

PRESCOTT CITY COUNCIL
REGULAR VOTING MEETING
TUESDAY, JUNE 25, 2013
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR VOTING MEETING OF THE PRESCOTT CITY COUNCIL HELD ON JUNE 25, 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.

◆ **INTRODUCTIONS**

◆ **INVOCATION** by Elder Neil, Missionary with the Prescott 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

◆ **ANNOUNCEMENTS**

Craig McConnell, City Manager, introduced Pete Wertheim the new Communications and Public Affairs Manager.

Councilman Blair thanked the fire fighters for their work on the Doce Fire and noted that the Mayor and Councilmen were all wearing Doce Fire t-shirts in their honor.

I. CONSENT AGENDA

CONSENT ITEMS I.A. – I.B. 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 Workshop of June 4, 2013; and a Regular Meeting of June 11, 2013.
- B. Approval of a professional services agreement with JackRabbit Systems, in the amount of \$10,700.00 for lodging search/availability technology on the Tourism website (City Contract No. 2013-205).

COUNCILMAN ARNOLD MOVED TO APPROVE CONSENT AGENDA ITEMS I.A. – I.B.; SECONDED BY COUNCILMAN LAMERSON; PASSED UNANIMOUSLY.

II. REGULAR AGENDA

- A. Public Hearing and consideration of a Series 12, Restaurant, liquor license application from Geoffrey Shawn Crooks, new owner and applicant for Coyote Joe's, located at 214 South Montezuma Street.

The Public Hearing opened at 3:05 P.M.

Deputy City Clerk Webb introduced the item. The application was received and posted for the required twenty days and no protests were heard. The application was routed through Community Development and the Police Department and no concerns were raised. The applicant has paid the application fee and the license fee. The applicant was available for questions.

Councilman Kuknyo noted that he visited the location and saw a change in the attitude of the new owners. Coyote Joe's is now more of a restaurant than a bar, with a different sound system.

Jimmy Savoini, Coyote Joe's owner, said they are aware of the complaints regarding the loud music. He recognizes the responsibility of owning the bar. The large kitchen is back and the location will be a family friendly restaurant.

Councilman Lamerson said he is happy to see another generation of Savoinis reinvesting in the community.

Carole Stensrud, Prescott resident, said she is distressed about the opening of Coyote Joe's, but is glad that Mr. Savoini is a responsible owner. She managed a radio station for 10 years and said that sound is a complex thing and asked that the owners make sure they take care of the sound. She said that comments from the police department showed that there are no requirements for businesses regarding sound.

Andy Reinhardt, Deputy Chief of Police, said there is a City Code regarding unreasonable noise which is difficult to define. The decibel ordinances deal with construction and motor cycles.

There being no further public comments, the Public Hearing closed at 3:18 P.M.

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

COUNCILMAN KUKNYO MOVED TO APPROVE THE LIQUOR LICENSE APPLICATION 12133554, FOR A SERIES 12, RESTAURANT, LICENSE, FOR COYOTE JOE'S LOCATED AT 214 SOUTH MONTEZUMA STREET; SECONDED BY COUNCILMAN CARLOW ; PASSED UNANIMOUSLY.

B. Public Hearing and consideration of a liquor license application from Jason Barclay Morris, applicant, for a Series 09, Liquor Store, license, for CVS/pharmacy #10147 located at 901 Willow Lake Road.

The Public Hearing opened at 3:19 P.M.

Deputy City Clerk Webb introduced the item. The application was received and posted for the required twenty days and no protests were heard. The application was routed through Community Development and the Police Department and no concerns were raised. The applicant has paid the application fee and the license fee. Benjamin Grath was available for questions.

There being no public comments, the Public Hearing closed at 3:20 P.M.

