

PRESCOTT CITY COUNCIL
JOINT WORKSHOP/SPECIAL MEETING
TUESDAY, SEPTEMBER 7, 2010
PRESCOTT, ARIZONA

MINUTES of the Prescott City Council Joint Workshop/Special Meeting held on September 7, 2010 in the City Hall Council Chambers, 201 South Cortez, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Kuykendall called the Workshop to order at 2:01 p.m.

◆ **PLEDGE OF ALLEGIANCE** Councilwoman Suttles

Councilwoman Suttles invited Chief Kabbel to lead 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

I. PUBLIC COMMENTS

A. Introduction of new businesses.

Dave Maurer, CEO Prescott Chamber of Commerce, introduced two new members:

▶ Beautiful Life Salon represented by Cynthia Priano, 216 North Alarcon, 445-3305.

▶ Way Out West Photos represented by Bobbie Tucker, www.wayoutwestphotos.com.

B. Update by the Yavapai Humane Society

A representative was not present.

C. Report on Upcoming Activities of the Make-a-Wish Foundation.

Ms. Burke noted that representatives had called earlier in the day to reschedule.

D. Update by Representatives of the Prescott Convention and Visitors Bureau.

Ms. King, 101 South Cortez, presented a PowerPoint which covered the following topics:

◆ VISITOR CENTER INFORMATION

Day Planning

Reservations

Ticket Sales

Master Calendar

◆ VISITOR CENTER INFORMATION – Prescott Gold Vault

◆ CUSTOMIZED VISITOR/RELOCATION INFORMATION PACKETS

◆ AUNT B'S BAKERY

◆ COMMUNITY INVOLVEMENT

ADA, Tour de Cure

Prescott Film Festival

Prescott Intertribal Pow Wow

Prescott Western Heritage Days

White House Christmas tree

Acker Night

Dickens

Eggstravaganza

- ◆ TOURISM MARKETING
 - Membership/Relationship
 - Branding and Marketing Collateral for Events
- ◆ DESTINATION PUBLIC RELATIONS
 - Group Sales
- ◆ BRANDING/MARKETING
 - Prescott Film Festival
 - Corporate Group Marketing

Councilwoman Suttles noted that Prescott was trying to find a new brand. Ms. King said that branding was one of those things that most companies tended to take for granted.

- E. Sanford Cohen re Commemoration of KPPV's 25th Anniversary and launch of Travelradio at the Grand Canyon.

Sanford Cohen, Arizona's Hometown Radio Group, 3755 Karicio Lane, Prescott. KPPV just celebrated its 25th anniversary on September 1.

On September 1, instead of looking at what they had done the past 25 years, they decided to look at where they were going and signed a new radio station on that day. The new station was located at the Grand Canyon with a unique format. There was no other radio station that broadcasted travel information 24 hours a day. The Grand Canyon Chamber of Commerce was impressed and excited about the opportunity.

When he and Terry bought the right to purchase the frequency for the Grand Canyon station, their intent was to put KPPV on as a repeater so the public would hear it in Flagstaff on a different frequency and they would hear it at the Grand Canyon on the third frequency. The Cohens thought it would be the Northern Arizona super station. Then they started streaming audio from their radio stations on the internet and began getting e-mails from people overseas. The Country station got the most hits. They thought they should put the country station on the Grand Canyon but knew they would not be able to satisfy everyone.

They decided that since all of the people at the Grand Canyon had traveling in common, they would do five minute features on hotels,

destinations, restaurants, and communities. They would do it in documentary form with music and sound effects. When they finalized the concept, they then went to the AAA Travel Show at the end of January and the AZ Highway Show and started talking to those with booths. The public can listen to travelradiousa.com in addition to two other audio streams in Japanese and German. The translations were done by local residents.

He thanked the City of Prescott for their sponsorship for travelradio and encouraged the citizens to go on line and click on stream in English.

Councilman Lamerson thanked him for being a strong supporter and marketer of Prescott. He said that he was an asset to the City.

Councilman Hanna said that when Mr. Cohen started his station 25 years ago, he knew that he would make it and said that Mr. Cohen had done very well.

II. PRESENTATIONS

A. Board / Commission Liaison reports.

Councilwoman Suttles noted that most of the Council went to the League of Cities Conference on August 24. She said that an Economics teacher gave the speech for the opening ceremonies and after his PowerPoint presentation she thought that they were not in as bad of shape as she had originally thought. She wanted to get a copy of his speech out to some of the City employees. She noted that the workshops were great and the conference was extremely successful.

Councilwoman Linn said that she enjoyed the League of Cities conference. Regarding Access 13, she said to watch for future programming changes. She noted that she would be speaking about the Charter Amendment Committee issues on Councilwoman Suttles' radio show next week.

Next Wednesday's Prescott Downtown Partnership meeting would be addressing laws and rules around square.

Councilman Lamerson noted that during the voting session at the League of Cities, many towns and cities wanted a hands-off approach on a number of issues regarding the state using a heavy handed government.

