a few that were supported by the union and there is always a question of what was promised. He said that firefighter unions would like to have meet and confer and he was familiar with it. He said that they talked about it but to the best of his knowledge there was never any promise to that. The only thing promised was the ability to communicate. He said that they did not get everything they wanted but did get their promise that they would be a part of the communication process. He said that they were high in praise of the City's Fire Department, staff and the City Manager.

Councilman Blair echoed the comments. He said that he told JP (Vicente) that there was a time when things were not so great but they wrote the step system, separated captains, chiefs and pay and provided money to fix the stations.

Councilman Hanna echoed the comments as well, adding that they made a great selection. He asked what the time frame was for the use of the Sixth Street station. Chief Martinez said that they put in for the stimulus money for the downtown station and administration offices but they did not get any of that. He said that there are also floodplain issues to be worked out at that location, but it is still a need, as well as the station at Watson Lake to improve response time for

the backside of the Prescott Lakes area. Mr. Norwood said that once the growth takes off they will need it, but it is not mandatory right now. The Sixth Street station would be sufficient for three to five years.

Craig McConnell, Regional Programs and Water Management Director, said that he had been with the City for 7.5 years. He was a Navy veteran and after the Navy worked for five counties and Prescott was the second City. He said that most of his experience has been in public works (utilities, streets, transportation) and all were in high growth areas in California, Arizona, Reno and Southern Florida.

Mr. McConnell said that he was Public Works Director but was then moved over to the City Manager's office to respond to the big picture, the long-term activity, dealing with annexations, developments, and future planning with very specific transportation/utility analysis that needs to be done. He said that in the past years the annexations were done piecemeal, taking in areas without figuring out the infrastructure.

With Jim Holt's retirement, he has now also taken on the Big Chino Water Ranch project. He said the despite the economy, the City will be involved in a detailed basis with annexations indefinitely. He said that there are all kinds of planning and that translates into capital programs and development fees.

Mr. McConnell said that his unit has responsibility for applications to the Arizona Department of Water Resources (ADWR) and they recently got a final decision from the ADWR Director, which will probably be challenged in court by Salt River Project. Whenever they need to go in and modify their designation as an Assured Water Supplier, his unit will be responsible for that.

He said that he is also engaged with the CYMPO process regarding the regional transportation plan. He said that the Mayor has indicated that he would be sitting on the Executive Board of CYMPO, and the Executive Board has elected official from each entity. He noted that the Tribe is not a member, although they coordinate with them.

Councilman Lamerson said that he appreciated the approach he was taking with regard to the long-term planning, but also bringing up the interim planning which seems to be a prudent course of action considering potential legal obstacles. Mr. McConnell said that they have current commitments with Granite Dells Estates, Storm Ranch, but in addition when new customers come in they need to have a way to respond to them. Councilman Lamerson said that while they have water obligations, as goes water, construction, roads, etc.; they all go hand in hand.

Mr. McConnell said that yesterday during the Workshop on the wastewater treatment plant, Mr. Norwood mentioned that there was no state law that streets

have to be maintained in a certain way. With respect to the wastewater treatment plants, there are permits. The same goes with the water business. They have obligations and permit requirements to deliver water of a quality and periodic reports filed with ADWR. Councilman Lamerson noted that the word "obligation" can be defined as a mandate so on some things they have no choice.

Mayor Kuykendall asked if there was 100% recovery for CYMPO. Mr. McConnell said that it is 100% minus the City's portion of the match. He said that most of CYMPO is funded by federal monies, but there are allocations among the members.

He said that the most important thing facing the Council and City on the Big Chino Water Ranch project is a financial feasibility analysis because at some point someone will have to pay for the project and if a substantial portion is going to be the rate payers, or there is a substantial impact, then they will need to know what that projected impact is going to be.

He said that Proposition 401 requires a financial feasibility analysis for a project over \$50 million and requires a demonstration of what the impact is going to be, including operational expenses for five years. He said that Prescott and Prescott Valley have interviewed prospective financial advisors and the next step is a scope of work for the analysis and in order to do that they will need to define some scenarios. For the purpose of the financial analysis they will need to determine how much debt, impact on rates, and how Prescott Valley fits into this, and for each of those they will need to consider if it will be conventional financing or PPP's. He said that they were talking about a table of alternatives.