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

COUNCILMAN ARNOLD MOVED TO APPROVE THE LIQUOR LICENSE APPLICATION 09130041, FOR A SERIES 09, LIQUOR STORE, LICENSE, FOR CVS/PHARMACY LOCATED AT 901 WILLOW LAKE ROAD; SECONDED BY COUNCILMAN KUKNYO; PASSED UNANIMOUSLY.

C. Purchase of custodial supplies from WAXIE Sanitary Supply using Maricopa County Contract No. 11023 through the Strategic Alliance for Volume Expenditures (SAVE) Cooperative, in an amount not to exceed \$36,000 annually.

Stephanie Miller, Field and Facilities Director, presented. She noted that the approval of the contract will authorize the purchase of custodial supplies through August 1, 2015. The City of Prescott is a member of the SAVE Cooperative, which is a purchasing cooperative consisting of many local governments in Arizona.

COUNCILMAN LAMERSON MOVED TO APPROVE THE PURCHASE OF CUSTODIAL SUPPLIES FROM WAXIE SANITARY SUPPLY USING MARICOPA COUNTY CONTRACT NO. 11023 THROUGH THE STRATEGIC ALLIANCE FOR VOLUME EXPENDITURES (SAVE) COOPERATIVE, OF WHICH THE CITY OF PRESCOTT IS A MEMBER, IN AN AMOUNT NOT TO EXCEED \$36,000 ANNUALLY, THROUGH THE END OF THE MARICOPA COUNTY CONTRACT WHICH EXPIRES AUGUST 15, 2015; SECONDED BY COUNCILMAN CARLOW; PASSED UNANIMOUSLY.

D. Authorize payment to Prescott Creeks in the amount of \$12,500 for management and restoration work in the Watson Woods Riparian Preserve.

Joe Baynes, Parks and Recreation Director presented. He said the preserve is 126 acres on Highway 89, south of Watson Lake. Due to degradation at the turn of the century, the City of Prescott entered into a lease with Prescott Creeks in 1995 for management of that area. In 2008, Prescott Creeks secured a grant from the Arizona Water Protection Fund for \$798,988.00. The work done with the grant included creek realignments, bank and flood plain planting, public education and site monitoring. As part of the grant, the City agreed to a financial contribution of \$12,500.00 per year for six years, ending 2014. The money was budgeted in the 2013 Budget.

Michael Byrd, representing Prescott Creeks, said restoration will help with surface quality issues. In addition to the almost \$800,000 received from the Water Protection Fund, the Arizona Department of Environmental Quality also invested about \$665,000.00 to the restoration effort. He noted that the project involved hundreds of community members contributing thousands of hour's worth of in-kind labor. He said the Water Protection Fund has another grant cycle going for FY14 that they hope to take advantage of.

Councilman Scamardo asked if there will be anticipated annual expenses in the next three to five years. Mr. Baynes said there is nothing more than what is in the current operating budget.

City Manager McConnell said the future will involve watershed management on a larger scale. He is looking forward to working with Prescott Creeks with that goal.

COUNCILMAN ARNOLD MOVED TO AUTHORIZE PAYMENT TO PRESCOTT CREEKS FOR MANAGEMENT AND RESTORATION WORK IN THE WATSON WOODS RIPARIAN PRESERVE IN THE AMOUNT OF \$12,500.00; SECONDED BY COUNCILMAN SCAMARDO; PASSED UNANIMOUSLY.

E. Adoption of Resolution No. 4178-1340 setting certain rates and fees at Ernest A. Love Field for Fiscal Year 2014.

Jeff Tripp, Airport Manager, presented. He gave a quick recap since Council reviewed the information at the June 11, 2013, meeting. The aircraft storage rates have not been

increased in the last four years. Staff requests a 5 percent increase in the rates charged for the City operated hangars and covered and open tie-downs, which will generate approximately \$30,000.00 additional revenue for the Airport Operating Budget. They would also like to increase storage rates located at the end of the hangars to bring the square footage rates up to those being charged for City hangars at \$.27 per square foot. That will generate \$19,000.00 for the operating budget. The Civil Air Patrol requested rent relief for the hangar they use. He also noted that rental contracts used by the City do not specify amounts of insurance customers must carry. Staff is working on updates to those documents with the Legal and Risk Departments.

