

PRESCOTT CITY COUNCIL
WORKSHOP
TUESDAY, MARCH 6, 2012
PRESCOTT, ARIZONA

MINUTES OF THE PRESCOTT CITY COUNCIL WORKSHOP held on March 6, 2012, in the CITY HALL COUNCIL CHAMBERS located at 201 SOUTH CORTEZ STREET, Prescott, Arizona.

◆ **CALL TO ORDER**

Mayor Kuykendall called the Workshop to order 3:00 pm.

He said the members of the Council would be able to ask questions of the presenters. The public would be able to comment the next week.

◆ **INVOCATION** Assistant Pastor Kathleen Stolz, Prescott United Methodist Church

Assistant Pastor Stolz gave the invocation.

◆ **PLEDGE OF ALLEGIANCE** Councilman Carlow

Councilman Carlow led the Council and audience in the Pledge of Allegiance.

◆ **ROLL CALL:**

Present:

Mayor Kuykendall
Councilman Arnold
Councilman Blair
Councilman Carlow
Councilman Hanna
Councilman Kuknyo
Councilman Lamerson

Absent:

None

I. RECOGNITIONS

A. Recognition of outgoing Board/Commission members

City Clerk Burke read the names of the outgoing board members and Councilman Lamerson presented those present with a plaque and thanked them for their service.

II. PUBLIC COMMENTS

A. Introduction of new businesses

Dave Maurer, President of the Chamber of Commerce, presented two new members, Prescott Lakes Nutrition and Gone to the Wind Kites 'N More.

Denise King, Prescott Lakes Nutrition, said they helped people who wanted to lose or gain weight and gain more energy.

Mr. Dore said that he and Sharon Kincade were bringing fun to Prescott. He said they would be on the corner of Willis and Montezuma every weekend. Ms. Kincade said that she liked to see people outside and away from their computers.

Chris Kuknyo said they used to have an event called a Kite Fly at Watson Lake. Mr. Dore said that they had recently donated kites to the Library.

B. Update by Pete Gordon, Incident Commander, re Wildland Fire Academy

Commander Gordon said it was the 10th anniversary for the Wildland Fire Academy in Prescott.

He talked about the things they would be doing that year and noted that there were about 650 students. He said they had been very successful with the All Hazard/All Risk Management course they had offered. He noted that there was about \$1 million contributed to the economy during the week the academy was in Prescott.

He invited everyone to their Open House on Thursday, March 15, 2012, at Embry-Riddle Aeronautics University from 7:00 a.m. to 5:00 p.m. The Academy would begin on Saturday, March 10, 2012.

III. PROCLAMATIONS

A. March 2012 as *Youth Art Month*

Councilman Arnold read and presented the proclamation to representatives for Youth Art Month.

B. March 2012 as *March for Meals on Wheels Month*

Councilman Carlow read and presented the proclamation to a representative from the organization.

IV. PRESENTATIONS

A. Presentation by James Musgrove on Downer Trail Gate

Mr. Musgrove gave various exhibits to the Clerk, including Ordinance 1559, Westside Neighborhood Specific Area Plan dated April 1999, Gail Gardner Neighborhood Plan, City of Prescott Traffic Calming Policy and Procedures, petitions to open Downer Trail Gate (from 2010) and two City of Prescott street maps.

He said that he would present additional exhibits the following week. He asked the Council to review the exhibits and the minutes from the Council meetings from the time that the Forest Trail Subdivision was brought before the Council until the last meeting concerning the Downer Trail in January 2012.

He said that there were no engineering or traffic reports.

City Manager McConnell said they were anticipating three Executive Sessions the following week and it might be necessary to hold a meeting on March 20, 2012, for some of the items.

B. Presentation on Annual Water Report to Arizona Department of Water Resources (ADWR)

Leslie Graser gave a PowerPoint presentation which showed:

- RESOURCE: WATER PORTFOLIO

She refreshed the Council on the City's alternative water supply balance. She noted that the Council assigned 1570 acre feet of water for allocation during the 1999 to 2000 time frame. The volume, by policy, budgeted at 200 acre feet per year was not exhausted at the end of 2011. On December 13, 2011, the Council extended the 2005 to 2010 Water Management Policy through calendar year 2012 knowing that more than 200 acre feet remained. She noted that at the December 2011 presentation it was projected that about 355 acre feet remained of the original 1570. Since that time, there had been two updates made to that figure. First, 7.5 acre feet were returned to the balance due to the City's final reservation for the Granite Dells Estates being 32.5 acre feet and not 40 acre feet. Second, in January 2012 a contract terminated resulting in a return of 30.1 acre feet. She noted that the revised balance was 393 acre feet