He said that the agenda of Salt River Project was to change Arizona law to link ground and surface water, providing the legal means to control the majority of water in the state. He said that was playing out in the City of Prescott and also the Verde Valley. It is also playing out in the Legislature and their state policy question of whether SRP should have in their power the ability to control most of the water in Arizona. Mr. Norwood added that it is planned to have Rita Maguire and Mike Pearce talk with the Council about it further.

Mayor Kuykendall asked if it was possible for the Council to have an hour or so before that discussion for the Council to discuss their relationship with Prescott Valley to define what that responsibility is. Mr. McConnell said that there will be two topics during Executive Session, a briefing on the litigation by attorneys and their IGA with Prescott Valley.

Mr. McConnell said that the next topic was Funding and Financing of Street Utilities Infrastructure and Annexations areas. He said that they were not listed in priority order. He said that they were talking big numbers for the utilities plans, regional transportations, etc. They were not foolish enough to believe that the current and future taxpayers would just hand out money. It brings the Council

and community to really some policy questions of how development, how fast, and at what location. So, even though they have done the annexation and pre-annexation agreements the authority and policy decisions reside in the City Council to address those questions. He said that the City may need to be looking at special districts, such as community facilities districts.

Regional Transportation and Capital Improvements – Mr. McConnell said that if they looked at the CYMPO 2030 Plan, the cost of it for regional system capital improvements was around \$1/2 billion. They had a projects list where they would widen everything and still nothing would work. He said that could happen because the Plan was built off the general plans of each of the members and was not constrained by water or money.

From that they have learned and as they go into the next update, around 2012, using the 2010 census information, at the staff level it will be suggested to the Prescott City Council to be more realistic about it. If they were not it would mean that they would be faced with a succession of projects like the Side Road Interchange. He said that they were only building Phase I of that at a cost of \$17 million for construction and a few million for planning.

Mr. McConnell said that the last item was Regional Growth and Economic Development and at the last Regional Association of Local Governments there was some discussion of obtaining white papers, but one of the questions Mr. Norwood raised was whether they were going to be competitors or allies. He said that they could be allies if they drew a box around a portion of State Route 89A by the Airport. He said that he was mentioning it because it rolls into the same discussion of infrastructure, financing, etc.

Councilwoman Linn said that the Central Yavapai Institute discussed this topic and she just reviewed the final report. She will be putting together the PowerPoint and they will be coming to each of the cities and County government as well as chambers with the findings of that date.

Mr. McConnell said that another item that continues to come up is Prescott's retail water business within the Town of Chino Valley. He said that they got into that business primarily through the acquisition of the Chino Valley Irrigation District (the lakes). With the lakes came a system and a responsibility to serve CVID customers, many of whom are now within the Town of Chino Valley. He said that Chino Valley wants to develop water and sewer systems in their town and the City of Prescott has a contractual obligation to provide water service to those customers. He said that it is a tough agreement (between Prescott and CVID) because all of the CVID customers as well as SRP are parties to the agreement so anything that changes it has to have sign off of each and every one of those parties.

Mr. McConnell said that the next issue is Public Transit and the Mayor will be dealing with this one as the City's representative to the CYMPO Executive Board. He said that it all boils down to money. Councilman Hanna asked if they were to start with the public transit if they would be able to stop in the future if matching funds ran out. Mr. Norwood said that there is always a way out, but politically one they were in it, they were in it.

Mr. McConnell said that the previous Council sent to CYMPO a letter which expressed transit preferences, which said they supported hiring a Transit Administrator and they also supported the enhanced voucher system. He said that currently the City has a voucher system that relies on lottery money from the State and through agreement with NACOG. He said that the enhanced system would be implemented by CYMPO and use federal money which would be matched with the local money. If the City's matching money (the lottery money) went away there would be issues about getting it and what happens if there was no money.

