

CAUCUS AGENDA

**PRESCOTT CITY COUNCIL
CAUCUS
TUESDAY, MARCH 19, 2013
1:00 PM**

**Prescott Council Chambers
201 South Cortez
Prescott, Arizona
(928) 777-1100**

The following Agenda will be considered by the Prescott City Council at its **Caucus** pursuant to the Prescott City Charter, Article II, Section 13. Notice of this meeting is given pursuant to Arizona Revised Statutes, Section 38-431.02.

◆ **CALL TO ORDER**

◆ **ROLL CALL**

MAYOR AND CITY COUNCIL

Mayor Kuykendall
Councilman Arnold
Councilman Blair
Councilman Carlow

Councilman Kuknyo
Councilman Lamerson
Councilman Scamardo

I. DISCUSSION ITEMS

- A. Airport - vision/strategies, area economic development focus, facilities, and operations
- B. Essential Air Service Proposals
- C. False Alarm Ordinance

II. REPORTS

- A. Legislative Update

III. IDENTIFICATION OF ITEMS FOR FUTURE CAUCUS MEETINGS

- A. Council Identified Items

IV. ADJOURNMENT

EXECUTIVE SESSION

Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the following purposes:

- (i) Discussion or consideration of personnel matters (A.R.S. §38-431.03(A)(1));
- (ii) Discussion or consideration of records exempt by law (A.R.S. §38-431.03(A)(2));
- (iii) Discussion or consultation for legal advice with the city’s attorneys (A.R.S. §38-431.03(A)(3));
- (iv) Discussion or consultation with the city’s attorneys regarding the city’s position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid litigation (A.R.S. §38-431.03(A)(4));
- (v) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03(A)(5));
- (vi) Discussion, consultation or consideration for negotiations by the city or its designated representatives with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city (A.R.S. §38-431.03(A)(6));
- (vii) Discussion or consultation with designated representatives of the city to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03(A)(7)).

Confidentiality

Arizona statute precludes any person receiving executive session information from disclosing that information except as allowed by law. A.R.S. §38-431.03(F). Each violation of this statute is subject to a civil penalty not to exceed \$500, plus court costs and attorneys’ fees. This penalty is assessed against the person who violates this statute or who knowingly aids, agrees to aid or attempts to aid another person in violating this article. The city is precluded from expending any public monies to employ or retain legal counsel to provide legal services or representation to the public body or any of its officers in any legal action commenced for violation of the statute unless City Council takes a legal action at a properly noticed open meeting to approve of such expenditures prior to incurring any such obligation or indebtedness. A.R.S. §38-431.07(A)(B).

Caucus Meetings; Etiquette

A Council Caucus will be held the third Tuesday of every month. This is an opportunity for Council to discuss specific topics in an open, informal “roundtable” setting.

The public is welcome to attend, however, public input will not be accepted. Items requiring formal action will be placed on a subsequent City Council agenda for consideration and the opportunity for related public comment.

Be sure to turn off sound devices (including beepers, cell phones, and computers) during the meeting. Courteous behavior is expected. Inappropriate conduct may result in removal from the meeting, in accordance with the Rules of Procedure adopted by the Prescott City Council.

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Prescott City Hall on _____ at _____ .m. in accordance with the statement filed by the Prescott City Council with the City Clerk.

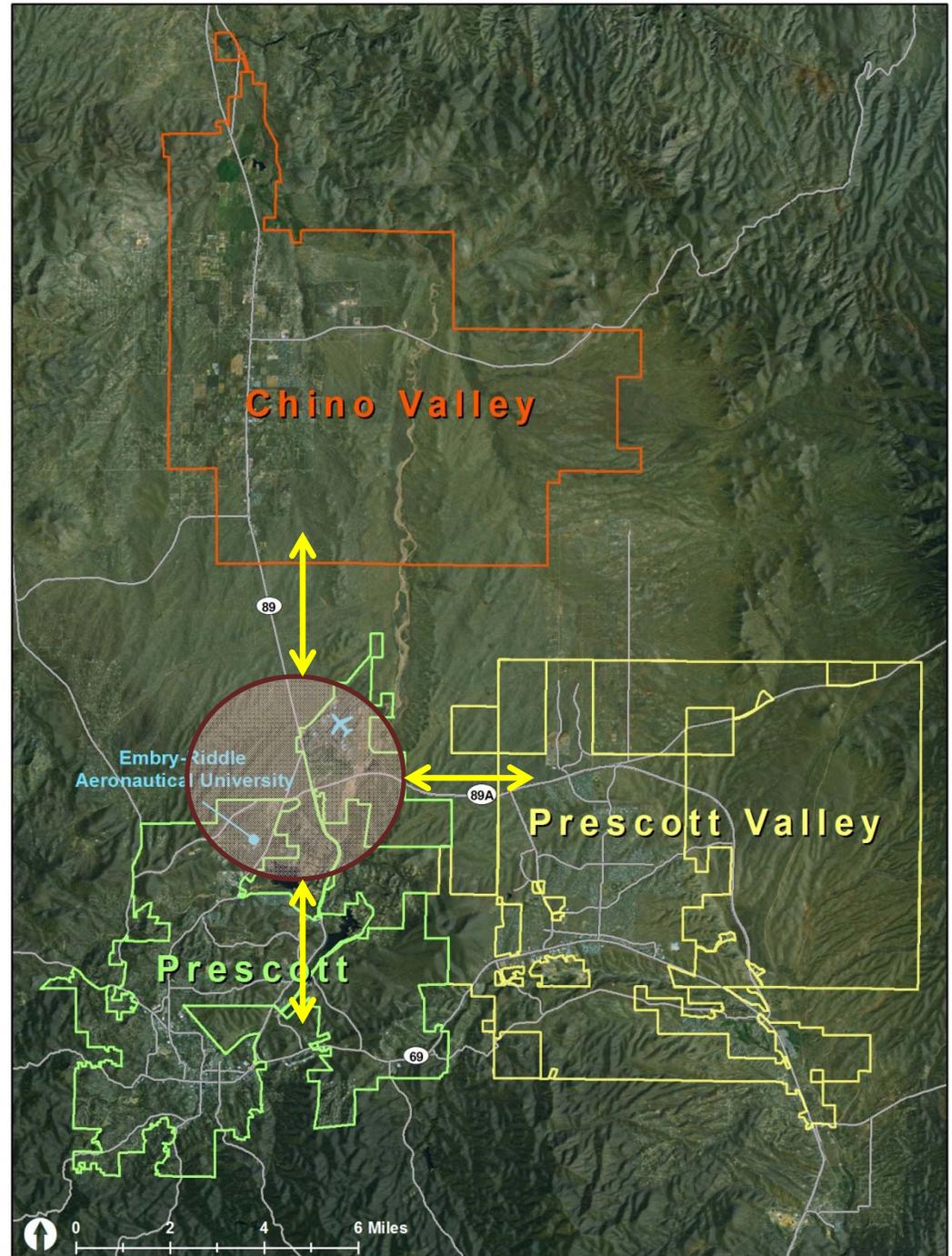
Lynn Mulhall, City Clerk

Airport Area Economic Development Vision and Implementation – an Overview



*City Council Caucus
March 19, 2013*

Prescott, and its Airport Area, are centrally located and well-positioned within the Quad-City Area for economic development



City services, the transportation system, existing businesses, and availability of land strongly reinforce competitiveness of the Airport Area for business retention, growth, and new attraction



Zooming in, What's Noteworthy Relating to Airport Area Economic Development?

