

PRESCOTT CITY COUNCIL
REGULAR/SPECIAL MEETING
TUESDAY, JUNE 24, 2014
PRESCOTT, ARIZONA

MINUTES OF THE REGULAR VOTING MEETING OF THE PRESCOTT CITY COUNCIL HELD ON JUNE 24, 2014, in the COUNCIL CHAMBERS located at CITY HALL, 201 SOUTH CORTEZ STREET, Prescott, Arizona.

u **CALL TO ORDER**

Mayor Kuykendall called the meeting to order at 3:00 P.M.

u **INTRODUCTIONS**

u **INVOCATION** by Pastor Jesse Liles, Willow Hills Baptist Church

u **PLEDGE OF ALLEGIANCE** by Councilman Lazzell

u **ROLL CALL:**

Present:

Absent:

Mayor Kuykendall
Mayor Pro Tem Lamerson
Councilman Arnold
Councilman Blair
Councilman Kuknyo
Councilman Lazzell
Councilwoman Wilcox

None

u **ANNOUNCEMENTS**

No announcements were made

u **PROCLAMATIONS**

A. Proclaiming June 29 – July 6, as Independent Business Week

Councilwoman Wilcox presented the proclamation to Ray Newton, a local businessman.

B. Proclaiming June 30, 2014 in memory of our nineteen fallen Granite Mountain Hotshots

Mayor Kuykendall and each Council member presented the proclamation to Chief Light, Chief Essex and members of the Fire Department on behalf of the Wildland Division.

Mayor Kuykendall noted that the City of Prescott received a proclamation from the Town of Camp Verde, recognizing and honoring the 19 members of the Granite Mountain Hotshots.

I. CONSENT AGENDA

- A. Award of contract for the disposal of surplus vehicles and equipment via online auction with Rene Bates Auctioneers, Inc. (City contract No. 2014-174).
- B. Approval of payment to OCLC, in an amount not to exceed \$19,500.00 for the Fiscal Year 2015 shared library bibliographic records subscription (General Fund).
- C. Approval of a grant application to the Yavapai-Prescott Indian Tribe through the Arizona State Tribal Gaming compact for the purchase of safety equipment for the SWAT team in the total amount of \$17,913.12.

MAYOR PRO TEM LAMERSON MOVED TO APPROVE CONSENT AGENDA ITEMS 1.A. – 1.C.; SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.

II. REGULAR AGENDA

- A. Approval of Annual Support and Licensing Agreement with Tyler Technologies in the amount of \$105,323.00 for the MUNIS financial system.

Mark Woodfill, Finance Director, presented. He said this was the annual renewal of the licensing and support contract for MUNIS, which was the entity-wide financial system.

Councilwoman Wilcox asked if training was included with the contract. Mr. Woodfill responded that training was done in-house with departments that expressed and interest.

COUNCILMAN ARNOLD MOVED TO APPROVE THE ANNUAL SUPPORT AND LICENSING AGREEMENT WITH TYLER TECHNOLOGIES IN THE AMOUNT OF \$105,323.00, AND AUTHORIZE CITY STAFF TO EXECUTE ALL NECESSARY RELATED DOCUMENTS; SECONDED BY COUNCILMAN KUKNYO; PASSED UNANIMOUSLY.

- B. Approval of Contract No. 2014-154 with Fireworks Productions of Arizona in the amount of \$25,605.00 for the Annual 4th of July Celebration

Don Prince, Tourism Director, presented. He said the City of Prescott used the services of Fireworks Productions of Arizona for the past three years at \$18,105.00 per event. In mid-June, Destination America offered the City of Prescott an additional \$7,500.00 to enhance the fireworks show. Staff recommended that Fireworks Productions be utilized as a sole source provider for one additional year, since there was not sufficient time to go through a formal bid process prior to the July 4, 2014 celebration.

Becky Karcie, Special Events Manager, noted that the City of Prescott was the grand prize winner from Destination America's Red, White and You contest.

Mayor Pro Tem Lamerson talked about the lack of rain and wanted someone to assure the citizens of Prescott that all precautions were being taken. Ms. Karcie noted that the City of Prescott was aware of the fire danger and the Fire Department would pre-treat the area and have the Fire Department on standby. There was insurance in case the display was cancelled.

