

PRESCOTT CITY COUNCIL
REGULAR VOTING MEETING
TUESDAY, AUGUST 28, 2012
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR VOTING MEETING OF THE PRESCOTT CITY COUNCIL HELD ON AUGUST 28, 2012, 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**

◆ **INVOCATION** Reverend Julia McKennaJohnson, Each One Reach One

Reverend Julia McKennaJohnson said the invocation.

◆ **PLEDGE OF A LLEGIANCE:** Councilman Blair

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

◆ **ROLL CALL:**

Present:

Absent:

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

None

◆ **SUMMARY OF CURRENT OR RECENT EVENTS**

Mayor Kuykendall welcomed Lynn Mulhall as the new City Clerk.

I. **CONSENT AGENDA**

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

- A. Approval of the minutes of the Prescott City Council Special Meeting of July 13, 2012.

COUNCILMAN ARNOLD MOVED TO APPROVE CONSENT AGENDA ITEM I-A; SECONDED BY COUNCILMAN BLAIR; PASSED UNANIMOUSLY.

II. REGULAR AGENDA

- A. Public Hearing and consideration of liquor license application submitted by Kevin Arnold Kramber, applicant for Arizona Hotel Partners, LLC, for a Series 11, Hotel/Motel license for Wyndham Garden Hotel, located at 4499 Highway 69.

City Clerk Mulhall reported this is an agent change. The public notice was posted for the required twenty-days and the Clerk did not receive any protests. The Police Department and Community Development reviewed the application and did not have any concerns.

The applicant was not in attendance.

COUNCILMAN LAMERSON MOVED TO CLOSE THE PUBLIC HEARING; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

COUNCILMAN LAMERSON MOVED TO APPROVE A LIQUOR LICENSE APPLICATION SUBMITTED BY KEVIN ARNOLD KRAMBER, FOR A SERIES 11, HOTEL/MOTEL LICENSE FOR WYNDHAM GARDEN HOTEL, LOCATED AT 4499 HIGHWAY 69; SECONDED BY COUNCILMAN CARLOW; PASSED UNANIMOUSLY.

- B. Public Hearing and consideration of liquor license application submitted by Gregory John Swigut, applicant for Ariva, LLC, for a Series 12, Restaurant license for Papa's Italian Restaurant, located at 129 ½ North Cortez Street.

City Clerk Mulhall reported this is a location change. The public notice was posted for the required twenty-days and the Clerk did not receive any protests. The Police Department and Community Development reviewed the application and did not have any concerns.

The applicant was not in attendance.

COUNCILMAN LAMERSON MOVED TO CLOSE THE PUBLIC HEARING; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

COUNCILMAN LAMERSON MOVED TO APPROVE A LIQUOR LICENSE APPLICATION SUBMITTED BY GREGORY JOHN SWIGUT, FOR A SERIES 12, RESTAURANT, LICENSE FOR PAPA'S ITALIAN RESTAURANT, LOCATED AT 129 ½ NORTH CORTEZ STREET; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

- C. Approval of Fiscal Year 2013 Transient Occupancy (Bed Tax) allocations.

Don Prince, Tourism Director, presented.

Council thanked the Tourism Advisory Committee for the time and effort they put into addressing the Bed Tax budget. Councilman Arnold expressed his concerns that there was over ten percent wrapped up in the budget and felt it should be less. Next year he wanted to look at policy and contingency. Mr. Prince said the intention is not to spend it all.

Councilman Lamerson said he would like to look at tourism differently and not just on the back of the hotel owners.

Councilman Kuknyo said he would like to see a report on how the money is spent. He questioned if there are any requirements for how the money is used. Mr. Prince replied that staff would tighten up on the requirements next year. He noted that each time they go through the process they make changes and improvements.

COUNCILMAN LAMERSON MOVED TO APPROVE THE TRANSIENT OCCUPANCY TAX ALLOCATIONS FOR FY 2013; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

- D. Disposal of surplus vehicles and equipment for FY13.

Stephanie Miller, Field and Facilities Services Director, presented. She noted that staff is proposing to use three different vendors. That will give them the opportunity to evaluate the different on-line auction services. There are thirty-five pieces of equipment and vehicles ready to auction and they want to disperse them across the three vendors. After auction, staff will rate the on-line services to see which was the most responsive and which brought in the most revenue. The selected vendor will be used for the remainder of FY13

Councilman Blair asked if the vehicles are being rotated out. City Manager McConnell replied yes, that is the general approach throughout the departments. In the current case, the police vehicles will go to citizens on patrol.