- Location, Location, Location, and lots of land – room to grow
- Prescott's Municipal Airport itself, and the business development it's already attracted
- The sports complex at Pioneer Park – recreation and open space
- Well developed infrastructure
 - SR 89, SR 89A/Pioneer Parkway, Willow Creek Road
 - Potable water system delivering fire flows
 - Wastewater treatment
- Continuing investment in the transportation system
 - SR 89 Widening
 - Willow Creek Road (relocated)
- Continuing major investment in utilities
 - Intermediate Pump Station and Storage Reservoirs
 - \$35 million rebuild and expansion of the Airport Water Reclamation Facility
 - Availability of water for development, short and long term

Ernest A. Love Field – Airport *and* Major Asset



Embry-Riddle Aeronautical University (ERAU) A Technology-Oriented Institution *and* Major Asset





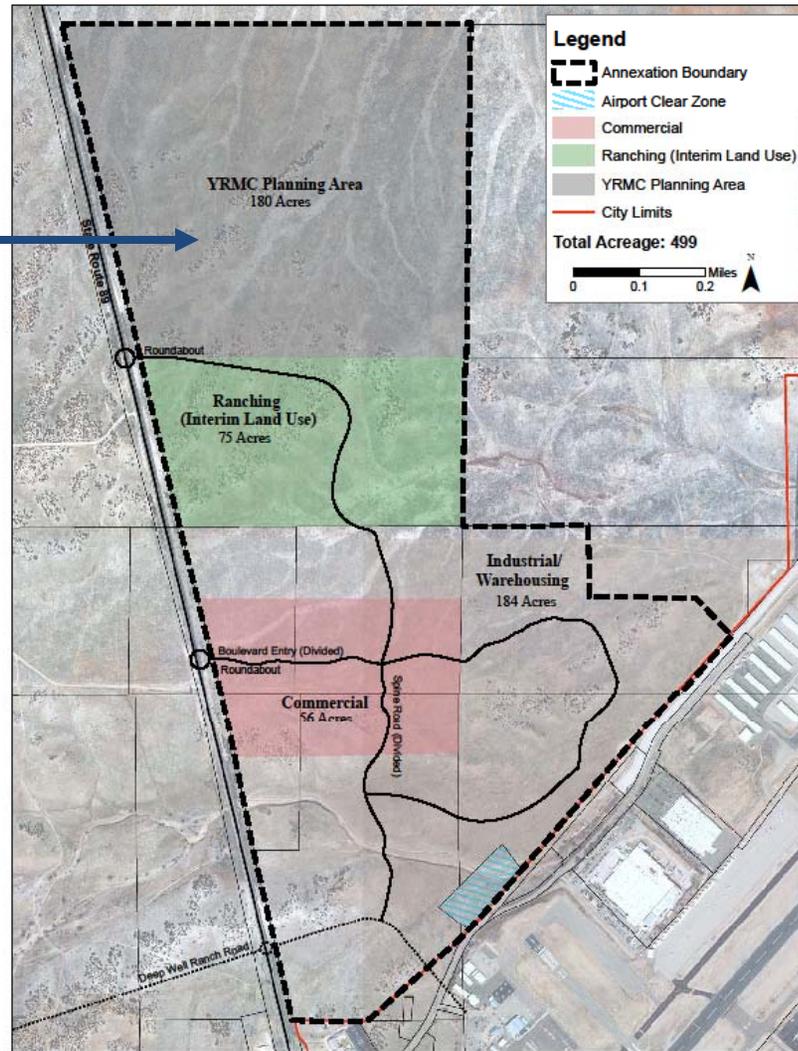
Antelope Hills

36 holes of golf *and* with the potential to be part of a larger-scale business/ recreational attractor a major asset



Yavapai Regional Medical Center (YRMC) A New North Campus *and* Future Major Asset

New North Campus →



Airport Area Economic Development

New Steps in Approaching, Setting Up, and Achieving the Vision

- Committing to a structured process to create the vision and define desired (and achievable) outcomes
- Recognizing that entrepreneurial government, a new and often unfamiliar role, is increasingly necessary to generate the funding required to provide, and continue to provide, quality services to the public
- Putting together the team; identifying and forming partnerships
- Clearly defining roles and responsibilities
- Identifying available and additional required resources
- Setting realistic milestones
- Developing and applying accurate, meaningful information
- Sharing, validating, and refining the process deliverables
- Making it happen – going live!

Beneficial Economic Development

What does it take to achieve it?

- A well thought out vision understood and accepted by the community
- A credible, achievable business plan oriented to realizing the vision through strategies consistent with the revenue and economic framework; being able to accurately analyze the cost/benefit of proposed developments, using the results for guidance, and acting accordingly
- Energy, leadership, and talent in promoting the City, and its Airport Area, as a destination for businesses and tourists
- Assets and resources; effective strategies and tools
- Sharing and communicating successes, developing and maintaining public trust and confidence (reinforcing the vision)

Laying Groundwork

Realities of the “Rural” Arizona Municipal Economy

- Public-private (government-business) partnerships are now and will continue to be even more essential for achieving any significant economic growth
- Rural municipalities are looked at to provide, and would benefit from, but don't always have or can afford, economic development professionals
- Rural municipalities which are also regional trading centers are relatively isolated, and in these times stretched to provide basic services
- Recurring primary funding sources are sales tax and state shared revenue
- The availability of significant capital for public investment in economic development is now uncommon to nonexistent

Given these realities, how can “rural” Arizona municipalities achieve desirable economic development?

- By offering a superior community setting and amenities to new businesses
- By being capable of supplying the services needed for new development
- By being “open for business” – functioning as a friendly, consistent partner, an “economic” gardener facilitating business growth at least cost for greatest return

Quantifying the Benefits of Economic Development to Prescott and Applying the Conclusions

- Crafting the business plan to reflect a vision for economic development requires a business approach
- As we learned in the series of workshop extending from October 2011 to January 2012, preparation for formulating the Fiscal Year 2013 budget, because of Arizona's revenue structure as it applies to municipalities, the importance of clearly understanding what economic development returns (whether new net revenue or payback of incentives) cannot be overstated
- The City's economic development actions will be most successful if closely aligned with an effective business plan
- For review, consider the sample analysis presented in 2011 for a high-tech development

High-Tech Development and the General Fund

The Sample Analysis Presented in 2011

New, clean, high-tech jobs have been continually touted as the answer to revenue augmentation--under the current revenue structure (the tools made available to the City by state statutes), is that true?

Why the Focus on the General Fund?

