

PRESCOTT CITY COUNCIL  
WORKSHOP  
TUESDAY, MAY 7, 2013  
PRESCOTT, ARIZONA

MINUTES OF THE WORKSHOP OF THE PRESCOTT CITY COUNCIL HELD ON MAY 7, 2013, 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.

◆ **INVOCATION** by Elder O'Neil, Church of Jesus Christ of Latter Day Saints

◆ **PLEDGE OF ALLEGIANCE** by Councilman Carlow

◆ **ROLL CALL**

Present:

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

Absent:

None

**I. PROCLAMATIONS**

A. "Prescott Highland Games Week" May 5-11, 2013

Councilman Arnold presented the proclamation to Prescott Area Celtic Society, represented by President Jill Nelson, and several other members.

B. "Arizona Historic Preservation Month" May 2013

Councilman Arnold presented the proclamation to Cat Moody, Historic Preservation Specialist.

C. "Hospital Week"

Councilman Carlow presented the proclamation to Tim Barnett, President and Chief Executive Officer of Yavapai Medical Center.

D. “National Police Week” May 12-18, 2013

Councilman Kuknyo presented the proclamation to Prescott Police Chief Monahan.

E. “Mental Health Month 2013 Pathway to Wellness”

Councilman Carlow presented the proclamation to representatives of West Yavapai Guidance Clinic and Southwest Behavioral Health: Tina Blake, Development Coordinator at West Yavapai Guidance Clinic, Danny Brown, Vice President of Governance board of West Yavapai Guidance Clinic and Amanda M. Hart, Regional Director Yavapai and Coconino counties at Southwest Health Services.

F. “National Public Works Week” May 19-25, 2013

Councilman Blair presented the proclamation to Mark Nietupski, Public Works Director and representatives from the Public Works Department.

G. “Motorcycle Safety and Awareness Month”

Councilman Scamardo presented the proclamation to a representative for motorcycle safety, Laura Sutton, President, Yavapai County Blue Star Mothers of America.

## II. PRESENTATIONS

Any individual or group wishing to make a presentation must submit a request form available from the City Clerk. In accordance with procedural rules of the Council, placement of a presentation on a meeting agenda requires the approval of the Mayor or two Council members.

A. Prescott Chamber of Commerce - Introduction of New Businesses

No representative of the Chamber of Commerce was in attendance.

B. Jeff Dyer, Northpoint Expeditionary Learning Academy – 9<sup>th</sup> Grade Class  
Presentation on Water Quality in Prescott

Mr. Dyer introduced four freshman students; Abigail Peugh, Sierra Cottle, Fletcher Kopacz and Ivy Freeman, who wrote and gave the presentation. The four freshmen investigated the water quality of the Prescott lakes and creeks. They also tested the effectiveness of street sweepers. When they tested Granite Creek, their results showed that the levels of dissolved oxygen are dangerously low with traces of E. coli that cause the waterways not to be able to support aquatic life. They also found that the street sweeper more than doubled contamination solids. They concluded that permeable pavement, like that at Pioneer Park, has been beneficial to the City. Riparian buffers would also be a low cost and effective solution to help filter the pollutants that are

present in the water. Basin debris catch screens in Granite Creek were suggested to catch the larger litter pieces, to be emptied once a week.

C. Lesley McKeown – GMO (Genetically Modified Organisms) Free Prescott Introduction and Presentation

Ms. McKeown, Vice Chair GMO Free Prescott, reported that over 80 percent of commercial crops in the United States are genetically modified. The first modified animal, which is a salmon, is pending Federal Drug Administration (FDA) approval. She noted that the FDA does not require products to be labeled Genetically Modified, nor do they require long term safety studies. She said studies show there are health risks with genetically modified foods. She urged Council to be aware of the situation and to visit their web site at [www@gmofreeprescottaz.org](http://www@gmofreeprescottaz.org).

Councilman Blair commented on a personal experience saying it is important for consumers to read labels. Council appreciates Ms. McKeown bringing this forward. Ms. McKeown said that GMO has only been in the food supply for the past 20 years. She noted that the United States and Canada are the only countries that do not require labels.

D. Elks Opera House Foundation Update by Elisabeth Ruffner

This item has been postponed until the June Workshop.

E. Presentation to Elisabeth Ruffner for her contributions to the Prescott Preservation Commission

The certificate will be presented to Elisabeth at a Commission meeting.

F. Certificate of Appreciation to Cason Murphy, an AmeriCorps Vista Volunteer who is receiving the Governor's Award for Volunteerism, 2013

Councilman Kuknyo introduced Cason Murphy and presented him with a Certificate of Appreciation. Mr. Murphy is an AmeriCorps Vista Volunteer who is receiving the Governor's Award for Volunteerism for 2013.

G. Daniel Mattson – Rate of Pay for Mayor/Council

Daniel Mattson, Prescott resident, discussed compensation for Mayor and Council. Councilman receive \$500 a month stipend and the Mayor gets \$750 a month. He noted that this probably does not cover the gas they use. Mr. Mattson said it is hard for people to decide to run for Council when they are trying to make ends meet.