Councilman Kuknyo reported he went to the airport users meeting and felt that users were fine with the rates and they respect that the airport is becoming a more professional operation.

A representative from the Civil Air Patrol described the organization and said they maintain an alert crew at all times for Arizona and other states.

COUNCILMAN KUKNYO MOVED TO ADOPT RESOLUTION 4178-1340; SECONDED BY COUNCILMAN LAMERSON; PASSED UNANIMOUSLY.

COUNCILMAN KUYNYO MOVED TO PROVIDE THE AIRCRAFT STORAGE HANGAR PRESENTLY OCCUPIED BY THE CIVIL AIR PATROL AT A NOMINAL RATE OF \$1.00 PER YEAR FOR THE TWO YEAR PERIOD THROUGH JUNE 30, 2015; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

F. Adoption of Resolution No. 4180-1342 approving Joint Project Agreement (JPA) No. 13-120 with the Arizona Department of Transportation for Airport Surface Treatment Program on Taxiways C, E, F and B5.

Jeff Tripp, Airport Manager, presented and said the preliminary cost is about \$608,000.00. The state designed the product and will oversee the project. 90 percent of the project will be funded by the State Aviation Fund and the City has a 10 percent match. The product will provide a one inch overlay on Taxiway C, and a portion of E, F, and B5.

Councilman Blair asked how long the product will last. Mr. Tripp replied that with proper maintenance, the pavement preservation will last 20 – 30 years.

Councilman Arnold asked who is responsible for administrating, overseeing the bid process, and the construction aspect of the project. Mr. Tripp said the State of Arizona, through the Arizona Department of Transportation.

Councilman Lamerson said this is an Intergovernmental Agreement and the state is investing in the airport. If the Federal Aviation Authority and the state did not make the investments we would have been in trouble in light of the Doce fire.

**COUNCILMAN BLAIR MOVED TO ADOPT RESOLUTION NO. 4180-1342;
SECONDED BY COUNCILMAN LAMERSON; PASSED UNANIMOUSLY.**

- G. Adoption of Resolution No. 4187-1349 approving an Intergovernmental Agreement for the Creation and Participation in the Yavapai County Child Abduction Response Team (City Contract No. 2013-215).

Police Chief Monahan presented. Yavapai County law enforcement is always looking to adopt best practices. The child abduction response teams are one of those practices that pools resources to investigate possible child abduction cases. Other partners in the county are the Sheriff's Office, the Town of Prescott Valley, the Town of Chino Valley, the Town of Clarkdale, the City of Sedona, the Camp Verde Marshalls Offices, and the City of Cottonwood.

Daniel Mattson, Prescott resident, said that cooperation amongst the communities is critical.

**COUNCILMAN KUKNYO MOVED TO ADOPT RESOLUTION NO. 4187-1349;
SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.**

- H. Adoption of Resolution No. 4176-1338 approving renewal of an Intergovernmental Agreement with Yavapai County Emergency Services for unified emergency management.

Fire Chief Fraijo presented and said the agreement sets forth groundwork for emergency management procedures and policies for our community and the county relating to disasters.

Councilman Arnold said a regional approach is important. This is positive and there are areas that can be improved upon.

**COUNCILMAN ARNOLD MOVED TO ADOPT RESOLUTION NO. 4176-1338;
SECONDED BY COUNCILMAN LAMERSON; PASSED UNANIMOUSLY.**

- I. Adoption of Resolution Nos. 4184-1346, 4181-1343, 4182-1344; and 4183-1345, approving four intergovernmental agreements with the State of Arizona, through its Department of Transportation for four Safe Routes to School Infrastructure Projects near various Prescott public schools (City Contract No.'s 2013-210, 2013-211, 2013-212, and 2013-213).