- It's the source of funding for public safety (police and fire) and other highly visible services and amenities which contribute, in large part, to determining and maintaining the quality of life of our city (e.g., parks, library)

General Assumptions

- \$25 million high-tech manufacturing facility
- 300 new high paying jobs created (\$75K average)
- Products manufactured/distributed outside City

Modeling

- Two models used (Federal Reserve and Finance Department)
- Consistent results were obtained

The Economic Benefit

Estimated Net Additional Revenue to the City

	Annual Revenue		One-Time Revenue	
	FIN	FRES	FIN	FRES
Property Tax	\$ 11,166	\$ 8,901	\$ -	\$ -
Local Sales Tax				
General Fund	27,337	26,213	163,800	NA
Streets & Open Space	27,337	26,213	163,800	NA
Utility Franchise Taxes	9,675	11,250		
Total Revenue	\$ 75,515	\$ 72,577	\$ 327,600	\$ -
General Fund Revenue (portion included in Total Revenue)	\$ 48,178	\$ 46,364	\$ 163,800	\$ -

Current (FY 13) General Fund Budget = \$30,000,000

Perspectives on the Example

- It would be erroneous to conclude that all economic development / growth projects like this example are imprudent. The example is only to quantify the estimated direct benefit to the City's General Fund for the purpose of gaining perspective.
- In comparison, a 3,500 SF convenience store (construction cost of \$4 million and taxable yearly sales of \$2 million) would generate one-time revenue of \$26,000 and annual revenue of \$17,000 to the General Fund.
- **The costs of providing public services to the high-tech development would be much greater than for the convenience store.**
- Obviously the comparison is between very different project types, however, it underscores the fact that the (General Fund) revenue structure for Arizona cities and towns is sales tax and state shared revenue-oriented.
- Regardless of the impact on the General Fund, an economic development project like this may be beneficial if it can really stand on its own (pencils out financially if incentives are being considered, may have other tangible or intangible benefits, the impacts such as water consumption, traffic generation, etc., are acceptable).
- It would be accurate to conclude that an economic development program must be finely focused, and actively and consistently executed according to a well thought out business plan.

Role of the State of Arizona in Economic Development

- Create and maintain an overall “business friendly” environment through leadership, tax policy, and reducing/eliminating nonessential regulation
- Promote and attract prospects to the state
- Provide and maintain necessary state infrastructure (highways, airports)
- Partner with local governments through job development programs and incentives (Arizona Commerce Authority)
- Provide tools to municipalities assisting in the development, operation, and maintenance of their core infrastructure (fuel tax revenue for highways; availability to capital for municipal utilities systems such as through WIFA loans)