Councilman Kukyno asked how the City won this contest. Ms. Karcie said it was an essay contest that a citizen from Skull Valley entered. She noted that a headliner band would be announced later in the week.

Councilwoman Wilcox asked why there was not time to go out to bid for other vendors. Don Prince responded that by the time the conversations were completed with Destinations America, there was not enough time to go through a bid process. Councilwoman Wilcox asked if the City would have had a fireworks display without the input from Destinations America. Mr. Prince said yes, but the bid amount would have been different.

COUNCILMAN ARNOLD MOVED TO APPROVE CITY CONTRACT NO. 2014-154 WITH FIREWORKS PRODUCTIONS OF ARIZONA; SECONDED BY COUNCILMAN KUKNYO PASSED UNANIMOUSLY.

C. Approval of Donation Agreement with Nestle Purina PetCare Company for renovation of the Willow Creek Dog Park (City Contract No. 2014-202)

Joe Baynes, Recreation Services Director, presented. He said the item was seeking approval for the City to enter into a donation agreement with Nestle Purina PetCare Company for the renovation of the existing Willow Creek Dog Park. The project would be funded and constructed by Purina at no cost to the City.

Mr. Baynes said in late 2013, Prescott resident Linda Nichols was one of approximately 1000 dog owners across the country who entered the annual Beneful Dream Dog Park Contest. In December 2013, Ms. Nichols was informed that her entry was the grand prize winner.

Mr. Baynes said that as the grand prize winner, the owner of the nominated dog park, the City of Prescott, became eligible for an in-kind donation valued at approximately \$500,000.00. The donation included design, construction, project administration, all necessary permits, building supplies, and materials for renovation of the existing dog park. According to the rules of the contest, the dog park must be free to the general public, be an off-leash facility and the City, as the owner, must hold clear title to the property. He said the City would have the final plan approval. One of the goals would be to keep the annual maintenance costs down as much as possible, he estimated \$3,000 to \$5,000 per year. Ground breaking could take place in late July with completion scheduled for the Fall of 2014.

Councilman Kukyno thanked Ms. Nichols, Beneful and APS for the work they had done to pull the project together.

A Beneful representative talked about the Dream Contest. She felt the dog park would leave a lasting impression on the community and be a point of interest for residents and visitors.

COUNCILMAN ARNOLD MOVED TO APPROVE THE DONATION AGREEMENT WITH NESTLE PURINA PETCARE COMPANY FOR THE RENOVATION OF THE WILLOW CREEK DOG PARK (CITY CONTRACT NO. 2014-202); SECONDED BY COUNCILWOMAN WILCOX; PASSED UNANIMOUSLY.

- D. Adoption of Ordinance No. 4889-1427 to amend City Code Title II chapter 2-1: Public Works Department and Title III Chapter 3-1: Building Regulations, for development fees in conjunction with Arizona Revised Statute Section 9-463.05

Mark Woodfill, Finance Director, presented. On May 13, 2014, Council gave direction and adopted a resolution establishing the impact fees and the effective dates. The ordinance would codify the amendment into the City Code.

Councilman Arnold asked if the Code would have to be amended if the Council decided, into the future, to continue deferring the police and fire impact fees. He also asked how people would know from the amendment that those fees were being deferred. Mr. Woodfill said the fee deferral was in the body of the Resolution 4225-1434. He said they would not know that from the ordinance. If Council decided to get rid of the police and fire fee by July 1, 2014, staff would bring back another ordinance to remove the fees from the City Code.

Mayor Pro Tem Lamerson asked about the International City/County Management Association (ICMA) study. Craig McConnell, City Manager, said staff was planning to have the representative for the police portion of the study at the Council meeting on July 22, 2014. He noted the Fire Department portion should be presented at a meeting shortly thereafter. The impact fees were for capital facilities and while the police and fire

studies may identify facility deficiencies, they were specific in the infrastructure improvements plan.

Daniel Mattson, citizen, addressed the Council. He clarified that the possibility would be left open to charge impact fees for fire and police if the ICMA study suggested that the City needed the fees. Councilman Arnold said he was correct.