Mayor Kuykendall thanked Mr. Mattson and said the pay is not the reason why each of them ran for Council.

Councilman Blair said he would defer any raise to go back into the General Fund to go toward a raise for the employees.

### **III. OTHER CITY PRESENTATIONS AND DISCUSSION ITEMS**

#### **A. Preservation and Stewardship Awards – Cat Moody**

Cat Moody, Historic Preservation Specialist, presented the awards.

Stewardship Awards are given to historic properties that are very well cared for and the recipients are:

- 338 Park Avenue
- 146 North Mt. Vernon

Restoration Awards are given for remodels, adaptive reuse or full restorations to improve a property while keeping it historically relevant. The recipients are:

- 240 North Pleasant
- 152 & 154 South Montezuma Street
- 219A North Cortez Street
- The Otis Building - South Cortez & Union Street

#### **B. Airport Water Reclamation Facility Phase I Expansion Project Update**

Councilman Arnold declared a conflict of interest and stepped away from the dais at 4:01 P.M.

Mark Nietupski, Public Works Director, presented. He reviewed the Airport Water Reclamation Facility Phase 1 Expansion milestones. They include:

- ◆ Increased Waste Water Strength Impact and Existing Plant Capacity
- ◆ Current Airport Water Reclamation Capacity
- ◆ Current Sundog Waste Water Treatment Plant Capacity
- ◆ Project Footprint
- ◆ Airport Water Reclamation Facility Phase I Expansion Status
- ◆ Overall Project Budget and Financing

Councilman Arnold returned to the Dais at 4:10 P.M.

#### **C. Preliminary Presentation and Discussion of Fiscal Year 2014 Budget**

Craig McConnell, City Manager, presented. The annual formal budget workshop will be held on May 21, 2013. This is an opportunity to provide preliminary information on several departments.

He reviewed:

- ◆ Drafting the FY 14 Budget and the approach that was taken
- ◆ General Fund Revenue Projection
- ◆ Primary and Secondary Property Taxes
- ◆ Golf Course Accounting
- ◆ Personnel, Pay and Benefits
- ◆ Refining the Draft FY 14 Budget – Goals, Areas of Emphasis, Outcomes

Mark Woodfill, Finance Director, reviewed the General Fund Revenues. The net estimated increase in available General Fund Revenue is \$1,159,810. There are still unknowns; Transaction Privilege Tax Reform could equate to a possible loss of \$1,500,000.

Mr. Woodfill reviewed primary and secondary property taxes and pointed out the significant state limitations on the amount of property tax the City is allowed to assess.

- ◆ Golf Course Enterprise Fund
  - The golf course became a City enterprise fund in FY 1973
  - Enterprise funds are used to report activities for which fees are charged to external users for goods or services, when it is intended that all or most of the cost of providing the services will be covered by the users.
- ◆ Enterprise fund accounting is done in a manner similar to customary “for profit” accounting, and is designed to highlight the extent to which fees cover costs.

At the September 25, 2012 Council meeting, after several prior discussions, Council directed that a change to current golf course financial policies be considered, with the following goals: (1) eliminate the current Golf Course General Fund loan (2) Eliminate future accumulation of a Golf Course General Fund loan.

Alternatives include (1) continue accounting the gold course as an Enterprises Fund, with changes (2) Continue accounting the Gold Course as an Enterprise Fund as it is presently being done.

#### Personnel, Pay, and Benefits

Mary Jacobson, Human Resources Director, presented. Mrs. Jacobson reviewed retirement costs, overtime and assignment pay. Retirement contributions are going up to an estimated \$78,000 for employees in the Arizona State Retirement System. Public Safety Retirement for Fire is going up an estimated \$303,000.00 and for Police, an estimated \$119,000.00. The total is approximately \$500,000.00. Mr. McConnell explained that these numbers are dictated by the state. The Council cannot make changes to these numbers.

Councilman Arnold reported that we need to do more as a Council to voice our concerns to our State Legislators.

Mayor Kuykendall said the Council will need to discuss this in more detail. He said that he did not think that, in future years, we will have the capacity to offset the increases to do business. Our merchants and hotels are almost at capacity on weekends. He suggests we start looking at doing with fewer people. We cannot steal from other departments. Public Safety employees have no control over this either. He said the City's sales tax will not continue to support this, noting that our neighbors to the east are very competitive and will take business from us. He said our population growth will not increase because we are constrained by water.

Councilman Kuknyo pointed out that last year there was an additional \$500,000 in the retirement liability. He asked if there was any sign that it was slowing down. Mrs. Jacobson said she did not think it would flatten out and that the contribution by the employees is too low, compared to what the entities are paying.

Councilman Blair said the extra money we will have is going to go to Police and Fire retirements. He asked how it could be fixed and if it was fair to the other employees.

Mayor Kuykendall questioned the amount of overtime. Mr. Mc Connell said as relates to Police, it is due to being understaffed. In the Fire Department, some is attributed to schedule overtime. He noted that there is a 56 hour work week and said it can be discussed further.

Councilman Scamardo addressed his concerns with the possible loss of sales tax, allowing for the change on how we collect sales tax from construction taxes.