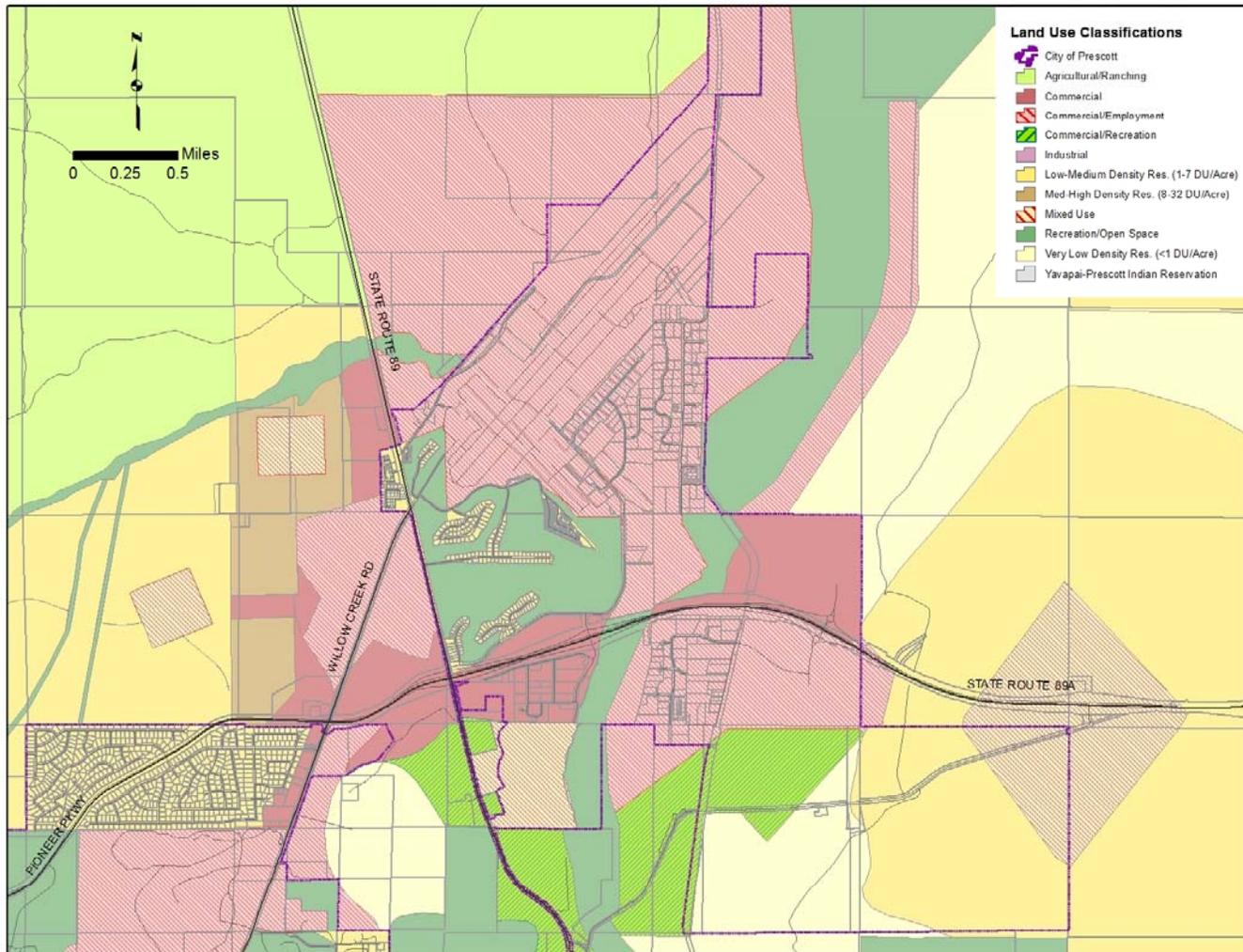
Airport Area Economic Development

Guiding Principles and Key Actions

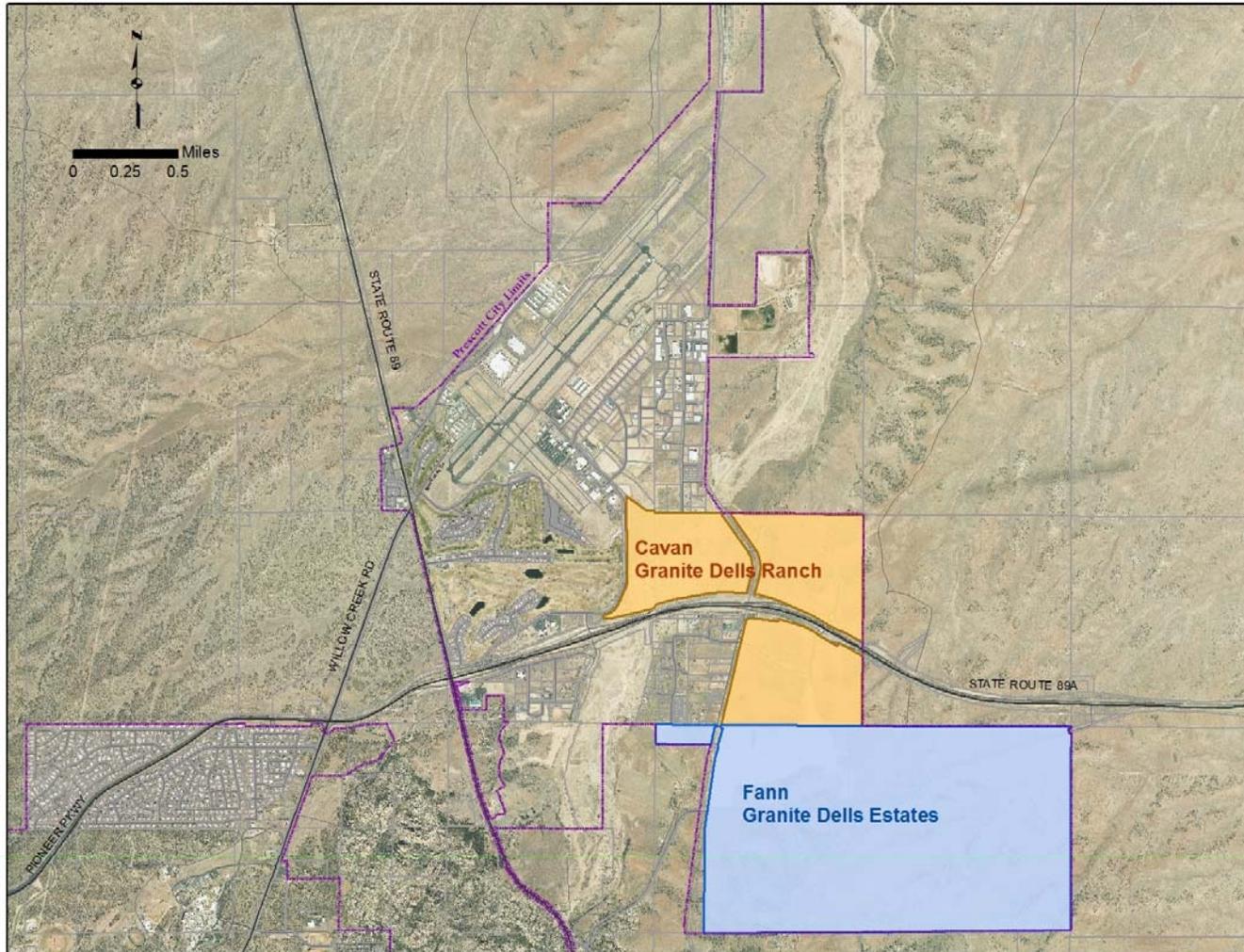
- ❑ Create the vision
- ❑ Lay out the path to achieving the vision
 - Entrepreneurial approach
 - Strategic planning process
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats (impediments)
 - Goals and objectives
 - Milestones
 - Partnerships (public and private)
- ❑ Master Plans
 - On and Off Airport
 - Phased approach
- ❑ Annual Work Plans and Budgets