- GROUNDWATER (PRESCOTT AMA)

- DEMAND: 2011 WATER WITHDRAWAL AND USE
- SURFACE WATER DELIVERIES
- 2011 TOTAL TREATED EFFLUENT RECHARGE AND DIRECT DELIVERY
- CURRENT/COMMITTED DEMANDS

Councilman Lamerson said that there were people who thought the City was not managing its water portfolio well. He said it did not appear to him that the City had more than 5000 acre feet of water. Ms. Graser said he was correct. He said it was not true that Prescott could grow to 300,000 people based on the water allotted.

He noted that the 19 percent of water allotted to commercial use was what generated revenue to run the community.

Councilman Blair asked him what the total population build-out would be based on his water consumption projections. Councilman Lamerson said it would be around 70,000 to 74,000 people.

Councilman Blair said that based on the growth of the past 40 years, it would take another 80 years to get to that number.

Mr. McConnell said that the City looked very carefully at proposed future development. He said some of that population may not occur if commercial development was permitted with high water use. He said the current Water Management Policy prohibited new golf courses, which may take 350-400 acre feet. That would be the equivalent to 1000 to 1200 population.

Mayor Kuykendall said that about 20 percent of the water usage was commercial. He said if the economic development did not fit the long range water needs, they would have made a terrible mistake.

Councilman Kuknyo asked what the Government category was and if it involved parks. Ms. Graser said Parks & Recreation was listed under irrigation of turf. Mr. McConnell said that the Veterans Administration, Prescott Unified School District and others were in the Government category.

Councilman Carlow asked what the loss amount was. Ms. Graser said it was about 6.7 percent and was around 9 percent the previous year. She said the meter replacements had something to do with those numbers as well as a corrected loss in the data base.

She noted that the City had been regulated since September of 2009 under the State's modified non per capita Conservation Program. She said each year the City had to implement an education program and five water conservation measures, known as best management practices. In addition, a report needed to be filed on those activities.

She showed a chart and talked about the fees associated with the City pumping water.

Councilman Lamerson asked if she had heard of any legislative activity with regards to the States issuing exempt well permits. Ms. Graser said that statute was still on the books. She said the bill passed in 2006 that said if you were within 100 feet of a designated water provider they could not drill an exempt well. However, there were exemptions to that. She noted that if it cost more to hook up to the City than to drill the well, they would allow it to be drilled.

Councilman Lamerson said the laws in the governmental models were broken.

C. Discussion on proposed Golf Course rates

Mr. McCarley said the presentation was based upon the budget workshop they had on December 20, 2011. He showed a PowerPoint presentation which showed:

- PHOTOS
- GOLF COURSE MANAGEMENT
- ANTELOPE HILLS: GOLF RECREATION, DINING, EVENTS VENUE
- TOPICS OF SIGNIFICANT INTEREST/CONCERN
- BUDGET SUMMARY GOLF
- GOLF INCOME AND CASH FLOW
- GOLF REVENUES AND EXPENDITURES
- COMMENTS ON REVNUES AND EXPENDITURES (LAST DEC)

He said that the golf course had historically predicted revenues too high. He said that the personnel costs increased due to the operation of the

restaurant. He noted that the water rates to the golf course had increased about 20 percent in the last four years and they used effluent water.

Councilman Hanna asked if the savings in fuel was figured into his numbers. Mr. McCarley said they replaced their gas cart fleet with an electric fleet. He noted that they were going to save at least \$12,000. He said that was the difference between the electric costs and the gasoline costs. He said it would be an operational expense line item. He said that he was nervous about the price of gas and tourism traffic.

- OPPORTUNITIES FOR AUGMENTING RESOURCES

He said they were making good progress attracting non local golfers. He said they were doing a mid week Stay and Play Program, April through September, with six hotels signed up.

Councilman Carlow asked if he had considered any Public Private Partnerships. Mr. McCarley said no, but he would like to put it on the table.

- RECOMMENDED RATE ADJUSTMENTS
- DISCUSSION OF THE PROPOSED RATES WITH ANTELOPE HILLS GOLF ASSOCIATION
- PROJECTED REVENUE ENHANCEMENTS
- TIMELINE

Mayor Kuykendall said they noticed several months ago that sales tax was not being charged on golf. He noted that this would then be the second increase in rates that year. Mr. McCarley noted that the sales tax increase would bring in about \$100,000 per year.