MAYOR PRO TEM LAMERSON MOVED TO ADOPT ORDINANCE NO. 4889-1427; SECONDED BY COUNCILWOMAN WILCOX; PASSED 6-1, COUNCILMAN LAZZELL DISSENTING.

- E. Adoption of Resolution No. 4230-1439 approving an Intergovernmental Agreement with Yavapai County for public trail easements (City Contract No. 2014-195); and adoption of Ordinance No. 4888-1426 accepting donated rights-of-way for the city's trail system.

Eric Smith, Recreation Services, Special Projects Administrator, presented. He said the item involved donated rights-of-way for the expansion of the City Trail System. He noted that the City had been very fortunate for 16 years to have City owned land to expand the trail system. There were some portions that would cross private property, State Trust Lands and Yavapai County property. This item would expand the Greenway Trail System near Miller Creek from Lincoln Street to the rodeo grounds and connecting Prescott College along Butte Creek. These trails provided an off street bicycle/pedestrian component.

Mr. Smith said the Yavapai Trails Association recently applied for and received notice of a \$5,000.00 grant to construct the Miller Creek Trail, through the Yavapai County Community Foundation. The other part of the right-of-way package was a portion of the 50-mile Prescott Circle Trail that lies to the South of the Juvenile Justice Facility on Prescott Lakes Parkway. Yavapai County approved an Intergovernmental Agreement for donating public trail easements to the City of Prescott..

Mr. Smith noted the \$25,000.00 had been budgeted from the Streets and Open Space Fund of which \$14,000.00 had been spent, mostly for City survey costs from internal staff.

The Council thanked the staff and property owners for their work on the project.

COUNCILMAN ARNOLD MOVED TO ADOPT RESOLUTION NO. 4230-1439; SECONDED BY COUNCILWOMAN WILCOX; PASSED UNANIMOUSLY.

COUNCILMAN ARNOLD MOVED TO ADOPT ORDINANCE NO. 4888-1426; SECONDED BY COUNCILWOMAN WILCOX; PASSED UNANIMOUSLY.

- F. Adoption of Resolution No. 4204-1412 amending the existing lease agreement with Spitfire Films, Inc.; ratifying City Contract No. 1994-124D; ratifying City Contract No. 1994-124AS1; and approving City Contract No. 1994-124E.

Jeff Burt, Economic Initiatives Director, presented. He said a lease was originally created in 1994 between the City of Prescott and Bonanza Enterprises for one quarter acre of ground at the airport. Over the past 20 years, the lease had seen several amendments and an assignment. In 2005, the lease was assigned to Spitfire Films and the City received a payment of \$10,000.00 for the assignment. Spitfire Films was seeking an amendment to the lease that would provide revised legal description and corrects the area of the leasehold interest and identifies the landscape easement of 38,000 square feet. The amendment was required due to improvements on the leasehold which were inconsistent with the original lease description amended in 2002. He noted that to legally approve the new lease agreement, two previous actions approved by the airport manager in 2002 and 2005, which were not brought to Council, required action by the current Council.

Mr. Burt said City contract 1994-124D, which inserted into the lease a new exhibit describing the area of the leasehold and the second, City contract 1994-124AS1 was the assignment. The current lease terminated in 2027, with an option to extend for an additional 25 years, but a new lease rate would be negotiated for that extension. He noted that the proposed amendment would not change the use of the facility, but the lease, when amended to receive the 25 year term in 2002, adjusted the lease rate. At the end of the lease, the improvements to the property would revert to the City.

Councilman Kuknyo clarified that the lease was for the dirt and the tenant paid for all of the improvements. Mr. Burt said he was correct.

Councilwoman Wilcox said staff should consider shorter term renewable leases. Mr. Burt said they could not renegotiate the lease because there was no change in the use.

Councilman Arnold asked if this agreement further expanded or allowed the current lease holder to sublet or have a change of use without notifying the City. Mr. Burt said they would need to get the approval of the City to sublet the property and if there was an additional assignment, the City would receive an additional \$10,000.00. Councilman Arnold said the building currently had a for sale or lease sign on it. He noted that the last time the lease came before Council was because Spitfire wanted to sell their lease to another party. Mr. Burt said at the present time they are not intending to assign a new lease.