Airport Area - Land

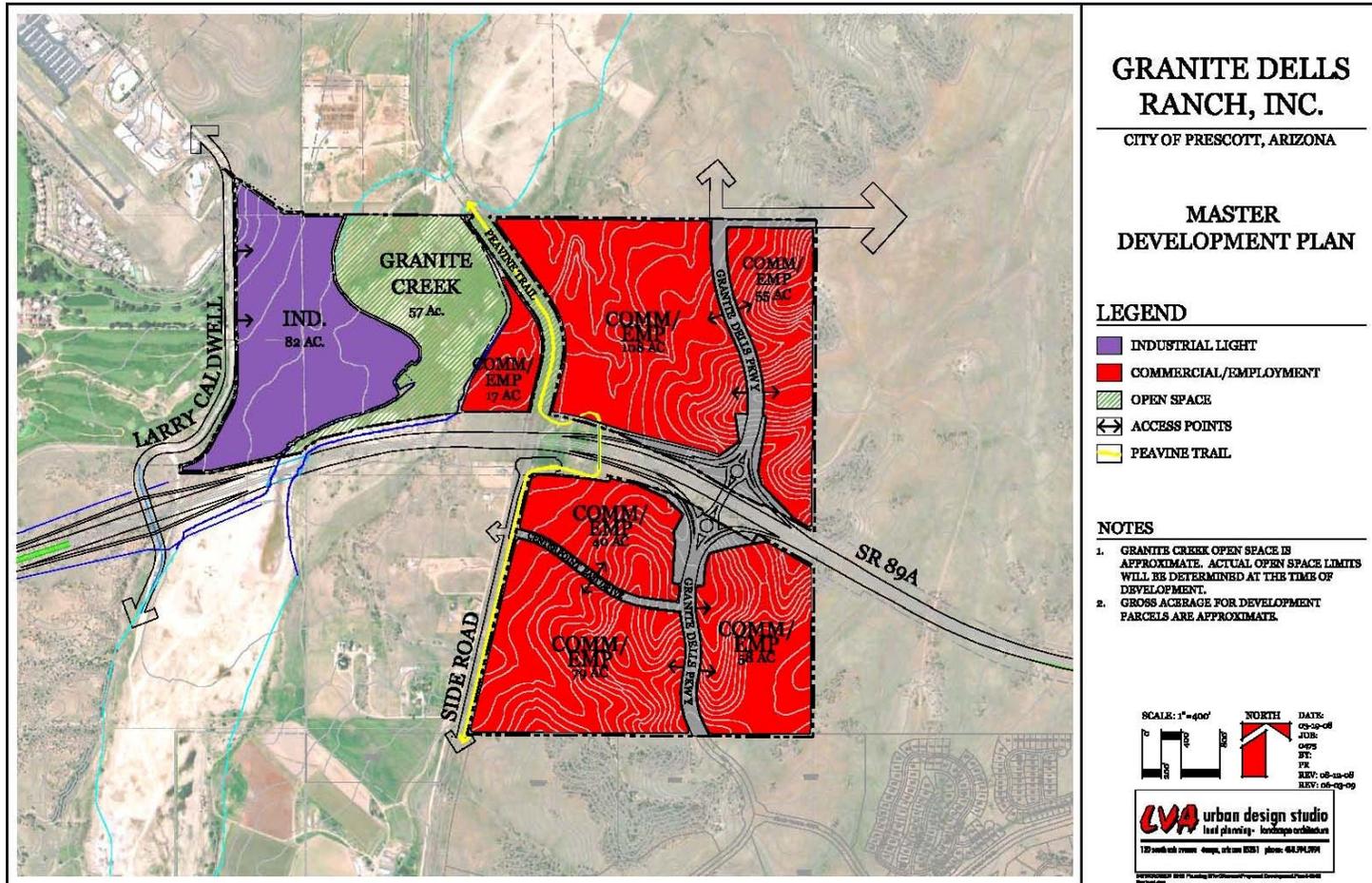
General Plan – Future Land Use



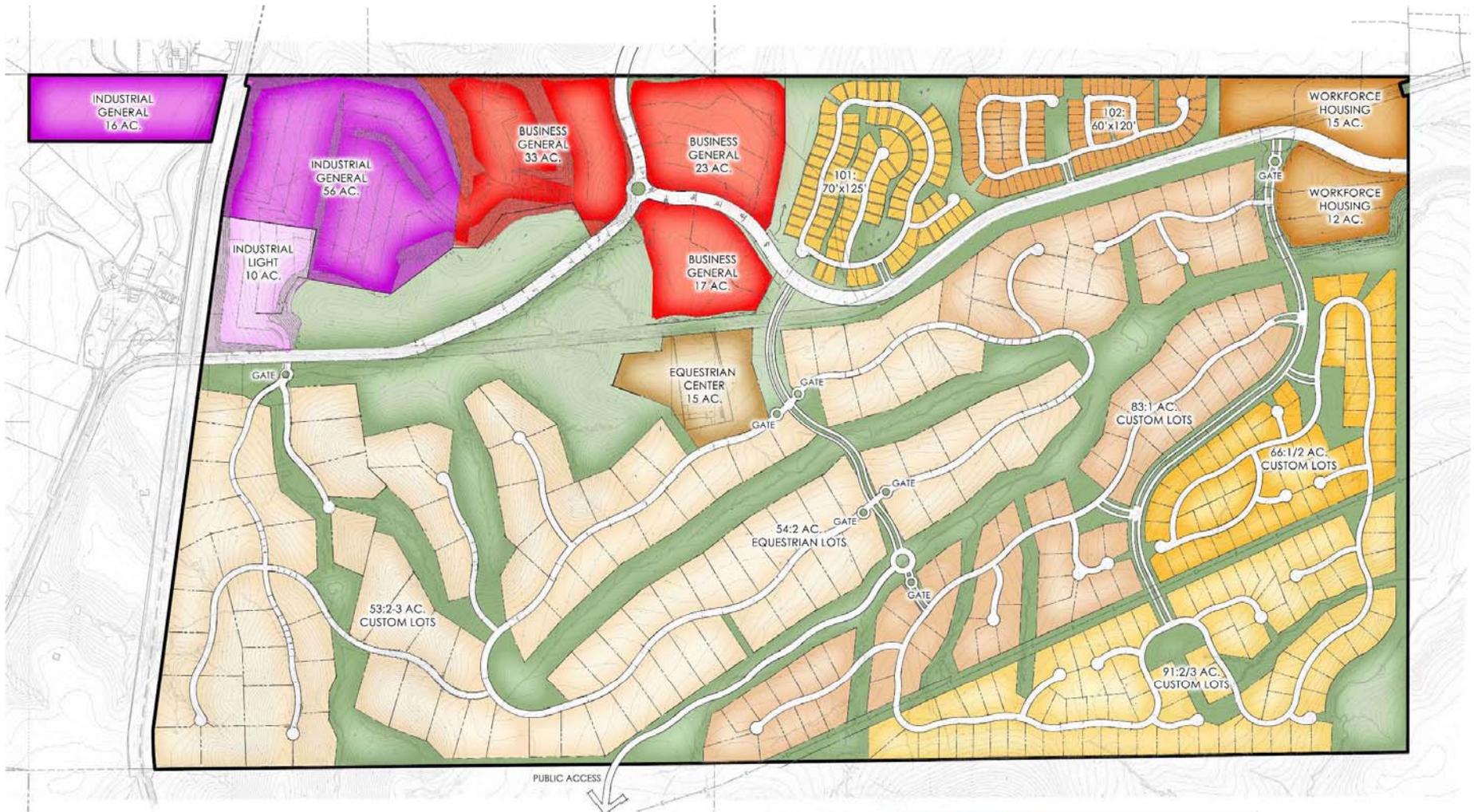
“Off Airport” Major Undeveloped Tracts Inside the City with Master Plans



Granite Dells Ranch