He said that he had neglected to discuss his relationship with the Chamber of Commerce at the last meeting as their liaison and on the Economic Development committee. The Chamber had never once said

they were not going to help the City. They continued to discuss how they could help with regards to salesmanship. They were anxious to work with the City on some of the code rewrites and the impediments that make the City less than business friendly.

Councilwoman Suttles said that she picked up carrying the Prescott flag at the League of Cities from Councilman Bell and it had been a privilege and she carried it proudly.

Councilwoman Linn noted that Councilman Blair received an award at the Conference for eight years of Council leadership.

III. DISCUSSION ITEMS

A. Discussion and direction re water/wastewater rate increase.

Mr. Nietupski said that he recognized the sensitivity of the discussions when it came to raised water rates. The Council and public had a vested interest in the utilities, but it was a discussion that needed to occur. They had a significant program. In August they talked about the process for going through a rate adjustment and how to accomplish that. He wanted to remind the Council and the public about few things:

In 1947 the City acquired the well field which was the major source of water in Chino Valley and Prescott. The well field was in operation in 1955. Portions of the existing manifold along with one of the transmission mains that still served the City of Prescott were still in function. The Indian Hill water tank was built in 1955. There were some improvements in the Chino forebay in 1980 and 1986; however, the City of Prescott had 40 pump stations that they relied on. At least 22 of those had been identified as not up to par with respect to their capacity and ability to delivery service to meet the needs of the community. The same thing existed with the water tanks. The analysis had been done through operations and development of a water model which was completed in 2005.

There were 87 different pressure reducing stations in the City's water system. There was a 1700 foot vertical differential in elevation from the point of water production to the highest end of system. It was a complex distribution system with over 60 pressure zones. It was very difficult to operate. It was deteriorating and expensive to maintain. There were water and waste water service lines that had been in the ground for over 80 years. Typical industry standards expected the materials to last about 50 years. There was a main rupture and it was an unbudgeted project. There were system issues that needed to be addressed.

Redundancy in their ability to produce water was needed. The implementation was recommended in the airport area. If they lost a well in Chino Valley and the City of Prescott had a well at the airport, they could put it on line and it would help them keep a reliable system for the benefit of public service.

There were a lot of older system components, capacity needs were deficient, and pipelines were undersized. There were also issues of fire flow in some areas of the community.

On the wastewater side there were problems with the collection system. It was old and was built in the stream beds of Prescott. The City battled roots, insufficient slopes and grease build ups. There were over 1,000 manholes made out of brick. They saw inflow and infiltration issues. The issue was addressed in written form with a letter from the Department of Environmental Quality that the City needed to respond to. The wastewater treatment facilities had difficulty treating the waste streams. It was much more concentrated than it was 20 years ago when some of the improvements were designed. The belt press was getting close to the end of its time and the filters needed replacement.

The Capitol Improvement Program (CIP) was on top of the regular costs that the City incurred. They were preparing to go forward with a process that would allow the City to look at rate setting in a deliberate fashion that provided a lot of public input, before making a decision. Since 2008 they had a CIP program of about \$300 million. Since then it had been reduced substantially. In the last 3 years they had dropped \$145 million from the plan. The staff had looked at their priority projects and the current list is what they ended up with.

He said that there are utility needs in the airport area that must be addressed and are a significant cost. The Sundog Plant improvements are necessary. There are roadway projects that have utility components; they cannot do one without the other. They also need storage capacity increases. The City wanted to improve its fire flow so that they could defend public property. The CIP was a priority program.

The investments that had occurred in Prescott for the infrastructure had come over time. The improvements would come over time, but there needed to be a rate structure that would support the City's ability to go forward and provide the services to the public.

When Dan Jackson did his representation in January 2010, they looked at several scenarios. The CIP in the packet was around \$163 million. That was about \$83 million for water and \$80 million for wastewater over a period of about six years. There was also a contingency item of \$5 million

in each program area for projects that may be a necessity. The City was looking at a project in Williamson Valley due to waterline breaks. They are going to have to make an advance as a capital project to improve a segment of the system that was unbudgeted.

The Finance Department would prepare a finance model for the rate structures. All the work to be done in the analysis and development of a rate program would be done internally. There would be no outside consultant.

He then reviewed a timetable for the process including public workshops. He did not feel that the rates would go into effect until March.

Mr. Norwood asked if the timetable could also be shortened. Mr. Nietupski said that there would be a little time for finance to get the model up to speed.

Councilwoman Suttles reconfirmed that they would not be using a consultant. She wanted to know what projects were going to be first in line.

Mr. Norwood told her that she could cut it down as much as she wanted. They had already cut out \$150 to \$200 million of projects that had been identified. They were listed in order for fiscal year 2011. There would also be carryover to the next fiscal year. They could do away with Park Avenue and Williamson Valley, but Council had made those a priority. The utility work had been attached to those projects.

The Sundog and airport plants were absolutely “have to” projects. The next priority would be those projects associated with road projects. The next highest would be some of the mains that were very old and some of the reservoirs.

He noted that the last three to five years they had pushed the projects out further and further. When Dan Jackson did the rate structure it was based on a \$250 million plan. Since they had cut out more projects, that rate could come down further. The big dollar projects were coming up in the first year.