Ms. Jacobson reviewed pay and benefits, pointing out that there were no increases to the health insurance premium this year. She noted that the last year the City had a cost of living adjustment was in Fiscal Year 2008; merit and step increases were suspended after Fiscal Year 2009. Pay compression is an issue which needs to be addressed Ms. Jacobson said. The problem is most pronounced in the Police Department due to the newly hired Officers.

Mrs. Jacobson reviewed an outline for pay adjustments for Fiscal Year 2014, which addresses compression issues. This does not fix the problem to such an extent that employees would recover the 16% lost since the last increase. We do not have the money to accomplish that. She discussed how to reward and retain the City's best employees.

Councilman Arnold asked if she was proposing a plan to retroactively pay employees who have not been given a raise over the past five years. He asked if there is a pay scale model that made more sense.

Mr. McConnell said we are using the past to identify what the issues are. We will propose a method to address those issues which will provide a framework for future years. He noted that we are not looking back to fix things; we are looking at what happened and what we can do to reduce the issue for Fiscal Year 2014.

Mr. McConnell said there is no across the board adjustment in any of the options. We need to address the value of service and experience. It is based on performance.

Ms. Jacobson said if the Legislature changes construction sales tax to point of sale, the dollars will not be there to implement a significant adjustment plan. At this time, we need to move forward as if there will be no change.

Mr. McConnell said the Council will need to adopt a tentative budget and set a public hearing on June 11, 2013. Council will adopt the property tax levies on July 8, 2013.

Council was in agreement to meet to discuss the budget on the 21<sup>st</sup> of May at 8:00 A.M. and post notice for a meeting on the 22<sup>nd</sup> of May if it is needed. Councilman Arnold said he would like to discuss continuing education reimbursement for the staff.

#### **IV. REPORTS**

##### **A. Board/Commission Liaison Reports**

###### **Councilman Blair**

- ◆ Water Advisory Committee (WAC) did not meet. The Technical Advisory Committee met to talk about the future of the WAC. The Upper Verde Water Coalition met, but there was no quorum.

###### **Councilman Scamardo**

- ◆ General Plan has not met since the plan was submitted to various departments for comments.
- ◆ Planning and Zoning had a meeting regarding the comprehensive sign package for Centerpointe East.

###### **Councilman Arnold**

- ◆ The merchants in the Downtown area were pleased with the outcome of the last two major events.
- ◆ Attended the Dexter neighborhood monthly meeting and commended Ryan Smith, Community Planner. He noted that over 75 percent of the properties are rentals.

Councilman Lamerson

- ◆ Water Issues Committee got an update on the Alternative Water Portfolio, an overview on the Assured Water Portfolio, and a presentation on Granite Dells Estate. He noted that they also discussed the growth of Yavapai Regional Medical Center and their need for water, Senator Heights Subdivision and their expired water contract, Highland Pines Domestic Water Improvement District and Touchmark at the Ranch.

Councilman Kuknyo

- ◆ Attended Prescott Downtown Partnership
  - Whiskey Bike Race- May 20, 2013 Town Hall scheduled
  - Courthouse renovation
  - Planning process for Prescott Sesquicentennial celebration
  - Flower baskets downtown
- ◆ Compared notes for follow-up from Caucus meeting as relates to downtown
- ◆ Parks and Recreation reported that 147 teams started their adult softball season – the most since 2008. They received a donation from the Kiwanis for \$8,452.00 for playground upgrades at the Goldwater Lake playground. Volunteers from the Church of Latter Day Saints painted the trim and railings at Ken Lindley stadium.
- ◆ First Disc Golf Tournament - public invited May 18, 2013.
- ◆ State Transportation Board Meeting in Flagstaff this weekend. He will be attending to show support for the Highway 89 project and try to get it back on the schedule.
- ◆ Looking at Central Yavapai Metropolitan Planning Organization to find money for Highway 69 from.
- ◆ He received a call from a concerned citizen who reported her neighbors are building big fires and throwing pallets on the fires. He noted that the City did not have any law that addresses this.

Councilman Carlow

- ◆ Community Development Block Grant the Council approved the Fiscal Year 13/14 Annual Plan. This week the plan will be submitted to Housing and Urban Development.
- ◆ Hospital Board – re elected two people to the Board.
- ◆ Fire Board of Appeals – Fire Code changes have been completed
- ◆ NACOG –
  - Area Agency on Aging is getting a larger budget
  - Head start will get a small cut
  - Economic Development – there have been a lot of meetings concerning sector strategy, especially medical services, light manufacturing and renewable energy
  - Will be in Phoenix all day on Thursday discussing sector strategies

B. Legislative Update

Alison Zelms gave a brief legislative report.

**V. ADJOURNMENT**

There being no further business to be discussed, the Prescott City Council Workshop of May 7, 2013, adjourned at 5:35 P.M.

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MARLIN D. KUYKENDALL, Mayor

ATTEST:

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LYNN MULHALL, City Clerk

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Workshop of the City Council of the City of Prescott, Arizona held on the 7th day of May, 2013. I further certify the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2013.

AFFIX  
CITY SEAL

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LYNN MULHALL, City Clerk