He said that they were in the process of updating water and sewer rates and expect to report to Council in mid January. Councilman Lamerson asked if the presentation would include anticipation of the Big Chino Water Ranch. Mr. McConnell said that they would be seeing two reports and presentations. The first will be a water/wastewater rate update and it assumes that the budget for the BCWR project the way it appears now in the City budget. It does not re-examine the 8020; it does not get into the financial feasibility. It is a tweak on the current water and sewer rates because of water consumption by customers is way down which means they were not meeting the revenue targets. He said that it does not mean that the City has to reach those targets, but it means that some projects may have to fall out. He said that the second thing is that the wastewater improvement plans will be factored into the overall rate structure for the purpose of discussion. He said that the financial feasibility for the BCWR will come later through the prospective financial advisor.

Mr. Norwood said that the water conservation worked better than anyone projected, coming down 18%. He said that they had a capital improvements plan tied to that so they are unable to meet that plan.

Mayor Kuykendall asked if the study is part of the previous rate impact fee study or if it was a new contract. Mr. McConnell said that it is a new contract, but it is around \$20,000 instead of \$120,000. He said that they were not looking at impact fees as they were not suggesting playing with those with what is going on in the Legislature.

Mayor Kuykendall said that he must have missed when the new contract came before Council. Mr. McConnell said that it was actually under \$20,000 so it was not required to come before Council.

Councilman Hanna said that they would be telling the people that they will save water, which is good, but the City was going to raise their rates anyway. Mr. McConnell said that it was the Council's prerogative. He said that staff will be presenting that if they want to do all of the projects, then the rate would have to be X. There is another alternative, to pull out some of the projects, and reduce the rate. He said that staff's perspective is to present the information to the Council, not with a bureaucratic bias. The implication is that they would probably be doing less rehabilitation projects. He said that when the line broke on Elks Hill it cost \$500,000 to fix. The more they defer those rehab projects, the more exposure they have to those types of breaks.

Councilman Lamerson said that he did not understand how they come up with rates when they do not know the factors. Mr. McConnell said that Dan Jackson is good at explaining the assumptions. He said that the wastewater fund is in a world of hurt because it was ignored for years. He said that the water model was done first; they identified rehab projects and put in the BCWR project. Even though the wastewater rates were raised the past time adjusted, the money is not there and there is very little construction providing development fees. He said that something has to be done for the wastewater system.

Councilman Hanna asked when the last rate increase was. Mr. McConnell said that it was in 2008, which Mr. Norwood added was the first time in 17 years.

Debbie Horton, Parks, Recreation and Library Director then reviewed the areas covered in her department. She reviewed the large amounts of numbers using the public library. She said that the facility is being used more than ever and is a real jewel to the City.

She said that in Parks and Recreation they have 10 parks, 6 nature preserves, 4 mini parks and 287.78 acres of natural park lands (open space), 3 lakes and 14 athletic fields. They have 17 designated trails over 40 miles total, 21 ramadas, and the Grace Sparks Activity Center and Rowle P. Simmons Community Center and the Special Needs Activity Program. She said that they have the largest municipal program of sports leagues in the State per capital.

Councilman Lamerson asked if the enterprise fund was competent to take care of the leagues. Ms. Horton said that the money they bring in for sports league entry fees (\$63,000) goes back to hire umpires and officials. They try to break even.

Mr. Norwood clarified that Parks, Recreation and Library was funded through the General Fund. He noted that the national tournaments they hold during the summer bring in a lot of money to the City. Ms. Horton said that in fiscal year 2009 the tournaments generated \$6.8 million in the local economy and in 2010 they were bringing in three national tournaments.

Councilwoman Linn asked what they do to make sure that Prescott's hotels are in front of them. Ms. Horton said that this year on the internet they put up every hotel in Prescott as well as a link to the Chamber.

Mayor Kuykendall said that within 45 days they would be bringing forward a whole new tourism program and part of it would be a tighter relationship with the golf course, airport, and recreation department. Mr. Norwood added that next year, after July 1, the golf course frees up \$500,000 in debt if they needed to take \$25,000 to \$40,000 for marketing it would be well spent.