Councilwoman Suttles said that for 19 years the City of Prescott did not do anything with their rates. She wanted to make sure that there would be something to show for the money spent. Councilman Lamerson said that the projects had to be done so as not to put the public in harm’s way.

Mr. Nietupski said that when they looked at the enormity of the project, they looked at what could be pushed out without increasing the risk to the City. What was left was what had been identified as critical needs.

Councilman Lamerson said that the City had positioned itself to be able to go into the finance community and get the money they needed to take care of the public safety. Mr. Woodfill said he was correct.

Mr. Norwood commented that when they looked at rates, there were probably 40,000 different scenarios they could craft. The main thing to be sensitive to was the majority of the customers. The large water users had taken a huge hit in the last three to four years. The City had to look at funding to cover the debt. The water consumption had decreased 25% which meant that there was less effluent out there.

Councilman Hanna said that the City had a Council that realized that they did not have to waste money on studies. He got a call last week wanting to know why the City had to raise rates because the woman's water worked fine. He asked her what would happen if her water line broke. She said that was a different story. The public needed to realize that it had been 19 years since rates were raised. He agreed that they needed to have a priority list, but eventually it all had to be done.

Councilwoman Lopas noted that she did not see anything that could be cut. She would like the City to be more consistent with rate increases. She asked if the Copper Basin reservoir went through Sheriff's Posse area because they were getting ready to pave the streets. Mr. Nietupski said that the Copper Basin project was west of Sheriff's Posse trail up to Wickwood Lane.

Councilman Blair noted that four years ago they were told that the City's wastewater plants would be at critical mass in four to five years, and they did nothing. At some point they needed to step up and do it. All of the systems were intertwined. The failing systems in the creek beds added to the algae in the lakes. It would be great public education to look at the camera truck going through the lines and see where the sewage was going. It would not be fun but they needed to do it.

Mayor Kuykendall said that the City had been playing catch up for 45 years. There were problems on Park Avenue in 1965. One of the common conversations at League meetings, not just with Prescott, was that even the newer communities were going through the same issues. This was not an expansion mode. It was playing catch up and getting the system up to date. He felt that the public would understand and realize that the Council was conservative by nature. They would bring the public into the rate study.

Councilman Blair said that wherever they could shorten the process up would benefit the public.

Mr. Norwood said that there seemed to be clear direction. There would not be a need to come back on the 28th for an action. They could start the conversations with the large water users.

Mr. Norwood said that due to the four new Council members, he thought that it was a good time for an update on the Call Center.

B. Update on Regional Communication Center.

Mr. Willis gave a PowerPoint Presentation on the center, which included:

- ◆ HISTORY
- ◆ PARTNERS
- ◆ CALLS FOR SERVICE – graphs
- ◆ CALLS FOR FIRE SERVICE
- ◆ FIRE CALLS BY MONTH
- ◆ CALLS FOR POLICE SERVICE
- ◆ STAFFING
- ◆ FISCAL BUDGET
- ◆ 260 SQUARE MILES – population of 130,000 served.

Mayor Kuykendall asked if someone called in about an accident and the Police, Fire and Lifeline staff were dispatched, it would be one incoming call and three dispatches. Mr. Willis said that it would be two dispatches to the Police Department and Fire Department. The call taker would find out if there was an injury involved. Through their computer aided system, Lifeline would automatically get a print out of the call they received.

Councilman Lamerson asked Mr. Willis to show the slide concerning regional cooperation so that everyone could see how well it was working.

IV. ADJOURNMENT

There being no further business to be discussed, the Prescott City Council Workshop of September 7, 2010, adjourned at 3:22 p.m.

SPECIAL MEETING

1. Call to Order

Mayor Kuykendall called the Special Meeting to order at 3:31 p.m.

2. Recess into Executive Session.

COUNCILWOMAN SUTTLES MOVED TO RECESS INTO EXECUTIVE SESSION; SECONDED BY COUNCILWOMAN LINN; PASSED UNANIMOUSLY

The Prescott City Council recessed into Executive Session at 3:32 p.m.

3. EXECUTIVE SESSION:

- A. Discussion or consultation for legal advice with the attorney or attorneys of the public body, pursuant to ARS §38-431.03(A)(3).
 - i. ADWR Application No. 33-96926 pertaining to Instream Flow.
- B. Discussion or consultation for legal advice with the attorney or attorneys of the public body, discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation, and discussions or consultations with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property, pursuant to ARS §38-431.03(A)(3), (4) and (7).
 - i. Potential property acquisition north of SR89A.
- C. Discussion or consultation with the attorneys of the public body in order to consider its position and instruct its attorneys regarding the public body's position regarding contracts that are the subject of negotiations, in

pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation, pursuant to ARS §38-431.03(A)(4).

- i. Spire Engineering v. City of Prescott.

4. Adjournment.

The Prescott City Council reconvened into Open Session at 5:47 p.m. at which time the Special Meeting of September 7, 2010 was adjourned.

MARLIN D. KUYKENDALL, Mayor

ATTEST:

ELIZABETH A. BURKE, City Clerk