Ian Mattingly, City Traffic Engineer, presented. He said the projects will benefit public rights of way surrounding Lincoln Elementary School, Washington Traditional School, Mile High Middle School, Taylor Hicks Elementary School and Miller Valley Elementary School by allowing for new sidewalks, ADA compliant ramps, striping and signing.

Improvements for each school will be determined later. The City will assume maintenance. The grants are 100 percent federally funded, with no matching funds. The four grants total \$1,124,553.00.

Councilman Blair asked who determines the scope of what gets done in each area. Mr. Mattingly said when they applied for the grants, some years ago; there was a determination by Public Works, as to which improvements would be made. The City is not bound to the determinations. The City will work with the state, a consultant for Arizona Department of Transportation (ADOT) and stakeholders to determine which improvements will be made. Councilman Blair asked if the improvement determinations will come back to Council. Mr. Mattingly said that it was not required, but they could.

Councilman Blair said if they changed the roads, he would like it to come back to Council.

Councilman Arnold said he supports the item and asked about Subsection 2D and F in the agreements. He asked what assurances the City has that, if they start the work, the federal funds will be there. Mr. Mattingly said the money is allocated in the program. If we overrun the amounts for each project, there will be unit costs that will allow for scaling back quantities and reduce the scope to keep the amount within the project. Mr. Mattingly said the language in the contract is generic and the intent is that federal dollars will not be spent to improve anything for a private property owner. He received written response from ADOT as to their intent of the language used.

Councilman Lamerson said he has concerns due to past relationships with grants. He noted that when the City accepts the responsibility of sidewalks we turn over the responsibility of management to adjacent property owners. He looks forward to the City having enough money to take care of the sidewalks so they are safe.

Mayor Kuykendall asked if they had talked to the Safe Routes to School group. Mr. Mattingly said yes.

Jim Knaup, Prescott Alternative Transportation President, said that he worked with Public Works to get the grant money to improve conditions around the schools.

Tracy Kwit, Safe Routes to School Coordinator, sent the City a letter in support of the agreement and noted that it is a good opportunity to change things for the students and parents.

COUNCILMAN BLAIR MOVED TO ADOPT RESOLUTION NO. 4184-1346, RESOLUTION NO. 4181- 1343, RESOLUTION NO. 4182-1344, RESOLUTION NO. 4183-1345 (CITY CONTRACT NOS. 2013-210, 2013-211, 2013-212, AND 2013-213); SECONDED BY COUNCILMAN CARLOW; PASSED UNANIMOUSLY.

- J. Award of bid and contract for the White Spar Waterline Relocation Project to Watkins/Mendoza Companies, LLC, in the amount of \$629,045.50 (City Contract No. 2013-216).

Mark Nietupski, Public Works Director, presented. He noted that on the previous item, Council will get regular updates as they move into the program to develop the safe routes projects. Council will be involved in public presentations.

Councilman Blair asked if the City would be involved in the bidding. Mr. Nietupski said that it will be completely administered by Arizona Department of Transportation (ADOT).

Mr. Nietupski said the White Spar project is driven by the ADOT project to improve White Spar/State Route 89, south of Copper Basin Road. ADOT will be constructing curb and gutter and new sidewalks. It is determined that the City's waterlines, located in the ADOT right of way, need to be replaced for the project. The project will remove a 6"-8" water main and replace it with a 12" water main.

Mayor Kuykendall asked if the City would be working on this if ADOT had not done the project. Mr. Nietupski said it would have been on the work schedule, but was made a priority due to the ADOT project.

COUNCILMAN SCAMARDO MOVED TO AWARD THE BID AND CONTRACT FOR THE WHITE SPAR WATERLINE RELOCATION PROJECT TO WATKINS/MENDOZA COMPANIES, LLC, IN THE AMOUNT OF \$629,045.50 (CITY CONTRACT NO. 2013-216); SECONDED BY COUNCILMAN LAMERSON; PASSED UNANIMOUSLY.