Councilman Arnold noted that they needed to understand what impact the golf course had on the community. He said restoring the rates to where they were was important.

Councilman Blair said that they needed to do away with the Enterprise Fund. He said the golf course paid for itself through its fees. He said they treated Parks and Recreation with a different hand. He said the General Fund paid for their potable water, fertilizer, mowing and employees. He noted that they had no overhead costs as were demanded with the golf course. He said the library did not generate revenues with no return on investment.

He said the City asked that the golf course have a return on investment. He noted that the return on investment was an economic benefit to the community. He said they should go out for a request for proposal for the golf course, Manzanita Grill and the Centennial Center. He said the golf course still needed to operate through the City of Prescott. He noted that whenever there was a matching grant at the airport, the money came out of the General Fund.

Mayor Kuykendall asked when the golf course was taken out of the Parks and Recreation department. Mr. Woodfill said that it was set up in the Enterprise Fund in 1972 and was part of the Recreation Department in the late 1990's, when it became its own department. He noted that airports and golf courses were usually in Enterprise Funds to show a public accounting of what was going on.

Mayor Kuykendall said the Enterprise Funds were created because they borrowed money from First National Bank to build the Old Clubhouse and the first shade hangers. He said the impression was that if an operation could make money they should be able to stand on their own. Mr. Woodfill said that he was correct and that it happened at the time of the first Municipalities Planning Code issue and it was a trend in government at the time.

Mayor Kuykendall asked if they charged the food and bar operation a fair rental on those facilities. He said that if the private sector was operating Manzanita Grill and bar they would expect to pay a fair market rental for those facilities. He said a similar rental in the downtown area was \$8,000 to \$10,000 a month. He said they needed to make that kind of money on the operation to even be equal to what they might get as a landlord of those facilities.

Mr. Woodfill said that the restaurant operation was part of the golf course and any revenue or expenses went to that operation. He said there had never been a lease out there that paid that kind of rent.

Councilman Lamerson said they needed to do a cost benefit analysis of the golf course and other amenities. He said that they did treat the golf course differently. He appreciated Mr. Woodfill noting that there were many things in the City that were subsidized. He noted that people paid very little to rent the ball fields. He said that there were some things in the City that were quality of life issues.

Councilman Arnold said that he did not believe that an RFP was the golden ticket, but it would allow them the opportunity to make informed decisions.

Councilman Carlow said that he did not think the economic impact would be affected if it were public or private.

Councilman Kuknyo said that comparing Parks and Recreation to the golf course was like comparing a shoe store to Wal-Mart. He said the golf course was focused. He said the golf course needed to break even and said they should tie the restaurant into the specials for the golf course. He said that he would like to see a convention center with a big hotel built in that area.

Councilman Blair asked if they could have a workshop on the issue in the next month. He said they should put a business plan together for the Centennial Center. He said that if he were operating it, the Center would generate \$120,000 to \$150,000 per year.

Councilman Lamerson said that government people did not think the same as private people when it came to running entrepreneurial ventures. He said that maybe they should look for someone to do that with the golf course, rather than government employees.

Mr. McCarley said that an option would be a management company, which was common in the golf industry. He said that if the City decided to lease out the restaurant and Centennial Center separately and later they decide to attract a management company that company would want to run the whole thing.

Councilman Lamerson said that the City did not have to run the golf course or the restaurant. He said the citizens had a facility that could be used better than it had been.

Mr. McConnell said that they had identified a couple of potential actions. He asked if the Council would entertain rate recommendations as an interim action on a March Council date. He said that if they were going to have a Downer Trail gate Workshop, they should do that on March 20th, along with the rate adjustment discussion. He wanted to make clear that the Council wanted to consider rates. The Council said yes.

D. Public Works Capital Program Update

Mr. Nietupski presented a PowerPoint presentation which showed:

- CONSTRUCTION COMPLETED / COMMENCED

Councilman Blair asked if he could list how much his projects came in under budget. Mr. Nietupski said yes. He said the money remained in the Capital Improvement Program for other projects.

Councilman Lamerson asked how many acre feet per year 1,000 gallons per minute was. He asked where the water was coming from. He asked if United States Geological Survey (USGS) was indicating that all of the water was coming out of one bucket.

Mr. McConnell said that a context for recharge and recovery was that Ms. Graser said the City had certain responsibilities if they recharged surface water to demonstrate the use of that within a particular time frame. He said that when there was a recovery well, it was not a new source of water. It was the recovery of stored credits that the City had recharged, which were the property of Prescott. He said that while the capacity for peak demand may be high, the total volume of water that could be pumped could not exceed that part of the water portfolio.