Councilman Lamerson said that during the past few years he heard through Arizona Fish and Game that in Yavapai County \$73 million was attributed to people coming to the area to hunt and fish. He has yet to see the first big fishing tournament and they have attributes here that other locations do not.

Councilman Hanna said that he would like to know what they were going to do with the lakes. From 1960 to 1967 Willow Lake was considered the #1 cropy lake in the southwest U.S. and people would come to the lake to fish. All it would take would be to dredge the lake and get it filled and stocked. He guaranteed that if they put in \$100,000 to dredge the lake the numbers would triple. Ms. Horton said if they gave her the \$100,000 she could get it done. Councilman Hanna said that perhaps they could use some of the money being freed up next year from the golf course. Mr. Norwood said that it would have to golf related.

Brief discussion was held on the softball tournaments and it was noted that Don Fishel, a City employee, was the ASA Commissioner in Arizona.

Ms. Horton said that there are a lot of other ways to bring in tourists. She said that they want to take a real proactive stance in that regard. They feel they possess the key ingredients to make the improvements. Today's retirees are redefining aging; looking to stay fit, exercising their mind and body. She said that they have a well-kept secret outside of the City and State.

She said that they recently had a presentation given by the Arizona Office of Tourism and they said the biggest way everybody hears about Prescott is by word of mouth. She said that was too limiting. The other thing she heard was the #3 reason why people come here is for hiking/walking. Until they get bed tax funds, using existing staff they would like to form a recreation/tourism division, with a focus on partnership and promotion of adventure opportunities. She said that she has assigned Melissa Jackson and Chris Hoskins and they have already started talking with Horizon Air and hotels to link their assets to adventure activities.

Discussion was held on the Granite Dells. She said that the open space the City has purchased in that area has created tremendous opportunities for revenues such as in area of rock climbing. She said that they know that there are already

private companies out there leading classes and groups like Prescott Climbers Coalition are already intending to forge new routes on the James property. They are beating the City to it because of their limited staff, but there are still two ways to generate revenue. They could have an annual climbing permit required, along the lines of an annual parking permit. They could also work with the independent contractors and get a percentage of their profits, just like they do with those providing kayaks. She said that the challenge with those two things are enforcement and that is where the park ranger volunteer program comes in.

Councilman Lamerson asked if there were mechanisms being researched to keep the City from liabilities. Ms. Horton said that there immunity laws for parks and recreation programs that would cover a lot of those. She said that when they get their permit they would sign a waiver, all of which would first be run through Risk Management and Legal.

Councilwoman Linn said that they have a lot of national and state forests that are models. When she fell at Tonto Natural Bridge they had warned her how treacherous it was going to be. She said that they do not want a novice on some of the trails without being guided by a professional.

Councilman Lamerson said that he appreciated the efforts. He was not negative, but he was concerned with the taxpayers' pocketbook.

Councilman Blair said that years ago they used to have statewide dog shows and they should look into getting those here again. Ms. Horton said that there are so many ways the department can expand. Councilman Lamerson added that the rodeo grounds would be available as well.

Ms. Horton said that the challenge is that while the use of the resources continue to increase the budget is shrinking. Just the parks and recreation division budget is down over \$1 million from two years ago. They were down 20 fulltime employees and the usage is up.

Councilwoman Linn said that when she was working on building the greenways trail she found that a lot of the firefighters have the ability to run front loaders and maybe they could connect on that level with major projects. Ms. Horton said that she was right and they do coordinate with departments, such as Chad McDowell's departments. She said that the City Manager does encourage teamwork among the departments.

Ms. Horton said one thing she wanted to caution them about was when they get calls from their constituents regarding weeds, if they have a national tournament coming in, preparation for the tournament will take precedence over the weeds. The request will go on a list, but it may take some time to get to them.

Councilman Lamerson said that what he was hearing from the discussions that they need to take care of what they have, not necessarily have things here to enjoy when they get here. He said that they are giving away the bed tax to other organizations. It should be used to improve and maintain what they have here.

