

PRESCOTT CITY COUNCIL  
REGULAR VOTING MEETING  
TUESDAY, JANUARY 12, 2010

MINUTES OF THE REGULAR VOTING MEETING OF THE PRESCOTT CITY COUNCIL  
held on TUESDAY, JANUARY 12, 2010, in the COUNCIL CHAMBERS located at CITY  
HALL 201 SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Kuykendall called the meeting to order at 3:00 p.m.

◆ **INTRODUCTIONS**

Councilman Lamerson acknowledged former Mayor Simmons and former Councilmen Bob Bell, Bob Luzius and Jim Wilhelm.

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

Reverend McKenna gave the invocation.

◆ **PLEDGE OF ALLEGIANCE:** Councilwoman Suttles

Councilwoman Suttles introduced members of the Cub Scout Webelos Pack 6, Prescott Flaming Arrow Patrol, led the Michelle Fain, who then led the Council and audience in the Pledge of Allegiance.

◆ **ROLL CALL:**

PRESENT:

Mayor Kuykendall  
Councilman Blair  
Councilman Hanna  
Councilman Lamerson  
Councilwoman Linn  
Councilwoman Lopas  
Councilwoman Suttles

ABSENT:

None

◆ **SUMMARY OF CURRENT OR RECENT EVENTS**

City Manager Norwood reported that earlier in the day he and the Mayor had met with representatives of ADOT regarding the planned median on Highway 69. He said that they were getting ready to proceed and would be holding a public meeting on January 21, 2009 at the Wyndam Gardens (corner of Highway 69

and Sunrise Blvd.) from 5:00 p.m. to 7:00 p.m. He said that they were now proposing a 20" high medium between 5 and 8 feet wide, with three signalized intersections. He encouraged members of the public with concerns to attend the meeting.

Councilwoman Suttles reported that she had attended a fundraiser last Saturday for the American Diabetes Association, standing in for Mayor Kuykendall, and she went on a four and a half mile bike ride.

## **I. PUBLIC COMMENTS**

- A. Frank Creelman to discuss the hydrology of the Upper and Lower Chino Basin and driving conduct by the police officials.

Mayor Kuykendall said that the Council had a long agenda and Mr. Creelman was entitled to embrace them with his information, but he asked that he also respect them by keeping it brief.

Mr. Creelman began talking about the bobcats that had been talked about in the newspaper; Mayor Kuykendall explained that he could not talk about that as it was not on the agenda. He said that he would need to keep the comments to the two items on the agenda. Mr. Creelman said that he would not be making his report on hydrology today.

Mr. Creelman held up a stack of folders which he indicated were each of the police officers which he had a problem with; next time he would go through the conduct of each specifically. Mayor Kuykendall explained that the Council hires the City Manager, City Clerk and City Attorney; the City Manager hires the Police Chief.

Mr. Kidd stated that the purpose of this item on the agenda was for public comment by a citizen, not for discussion. Mr. Creelman said that next time he wants an answer to the petition he filed a few months ago.

- B. Bob Luzius to speak about the reduction in number of Council meetings each month.

Bob Luzius, 237 South Arizona, read a short story indicating that he was concerned with the proposal to go from four meetings a month to two meetings a month, stating that it was taking away the rights of the public.

Mayor Kuykendall explained that this particular item would be on the agenda for consideration at next week's study session and he would reply to these comments at that time.

Tom Atkins attempted to speak before the Council, but Mayor Kuykendall explained that he was not on the agenda and would need to contact the City Clerk to have his name and issue on the agenda for comment.

## II. PRESENTATIONS

- A. Presentation of a GEM (**G**oing the **E**xtra **M**ile) award.

A GEM Award was presented by Mr. Norwood to Tim Harrington of the Prescott Fire Department for his commitment to being fiscally responsible in obtaining a fire engine that saved the City thousands of dollars.

Mr. Norwood then presented Mr. Harrinton with a certificate, a gift and check for his outstanding performance.

- B. American Legion to present Mark Nietupski and Ian Mattingly with certificates of appreciation regarding the rededication of Memorial Park.

Commander Wilhelm of the VFW and Ralph Nowakowski of the American Legion both came forward and presented certificates of appreciation to Mark Nietupski, Public Works Director, and Ian Mattingly, City Traffic Engineer, for their assistance with restoring the Veterans Memorial Park.

- C. VFW to thank Mark Nietupski and Ian Mattingly for rededication of Memorial Park.

See Item B above.

- D. Presentation of 2010 Water and Wastewater Rates Update by Dan Jackson, economists.com.