Granite Dells Estates



GRANITE DELLS ESTATES PRELIMINARY YIELD ANALYSIS

RESIDENTIAL SUMMARY

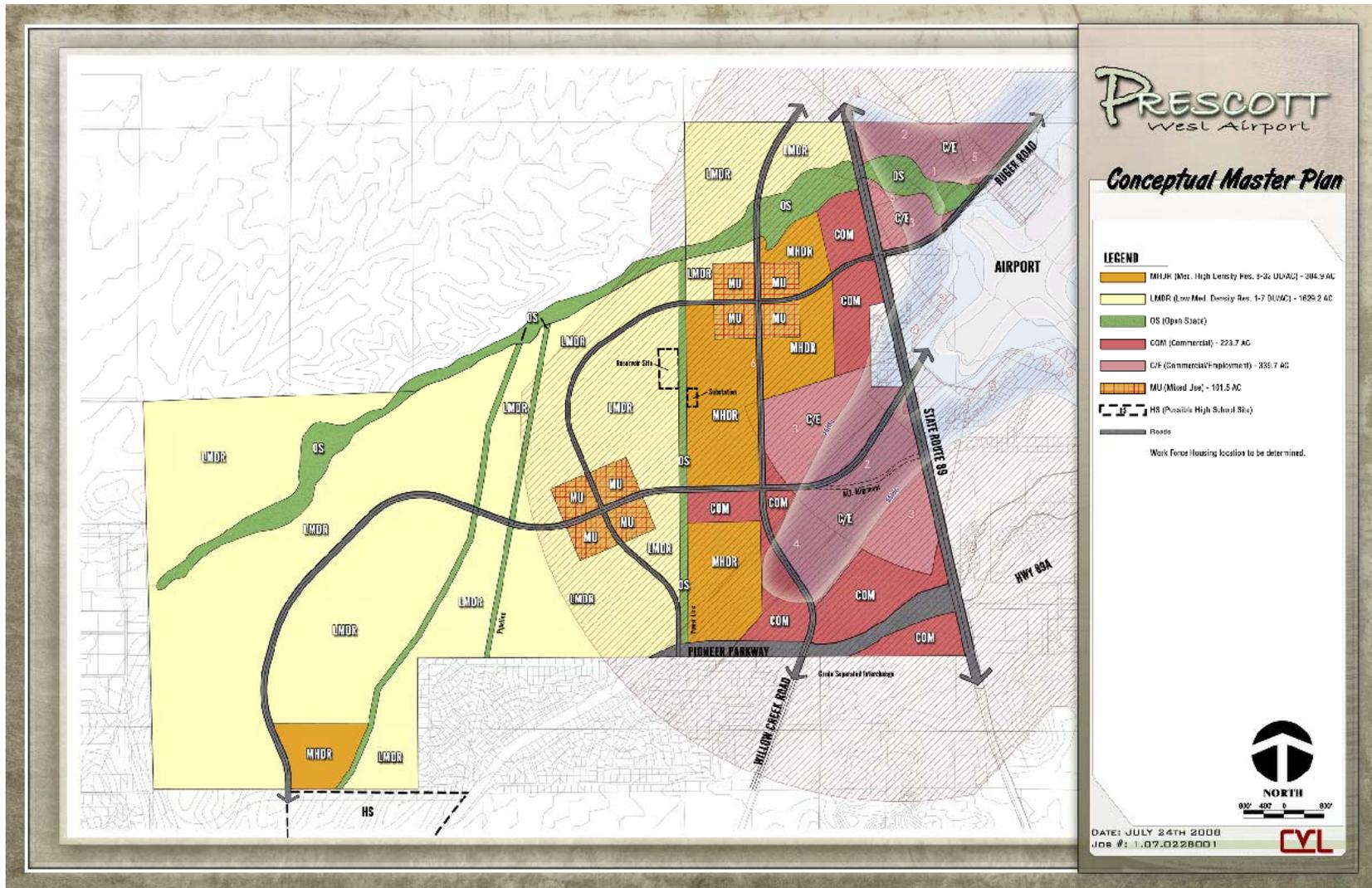
PRODUCT	DENSITY	UNIT COUNT	PRODUCT %
60' x 120'	3.6	102	50.0
70' x 125'	3.0	101	50.0
PRODUCTION SUBTOTAL		203	100.0