Ms. Miller reported that they will advertise in the local paper so the residents will know what is available for purchase at the auctions.

COUNCILMAN BLAIR MOVED TO APPROVE THE DISPOSAL OF SURPLUS VEHICLES AND EQUIPMENT FOR FY13 BY AUCTION; SECONDED BY COUNCILMAN SCAMARDO; PASSED UNANIMOUSLY.

- E. Approval to proceed with acquisition of easements upon Arizona State Trust lands for the Prescott Circle Trail.

Joe Baynes, Parks & Recreation Director, presented. He provided a brief history of the Circle Trail, an effort that has been underway for over twenty years, beginning with a vision in 1990 with the Yavapai Trails Association. He noted that there were many partnerships involved in the project: Prescott National Forest, City of Prescott, Yavapai County, Embry Riddle Aeronautical University, Arizona Game and Fish Department, Yavapai Trails Association, International Mountain Bike Association, Prescott Mountain Bike Alliance, Backcountry Horsemen of America, and Open Space Alliance.

Mr. Baynes reviewed the economic and community benefits. He said the Prescott Circle Trail is complimentary to City's tourism efforts in attracting visitors, and is a "brand" for Prescott due to its length and diversity. Mr. Baynes pointed out that in 2008 the entire Circle Trail alignment was nominated and accepted into the Arizona State Trail System.

Mr. Baynes said there will be 10 and 50-year leases with the Arizona State Land Department (ASLD) for 6.6 miles of the Prescott Circle Trail. There were seven steps required to acquire the necessary easements for this section of the trail.

The \$120,000 for the acquisition of those easements has been budgeted and is available for the project from the One Cent Sales Tax for Streets and Open Space. Many volunteers assisted in the construction of building the trails, Mr. Baynes said.

Mr. Baynes said there is upkeep associated with the trails and the kiosks generate revenue to assist in that upkeep. Councilman Lamerson said he does not understand why we are spending tax payer dollars to pay rent on a piece of property which the taxpayers will never own. Mr. Baynes replied that the trails do provide connectivity on property the City owns.

Councilman Scamardo asked what determines whether they enter into a 10-year or 50-year lease.

Ruben Ojeda, representing Arizona State Land Department, addressed Council. He said the ten-year leases would pertain to areas that have high development potential, while the 50-year leases would cover less developed land.

Councilman Kuknyo said once the land is sold, connectivity could continue through development agreements. He said the trail will increase the value of the property it goes through. Mr. Ojeda said trails did add amenities and value to property development. Councilman Kuknyo said once established, this will be a benefit and something the City will not have to pay for again. He pointed out that not all the money goes to the state. He said much of the money goes to surveys to address the issues.

Councilman Blair asked what would happen to the trails if the land is sold. Mr. Ojeda replied the intent is to work with the City to extend the term. It is a renewable contract. Mr. Baynes said if the land were to sell, there would be opportunities in the Development Agreement to keep the connectivity.

Councilman Arnold asked if the money is refundable and was told by Mr. Ojeda that it would depend on whether the trail had been built or not. Mr. Baynes said the money will be deposited and is for the City to construct any part of the trail on the right-of-way. He noted that staff is looking at construction in early 2013.

Comments from the public:

Robert Grable, 3045 Timberland Road, Prescott, said he received a \$50 fine when he parked his car at Watson Lake without purchasing a pass. He asked why the park volunteers are authorized to write citations. He noted that it would be reasonable to have some free parking spaces for periods of less than two hours.

COUNCILMAN SCAMARDO MOVED TO PROCEED WITH ACQUISITION OF EASEMENTS UPON ARIZONA STATE TRUST LANDS FOR THE PRESCOTT CIRCLE TRAIL; SECONDED BY COUNCILMAN KUKNYO; PASSED 6-1 WITH COUNCILMAN LAMERSON VOTING NAY.

- F. Approval of contract with PSC Environmental Services, LLC, for Household Hazardous Waste Day on September 29, 2012.

Stephanie Miller, Field and Facilities Services Director, presented. She noted that many household items can damage the environment and contaminate groundwater. She said the professional disposal of hazardous waste has been very well received by Prescott residents.