Mr. McConnell said that in October 2007 Economists.com was engaged by the City for a biannual analysis of rates and impact fees necessary to adequately support the City's potable water and wastewater enterprises. Ordinance No. 4650-0852 was adopted May 27, 2008, setting water and wastewater rates based upon that analysis.

He said that should the Council wish to increase rates, the soonest it could be effective would be April 1, 2010. He said that the presentation today was strictly informational; no action was required. If there was consensus at today's meeting he would place an item on next week's meeting to start the process.

He then introduced Dan Jackson, principal of Economists.com, who gave a PowerPoint Presentation, Exhibit A, attached hereto, which addressed the following items:

- ▶ CURRENT WATER RATE STRUCTURE
- ▶ CURRENT WASTEWATER RATE STRUCTURE
- ▶ RESIDENTIAL USAGE BY ACCOUNT
- ▶ WATER AND WASTEWATER RATE COMPARISON
- ▶ HISTORICAL AND FORECAST
- ▶ WATER/WASTEWATER REVENUE REQUIREMENT
- ▶ CIP FUNDING SCENARIOS
- ▶ CIP/RATE SCENARIO 1 (RESIDENTIAL)
- ▶ CIP/RATE SCENARIO 2
- ▶ CIP/RATE SCENARIO 3
- ▶ CIP/RATE SCENARIO 4
- ▶ PRESENTATION SUMMARY

It was noted that this issue would be discussed further at the Council goals retreat and it would be on next week's agenda to continue the process.

### **III. CONSENT AGENDA**

**CONSENT ITEM A and B LISTED BELOW MAY BE ENACTED BY ONE MOTION. ANY ITEM MAY BE REMOVED AND DISCUSSED IF A COUNCILMEMBER SO REQUESTS.**

- A. Authorization to purchase a Standby Generator Set and Automatic Transfer Switch for the Sundog Wastewater Treatment Plant from Empire Power Systems in the amount of \$210,585.00.

Mayor Kuykendall stated that he and others had received an e-mail from Mr. Peters suggesting that action on this item would be in violation of

Proposition 401. He has discussed this with Mr. Kidd as well as Mr. Danforth and both agreed it could move forward.

- B. Approval of the Minutes of the Regular Voting Meeting of December 8, 2009; the Combined Study Session/Regular Voting Meeting of December 15, 2009.

**COUNCILWOMAN SUTTLES MOVED TO APPROVE CONSENT AGENDA ITEMS III-A AND III-B; SECONDED BY COUNCILMAN BLAIR; PASSED UNANIMOUSLY.**

#### **IV. REGULAR AGENDA**

- A. Public Hearing and consideration of application submitted by Enza Mirella Brower for a new Series 12, *Restaurant*, license for Rooster's Café & Coffee located at 333 South Montezuma Street.

Ms. Burke reviewed the application, noting that the applicants were present should anyone have questions.

**COUNCILWOMAN SUTTLES MOVED TO CLOSE THE PUBLIC HEARING; SECONDED BY COUNCILMAN LAMERSON; PASSED UNANIMOUSLY.**

**COUNCILMAN LAMERSON MOVED TO APPROVE THE LIQUOR LICENSE APPLICATION SUBMITTED BY ENZA MIRELLA BROWER FOR A NEW SERIES 12, RESTAURANT, LICENSE FOR ROOSTER'S CAFÉ & COFFEE LOCATED AT 333 SOUTH MONTEZUMA STREET; SECONDED BY**

- B. Approval to support the grant application for a Rural Economic Development and Planning Assistance Grant for tourism in the amount of \$15,150.00.

Ms. Bristol briefly reviewed the item noting that they had exceeded the amount with in-kind contributions from Horizon Air.

**COUNCILWOMAN LOPAS MOVED TO APPROVE SUPPORT OF A GRANT APPLICATION FOR A RURAL ECONOMIC DEVELOPMENT AND PLANNING ASSISTANCE GRANT FOR TOURISM IN THE AMOUNT OF \$15,150.00; SECONDED BY COUNCILMAN LAMERSON; PASSED UNANIMOUSLY.**

- C. Adoption of Ordinance No. 4728-1025 – An ordinance of the Mayor and Council of the City of Prescott, Yavapai County, Arizona, (1) approving the form and authorizing the execution and delivery of an Extension to Series 2007 Ground Lease, a Series 2010 City Lease, a Bond Purchase Contract and a Series 2010 Continuing Disclosure Agreement (Municipal Property Corporation Bonds); (2) approving the execution and delivery by City of Prescott Municipal Property Corporation of such Extension to Ground Lease, such City Lease, such Bond Purchase Contract, a Depository Trust Agreement and a Second Supplement to Trust Indenture; (3) approving an Official Statement and the circulation thereof; (4) approving the issuance of not to exceed \$19,000,000 aggregate principal amount of City of Prescott Municipal Property Corporation Revenue Bonds, Series 2010; (5) delegating to the Budget/Finance Director of the City the authority to determine various terms with respect to the Series 2010 bonds and the sale thereof; (6) providing for the transfer of certain moneys for the payment thereof and making certain covenants and agreements with respect thereto; (7) authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this ordinance; and (8) declaring an emergency.