- K. Award of bid and contract for the FY 2014 Chip Seal Project - Various City Streets to VSS International, Inc., in the amount of \$1,240,000.00 (City No. 2013-217).

Mark Nietupski, Public Works Director, presented. This is an annual project to preserve and maintain City streets. The chip seal project will affect 31 lane miles. The unit cost is identical to the unit bid price that the City received last year, which will be paid from the One Cent Sales Tax for Streets and Open Space Fund. The project will run July through September 2013.

Councilman Lamerson asked how far the longevity of the roads is extended by using the chip seal. Mr. Nietupski said up to 10 years and it is a good value.

Councilman Arnold asked if there was enough time to complete the project with the monsoon season approaching. Mr. Nietupski said it could be pushed back, but the City has successfully completed this project in past years during the same time frame.

Councilman Kuknyo noted that the streets are in good shape because the City spends money on them.

Bill Barry, Prescott resident, said the City spent money chip sealing the Ranch. He said there are large cracks and fishers that should be filled with tar and it should not be let go much longer.

Mr. Nietupski said the Streets Department does an annual application for maintenance and will make note of the input.

Mayor Kuykendall asked where people can call for street issues. Mr. Nietupski said they can report issues of road obstructions and potholes to 777-1666.

COUNCILMAN LAMERSON MOVED TO AWARD THE BID AND CONTRACT FOR THE FY 2014 CHIP SEAL PROJECT - VARIOUS CITY STREETS TO VSS INTERNATIONAL, INC., IN THE AMOUNT OF \$1,240,000.00 (CITY CONTRACT NO. 2013-217); SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

- L. Adoption of Ordinance No. 4859-1316, AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, GRANTING A UTILITY EASEMENT TO ARIZONA PUBLIC SERVICE COMPANY WITHIN CITY OWNED PROPERTY.

Mark Nietupski, Public Works Director, presented. He said it is necessary for Arizona Public Service (APS) to extend lines to the pump station located south of Gurley near Josephine. The easement is granted at no cost to APS.

COUNCILMAN KUKNYO MOVED TO ADOPT ORDINANCE NO. 4859-1316; SECONDED BY COUNCILMAN BLAIR; PASSED UNANIMOUSLY.

- M. Approve Annual Contract for Legal Advertisement (City No. 2013-218).

Kim Webb, Deputy City Clerk, presented, noting that one bid was received from the Daily Courier at the same rate as the last several years. The costs for legal advertisements total approximately \$12,000.00, year to date.

Councilman Kuknyo asked if there is any way the City could go to electronic announcements. Jon Paladini, City Attorney, said that state law requires that legal notices be run in the newspaper of record, which is the newspaper published in the city.

COUNCILMAN SCAMARDO MOVED TO AWARD THE BID FOR LEGAL ADVERTISEMENT OF PUBLIC NOTICES FOR FISCAL YEAR 2014 TO PRESCOTT NEWSPAPERS (DAILY COURIER) AT THE RATE OF \$11.16/COLUMN INCH FOR STRAIGHT COPY AND \$9.30/COLUMN INCH FOR CAMERA-READY COPY (CITY CONTRACT NO. 2013-218); SECONDED BY COUNCILMAN BLAIR; PASSED UNANIMOUSLY.

- N. Approval of annual Support and Licensing Agreement with Tyler Technologies in the amount of \$101,295.00 for the MUNIS financial system (City No. 2013-214).

Mark Woodfill, Finance Director, presented. This is the annual support contract for the system that manages payroll, utility billing, sales tax, etc.

COUNCILMAN BLAIR MOVED TO APPROVE THE ANNUAL SUPPORT AND LICENSING AGREEMENT WITH TYLER TECHNOLOGIES IN THE AMOUNT OF \$101,295.00 AND AUTHORIZE CITY STAFF TO EXECUTE ALL NECESSARY RELATED DOCUMENTS (CITY CONTRACT NO. 2013-214); SECONDED BY COUNCILMAN CARLOW; PASSED UNANIMOUSLY.