The staff reached out to three companies. Based upon pricing and qualifications, the Solid Waste Division selected PSC Environmental Services, LLC. She reported that they are currently under contract with the City of Mesa, a member of the Strategic Alliance for Volume Expenditures Cooperative. Mesa has extended their contract for use by other municipalities. The event will be held on Saturday, September 29, 2012 from 8:00 a.m. until noon, at the Transfer Station on Sundog Ranch Road.

Ms. Miller said pharmaceuticals were not included in this event, but will be held as a separate event on September 29th.

COUNCILMAN LAMERSON MOVED TO APPROVE A CONTRACT WITH PSC ENVIRONMENTAL SERVICES, LLC, TO PROVIDE PROFESSIONAL PROCESSING, REMOVING AND DISPOSAL OF HOUSEHOLD HAZARDOUS WASTE AT THE UNIT PRICES OF THE CITY OF MESA THROUGH THE SAVE COOPERATIVE FOR THE CITY OF PRESCOTT EVENT ON SEPTEMBER 29, 2012; SECONDED BY COUNCILMAN KUKNYO; PASSED UNANIMOUSLY.

- G. Ratification of purchase of hot mix asphaltic-cement concrete from Asphalt Paving and Supply, Inc., in the amount of \$34,721.98.

Stephanie Miller, Field and Facilities Services Director, presented. She said the Street Maintenance staff had received numerous complaints over the years concerning the condition of Bradshaw Drive. Street staff, working with the Engineering Division, worked together to come up with a solution. By the time they got ready for the hot mix, one of the vendors took his business out of town. She reported that on an emergency basis they went to Asphalt Paving and Supply to get 516 tons to do the Bradshaw project.

COUNCILMAN KUKYNO MOVED TO RATIFY THE PURCHASE OF HOT MIX ASPHALTIC-CEMENT CONCRETE FOR THE BRADSHAW DRIVE PROJECT FROM ASPHALT PAVING, INC., IN THE AMOUNT OF \$34,721.98; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

- H. Antelope Hills Golf Course strategic and operational direction.

Alison Zelms, Deputy City Manager, presented. She noted that the item was a presentation, an opportunity for discussion and to provide staff with direction only.

She said that staff came up with a few milestones following the May Council Workshop regarding the budget, to manage the financial condition:

- a. Short term: Develop FY2013 Budget with goal of break even position
- b. Midterm: Maximize financial performance without sacrificing customer service or course quality

She noted that several actions have been taken over the past year; golf rates were adjusted to pre-2010 levels; sales tax was applied to green fees; focused resources toward tournament marketing; developed FY2013 budget with more realistic projection of rounds played and break-even goal.

Although Antelope Hills is recognized as an enterprise fund, and is accounted for in a separate fund, it is not a pure “business”. It is a public amenity that adds to the quality of life, tourism, recreation and off-site retail sales. She said the City has a major investment in the asset, similar to Pioneer Park, Watson Willow Lakes, the Airport, Library, and other such facilities. She said it is nice to be a community with many recreational opportunities.

Ms. Zelms noted that the interest in the game of golf is trending down and the ability to break-even is probably not realistic. She asked Council for direction in order to move forward in a strategic way.

Mark Woodfill, Finance Director, reported that in 1988 Council felt it was a good idea to have an additional 18 holes of golf at Antelope Hills. At that time golf was expanding and they thought there was a need. The City went into significant debt in 1988 and 1989 to build the South course. At the time it was fine because user fees were up and the monies were coming in to pay off the debt. As discussed during the budget process, they had outside debt of about \$4.5 million, which included a new irrigation system on the North course. At that point the golf industry started taking financial hits and they had to borrow from the General Fund to make the debt payments to pay off that bond. It was a 20-year bond that the City issued in 1990 to build the course, and to pay off in 2010.

Councilman Blair said it is his understanding that the golf course, as far as operations and maintenance go, runs about 92% of paying its own way.

He said his aggravation is that the golf course is treated differently than any other department in the City. He said that if the debt would be taken away it would only be subsidized by 8% for operations and maintenance, but would also bring in auxiliary revenues to the community with hotel stays and people making purchases, etc. He suggested that the debt be erased; it is all City of Prescott funds. Then revenue could start at square one.