1/2 AC. CUSTOM	1.3	66	19.0
2/3 AC. CUSTOM	1.0	91	26.2
1 AC. CUSTOM	0.7	83	23.9
2 AC. EQUESTRIAN	0.4	54	15.6
2-3 AC. CUSTOM	0.3	53	15.3
CUSTOM SUBTOTAL		347	100.0
RESIDENTIAL TOTAL		550	

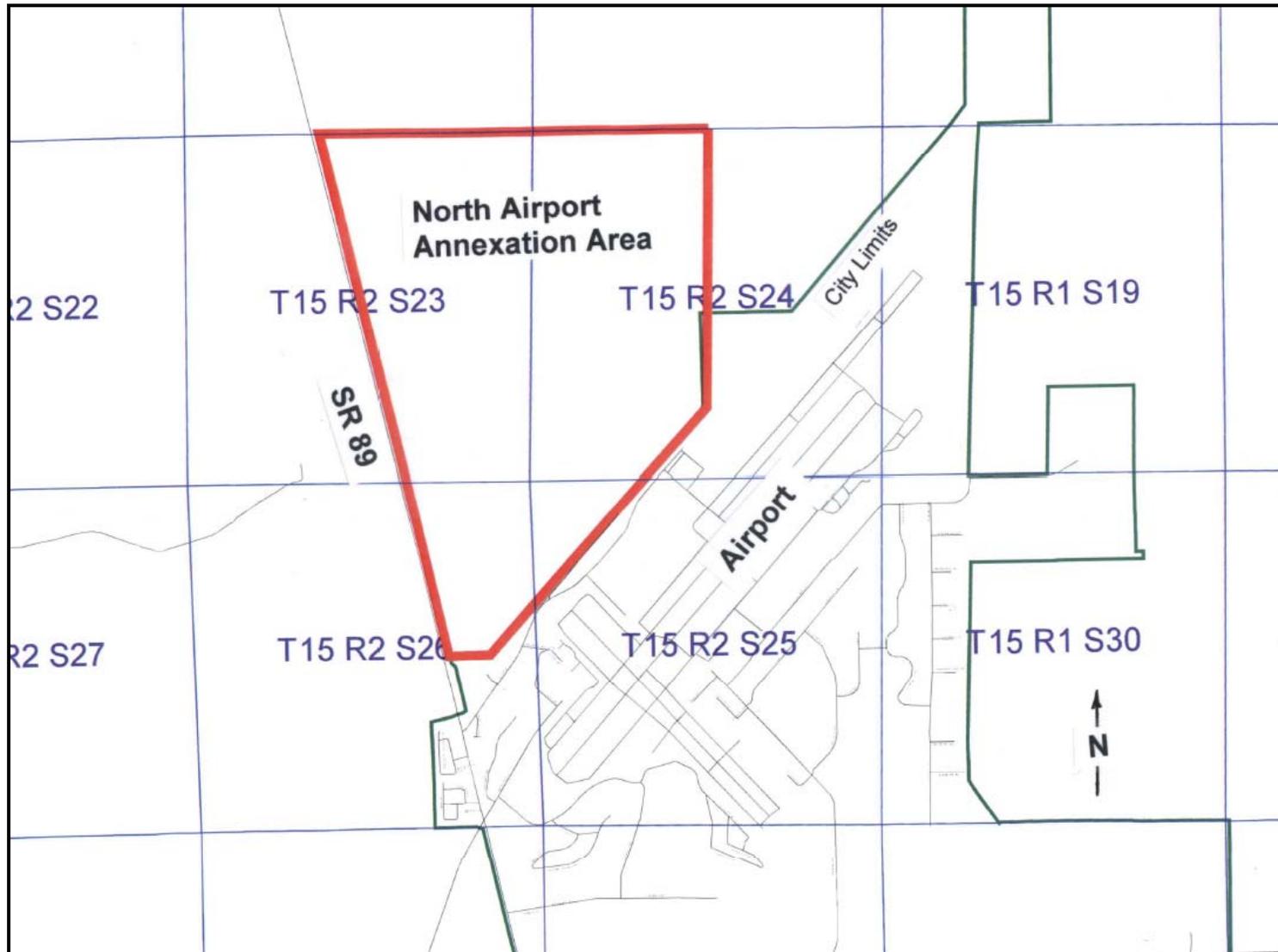


Annexation Areas in Proximity to the Airport

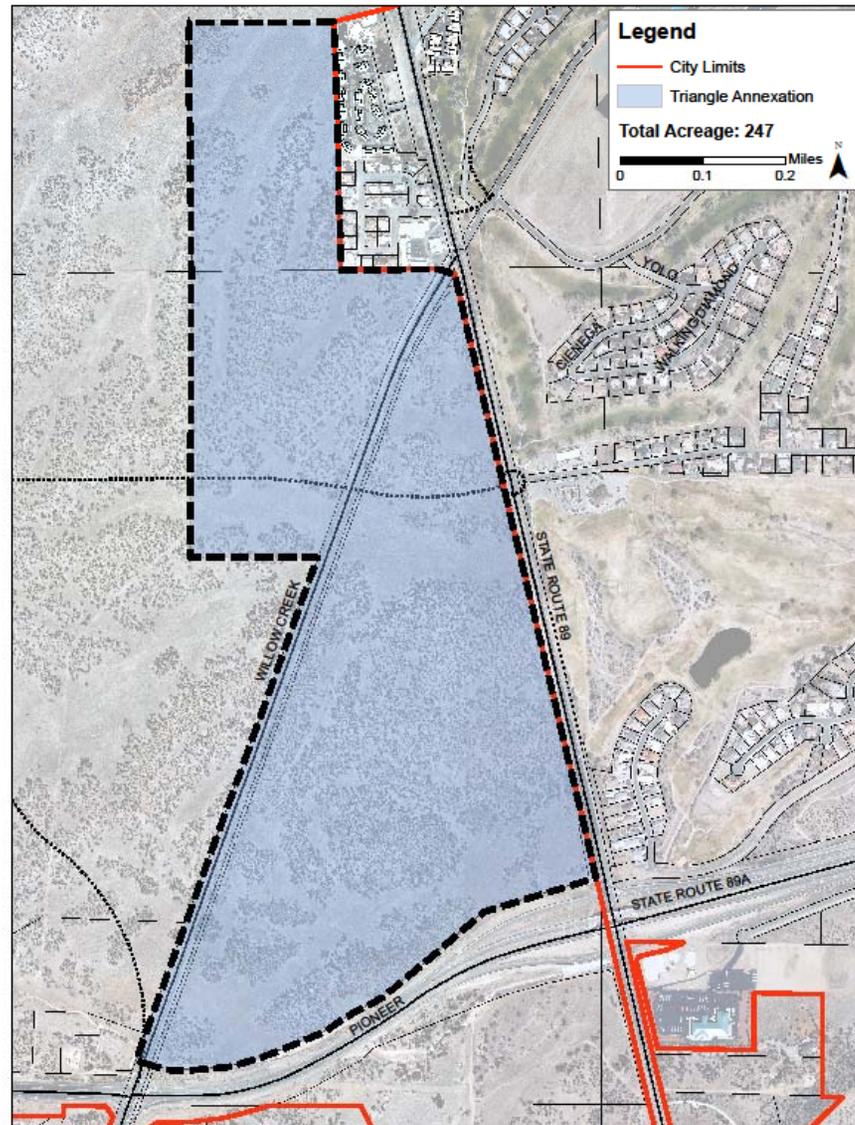
West Airport Annexation Area



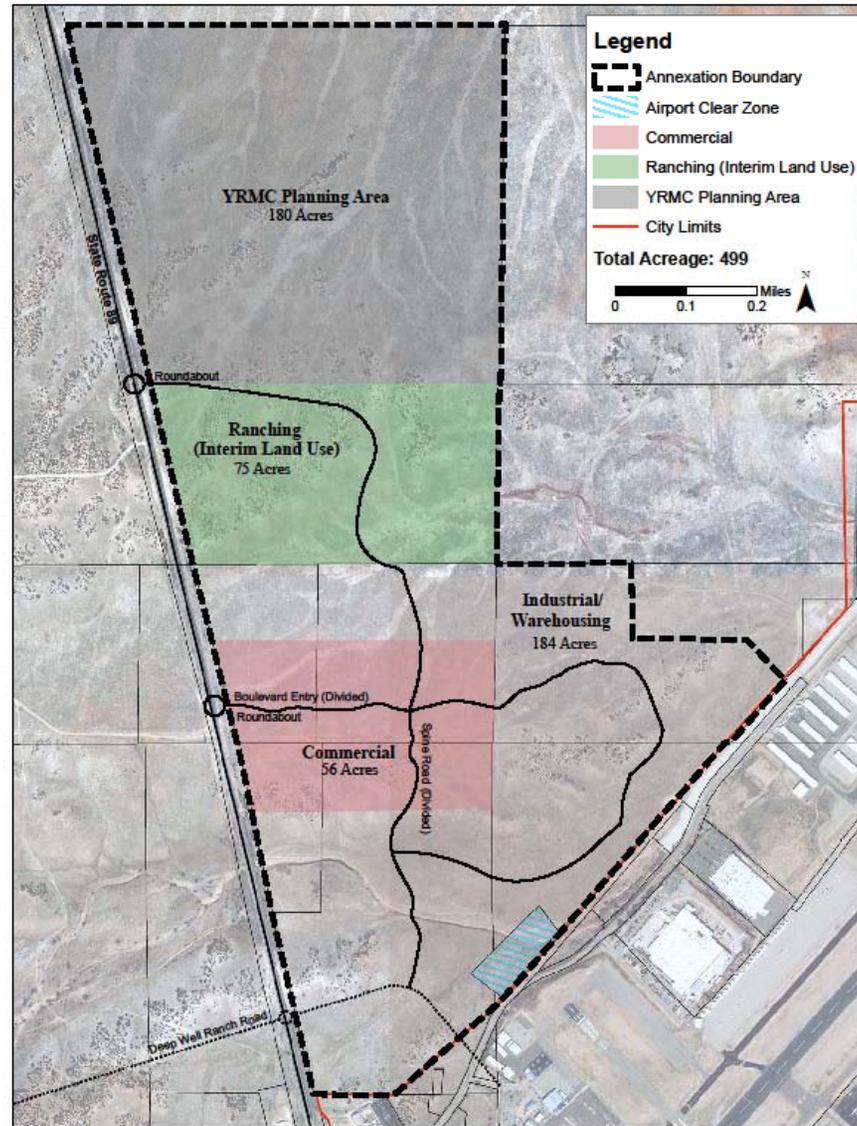
North Airport Annexation Area



Annexations in Progress – The “Triangle”