- O. Public Hearing FY 2014 Budget, Expenditure Limitation and Tax Levy, Truth in Taxation Notice and Resolution No. 4179-1341 Adopting Final FY 2014 Budget, Expenditure Limitation, City Job Roster, and Identification of Unfunded Capital Projects.

The Public Hearing opened at 4:30 P.M. Mark Woodfill, Finance Director, presented.

He summarized the facts with a PowerPoint presentation which covered the Final FY14 City Budget with prior year comparisons.

Deputy City Manager, Zelms discussed the Antelope Hills Golf Course, calling attention to their goals to improve financial performance, preserve the investment and continue to provide a quality municipal golf experience.

She proposed a few organizational and operational changes to take place in the next twelve months, which include:

- Transition the Golf Course from a separate department to a division of the Parks and Recreation Department.
- Pursue a hybrid, public-private partnership operational model.
- Continue separate accounting of the golf, restaurant, and meeting facilities and operation.

Ms. Zelms said the goal is to put out to bid, for any private operator, a final request for proposals and construct a contract that will have financial incentive for progress at the golf course and cover the cost of the City for retaining the maintenance of the asset. She said there will be no modifications to the budget.

Mr. McConnell, City Manager discussed employee pay and benefits for FY14 which included:

- Pay compression and its need to be addressed.
- If the budget is approved, there will be pay adjustments in FY14.

- House Bill 2111 will reduce the General Fund and Streets Fund revenue beginning January 1, 2015, in the range of \$350,000.00 - \$500,000.00 less revenue in each of the two funds in the first year.
- Recommendation on pay adjustments to be brought to Council by August 2013 to analyze anticipated effects of HG 2111.

Councilman Blair asked how much money the City will lose when the .25 of one percent goes away from the Streets and Open Space Fund. Mr. Woodfill said the City received \$13 million for the 1 percent. Councilman Blair said that the City should ask for an extension of the tax to get the entire amount back. He advised that maintenance for Open Space be included.

Mr. McConnell said we will be looking at a reduction in the Streets Fund if the money goes away. He said it is the duty of staff and the community to create a package that will be included in the .25 percent tax. He noted that in the current year budget, the retirement systems increase is \$500,000.00.

Councilman Lamerson said the budget adjustments are made for the City and are not done by Council or staff. The ability to deliver the services the citizens have become accustomed to are significantly impacted.

Mr. McConnell said municipal funding in the state is tenuous. There are two major sources of money to the general fund – sales tax and intergovernmental revenues that come back from the state. The cities seem to be taking the brunt of the fallout from the legislative session, which stretches the budget. The reality is that the services the City provides our residents and tourists are being subsidized by our visitors. This emphasizes the importance of the link to tourism development.

Mayor Kuykendall said the playing field is not level. Our sales tax is 2 percent now. Our neighbors have a sales tax of 2.33 percent and 4 percent. He said we get beat up on the tax base, but we are the lowest in the area. If we have another.33 percent it would be near \$4 million a year.

Mr. Woodfill continued with a discussion concerning property tax.

- There are significant state limitations on the amount of property tax the city is allowed to assess.
- There are two types of property tax:
 - Primary for general governmental operations
 - Secondary pays of debt service
- Property owners surrounding Prescott do not pay any City property tax but are subject to Central Yavapai Fire District (CYFD) tax.

- Primary Property Tax Capacity and Use
 - The proposed \$442,609.00 increase in primary property tax is comprised of \$160.002 from a reduction in the FY 13 levy and \$262,587 from new construction and the allowed 2 percent annual growth on the levy.
 - If Council goes forward with property tax that is proposed in the FY 2014 Budget, it will represent about \$1.5 million, or 5 percent of the General Fund.
- Property Tax Rates City of Prescott compared to CYFD.
- Truth in Taxation Hearing Notice – the City of Prescott is proposing an increase in primary property taxes.
- Budget and Property Tax Procedural Steps.