**COUNCILMAN ARNOLD MOVED TO ADOPT RESOLUTION NO. 4204-1412;
SECONDED BY COUNCILMAN KUKNYO; PASSED UNANIMOUSLY.**

- G. Public Hearing for the FY 2015 Budget, Expenditure Limitation, Tax Levy, and Truth in Taxation Notice; at special Meeting Adoption of Resolution No. 4234-1443 adopting the Final FY 2015 Budget, Expenditure Limitation, City Job Roster, Five Year Capital Plan and Identification of Unfunded Capital Projects.

Mark Woodfill, Finance Director, presented. He showed a PowerPoint presentation that covered:

- ▶ Adjustments to FY15 Tentative City Budget – the final budget was \$170,212,239.00 for FY15. The operating budget was increased by 2.4 percent from FY14 and the capital budget was increased by 5.7 percent. The overall budget went down due to the refund of the debt issue.
- ▶ Tentative FY 15 City Budget with Prior Year Comparison
- ▶ Property Tax Rates City of Prescott Compared to CYFD
- ▶ Property Tax Rates – overall the property tax rate was going down 6 percent, however, it was an increase of \$30,823.00.

Mr. Woodfill noted that Prescott was a Home Rule City and each year Council established the expenditure limitation for that year. He noted that the property tax and truth in taxation hearings were also included.

Councilman Kuknyo said he would like to reconsider his recommendation of taking the money away from the Sister City Program. He said he did not think the money should come from the Council budget and it would be more appropriate to come out of the Tourism budget. He felt that taking the money out of the program so quickly did not give the program participants time to plan. He recommended that Council approve going from \$4500.00 per year to \$3500.00 per year instead of the original drop to \$1500.00. He suggested that the program submit a budget and an annual report.

Mr. McConnell said if there was a consensus there would not be a need for a hard vote. He noted that the budget set appropriation authority. By approving the budget, the Council was not approving \$170 million with expenditures. According to policies and procedures of the City, every item and project that exceeds \$10,000.00 must come back to the Council for approval. He said staff would be able to accommodate the \$2,000.00 restoration of funds to the program if that was what the Council desired.

Mayor Pro Tem Lamerson said that he did not see any inclusion or changes with the consequences of the Yarnell Hill fire. He said he would not support a budget that did not set money aside for the potential financial consequences of the fire.

Councilwoman Wilcox noted that the Council decided not to support the Bicycle-Pedestrian coordinator. She said there was discussion about making a contribution to Prescott Alternative Transportation. She asked how that process would work and how much the Council was considering. Mr. McConnell said staff would bring back a specific

item to the Council for consideration of some type of support to Prescott Alternative Transportation.

Councilman Arnold asked if the City could re-appropriate funds in the middle of the year. Mr. Woodfill said that appropriations could be moved from one area of the budget to another, but the cap could not be exceeded. Councilman Arnold asked what the total expenditures would be. Mr. McConnell said the large construction contracts drove the difference between the budgeted amount and the actual expenditures. He said it was not that staff over budgets and under spends.

Councilman Arnold acknowledged that the City was allowing nearly \$2 million in expenditures within the Fire Department and increasing the patrol officers by five in the Police Department. He said that it was a year of transition and he supported the budget.

Councilwoman Wilcox asked about Schedule F, and asked to clarify that the Council agreed to allocate \$1 million for Open Space acquisition, including the Dells and other open space if necessary. Mr. Woodfill said she was correct and he believed it was in with Capital Projects in the Public Works budget. He said it was part of the Streets and Open Space overall appropriation limit, which, in Schedule E, was about \$36 million. When the final full budget document was available, it would have the detail discussed at the workshops.

Mayor Pro Tem Lamerson asked Mr. McConnell where staff might look within the budget to address the Yarnell Hill situation. Mr. McConnell said that staff did not know the dollar amount of what the City may be facing. He noted that the City had substantial required reserves for contingencies. Some of those liabilities may be spread out over several years in payments to retirement systems. He said there was some flexibility in the annual cost of a long term obligation.