Mayor Kuykendall thanked Ms. Horton for her effort and enthusiasm. He said that within the next 60-90 days, between staff and the new Council, they will see a new world in tourism development. Ms. Horton said that they want to be a part of that.

Mr. Norwood said that they have shifted 75-80% of their economic development funds toward tourism. Going after jobs and new industry is tough because of land prices and the availability of workforces. He said that they could hire 20 more people for economic development but it would not generate any more business. He said that like it or not, Arizona is solely tied to sales tax and when they are not coming in they are in trouble. He said that every city in the State is seeing it.

Discussion was held on the need to assist those businesses that are already in Prescott, to help them succeed and expand.

Mr. Norwood said that another department under City Manager was the Human Resources. He gave a copy of the travel policy to each of the Council members. Councilman Hanna said if they as public servants cannot afford to spend \$120 to drive to Flagstaff and spent the night, etc. they need to reconsider. He said that to him it was \$25,000 of the taxpayers' money that was wasted.

Ms. Hadley noted that the budget for Council travel was cut back \$7,500 this year and the only conference that most of the members attend was the League of Cities Annual Conferences. Councilman Lamerson said that he thought when they were going to a sponsored event, and doing the work of the public, the registration fees and costs of getting there and back are not the same as the extracurricular activities.

Councilwoman Linn said that she goes to Pinetop, Show Low, Flagstaff for business and she will ask the Mayor if there is anything to be researched there, while she is already there.

Mr. Norwood said another item under Human Resources that he wanted to let the Council know about was the expensive nature of the police and fire employees. He said that ASRS (Arizona State Retirement System) covers everyone but police and fire. It is about 9.5% taken from the employee's paycheck and the City matches that. For the Public Safety retirement, the employee's contribution is legislatively capped at 7.6% so when it keeps going up the employee does not see an increase. Today they are knocking on 30% for every police and fire employee, and they have no choice. In the last four years Public Safety retirement has gone up over \$800,000.

Councilman Hanna said that in 1994 they tried to change it to where they put into public safety but not into social security. Ms. Hadley said that none of Prescott Valley's employees pay into social security.

Ms. Hadley said that the local fire union people have tried to talk with the bigger union and say they need to help out the cities and remove the cap to make it equivalent, but they got beat up.

Councilwoman Linn said that she just received word from Ken Lain that on Saturday they would be planting a tree at the triangle and at 4:00 p.m. they would be holding a dedication of the Gheral Brownlow tree.

Mr. Norwood asked that over the next few days each Council member write down three to five issues that they would like specific information on, or more information and let him know.

He said that he continues to hear the question of why Prescott Valley has so many fewer employees. He said that Prescott Valley does not have 36 holes of golf, trash pick up, an airport, parks, etc.

Councilman Blair left the meeting at this time (3:40 p.m.).

Mr. Norwood said that they have heard the challenges but it was not doom and gloom. He told the existing Council that they have cut workforce, but have not done across-the-board pay cuts like other cities. Their bond rating is intact. They have not used one nickel from their reserve and they are still replacing police cars, buying a fire truck. He said that they are fairing better than most and it did not happen by accident.

Councilman Hanna noted that Phoenix was laying off another 123 cops. Mr. Norwood said that if they were doing that he can only imagine what is happening in the other departments.

Mr. Norwood said that they would reschedule some of the other departments they did not get to hear from. He said that in the past he heard that public safety was a priority and that was why Parks and Recreation got such a hit, but they cannot sacrifice fields because that brings in revenue.

Councilwoman Linn applauded everyone for having been so visible during the campaign. Councilman Lamerson said that he was looking forward to working with the new Council members and Mayor. He said that the City Manager is who holds it together and implements the policy decisions of the Council. If they see things leaving the community they cannot blame staff; it is from the direction of the Council.

Mr. Norwood then took the last five minutes of the meeting to show a video produced in house to show the Council members the quality of skill of City employees.

2. Adjournment

There being no further business to be discussed the Workshop of the Prescott City Council held on December 2, 2009 adjourned at 3:49 p.m.

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MARLIN D. KUYKENDALL, Mayor

ATTEST:

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ELIZABETH A. BURKE, City Clerk