Jean Wilcox, Prescott resident, said the policy of putting employees as last priority is the wrong way to go. The City of Prescott is a service organization and employees are a critical part of the functions of city government. She asked that it be reconsidered and that they should build in raises from the outset. She is opposed to the funding of roads vs. Open Space. Another problem is the opportunity to purchase the Granite Dells Resort. She noted that the public did not know if there is still the opportunity because the discussions are in executive sessions.

Rick Hartman, Prescott resident, asked that the City not ask the property owners for a 37 percent increase in primary property tax. He suggested raising sales tax instead.

Bill Barry, Prescott resident, said the majority of people living here are on fixed incomes. The 37 percent increase on primary property tax will damage the regaining of the .25 percent tax. He noted that it is important to continue the .25 percent tax and said it is also important that Council take into consideration the feelings of the retirement community in this area. He said that the primary property tax is just one of the costs that are going up.

Mayor Kuykendall said 37 percent seems like a lot, but the base is so low. He said it was an \$8.00 per year increase.

Mr. Barry said that he was looking at the base of what property owners are paying. He asked what happens when property values increase.

Mayor Kuykendall said Prescott has a low property tax because we used to control retail sales in the area. He said there is now competition and a legal limit of how much property tax can be increased. If we want the quality of life we enjoy, it has to be paid for.

Mr. Barry said that perception is important. Council will want the .25 percent to continue on and people who vote for that are property owners.

Councilman Scamardo asked Mr. Woodfill to explain how much county people would pay just to the fire district. Mr. Woodfill said that it would be \$400.00 per year.

City Manager McConnell said the county, Yavapai College, and the school district levy the tax bill. He said the property tax increase is from \$21.78 to \$29.84 per year on a \$100,000.00 house.

Councilman Lamerson said it is difficult to let people know that in order to have everything the way it should be, the sales tax should perhaps be 12 percent. He said that when the General Fund gets overtaxed by governmental agencies that are out of our control, we are accountable for what the citizens expect.

Daniel Mattson, Prescott resident, said that the City is after a more stable base; the property values rise and fall more slowly than sales taxes. With the drop in secondary taxes, there would be a significant decrease in taxes. The budget this year calls for increases in pay for employees if the state does not take the money. He said to pass the budget as it is.

Paul Scrivens, Prescott resident, said a 37 percent increase is obscene. He said the secondary tax will go up again when the City purchases the Dells.

Councilman Blair asked what the City needs to supply and noted that tradeoffs have to be made. He said that he is taken aback when it is suggested that the City has short changed its citizens when it comes to open space. He said there has to be a willing seller, with a legitimate price, before the City squanders the taxpayer's money.

Jim Lawrence, Prescott resident, agreed that it was important not to have over reliance on sales tax, but a proper increase in property tax is needed to have a balance. The .75 percent sales tax was to provide a basis for Prescott being able to take care of itself for streets. New roads were being built for new housing divisions, but the streets maintenance was not good in 1995. In 2000 the tax was expanded to cover both open space and streets. When the City looked at the 2015 expiration of the sales tax, a base level of .75 percent was chosen to support City services, which left .25 percent of the tax to be used for something else. He said that money could be used for other things like public safety and transportation.

Councilman Kuknyo said there are two separate issues for open space. He said the Parks and Recreation Department and Joe Baynes, obtain open space at no cost to the City, by working with people who love Prescott and want to share it. He said that the City is pursuing open space and Granite Dells is a different issue.

Steve Silvernale, Prescott resident, asked how the City arrived at 37 percent.

Mr. Woodfill said the increase that adds to the 37 percent is the reduction in property taxes last year of \$160,000.00; the levy was reduced by approximately 17 percent last year.