Councilman Blair asked if pay raises would come in the following fiscal year due to the compensation study. Mr. McConnell said there was some capacity built into the budget to begin adjustments. He noted that the General Fund was extremely constrained. Councilman Blair said he hoped that City staff would meet with County staff to discuss the Library Board, and the funding for the library.

Mayor Pro Tem Lamerson said he was really interested in the classification study and asked if the Risk Pool people were helping. Mr. Paladini said the City used the Risk Pool and the City's own Risk Department to ensure maximum safety for all City functions. He said the Risk Pool did not get involved in classifications in the class and compensation study concept.

Mayor Pro Tem Lamerson thought the City was told by the Risk Pool that they would not be inclined to ensure the City if there was another Hot Shot crew. He asked what the City would do if the City classified someone in the wrong area. Mr. Paladini responded that the Risk Pool would get involved in operation decisions to ensure that

types of things City employees did focused on safety as well as the job function. They would not be involved with which retirement system the employee should be in. Mayor Pro Tem Lamerson said that he did not understand how a risk pool would not be involved.

There was a discussion about classification.

The Public Hearing opened at 4:31P.M.

Daniel Mattson, citizen, noted that it was a good idea to increase property tax and adopt the budget.

Councilman Arnold said that he would not be supporting the property tax increase because the property tax accounted for about one percent of the total budget for revenue. He said this was the year for the community to have a real conversation about what would be done in the future to have solid police and fire, library, parks and recreation and good streets. He noted that Prescott would not be able to afford to offer what it was currently offering for services.

Mayor Pro Tem Lamerson said the amount of revenue collected to pay for police and fire protection in the City of Prescott was hurting. He said the City could not depend on sales tax forever.

Councilwoman Wilcox said increasing the tax is the right direction to go to preserve the City's opportunity to make decisions for the future. She agreed that this was the year the community needed to decide which direction to go. The General Plan will be sent to voters to see if it met with their approval.

Councilman Kuknyo said the City did well with economic development and tourism the past couple of years. The public would have to decide what level of service they wanted in Prescott.

Councilman Blair said the question should be on the next ballot as to whether or not the citizens would support a public safety fee. He said there needed to be a direction for funding those services.

Mayor Kuykendall said that he thought the staff created a good budget. In the past his goal as a Councilmember was to eliminate property tax when there was no competition for retail sales tax. He agreed that they had to find another funding source. He noted that the citizens needed to decide what type of community Prescott should be.

**COUNCILWOMAN WILCOX MOVED TO CLOSE THE PUBLIC HEARING;
SECONDED BY COUNCILMAN ARNOLD; PASSED UNANIMOUSLY.**

The Public Hearing closed at 4:58 P.M.

COUNCILWOMAN WILCOX MOVED TO RAISE THE PRIMARY PROPERTY TAX OVER THE FISCAL YEAR 2014 LEVEL BY \$30,823.00 AS SET FORTH IN THE TRUTH IN TAXATION NOTICE; SECONDED BY COUNCILMAN KUKNYO; PASSED 5-2, IN A ROLL CALL VOTE (COUNCILMEN ARNOLD AND LAZZELL DESSENTING)

The Voting Meeting adjourned at 4:59 P.M.

A Special meeting was called to order by Mayor Kuykendall at 4:59 P.M.

SPECIAL MEETING

All Council was present.

- C. Adoption of Resolution No. 4234-1443 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 2015, declaring that the same shall constitute the budget for the City of Prescott for said fiscal year, establishing the expenditure limitation, approving and updating the job roster for the City of Prescott, adopting the Capital Improvement Plan for Fiscal Years 2016 through 2020, and setting forth its determination as to unfunded capital and other unfunded budgetary requests.

Mark Woodfill, Finance Director, presented.

COUNCILMAN ARNOLD MOVED TO ADOPT RESOLUTION NO. 4234-1443; SECONDED BY COUNCILMAN KUKNYO; PASSED UNANIMOUSLY.

ADJOURNMENT

There being no further business to be discussed, the Special Meeting of June 24, 2014, adjourned at 5:00 P.M.

MARLIN D. KUYKENDALL, Mayor

ATTEST:

DANA R. DeLONG, 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 24th day of June, 2014. I further certify the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2014.

AFFIX
CITY SEAL

DANA R. DeLONG, City Clerk