Mr. Woodfill said that approval of this item gives authorization to the Finance Director to oversee the issuance of the bonds for the Side Road Interchange project, in an amount of no more than \$19 million. He then introduced Shawn Dralle of RBC Capital Markets.

Ms. Dralle said that in order to access the capital markets they asked the bond rating agencies to give their opinion on the rating of the City's credit and they have affirmed the City's rating at AA (S&P), AA- (Fitch) and A1 (Moody). She said that the City has a very strong credit rating and all three mentioned it was the result of the strength of the management and conservative budgeting of the City's finances.

She said the interest rates are very low, especially with municipal rates. She said that as part of the Build American Bonds (BAB) program one of the provisions was to allow municipal issuers to be able to issue bonds to the taxable market rather than strictly tax-exempt. She said that by doing that it opens up a much larger investment pool. She said that the Federal government subsidizes the interest rate by writing a check for 35% of the interest rate which means if they sell a taxable bond at 6% interest rate, assuming they designate them as BAB bonds, the government would write a check for 35% of that, so the effective cost of borrowing becomes 3.9%. She said that in the tax-exempt market that is the equivalent of 4.25%.

Discussion was held on the possibility of issuing additional debt for other projects since it was such a good time for borrowing money. It was agreed that all of the projects would be reviewed during the goals retreat and further discussion along those lines would take place there.

Mr. Dralle said that the interest cost in dollars for borrowing the \$19 million would be around \$8.8 million over the twenty-year period, which was at an all-time low.

Ms. Dralle said that the rebate from the government would occur semiannually, coinciding with payment of the bonds. She said that since the program just started last February, they have just gone through their first receipt and her understanding was that it all occurred. She said that the theory in the market is that it equates to the tax-exemption received, so they were going to get it one way or the other from the Treasury.

She said that if they started with the BAB program and then in February government stopped the rebate program, they would have the ability to refinance the bonds at that time, but it is a savings of about \$550,000 for the City and it was her responsibility to bring it to them as a way of doing it.

Jason Gisi, 3200 Lakeside Village Drive, noted that the original engineer's estimate was \$24 million for the project and it came in at \$17 million, for a savings of \$7 million which covers about 80% of the cost of the financing. He said that he appreciates the Council's leadership as the only way out of the economic situation is to build the infrastructure. He said that they should do so prudently but take advantage of the market pricing.

**COUNCILMAN LAMERSON MOVED TO ADOPT ORDINANCE NO. 4728-1025, WITH THE EMERGENCY CLAUSE; SECONDED BY COUNCILWOMAN SUTTLES; PASSED UNANIMOUSLY.**

- D. Award of bid and contract for Zone 12 Water Improvements and various wastewater improvements south of State Route 89A to CLM Earthmovers, LLC, in an amount not to exceed \$1,313,693.46.

Mr. Nietupski said that he needed to correct a comment he made last week. The location of the sewer line adjacent to Side Road and the Peavine Trail was actually to the east, completely separate from the trail.

**COUNCILMAN BLAIR MOVED TO AWARD THE BID AND CONTRACT FOR THE ZONE 12 WATER IMPROVEMENTS AND VARIOUS WASTEWATER IMPROVEMENTS SOUTH OF STATE ROUTE 89A TO CLM EARTHMOVERS, LLC, IN AN AMOUNT NOT TO EXCEED**

**\$1,313,693.46; SECONDED BY COUNCILWOMAN LOPAS; PASSED UNANIMOUSLY.**

**V. ADJOURNMENT**

There being no further business to be brought before the Council, the Regular Meeting of the Prescott City Council held on January 12, 2010, adjourned at 5:24 p.m.

\_\_\_\_\_  
MARLIN D. KUYKENDALL, Mayor

ATTEST:

\_\_\_\_\_  
ELIZABETH A. BURKE, City Clerk

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Voting Meeting of the City Council of the City of Prescott, Arizona held on the 12th day of January, 2010. I further certify the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2010.

AFFIX  
CITY SEAL

\_\_\_\_\_  
ELIZABETH A. BURKE, City Clerk