Councilman Scamardo said the increase represents \$410,000.00 per year for property tax.

There being no further public comments, the Public Hearing closed at 5:48 P.M.

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

Deputy City Clerk Webb called for a roll call vote, as required by State Statutes.

MAYOR KUYKENDALL MOVED TO RAISE PRIMARY PROPERTY TAX OVER LAST YEAR'S LEVEL BY \$410,148 AS SET FORTH IN THE TRUTH IN TAXATION NOTICE; SECONDED BY COUNCILMAN SCAMARDO;

Councilman Kuknyo talked about the service levels the City would like to maintain. He noted that the City does not sell anything and only provides services, while people out of their control were taking from our budget.

Councilman Lamerson asked if an increase in a pension should be considered a raise of some kind.

Councilman Kuknyo noted that it is estimated that the Prescott Valley Wal-Mart will take 40 percent of the sales away from the Prescott Wal-Mart, which currently supplies the City with 43 percent of our sales tax revenue. He said our sales tax is half of what Prescott Valley's is and we have the lowest property tax. The City of Prescott is going to live within its means and if there has to be small tax increases, there will be.

Councilman Blair noted that the City could take the \$1.8 million of library budget and turn it over to Yavapai County and let them raise the property rate on the Library District. He said the small amount they are requesting to raise is a lot less than doing something different with the Fire Department or the Library.

Councilman Arnold said that at the end of the day his vote would be what he believes in and Council should look at the long term future. He looks forward to items coming back to Council in FY 14.

AYES: MAYOR KUYKENDALL, COUNCILMAN LAMERSON, COUNCILMAN BLAIR, COUNCILMAN CARLOW, COUNCILMAN KUKNYO, COUNCILMAN SCAMARDO

NAYS: COUNCILMAN ARNOLD

VOTE: PASSED 6-1

P. Legislation.

Alison Zelms, Deputy City Manager suggested moving the item to a later date when the new laws report is available.

III. ADJOURNMENT

There being no further business to be discussed, the Regular Voting Meeting of June 25, 2013, adjourned at 5:57 P.M.

ATTEST:

MARLIN D. KUYKENDALL, Mayor

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 25th day of June, 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

LYNN MULHALL, City Clerk

PRESCOTT CITY COUNCIL
SPECIAL MEETING
TUESDAY, JUNE 25, 2013
PRESCOTT, ARIZONA

MINUTES OF THE SPECIAL MEETING OF THE PRESCOTT CITY COUNCIL HELD ON JUNE 25, 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 5:57 P.M.

◆ **ROLL CALL**

Present:

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

Absent:

None

I. REGULAR AGENDA

- A. Adoption of Resolution No. 4179-1341 – A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF PRESCOTT, YAVAPAI COUNTY, ARIZONA, FINALLY DETERMINING AND ADOPTING ESTIMATES OF PROPOSED EXPENDITURES FOR THE FISCAL YEAR 2014, DECLARING THAT THE SAME SHALL CONSTITUTE THE BUDGET FOR THE CITY OF PRESCOTT FOR SAID FISCAL YEAR, ESTABLISHING THE EXPENDITURE LIMITATION, AND APPROVING AND UPDATING THE JOB ROSTER FOR THE CITY OF PRESCOTT, AND SETTING FORTH ITS DETERMINATION AS TO UNFUNDED CAPITAL AND OTHER UNFUNDED BUDGETARY REQUESTS.

COUNCILMAN ARNOLD MOVED TO ADOPT RESOLUTION 4139-1341; SECONDED BY COUNCILMAN CARLOW; PASSED UNANIMOUSLY.

II. ADJOURNMENT

The meeting was adjourned at 6:00 P.M.

ATTEST:

MARLIN D. KUYKENDALL, Mayor

LYNN MULHALL, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting of the City Council of the City of Prescott, Arizona held on the 25th day of June, 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

LYNN MULHALL, City Clerk