Mr. McConnell said the project list was City of Prescott dollars. He said they were local projects and the money did not come from Washington D.C. or the State. He said the sewer projects were supported by the rates and the street projects were primarily supported by the One Cent Sales Tax for Street and Open Space. Fuel tax revenue from the State had been raided and the important thing was that the City put \$12 million of local dollars had been put back into the local economy.

Councilman Arnold asked if the City piggybacked on a bid or if they let anyone piggyback on the City's bid for the chip seal. Mr. Nietupski said they had written that provision into the contract in the past.

- CIP DESIGN STATUS
- CONSTRUCTION SCHEDULE

Mr. McConnell said the budget the Council adopted had a six year Capital Improvement Program. He said that they only put projects in the budget proposal that had a reasonable chance of being funded.

Councilman Lamerson said they should keep in mind that in 2015 the 1 percent sales tax would go down to $\frac{3}{4}$ percent.

E. Board/Commission Liaison reports

Councilman Blair said the Water Advisory Group and the Technical Advisory Group met and talked about the modeling from USGS and it was still being fine tuned. USGS has made many references to the unknowns and the opinion was not to run the model until the unknowns were known. He said that once they ran the model, it would become the truth. He said the City had already done what they needed to do by creating a model

and pumping the Big Chino. He did not feel that the City needed to do anything else.

Councilman Arnold invited the public to the Preservation Meeting. He said they would talk about the Goldwater Sign on the Goldwater Building on Cortez. He noted that Access 13 was looking for three new board members. He said to contact Access 13 if interested. The Kiwanis Auction would take place at the end of the month.

He said the Advisory and Appeals Committee began making recommendations to the Administrative Code related to the building codes. He noted that once the Board made a large number of recommendations, they would be brought forward to the Council by staff for Council approval.

He said he toured the Smoketree Lane area and met with the landscape committee, HOA manager and spoke with the City Traffic Engineer. The HOA committee had taken on the responsibility, as it was laid out in the development agreement, to maintain the landscaping to a specific standard. He said the Police Department did an informal speed observation and 94 percent of the drivers were 39 miles per hour or less in the 35 mile per hour zone and nobody exceeded 44 miles per hour.

Councilman Lamerson said that the Unified Development Code (UDC) talked about hoarding, accessory dwelling units and electronic signage and financial assurances.

Councilman Kuknyo said Prescott Downtown Partnership (PDP) talked about the budget cuts and the impact on tourism. He said they were working with Mr. Sadow of the Whiskey Off Road to market to the contestants to get them into the downtown area. He noted that PDP would need another \$10,000 to maintain the lights around the Courthouse Square.

He said they were working on land use in the General Plan.

Central Yavapai Metropolitan Planning Organization (CYMPO) was looking for funding for the design Willow Creek/Deep Well Ranch intersection and prioritizing projects. He noted that the Acker Board was working on the awards and said that Chaparral Music Fest would get about \$1750, the Kids and Company would get about \$2,000 and the Yavapai Symphony Guild would get \$6,000. They took into account Mr. Aker's Will when dividing the money.

He said the Ken Lindley wall project for Parks and Recreation was looking good. He noted that bids had been open for the Peavine restroom at the

trail. There was a successful dedication of the Constellation Trail. He noted that there were over 2,500 man hours involved in the creation of the trail.

Councilman Carlow said that Community Development Block Grant (CDBG) had done their preliminary allocation of \$225,000 as well as addressing the \$45,000 carry over from last year.

He attended the Northern Arizona Council of Governments (NACOG) Executive Meeting where they approved a \$3.7 million facility. They were looking for 50 percent grant/funding from the Arizona Commerce Authority. He said the Local Work Investment Board was looking at sector strategies.

Councilman Hanna said that he was approached by a group of people and asked to consider running for County Supervisor for District 1. e formed an exploratory committee and had overwhelming support from a lot of people and groups. He said that he decided to resign from the Council to become an official candidate for County Supervisor. As of end of March, his term would be over.

He said that he loved working with the City Council and staff. He said there needed to be cohesiveness between the County and the municipalities and it seemed to be missing. He said it needed to change and it would change if he were elected.

V. ADJOURNMENT

There being no further business to be discussed, the Prescott City Council Workshop of March 6, 2012, adjourned at 5:47 p.m.

MARLIN D. KUYKENDALL, Mayor

ATTEST:

ELIZABETH A. BURKE, City Clerk