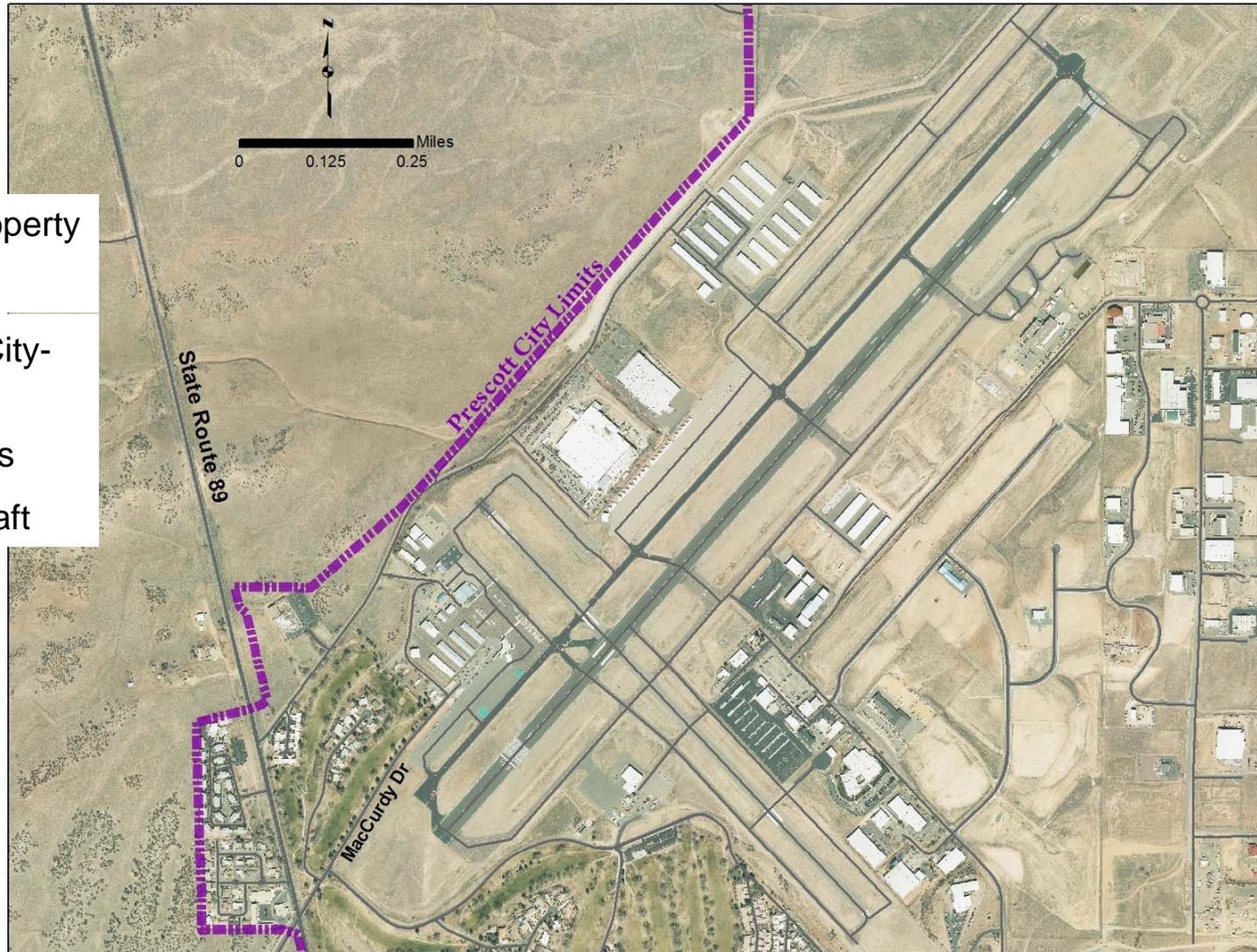


Annexations in Progress – North Airport Area



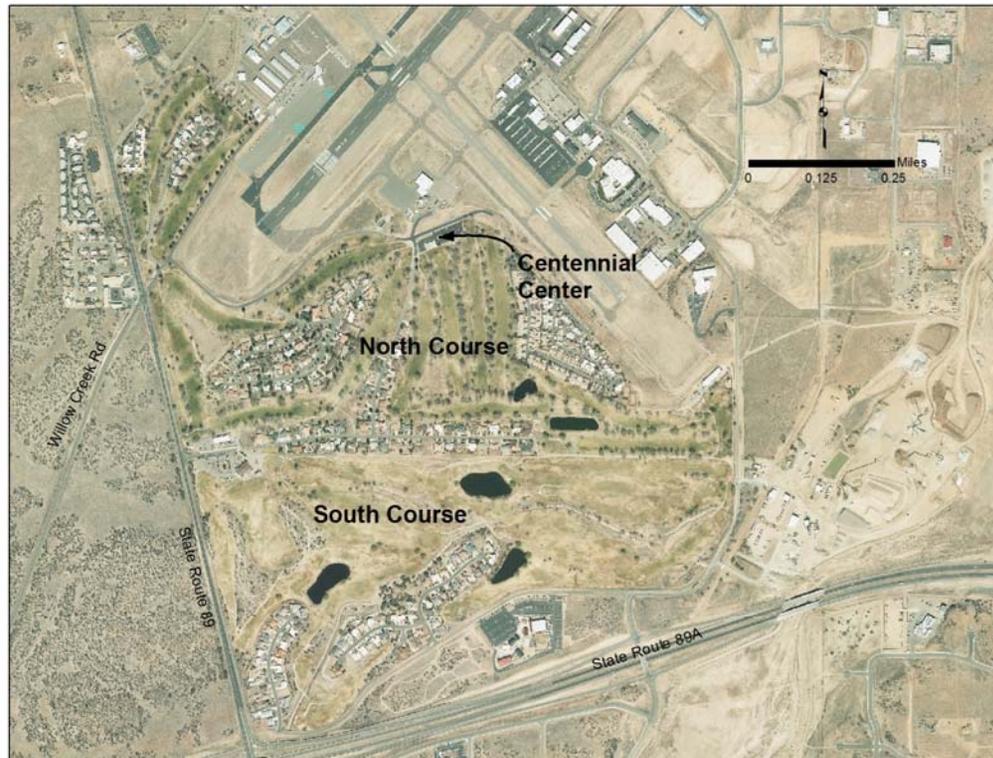
“On Airport” Assets – City Facilities and Property

- 760 acres of property
- 3 runways
- 242,000 SF of City-owned buildings
- 176 City hangars
- 340 based aircraft



“On Airport” Future Development - Redevelopment Opportunities

- Redevelopment - area north of MacCurdy Drive to include reconfiguration of part of North Golf Course
- New hotel serving Airport-related business and nearby ERAU
- Integrating South Golf Course, Manzanita Grille, Centennial Center

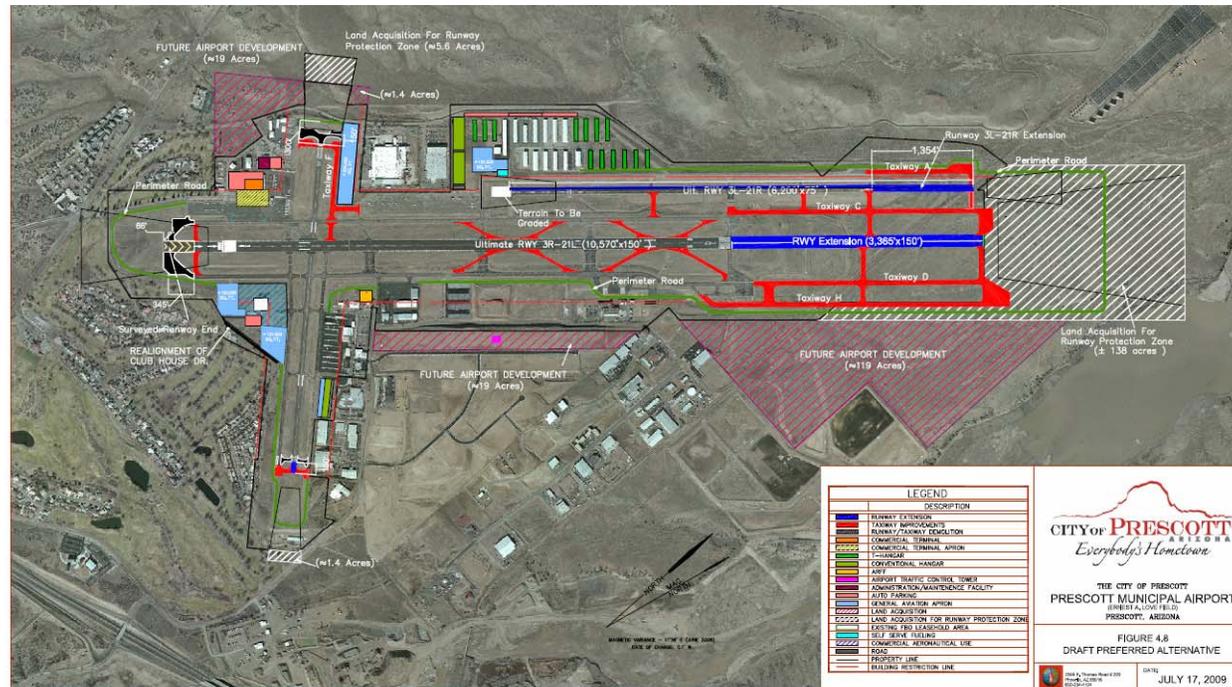


Opportunities for Augmenting Airport Resources

- Retirement of hangar construction debt service in FY14
 - Retirement of hangar construction debt service will allow approximately \$335,000 of current funding to be applied to daily operations, O&M, and infrastructure needs
- New commercial leases/renegotiation of expiring leases
 - The Airport has approximately 25 acres of bare ground available for commercial lease; most available properties require significant site preparation
 - At current average airport bare ground lease rates (\$0.30 per SF/yr), the properties could generate approximately \$326,000 in additional annual revenue
 - 2 leases expiring within the next 5 years present an opportunity for increasing revenue to current market rates
- Broadening the base – diversification/other capital enhancement possibilities
 - Regional Airport Authority
 - Aeronautical Business Fees (flat rate or % of service fees/sales/etc.)
 - Non-Aeronautical Secondary Storage Fees
 - Adjust rental fees for City operated facilities (terminal, hangars, tie-downs, etc.)
(private aircraft storage hangar rates are \$0.55 - \$0.75 SF/mo. vs. City \$0.25 – 0.31 SF/mo.)

Moving Ahead

- “Triangle” and North Airport Annexations
- Essential Air Service – Essential or convenient? True cost vs. benefit?
- Recruitment of Economic Initiatives Director (Airport Area focus)
- FY 14 Airport Budget
 - Operations and maintenance
 - Capital - infrastructure preservation and development
- Airport Master Plan Update



- **Airport Area Business Plan**
 - Can/will the Airport ever break even as an enterprise fund?
 - Airport – catalyst or viable ongoing concern?
 - Positioning the Airport Area for economic development
 - Establishing mutually favorable long-term partnerships
 - Linkage to tourism and special events
- **Golf Course Complex – lodging, recreation, amenities as integrated business plan assets**



Council Discussion