Councilman Lamerson said he does not disagree with Councilman Blair as it relates to enterprise funds. The golf course has been treated differently than other entities in the City. He said it is a piece of infrastructure that the citizens of Prescott own. He said he did not think the City of Prescott should be in the business of running a restaurant. He noted that it put the City in competition with the taxpayers in Prescott. He said that he would like to see some kind of recommendation come forward to divest the taxpayers from areas where they do not belong.

Councilman Arnold thanked staff for bringing the item back. He noted that the golf course operates differently than many of the other amenities in the City because it does create revenue. He said the sales tax collected from the golf course is put into the General Fund and then the General Fund turns around and supplements the golf course. He suggested showing the tax impact back to the General Fund. It is his opinion that the golf course and the restaurant should be separate. He hopes the Council will come to a sound decision on how to move the golf course forward. He said he supports the seven steps outlined.

Councilman Carlow said he agrees with Councilmember Arnold in his approach and with Councilman Lamerson's questioning if the City belongs in this business. He does not know if it is an economical impact discussion as much as an operational discussion. We need to make an operational decision. He noted that in 2002 personnel costs, just with the golf course, were \$780,000 for 90 rounds of golf. These are operational type things that we need to look at.

Councilmember Scamardo reported that the restaurant has a 49% personnel labor cost and a 39% operating cost. He noted that nothing was shown for rent. He said there is probably a million to a million and a half in building equipment between Manzanita Grill and the Centennial Center. He suggests a three part plan:

1. Take the golf course out of the enterprise fund and put it under Parks and Recreation.
2. Do a study to determine personnel staffing. An RFP should be conducted for the restaurant. The RFP should list financial

responsibilities that we are looking for in a restaurant operator. We need to look at financials and funding so we get a legitimate restaurant operator.

3. After the first two steps are completed, we need to look at the golf course and pro shop and determine what direction we want to take, as far as staffing and what we expected from the pro shop. He said we need to look at it as if it is a business doing over a million dollars in business a year.

Ms. Zelms reported that she and Mr. McCarley worked on the seven steps using input given by Council at a previous Workshop. Councilmember Kuknyo said he would like to see operations get to positive dollars. We need a business plan. He is not against golf, but feels there should be a break even plan for golf. He agreed we need to go out for an RFP, with operational requirements attached to it, for the banquet room and restaurant. He said the City should not compete with other restaurants in the City. He would like a quarterly report presented to Council.

Mayor Kuykendall said he is in agreement with Councilman Lamerson. He pointed out that we are working with the rodeo group for them to become totally self sufficient. He noted that the City should not be in the restaurant business. The employee benefit package does not work well for the types of businesses that fit restaurant and bar businesses. The sale tax provided by the golf course serves a real purpose. He said the City could handle golf tournaments that provide out of town revenue. Mayor Kuykendall asked Councilman Scamardo to work with Ms. Zelms and Mr. McCarley to bring the other side of the picture forward.

City Manager McConnell said staff will continue to move through the milestones with the benefit of the active involvement of Councilman Scamardo and others who have subject matter knowledge of golf operations.

Mayor Kuykendall said at one time the golf course was part of Parks and Recreation. He suggested staff look at that option with Councilman Scamardo.

Councilman Blair said when the golf course was moved to the enterprise zone, the funds were there to pay the debt. Those funds are not there now and never will be there to take care of that debt.

Sandra Smith, Prescott resident, said she noticed that all Yavapai residents get the discount and asked why. Mayor Kuykendall said staff will look into this.

Jeremy Knowles, representing the 500 Club Golf Course located in Phoenix, reported that he had been approached about an RFP that went out over a year ago. He wanted the Council to know that he is still interested in looking at that option.

Robert Grable, Prescott resident, said if the City turns the golf course over to a private company it will never be as nice as it is now. He also noted that the restaurant is excellent. He told Council that if they did not want to be in the golf business, they should sell it.

III. ADJOURNMENT

There being no further business to be discussed, the Regular Voting Meeting of August 28, 2012, adjourned at 5:06 p.m.

MARLIN D. KUYKENDALL, Mayor

ATTEST:

LYNN MULHALL, 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 28th day of August, 2012. I further certify the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2012.

AFFIX
CITY SEAL

LYNN MULHALL, City Clerk